PARKSON RETAIL ASIA LIMITED

(Company Registration Number: 201107706H)
(Incorporated in Singapore with limited liability on 31 March 2011)

Offering in respect of 147,000,000 Offering Shares (subject to the Over-allotment Option)

Offering Price: S$0.94 per Offering Share

PROSPECTUS DATED 27 OCTOBER 2011
(Registered by the Monetary Authority of Singapore on 27 October 2011)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional advisor.

This is the initial public offering of our ordinary shares (the "Shares"). Parkson Retail Asia Limited (our "Company") is issuing an aggregate of 80,000,000 new Shares (the "Issue Shares") and our shareholders, East Crest International Limited ("ECIL") and PT Mitra Samaya ("MS" and together with ECIL, the "Vendors"), are offering 67,000,000 existing Shares (the "Vendor Shares", and together with the Issue Shares, the "Offering Shares") for subscription and/or purchase at the Offering Price (as defined herein) (the "Offering"). The Offering consists of (i) an international placement of 136,150,000 Offering Shares (the "Placement") to investors, including institutional and other investors in Singapore and (ii) a public offer of 10,850,000 Offering Shares in Singapore (the "Public Offer"). Up to 3,500,000 Offering Shares (the "Reserved Shares") under the Public Offer have been reserved for purchase by the directors, management and employees of our Group (as defined herein). In the event that the Reserved Shares are not fully purchased, they will be made available to satisfy oversubscription (if any) for the Offering Shares in the Public Offer. The Offering Shares offered may be re-allocated between the Placement and the Public Offer, at the discretion of The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the "Sole Global Coordinator and Issue Manager") and CIMB Securities (Singapore) Pte Ltd ("Public Offer Coordinator" and, together with the Sole Global Coordinator and Issue Manager, the "Joint Bookrunners and Underwriters"), subject to any applicable law. See "Plan of Distribution".

In connection with the Offering, each of the Vendors has granted The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as stabilising manager (the "Stabilising Manager"), an over-allotment option (the "Over-allotment Option") exercisable in whole or in part on one or more occasions from the commencement of dealing in the Shares (the "Listing Date") on the Singapore Exchange Securities Trading Limited (the "SGX-ST") until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager or its appointed agent has bought on the SGX-ST an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, in undertaking stabilising actions, to purchase up to an aggregate of 22,050,000 Shares (the "Additional Shares") (representing 15.0% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares.

Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares, the Additional Shares and the ESOS Shares (as defined herein)) on the Main Board of the SGX-ST which will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares (including the Offering Shares, the Additional Shares and the ESOS Shares) on the Official List of the SGX-ST. Monies paid in respect of any application accepted will be returned, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against us, the Vendors or the Joint Bookrunners and Underwriters if the Offering is not completed because this permission is not granted or for any other reason. The settlement and quotation of our Shares will be in Singapore dollars.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares, the Offering Shares, the Additional Shares and the ESOS Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus. Our eligibility to list and our admission to the Official List of the SGX-ST is not an indication of the merits of the Offering, our Company, our Group or our Shares (including the Offering Shares, the Additional Shares and the ESOS Shares).

Investing in our Shares involves certain risks. See "Risk Factors" beginning on page 20 of this document.

Investors in the Placement will be required to pay a brokerage fee of 1.0% of the Offering Price in connection with their purchase of the Offering Shares. See "Plan of Distribution".

OUR SHARES AND THE OFFERING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OF AMERICA (THE "UNITED STATES") EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. ACCORDINGLY, THE OFFERING SHARES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES (INCLUDING TO INSTITUTIONAL AND OTHER INVESTORS IN SINGAPORE) IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S") AND WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") IN RELIANCE ON RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT. THE OFFERING SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "TRANSFER RESTRICTIONS". EACH PURCHASER OF SHARES IS HEREBY NOTIFIED THAT SELLERS OF SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A. For details about restrictions on offers, sales and transfers of our Shares, see "Plan of Distribution" and "Transfer Restrictions". Any violation of these restrictions may result in the compulsory transfer or purchase of our Shares from a purchaser or the person holding a beneficial interest in such Shares.

A copy of this prospectus was lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 18 October 2011 and 27 October 2011, respectively. The Authority assumes no responsibility for the contents of this prospectus. Registration of this prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares being offered for investment (or of the Additional Shares, where the Over-allotment Option is exercised).

No shares will be allotted or allocated on the basis of this prospectus later than six months after the date of registration of this prospectus by the Authority.

Investors applying for Offering Shares by way of Application Forms or Electronic Applications (both as referred to in the instruction booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore") will pay the Offering Price on application, subject to the refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against us, the Vendors, the Joint Bookrunners and Underwriters or the Public Offer Coordinator), where (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason. Investors who are members of the Central Provident Fund ("CPF") in Singapore may, subject to the applicable CPF rules and regulations, use their CPF investible savings (the "CPF Funds") to subscribe for and/or purchase the Offering Shares.

Sole Global Coordinator and Issue Manager

HSBC

Joint Bookrunners and Underwriters

HSBC CIMB

Public Offer Coordinator

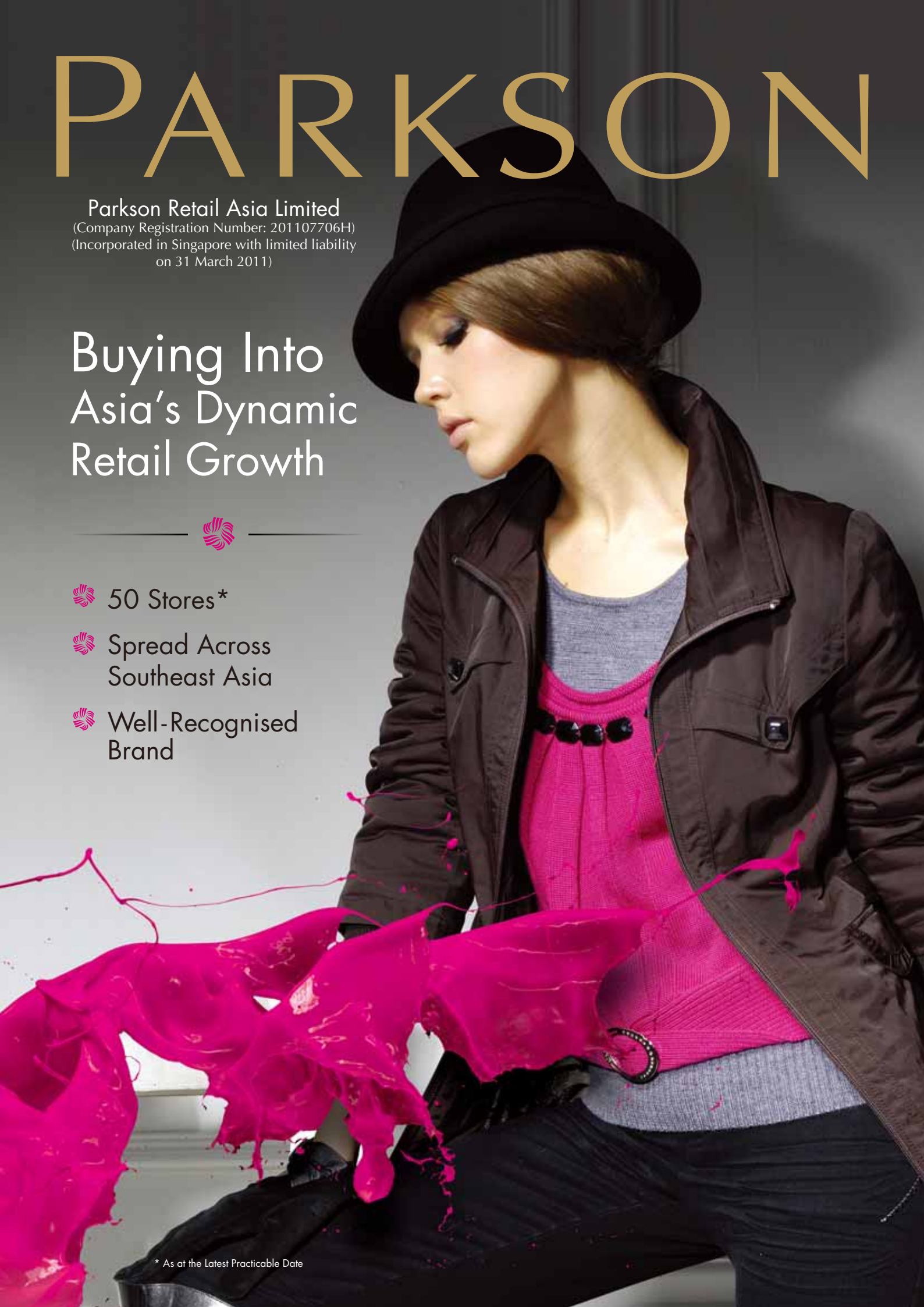
CIMB

Co-Lead Manager

CLSA
ASIA-PACIFIC MARKETS

PARKSON

Parkson Retail Asia Limited
(Company Registration Number: 201107706H)
(Incorporated in Singapore with limited liability on 31 March 2011)



Buying Into Asia's Dynamic Retail Growth

- 50 Stores*
- Spread Across Southeast Asia
- Well-Recognised Brand

* As at the Latest Practicable Date

BUYING INTO ASIA'S DYNAMIC RETAIL GROWTH

Parkson Retail Asia Limited ("Parkson") is a Southeast Asia-based department store operator with an established network of 50 stores* (including one supermarket), spanning 497,108 sqm of retail space across cities in Malaysia, Vietnam and Indonesia.

Parkson collaborates with numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Etro, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski, to offer consumers in the middle and upper-middle income segment a wide range of merchandise.





















* As at the Latest Practicable Date

GEOGRAPHIC FOOTPRINT

Parkson's department store network comprises **50 stores*** (including one supermarket) in **Malaysia, Vietnam** and **Indonesia,** spanning **497,108 sqm of retail space.**

Malaysia
Number of stores: 36
Retail space (leased): 325,766 sqm

Vietnam
Number of stores: 7
Retail space (leased): 102,062 sqm
Retail space (owned): 22,603 sqm

HANOI
1 Store

HAI PHONG
1 Store

HO CHI MINH CITY
5 Stores

KELANTAN
Kota Bharu Trade Centre

PAHANG
Berjaya Megamall
East Coast Mall

SABAH
Wawasan Plaza
1Borneo Hypermall

NEGERI SEMBILAN
Seremban Parade
Terminal One Shopping Centre

MELAKA
Mahkota Parade
Melaka Mall

JOHOR
Holiday Plaza
Square One Shopping Mall
Kluang Parade

KEDAH
Petani Parade

PENANG
Gurney Plaza
Prangin Mall
1st Avenue
Sunway Carnival

PERAK
Ipoh Parade

GREATER KUALA LUMPUR
Klang Parade
Subang Parade
Sunway Pyramid
1 Utama Shopping Centre
Plaza Metro Kajang
Selayang Mall
Rawang
Pavilion
Suria KLCC
Sungei Wang Plaza
The Mall
OUG Plaza

WILAYAH PERSEKUTUAN
PUTRAJAYA
Alamanda Putrajaya
Shopping Centre

WILAYAH PERSEKUTUAN
LABUAN
Financial Park Labuan

SARAWAK
Riverside Shopping Complex
The Spring Shopping Centre
Bintang MegaMall
Wisma Sanyan

JAKARTA
Pacific Place

SURABAYA
Galaxy Mall

YOGYAKARTA
Ambarrukmo Plaza

JAKARTA
Plaza Semanggi
Mall of Indonesia

DEPOK, WEST JAWA
Margo City Mall

KUTA, BALI
Discovery Shopping Mall

Indonesia
Number of stores: 7
Retail space (leased): 46,677 sqm

Cambodia
First store expected to open in FY2013



Established in 1987, Parkson operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools. Merchandise sales generated from Parkson's stores are S$660 million, S$767 million and S$852 million, respectively, for the financial years ended 30 June 2009, 2010 and 2011.

* As at the Latest Practicable Date



COMPETITIVE STRENGTHS

Well-recognised, strong brand name

- "Parkson" is a well-recognised brand in Malaysia and Vietnam, with over 24 years and over six years of operations, respectively.
- The "Centro" brand has developed a well-defined identity in the Indonesian retail market in its eight years of operations.
- Because of the strength of the "Parkson" brand and its extensive store network, the management believes Parkson is a preferred point of entry for international brands planning to enter the Malaysian and Vietnamese retail markets via department stores.

Well-established store network in strategic locations across Southeast Asia

- Extensive network of stores in both West and East Malaysia, in the three largest cities of Vietnam – Ho Chi Minh City, Hanoi and Hai Phong; and in Jakarta, Surabaya, Yogyakarta and Bali in Indonesia.
- Prime and strategic store locations to ensure a steady flow of customers and improve brand recognition.
- "First mover" advantage in the department store market in cities like Ho Chi Minh City and Hanoi where Parkson is still one of the few licensed foreign department store chains.

Efficient and highly competitive business model

- Parkson's blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools has allowed it to build an efficient and competitive business model with stable revenue streams.
  - *Concessionaire model:*
    - broadens the range of merchandise Parkson offers; and
    - reduces risks and costs of holding inventories and overall working capital requirements.
  - *Anchor tenant position:*
    - is generally offered to Parkson by developers of malls or buildings in prime locations due to Parkson's strong brand name; and
    - allows Parkson to negotiate competitive lease terms including longer tenures and controls on rental increases.
- Committed to maintaining high standards of retail management with sophisticated management systems in place.

Stable relationships with concessionaires and suppliers

- Strong and stable relationships with various distributors of well-known international, regional and national brands.
- Strategic alliances with concessionaires and suppliers who generally support Parkson in setting up new stores.

Strong loyalty programmes leading to robust customer relationships

- Strong loyalty programmes with over 1.28 million active loyalty cardholders in Malaysia, over 65,000 active loyalty cardholders in Vietnam and approximately 200,000 active loyalty cardholders in Indonesia as at 30 June 2011.
- Access to a large database of information enhances Parkson's ability to understand customers' purchasing habits, tailor product and brand mix, as well as customise marketing and promotion activities.
- In FY2011, 54.5%, 50.0% and 51.0% of total merchandise sales in Malaysia, Vietnam and Indonesia, respectively, were generated by loyalty cardholders.

Experienced senior management team with a proven track record

- Each member of the senior management team has over 20 years of experience in the department store industry through establishing, managing and operating department stores in Malaysia, Vietnam and Indonesia.
- The management believes that the experience and knowledge of the team in the department store industry and the business relationships developed with concessionaries and suppliers will continue to benefit Parkson.











BUSINESS STRATEGIES

Focus on productivity and same-store sales growth

- General marketing and promotional activities which provide information on customer preferences to facilitate targeted marketing and promotional activities.
- Continue to change, refresh and redesign stores and offerings to provide an appealing ambience and experience that will retain existing customers and attract new customers.
- Customise brand and product mix according to the needs and requirements of the target customer segment in each location.
- Maintain established relationships with well-known international, regional and national suppliers.
- Develop and nurture new relationships that will allow Parkson to offer a wider range of merchandise.

Expand our existing store network

- Expand existing store network across Malaysia, Vietnam and Indonesia.
  - August 2011 – 1 new store in Indonesia
  - Rest of FY2012 – 1 new store each in Malaysia, Vietnam and Indonesia
- Expand floor area of existing stores and continue store refurbishment programme.
- Continue to evaluate other locations in the current markets where Parkson is present in.

Continue asset-light business strategy

- Continue to operate largely on the concessionaire model which reduces overall working capital requirements with the risks and costs of holding inventories borne by concessionaires.
- Continue to lease space for our stores on a long-term basis, which minimises capital expenditures and allows us to have control over rents and other lease terms for a long period of time.

Enter countries with strong potential to grow department store business

- The Malaysian, Vietnamese and Indonesian economies are projected by Euromonitor to grow at a CAGR of 7.9%, 12.1% and 11.8%, respectively, between 2011 and 2015 which is expected to result in higher disposable income per capita.
- According to Euromonitor, retail sales by value in the department store sector are projected to grow at a CAGR of 4.5%, 9.1% and 10.7% for Malaysia, Vietnam and Indonesia, respectively, between 2011 and 2015.
- Parkson has obtained the necessary licence to open a department store in Phnom Penh, Cambodia, which is expected to open in 2013. Parkson is expected to become the first foreign department store operator in Cambodia.
- Parkson plans to expand operations by entering into other countries with strong growth potential in the department store sector, either by acquiring existing businesses or by building up its own operations.











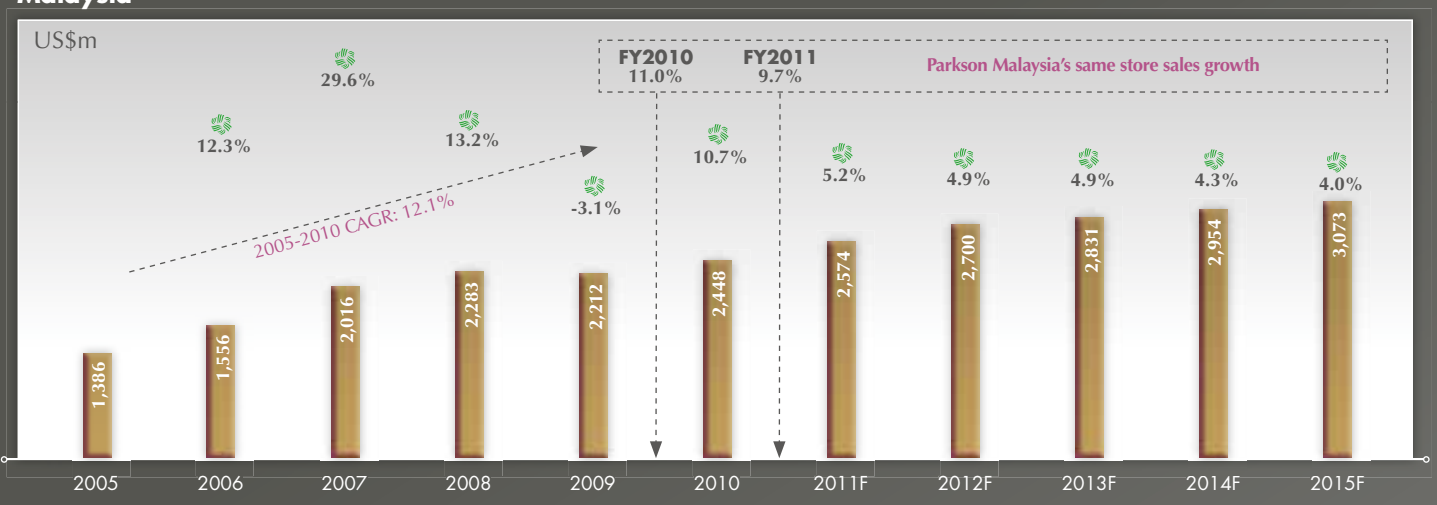
AWARDS & ACCOLADES

5th Most Valuable Brand in Malaysia	The Edge Malaysia The Association of Accredited Advertising Agents Malaysia	2008 - 2009
Overall Best Retail Outlet – Parkson Pavilion	Malaysia Retailers Association	2009/2010 2008/2009
Innovative Shopping Outlet (Department Store) category – Parkson Pavilion	Malaysia Tourism Award	2008/2009
Best Department Store Parkson KLCC Parkson Subang Parade Parkson One Utama	Malaysia Retailers Association	 2010/2011 2007/2008 2006/2007
Most Favourite Vietnamese Brand	Sai Gon Giai Phong newspaper Ho Chi Minh City People's Committee	2006 - 2010
Most Famous Brand in Vietnam	AC Nielsen Vietnam Chambers of Commerce and Industry	2008
Readers' Choice Award: Lifestyle Department Store - Centro	Cosmopolitan magazine	2010

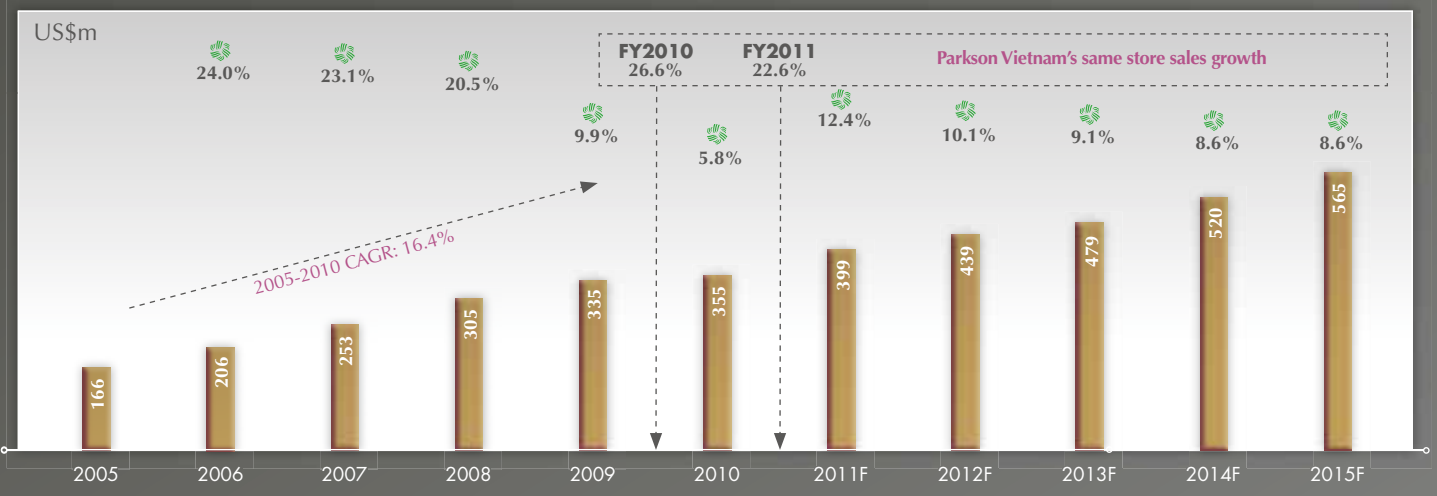
THE GROWING SOUTHEAST ASIA RETAIL SECTOR

Department store retail value sales by country

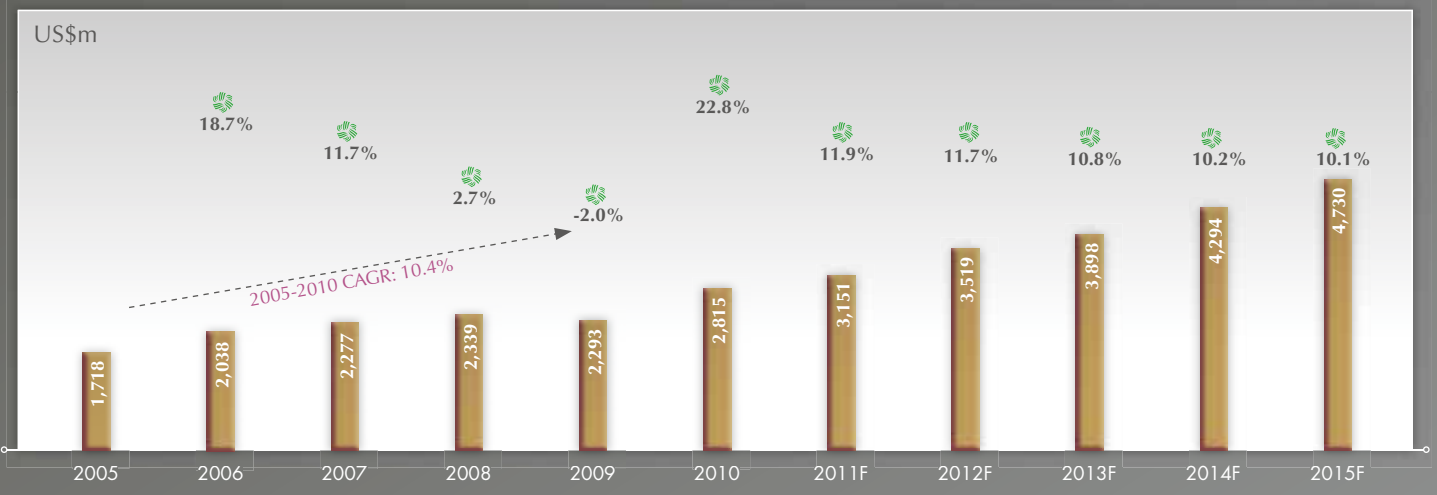
Malaysia



Vietnam



Indonesia



Departmental store retail sales value (US$m)

Annual growth (%)

Source: Euromonitor

Note:

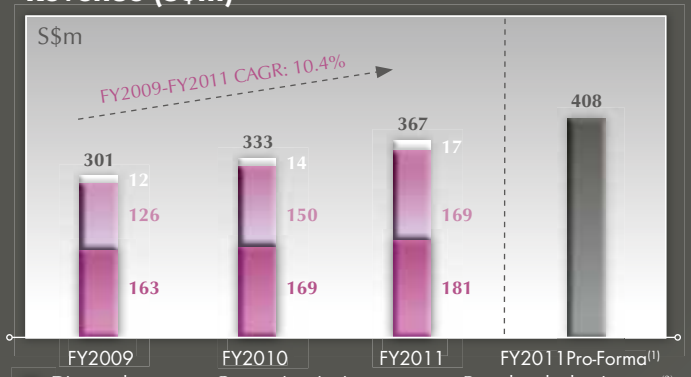
- All years defined as calendar years from 1 Jan to 31 Dec, as opposed to Parkson's financial years which run from 1 Jul to 30 Jun

PARKSON



FINANCIAL HIGHLIGHTS
(Financial year ended 30 June)

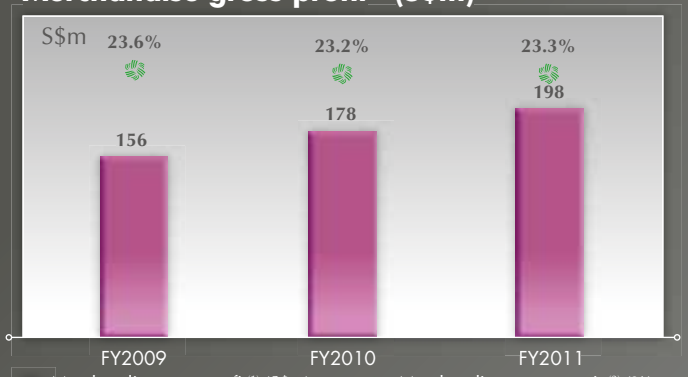
Revenue (S$m)



Direct sales ■ Concessionaire income ■ Rental and other income(2)

Notes:
1. Treated acquisition of PT Tozy Sentosa as having occurred on 1 July 2010 for purposes of illustrating the full-year effects of this acquisition which took place in June 2011
2. Comprises consultancy and management service fees and rental income

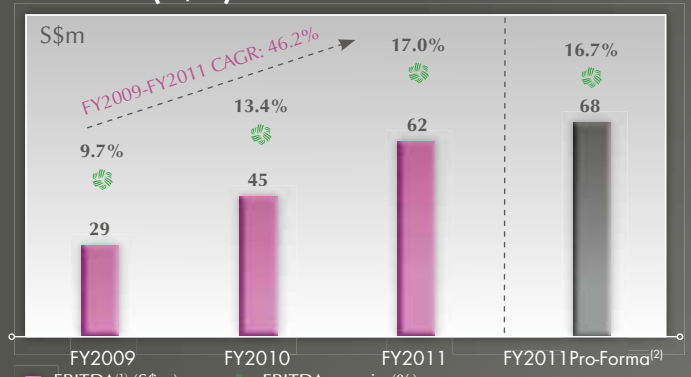
Merchandise gross profit(1) (S$m)



Merchandise gross profit(1) (S$m) ■ Merchandise gross margin(2) (%)

Notes:
1. Merchandise gross profit is calculated by adding direct sales with commissions from concessionaire sales, and deducting changes in merchandise inventories and consumables
2. Merchandise gross margin is calculated by dividing merchandise gross profit by merchandise sales

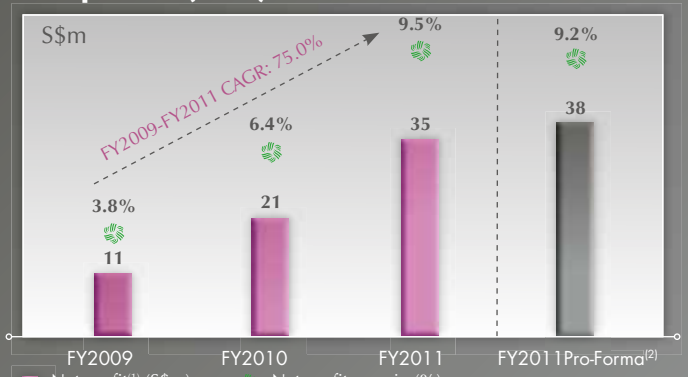
EBITDA(1) (S$m)



EBITDA(1) (S$m) ■ EBITDA margin (%)

Notes:
1. EBITDA refers to earnings before interest, taxes, depreciation and amortisation
2. Treated acquisition of PT Tozy Sentosa as having occurred on 1 July 2010 for purposes of illustrating the full-year effects of this acquisition which took place in June 2011

Net profit(1) (S$m)



Net profit(1) (S$m) ■ Net profit margin (%)

Notes:
1. Refers to profit attributable to owners of Parkson
2. Treated acquisition of PT Tozy Sentosa as having occurred on 1 July 2010 for purposes of illustrating the full-year effects of this acquisition which took place in June 2011

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KEY NOTICES TO INVESTORS

You should rely only on the information contained in this document or to which we have referred you in making an investment decision with respect to our Shares. None of us, the Vendors or the Joint Bookrunners and Underwriters have authorised anyone to provide you with any additional or different information. This document may only be used where it is legal to offer and sell our Shares. The information in this document may only be accurate as at the date of this document. You should be aware that since the date of this document there may have been changes in our business, affairs, conditions or prospects, or the prospects of our Shares or otherwise that could affect the accuracy or completeness of the information set out in this document.

No person is authorised to give any information or to make any representation not contained in this document, and any information or representation not contained in this document must not be relied upon as having been authorised by or on behalf of us, the Vendors and the Joint Bookrunners and Underwriters.

Neither the delivery of this document nor the offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our business, affairs, conditions and prospects or the prospects of our Shares since the date hereof. Where such changes occur and are material or required to be disclosed by the law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and the Vendors will make an announcement of the same to the SGX-ST, and if required, we and the Vendors will issue and lodge an amendment to this document or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with these sections. Investors should take notice of such announcement and documents and upon release of such announcements or documents shall be deemed to have notice of such changes. Unless required by applicable laws (including the Securities and Futures Act), no representation, warranty or covenant, express or implied, is made by us, the Vendors or the Joint Bookrunners and Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisors as to the accuracy or completeness of the information contained herein, and nothing contained in this document is, or shall be relied upon as, a promise, representation or covenant by us, the Vendors or the Joint Bookrunners and Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisors.

None of us, the Vendors or the Joint Bookrunners and Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisors are making any representation or undertaking to any investors in our Shares regarding the legality of an investment by such investor under appropriate investment or similar laws. In addition, investors in our Shares should not construe the contents of this document or its appendices as legal, business, financial, tax or other professional advice. Investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Investors should consult their own professional advisors as to the legal, tax, business, financial and other related aspects of an investment in our Shares.

By applying for the Offering Shares on the terms and subject to the conditions in this document, each investor in the Offering Shares represents and warrants that except as otherwise disclosed to the Joint Bookrunners and Underwriters in writing, he is not (i) a Director or Substantial Shareholder, (ii) an associate (as defined in the Listing Manual) of any of the persons mentioned in (i), or (iii) a connected client (as defined in the Listing Manual) of any Joint Bookrunner and Underwriter or lead broker or distributor of the Offering Shares.

We and the Vendors are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding the contents of this document. In particular, if after this document is registered by the Authority but before the close of the Offering, we and/or the Vendors become aware of:

(a) a false or misleading statement in this document;

(b) an omission from this document of any information that should have been included in it under Section 243 of the Securities and Futures Act; or

(c) a new circumstance that has arisen since this document was lodged with the Authority which would have been required by Section 243 of the Securities and Futures Act to be included in this document if it had arisen before this document was registered,

that is materially adverse from the point of view of an investor, we and the Vendors may lodge a supplementary or replacement document with the Authority pursuant to Section 241 of the Securities and Futures Act.

Where applications have been made under this document to subscribe for and/or purchase the Offering Shares prior to the lodgment of the supplementary or replacement document and the Offering Shares have not been issued and/or transferred to the applicants, we and the Vendors shall either:

(a) within seven days from the date of lodgment of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to withdraw their applications; or

(b) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, in respect of any applications received, within seven days from the date of lodgment of the supplementary or replacement document.

Where applications have been made under this document to subscribe and/or purchase the Offering Shares prior to the lodgment of the supplementary or replacement document and the Offering Shares have been issued and/or transferred to the applicants, we and the Vendors shall either:

(a) within seven days from the date of lodgment of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to return to us and the Vendors, those Offering Shares that the applicants do not wish to retain title in; or

(b) treat the issue and/or sale of the Offering Shares as void and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk in respect of any applications received, within seven days from the date of lodgment of the supplementary or replacement document.

Any applicant who wishes to exercise his option to withdraw his application or return the Offering Shares issued and/or sold to him shall, within 14 days from the date of lodgment of the supplementary or replacement document, notify us and the Vendors whereupon we and the Vendors shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to us and the Vendors, directing that no or no further Offering Shares to which this document relates be allotted, issued or sold. Such circumstances will include a situation where this document (i) contains a statement, which in the opinion of the Authority is false or misleading, (ii) omits any information that is required to be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

Where the Authority issues a Stop Order pursuant to Section 242 of the Securities and Futures Act, and:

(a) in the case where the Offering Shares have not been issued and/or transferred to the applicants, the applications for the Offering Shares shall be deemed to have been withdrawn and cancelled

and we and the Vendors shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Offering Shares; or

(b) in the case where the Offering Shares have been issued and/or transferred to the applicants, the issuance and/or sale of the Offering Shares shall be deemed void and we and the Vendors shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Offering Shares.

When monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned at the applicant's own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicants will not have any claim against us, the Vendors or the Joint Bookrunners and Underwriters.

The Offering Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. For the purpose of the Offering, the Offering Shares are being offered in the United States in reliance on Rule 144A to persons who are QIBs. This document is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of the Offering Shares. Its use for any other purpose in the United States is not authorised. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted. There will be no public offering of the Offering Shares in the United States.

The Offering Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any state or foreign securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, until the date 40 days after the commencement of the Offering, an offer or sale of the Offering Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A as described above.

The Offering Shares are subject to restrictions on transferability and resale and may not be offered, transferred or resold within the United States, except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration or an exemption from, or a transaction not subject to, registration under the U.S. Securities Act and in accordance with the restrictions under "Transfer Restrictions". You should be aware that you may be required to bear the risks of an investment in our Shares for an indefinite period of time. Because of these restrictions, purchasers of the Offering Shares are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offering Shares. See "Transfer Restrictions" for more information on these restrictions.

In connection with the Offering, the Vendors have granted to the Stabilising Manager the Over-allotment Option exercisable in whole or in part by the Stabilising Manager, on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or its appointed agent) has bought on the SGX-ST, an aggregate of 22,050,000 Shares (representing 15.0% of the total Offering Shares) in undertaking stabilising actions, to purchase up to an aggregate of 22,050,000 Shares (representing 15.0% of the total Offering Shares) at the Offering Price solely to cover the over-allotment of the Offering Shares, if any. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares. Unless we indicate otherwise, all information in this document assumes that the Stabilising Manager has not exercised the Over-allotment Option.

We and the Vendors are entitled to withdraw the Offering at any time before closing, subject to compliance with certain conditions set out in the International Underwriting Agreement and the Offer Agreement (both as defined in "Plan of Distribution") relating to the Offering. We and the Vendors are

making the Offering subject to the terms described in this document, the International Underwriting Agreement and the Offer Agreement relating to the Offering described in "Plan of Distribution".

The distribution of this document and the offer, purchase, sale or transfer of our Shares may be restricted by law in certain jurisdictions. We, the Vendors and the Joint Bookrunners and Underwriters require persons into whose possession this document comes to inform themselves about and to observe any such restrictions at their own expense and without liability by us, the Vendors or any Joint Bookrunner and Underwriter. This document does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this document has been issued shall not circulate to any other person, reproduce or otherwise distribute this document or any information herein for any purpose whatsoever nor permit or cause such circulation, reproduction or distribution to occur.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot Shares or effect transactions which may stabilise or maintain the market price of our Shares at levels above those that would otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act, and any regulations thereunder. Such transactions may commence on or after the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or its appointed agent) bought, on the SGX-ST, an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, in undertaking stabilising actions. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake any such stabilising actions.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

We have agreed that, for so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a company incorporated with limited liability under the laws of Singapore. Many of our Directors, all of our management and the management of the Vendors and, where applicable, its directors and management, our auditors and certain of the other parties named in this document reside outside the United States. All of our current operations are conducted outside the United States, and all or a substantial portion of our assets, the assets of the Vendors and the assets of the persons referred to in the preceding sentence are located outside the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in courts in the United States against us, the Vendors or any of such persons, including judgments based upon the civil liability provisions of U.S. federal or state securities laws. There is uncertainty as to whether the courts of Singapore would recognise and enforce judgments of the United States courts obtained against us or our Directors or officers as well as against the Vendors or, where applicable, their directors and management predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States or entertain original actions brought in Singapore courts against us or our Directors or officers as well as against the Vendors or, where applicable, their directors and management predicated upon the federal securities laws of the United States or the securities laws of any state in the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under the laws of Singapore.

A final and conclusive judgment in the federal or state courts of the United States under which a fixed sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of Singapore under the common law doctrine of obligation. Civil liability provisions of the U.S. federal and state securities laws permit punitive damages against us and the Vendors, our Directors and executive officers or the directors and executive officers of the Vendors. Singapore courts would not recognise or enforce judgments against us, the Vendors, our Directors and executive officers or the directors and executive officers of the Vendors to the extent that the judgment is punitive or penal. It is uncertain as to whether a judgment obtained from the U.S. courts under civil liability provisions of the federal securities law of the United States would be determined by the Singapore courts to be or not be punitive or penal in nature. Such a determination has yet to be made by any Singapore court. The Singapore courts will also not be quick to recognise or enforce a foreign judgment if the foreign judgment is inconsistent with a prior local judgment, contravenes public policy, or amounts to the direct or indirect enforcement of a foreign penal, revenue or other public law.

PRESENTATION OF FINANCIAL, STATISTICAL AND OPERATING INFORMATION

Our Company was incorporated on 31 March 2011. Our combined financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("SFRS"). On 14 June 2011, Parkson Holdings Berhad ("PHB") undertook an internal restructuring whereby Parkson Corporation Sdn Berhad ("PCSB"), together with its subsidiaries, were transferred by ECIL to our Company. See "Our Corporate Structure and Restructuring".

The combined financial statements of our Group have been prepared in accordance with the pooling of interest method as our Group is a continuation of the existing business of PCSB and its subsidiaries. The assets and liabilities of the combined entities are reflected at their carrying amounts reported in the combined financial statements. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve. The combined income statements and combined statements of comprehensive income reflect the results of the combined entities for the years ended 30 June 2009, 2010 and 2011, irrespective of when the combination took place.

We consolidate PT Tozy Sentosa ("TS") with effect from the date of acquisition, which was 9 June 2011. The acquisition of TS is accounted for by applying the acquisition method. Under the acquisition method, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods

in which the costs are incurred and the services are received. See Note 2.4 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011".

Unless otherwise stated or the context otherwise requires, consistent with the presentation of the combined financial statements of our Group, all statistical and operating data have been presented as if our Company had been incorporated, and the Restructuring Exercise (as defined herein) had been completed, as at 1 July 2008. We include the operating information with respect to TS with effect from the date of acquisition, which was 9 June 2011.

We prepare our financial statements in accordance with SFRS. This document contains our audited combined financial statements as at and for the financial years ended 30 June 2009, 2010 and 2011, each of which has been prepared in accordance with SFRS. SFRS differs in certain respects from generally accepted accounting principles in certain other countries, including the United States. For a narrative discussion of certain differences between SFRS and generally accepted accounting principles in the United States ("U.S. GAAP"), as they relate to us, see "Summary of Significant Differences between SFRS and U.S. GAAP". Our financial year ends on 30 June. All references to financial years refer to the respective financial years ended 30 June.

The financial information relating to our Company included in this document has not been prepared or presented in compliance with the SEC's published guidelines in Regulation S-X under the U.S. Securities Act for the preparation and presentation of financial information.

In addition, we have prepared and presented our unaudited pro forma financial information based on our historical combined financial statements as at and for the year ended 30 June 2011 in order to illustrate the effects of the acquisition of TS by our Company, which took place in June 2011. With respect to the acquisition of TS, we have treated it as having occurred on 1 July 2010 for purposes of our unaudited pro forma financial information. See "Our Corporate Structure and Restructuring" and Note 2 to "Appendix B — Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the Financial Year ended 30 June 2011" included in this document for a further discussion of the presentation of our pro forma financial information. The presentation of the pro forma financial information differs from how pro forma information would be presented in accordance with Regulation S-X under the U.S. Securities Act. For a description of the presentation of our pro forma financial information, and the treatment of acquisition in June 2011, being treated as having occurred on 1 July 2010, see "Summary Pro Forma Financial Information" and "Selected Pro Forma Financial Information".

CERTAIN DEFINED TERMS AND CONVENTIONS

In this document, unless the context otherwise requires, "we", "us", "our", "ourselves" or "our Group" refer to Parkson Retail Asia Limited and its subsidiaries taken as a whole; and references to "our Company" are to Parkson Retail Asia Limited as a standalone entity.

All references to "our department stores" are to our "Parkson" stores in Malaysia and Vietnam and our "Centro" stores in Indonesia, and do not include our "Kem Chicks" gourmet supermarket in Indonesia. All references to "our stores" are to our "Parkson" stores in Malaysia and Vietnam, our "Centro" stores in Indonesia as well as to the "Kem Chicks" gourmet supermarket, unless otherwise specified. All references to "active members" and "active cardholders" are to those members of loyalty programmes or holders of our loyalty cards who made at least one purchase at one of our stores in the 12 months ended 30 June 2011. All references to "gross sales proceeds" mean direct sales, sales proceeds from concessionaire sales, rental income and consultancy and management service fees, and all references to "merchandise sales" mean direct sales and sales proceeds from concessionaire sales.

Unless otherwise specified, all references to "$" in this document are to "S$". For the reader's convenience, unless otherwise indicated, certain Singapore dollar amounts in this document have been translated into U.S. dollars based on the exchange rate of S$1.2285 = US$1.00, which was the exchange rate on 30 June 2011[1]. Similarly, certain Ringgit, Rupiah, Dong and Chinese yuan amounts have been translated into Singapore dollars based on the exchange rate of S$1 = RM2.4503, S$1 = Rp.6,984.16, S$1 = VND 16,709 and S$1 = CNY5.262, which was the exchange rate on 30 June 2011[1]. While we, the Vendors and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that this information is reproduced in its proper form and context in this document and that this information is extracted accurately and fairly, none of us, the Vendors and the Joint Bookrunners and Underwriters or any other party has conducted an independent review nor verified the accuracy or completeness of this information. Such translations should not be construed as a representation that the Singapore dollar amounts have been, could have been or could be converted into U.S. dollars, Ringgit, Rupiah, Dong or Chinese yuan, as the case may be, at the rates indicated, at any particular rate or at all. See "Exchange Rates and Exchange Controls" for further information regarding rates of exchange between the Singapore dollar and the U.S. dollar.

Any discrepancies in any tables, graphs or charts included in this document between the totals and the sums of the amounts listed are due to rounding. Where we refer to percentage changes in this document, we have calculated such percentage changes on the basis of the relevant figures before rounding. Measurements in square feet (sq.ft.) have been converted to square metres (sq.m.) based on the conversion rate of 1 sq.ft. = 0.092903 sq.m. Unless otherwise indicated, operating data in this document is given as at 7 October 2011, being the latest practicable date prior to the lodgment of this document with the Authority (the "Latest Practicable Date").

Unless we indicate otherwise, all information in this document assumes that the Stabilising Manager has not exercised the Over-allotment Option, and that no Offering Shares have been re-allocated between the Placement and the Public Offer.

See "Defined Terms and Abbreviations" for definitions of the terms used in this document.

INDUSTRY AND MARKET DATA

The information contained in "Appendix C — Industry Overview", including market and industry statistical data, was provided by Euromonitor International Limited ("Euromonitor"). We commissioned Euromonitor to provide the text for this Appendix. In compiling the data for this Appendix, Euromonitor relied on industry sources, published materials, its own private databanks and direct contacts within the industry. All of these sources were used to calculate the data and market information shown in this document.

This document includes market share, market position and industry data and forecasts. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, we have not independently verified the accuracy of any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein, and none of us, the Vendors or the Joint Bookrunners and Underwriters makes any representation as to the accuracy or completeness of that information. Statements as to our market share and market position are based on the most currently available market data obtained from such sources.

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1 Source: Bloomberg L.P. See "General and Statutory Information — Sources". Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from its database and appearing anywhere in this document, and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such database, neither we, the Vendors, the Joint Bookrunners and Underwriters nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements, which are statements that are not historical facts, including statements about our beliefs and expectations, or business strategies, plans and objectives of management for future operations. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "could", "expect", "anticipate", "intend", "plan", "believe", "seek", "estimate", "project" and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial position and results, plans and objectives for future operations, our share of new and existing markets, general industry and economic trends, our performance relative thereto and our expectations as to requirements for capital expenditures and regulatory matters. Forward-looking statements are, by their nature, subject to substantial risks and uncertainties and are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Our outlook is predominantly based on our interpretation of what we consider to be the key economic factors affecting our business and the economies and markets in Asia. Although we believe that the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results or outcomes may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control including, but not limited to, the following:

- our ability to successfully implement our strategy;
- the condition of and changes in the Malaysian, Vietnamese, Indonesian, Asian or global economies;
- our growth and expansion;
- changes in the value of the Ringgit in Malaysia, the Dong in Vietnam and the Rupiah in Indonesia against the Singapore dollar and other currencies;
- changes in government regulation and licensing of our business and operations in Malaysia, Vietnam, Indonesia and Cambodia; and
- competition in our industry.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Dividends", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business", and all of our forward-looking statements made herein and elsewhere are qualified in their entirety by these factors. These forward-looking statements and this information speak only as at the date of this document. We do not intend to update forward-looking statements made herein to reflect actual results or changes in assumptions or other factors that could affect those statements, subject to compliance with all applicable laws, including the Securities and Futures Act and any regulations thereunder, and/or the rules of the SGX-ST. Although we believe that the assumptions upon which the forward-looking statements are based are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

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CORPORATE INFORMATION

Company	Parkson Retail Asia Limited
Board Of Directors	Tan Sri Cheng Heng Jem (Non-Executive Chairman) Datuk Cheng Yoong Choong (Group Managing Director and Executive Director) Toh Peng Koon (Chief Executive Officer (Malaysia), President Director (Indonesia) and Executive Director) Tan Siang Long (formerly known as Herman Darmawan) (Non-Executive Director) Wee Kheng Jin (Non-Executive Independent Director) Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin (Non-Executive Independent Director) Tan Soo Khoon (Non-Executive Independent Director) Michel Grunberg (Non-Executive Independent Director)
Company Secretaries	Ang Siew Koon (ACIS) Teo Meng Keong (ACIS)
Company Registration Number	201107706H
Registered Office	10 Arumugam Road #10-00 Lion Building A Singapore 409957
Head Office and Principal Place of Business	10 Arumugam Road #10-00 Lion Building A Singapore 409957
The Vendors	East Crest International Limited P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands PT Mitra Samaya Taman Tekno BSD Sektor XI, Blok H-3 30 Desa Setu Kec Setu Kab Kota Tangerang Selatan Indonesia 15310
Share Registrar	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
Sole Global Coordinator, Issue Manager and Joint Bookrunner and Underwriter	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 21 Collyer Quay #13-01 HSBC Building Singapore 049320

Joint Bookrunner and Underwriter and Public Offer Coordinator	CIMB Securities (Singapore) Pte Ltd 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
Co-Lead Manager	CLSA Singapore Pte Ltd 80 Raffles Place #18-01 UOB Plaza 1 Singapore 048624
Legal Advisor to the Company and the Vendors as to Singapore Law and U.S. Federal Securities Law	Baker & McKenzie.Wong & Leow 8 Marina Boulevard #05-01 Marina Bay Financial Centre, Tower 1 Singapore 018981
Legal Advisor to the Company as to Indonesia Law	Hadiputranto, Hadinoto & Partners The Indonesia Stock Exchange Building Tower II, 21st Floor Sudirman Central Business District Jl. Jendral Sudirman Kav. 52–53 Jakarta 12190 Indonesia
Legal Advisor to the Company as to Malaysia Law	Wong & Partners Suite 21.01, Level 21 The Gardens South Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia
Legal Advisor to the Company as to Vietnam Law	Baker & McKenzie (Vietnam) Ltd. 12th Floor, Saigon Tower 29 Le Duan Blvd. District 1 Ho Chi Minh City Vietnam
Legal Advisor to the Sole Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters as to Singapore Law	WongPartnership LLP One George Street #20-01 Singapore 049145
Legal Advisor to the Sole Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters as to U.S. Federal Securities Law	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321

Independent Auditors and Reporting Accountants	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583 Partner-in-charge: Max Loh Khum Whai (Certified Public Accountant, a member of the Institute of Certified Public Accountants of Singapore)
Receiving Bank	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 20 Pasir Panjang Road #12-21 Mapletree Business City (East Lobby) Singapore 117439
Principal Bankers	HSBC Bank Malaysia Berhad 2, Leboh Ampang 50100 Kuala Lumpur Malaysia CIMB Bank Berhad 5th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Vietnam International Bank Sailing Tower Building 111A Pasteur Street Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam for PT Tozy Sentosa: PT Bank Permata Tbk. PermataBank Tower I Jl. Jend. Sudirman Kav. 27 Jakarta 12920 Indonesia
Industry Consultant	Euromonitor International Limited 60-61 Britton Street London EC1M 5UX United Kingdom

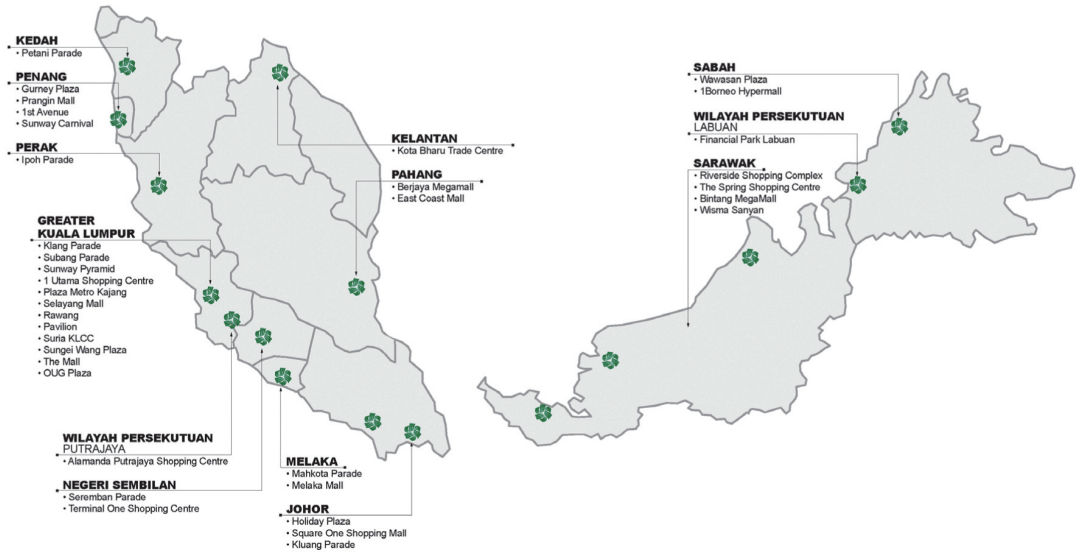
SUMMARY

The following section summarises material information that appears later in this document and is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this document. This summary may not contain all of the information that may be important to you. You should read this entire document, including our audited combined financial statements and related notes and "Risk Factors" beginning on page 20, before making an investment decision in our Shares. The meanings of terms not defined in this summary can be found elsewhere in this document.

Overview

We are a Southeast Asia-based department store operator with 50 stores (including one supermarket) across Malaysia, Vietnam and Indonesia. As at the Latest Practicable Date, we operated a network of 36 "Parkson" branded stores in 24 cities and towns in Malaysia. We were ranked by Euromonitor as the second largest department store operator in Malaysia as at 31 December 2010. We were the leading department store operator in Vietnam as at 31 December 2010 according to Euromonitor and are one of the few licensed foreign operators of department stores in Vietnam. We operate and manage seven "Parkson" branded department stores in Vietnam, located in Ho Chi Minh City, Hanoi and Hai Phong. We are also a department store operator in Indonesia with six "Centro" branded department stores and one "Kem Chicks" branded gourmet supermarket. The brands of merchandise we sell include numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Etro, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski. The following maps show the geographic distribution of our stores in Malaysia, Vietnam and Indonesia as at the Latest Practicable Date.

Malaysia



Vietnam



Indonesia



We offer a range of merchandise which can be broadly grouped into four categories. Our main focus is on fashion and lifestyle products, categorised under "fashion and apparel" and "cosmetics and accessories". We also sell products in the "household, electrical goods and others" and "groceries and perishables" categories. In each of our markets, we position ourselves to cater to consumers in the middle and upper-middle income segment. We tailor the product mix and merchandise based on the specific requirements of the targeted customer segment for each store and its location.

We generate revenues primarily from direct sales and from commissions earned from concessionaires. Concessionaires are suppliers who display and sell their products in designated areas in our stores and in return pay us a percentage of their sales proceeds as commission. For the financial years 2009, 2010 and 2011, we had total revenue of S$301.2 million, S$333.0 million and S$367.3 million, respectively, of which direct sales amounted to S$162.6 million, S$169.2 million and S$180.6 million, respectively, and commissions earned from concessionaires amounted to S$126.3 million, S$149.6 million and S$169.5 million, respectively.

Merchandise sales in our stores comprise concessionaire sales and direct sales. Our stores generated merchandise sales of S$659.9 million, S$767.5 million and S$851.6 million, respectively, for the financial years 2009, 2010 and 2011, of which proceeds from our concessionaire sales amounted to S$497.3 million,

S$598.3 million and S$671.1 million, respectively (of which 25.4%, 25.0% and 25.3%, respectively, were commissions recognised as our revenues).

Our Competitive Strengths

We believe that we possess the following competitive strengths:

Well-recognised, strong brand name

Parkson stores have been operating in Malaysia for over 24 years and in Vietnam for over six years. As a result, the "Parkson" brand is a well-recognised brand in Malaysia and Vietnam. Similarly, in its eight years of operations in Indonesia, the "Centro" brand has managed to develop a well-defined identity in the Indonesian retail market. In Malaysia and Vietnam, the "Parkson" brand and in Indonesia, the "Centro" brand are positioned to cater to consumers in the middle and upper-middle income segment of the retail market, with a focus on fashion and lifestyle products aimed at a young, contemporary market.

PRGL, a company controlled by PHB and listed on the Hong Kong Exchanges and Clearing Limited ("Hong Kong Stock Exchange"), has operated "Parkson" branded department stores in China since 1994 and had 46 stores in China as at 30 June 2011, making the "Parkson" brand familiar to Chinese consumers, including Chinese tourists in Malaysia.

We believe we are a preferred point of entry for international brands planning to enter the Malaysian and Vietnamese retail markets via department stores because of the strength of the "Parkson" brand and our extensive store network. These factors, combined with our expertise in product mix and brand management, give us a competitive advantage over other retailers in the markets in which we operate.

Well-established store network in strategic locations across Southeast Asia

Parkson stores have been operating in the retail sector in Southeast Asia for over 24 years. The first Parkson store opened in Malaysia in 1987. Since then, we have expanded to Vietnam in 2005 and, most recently in 2011, to Indonesia through the acquisition of TS which owns and operates the "Centro" and "Kem Chicks" stores in Indonesia.

We have an extensive network of stores in Malaysia, including in both West (Peninsular) Malaysia and East Malaysia, in the three largest cities of Vietnam, Ho Chi Minh City, Hanoi and Hai Phong, and in Jakarta, Surabaya, Yogyakarta and Bali in Indonesia. Each of our stores is typically located in a prime and strategic location in terms of access to our target customer segment and neighbouring developments. We believe that the location of our stores in these prime and strategic areas is one of the key success factors for our retail operation, as it ensures a steady flow of customers into our stores and improves brand recognition.

In addition, in a number of the cities where our stores are located, we were the first modern department store to open and in some cities, such as Ho Chi Minh City and Hanoi, we are still one of the few licensed foreign department store chains operating there. We believe that such factors have provided us with a "first mover" advantage in the department store markets in which we operate.

Efficient and highly competitive business model

We operate an efficient and competitive business model with stable revenue streams combined with effective cost control initiatives and internal systems. Our particular blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools have allowed us to build up a competitive business operation.

Products in our stores are sold by way of concessionaire sales and direct sales. Concessionaire sales constituted 75.4%, 78.0% and 78.8% of total merchandise sales in the financial years 2009, 2010 and 2011,

respectively. Concessionaires help broaden the range of merchandise we offer to our customers. The presence of international brands in our stores also helps us enhance the brand image and attractiveness of our stores. In addition, the risks and costs of holding inventories, as well as fit-out and selling costs, are borne by the concessionaires. Moreover, operating on a concessionaire model reduces overall working capital requirements as inventory is directly managed by each concessionaire.

Due to our strong brand name, developers generally offer us an anchor tenant position in malls or stand-alone buildings in prime locations. This allows us to negotiate competitive lease terms, including longer tenures and controls on rental increases.

We customise the brand and product mix for each of our stores to cater to the needs and requirements of the target customer segment in each of our locations. Our tailored and customised merchandising strategy and our understanding of customers allow us to build strong customer loyalty as well as a strong customer base in each location.

We are committed to maintaining high standards of retail management. In addition to experienced management personnel, we have also put in place sophisticated management systems, including a country-level enterprise resource planning ("ERP") system comprising, among other things, our POS, merchandising and business intelligence systems which provide timely information to our management to facilitate analysis and decision making. We believe that we have combined high standards of retail management with local knowledge of our markets. These fully integrated systems have enabled us to centralise relevant information and data and enhance management control in each country in which we operate.

Stable relationships with concessionaires and suppliers

Over the years, we have developed strong and stable relationships with various distributors of well-known international, regional and national brands, allowing us to offer a wide range of merchandise in our stores, some of which are on an exclusive basis. Additionally, we have strategic alliances with a number of concessionaires and suppliers who generally support us in setting up new stores.

We believe that the strength of our brands and network, our prompt and reliable payments to our suppliers and our relationship with our suppliers' local management in the markets in which we operate make us an attractive business partner for a range of international, regional and national retail brands. Our ability to offer a wide range of merchandise including well-known brands is important to maintain and develop our image and to drive sales. We believe that we are one of the leading preferred partners for international brands to enter the Asian market.

Strong loyalty programmes leading to robust customer relationships

Our participation in a multi-party loyalty programme in Malaysia and our own loyalty programmes in Vietnam and Indonesia help us generate repeat purchases and maintain a strong relationship with our customers. With over 1.28 million active loyalty cardholders in Malaysia, over 65,000 active loyalty cardholders in Vietnam and approximately 200,000 active loyalty cardholders in Indonesia as at 30 June 2011, we have access to a large database of information which enhances our ability to refine our understanding of our customers' purchasing habits, which, in turn, not only helps us to tailor our product and brand mix to better address customer needs but also helps us to customise our marketing and promotion activities.

Our loyalty programme members receive points for purchases which can be redeemed for discount vouchers or select products. The members also receive special discounts on selected items and are eligible to participate in special promotional events at our stores.

In Malaysia, our loyalty programme, BonusLink, is a multi-party card operated by a third party provider, which allows cardholders to use the card at a variety of specialty retailers and service providers, as well as in our department stores. We believe that being the only department store operator participating in

the programme gives us a competitive advantage over our competitors, which often have to rely on single vendor loyalty programmes. For the financial year 2011, 54.5%, 50.0% and 51.0% of total merchandise sales at our stores in Malaysia, Vietnam and Indonesia, respectively, were generated by our loyalty cardholders.

Experienced senior management team with a proven track record

Each member of our senior management team has over 20 years of experience in the department store industry through establishing, managing and operating department stores in Malaysia, Vietnam and Indonesia. Our team includes members who were instrumental in the development, management and growth of our department store network from its first store in 1987 to 50 stores (including one supermarket) as at the Latest Practicable Date and in enabling us to achieve our position as one of the leaders in the markets in which we operate. We believe that the experience and knowledge that our team possesses in the department store industry and the business relationships which we have developed with our concessionaries and suppliers will continue to benefit us. Our team has experience in managing the operational and logistical challenges of retailing in Malaysia, Vietnam and Indonesia and understands the product needs and preferences of local consumers which enables us to develop the most appropriate brand and product mix for each of our stores.

Our Business Strategy

Focus on productivity and same-store sales growth

We intend to continue to increase our sales productivity by maximising our sales per square metre and increasing margins by periodically changing our merchandise offerings and selling floor layouts to maximise customer flow and optimise space allocation. We also intend to increase same-store sales by maintaining the strength of our brand name and to continue to differentiate our merchandise offering from that of our competitors. We intend to achieve the foregoing through our various efforts detailed below.

Our general marketing and promotion activities, such as periodic sales, media advertising campaigns and loyalty programmes provide us with information on customer preferences and thus facilitate our targeted marketing and promotion activities. We intend to continue our focus on loyalty programmes to build further brand loyalty. We also intend to continually increase our customers' satisfaction with our offering by providing a more comfortable shopping environment and specialised service for our customers than offered by our competitors. We also intend to continue to change, refresh and redesign our stores and offerings to provide an appealing ambience and experience in order to retain our existing customers and attract new customers.

We intend to remain focused on maintaining our superior merchandise offering by customising the brand and product mix for each of our stores so as to better cater to the needs and requirements of the target customer segment in each of our locations. Our established relationships with well-known international, regional and national suppliers have historically allowed us to offer a wide range of merchandise in our stores, including some on an exclusive basis. We believe that these relationships have made us an attractive business partner for concessionaires and suppliers. We intend to maintain these relationships, as well as seek to develop and nurture new relationships that we believe will allow us to offer a wider range of merchandise and thus further enhance our productivity and same-store sales.

Expand our existing store network

We intend to expand our existing store network across Malaysia, Vietnam and Indonesia. To that effect, as at the Latest Practicable Date, we opened one new store in Indonesia in August 2011 and plan to open one new store in each of Malaysia, Vietnam and Indonesia in the remainder of financial year 2012. We will continue to source and evaluate other locations in our current markets that could provide access to customers who fit our target profile. We also intend to expand the floor area of our existing stores and to continue the store refurbishment programme we currently have in place. For example, we intend to expand

our Centro store in Bali by leasing an additional floor in financial year 2012. In addition, we also plan to introduce the "Parkson" brand of department stores in Indonesia in the future, alongside the "Centro" brand we currently have.

Continue asset-light business strategy

We intend to continue to rely on a concessionaire model to drive a significant part of our sales and growth. Operating largely on the concessionaire model means that the risks and costs of holding inventories, as well as fit-out, selling and shrinkage costs, are borne by concessionaires. It also reduces our overall working capital requirements, as inventory is directly managed by each concessionaire. We also intend to continue to primarily lease space for our stores, which helps us minimise our capital expenditures. We generally lease our stores on a long-term basis, which allows us to have control over rents and other lease terms for a long period of time. This approach not only insulates us from any rapid rises in commercial rents in the cities in which our stores are located, but also gives us the ability to expand at a faster pace as it reduces the amount of capital required to open new stores. For these reasons, we intend to continue our asset-light business strategy in the future.

Enter countries with strong potential to grow department store business

We operate in high growth economies where rising per capita income, increasing rates of urbanisation and younger population bases are expected to drive future growth of the department store sector. In general, as incomes rise, consumer spending on discretionary items as a proportion of total household budgets increases, which we believe will benefit our business. The Malaysian, Vietnamese and Indonesian economies are projected by Euromonitor to grow at a CAGR of 7.9%, 12.1% and 11.8%, respectively, between 2011 and 2015, which is expected to result in higher disposable income per capita. According to Euromonitor, retail sales by value in the department store sector are projected to grow at a CAGR of 4.5%, 9.1% and 10.7% for Malaysia, Vietnam and Indonesia, respectively, between 2011 and 2015.

In June 2011, we acquired TS, an Indonesian company that owns and operates the "Centro" and "Kem Chicks" stores in Indonesia. We also expect to become the first foreign department store operator in Cambodia, with a store opening planned in Phnom Penh in 2013. We have obtained the necessary licence to open this store and have entered into an agreement to lease a site that is under construction. We intend to continue to expand our operations by entering other countries with strong growth potential in the department store sector, either by acquiring existing businesses or by building up our own operations.

THE OFFERING

Company	Parkson Retail Asia Limited
Vendors	East Crest International Limited PT Mitra Samaya
The Offering	147,000,000 Offering Shares (subject to the Over-allotment Option) offered by our Company and the Vendors through the Placement and the Public Offer. The completion of the Public Offer and the Placement are conditional upon each other. Our Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Offering Shares are being offered and sold outside of the United States in reliance on Regulation S and other applicable laws and within the United States in reliance on Rule 144A only to persons who are QIBs. See "Plan of Distribution".
The Placement	136,150,000 Offering Shares, representing 92.6% of the total Offering Shares, offered at the Offering Price by way of an international placement (i) in the United States only to QIBs in reliance on Rule 144A and (ii) outside the United States to certain persons (including to institutional and other investors in Singapore) in offshore transactions in accordance with Regulation S. The completion of the Placement is conditional upon the completion of the Public Offer.
The Public Offer	10,850,000 Offering Shares representing 7.4% of the total Offering Shares (including the Reserved Shares), offered at the Offering Price by way of a public offer in Singapore. The completion of the Public Offer is conditional upon the completion of the Placement. Up to 3,500,000 Offering Shares under the Public Offer have been reserved for purchase by the Directors, management and employees of our Group. In the event that the Reserved Shares are not fully purchased, they will be made available to satisfy oversubscription (if any) for the Offering Shares in the Public Offer.
Clawback and Re-allocation	The Offering Shares may be re-allocated between the Placement and the Public Offer (for example, in the event of an under-subscription in one and an over-subscription in the other) at the discretion of the Joint Bookrunners and Underwriters. Unless we indicate otherwise, all information in this document assumes that no Offering Shares have been re-allocated between the Placement and the Public Offer.
Offering Price	S$0.94 per Offering Share.
Brokerage Fee	Investors in the Placement will be required to pay a brokerage fee of up to 1.0% of the Offering Price in connection with their purchase of Offering Shares. See "Plan of Distribution".

Application Procedures for the Public Offer . . . . . Prospective investors applying for Offering Shares under the Public Offer by way of Application Forms or Electronic Applications (both as referred to in the instruction booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore") will pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies where (i) an application is rejected or accepted in part only; or (ii) the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Offering Shares by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$940.00, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom or any claim against us, the Vendors, or the Joint Bookrunners and Underwriters), as the case may be, upon the occurrence of any of the foregoing events.

The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Offering Shares in integral multiples of 1,000.

Investors who are members of the CPF in Singapore may, subject to the applicable CPF rules and regulations, use their CPF Funds to purchase the Offering Shares.

Prospective investors in Singapore must follow the application procedures set out in the instruction booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore". Applications under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for our Shares, save for an administration fee for each application made through automated teller machines and the Internet banking websites of the Participating Banks (referred to in the instruction booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore").

Over-allotment Option . . . . . In connection with the Offering, each of the Vendors has granted to the Stabilising Manager the Over-allotment Option exercisable in whole or in part by the Stabilising Manager on one or more occasions from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, in undertaking stabilising actions, to purchase up to an aggregate of 22,050,000 Shares (representing 15.0% of the total Offering Shares) at the Offering Price solely to cover the over-allotment of the Offering Shares, if any. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares. Unless we indicate otherwise, all information in this document assumes that the Stabilising Manager has not exercised the Over-allotment Option. See "Plan of Distribution — Over-allotment Option".

Stabilisation . . . . . In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager), may over-allot Shares or effect transactions which may stabilise or maintain the market price of our Shares at levels above those that would otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. Such transactions may commence on or after the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, to undertake stabilising actions. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake any such stabilising actions. See "Plan of Distribution — Price Stabilisation".

Lock-ups . . . . . Our Company has agreed with the Joint Bookrunners and Underwriters that, subject to certain exceptions, we will not, among other things, issue, offer, sell, contract to sell, pledge or otherwise transfer or dispose of, directly or indirectly, any Shares, without, in each case, the prior written consent of the Joint Bookrunners and Underwriters, from the date of the International Underwriting Agreement until the date falling six months from the Listing Date.

Each of the Vendors has agreed with the Joint Bookrunners and Underwriters that, subject to certain exceptions, it will not, among other things, offer, sell, contract to sell, pledge or otherwise transfer or dispose of, directly or indirectly, any Shares, without, in each case, the prior written consent of the Joint Bookrunners and Underwriters, from the date of the International Underwriting Agreement until the date falling six months from the Listing Date.

Each of PHB, Mr. Hutomo Mugi Santoso, Mdm. Susiawati Darmawan and Mr. Suparto Tarino has also agreed, subject to certain exceptions, to similar lock-up arrangements with respect to all of the shares held by them in the Vendors from the date of the International Underwriting Agreement until the date falling six months from the Listing Date.

See "Plan of Distribution — No Sales of Similar Securities and Lock-up" for further details of such lock-up arrangements.

Use of Proceeds	We intend to use our net proceeds from the Offering for the following purposes: • approximately S$60.0 million (approximately US$48.8 million) to open new stores in Malaysia, Indonesia, Vietnam and Cambodia; • approximately S$5.0 million (approximately US$4.1 million) for information technology investment; and • approximately S$4.2 million (approximately US$3.4 million) for part of our maintenance capital expenditure in Malaysia, Vietnam and Indonesia. See "Use of Proceeds".
Dividends	Currently, we do not have a dividend policy. We aim to pay dividends, subject to our financial performance and financial position, of between 40.0% and 50.0% of our Company's distributable profit based on the recommendation of our Board of Directors. We will not pay any dividends with respect to the financial year 2011. Our Company will pay dividends, if any, only out of its profits as permitted under Singapore law. Dividends will be paid in Singapore dollars. The Board of Directors of our Company has discretion to recommend payment of dividends. Any profits our Company declares as dividends will not be available to be reinvested in our operations. We cannot assure you that our Company will declare or pay any dividends. See "Dividends".
Voting Rights	Shareholders will be entitled to full voting rights, as described in "Description of our Shares — Voting Rights".
Listing of our Shares	Prior to the Offering, there has been no public market for our Shares. We have applied to the SGX-ST for permission to list all our issued Shares (including the Offering Shares, the Additional Shares and the ESOS Shares) on the Main Board of the SGX-ST. This permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission having been granted to list and deal in and for quotation of all our issued Shares (including the Offering Shares, the Additional Shares and the ESOS Shares). We have not applied to any other securities exchange to list our Shares.
Trading on the SGX-ST	We expect our Shares to commence trading on a "ready" basis on or about 3 November 2011 at 9.00 a.m. The Shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry settlement system of CDP. Dealing in and quotation of our Shares will be in Singapore dollars. Our Shares will be traded in board lots of 1,000 Shares on the SGX-ST. See "Indicative Timetable".

Settlement	We and the Vendors expect to receive payment for all the Offering Shares on or about 3 November 2011. We and the Vendors will deliver global share certificates representing the Offering Shares to CDP for such number of Offering Shares reflected in the share certificates to be credited electronically into the securities accounts of successful applicants on or about 3 November 2011. See "Clearance and Settlement".
Transfer Restrictions	The Shares offered in this Offering have not been, and will not be registered under the U.S. Securities Act. Therefore, resales by subscribers and/or purchasers of Offering Shares and by subsequent transferees will be subject to certain restrictions described in "Transfer Restrictions".
Risk Factors.	Prospective investors should carefully consider certain risks connected with an investment in our Shares. See "Risk Factors".

We were incorporated as a company with limited liability under the laws of Singapore on 31 March 2011. Our registered office is at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957. Our telephone number is +65 6745 9678 and our facsimile number is +65 6742 5753. Information on www.parkson.com.my or any other website directly or indirectly linked to such website is not incorporated by reference into this document and should not be relied upon.

INDICATIVE TIMETABLE

Date and Time (Singapore)	Event
27 October 2011, upon registration of this document by the Authority	Opening date for the Public Offer.
1 November 2011, 12.00 noon	Closing date and time for the Public Offer.
2 November 2011	Balloting of applications in the Public Offer, if necessary (in the event of over-subscription for the Offering Shares). Commence refunding of application monies to unsuccessful or partially successful applicants.
3 November 2011, 9.00 a.m.	Commence trading on a "ready" basis.
9 November 2011	Settlement date for all trades done on a "ready" basis on 3 November 2011.

The above timetable is indicative and subject to change at the discretion of us and the Vendors, with the agreement of the Joint Bookrunners and Underwriters. The above timetable and procedures may also be subject to such modifications as the SGX-ST may at its discretion decide, including the date of commencement of trading on a "ready" basis, and assumes that the closing date of the Public Offer is 1 November 2011, the date of our admission to the Official List of the SGX-ST is 3 November 2011, and compliance with the SGX-ST's shareholding spread requirement. All dates and times referred to above are Singapore dates and times.

We and the Vendors, with the agreement of the Joint Bookrunners and Underwriters and the Public Offer Coordinator may, subject to all laws and the regulations and the rules of the SGX-ST, agree to extend or shorten the Public Offer period, provided that the Public Offer period may not be less than two Market Days.

In the event of the extension or shortening of the Public Offer period, we will publicly announce the same immediately:

- through a SGXNET announcement to be posted on the Internet at the SGX-ST website (http://www.sgx.com); and
- in one or more major Singapore newspapers, such as *The Straits Times* and *The Business Times*.

You should consult the SGX-ST announcement on the "ready" listing date on the Internet at the SGX-ST website and in the newspapers, or check with your broker on the date on which trading on a "ready" basis will commence.

We and the Vendors will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times* and *The Business Times.*

We and the Vendors reserve the right to reject or accept, in whole or in part, or to scale-down or ballot any application for the Offering Shares, without assigning any reason therefor, and no enquiry or correspondence on the Vendors' and our decision will be entertained. In deciding the basis of allocation, due consideration will be given to, among other things, the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application made under the Public Offer, where an application is not successful, the full amount of the application monies will be refunded (without interest or any share of revenue or other

benefit arising therefrom) to the applicant, at the applicant's own risk within 24 hours (or such shorter or longer periods which the SGX-ST may require) after the balloting of applications (provided that such refunds are made in accordance with the procedures set out in the instruction booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore").

In respect of an application made under the Public Offer, where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (or such shorter or longer period as the SGX-ST may require) after the close of the Public Offer (provided that such refunds are made in accordance with the procedures set out in the instruction booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore").

If the Offering does not proceed for any reason, the full amount of application monies paid in respect of applications made under the Public Offer (without interest or any share of revenue or other benefit arising therefrom) will be refunded within five Market Days after the Public Offer is discontinued.

The manner and method for applications and acceptances under the Placement will be determined by the Joint Bookrunners and Underwriters at their discretion.

SUMMARY COMBINED FINANCIAL INFORMATION

The following tables present our summary combined financial information as at and for the financial years ended 30 June 2009, 2010 and 2011. You should read the summary combined financial information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011", and the related notes thereto, which are included elsewhere in this document. The audited combined financial statements of Parkson Retail Asia Limited and its Subsidiaries for the financial years ended 30 June 2009, 2010 and 2011 included in this document have been audited by Ernst & Young LLP. The historical results presented below are not necessarily indicative of the results that may be expected for any future period.

The audited combined financial statements of Parkson Retail Asia Limited and its Subsidiaries for the financial years ended 30 June 2009, 2010 and 2011 have been prepared in accordance with SFRS issued by the Accounting Standards Council which differ in certain respects from generally accepted accounting principles in other countries. We intend to prepare and report our financial statements only in accordance with SFRS in subsequent periods. Certain principal differences between the requirements of SFRS and U.S. GAAP, as they relate to us, are discussed in "Summary of Significant Differences Between SFRS and U.S. GAAP".

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands, except per Share amounts)		
Summary Combined Income Statements and Statements of Comprehensive Income			
Revenue	301,229	332,959	367,314
Other items of income			
Finance income	1,770	3,349	4,863
Other income	3,230	3,247	5,833
Items of expense			
Changes in merchandise inventories and consumables	(133,106)	(140,418)	(151,698)
Employee benefits expenses	(29,796)	(35,464)	(34,769)
Depreciation and amortisation expenses	(13,451)	(15,495)	(15,186)
Promotional and advertising expenses	(5,368)	(5,121)	(7,150)
Rental expenses	(66,265)	(67,082)	(69,639)
Finance costs	(145)	(89)	(526)
Other expenses	(40,689)	(43,382)	(47,435)
Profit before tax	17,409	32,504	51,607
Taxation	(5,272)	(10,061)	(15,786)
Profit for the year	12,137	22,443	35,821
Profit for the year attributable to:			
Owners of the Company	11,433	21,375	35,013
Non-controlling interests	704	1,068	808
	12,137	22,443	35,821
Other comprehensive income			
Foreign currency translation	(1,108)	(1,992)	(11,103)
Total comprehensive income for the year	11,029	20,451	24,718
Total comprehensive income for the year attributable to:			
Owners of the Company	10,335	19,427	24,436
Non-controlling interests	694	1,024	282
	11,029	20,451	24,718
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	1.91	3.58	5.86
Adjusted basic and diluted(1)	1.69	3.16	5.17

Note:

(1) After adjusting for 80,000,000 Issue Shares that will be allotted and issued pursuant to the Offering.

	As at 30 June		
	2009	2010	2011
	(S$ in thousands)		
Summary Combined Balance Sheets			
Total non-current assets	111,704	101,493	113,301
Cash and short-term deposits	87,880	126,883	96,123
Total current assets	147,821	192,479	172,973
Total assets	259,525	293,972	286,274
Total current liabilities	137,860	145,894	154,418
Net current assets	9,961	46,585	18,555
Total non-current liabilities	4,070	4,784	4,956
Total liabilities	141,930	150,678	159,374
Net assets	117,595	143,294	126,900
Equity attributable to owners of the Company	116,524	140,285	123,317
Non-controlling interests	1,071	3,009	3,583
Total equity	117,595	143,294	126,900
Total equity and liabilities	259,525	293,972	286,274

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Summary Combined Statements of Cash Flows			
Net cash generated from operating activities	83,507	67,169	55,465
Net cash used in investing activities	(37,576)	(26,306)	(6,206)
Net cash generated from/(used in) financing activities	177	812	(70,917)
Net increase/(decrease) in cash and cash equivalents	46,108	41,675	(21,658)
Effect of exchange rate changes on cash and cash equivalents	(56)	(2,672)	(10,130)
Cash and cash equivalents at beginning of year	41,828	87,880	126,883
Cash and cash equivalents at end of year	87,880	126,883	95,095

SUMMARY PRO FORMA FINANCIAL INFORMATION

The following tables present our summary unaudited pro forma combined financial information for the financial year ended 30 June 2011. You should read the summary unaudited pro forma combined financial information in conjunction with "Appendix B — Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the Financial Year ended 30 June 2011", which are included elsewhere in this document. The unaudited pro forma combined financial information is for illustrative purposes only and based on certain assumptions and after making certain adjustments to show what the results and cash flows of the Group would have been as at 30 June 2011, if the acquisition of TS as disclosed in Note 2 to the Unaudited Pro Forma Combined Financial Information had taken place on 1 July 2010. Ernst & Young LLP has issued a report on this unaudited pro forma combined financial information in accordance with Singapore Statement of Auditing Practice 24 "Auditors and Public Offering Documents". Their work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

	For the Financial Year 2011
	(S$ in thousands)
Summary Pro Forma Income Statement Information	
Revenue	407,961
Other items of income	
Finance income	5,052
Other income	5,864
Items of expense	
Changes in merchandise inventories and consumables	(165,778)
Employee benefits expenses	(41,158)
Depreciation and amortisation expenses	(17,522)
Promotional and advertising expenses	(9,952)
Rental expenses	(76,870)
Finance costs	(688)
Other expenses	(51,969)
Profit before tax	54,940
Taxation	(16,614)
Profit for the year	38,326
Profit for the year attributable to:	
Owners of the Company	37,518
Non-controlling interests	808
	38,326
Other comprehensive income	
Foreign currency translation	(11,815)
Total comprehensive income for the year	26,511
Total comprehensive income for the year attributable to:	
Owners of the Company	26,229
Non-controlling interests	282
	26,511
Summary Pro Forma Statement of Cash Flows	
Net cash generated from operating activities	58,015
Net cash used in investing activities	(6,392)
Net cash used in financing activities	(72,918)
Net decrease in cash and cash equivalents	(21,295)
Effect of exchange rate changes on cash and cash equivalents	(10,493)
Cash and cash equivalents at beginning of year	126,883
Cash and cash equivalents at end of year	95,095

RISK FACTORS

An investment in our Shares involves risks. You should carefully consider all of the information in this document and, in particular, the risks described below before deciding to invest in our Shares.

The following describes some of the significant risks that could affect us and the value of our Shares. Additionally, some risks may be unknown to us and other risks that we currently deem immaterial may also impair our business operations. Any of these risks could materially and adversely affect our business, financial condition, results of operations and prospects. This document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this document. See "Key Notices to Investors — Forward Looking Statements".

Before deciding to invest in our Shares, you should seek professional advice from your advisors about your particular circumstances.

Risks Relating to Our Business

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

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

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

To the extent that we fail to compete successfully in our existing and new markets due to any of these factors, our business and results of operations may be adversely affected.

We face strong competition for suitable personnel, which may make it difficult to recruit and retain employees.

Our success depends on our ability to attract and retain staff. In particular, it requires a significant number of capable and qualified personnel to fill sales and middle management positions in Malaysia, Vietnam and Indonesia, and in the future, we will need to fill more of those positions. If we are unable to find store managers that we can empower to make necessary decisions, we may not be able to respond as quickly to events or concerns of customers, concessionaires or suppliers as they arise. We have generally not had a problem finding suitable middle management personnel, although we have at times experienced problems finding suitable candidates for sales positions, especially in our Malaysian operations, primarily due to low unemployment levels in Malaysia. In the financial years 2009, 2010 and 2011, our Malaysian operations had an employee turnover rate of 10.5%, 9.0% and 8.1% respectively, consisting primarily of our

store operations employees. If we are unable to retain sufficient numbers of suitable employees for our existing stores or are unable to recruit additional employees to fulfil our expansion plans, our operations may be materially and adversely affected and we may be hindered in pursuing our business strategy.

We are subject to risks associated with our planned expansion programme.

We plan to pursue a growth strategy to expand our retail presence in Malaysia, Vietnam and Indonesia. We expect to fund our expansion through a combination of proceeds from the Offering and internal funds. In particular, as at the Latest Practicable Date, we opened one new store in Indonesia in August 2011 and plan to open one new store in each of Malaysia, Vietnam and Indonesia in the remainder of financial year 2012. We also plan to expand the store area for one existing store in Indonesia in January 2012. We also expect to open our first department store in Cambodia in 2013. See "Our Business — Expansion".

There are significant risks involved in our expansion strategy, including whether we have timed and determined the magnitude of our expansion in a manner that will result in greater revenues and profitability for us and not burden us with excessive costs and whether we can successfully negotiate the terms of new leases. In addition, our planned expansion programme may be hindered by certain restrictions arising from local regulations. See "— We require a number of regulatory licences in order to operate and will require more to expand into new markets, which we may be unable to obtain" for a further discussion on the relevant Vietnamese regulations.

Additionally, any decrease in the supply of new malls could lead to a shortage of space for the establishment of new stores. Such a situation could hinder our expansion plans and sales growth and have a negative impact on our future growth prospects.

Moreover, it typically takes two to three years for a new store to become a profitable operating unit. We cannot assure you that any new store will become profitable within such time period, or that it will become a profitable operating unit at all. We also cannot assure you that the opening of new stores will not result in the diversion of sales from our existing stores.

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

Our business depends on our ability to locate our stores in prime areas, which may become more difficult in the future.

Our department store business depends significantly on our ability to secure prime and convenient locations for our stores where there is a high population density and pedestrian flow. Given the scarcity of these prime and convenient locations and their relatively high rental costs, particularly in the larger metropolitan areas that we target for our present stores and our expansion, we cannot assure you that we will be able to secure such locations on favourable terms to us for deployment of our stores. Failure to successfully locate our future stores in such prime and convenient locations may slow down the growth in our sales and negatively affect our future growth.

We may not be able to extend any of our existing leases for our stores when they expire, or if they are terminated, on terms acceptable to us.

As at 30 June 2011, we leased the premises on which all but one of our existing department stores are located. Accordingly, it is important to our business operations that we maintain our existing leases. In the event that any of our leases are terminated for any reason prior to their expiration, we will need to relocate to alternative premises. Relocation of any part of our operations may cause disruptions to our business and

requires significant expenditure, and we cannot assure you that in such a case, we will be able to find suitable premises on commercially reasonable terms in a timely manner, if at all.

Most retail tenancies of our stores are negotiated on a long-term basis of 15 years or more. Upon expiration of the lease agreement for each of our stores, we have to negotiate a new lease. We cannot assure you that we will be able to extend our lease agreements on terms and conditions, in particular those regarding the rent, which are favourable or otherwise acceptable to us, or at all. In that case, we may need to seek an alternative site to relocate the existing store in question. We cannot assure you that any such alternative site will be at a comparable location or can be leased on comparable terms. For more information on the leases, see "Our Business — Retail Network" and "Our Business — Properties and Leases".

Our success depends on our ability to identify and respond to constantly changing customer preferences.

The retail industry is subject to changing trends in fashion and consumer preferences. Selection and timing of merchandise purchases are crucial. Our success is to a large degree contingent on our ability to anticipate these trends and to cater to the resulting tastes of our customers. If we fail to select and manage brands that our customers desire, we risk alienating customers who cannot locate their desired products and brands in our stores. We cannot assure you that we will be able to accurately predict fashion trends and consumer preferences or that we will be able to identify and respond quickly to changes in trends.

In addition to selling their products in our stores, several of our concessionaires and suppliers operate stand-alone or boutique specialty stores. Generally, these stores target shoppers who do not typically shop at department stores. However, to the extent that our target customers prefer to purchase products from these specialty stores rather than our stores, our business, financial condition, results of operations and prospects could be adversely affected.

The rapid availability of new products and changes in consumer preferences have made it more difficult to reliably predict sales demand. We rely on our significant experience and established processes to accurately forecast and manage fluctuations in demand. However, we cannot assure you that we will continue to be successful in this respect. The future growth of our business depends on the introduction of brands that are attractive to our customers and if the brands that we carry are superseded by more popular merchandise, we could suffer a loss of profits which would materially and adversely affect our business, financial condition, results of operations and prospects. Moreover, the growth of our business is also dependent on the growth in disposable income of our customers. If economic conditions worsen considerably, for example, if there is a repeat of the economic conditions of the global financial crisis of 2008-2009, our customers' income growth could moderate or even reverse, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

We rely on our concessionaires and direct sales suppliers for substantially all of our revenue.

We derive substantially all of our revenue from concessionaire commissions and direct sales, and our success depends on our ability to retain existing, and attract new concessionaires and direct sales suppliers on terms favourable to us. Our agreements with our concessionaires are usually on a relatively short-term basis. Our concessionaire agreements are generally for a term of one year (or two years in Vietnam), with a termination notice period of 30 days for our stores in Malaysia, 60 days for our stores in Vietnam and 90 days for our stores in Indonesia. We cannot assure you that we will be able to successfully renew our existing concessionaire agreements upon their expiration on terms acceptable to us, or at all. If we are unable to maintain good relationships with our existing concessionaires and direct sale suppliers, or if we are unable to develop and maintain new concessionaire and direct sales supplier relationships, we will be unable to carry merchandise and products that are in demand and can generate profit for us. Furthermore, if any of the suppliers for concessionaire or our direct sales change their distribution methods, we may experience a disruption in supply of products for our concessionaire or direct sales business. As a result, our market positioning, image and reputation may be adversely affected, and our revenue and profitability may be impaired.

In addition, our revenue and profit are dependent on the concessionaire commissions and the purchase prices that we are able to negotiate with our concessionaires and our direct sale suppliers. We derive our revenue from concessionaire arrangements in the form of concessionaire commissions, which are typically expressed as a percentage of sales by our concessionaires. We derive our revenue from direct sales arrangements in the form of sales proceeds to end consumers, while the purchase of and changes in inventories represent the prices that we have to pay for our purchases from our direct sales suppliers. If our concessionaires reduce the commission percentage when negotiating their concessionaire arrangements with us, our direct sale suppliers raise the purchase prices that we have to pay, or our concessionaires or suppliers demand payments on terms that we are unable to meet, our revenue and profit may decrease and our results of operations may be adversely affected.

Our financial performance depends to a large extent on sales from our stores in Greater Kuala Lumpur.

While we operated department stores in 31 cities and towns across Malaysia, Vietnam and Indonesia as at 30 June 2011, merchandise sales at our 12 department stores in Greater Kuala Lumpur in the aggregate accounted for approximately 40.4%, 38.5% and 37.8% of our total merchandise sales during the financial years 2009, 2010 and 2011. As a result, we are significantly financially dependent on our operations in Greater Kuala Lumpur. If Greater Kuala Lumpur were to suffer any significant economic downturn, or if retail demand in the area were to otherwise decrease, our financial condition and results of operations may be harmed as a result.

We require a number of regulatory licences in order to operate and will require more to expand into new markets, which we may be unable to obtain.

Our department store business is spread geographically across Southeast Asia, and is expected to expand further. Accordingly, we require relevant approvals and licences at various levels in any new markets which we may enter, including Cambodia, where we intend to open our first department store in 2013.

In addition, under Indonesian laws and regulations, we require certain licences and registrations to conduct our business in Indonesia. However, we have not obtained certain requisite licences for some of our stores in Indonesia, due to the fact that some Indonesian regional governments have not yet begun to issue such licences. Specifically, pursuant to Presidential Regulation No. 112 of 2007 on the Guidelines for and Supervision of Traditional Markets, Shopping Centres and Modern Stores PR No. 112/2007 and MOT Regulation 53/M-DAG/PER/12/2008 on the Guidelines for Management and Supervision of Traditional Markets, Shopping Centres and Modern Stores ("MOT Regulation 53/2008"), any minimarket, supermarket, department store, hypermarket or wholesaler (*perkulakan*) must obtain a Modern Store Business Licence (*Izin Usaha Toko Modern* or "IUTM"). The IUTMs are issued by the Head of Regency/Mayor or, for Jakarta Province, the Governor. The foregoing authorities may subsequently delegate the authorisation for issuing the IUTMs to the relevant Head of Office/Unit (*Kepala Dinas*/Unit) in charge of trade affairs in regional governments.

We have experienced difficulties in processing applications for the IUTMs for our Indonesian stores outside of Jakarta, as a significant number of regional governments either (i) have not enacted their regional implementing regulations in accordance with PR No. 112/2007 and MOT Regulation 53/2008 and have not yet begun to issue IUTMs (as is the case with our stores in Yogyakarta; Kuta, Badung Regency (Bali); or (ii) have recently enacted implementing regulations of MOT Regulation 53/2008, but are still processing all applications or have not yet begun to issue IUTMs (as is the case with our store in Surabaya and in Depok, West Java) or (iii) has issued IUTMs although the relevant regional implementing regulation has not been enacted (as is the case with our store in Tangerang Regency (to be opened in October 2011)). As a result, majority of our stores outside Jakarta have not been able to obtain IUTMs as required under MOT Regulation 53/2008. Hadiputranto, Hadinoto & Partners, Legal Advisor to our Company as to Indonesian Law ("HHP" or "Indonesian Legal Advisor"), has advised, and our Company is of the view that we will have sufficient basis to assert that our stores located in the regions that have not enacted the relevant IUTM regional implementing regulations in accordance with PR No. 112/2007 and MOT Regulation 53/2008 can

continue to operate, relying on TS's existing Trading Business Licence (*Surat Ijin Usaha Perdagangan* or "SIUP"). Although PR No. 112/2007 and MOT Regulation 53/2008 do not state the penalty for a modern store operator which fails to obtain an IUTM, we cannot be certain that the central government will take the same view on this issue. See "Regulation" for further details.

Moreover, our store at Plaza Semanggi in Jakarta currently faces difficulties in obtaining an IUTM due to an ongoing dispute between the shopping centre operator and the Jakarta regional government and the resulting inability of the shopping centre operator to obtain a licence from the Jakarta regional government to operate Plaza Semanggi, a document necessary for our application for an IUTM for our store at Plaza Semanggi. Therefore, our store at Plaza Semanggi in Jakarta is exposed to the risk of sanctions under the Jakarta regional regulations on private markets. Failure to obtain the operating licence is subject to administrative sanctions in the form of a written warning, summons, temporary closure of the store and revocation of the licence, and/or criminal sanctions in the form of a fine in the maximum amount of Rp.5 million or three months imprisonment of the directors. See "Regulation" for further details.

In addition, under Vietnamese laws and regulations, foreign invested enterprises which engage in the retail distribution business in Vietnam must pass a discretionary test known as the Economic Need Test whenever they intend to open any retail outlet beyond their first retail outlet in Vietnam. Specifically, Article No. 4.3(a) of Circular No. 09/2007/TT-BTM provides that "the establishment of retail sales outlets in addition to the first retail sales outlet shall be considered on a case by case basis and shall depend on the number of retail sales outlets, market stability, population density in the province or city where the retail sales outlet is to be set up, and consistency of the investment project with the master plan of such province or city". A recent Draft Retail Decree also provides similar conditions and requirements. Our expansion will therefore be subject to the view of the Vietnamese licensing authorities on the need for opening new stores in a given territory.

Failure to obtain any of the requisite licences and registrations in the jurisdictions in which we operate could subject us to fines and other sanctions, including suspension or revocation of our licences, closure of our affected stores and imprisonment. Being subjected to such fines and sanctions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our success depends significantly on key management and our ability to attract and retain additional management.

Our future success is dependent on the efforts, performance and abilities of our key management. The loss of certain members of our senior management may result in: (i) a loss of organisational focus; (ii) poor operating execution; and (iii) an inability to identify and execute potential strategic initiatives such as expansion of our network of stores in the markets in which we operate. These adverse results could, among other things, reduce potential revenue, prevent us from diversifying our service lines and expose us to downturns in the markets in which we operate. Those circumstances, in turn, could adversely affect our profitability and financial results.

An outbreak of a contagious disease could adversely affect the Malaysian, Vietnamese and Indonesian economies and our Group.

The outbreak of an infectious disease in Asia, including Malaysia, Vietnam and Indonesia, or elsewhere, or fear of an outbreak, together with any resulting travel restrictions or quarantines could have a negative impact on the economy and business activity in Malaysia, Vietnam and Indonesia and thereby adversely impact our revenue.

In recent years, large parts of Asia experienced unprecedented outbreaks of avian flu. In 2003, certain countries in Asia experienced an outbreak of Severe Acute Respiratory Syndrome ("SARS"), a highly contagious form of pneumonia, which seriously interrupted economic activity in the affected regions. More recently, in April 2009, there was a global outbreak of the highly contagious Influenza A (H1N1) virus including confirmed reports in Hong Kong, Japan, Malaysia, Indonesia, Singapore and elsewhere in Asia.

An outbreak of avian flu, SARS, the Influenza A (H1N1) virus or another contagious disease or measures taken by the governments of affected countries, including Malaysia, Vietnam and Indonesia, against potential or actual outbreaks, could seriously interrupt our operations or those of our distributors, suppliers and customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Malaysia, Vietnam and Indonesia, and thereby adversely affect our business, financial condition, results of operations and prospects.

Exchange rate fluctuations may negatively affect our financial results.

Our reporting currency is the Singapore dollar. Our sales and costs of sales, however, are in Ringgit in Malaysia, in Dong in Vietnam and in Rupiah in Indonesia. There may be negative impacts to our financial results when these different functional currencies are translated into our reporting currency upon consolidation.

Sales may decline if we do not successfully market our department stores.

Our business is affected by the success or failure of our marketing and promotional efforts and those of our concessionaires. Future marketing efforts by us or our concessionaires may be costly and may not result in increased sales. If we were to undertake a major marketing campaign without success, it could have a negative impact on our revenues. In either case, increased costs and decreased margins, accompanied by static or decreased revenues, would cause a decline in our results of operations and may materially and adversely affect our business, financial condition, results of operations and prospects.

Our Company will continue to be controlled by PHB, whose interests may differ from those of other shareholders.

Prior to the Offering, 90.1% of the Shares were beneficially held by PHB. Immediately following the Offering, PHB will beneficially hold 70.5% of our issued share capital assuming the Over-allotment Option is not exercised. As our largest shareholder, and subject to our Articles of Association and applicable laws and regulations, PHB will be able to influence major policy decisions, including our overall strategic and investment decisions, by:

- controlling the election of Directors and, in turn, indirectly controlling the selection of senior management;
- determining the timing and amount of dividend payments;
- approving annual budgets;
- deciding on increases or decreases in share capital;
- determining the size and timing of any issuances of new securities;
- approving mergers, acquisitions and disposals of our assets or businesses; and
- substantially influencing resolutions, relating to the amendment of our Articles of Association.

The interests of PHB as our majority shareholder could conflict with the interests of our other shareholders. Accordingly, PHB may take actions (including, for example, an excessively high rate of dividend distributions) that favour its own interests and which may not be in the best interests of our other shareholders. Our interests may also conflict with those of Parkson Retail Group Limited ("PRGL"), a PHB subsidiary, which operates Parkson stores in China. See "Interested Person Transactions and Potential Conflicts of Interest — Potential Conflicts of Interest — Our Controlling Shareholders".

We may encounter difficulties in integrating our Indonesian operations, which could adversely affect our operating results.

On 9 June 2011, we completed the acquisition of a 100% interest in TS, an Indonesian company that owns and operates the "Centro" and "Kem Chicks" stores in Indonesia. We may encounter potential difficulties related to this acquisition, including:

- difficulty in implementing our financial and management controls, reporting systems and procedures;
- difficulty in maintaining supplier, employee or other favourable business relationships of the acquired operations and restructuring or terminating unfavourable relationships;
- failing to realise the benefits from goodwill and intangible assets resulting from the acquisition which may result in write-downs; and
- failing to achieve and/or maintain anticipated business volumes.

Any of these factors could prevent us from realising the anticipated benefits of the acquisition, including additional revenue, operational synergies and economies of scale. Our failure to realise the anticipated benefits of the acquisition could adversely affect our business and operating results.

Product liability claims and adverse publicity in respect of defective goods sold in our stores could adversely affect our reputation and our financial prospects.

Our business involves an inherent risk of product liability, product recall, adverse publicity and exposure to public liability claims. We do not currently have any product liability insurance and will therefore be subject to the full amount of any product liability we may incur. Although all of our concessionaires and suppliers provide us with a written indemnity covering the full extent of any third party liability we incur through their operations and sales in our stores, we cannot assure you that we will be successful in obtaining such indemnity payment or that the indemnity payment will fully cover all of our costs associated with the original liability. If we were found responsible for damage caused by defective goods sold in our stores our reputation may be adversely affected. This could lead to erosion of consumer confidence in our brands and a subsequent reduction in sales. Such an event would be likely to have an adverse effect upon our business, financial condition, results of operations and prospects.

Damage to our reputation could result in an erosion of consumer confidence in our Group leading to decreasing sales which could have an adverse effect upon our business.

The quality of the products in our stores is of the utmost importance to our business. A drop in consumer confidence in the integrity of these products could undermine consumer confidence in our business as a whole and affect the size of our customer base and financial results. The appeal and availability of these products, price architecture, our in-store environments and store locations, all have an impact on the popular perception of our Group. It is commercially imperative for us to maintain appealing brands in order to attract and retain our customers and to ensure strong partnerships with our suppliers. If we do not fulfil the high expectations of our customers, we risk damage to our reputation which could lead to an erosion in consumer confidence in our products and a resulting decline in our customer base. This could adversely affect our business, financial condition, results of operations and prospects.

We may incur liability for goods sold in our department stores that violate the intellectual property rights of others.

We and our concessionaires source merchandise worldwide. Although we have adopted measures to minimise potential infringement of intellectual property rights of third parties, we may not always be

successful. In the event that we or our concessionaires sell infringing goods at our department stores, we, in our capacity as retailer, may be found liable for intellectual property violation and be compelled to pay damages. Moreover, although all of our concessionaires and suppliers provide us with a written indemnity covering the full extent of any third party liability that we may incur through their operations and sales in our stores, we cannot assure you that we can successfully obtain such indemnity payment or that the indemnity payment will fully cover all of our costs associated with the original liability.

We are affected by changes in the proportion of our concessionaire sales and direct sales.

We sell most of the merchandise in our department stores through concessionaire sales. Due to the different revenue recognition policies for concessionaire sales and direct sales and the different sales models, a change in the proportion of our concessionaire sales and direct sales will have a direct impact on our revenues and results of operations. We only recognise the commission income from concessionaire sales as revenue, whereas for direct sales, we purchase merchandise from suppliers and sell the merchandise to our customers and we recognise the entire sales proceeds that we receive from our customers as revenue. Therefore, an increase in the percentage of concessionaire sales as a percentage of our total sales may lead to a decrease in our total revenue. As a result, changes or fluctuations in the proportion of our concessionaire and direct sales may have a material impact on our business, financial condition, results of operations and prospects.

Any adverse developments relating to the "Parkson" brand in China may adversely affect our own reputation and harm our business.

Our Controlling Shareholder, PHB, has also granted a licence to one of its subsidiaries, PRGL, to use the "Parkson" trademark and trade name in China, Hong Kong, Macau and Taiwan. PRGL operates Parkson department stores in China. If there are any events or developments in connection with the Parkson operations in China that would have an adverse effect on the reputation of the "Parkson" brand in China, our reputation in our countries of operation may also suffer as a result, which could have an adverse effect upon our business, financial condition, results of operations and prospects.

We are dependent on the proper performance of our information systems. System failures, delays and failure to optimise our information technology systems could adversely affect our Group.

We are dependent on the continual enhancement of our information systems and the technology infrastructure used in our stores to record and analyse a substantial volume of retail transactions in an efficient manner. Examples of our reliance on these systems include our use of barcode scanning and point of sales ("POS") systems within our stores. Any significant failure in these processes would negatively impact our retail operations and our ability to trade efficiently. Further, any interruptions could hamper our ability to conduct inventory management quickly and accurately. See "Our Business — Inventory Management" and "Our Business — Information Systems". Although we believe we have controls in place to maintain the integrity of our information systems infrastructure, we cannot assure you that such controls will adequately prevent disruptions to these systems in the future. Any repeated breakdown of these systems could adversely affect our reputation, business, financial condition and results of operations.

Our financial performance and results of operations are subject to seasonality.

Like many operators of department stores, we experience seasonal fluctuations in our turnover and operating income and generally record higher turnover from September through February than from March through August. This is primarily due to the impact of increased sales around New Year's Day, Chinese New Year and school holidays in Malaysia, Vietnam and Indonesia. As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our performance. Any seasonal fluctuations reported in the future may not match the expectations of investors. This could cause the trading price of the Shares to fluctuate.

Our limited insurance coverage may not cover all losses, which may increase our operational costs.

We maintain different types of insurance policies that cover all property risks including our fit-outs, furniture and equipment, stock-in-trade, public liability, money in transit, money in premises, fidelity guarantee and employer's liability. Our Directors are of the view that the current insurance coverage over our assets and operations is adequate. We do not carry, however, insurance in respect of certain risks that we believe are not insured under normal industry practice in the markets in which we operate, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. In addition, we do not maintain any consequential loss insurance for our operations in Indonesia or product liability insurance. While our contracts with our concessionaires and direct sale suppliers typically provide that our concessionaires and direct sale suppliers will be responsible for any product liability claims by end consumers, we may be required to make compensations to the consumers first, and we may have to assume the economic impact to the extent we cannot seek indemnification from our concessionaires or direct sales suppliers. In addition, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have an adverse effect on our reputation and profitability.

There may be difficulties in enforcing foreign judgments against certain of our directors outside of Singapore.

We are incorporated in Singapore, however certain of our Directors do not reside in Singapore. All or a substantial portion of such Directors' assets are located outside Singapore. As a result, it may be difficult or impossible for investors to effect service of process upon such Directors within Singapore or other jurisdictions or to enforce a judgment obtained in Singapore against such Directors' assets in such other jurisdictions. It also may be difficult for investors to take legal action against our Directors outside of Singapore and the costs of bringing such action may be prohibitive.

Risks Relating to Malaysia

Unfavourable political, social, economic, legal and regulatory developments in Malaysia may have an adverse effect on us.

The substantial majority of our assets are located or registered in Malaysia and 87.4% of our total revenue for financial year 2011 was derived from our Malaysian operations. As a result, we are susceptible to political, social, economic, legal and regulatory risks specific to Malaysia.

We may be affected by political and social developments in Malaysia such as, for example, the street protests in Kuala Lumpur in July 2011, as well as changes in the political leadership and/or government policies in Malaysia. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations which impose and/or increase restrictions on imports, the conduct of business, the repatriation of profits, the imposition of capital controls, changes in interest rates and the taxation of goods and services. For example, there is proposed legislation in Malaysia on the taxation of goods and services (the "GST"). Any potential impact of the GST on our Group's business, financial condition and results of operations is uncertain. Other political uncertainties include the risks of wars, terrorism, nationalisation and expropriation. The retail industry in Malaysia is subject to governmental regulations. See "Regulation — Malaysia". We cannot assure you that any changes in such regulations or politics imposed by the Malaysian government from time to time will not have an adverse effect on our business, financial condition, results of operations and prospects.

Beginning in July 1997 and lasting until 1999, Malaysia experienced a significant financial and economic downturn that resulted in, among other things, a significant devaluation of the Ringgit and an increase in the number and size of companies filing for corporate reorganisation and protection from their creditors. As evidenced by the 1.7% decline in Malaysia's GDP in 2009 and the decline in the growth rate

of Malaysia's GDP to 4.7% in 2008, compared to 6.3% in 2007, Malaysia's economy was negatively affected by the global financial crisis that began in 2008. We cannot assure you that the Malaysian economy will continue to grow or that GDP in Malaysia will not decrease.

Also, general economic conditions in Asia may have an effect on our business, financial condition and results of operations, as well as our future prospects. The recent global financial crisis, the recent European sovereign debt crisis, recent developments in the Middle East, higher oil prices, the general weakness of the global economy and the occurrence of avian flu and swine flu in Asia and other parts of the world have increased the uncertainty of global economic prospects and may continue to adversely affect the Malaysian economy. Any future deterioration of the Malaysian and global economy could adversely affect our business, financial condition, results of operations and prospects.

Terrorist attacks and other acts of violence or war may negatively affect the Malaysian economy and may also adversely affect financial markets globally. These acts may also result in a loss of consumer confidence, decrease the demand for our products and ultimately adversely affect our business. In addition, any such activities in Malaysia or its neighbouring countries in Southeast Asia might result in concern about the stability in the region, which could adversely affect business, financial condition, results of operations and prospects.

Non-compliance with the Guidelines on Foreign Participation in the Distributive Trade Services Malaysia (the "Guidelines") could have a material adverse effect on our business, financial condition, results of operations and prospects.

Participation in the retail industry in Malaysia is regulated by the Guidelines issued and enforced by the Malaysian Ministry of Domestic Trade, Cooperatives and Consumerism ("MDTCC"). See "Regulation — Malaysia" for further details on the Guidelines.

The Guidelines are subject to change, and changes in, or new interpretations of the Guidelines, or our non-compliance with the Guidelines, could have a material adverse effect on our business, financial condition, results of operations and prospects.

For example, at present, the Guidelines do not have the force of law and there are no legal sanctions for non-compliance with the Guidelines. However, companies which do not adhere to the Guidelines may face administrative difficulties in dealing with the MDTCC and in conducting business in Malaysia generally. As an example, non-compliance may result in the retailer not being able to obtain certain operating licences including business premise licences for its retail outlets from municipal authorities.

Additionally, the Guidelines currently only apply to foreign participation in companies engaged in distributive trade in Malaysia. Based on experience, it appears that in practice, the MDTCC applies the Guidelines strictly to hypermarkets only. However, as we will have foreign shareholders as a result of the listing of our Company on the SGX-ST, should the practice and interpretation of the Guidelines by the MDTCC change in the future, the Guidelines may impact the conduct of our business in Malaysia.

Risks Relating to Indonesia

A slowdown in global or Indonesian economic growth or economic contraction could adversely affect us and our business, financial condition, results of operations and prospects.

Our performance is significantly dependent on the health of the overall global and Indonesian economy. The economic crisis that affected Southeast Asia, including Indonesia, from mid-1997 was characterised in Indonesia by, among other effects, currency depreciation, negative economic growth, high interest rates, social unrest and extraordinary political developments. These conditions had a material adverse effect on Indonesian businesses. The economic crisis resulted in the failure of many Indonesian companies to repay their debts when due.

Indonesian financial markets and the Indonesian economy are also influenced by economic and market conditions in other countries. The global financial crisis that began in 2008 had a significant impact on certain segments of the Indonesian economy as well as the stability of Indonesian financial markets, as evidenced by the decrease in Indonesia's real GDP growth rate from 6.3% in 2007 and 6.0% in 2008 to 4.6% in 2009, based on data from Bank Indonesia. A loss of investor confidence in the financial systems of emerging or other markets may increase volatility in Indonesian financial markets which may, in turn, adversely affect the Indonesian economy in general. Any worldwide financial instability could also have a negative impact on the Indonesian economy, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We cannot assure you that the recent improvement in economic conditions will continue or that adverse economic conditions will not recur. Such developments could have a material adverse effect on our Group and our business, financial condition, results of operations and prospects.

Political instability in Indonesia could adversely affect the economy, which in turn could affect our business, financial condition, results of operations and prospects.

Since the collapse of the late President Soeharto's regime in 1998, Indonesia has experienced political changes and, from time to time, instability, as well as general social and civil unrest on several occasions in recent years.

For example, since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former Presidents Wahid and Megawati and current President Yudhoyono, as well as in response to specific issues, including fuel subsidy reductions, privatisation of state assets, anti-corruption measures, decentralisation and provincial autonomy, potential increases in electricity charges and the U.S.-led military campaigns in Afghanistan and Iraq. Although these demonstrations were generally peaceful, some have turned violent. In particular, on several occasions since June 2001, the Indonesian government has mandated increases in the prices of certain basic goods, such as fuel, which in turn sparked nationwide demonstrations and strikes. In May 2008, the Indonesian government decreased fuel subsidies to the public, which led to public demonstrations. We cannot assure you that future sources of popular discontent will not lead to further political and social instability.

In 2004, Indonesians directly elected the President, Vice-President and representatives to the Indonesian parliament for the first time. Although parliamentary and presidential elections proceeded smoothly in 2004 and 2009, political and related social developments in Indonesia have been unpredictable in the past and we cannot assure you that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

We operate in a legal and regulatory system in which the application and enforcement of various laws and regulations may be uncertain.

Indonesia's legal system is a civil law system based on written statutes. However, at times, the interpretation, application or enforcement of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public.

Judicial decisions in Indonesia, in particular those rendered by the Supreme Court, are persuasive but they do not constitute binding precedent. They are also not systematically and publicly available as they are in developed countries. Many of Indonesia's commercial and civil laws and judicial process rules are based on pre-independence Dutch law and have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts are often unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of many Indonesian laws and regulations depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a

high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case.

In summary, the administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to uncertainty and considerable discretion. Uncertainty regarding the application and enforcement of various laws and regulations to our business, our entitlement to the various licences we require to operate our business, our entitlement to various land rights, or other legal or regulatory matters relating to our business could have a material adverse effect on our business, financial condition, results of operations and prospects in Indonesia.

The Indonesian retail industry is regulated by the government of Indonesia which could modify the scope of our activities or impose obligations on us or on our customers in Indonesia which could reduce our revenues and increase our costs.

Our Indonesian operations are subject to a wide variety of regulatory provisions in key areas such as planning laws, tax rulings and trading hours. Compliance with, or changes in any legislation regulating our retail activities in Indonesia could reduce our sales and profitability and may otherwise adversely affect our business, financial condition and results of operations.

In general, Indonesian retail businesses are subject to regulations at the national level, although technical regulations are implemented at the regional level. Since April 1998, the government of Indonesia has issued a series of regulations permitting foreign investors to engage in the domestic trading sector, including in large scale retail trading business. See "Regulation". We cannot assure you that existing or future regulations will not have a material adverse effect on our business, financial condition, results of operations and prospects in Indonesia.

Labour unrest or activism could adversely affect our Company, our customers and Indonesian companies in general, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our operations are labour intensive. Our operations have not been materially affected by any significant labour dispute in the past. However, we may, in the future, experience labour unrest, activism, disputes or actions involving our employees, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, laws and regulations that facilitate the formation of labour unions, combined with weak economic conditions, have in the past resulted, and may in the future result, in labour unrest and activism in Indonesia. A labour union law passed in 2000 permits employees to form unions without intervention from their employers. The Labor Law (the "Labor Law"), passed in 2003, among other things and subject to certain procedural requirements, gives the right to employees to strike in the event that negotiations between the employer and the employees have failed. The Labor Law also increased the amount of mandatory severance, service and compensation payments payable to terminated employees. Changes in Indonesia's employment regulations may also be expected in the future. Due to the active involvement of various non-governmental organisations, employees' awareness of Indonesian employment regulations and any labour laws and regulations adopted in Indonesia in the future may have an impact on the overall business environment, including our own, which may limit our ability to downsize or implement flexible labour policies.

Labour unrest or activism in Indonesia may disrupt our operations and the operations of our suppliers or contractors and may affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Indonesia Stock Exchange or other stock exchanges and the value of the Rupiah relative to other currencies. Any such event could have a material adverse effect on our business, financial condition, results of operations and prospects in Indonesia.

Terrorist activities in Indonesia could destabilise Indonesia, which could adversely affect our business, financial condition, results of operations and prospects.

Since 2002, several bombing incidents with fatalities and injuries have taken place in Indonesia, most significantly, in Bali in October 2002 and October 2005, at the JW Marriott Hotel in Jakarta in August 2003, at the Australian embassy in Jakarta in September 2004, in the town of Tentena on the island of Sulawesi in May 2005 and at the JW Marriott Hotel and Ritz Carlton Hotel in Jakarta in July 2009. Further terrorist acts may occur in the future. Terrorist acts could destabilise Indonesia and cause internal divisions within the Indonesian government as it evaluates responses to that instability and unrest. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Relating to Vietnam

Changes in the economic, political and legal environment of Vietnam, and Vietnam's developing legal system, may adversely affect our business, financial condition, results of operations and prospects.

Vietnam is in the process of implementing far-reaching economic and legal reforms. It is uncertain whether the impetus for reform will continue or prove to be successful. Furthermore, it is difficult to predict or anticipate future developments in the Vietnamese legal structure. These changes may adversely affect our operations in Vietnam. Particularly, unlike many developed countries, the interpretation and the enforcement of laws in Vietnam are relatively uncertain and inconsistent. The laws and regulations of Vietnam are not well developed, and there is no system of binding case law and precedent. The laws and regulations are subject to broad and varying interpretations by government officials and courts. As a matter of practice, government officials, courts and lawyers often express different views on the legality, validity and effect of a particular legal document. In addition, the views of a governmental authority received on a particular issue have no binding effect or finality, so there is no guarantee that similar issues will be dealt with in a similar way by other governmental authorities. As part of its transition from a planned economy to a more market-oriented one, the Vietnamese government has implemented a series of economic reforms, including lowering trade barriers and import quotas to encourage and promote foreign investment. Since the second half of the 1980s, the Vietnamese government has promulgated a series of laws and regulations on local and foreign investment. Until 1 July 2006, when Investment Law No. 59/2005/QH11 dated 29 November 2005 (the "Investment Law") and Enterprise Law No. 60/2005/QH11 dated 29 November 2005 (the "Enterprise Law") came into effect, there were two distinct legal regimes: one governing local investments and the other governing foreign investments in Vietnam. Under this arrangement, foreign-owned companies were generally treated less favourably.

Although the Investment Law and the Enterprise Law are applicable to both foreign and domestic investors, it remains to be seen precisely the extent to which foreign and domestic investors are in fact put on the same footing. The new laws provide that foreign investors may generally be considered for compensation in the event that a change in Vietnamese law adversely affects the interests of the investors, but it is unclear how compensation would be determined or what the impact would be, as this statutory right has not been fully tested.

Although it is generally accepted that the Vietnamese government has made progress in economic reform and the development of laws and regulations, there remain inherent uncertainties and inconsistencies in the interpretation, implementation and enforcement of laws and government policies, including tax regulations. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition, depending upon the outcome of these experiments. Furthermore, we cannot assure you that the Vietnamese government's reforms will be successful or the impetus to reform will continue in Vietnam. If any of the changes adversely affect us and our business, or if we are unable to capitalise on the economic reform measures of the Vietnamese government, our business, financial condition, results of operations and prospects could be adversely affected.

Uncertainty in interpretation and application of certain Vietnamese laws and regulations may result in challenges to our operations in Vietnam and have an adverse effect on us.

There is some uncertainty relating to the interpretation and application of certain Vietnamese laws and regulations relating to whether our existing licences permit us to carry on certain business activities inherent in our business operations.

For example, we sub-lease certain designated areas within our stores in Vietnam to various tenants and collect sales proceeds on behalf of our tenants. There is some uncertainty as to whether the activity of collecting sales proceeds on behalf of our tenants must be separately licensed. Under Vietnamese law, we are required to conduct business strictly in accordance with the lines of business recorded in our investment certificates. However, our investment certificates do not specifically include the provision of such services. As we do not charge any fees for the collection of such sales proceeds, which is merely a supporting service provided to our tenants, we believe that such activity does not have to be licensed, and have obtained verbal opinions from the Ministry of Planning and Investment and the State Bank of Vietnam to support this view. In addition, based on the verbal opinions from the Ministry of Planning and Investment and the State Bank of Vietnam, Baker & McKenzie (Vietnam) Ltd., Legal Advisor to our Company as to Vietnam Law, has also advised that we are currently not in breach of Vietnamese law in respect of our collection of sales proceeds on behalf of our tenants. However, we cannot assure you that either the Ministry of Planning and Investment or the State Bank of Vietnam will not interpret the law differently in the future, in which case our Subsidiaries in Vietnam may be subject to monetary administrative penalties of approximately US$250 to US$350 for conducting business activities outside the registered scope of business, or approximately US$1,943 to US$3,400 for conducting banking activities without a licence. The nature and precise amount of any of these fines would depend on the relevant authorities' interpretation of the regulations and on whether the Ministry of Planning and Investment or the State Bank of Vietnam initiates them.

In addition, we previously entered into consignment contracts with certain concessionaires in Vietnam. Pursuant to these consignment contracts, the concessionaires arranged and paid for delivery of their goods to our department stores in Vietnam. The ownership of these goods remained vested in the concessionaires until the products were sold to retail customers, at a selling price determined by the concessionaires. The concessionaires paid us a commission based on the gross value of the products sold, a monthly management fee per square metre of the display area and monthly storeroom/warehouse expenses per square metre used. We collected the sales proceeds from the retail customers and then transferred the sales proceeds to the concessionaires (less the commissions, management fees and expenses payable) twice every month and issued invoices to the retail customers for sales transactions. The concessionaires, in turn, issued invoices to us for all the goods sold. Our investment certificates do not specifically include the provision of such services as a permitted line of business. We believe that although "consignment sales" is not specifically stated in our investment certificates, such activities are not outside the scope of our permitted business activities as listed in our investment certificates and we have obtained legal opinions from local counsels to support that view. However, given the uncertainty that remains on this point, we have decided not to enter into any new consignment agreements going forward. As at 1 September 2011, all our concessionaires in Vietnam operate under tenancy agreements.

Although we have been established and operating in Vietnam for approximately six years, and have not received any regulatory notices or challenges relating to these matters, we cannot provide any assurance that the relevant authorities will not challenge these activities in the future. To the extent such regulations or their implementation, interpretation or application by Vietnamese regulatory authorities or courts, are adverse to us, our business, financial condition, results of operations and prospects could be materially and adversely affected. Such adverse consequences could include, for example, administrative penalties, including monetary fines (including for past breaches) and/or a requirement to change our business model or to amend our investment certificates to include new lines of business. For example, if the relevant Vietnamese authorities conclude that our consignment agreements and consignment sales activities fell outside the scope of our permitted business activities and bring claims for conducting unlicensed business activities against us prior to the end of the one-year prescription period for prosecuting such claims, we may be subject to an administrative fine of approximately US$250 to US$350.

Some aspects of our expansion plans in Vietnam may also face legal challenges from the relevant authorities. Certain of our Vietnamese subsidiaries list "purchasing and/or leasing premises to renovate, upgrade for the establishment of a modern department store to sub-lease" or "real estate business" as business activities in their investment certificates. However, Law No. 63/2006/QH11 dated 29 June 2006 of the National Assembly of Vietnam on Real Estate Business implies that foreign investors may only be permitted to lease premises that they have developed themselves. The Ministry of Construction, which is responsible for implementing and enforcing this law, has done so on a case-by-case basis. For example, although our Subsidiary, Parkson Hanoi Co. Ltd., received an official letter from the Ministry of Construction allowing it to "lease, renovate or upgrade for sub-leasing premises" without having first constructed the relevant properties, on another occasion, the Ministry of Construction required a foreign-owned company to cease entering into new sub-leasing agreements regarding properties that it had not developed itself. As a result, we cannot assure you that our future applications to lease or sub-lease properties that we have not developed will be approved.

Additionally, we may also face certain legal challenges to one of our land use rights in Vietnam. Specifically, in December 2008, Thuy Duong Investment Joint Stock Company transferred a land use right to us when it sold the TD Plaza Building in Hai Phong to one of our Vietnamese subsidiaries, Parkson Haiphong Co. Ltd. ("Parkson Haiphong"). According to Land Law No. 13/2003/QH11 dated 26 November 2003 (the "Land Law"), foreign individuals or organisations investing in Vietnam in accordance with the Investment Law (including 100% foreign-owned companies) may only lease land from the state. The Land Law also provides that foreign individuals and organisations investing in Vietnam are entitled to lease land from the state and pay rent either annually or upfront for the whole lease term. Therefore, according to the Land Law, Parkson Haiphong, as a 100% foreign-owned company, may only lease land from the state in order to carry out its real estate business. Under the Land Use Right Certificate issued by the People's Committee of Hai Phong Province, Parkson Haiphong was allocated the land when it paid for the land use right. Upon the sale of the TD Plaza building to Parkson Haiphong, however, the seller should have returned the land to the state, following which Parkson Haiphong should have entered into a new land lease agreement with the state. Because neither of them had done so, although the sale and the land use right transfer were approved by the relevant authorities in Hai Phong in 2008, Parkson Haiphong's Land Use Right Certificate for the TD Plaza building may be subject to a legal challenge from relevant authorities in Vietnam in the future. We cannot assure you that, as a result of any such challenge, the certificate would not be revoked, which would require Parkson Haiphong to obtain a new certificate from the relevant authorities. If that were to occur, we cannot assure you that we would be able to obtain a new certificate on similar terms or at all. In the event that a new certificate cannot be obtained, Parkson Haiphong's exercise of ownership, including the right to transfer, over TD Plaza Building would be adversely affected and the direct financial impact on our Company would be VND147,220,783,510 (S$8,828,420), which was the amount paid for the certificate. If we cannot otherwise lease or use the property, it would adversely affect our revenue but not our profits as this store is loss making. In the financial year 2011, this store accounted for 1.3% of the Group's revenue.

Additionally, one of our Vietnamese subsidiaries, Parkson Vietnam Co. Ltd. ("Parkson Vietnam") has entered into certain agreements (collectively, the "Deposit Agreements") (i) with each individual owner of two Vietnamese companies, Thuy Duong Trading and Real Estate One Member Co. Ltd. ("Thuy Duong") and Bach Thinh Trading Co. Ltd. ("Bach Thinh"), for Parkson Vietnam to purchase from the current owners part of the capital of these two companies in the event that Parkson Vietnam is able to obtain the necessary licenses to do so; and (ii) with Thuy Duong, for Parkson Vietnam to subscribe for newly increased capital of Thuy Duong in the event that Parkson Vietnam is able to obtain the necessary licenses to do so. Our Company does not currently own any part of the capital of Thuy Duong and Bach Thinh.

Thuy Duong and Bach Thinh currently own three Parkson department stores in Vietnam, which we operate pursuant to management agreements that we have entered into with these two companies. Parkson Vietnam has agreed to provide an aggregate amount of VND168,980 million (approximately S$10.1 million), and as at 30 June 2011 has provided an aggregate amount of VND155,324 million (approximately S$9.3 million), to the current owners and Thuy Duong, which the current owners are required to invest into the business and capital of Thuy Duong and Bach Thinh and which Thuy Duong is required to use to expand its

business. These amounts provided were required by Bach Thinh and Thuy Duong for their operations. At the same time, under the Deposit Agreements, these amounts will be used by Parkson Vietnam as the purchase consideration in the event Parkson Vietnam is able to acquire the companies. Of the aggregate amount of VND155,324 million, VND35,364 million was provided to the current owner of Bach Thinh, of which VND34,020 million will be used to purchase 70% of the capital of Bach Thinh in the event that Parkson Vietnam is able to do so; and VND 56,960 million was provided to the current owner of Thuy Duong, which would represent 80% of Thuy Duong's capital in the event that Parkson Vietnam is able to purchase Thuy Duong. Additionally, the amount of VND 63,000 million provided to Thuy Duong may be applied towards contribution to the capital of Thuy Duong in the event Parkson Vietnam is allowed to do so, with proportionate contribution by the current owner of Thuy Duong such that Parkson Vietnam's stake in Thuy Duong would remain at 80% and the stake of the current owner of Thuy Duong would remain at 20%.

In the event that Parkson Vietnam is not able to purchase or contribute to the capital of Bach Thinh and Thuy Duong as envisaged under the Deposit Agreements, our Group, through Parkson Vietnam Management Services Co., Ltd., would be able to continue to manage and operate the three stores owned by these two companies, and continue to earn management fees. Management fees earned in FY2011 from managing these stores were approximately VND22,034 million (approximately S$1.4 million). Management fees are variable amounts based on the sum of 10% of direct sales and 10% of commission earned from concessionaires. Further, there are certain security arrangements in place in respect of the amounts provided under these Deposit Agreements. First, our Group has security over the shares of these two companies and if the owners are unable to repay the amounts provided, Parkson Vietnam can enforce the security by way of acquisition of and/or sale of these shares to another Vietnamese party to recover the amounts deposited. Second, the amount deposited with Thuy Duong will be secured by a mortgage to be created over its assets, comprising its equipment, fixtures and receivables due to it under its contracts with third parties.

InvestConsult Group, our local counsel in Vietnam, has informed us that they are aware that other foreign entities have entered into similar arrangements. InvestConsult Group and Baker & McKenzie (Vietnam) have informed us that they are not aware of any case where the Vietnamese authorities have taken adverse action against similar arrangements since the opening up of the retail sector. However, given the uncertainties regarding the interpretation and application of current or future Vietnamese laws, the above arrangements with each of the owners of Thuy Duong and Bach Thinh and with Thuy Duong may be viewed adversely by the authorities and in such event, the above arrangements may have to be restructured or terminated which could materially adversely affect our business, results of operations, financial condition and prospects. If this were to occur, according to Baker & McKenzie (Vietnam), the relevant Vietnamese authorities may, in the worst case scenario, revoke the business registration certificates of Thuy Duong and Bach Thinh. In this regard, we have obtained a legal opinion from Baker & McKenzie (Vietnam), that even if the authorities determine that the Deposit Agreements are illegal, the security arrangements in respect of the Deposit Agreements will not be terminated. Baker & McKenzie (Vietnam) has advised that under the relevant Vietnamese law regarding security transactions, if parties to a principal contract (in this case the Deposit Agreements) perform all or part of the principal contract, the security contract will not be terminated and the secured party will have the right to realise the secured asset to discharge the reimbursement obligation of the obligor under the principal contract. As Parkson Vietnam would have performed its obligations under the Deposit Agreements, the security arrangements thereto will remain valid and enforceable. However, the realisation of secured assets and the value of the security could be materially adversely affected.

The economy in Vietnam may be subject to periods of high inflation.

The consumer price index in Vietnam rose nearly 21.9% from December 2007 to September 2008. This rate reflected substantially higher global energy, food and other commodity prices and increased domestic demand in the first half of 2008. Since the end of 2008, government policies to control inflation and a decline in global commodity and petroleum prices have led to a decrease in Vietnam's inflation rate. However, the consumer price index still rose 6.9% in 2009. In January 2011, the consumer price index increased 12.2% year-on-year compared with 11.8% in December 2010. The consumer price index further increased 17.5% in April 2011 from a year earlier. Despite the government's policies, we cannot assure you

that the economy in Vietnam will not be subject to periods of high inflation in the future. If such periods of high inflation occur, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Tax laws in Vietnam are subject to change.

All major tax laws and regulations in Vietnam (including value added tax, corporate income tax, personal income tax and royalty fees) have undergone significant changes since 1 January 2009 and continue to be supplemented and clarified as issues arise over interpretation or implementation. Any change in our tax status, the taxation legislation or interpretations of tax laws and policies in Vietnam generally could adversely affect our performance and results of operations and increase our tax obligations.

Risks Relating to the Ownership of Our Shares

Our Shares are not currently publicly traded and the Offering may not result in an active or liquid market for our Shares.

There is currently no public market for our Shares and an active public market for our Shares may not develop or be sustained after the Offering. We have applied to the SGX-ST for permission to have our Shares listed and quoted on the Main Board of the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for our Shares will develop or, if such a market does develop, there is no guarantee of the liquidity of that market for our Shares.

The Offering Price of our Shares under the Offering has been determined following a book-building process by agreement between the Joint Bookrunners and Underwriters, the Vendors and ourselves and may not be indicative of prices that will prevail in the trading market. You may not be able to sell your Shares at a price that is attractive to you.

It may be difficult to assess our performance against either domestic or international benchmarks.

Although it is currently intended that our Shares will remain listed on the Main Board of the SGX-ST, there is no guarantee of the continued listing of our Shares.

Future issues or sales of our Shares, and the availability of a large number of our Shares for sale, could depress our Share price.

The sale of a significant number of our Shares in the public market after the Offering, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors could also affect our ability to sell additional equity securities. Our Directors, Controlling Shareholder and Substantial Shareholders of our Company will collectively hold 78.5% of our entire issued share capital immediately upon listing, assuming that the Over-allotment Option is not exercised.

Although we and certain of our shareholders (who will hold in aggregate Shares representing 78.5% of our issued share capital immediately upon listing, assuming the Over-allotment Option is not exercised) are subject to a moratorium, any substantial issuance or sale or perceived substantial issuance or sale of our Shares over a short period of time after the expiry of the applicable moratorium period (where applicable) by us or such substantial shareholders could cause our Share price to fall. Except as described in "Plan of Distribution — No Sales of Similar Securities and Lock-up", there are no restrictions on the ability of our substantial shareholders to sell their Shares either on the SGX-ST or otherwise.

Our Share price may decline or be volatile in the future.

The price of our Shares after the Offering may fluctuate widely and rapidly, depending on many factors, some of which are beyond our control, including:

- perceived prospects for our business and operations, and the retail industry in general;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or perceptions;
- changes in conditions affecting the retail industry, general economic conditions or stock market sentiments or other events and factors affecting us and our customers, suppliers and competitors;
- changes in market valuations and share prices of publicly-listed companies with businesses similar to us;
- liquidity of the market for our Shares; and
- broad stock market price fluctuations.

As such, our Shares may trade at prices significantly below the Offering Price.

Our NAV per Share immediately after the Offering may be significantly less than the Offering Price and if so, you will incur immediate and substantial dilution.

The Offering Price may be substantially higher than the NAV per Share immediately after the Offering. Therefore, purchasers of the Offering Shares may experience immediate and substantial dilution in the NAV per Share of the Shares they own. See "Dilution" for a further description of the extent to which subscribers and purchasers of our Offering Shares may experience dilution.

Your ability to participate in future rights offerings may be limited.

If we offer to our shareholders rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making the rights available to our shareholders or in disposing of the rights for the benefit of our shareholders and making the net proceeds available to our shareholders. We may choose not to offer the rights to our shareholders who have a registered address outside Singapore. For example, we will not offer such rights to our shareholders who are U.S. persons (as defined in Regulation S) or who have a registered address in the United States unless:

- a registration statement is in effect, if such registration statement under the U.S. Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights; or
- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act.

We have no obligation to prepare or file any registration statement under the U.S. Securities Act. Accordingly, shareholders who are U.S. persons (as defined in Regulation S) or who have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

Singapore law contains provisions that could discourage a take-over of our Company.

The Singapore Code on Take-overs and Mergers contain certain provisions that may delay, deter or prevent a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting Shares is required

to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Code on Take-overs and Mergers. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of our voting Shares (either on his own or together with parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period. While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefit from a potential change of control.

We may not be able to pay dividends in the future.

Our Company is incorporated in Singapore and we operate our business through our Subsidiaries. Therefore, the availability of funds to our Company to pay dividends to our shareholders depends in part on dividends received from these subsidiaries.

Currently, we do not have a dividend policy. We will not pay any dividends with respect to the financial year 2011. We aim to pay dividends of between 40.0% and 50.0% of our Company's distributable profit based on the recommendation of our Board of Directors after considering a number of factors, including our level of cash and revenue reserve, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of revenue reserve available to pay dividends, and other factors considered relevant by our Board of Directors, including our expected financial performance. Our ability to declare dividends in relation to our Shares will also depend on our future financial performance which, in turn, depends on the successful implementation of our strategy and on financial, competitive, regulatory, and other factors, general economic conditions, demand and prices and other factors specific to our industry, many of which are beyond our control. The receipt of dividends from our Subsidiaries may also be affected by the introduction of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations, including those relating to taxation, and other events beyond our control. For example, in Vietnam, new regulations on dividends expatriation took effect in January 2011 with major changes to the timing of overseas profit remittance. According to the old regulations, overseas profit remittance could be made at the end of each quarter, at the end of each financial year or upon termination of operation. Under the new regulations, however, foreign investors may only repatriate their profit abroad either at the end of a financial year (after having filed audited financial statements and the annual finalisation enterprise income tax return) or upon termination of their business activities in Vietnam. In addition, overseas profit remittance can only be effected if a company has retained net earnings. If accumulated loss is larger than profit generated in a year, overseas profit remittance will not be allowed. Further, purchasing of foreign currency to remit overseas would be subject to the availability of foreign currency from the bank. As a practical matter, companies may run into foreign currency shortages. Consequently, we may not pay or may not be able to pay dividends in future periods. See "Dividends".

Accounting standards in Singapore may vary from those in other jurisdictions, and such variations may have a material adverse effect on our financial statements and results of operations.

Our financial statements are prepared in accordance with SFRS which differ in material and significant respects from U.S. GAAP. See "Summary of Significant Differences Between SFRS and U.S. GAAP". We have not quantified or identified the effects of the aforementioned differences between SFRS and U.S. GAAP in this document. Accordingly, we cannot assure you, for example, that profit after taxation distributable by us and share capital and reserves reported in accordance with SFRS would not be lower if determined in accordance with U.S. GAAP. Potential investors should consult their own professional advisors if they want to understand the differences between SFRS and U.S. GAAP, and how such differences might affect the information contained herein.

Singapore company law and corporate disclosure standards may vary from those of other jurisdictions.

Our corporate affairs are governed by our Memorandum and Articles of Association, by the laws governing corporations incorporated in Singapore and will be governed by the Listing Manual upon our admission to the Official List of the SGX-ST. The rights of our shareholders and the responsibilities of our management and the Board of Directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. Principal shareholders of Singapore companies do not owe fiduciary duties to minority shareholders, as compared, for example, to Controlling Shareholders in the United States. Our public shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our Board of Directors or our principal shareholders than they would as shareholders of a company incorporated in another jurisdiction. See "Description of our Shares — Minority Rights".

In addition, there may be different publicly available information about companies that are publicly traded in Singapore, such as ours, than is regularly made available by public companies in the United States and in other jurisdictions, including the timing and extent of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders and the lack of disclosure of off-balance sheet transactions in periodic public reports.

USE OF PROCEEDS

Based on the Offering Price of S$0.94 for each Offering Share, the net proceeds from the Offering (after deducting underwriting, selling and management commissions and estimated offering expenses payable by us and the Vendors, assuming that the Over-allotment Option is not exercised) will be approximately S$127.4 million (US$103.7 million) of which the net proceeds from the Offering due to us will be approximately S$69.2 million (US$56.3 million).

We will not receive any of the net proceeds from the sale of the Vendor Shares by the Vendors or from the exercise of the Over-allotment Option granted by the Vendors.

We intend to use the net proceeds from the Offering due to us primarily for the following purposes:

- approximately S$60.0 million (approximately US$48.8 million) or 79.8 Singapore cents for each Singapore dollar of the gross proceeds from the Offering due to us to open new stores in Malaysia, Indonesia, Vietnam and Cambodia;

- approximately S$5.0 million (approximately US$4.1 million) or 6.6 Singapore cents for each Singapore dollar of the gross proceeds from the Offering due to us for information technology investment; and

- approximately S$4.2 million (approximately US$3.4 million) or 5.6 Singapore cents for each Singapore dollar of the gross proceeds from the Offering due to us for part of our maintenance capital expenditure in Malaysia, Vietnam and Indonesia.

The foregoing represents our best estimate of our allocation of our proceeds from the Offering based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates, and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds from the Offering for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the Internet at the SGX-ST website, http://www.sgx.com.

Pending the use of our net proceeds in the manner described above, we may also use our net proceeds for our working capital, place the funds in fixed deposits with banks and financial institutions or use the funds to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion.

We intend to make periodic announcements on the use of proceeds as and when material amounts of Offering proceeds are disbursed, and provide a status report on the use of proceeds in our annual report.

Expenses of the Offering

We estimate that the expenses payable by us in connection with the Offering and the application for listing, including the underwriting, selling and management commission (but excluding discretionary incentive fees) and all other incidental expenses relating to the Offering (not including the underwriting, selling and management commission, and other expenses payable by the Vendors), will be approximately S$6.0 million (US$4.9 million) or 8.0 Singapore cents for each Singapore dollar of the gross proceeds from the Offering due to us. The breakdown of these expenses is set out below:

	Estimated Expenses S$ (In Millions)	As a Percentage of the Gross Proceeds from the Offering due to us[1]
Underwriting, selling and management commission[2]	1.9	2.5%
Professional and accounting fees	2.3	3.1%
Advertising and printing expenses	0.9	1.2%
Other Offering-related expenses[3]	0.9	1.2%
Total	6.0	8.0%

(1) Save for the underwriting, selling and management commission payable by us, all figures listed below are expressed as a percentage of the gross proceeds of the Offering.

(2) Does not include the discretionary incentive fee. See description below for details of the discretionary incentive fee payable to the Joint Bookrunners and Underwriters or any one of them.

(3) Includes the fees payable to the SGX-ST and the Authority in connection with the Offering and the listing of our Company on the Main Board of the SGX-ST, as well as other expenses incurred or to be incurred in connection with the Offering.

We will pay the Joint Bookrunners and Underwriters, as compensation for their services in connection with the Offering, an underwriting, selling and management commission amounting to 2.5% of the total gross proceeds from the sale of the Issue Shares. The underwriting, selling and management commission of S$0.024 for each Issue Share is payable by us. The Vendors will pay the Joint Bookrunners and Underwriters, as compensation for their services in connection with the Offering, an underwriting, selling and management commission amounting to 2.5% of the total gross proceeds from the sale of the Vendor Shares and the Additional Shares (if the Over-allotment Option is exercised).

We and the Vendors may, at our sole discretion, pay to the Joint Bookrunners and Underwriters, or any one of them, an incentive fee in aggregate of up to 0.5% of the gross proceeds from the offering of the Issue Shares, the Vendor Shares and the Additional Shares (if the Over-allotment Option is exercised), respectively. The additional incentive fee, if any, will amount to up to S$0.005 per Share.

The aggregate expenses of the Offering (not including the Joint Bookrunners and Underwriters' underwriting, selling and management commission) are estimated to be S$7.2 million and are payable by us and the Vendors in proportion to the number of Offering Shares issued or sold by us and the Vendors, respectively, in the Offering except for regulatory fees, SGX-ST listing and processing fees which are payable by us.

See "Plan of Distribution — Expenses and Commission" for a description of the commissions payable in connection with the Offering.

DIVIDENDS

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendors, the Joint Bookrunners and Underwriters or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See "Key Notices to Investors — Forward Looking Statements".

Since its incorporation, our Company has not paid any dividends.

Currently, we do not have a dividend policy. We aim to pay dividends, subject to our financial performance and financial position, of between 40.0% and 50.0% of our Company's distributable profit based on the recommendation of our Board of Directors, although we cannot assure you that we will be able to pay such dividends for reasons described below. We will not pay any dividends with respect to the financial year 2011. PCSB declared and paid dividends of S$56.3 million to ECIL in financial year 2011, but did not declare and pay any dividends in financial years 2009 and 2010.

We are a holding company and will be dependent on distributions from our Subsidiaries in order to pay dividends in the future. The ability of our Subsidiaries to declare and pay dividends to us, in terms of the timing, amount and form, will be dependent on the cash income of and cash available to such subsidiary and may be restricted under applicable law or regulation. See "Risk Factors — Risks Relating to the Ownership of Our Shares — We may not be able to pay dividends in the future". The declaration and payment of future dividends may be recommended by our Board of Directors at their discretion and will depend, among other things, upon our operating results, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any) and other factors deemed relevant by our Directors. This, in turn, depends on our strategy, the successful implementation of our strategy and on financial, competitive, regulatory, general economic conditions and other factors that may be specific to us or specific to our industry, many of which are beyond our control.

Our Company will pay dividends, if any, only out of its profits as permitted under Singapore law. Dividends will be paid in Singapore dollars. Any final dividends we declare must be approved by an ordinary resolution of our shareholders at a general meeting. All dividends must be paid out of our profits available for distribution. We are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may, without the approval of our shareholders, also declare interim dividends. See "Description of Our Shares — Dividends" for information relating to payment of dividends.

Payment of cash dividends and distributions, if any, will be made in Singapore dollars to the CDP on behalf of shareholders, who maintain, directly or through depository agents, Securities Accounts with the CDP.

Restrictions on the payment of dividends

Malaysia

The declaration of dividends by our Subsidiaries or associated companies in Malaysia is subject to the following:

- the level of cash, profits and retained earnings;
- covenants in loan agreements which may limit the ability of our Subsidiaries or associated companies to declare and/or pay dividends. Additionally, the terms of the financing agreements typically only allow for dividends to be declared provided that financial covenants in these

agreements continue to be complied with and that no event of default and/or material and adverse effect to the business of these subsidiaries or associated companies would result from such dividend declaration and/or payment; and

- restrictions on the declaration and/or payment of dividends under any applicable law, conditions to the licences held by the subsidiaries or associated companies, and the terms of the contracts entered into by the subsidiaries or associated companies.

Prior to year of assessment 2008, Malaysia adopted an imputation system of taxation for companies. The Finance Act 2007 introduced a shift to a single tier system which will gradually phase out the imputation system by the end of year of assessment 2013. Accordingly, where our Subsidiaries or associated companies in Malaysia are still subject to the imputation system, the declaration and/or payment of dividends is subject to the availability of tax credits to frank dividends.

Indonesia

Under Law No. 40/2007 on Limited Liability Companies ("Law No. 40/2007"), a company's shareholders must approve the payment of dividends at a general meeting of shareholders upon the recommendation of the board of directors. The company may pay dividends in any year only out of the company's net profits in that year or retained earnings (after deduction for the compulsory reserve fund). Holders of the shares on the applicable record date will be entitled to the full amount of dividend approved, subject to any Indonesian withholding tax imposed, if any.

Before a company pays dividends, it must allocate a certain amount of its profits to the company's compulsory reserve. This obligation will be imposed until the company's compulsory reserve reaches 20% of the company's subscribed and paid-up capital. As Law No. 40/2007 does not set the minimum amount of such allocation, the company may choose the amount to be allocated.

Prior to the end of a financial year, an interim dividend may be distributed so long as it is permitted under the company's articles of association and provided that the interim dividend does not result in the net assets of the company becoming less than the total issued and paid up capital and the statutory reserve. Any distribution will be determined by the board of directors after approval by the board of commissioners. If after the end of the relevant financial year, the company has suffered losses, the distributed interim dividend must be returned by the shareholders to the company and the board of directors and the board of commissioners will be jointly and severally responsible if the interim dividend is not returned to the company.

Our Subsidiaries or associated companies in Indonesia will pay cash dividends, if any, in Rupiah. Dividends paid to a non-Indonesian holder will be subject to a 20.0% Indonesian withholding tax unless reduced under an applicable tax treaty.

Vietnam

The Ministry of Finance issued Circular No. 186/2010/TT-BTC on 18 November 2010 regarding overseas profit remittance by foreign individuals or organisations that generate profit from direct investment in Vietnam. This new Circular replaced Circular No. 124/2004/TT-BTC and took effect in January 2011.

The new Circular changed the timing of overseas profit remittance. According to the old regulations, overseas profit remittance could be made at the end of each quarter, at the end of each financial year or upon termination of operation. Under the new Circular, however, foreign investors may only repatriate their profit abroad either at the end of a financial year (after having filed audited financial statements and the annual finalisation enterprise income tax return) or upon termination of their business activities in Vietnam.

In addition, overseas profit remittances can only be effected if a company has retained net earnings. If accumulated loss is larger than profit generated in a year, overseas profit remittances are not permitted.

In terms of procedure, under the previous regulation, companies were required to submit a declaration to the local tax authority which would certify that the profit to be remitted is net of and after tax and that the company has paid its tax liability on that profit before the company could remit the profit overseas to its investor. Under the new Circular, investors in Vietnamese companies will be required to notify the local tax authority with regard to the remittance of profit overseas at least seven days before such remittance. The notification appears to imply that it is a self-notification which does not involve approval or certification by the relevant local tax authority, although the tax authority may interpret the new Circular differently.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

Our financial statements are presented in Singapore dollars. The Singapore dollar/U.S. dollar exchange rates as outlined in the table below are presented for information only. The figures below should not be construed as representations that those Singapore dollar or U.S. dollar amounts could have been, could be or would be, converted or convertible into the respective currencies at any particular rate, the rate stated below, or at all.

The table below sets forth, for the periods indicated, certain information concerning the exchange rates between the Singapore dollar and the U.S. dollar, as quoted by Bloomberg L.P. and rounded to four decimal places. The table illustrates how many Singapore dollars it would take to buy one U.S. dollar.

	Daily Closing Exchange Rate			
	Average	**S$ High**	**S$ Low**	**Period End**
2006	1.5887	1.5344	1.6605	1.5378
2007	1.5068	1.4393	1.5450	1.4401
2008	1.4147	1.3482	1.5302	1.4301
2009	1.4538	1.3795	1.5549	1.4049
2010	1.3626	1.2822	1.4241	1.2834
2011				
January 2011	1.2863	1.2786	1.2977	1.2795
February 2011	1.2760	1.2709	1.2828	1.2716
March 2011	1.2681	1.2605	1.2826	1.2605
April 2011	1.2460	1.2244	1.2606	1.2244
May 2011	1.2387	1.2232	1.2508	1.2334
June 2011	1.2346	1.2272	1.2419	1.2285
July 2011	1.2163	1.2021	1.2280	1.2039
August 2011	1.2091	1.2008	1.2244	1.2004
September 2011	1.2534	1.2037	1.3073	1.3073
October 2011 (through 7 October 2011)	1.3053	1.2974	1.3195	1.2974

Source: Bloomberg L.P. See "General and Statutory Information — Sources". Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from its database and appearing anywhere in this document, and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such database, neither we, the Vendors, the Joint Bookrunners and Underwriters nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

Exchange Controls

As at the date of this document, no exchange restrictions exist in Singapore and Indonesia. However, there are exchange controls in the jurisdictions of several of our material subsidiaries such as Malaysia and Vietnam. See "Regulation — Vietnam — Other Relevant Regulations — Foreign exchange controls" and "Regulation — Malaysia — Foreign Exchange Controls".

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our combined cash and cash equivalents, capitalisation and indebtedness information as at 31 August 2011 on an actual basis and as adjusted to reflect the issuance of the Issue Shares and the application of net proceeds due to us from the Offering in the manner described in "Use of Proceeds".

The information in this table should be read in conjunction with the "Use of Proceeds", "Selected Combined Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011" and the notes thereto included in this document.

	As at 31 August 2011	
	Actual	**As Adjusted**
	(S$ in thousands)	
Cash and cash equivalents	132,219	201,419
Short-term debt		
Secured[(1)]	9	9
Unsecured	—	—
Long-term debt		
Secured[(2)]	4	4
Unsecured	—	—
Total Indebtedness	13	13
Share capital	159,279	232,095
Revenue reserves	108,605	104,989
Other reserves	(135,489)	(135,489)
Equity attributable to owners of the Company	132,395	201,595
Non-controlling interests	3,529	3,529
Total Shareholders' Equity	135,924	205,124
Total Capitalisation and Indebtedness	135,937	205,137

(1) Pertains to the current portion of finance lease liabilities.

(2) Pertains to the non-current portion of finance lease liabilities.

DILUTION

New investors subscribing for and/or purchasing the Offering Shares at the Offering Price will experience an immediate dilution in net asset value ("NAV") per Share immediately after the completion of the Offering. Our NAV per Share as at 30 June 2011 was S$0.21 per Share, based on the pre-Offering issued share capital of 597,300,000 Shares.

The Offering Price of S$0.94 per Offering Share exceeds the NAV of S$0.29 per Share as at 30 June 2011 (after adjusting for the issuance of the Issue Shares in the Offering) by approximately 224.7%. This represents an immediate increase in NAV of 8 Singapore cents per Share to our existing Shareholders and an immediate dilution in NAV of 65 Singapore cents per Share to investors in the Offering.

	S$
Offering Price per Share	0.94
NAV per Share as at 30 June 2011, based on the pre-Offering share capital of 597,300,000 Shares	0.21
NAV per Share as at 30 June 2011, as adjusted for the issuance of the Issue Shares in the Offering	0.29
Dilution in NAV per Share to new investors	0.65
Dilution in NAV per Share to new investors as a percentage of the Offering Price	69.2%

The following table summarises the total number of Shares acquired by our Directors and our Substantial Shareholders during the period of three years prior to the date of lodgment of this document, the total consideration paid by them and the effective cash cost per Share to them. The following table also shows the number of Offering Shares acquired by our investors pursuant to the Offering, the total consideration and the average price (effective cash cost) to investors in the Offering (assuming the Over-allotment Option is not exercised).

	Number of Shares Acquired	Total Consideration	Average Price (Effective Cash Cost) per Share
		(S$)	(S$)
Substantial Shareholders and their associates	[a]	[b]	[b/a]
ECIL	538,167,300	143,510,488	0.27
MS	59,132,700	15,768,633	0.27
Directors and their associates	Nil	Nil	Nil
Investors in the Offering	147,000,000	138,180,000	0.94

SELECTED COMBINED FINANCIAL INFORMATION

The following tables present our selected combined financial information as at and for the financial years ended 30 June 2009, 2010 and 2011. You should read the selected financial information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011", and the related notes thereto, which are included elsewhere in this document. The audited combined financial statements of Parkson Retail Asia Limited and its Subsidiaries for the financial years ended 30 June 2009, 2010 and 2011 included in this document have been audited by Ernst & Young LLP. The historical results presented below are not necessarily indicative of the results that may be expected for any future period.

The audited combined financial statements of Parkson Retail Asia Limited and its Subsidiaries for the financial years ended 30 June 2009, 2010 and 2011 have been prepared in accordance with SFRS issued by the Accounting Standards Council which differ in certain respects from generally accepted accounting principles in other countries. We intend to prepare and report our financial statements only in accordance with SFRS in subsequent periods. Certain principal differences between the requirements of SFRS and U.S. GAAP, as they relate to us, are discussed in "Summary of Significant Differences Between SFRS and U.S. GAAP".

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands, except per Share amounts)		
Selected Combined Income Statements and Statements of Comprehensive Income			
Revenue	301,229	332,959	367,314
Other items of income			
Finance income	1,770	3,349	4,863
Other income	3,230	3,247	5,833
Items of expense			
Changes in merchandise inventories and consumables	(133,106)	(140,418)	(151,698)
Employee benefits expenses	(29,796)	(35,464)	(34,769)
Depreciation and amortisation expenses	(13,451)	(15,495)	(15,186)
Promotional and advertising expenses	(5,368)	(5,121)	(7,150)
Rental expenses	(66,265)	(67,082)	(69,639)
Finance costs	(145)	(89)	(526)
Other expenses	(40,689)	(43,382)	(47,435)
Profit before tax	17,409	32,504	51,607
Taxation	(5,272)	(10,061)	(15,786)
Profit for the year	12,137	22,443	35,821
Profit for the year attributable to:			
Owners of the Company	11,433	21,375	35,013
Non-controlling interests	704	1,068	808
	12,137	22,443	35,821
Other comprehensive income			
Foreign currency translation	(1,108)	(1,992)	(11,103)
Total comprehensive income for the year	11,029	20,451	24,718
Total comprehensive income for the year attributable to:			
Owners of the Company	10,335	19,427	24,436
Non-controlling interests	694	1,024	282
	11,029	20,451	24,718
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	1.91	3.58	5.86

	As at 30 June		
	2009	2010	2011
	(S$ in thousands)		
Selected Combined Balance Sheets			
Total non-current assets	111,704	101,493	113,301
Cash and short-term deposits	87,880	126,883	96,123
Total current assets	147,821	192,479	172,973
Total assets	259,525	293,972	286,274
Total current liabilities	137,860	145,894	154,418
Net current assets	9,961	46,585	18,555
Total non-current liabilities	4,070	4,784	4,956
Total liabilities	141,930	150,678	159,374
Net assets	117,595	143,294	126,900
Equity attributable to owners of the Company	116,524	140,285	123,317
Non-controlling interests	1,071	3,009	3,583
Total equity	117,595	143,294	126,900
Total equity and liabilities	259,525	293,972	286,274

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Selected Combined Statements of Cash Flows			
Net cash generated from operating activities	83,507	67,169	55,465
Net cash used in investing activities	(37,576)	(26,306)	(6,206)
Net cash generated from/(used in) financing activities	177	812	(70,917)
Net increase/(decrease) in cash and cash equivalents	46,108	41,675	(21,658)
Effect of exchange rate changes on cash and cash equivalents	(56)	(2,672)	(10,130)
Cash and cash equivalents at beginning of year	41,828	87,880	126,883
Cash and cash equivalents at end of year	87,880	126,883	95,095

SELECTED PRO FORMA FINANCIAL INFORMATION

The following tables present our selected unaudited pro forma combined financial information for the financial year ended 30 June 2011. You should read the summary unaudited pro forma combined financial information in conjunction with "Appendix B — Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the financial year ended 30 June 2011", which are included elsewhere in this document. The unaudited pro forma combined financial information is for illustrative purposes only and based on certain assumptions and after making certain adjustments to show what the results and cash flows of the Group would have been as at 30 June 2011, if the acquisition of TS as disclosed in Note 2 to the Unaudited Pro Forma Combined Financial Information had taken place on 1 July 2010. Ernst & Young LLP has issued a report on this unaudited pro forma combined financial information in accordance with Singapore Statement of Auditing Practice 24 "Auditors and Public Offering Documents". Their work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

	For the Financial Year
	2011
	(S$ in thousands)
Selected Pro Forma Income Statement Information	
Revenue	407,961
Other items of income	
Finance income	5,052
Other income	5,864
Items of expense	
Changes in merchandise inventories and consumables	(165,778)
Employee benefits expenses	(41,158)
Depreciation and amortisation expenses	(17,522)
Promotional and advertising expenses	(9,952)
Rental expenses	(76,870)
Finance costs	(688)
Other expenses	(51,969)
Profit before tax	54,940
Taxation	(16,614)
Profit for the year	38,326
Profit for the year attributable to:	
Owners of the Company	37,518
Non-controlling interests	808
	38,326
Other comprehensive income	
Foreign currency translation	(11,815)
Total comprehensive income for the year	26,511
Total comprehensive income for the year attributable to:	
Owners of the Company	26,229
Non-controlling interests	282
	26,511

	For the Financial Year
	2011
	(S$ in thousands)
Selected Pro Forma Statement of Cash Flows	
Net cash generated from operating activities	58,015
Net cash used in investing activities	(6,392)
Net cash used in financing activities	(72,918)
Net decrease in cash and cash equivalents	(21,295)
Effect of exchange rate changes on cash and cash equivalents	(10,493)
Cash and cash equivalents at beginning of year	126,883
Cash and cash equivalents at end of year	95,095

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011", and the related notes thereto, and other financial information included elsewhere in this document. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors", "Key Notices to Investors — Forward Looking Statements" and elsewhere in this document. Our combined financial statements have been prepared in accordance with SFRS, which may differ in certain significant respects from generally accepted accounting principles in other countries. For a discussion of significant differences between SFRS and U.S. GAAP, see the "Summary of Significant Differences Between SFRS and U.S. GAAP".

Overview

We are a Southeast Asia-based department store operator with 50 stores (including one supermarket) across Malaysia, Vietnam and Indonesia. As at the Latest Practicable Date, we operate a network of 36 "Parkson" branded stores in 24 cities and towns in Malaysia. We were ranked by Euromonitor as the second largest department store operator in Malaysia as at 31 December 2010. We were the leading department store operator in Vietnam as at 31 December 2010 according to Euromonitor and are one of the few licensed foreign operators of department stores in Vietnam. We operate and manage seven "Parkson" branded department stores in Vietnam, located in Ho Chi Minh City, Hanoi and Hai Phong. We are also a department store operator in Indonesia with six "Centro" branded department stores and one "Kem Chicks" branded gourmet supermarket. The brands of merchandise we sell include numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Etro, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski.

We offer a range of merchandise which can be broadly grouped into four categories. Our main focus is fashion and lifestyle products, categorised under "fashion and apparel" and "cosmetics and accessories". We also sell products in the "household, electrical goods and others" and "groceries and perishables" categories. In each of our markets, we position ourselves to cater to consumers in the middle and upper-middle income segment. We tailor the product mix and merchandise based on the specific requirements of the targeted customer segment for each store and its location.

We generate revenues primarily from direct sales and from commissions earned from concessionaires. Concessionaires are suppliers who display and sell their products in designated areas in our stores and in return pay us a percentage of their sales proceeds as commission. For the financial years 2009, 2010 and 2011, we had total revenue of S$301.2 million, S$333.0 million and S$367.3 million, respectively, of which direct sales revenues amounted to S$162.6 million, S$169.2 million and S$180.6 million, respectively, and commissions earned from concessionaires amounted to S$126.3 million, S$149.6 million and S$169.5 million, respectively. We have a single operating segment, the operation and management of department stores, and three geographical segments: Malaysia, Vietnam and Indonesia.

On 9 June 2011, we and our wholly-owned subsidiary, Centro Retail Pte. Ltd., completed the acquisition of 100% of the shares of TS, which operates department stores under the "Centro" brand and a gourmet supermarket under the "Kem Chicks" brand in Indonesia.

Basis of Presentation

We were incorporated on 31 March 2011. Our combined financial statements have been prepared in accordance with SFRS. On 14 June 2011, PHB undertook an internal restructuring whereby PCSB with its subsidiaries was transferred by ECIL to our Company. See "Our Corporate Structure and Restructuring".

Our combined financial statements comprise the financial statements of our Company and our Subsidiaries as at the end of the reporting period. The financial statements of the Subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as our Company.

Consistent accounting policies are applied for like transactions and events in similar circumstances. All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full.

The combined financial statements of our Group have been prepared in accordance with the pooling of interest method as our Group is a continuation of the existing business of PCSB and its subsidiaries. The assets and liabilities of the combined entities are reflected at their carrying amounts reported in the combined financial statements. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve. The combined income statements and combined statements of comprehensive income reflect the results of the combined entities for the financial years 2009, 2010 and 2011, irrespective of when the combination took place.

We consolidated the financial information of TS with effect from the date of acquisition, which was 9 June 2011. The acquisition of TS is accounted for by applying the acquisition method. Under the acquisition method, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. See Note 2.4 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011".

Factors Affecting Our Results of Operations

The State of the Malaysian, Vietnamese and Indonesian Economies

We operate retail consumer businesses that are highly dependent on the state of the Malaysian, Vietnamese and Indonesian economies. Demand for our merchandise depends upon the growth of the emerging middle and upper-middle income consumer segments in these countries, which constitute our primary target market. The growth of these consumer segments in turn depends primarily upon the growth of the overall national economy. As each economy grows, living standards and purchasing power improve. As a result, more consumers have sufficient disposable income to be able to afford our merchandise and existing customers are able to spend more on our merchandise, both of which potentially increase the size of our market and demand for our merchandise.

We believe that economic growth, increasing urbanisation and higher disposable incomes in all three countries in which we operate will continue to drive sales growth in our stores. Conversely, slower economic growth may lead to slower growth or even a decline in our total gross sales proceeds.

Store Productivity

We generally seek to increase our sales productivity by maximising our sales per square metre. In so doing, we continually seek to increase our average unit selling price, value per transaction and customer traffic. In seeking to maximise our sales per square metre, we also take into account the margins that we obtain on such sales. Some of these efforts include periodically changing merchandise offerings, selling floor layouts to maximise customer flow and optimising space allocation for each concessionaire or supplier for better use of available space.

The following table presents, for the periods indicated, the average merchandise sales (total concessionaire sales and direct sales) per square metre of retailing space (calculated using the average of total retailing space at the beginning and the end of each financial year) in our stores in Malaysia, Vietnam and Indonesia for the periods indicated.

	For the Financial Year		
	2009	2010	2011 (includes TS)[1]
		(in S$)	
Malaysia	1,809	2,039	2,183
Vietnam	1,628	1,837	1,897
Indonesia	—	—	2,660

(1) The computation includes concessionaire sales and direct sales of TS for the full financial year 2011, including the period prior to our acquisition of TS on 9 June 2011.

Same-store sales in our stores in Malaysia grew by 11.0% from financial year 2009 to financial year 2010 and by 9.7% from financial year 2010 to financial year 2011. For our stores in Vietnam, same-store sales grew by 26.6% from financial year 2009 to financial year 2010 and by 22.6% from financial year 2010 to financial year 2011. Same-store sales are calculated based on the year-on-year change in total merchandise sales for our stores in operation throughout the relevant comparative period.

Expansion Programme and the Location of Our Stores

New stores are accretive to revenues and help us increase our market share by expanding our ability to reach consumers. Our new stores share common expenses such as marketing and human resources with our existing stores. It typically takes approximately two to three years before a new store becomes profitable. As new stores mature, they tend to gradually experience increased sales volume. We also monitor under-performing stores and seek to identify better locations for our stores. In certain circumstances we close or modify under-performing stores or replace them with new stores in different locations. In the financial years 2009, 2010 and 2011, we closed one store, Kuantan Plaza, in Kuantan, Malaysia, which had a retail area of 9,824 sq.m.

The following table presents the total number of stores we operated and managed as at the end of the respective periods, the number of new stores opened and the number of stores closed in the 12 month period immediately prior to the dates indicated:

	As at 30 June		
	2009	2010	2011
Total stores	38	41	49[1]
New stores opened	2	4	2
Stores closed	—	1	—

(1) Includes five "Centro" department stores and one "Kem Chicks" supermarket in Indonesia acquired in June 2011.

As at the Latest Practicable Date, in financial year 2012, we have opened one new store in Indonesia in August 2011 and plan to open one new store in each of Malaysia, Vietnam and Indonesia in the remainder of financial year 2012. We also plan to expand the store area for one existing store in Indonesia in January 2012. We expect to open our first department store in Cambodia in 2013. See "Our Business — Expansion".

Competition

The Southeast Asian retail industry is highly competitive and fragmented. We face intense competition from existing general and specialist retailers and from new entrants in the markets in which we operate. Actions taken by our competitors, as well as actions taken by us to maintain our competitiveness and reputation, affect our strategy, brand selection and margins. Similarly, we also compete with other retailers for locations for our stores. See "Our Business — Competition".

Concessionaire Commission Margins

We recognise commissions earned from concessionaire sales as part of our revenue. Merchandise sales from our concessionaires amounted to S$497.3 million, S$598.3 million and S$671.1 million, respectively, in the financial years 2009, 2010 and 2011, which accounted for 75.4%, 78.0% and 78.8% of total merchandise sales for such periods. Concessionaire commissions in the financial years 2009, 2010 and 2011 amounted to S$126.3 million, S$149.6 million and S$169.5 million, respectively. The margins we negotiate with our concessionaires impact our results of operations.

Our Ability to Control Expenses and Shrinkage

Like our competitors, we seek to control our expenses by negotiating for advantageous terms with suppliers and by implementing cost-saving programmes designed to reduce our selling and distribution expenses. In addition, wages in the markets in which we operate have historically increased and we expect them to continue to increase. We plan to manage such increases by increasing productivity. Our overall general and administrative expenses have risen in recent periods because of our expansion programme. When we open new stores, we incur increased fixed costs, such as additional rent, salary and wage, depreciation, utilities and insurance expenses. However, we have increasingly been able to achieve economies of scale by opening larger stores and carefully selecting new store locations. Our new stores share common expenses such as marketing and human resources with our existing stores. Our total operating expenses, which comprise employee benefits expenses, depreciation and amortisation expenses, promotional and advertising expenses, rental expenses, finance costs and other expenses, as a percentage of total revenue decreased from 51.7% for financial year 2009 to 50.0% for financial year 2010, and further decreased to 47.6% for financial year 2011. We seek to maintain a low level of shrinkage (or the loss of products between point of delivery from suppliers and point of sale) by relying on our electronic article surveillance system, implementing improved standard operating procedures and maintaining tighter inventory control. We calculate the Group's inventory shrinkage rate based on the total shrinkage costs (i.e. the loss of products between point of delivery from suppliers and point of sale) divided by merchandise sales. For each of the financial years 2009, 2010 and 2011, we recorded inventory shrinkage of 0.2%, 0.1% and 0.1% of merchandise sales, respectively. As we successfully control expenses and shrinkage, our operating income tends to increase.

Inflation

The table below provides information in relation to annual inflation rates, as measured by changes in the consumer price index, in Malaysia, Vietnam and Indonesia, for the periods indicated.

	2008	2009	2010
Malaysia	5.4%	0.6%	1.7%
Vietnam	23.0%	6.9%	9.2%
Indonesia	11.1%	2.8%	7.0%

Source: Central Bank of Malaysia, General Statistics Office of Vietnam and Bank Indonesia. See "General and Statutory Information — Sources". The Central Bank of Malaysia, General Statistics Office of Vietnam and Bank of Indonesia have not provided their consents, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from their databases and appearing anywhere in this document, and are therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the information from the databases of the Central Bank of Malaysia, General Statistics Office of Vietnam and Bank Indonesia has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such databases, neither we, the Vendors, the Joint Bookrunners and Underwriters nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

Although significant inflation can dampen overall demand for our merchandise, inflation at manageable levels, while increasing our costs, tends to actually benefit our business, as inflation-led price increases have a positive impact on our margins. Because consumers in our target middle and upper-middle segment generally have more disposable income, they can typically absorb a portion of consumer price increases.

Critical Accounting Estimates and Judgments

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

Judgment Made in Applying Accounting Policies

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

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income Tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 9 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011". The carrying amounts of our tax recoverable as at 30 June 2009, 2010 and 2011 were S$297,000, S$Nil and S$16,000, respectively. The carrying amounts of our tax payable as at 30 June 2009, 2010 and 2011 were S$530,000, S$2,021,000 and S$1,148,000, respectively. The carrying amounts of our deferred tax liabilities as at 30 June 2009, 2010 and 2011 are disclosed in Note 14 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011".

Share-Based Payment

We measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, market volatility and dividend yield, and making assumptions about them. The assumptions and valuation model used are disclosed in Note 25 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011".

Customer Loyalty Award

We allocate the consideration received from the sale of goods to the goods sold and the points issued under our loyalty programmes. The consideration allocated to the points issued is measured at their fair value. We consider the following factors when we determine fair value:

- the range of merchandise available to our customers;
- the prices at which we sell the merchandise which can be redeemed and the discounts available for this merchandise;
- changes in the popularity of the programmes; and
- changing patterns in redemption rates.

Details of deferred revenue from customer loyalty awards are disclosed in Note 22 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011".

Defined Benefit Plans

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. Further details are disclosed in Note 21 of "Appendix A — Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011".

Key Components of Our Income Statement

Revenue

We generate revenue from (a) direct sales of goods at our stores, (b) commissions from sales by concessionaires with operations within our stores, (c) consultancy and management service fees for three stores in Ho Chi Minh City, Vietnam that we manage and (d) rental income derived from subleasing certain designated areas of our stores to restaurants, fast food outlets, salons, supermarkets, photo shops and other third parties.

The following table shows the breakdown of our total revenue for the periods indicated:

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Sale of goods — direct sales			
Malaysia	157,846	164,113	173,473
Vietnam	4,786	5,092	5,352
Indonesia	—	—	1,739
Subtotal	162,632	169,205	180,564

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Commission from concessionaire sales			
Malaysia	96,672	119,443	135,778
Vietnam	29,630	30,150	31,434
Indonesia	—	—	2,252
Subtotal	126,302	149,593	169,464
Consultancy and management service fees	503	930	1,422
Rental income	11,792	13,231	15,864
Total	301,229	332,959	367,314

Note: In financial years 2009 and 2010, 97% of sale of goods through direct sales came from Malaysia and 3% of our sale of goods through direct sales came from Vietnam. In financial year 2011, 96% of our sale of goods through direct sales came from Malaysia, 3% of our sale of goods through direct sales came from Vietnam and 1% of our sale of goods through direct sales came from Indonesia.

In financial year 2009, 77% of our commission from concessionaire sales came from Malaysia and 23% of our commission from concessionaire sales came from Vietnam. In financial year 2010, 80% of our commission from concessionaire sales came from Malaysia and 20% of our commission from concessionaire sales came from Vietnam. In financial year 2011, 80% of our commission from concessionaire sales came from Malaysia, 19% of our commission from concessionaire sales came from Vietnam and 1% of our commission from concessionaire sales came from Indonesia.

Other Items of Income

Finance Income

Finance income comprises interest income on short-term deposits and rental deposits receivables.

Other Income

Other income comprises (i) cash discount from suppliers or early-settlement discount given by our suppliers for invoices paid by us prior to the due date, (ii) promotion income (promotion expenses billed to our suppliers for partial cost-sharing), (iii) royalty income (income received from a related party which operates "Parkson" branded department stores in China for its exclusive right to use the "Parkson" trademark in China, which we no longer receive as a result of the Restructuring Exercise (see "Our Corporate Structure and Restructuring")), (iv) income from expired gift vouchers (income recognised for gift vouchers purchased and not used by our customers after the expiry date), (v) fair value gain on derivatives, (vi) gain on disposal of a subsidiary and (vii) others.

Items of Expense

Changes in Merchandise Inventories and Consumables

Our changes in merchandise inventories and consumables represent the cost of sales for our direct sales. During each of the financial years 2009, 2010 and 2011, changes in merchandise inventories and consumables accounted for 44.2%, 42.2% and 41.3% of total revenue, respectively, or 81.8%, 83.0% and 84.0% of direct sales, respectively.

The following table shows the breakdown of our changes in merchandise inventories and consumables broken down by national market for the periods indicated.

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Changes in merchandise inventories and consumables			
Malaysia	129,280	136,737	145,990
Vietnam	3,826	3,681	4,454
Indonesia	—	—	1,254
Total	133,106	140,418	151,698

Employee Benefits Expenses

Employee benefits expenses comprise (i) wages, salaries and bonuses, (ii) contribution to defined contribution plans, (iii) employee share-based payments, (iv) defined benefit plan; and (v) other staff related expenses.

The following table shows components of our employee benefits expenses for the periods indicated.

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Wages, salaries and bonuses	21,606	22,909	24,950
Contribution to defined contribution plans	2,205	2,333	2,651
Employee share-based payments	324	3,895	254
Defined benefit plan	—	—	42
Other staff related expenses	5,661	6,327	6,872
Total	29,796	35,464	34,769

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses comprise depreciation of property, plant and equipment, as well as amortisation of land use rights.

Promotional and Advertising Expenses

Promotional and advertising expenses comprise costs incurred in relation to our sales and promotional activities.

Rental Expenses

Rental expenses primarily comprise operating leases for retail space at the commercial properties where our stores are located and office space for our headquarters and country head offices.

Finance Costs

Finance costs comprise interest expenses on bank overdrafts, finance lease obligations, term loans, rental deposits payables and others.

Other Expenses

Our other expenses comprise occupancy expenses, selling and distribution expenses, general and administrative expenses as well as exchange (gain)/loss.

The following table sets forth the breakdown of our other expenses for the periods indicated:

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Occupancy expenses	18,132	18,196	18,534
Selling and distribution expenses	13,726	11,864	15,491
General and administrative expenses	9,496	10,058	9,708
Exchange (gain)/loss	(665)	3,264	3,702
Total	40,689	43,382	47,435

Taxation

Major components of income tax expense for the financial years 2009, 2010 and 2011 are: (a) current income tax; and (b) deferred income tax.

Current income tax comprises: (i) current income taxation; and (ii) over provision in respect of previous years.

Deferred income tax comprises: (i) origination and reversal of temporary differences; and (ii) under/(over) provision in respect of previous financial years.

Profit for the Year

Profit for the year comprises: (a) profit for the year attributable to owners of our Company; and (b) profit for the year attributable to non-controlling interests.

Results of Operations

The following table sets forth the line items of our income statement expressed as a percentage of total revenue for the periods indicated.

	For the Financial Year		
	2009	2010	2011
		(%)	
Revenue	100	100	100
Other Items of Income			
Finance income	0.6	1.0	1.3
Other income	1.1	1.0	1.6
Items of Expense			
Changes in merchandise inventories and consumables	44.2	42.2	41.3
Employee benefits expenses	9.9	10.7	9.5
Depreciation and amortisation expenses	4.5	4.7	4.1
Promotional and advertising expenses	1.8	1.5	1.9
Rental expenses	22.0	20.1	19.0
Finance costs	0.0	0.0	0.1
Other expenses	13.5	13.0	12.9
Profit before tax	5.8	9.8	14.0
Taxation	1.8	3.0	4.3
Profit for the year attributable to:			
Owners of the Company	3.8	6.4	9.5
Non-controlling interests	0.2	0.3	0.2
Other comprehensive income			
Foreign currency translation	0.4	0.6	3.0
Total comprehensive income for the year	3.7	6.1	6.7
Total comprehensive income for the year attributable to:			
Owners of the Company	3.4	5.8	6.7
Non-controlling interests	0.2	0.3	0.1

Financial Year 2011 Compared to Financial Year 2010

Revenue

Our revenue increased by S$34.3 million, or 10.3%, from S$333.0 million in financial year 2010 to S$367.3 million in financial year 2011, mainly as a result of increases in commissions from concessionaire sales and direct sales revenue. These increases were directly attributable to our continuing efforts to increase our sales productivity of existing stores in addition to the opening of a new store in Pulau Pinang, Malaysia, in financial year 2011 and the full year contribution of revenue from three new stores which opened during financial year 2010.

Sale of Goods — Direct Sales

Our direct sales increased by S$11.4 million, or 6.7%, from S$169.2 million in financial year 2010 to S$180.6 million in financial year 2011, mainly as a result of increasing sales productivity of our existing stores, in particular sales of cosmetics and accessories merchandise, the opening of one new store in Pulau Pinang, Malaysia, in November 2010 and the full year contribution of revenue from three new stores which opened during financial year 2010.

Commissions from Concessionaire Sales

Our commissions from concessionaire sales increased by S$19.9 million, or 13.3%, from S$149.6 million in financial year 2010 to S$169.5 million in financial year 2011, mainly as a result of the opening of a new store in Pulau Pinang, Malaysia in November 2010 and the full year contribution of revenue from three new stores which opened during financial year 2010.

Consultancy and Management Service Fees

Our consultancy and management service fees increased by S$0.5 million, or 52.9%, from S$0.9 million in financial year 2010 to S$1.4 million in financial year 2011, mainly as a result of the opening of one new managed store in Ho Chi Minh City in January 2011, in line with the expansion of our store network coverage.

Rental Income

Our rental income increased by S$2.7 million, or 19.9%, from S$13.2 million in financial year 2010 to S$15.9 million in financial year 2011, mainly as a result of higher rental income received from suppliers due to increased promotional activities.

Other Items of Income

Finance Income

Our finance income increased by S$1.6 million, or 45.2%, from S$3.3 million in financial year 2010 to S$4.9 million in financial year 2011, mainly as a result of an increase in interest income on cash and short-term deposits placed with licensed finance companies and licensed banks of S$1.6 million, or 56.9%, from S$2.7 million in financial year 2010 to S$4.3 million in financial year 2011.

Other Income

Our other income increased by S$2.6 million, or 79.6%, from S$3.2 million in financial year 2010 to S$5.8 million in financial year 2011, mainly as a result of a gain on disposal of a subsidiary of S$1.3 million in financial year 2011, an increase in income from expired gift vouchers of S$0.5 million, or 82.7%, from S$0.7 million in financial year 2010 to S$1.2 million in financial year 2011, as well as an increase in promotion income of S$0.5 million, or 165.5%, from S$0.3 million in financial year 2010 to S$0.8 million in financial year 2011.

Items of Expense

Changes in Merchandise Inventories and Consumables

Our expenses for changes in merchandise inventories and consumables increased by S$11.3 million, or 8.0%, from S$140.4 million in financial year 2010 to S$151.7 million in financial year 2011, primarily as a result of the increase in our direct sales.

Employee Benefits Expenses

Our employee benefits expenses decreased by S$0.7 million, or 2.0%, from S$35.5 million in financial year 2010 to S$34.8 million in financial year 2011, mainly as a result of a decrease in employee share-based payments of S$3.6 million, or 93.5%, from S$3.9 million in financial year 2010 to S$0.3 million in financial year 2011, partially offset by an increase in wages, salaries and bonuses of S$2.1 million, or 8.9%, from

S$22.9 million in financial year 2010 to S$25.0 million in financial year 2011 and an increase in other staff-related expenses of S$0.6 million, or 8.6%, from S$6.3 million in financial year 2010 to S$6.9 million in financial year 2011. There were no new share options granted in financial year 2011. The employee share-based amount of S$0.3 million in financial year 2011 represents the share options granted in May 2008 and April 2010, which senior management was allowed to exercise in financial year 2011. As a percentage of revenue, our employee benefits expenses decreased from 10.7% in financial year 2010 to 9.5% in financial year 2011.

Depreciation and Amortisation Expenses

Our depreciation and amortisation expenses decreased by S$0.3 million, or 2.0%, from S$15.5 million in financial year 2010 to S$15.2 million in financial year 2011, mainly attributable to the appreciation of the Singapore dollar against the Dong in financial year 2011, which led to lower depreciation and amortisation expenses for our operations in Vietnam in Singapore dollar terms. As a percentage of revenue, our depreciation and amortisation expenses decreased from 4.7% in financial year 2010 to 4.1% in financial year 2011.

Promotional and Advertising Expenses

Our promotional and advertising expenses increased by S$2.1 million, or 39.6%, from S$5.1 million in financial year 2010 to S$7.2 million in financial year 2011, primarily as a result of increased sale and promotion activities in financial year 2011, including a new store launch, product launches and the implementation of large-scale promotional campaigns, such as cosmetics fair and "back to school" campaigns. As a percentage of revenue, our promotional and advertising expenses increased from 1.5% in financial year 2010 to 1.9% in financial year 2011, in line with our marketing and communication strategy of building the "Parkson" brand.

Rental Expenses

Our rental expenses increased by S$2.5 million, or 3.8%, from S$67.1 million in financial year 2010 to S$69.6 million in financial year 2011, primarily as a result of the full year contribution of rental expense for three new stores which opened during financial year 2010 being accounted for in financial year 2011. As a percentage of revenue, our rental expenses decreased from 20.1% in financial year 2010 to 19.0% in financial year 2011 as our rental expenses increased slower than our revenue.

Finance Costs

Our finance costs increased by S$0.4 million, or 491.0%, from S$0.1 million in financial year 2010 to S$0.5 million in financial year 2011, mainly as a result of an increase in interest expenses on rental deposits payables of S$0.4 million, or 762.1%, from S$0.1 million in financial year 2010 to S$0.5 million in financial year 2011. The increase in interest expenses on rental deposits payables were mainly attributable to financial expense arising from fair value adjustment to the increased non-current rental deposits (received from tenants) at amortised costs. Our finance costs of S$0.5 million represents 0.1% of revenue in financial year 2011.

Other Expenses

Other expenses include occupancy expenses, selling and distribution expenses, general and administrative expenses and exchange gain or loss. Our occupancy expenses increased by S$0.3 million, or 1.9%, from S$18.2 million in financial year 2010 to S$18.5 million in financial year 2011, primarily due to the inclusion of TS's results with effect from the date of acquisition on 9 June 2011. Our selling and distribution expenses increased by S$3.6 million, or 30.6%, from S$11.9 million in financial year 2010 to S$15.5 million in financial year 2011, primarily as a result of an increase in sales volume corresponding to

the increase in revenue in financial year 2011. Our general and administrative expenses decreased by S$0.4 million, or 3.5%, from S$10.1 million in financial year 2010 to S$9.7 million in financial year 2011, mainly due to our efforts to control expenses by implementing cost-saving programmes. Exchange differences in financial years 2011 and 2010 resulted mainly from the translation of monetary assets and liabilities denominated in foreign currencies into the relevant functional currency. As a percentage of revenue, our other expenses decreased from 13.0% in financial year 2010 to 12.9% in financial year 2011, as our other expenses grew slower than our revenue.

Profit Before Tax

Our profit before tax increased by S$19.1 million, or 58.8%, from S$32.5 million in financial year 2010 to S$51.6 million in financial year 2011. This is a reflection of an increase in our store productivity, as we were able to achieve a higher rate of increase in our revenue as compared to the rate of increase in our expenses. As a percentage of revenue, our profit before tax increased from 9.8% in financial year 2010 to 14.0% in financial year 2011.

Taxation

Our taxation increased by S$5.7 million, or 56.9%, from S$10.1 million in financial year 2010 to S$15.8 million in financial year 2011, mainly as a result of an increase in current year income taxation of S$4.9 million, or 47.9%, from S$10.1 million in financial year 2010 to S$15.0 million in financial year 2011, which was primarily caused by the increase in total revenue. Our effective tax rate was 31.0% for financial year 2010 and 30.6% for financial year 2011, both of which were above the statutory tax rates in Malaysia, Vietnam and Indonesia.

Profit for the Year

Our profit for the year increased by S$13.4 million, or 59.6%, from S$22.4 million in financial year 2010 to S$35.8 million in financial year 2011. As a percentage of revenue, our profit for the year increased from 6.7% in financial year 2010 to 9.8% in financial year 2011. Our profit for the year attributable to owners of our Company increased by S$13.6 million, or 63.8%, from S$21.4 million in financial year 2010 to S$35.0 million in financial year 2011.

Our profit for the year attributable to non-controlling interests decreased by S$0.3 million, or 24.3%, from S$1.1 million in financial year 2010 to S$0.8 million in financial year 2011.

Total Comprehensive Income for the Year Attributable to Owners of our Company

Total comprehensive income comprises profit for the year and foreign currency translation.

Foreign currency translation loss increased from S$2.0 million in financial year 2010 to S$11.1 million in financial year 2011 primarily due to the fluctuation of exchange rates used for the translation of the financial statements of our Subsidiaries whose functional currencies are different from that of the Group's presentation currency.

As a result of the foregoing, our total comprehensive income for the year attributable to owners of our Company increased by S$5.0 million, or 25.8%, from S$19.4 million in financial year 2010 to S$24.4 million in financial year 2011.

Financial Year 2010 Compared to Financial Year 2009

Revenue

Our revenue increased by S$31.8 million, or 10.5%, from S$301.2 million in financial year 2009 to S$333.0 million in financial year 2010, mainly as a result of increases in commissions from concessionaire sales and direct sales revenue. These increases were directly attributable to strong same-store sales growth, our continuing efforts to increase our sales productivity of existing stores and the opening of three new stores and one managed store in financial year 2010.

Sale of Goods — Direct Sales

Our direct sales increased by S$6.6 million, or 4.0%, from S$162.6 million in financial year 2009 to S$169.2 million in financial year 2010, mainly as a result of strong same-store sales growth, increasing sales productivity of our existing stores, in particular, sales of cosmetics and accessories merchandise and the opening of three new stores in Malaysia (in Kluang (Johor), Kota Bharu (Kelantan) and Kota Kinabalu (Sabah)), partially offset by one store closure.

Commissions from Concessionaire Sales

Our commissions from concessionaire sales increased by S$23.3 million, or 18.4%, from S$126.3 million in financial year 2009 to S$149.6 million in financial year 2010, mainly as a result of the opening of three new stores in Malaysia and one new store in Vietnam, as well as conversion of certain retail space previously used for direct sales to concessionaire sales, partially offset by one store closure.

Consultancy and Management Service Fees

Our consultancy and management service fees increased by S$0.4 million, or 84.9%, from S$0.5 million in financial year 2009 to S$0.9 million in financial year 2010, mainly as a result of the opening of a new managed store in Ho Chi Minh City in December 2009.

Rental Income

Our rental income increased by S$1.4 million, or 12.2%, from S$11.8 million in financial year 2009 to S$13.2 million in financial year 2010, mainly as a result of rental income generated from TD Plaza in Hai Phong, Vietnam, which we acquired in December 2008.

Other Items of Income

Finance Income

Our finance income increased by S$1.5 million, or 89.2%, from S$1.8 million in financial year 2009 to S$3.3 million in financial year 2010, mainly as a result of an increase of S$1.5 million, or 130.6%, in interest income on cash and short-term deposits placed with licensed finance companies and licensed banks, from S$1.2 million in financial year 2009 to S$2.7 million in financial year 2010.

Other Income

Our other income of S$3.2 million remained substantially the same in financial year 2010 as it was in financial year 2009.

Items of Expense

Changes in Merchandise Inventories and Consumables

Our expenses for changes in merchandise inventories and consumables increased by S$7.3 million, or 5.5%, from S$133.1 million in financial year 2009 to S$140.4 million in financial year 2010, primarily as a result of the increase in our direct sales.

Employee Benefits Expenses

Our employee benefits expenses increased by S$5.7 million, or 19.0%, from S$29.8 million in financial year 2009 to S$35.5 million in financial year 2010, mainly as a result of an increase of S$3.6 million, or 1,102.2%, in employee share-based payments, from S$0.3 million in financial year 2009 to S$3.9 million in financial year 2010, which was primarily caused by the share options cost resulting from an additional 5.3 million share options for PHB shares being granted to 528 eligible employees of PCSB in April 2010. The majority of the share options granted can be exercised within the first year, resulting in the significant increase in employee benefits expense in financial year 2010. The senior management is required to fulfill a vesting period. Under the applicable accounting standard requirements, the fair value of the share options needs to be recorded in the respective subsidiaries whose employees are entitled to such options. Therefore, the option costs are recorded as expense items in our financial statements after consolidating our Subsidiaries. Consequently, as a percentage of revenue, our employee benefits expenses increased from 9.9% in financial year 2009 to 10.7% in financial year 2010.

Depreciation and Amortisation Expenses

Our depreciation and amortisation expenses increased by S$2.0 million, or 15.2%, from S$13.5 million in financial year 2009 to S$15.5 million in financial year 2010, primarily as a result of the opening of three new stores and the ongoing refurbishment and upgrading of existing stores. As a percentage of revenue, our depreciation and amortisation expenses increased from 4.5% in financial year 2009 to 4.7% in financial year 2010.

Promotional and Advertising Expenses

Our promotional and advertising expenses decreased by S$0.3 million, or 4.6%, from S$5.4 million in financial year 2009 to S$5.1 million in financial year 2010, primarily as a result of implementing more targeted marketing and promotional activities to control our expenses.

Rental Expenses

Our rental expenses increased by S$0.8 million, or 1.2%, from S$66.3 million in financial year 2009 to S$67.1 million in financial year 2010, primarily as a result of the opening of new stores in financial year 2010. As a percentage of revenue, our rental expenses has decreased from 22.0% in financial year 2009 to 20.1% in financial year 2010, as our rental expenses grew slower than our revenue.

Finance Costs

Our finance costs of S$0.1 million remained substantially the same in financial year 2010 as they were in financial year 2009.

Other Expenses

Other expenses include occupancy expenses, selling and distribution expenses, general and administrative expenses and exchange gain or loss. Our occupancy expenses remained substantially the same

in financial year 2010 as they were in financial year 2009. Our selling and distribution expenses decreased by S$1.8 million, or 13.6%, from S$13.7 million in financial year 2009 to S$11.9 million in financial year 2010, primarily as a result of changes in the accounting treatment of discount vouchers issued to our customers, our efforts to control our expenses by negotiating more advantageous terms with suppliers and by implementing cost-saving programmes. Our general and administrative expenses increased by S$0.6 million, or 6.0%, from S$9.5 million in financial year 2009 to S$10.1 million in financial year 2010, mainly due to our expansion programme, including new store openings, as well as store closure expenses and increased general expenses. Exchange differences in financial years 2009 and 2010 resulted mainly from the translation of monetary assets and liabilities denominated in foreign currencies into the relevant functional currency. As a percentage of revenue, our other expenses decreased from 13.5% in financial year 2009 to 13.0% in financial year 2010, as our other expenses grew slower than our revenue.

Profit Before Tax

As a result of the foregoing, our profit before tax increased by S$15.1 million, or 86.7%, from S$17.4 million in financial year 2009 to S$32.5 million in financial year 2010. This is a reflection of an increase in our store productivity, as we were able to achieve a higher rate of increase in our revenue as compared to the rate of increase in our expenses. As a percentage of revenue, our profit before tax has increased from 5.8% in financial year 2009 to 9.8% in financial year 2010.

Taxation

Our taxation expenses increased by S$4.8 million, or 90.8%, from S$5.3 million in financial year 2009 to S$10.1 million in financial year 2010, mainly as a result of an increase in current income taxation of S$4.5 million, or 80.9%, from S$5.6 million in financial year 2009 to S$10.1 million in financial year 2010, which was primarily caused by the increase in total revenue. Our effective tax rate was 30.3% for financial year 2009 and 31.0% for financial year 2010, both of which were above the statutory tax rates in Malaysia and Vietnam.

Profit for the Year

Our profit for the year increased by S$10.3 million, or 84.9%, from S$12.1 million in financial year 2009 to S$22.4 million in financial year 2010. As a percentage of revenue, our profit for the year increased from 4.0% in financial year 2009 to 6.7% in financial year 2010.

Our profit for the year attributable to owners of our Company increased by S$10.0 million, or 87.0%, from S$11.4 million in financial year 2009 to S$21.4 million in financial year 2010.

Our profit for the year attributable to non-controlling interests increased by S$0.4 million, or 51.7%, from S$0.7 million in financial year 2009 to S$1.1 million in financial year 2010.

Total Comprehensive Income for the Year Attributable to Owners of our Company

Total comprehensive income comprises profit for the year and foreign currency translation.

Foreign currency translation loss increased from S$1.1 million in financial year 2009 to S$2.0 million in financial year 2010 primarily due to the fluctuation of exchange rates used for the translation of the financial statements of our Subsidiaries whose functional currencies are different from that of the Group's presentation currency.

As a result of the foregoing, our total comprehensive income for the year attributable to owners of our Company increased by S$9.1 million, or 88.0%, from S$10.3 million in financial year 2009 to S$19.4 million in financial year 2010.

Liquidity and Capital Resources

Our operations have been funded through a combination of shareholders' equity, cash generated from our operations as well as external borrowings and credit facilities from licensed financial institutions. Our principal uses of these funds are for working capital requirements and capital expenditure. The Directors believe that, as at the Latest Practicable Date, the working capital available to us is sufficient for the present requirements of our Company.

As at 30 June 2009, 30 June 2010 and 30 June 2011, our shareholders' equity (excluding non-controlling interests) was approximately S$116.5 million, S$140.3 million and S$123.3 million, respectively and our total outstanding debts were approximately S$0.2 million, S$0.1 million and S$1.0 million, respectively, consisting entirely of loans and borrowings. As at 30 June 2009, 30 June 2010 and 30 June 2011, we had cash and short-term deposits of approximately S$87.9 million, S$126.9 million and S$96.1 million, respectively, of which approximately S$40.7 million, S$85.5 million and S$58.8 million, respectively, was placed as cash deposits with licensed finance companies and licensed banks for interest income, with the remaining amount primarily placed with licensed banks for working capital. Our net cash position, calculated as cash and short-term deposits less bank overdrafts, was approximately S$87.9 million as at 30 June 2009, S$126.9 million as at 30 June 2010 and S$95.1 million as at 30 June 2011.

Our net current assets decreased by S$28.0 million, from S$46.6 million in financial year 2010 to S$18.6 million in financial year 2011, primarily due to the S$56.3 million dividends declared and paid by PCSB to ECIL, partially offset by cash generated from our strong performance and improvements in inventory management in that year.

Our net current assets increased by S$36.6 million, from S$10.0 million in financial year 2009 to S$46.6 million in financial year 2010, primarily due to an increase in cash and short-term deposits, which were generated by our strong performance and improvement in inventory management in that year.

Cash Flow

The following table sets out a condensed summary of our cash flow for the periods indicated:

	For the Financial Year		
	2009	**2010**	**2011**
	(S$ in thousands)		
Net cash generated from operating activities	83,507	67,169	55,465
Net cash used in investing activities	(37,576)	(26,306)	(6,206)
Net cash generated from/(used in) financing activities	177	812	(70,917)
Net increase/(decrease) in cash and cash equivalents	46,108	41,675	(21,658)
Effect of exchange rate changes on cash and cash equivalents	(56)	(2,672)	(10,130)
Cash and cash equivalents at beginning of year	41,828	87,880	126,883
Cash and cash equivalents at end of year	87,880	126,883	95,095

Net cash generated from operating activities

In financial year 2011, we recorded a net cash inflow of S$55.5 million from operating activities, which comprised operating cash inflows before movement in working capital of S$65.4 million, adjusted for changes in working capital of S$2.3 million and interest received of S$4.0 million, partially offset by income tax paid of S$16.2 million.

The changes in working capital were mainly attributable to positive cashflow of S$10.1 million and S$8.7 million from an increase in trade and other payables, as well as other liabilities, respectively. These were primarily offset by negative cashflow of S$5.3 million from an increase in inventories, S$7.6 million from an increase in trade and other receivables and S$3.5 million from an increase in prepayments.

In financial year 2010, we recorded a net cash inflow of S$67.2 million from operating activities, which comprised operating cash inflows before movement in working capital of S$52.4 million, adjusted for changes in working capital of S$20.0 million and interest received of S$2.8 million, partially offset by income tax paid of S$8.0 million.

The changes in working capital were mainly attributable to positive cashflow of S$26.5 million from an increase in trade and other payables. These were primarily offset by negative cashflow of S$1.9 million from an increase in inventories and S$5.1 million from an increase in trade and other receivables.

In financial year 2009, we recorded a net cash inflow of S$83.5 million from operating activities, which comprised operating cash inflows before movement in working capital of S$29.5 million, adjusted for changes in working capital of S$58.5 million and interest received of S$1.1 million, partially offset by income tax paid of S$5.5 million.

The changes in working capital were mainly attributable to positive cashflow of S$12.0 million from a decrease in inventories, of S$45.2 million from a decrease in trade and other receivables, of S$0.6 million from a decrease in prepayments and of S$1.9 million from an increase in other liabilities, as partially offset by negative cashflow of S$1.2 million from a decrease in trade and other payables.

Net cash used in investing activities

In financial year 2011, our net cash used in investing activities was S$6.2 million, which was mainly used for payment of renovation costs incurred and purchase of furniture, fittings and equipment of S$9.6 million, partially offset by cash and cash equivalents of TS acquired on 9 June 2011.

In financial year 2010, our net cash used in investing activities was S$26.3 million, which was mainly used for (i) settlement for the remaining payable in relation to the commercial building located in Hai Phong, Vietnam, acquired in December 2008 and (ii) payment of renovation costs incurred for new and existing stores.

In financial year 2009, our net cash used in investing activities was S$37.6 million, which was mainly used for (i) the S$12.5 million acquisition of the land use right over a plot of state-owned land in Hai Phong, Vietnam where one of our stores is located and (ii) property, plant and equipment investments totalling S$25.1 million consisting of renovation costs incurred on new and existing stores, as well as partial payment for the acquisition of a commercial building located in Hai Phong, Vietnam.

Net cash generated from/(used in) financing activities

In financial year 2011, our net cash used in financing activities was S$70.9 million, which resulted mainly from repayments to immediate and ultimate holding companies of S$14.8 million and dividends of S$56.3 million declared and paid by PCSB to ECIL, partially offset by the contributions from non-controlling interests of S$0.5 million.

In financial year 2010, our net cash generated from financing activities was S$0.8 million, which was attributed to contributions from non-controlling interests of S$1.6 million and advances from immediate and ultimate holding companies of S$0.8 million, partially offset by the repayment of finance lease obligations of S$0.1 million, the acquisition of non-controlling interests of S$1.2 million and dividends paid to non-controlling interests of S$0.3 million.

In financial year 2009, our net cash generated from financing activities was S$0.2 million, which resulted from advances from immediate and ultimate holding companies of S$2.1 million, contributions from

non-controlling interests of S$0.4 million, as partially offset by repayment of a term loan of S$2.1 million and the repayment of finance lease obligations of S$0.2 million.

Working Capital and Indebtedness

As at 30 June 2011, our outstanding loans and borrowings (including bank overdrafts) from financial institutions were S$1.0 million.

Trade and Other Receivables

Merchandise is sold at our stores by cash or credit card payments. For credit card payments, we generally receive payment within one banking day in Malaysia and Vietnam and three to seven banking days in Indonesia. Accordingly, our trade receivables are relatively low compared to our revenue from sales.

Trade receivables mainly represent receivables in relation to consultancy and management service fees. These fees are calculated as a percentage of gross sales proceeds in our stores. Our trade receivables decreased from S$2.0 million in financial year 2009 to S$1.8 million in financial year 2010, primarily as a result of a settlement received in financial year 2010 and increased to S$1.9 million in financial year 2011, primarily as a result of the increase in consultancy and management service fees.

Trade and Other Payables

As we collect all payments from retail customers in our stores and later remit a portion of these proceeds to our concessionaires, we maintain significant balances of trade payables. Depending on the product, we typically obtain credit terms of between 30 to 90 days from suppliers. All of our trade and other payables are payable in Ringgit in Malaysia, in Dong in Vietnam and in Rupiah in Indonesia.

Our turnover days for trade payables, or creditors' turnover days (calculated based on average trade payables (based on trade payables at the beginning and end of the period divided by two), divided by the aggregate of the cost of concessionaire sales and changes in merchandise inventories and consumables multiplied by 360 days) was 55 days for financial year 2009, 54 days for financial year 2010 and 56 days for financial year 2011. The turnover days for trade payables, or creditors' turnover days, for financial year 2011 has been calculated by including the trade payables of TS as at 1 July 2010 and the aggregate of the cost of its concessionaire sales and changes in merchandise inventories and consumables from 1 July 2010 to 8 June 2011 in the formula.

Inventories

The following table sets forth certain information relating to our inventories as at the dates and for the periods indicated.

	As at and for the Financial Year ended 30 June		
	2009	2010	2011
		(S$ in thousands)	
Combined balance sheets:			
Merchandise inventories	43,451	47,067	51,900
Consumables	109	116	59
	43,560	47,183	51,959

	As at and for the Financial Year ended 30 June		
	2009	2010	2011
	(S$ in thousands)		
Combined income statements:			
Inventories recognised as an expense in cost of sales	133,106	140,418	151,698
Write down of inventories	34	109	23

Our total inventory turnover days (calculated based on average inventories (based on inventories at the beginning and end of the period divided by two), divided by changes in merchandise inventories and consumables multiplied by 360 days) was 135 days for financial year 2009, 116 days for financial year 2010 and 112 days for financial year 2011. The inventory turnover days for financial year 2011 has been calculated by including the inventories of TS as at 1 July 2010 and the changes in merchandise inventories and consumables from 1 July 2010 to 8 June 2011 in the formula. Our inventory turnover ratio improved in financial year 2010 and 2011 primarily as a result of the increased sale of goods in financial years 2010 and 2011.

Capital Expenditures

Historical Capital Expenditures

The following table sets forth our historical capital expenditures for the periods indicated.

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Renovation	9,826	2,989	3,546
Buildings[(1)]	24,116	—	110
Furniture and equipment	7,208	6,053	3,971
Motor vehicles	119	133	618
Capital work-in-progress[(2)]	249	310	1,149
Total	41,518	9,485	9,394

(1) In financial year 2009, our capital expenditure relating to buildings represents the value of five floors of a commercial building in Hai Phong, Vietnam, acquired by the Group. There was no capital expenditure relating to buildings in financial year 2010. In financial year 2011, capital expenditure relating to buildings represents building improvement costs incurred for the renovation of the five floors of the commercial building previously acquired.

(2) Includes our ongoing renovations of existing stores. These capital work-in-progress expenditures will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.

For the new stores opened in the financial years 2009, 2010 and 2011 (excluding new stores which have a fitting-out contribution by the landlord), we spent from a low of S$214 per square metre of retailing space in financial year 2009 to a high of S$252 per square metre of retailing space in financial year 2010.

In financial year 2011, our capital expenditure amounted to S$9.4 million, of which S$7.0 million was incurred on existing stores and S$2.4 million was incurred to open new stores. In financial year 2010, our capital expenditure amounted to S$9.5 million, of which S$4.4 million was incurred on existing stores and

S$5.1 million was incurred to open new stores. In financial year 2009, our capital expenditure amounted to S$41.5 million, of which S$15.3 million was incurred on existing stores and S$26.2 million was incurred to open new stores.

Planned Capital Expenditures

We expect that our capital expenditures for financial years 2012 and 2013 will be used primarily for our expansion. Our capital expenditures for financial year 2012 are expected to be approximately S$41.0 million, comprising S$16.0 million for existing stores and S$20.0 million for new stores and S$5.0 million for IT investment, and our capital expenditures for financial year 2013 are expected to be approximately S$45.0 million, comprising S$5.0 million for existing stores and S$40.0 million for new stores. Our expansion plans are described in "Our Business — Expansion". We anticipate that our capital expenditures in financial year 2012 and financial year 2013 will be financed by funds generated from operations as well as the proceeds from the Offering. Our actual capital expenditures may be significantly higher or lower than these planned amounts, or the timing of such expenditures may change, due to various factors, including, among others, changes in macroeconomic conditions, unplanned cost overruns and our ability to generate sufficient cash flows from operations. See "Risk Factors — Risks Relating to Our Business — We are subject to risks associated with our planned expansion programme".

Commitments

The following table sets forth information regarding our commitments as at 30 June 2011.

	Total	Less than 1 year	1-5 years	More than 5 years
		(S$ in thousands)		
Operating lease commitments — as lessee	714,518	67,370	256,012	391,136
Finance lease commitments	14	9	5	—
Total	714,532	67,379	256,017	391,136

We had capital commitments in respect of property, plant and equipment amounting to S$0.6 million as at 30 June 2009, S$1.0 million as at 30 June 2010 and S$5.4 million as at 30 June 2011.

Off-Balance Sheet Arrangements and Contingent Liabilities

As at 30 June 2011, we did not have any material off-balance sheet arrangements or contingent liabilities.

Market Risks

We are exposed to various types of market risks in the ordinary course of business, including foreign currency exchange risks and inflation risks. We have not used derivatives to hedge against exposures to market risks or for any other purposes, although we may use derivatives to hedge against exposures to market risks in the future. See also "— Factors Affecting Our Results of Operations — Inflation".

Foreign Currency Exchange Risk

We are affected by exchange rate fluctuations between our reporting currency, the Singapore dollar, and the currencies in which we operate, namely Ringgit in Malaysia, Dong in Vietnam and Rupiah in Indonesia. There may be translation impacts between these different functional currencies and our reporting currency upon consolidation.

Between 2006 and 2010, the Singapore dollar fluctuated against the Ringgit in a range between RM2.2079 to RM2.4575 per S$1, the Dong in a range between VND9,567 to VND15,156 per S$1 and the Rupiah in a range between Rp.5,533 to Rp.7,980 per S$1[1].

Inflation Risk

According to official statistics, the annual inflation rate, as measured by changes in the consumer price index, was 5.4% in 2008, 0.6% in 2009 and 1.7% in 2010 in Malaysia, 23.0% in 2008, 6.9% in 2009 and 9.2% in 2010 in Vietnam and 11.1% in 2008, 2.8% in 2009 and 7.0% in 2010 in Indonesia. Although significant inflation can dampen overall demand for our merchandise and typically increases our costs, inflation at manageable levels actually benefits our business, as inflation-led price increases have a positive impact on our margins. As consumers in our target middle and upper-middle segment generally have more disposable income, they can generally absorb a portion of consumer price increases.

Seasonality

Our sales follow the traditional seasonal shopping patterns in the countries in which we operate, with increased sales being recorded around New Year's Day, Chinese New Year and Ramadan (the lunar month preceding the Muslim holiday of Lebaran), as well as during school holidays.

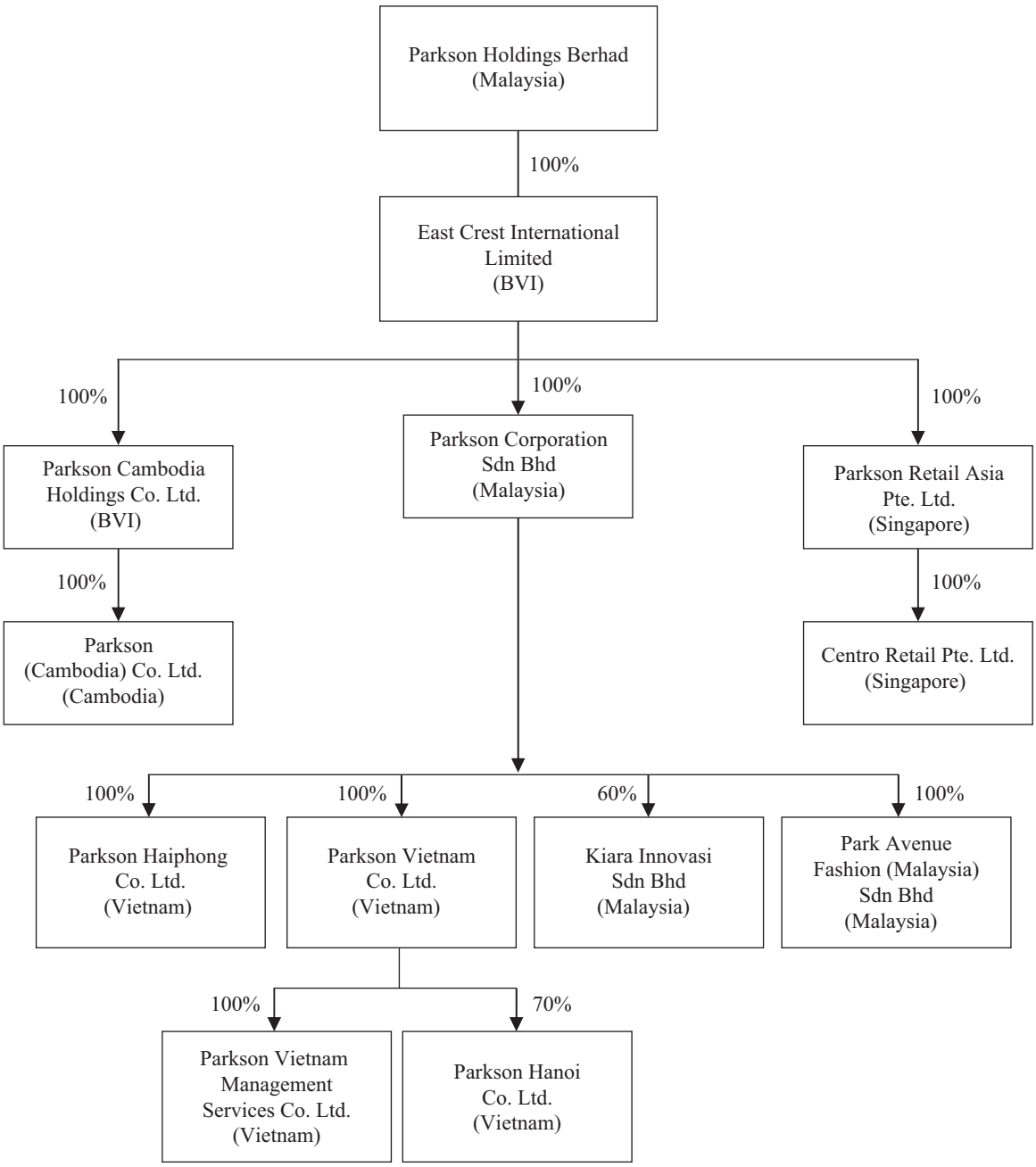
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1 Source: Bloomberg L.P. See "General and Statutory Information — Sources". Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from its database and appearing anywhere in this document, and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such database, neither we, the Vendors, the Joint Bookrunners and Underwriters nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information. See "General and Statutory Information — Sources".

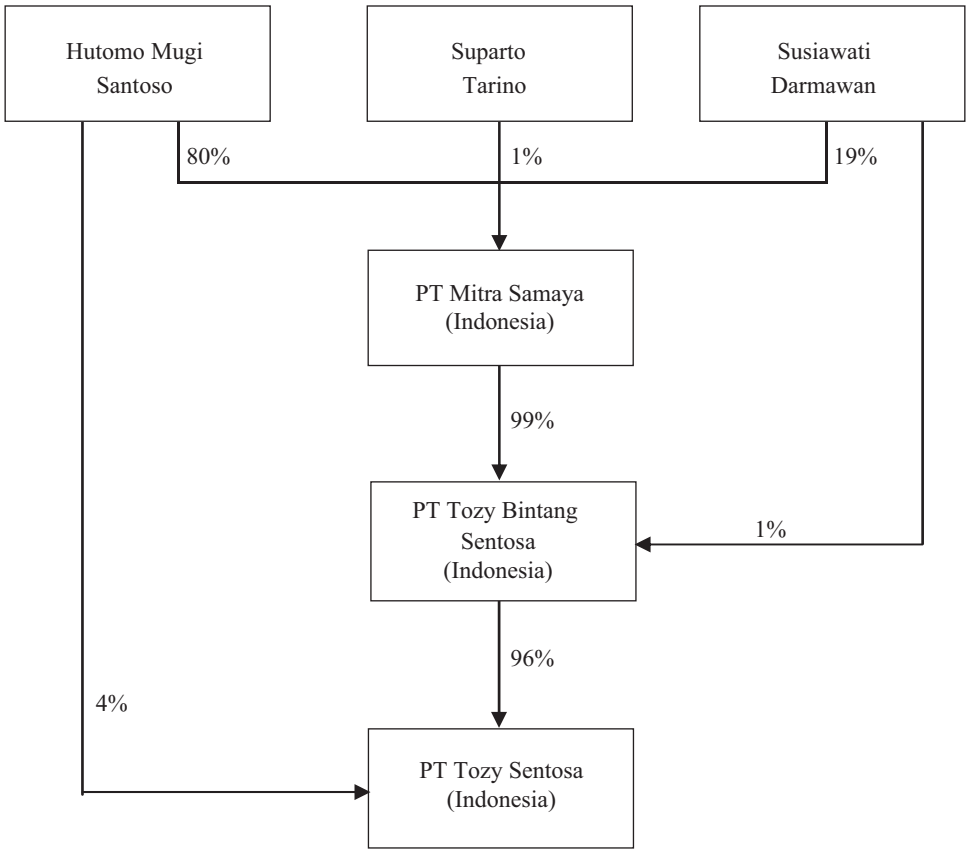
Our Company was incorporated in Singapore on 31 March 2011, as a wholly-owned subsidiary of ECIL, a company incorporated in the BVI. ECIL is in turn a wholly-owned subsidiary of PHB. PHB is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Prior to the lodgment of this document with the Authority, our Group undertook the transactions described below as part of a corporate reorganisation implemented in preparation for our listing on the SGX-ST (the "Restructuring Exercise"). Prior to the Restructuring Exercise, ECIL was the sole shareholder of PCSB, a company which is principally engaged in the operation of "Parkson" brand department stores in Malaysia and Vietnam. The group structure prior to the Restructuring Exercise was as follows:

PHB Group (excluding other entities held by PHB and ECIL)



MS Group



Acquisition of TS

On 9 June 2011, we and our wholly-owned subsidiary, Centro Retail Pte. Ltd., completed the acquisition of 100% of the shares of TS, which operates department stores under the "Centro" brand and a supermarket under the "Kem Chicks" brand in Indonesia.

The acquisition of TS was effected by:

(i) an acquisition of all the existing issued 5,000 shares in TS by Centro Retail Pte. Ltd. for an aggregate consideration of US$3,555,347; and

(ii) a subscription of 13,000 new shares in TS by our Company (the authorised share capital of TS at that time was 18,000 shares) for US$9,243,902.

This resulted in Centro Retail Pte. Ltd. having a 27.8% equity interest, and our Company having a 72.2% equity interest, in TS.

The total purchase consideration of US$12,799,249 was arrived at on a willing-buyer willing-seller basis after taking into consideration the net assets, earnings and future growth prospects of TS.

Restructuring of PHB

In connection with the proposed listing, PHB undertook the transactions described below as part of the internal restructuring to rationalise and streamline the business entities within the PHB group for the Offering.

On 29 April 2011, PCSB transferred its entire interest in Park Avenue to ECIL at a consideration of RM1 (approximately S$0.41).

On 29 April 2011, PCSB acquired the entire interest of Parkson (Cambodia) Holdings Co. Ltd. ("PCH") from ECIL for a consideration of US$1. There was also a settlement by PCSB on behalf of PCH of an inter-company loan owed by PCH to ECIL of RM12,527,171 (approximately S$5,112,505).

On 14 June 2011, ECIL transferred PCSB with its subsidiaries to our Company for an aggregate consideration of approximately S$143.5 million. The consideration was satisfied by way of a subscription by ECIL of 143,510,486 Shares.

Also, on 14 June 2011, MS, the indirect majority shareholder of TS (before TS was wholly acquired by us), subscribed for 15,768,633 Shares, as a result of which MS became a shareholder of our Company holding approximately 9.9% of the Shares, for an aggregate cash consideration of approximately S$15.8 million.

The consideration for the transfer of PCSB and its subsidiaries into our Company and the consideration for MS's subscription of Shares in our Company were arrived at based on the relative valuation of PCSB and its subsidiaries on the one hand and TS on the other hand, based on their respective earnings and assets.

After the Restructuring Exercise, PHB is an investment holding company with three divisions which it operates indirectly through its subsidiaries, being:

(i) its retail property investment and development business operated by its subsidiaries (excluding the PRGL group and our Group);

(ii) its retail business in the PRC (and potentially the other regions in the PRC, Hong Kong, Macau and Taiwan (together, "Greater China")) operated by the PRGL group; and

(iii) its retail business in the Asia-Pacific region (excluding the Greater China area) operated by our Group.

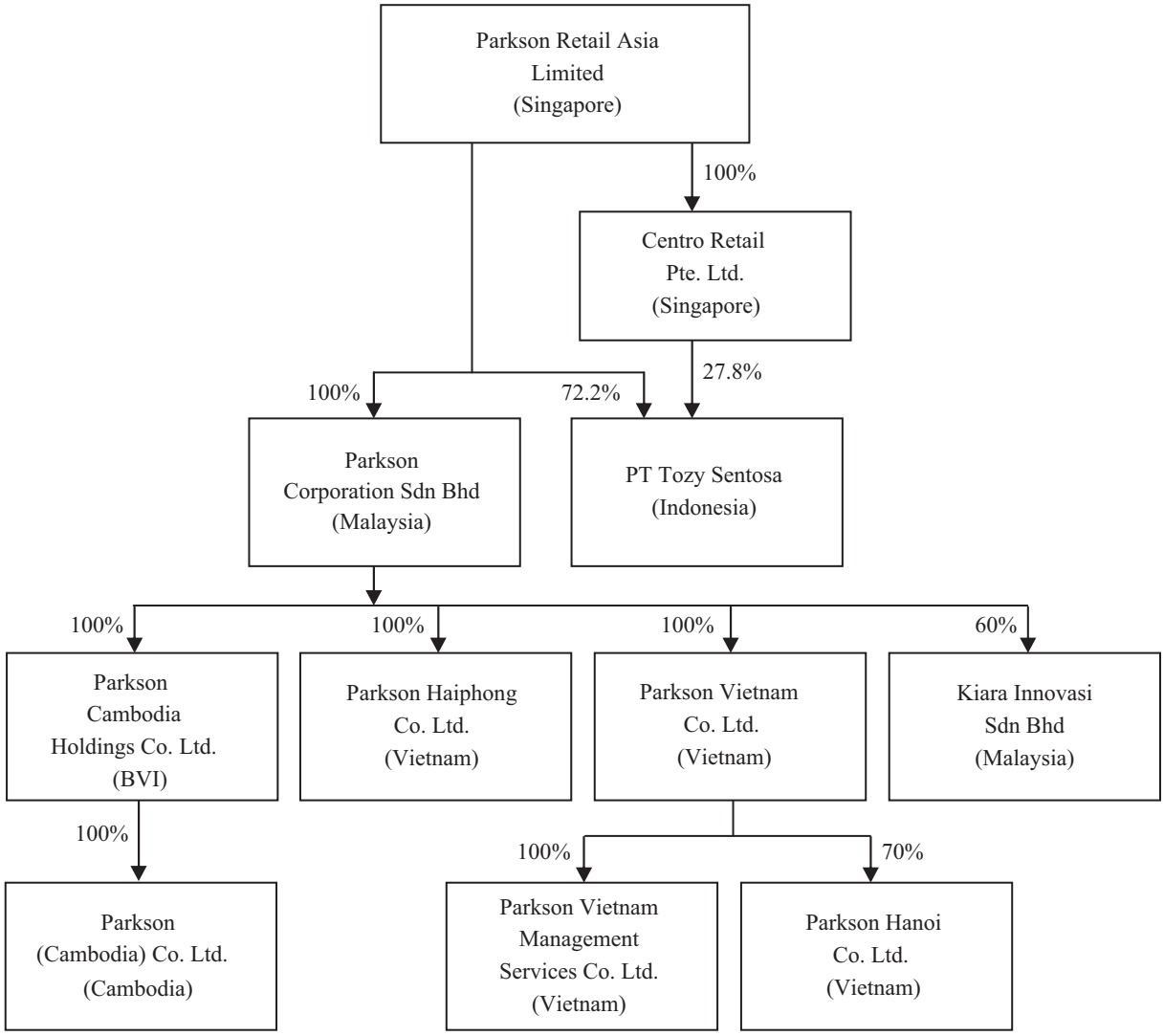
Group Structure after the Restructuring Exercise

Pursuant to the completion of the Restructuring Exercise and the acquisition of TS, our Company became the holding company of our Subsidiaries.

In relation to the Restructuring Exercise, ECIL granted MS put options giving MS the right to sell the shares it owns in our Company to ECIL. In addition, ECIL has the right in the event of a default by MS to require MS to sell all of the shares in our Company owned by MS to ECIL. See "Share Capital" for further details.

Group Structure

Having completed the Restructuring Exercise and acquisition of TS, our Group structure as at the date of this document is as follows:



The details of each of our Subsidiaries as at the date of this document are as follows:

Name	Date and place of incorporation	Principal business	Issued and fully paid-up capital	% owned
Centro Retail Pte. Ltd.	5 April 2011 Singapore	Investment holding	Issued: S$2.00 Paid-up: S$2.00	100%
Parkson Corporation Sdn Bhd	24 October 1986 Malaysia	Operation of department stores	Issued: RM50,000,002 Paid-up: RM50,000,002	100%
Kiara Innovasi Sdn Bhd[(1)]	2 April 2008 Malaysia	Operation of department stores	Issued: RM5,000,000 Paid-up: RM5,000,000	60%
PT Tozy Sentosa	28 February 2003 Indonesia	Operation of department stores, supermarkets and merchandising	Issued: Rp.18,000,000,000 Paid-up: Rp.18,000,000,000	100%

Name	Date and place of incorporation	Principal business	Issued and fully paid-up capital	% owned
Parkson Vietnam Co. Ltd.	24 December 2004 Vietnam	Retailing and operation of a modern shopping centre	Issued: US$10,340,000 Paid-up: US$10,340,000	100%
Parkson Haiphong Co. Ltd.	8 December 2006 Vietnam	Upgrade and leasing of retail space for establishment of a modern department store	Issued: US$30,000,920 Paid-up: US$30,000,920	100%
Parkson Hanoi Co. Ltd.[(2)]	12 March 2008 Vietnam	Retailing and operation of a modern shopping centre	Issued: US$4,800,000 Paid-up: US$4,800,000	70%
Parkson Vietnam Management Services Co. Ltd.	17 June 2008 Vietnam	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Issued: US$100,000 Paid-up: US$100,000	100%
Parkson Cambodia Holdings Co. Ltd.	9 August 2010 BVI	Investment holding	Issued: US$1.00 Paid-up: US$1.00	100%
Parkson (Cambodia) Co. Ltd.	16 December 2010 Cambodia	Operation of department stores	Registered capital: 20,000,000 Riels, divided into 1,000 shares with each share having a value of 20,000 Riels	100%

(1) The remaining 40% of Kiara Innovasi Sdn Bhd is owned by Galaxy Point Sdn Bhd, a third party. Pursuant to a management agreement between Kiara Innovasi Sdn Bhd, PCSB and Galaxy Point Sdn Bhd, Galaxy Point Sdn Bhd granted PCSB an irrevocable option to purchase the entire paid up share capital of Kiara Innovasi Sdn Bhd at the net tangible asset value of Kiara Innovasi Sdn Bhd. This option is exercisable for the period during which the management agreement is in force, which is 3 years from 25 November 2010, with an automatic renewal of 3 years unless PCSB wishes to terminate.

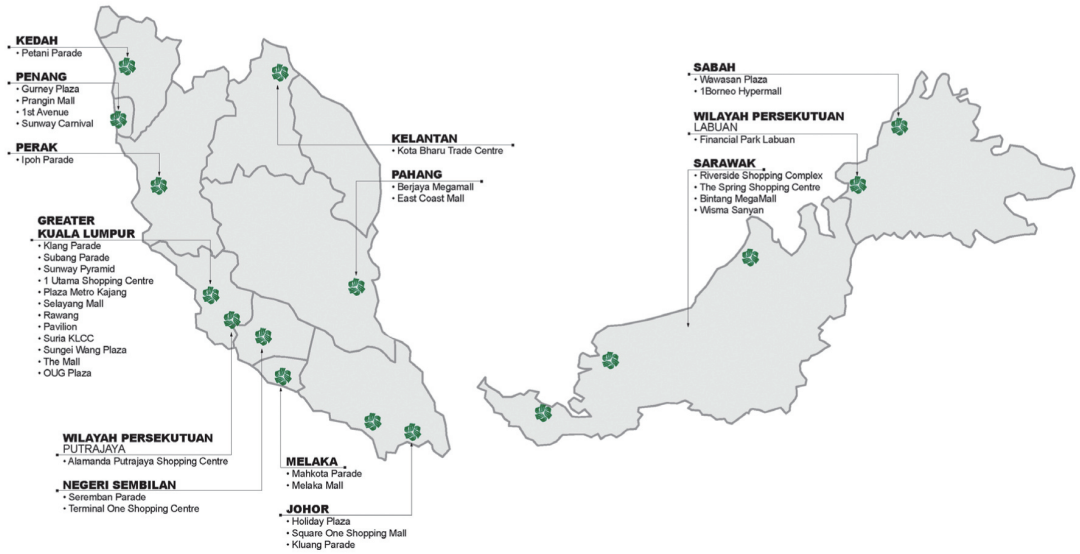
(2) The remaining 30% of Parkson Hanoi Co. Ltd. is owned by Thuy Duong Investment Joint Stock Company (20%) and Mr. Le Minh Dung (10%).

Overview

We are a Southeast Asia-based department store operator with 50 stores (including one supermarket) across Malaysia, Vietnam and Indonesia. As at the Latest Practicable Date, we operated a network of 36 "Parkson" branded stores in 24 cities and towns in Malaysia. We were ranked by Euromonitor as the second largest department store operator in Malaysia as at 31 December 2010. We were the leading department store operator in Vietnam as at 31 December 2010 according to Euromonitor and are one of the few licensed foreign operators of department stores in Vietnam. We operate and manage seven "Parkson" branded department stores in Vietnam, located in Ho Chi Minh City, Hanoi and Hai Phong. We are also a department store operator in Indonesia with six "Centro" branded department stores and one "Kem Chicks" branded gourmet supermarket. The brands of merchandise we sell include numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Etro, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski.

The following maps show the geographic distribution of our stores in Malaysia, Vietnam and Indonesia as at the Latest Practicable Date.

Malaysia (36 stores)



Vietnam (7 stores)



Indonesia (7 stores)



We offer a range of merchandise which can be broadly grouped into four categories. Our main focus is on fashion and lifestyle products, categorised under "fashion and apparel" and "cosmetics and accessories". We also sell products in the "household, electrical goods and others" and "groceries and perishables" categories. In each of our markets, we position ourselves to cater to consumers in the middle and upper-middle income segment. We tailor the product mix and merchandise based on the specific requirements of the targeted customer segment for each store and its location.

We generate revenues primarily from direct sales and from commissions earned from concessionaires. Concessionaires are suppliers who display and sell their products in designated areas in our stores and in return pay us a percentage of their sales proceeds as commission. For the financial years 2009, 2010 and 2011, we had total revenue of S$301.2 million, S$333.0 million and S$367.3 million, respectively, of which direct sales amounted to S$162.6 million, S$169.2 million and S$180.6 million, respectively, and commissions earned from concessionaires amounted to S$126.3 million, S$149.6 million and S$169.5 million, respectively.

Merchandise sales in our stores comprise concessionaire sales and direct sales. Our stores generated merchandise sales of S$659.9 million, S$767.5 million and S$851.6 million, respectively, for the financial years 2009, 2010 and 2011, of which proceeds from our concessionaire sales amounted to S$497.3 million,

S$598.3 million and S$671.1 million, respectively (of which 25.4%, 25.0% and 25.3%, respectively, were commissions recognised as our revenues).

Our Competitive Strengths

We believe that we possess the following competitive strengths:

Well-recognised, strong brand name

Parkson stores have been operating in Malaysia for over 24 years and in Vietnam for over six years. As a result, the "Parkson" brand is a well-recognised brand in these countries. Similarly, in its eight years of operations in Indonesia, the "Centro" brand has managed to develop a well-defined identity in the Indonesian retail market. In Malaysia and Vietnam, the "Parkson" brand and in Indonesia, the "Centro" brand are positioned to cater to consumers in the middle and upper-middle income segment of the retail market, with a focus on fashion and lifestyle products aimed at a young, contemporary market.

PRGL, a company controlled by PHB and listed on the Hong Kong Stock Exchange, has operated "Parkson" branded department stores in China since 1994 and had 46 stores in China as at 30 June 2011, making the "Parkson" brand familiar to Chinese consumers, including Chinese tourists in Malaysia.

We believe we are a preferred point of entry for international brands planning to enter the Malaysian and Vietnamese retail markets via department stores. These factors, combined with our expertise in product mix and brand management, give us a competitive advantage over other retailers in the markets in which we operate.

Well-established store network in strategic locations across Southeast Asia

Parkson stores have been operating in the retail sector in Southeast Asia for over 24 years. The first Parkson store opened in Malaysia in 1987. Since then, we have expanded to Vietnam in 2005 and, most recently in 2011, to Indonesia through the acquisition of TS which owns and operates the "Centro" and "Kem Chicks" stores in Indonesia.

We have an extensive network of stores in Malaysia, including in both West (Peninsular) Malaysia and East Malaysia, in the three largest cities of Vietnam, Ho Chi Minh City, Hanoi and Hai Phong, and in Jakarta, Surabaya, Yogyakarta and Bali in Indonesia. Each of our stores is typically located in a prime and strategic location in terms of access to our target customer segment and neighbouring developments. We believe that the location of our stores in these prime and strategic areas is one of the key success factors for our retail operations as it ensures a steady flow of customers into our stores and improves brand recognition.

In addition, in a number of the cities where our stores are located, we were the first modern department store to open and in some cities, such as Ho Chi Minh City and Hanoi, we are still one of the few licensed foreign department store chains operating there. We believe that such factors have provided us with a "first mover" advantage in the department store markets in which we operate.

Efficient and highly competitive business model

We operate an efficient and competitive business model with stable revenue streams combined with effective cost control initiatives and internal systems. Our particular blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools have allowed us to build up a competitive business operation.

Products in our stores are sold by way of concessionaire sales and direct sales. Concessionaire sales constituted 75.4%, 78.0% and 78.8% of total merchandise sales in the financial years 2009, 2010 and 2011, respectively. Concessionaires help broaden the range of merchandise we offer to our customers. The

presence of international brands in our stores also helps us enhance the brand image and attractiveness of our stores. In addition, the risks and costs of holding inventories, as well as fit-out and selling costs, are borne by the concessionaires. Moreover, operating on a concessionaire model reduces overall working capital requirements as inventory is directly managed by each concessionaire.

Due to our strong brand name, developers generally offer us an anchor tenant position in malls or stand-alone buildings in prime locations. This allows us to negotiate competitive lease terms, including longer tenures and controls on rental increases.

We customise the brand and product mix for each of our stores to cater to the needs and requirements of the target customer segment in each of our locations. Our tailored and customised merchandising strategy and our understanding of customers allow us to build strong customer loyalty as well as a strong customer base in each location.

We are committed to maintaining high standards of retail management. In addition to experienced management personnel, we have also put in place sophisticated management systems, including a country-level enterprise resource planning ("ERP") system comprising, among other things, our POS, merchandising and business intelligence systems which provide timely information to our management to facilitate analysis and decision making. We believe that we have combined high standards of retail management with local knowledge of our markets. These fully integrated systems have enabled us to centralise relevant information and data and enhance management control in each country in which we operate.

Stable relationships with concessionaires and suppliers

Over the years, we have developed strong and stable relationships with various distributors of well-known international, regional and national brands, allowing us to offer a wide range of merchandise in our stores, some of which are on an exclusive basis. Additionally, we have strategic alliances with a number of concessionaires and suppliers who generally support us in setting up new stores.

We believe that the strength of our brands and network, our prompt and reliable payments to our suppliers and our relationship with our suppliers' local management in the markets in which we operate make us an attractive business partner for a range of international, regional and national retail brands. Our ability to offer a wide range of merchandise including well-known brands is important to maintain and develop our image and to drive sales. We believe that we are one of the leading preferred partners for our suppliers.

Strong loyalty programmes leading to robust customer relationships

Our participation in a multi-party loyalty programme in Malaysia and our own loyalty programmes in Vietnam and Indonesia help us generate repeat purchases and maintain a strong relationship with our customers. With over 1.28 million active loyalty cardholders in Malaysia, over 65,000 active loyalty cardholders in Vietnam and approximately 200,000 active loyalty cardholders in Indonesia as at 30 June 2011, we have access to a large database of information which enhances our ability to refine our understanding of our customers' purchasing habits, which, in turn, not only helps us to tailor our product and brand mix to better address customer needs but also helps us to customise our marketing and promotion activities.

Our loyalty programme members receive points for purchases which can be redeemed for discount vouchers or select products. The members also receive special discounts on selected items and are eligible to participate in special promotional events at our stores.

In Malaysia, our loyalty programme, BonusLink, is a multi-party card operated by a third party provider, which allows cardholders to use the card at a variety of specialty retailers and service providers, as well as in our department stores. We believe that being the only department store operator participating in the programme gives us a competitive advantage over our competitors, which often have to rely on single

vendor loyalty programmes. For the financial year 2011, 54.5%, 50.0% and 51.0% of total merchandise sales at our stores in Malaysia, Vietnam and Indonesia, respectively, were generated by our loyalty cardholders.

Experienced senior management team with a proven track record

Each member of our senior management team has over 20 years of experience in the department store industry through establishing, managing and operating department stores in Malaysia, Vietnam and Indonesia. Our team includes members who were instrumental in the development, management and growth of our department store network from its first store in 1987 to 50 stores (including one supermarket) as at the Latest Practicable Date and in enabling us to achieve our position as one of the leaders in the markets in which we operate. We believe that the experience and knowledge that our team possesses in the department store industry and the business relationships which we have developed with our concessionaries and suppliers will continue to benefit us. Our team has experience in managing the operational and logistical challenges of retailing in Malaysia, Vietnam and Indonesia and understands the product needs and preferences of local consumers which enables us to develop the most appropriate brand and product mix for each of our stores.

Our Business Strategy

Focus on productivity and same-store sales growth

We intend to continue to increase our sales productivity by maximising our sales per square metre and increasing margins by periodically changing our merchandise offerings and selling floor layouts to maximise customer flow and optimise space allocation. We also seek to increase same-store sales by maintaining the strength of our brand name and to continue to differentiate our merchandise offering from that of our competitors. We intend to achieve the foregoing through our various efforts detailed below.

Our general marketing and promotion activities, such as periodic sales, media advertising campaigns and loyalty programmes provide us with information on customer preferences and thus facilitate our targeted marketing and promotion activities. We intend to continue our focus on loyalty programmes to build further brand loyalty. We also intend to continually increase our customers' satisfaction with our offering by providing a more comfortable shopping environment and specialised service for our customers than offered by our competitors. We also intend to continue to change, refresh and redesign our stores and offerings to provide an appealing ambience and experience in order to retain our existing customers and attract new customers.

We intend to remain focused on maintaining our superior merchandise offering by customising the brand and product mix for each of our stores so as to better cater to the needs and requirements of the target customer segment in each of our locations. Our established relationships with well-known international, regional and national suppliers have historically allowed us to offer a wide range of merchandise in our stores, including some on an exclusive basis. We believe that these relationships have made us an attractive business partner for concessionaires and suppliers. We intend to maintain these relationships, as well as seek to develop and nurture new relationships that we believe will allow us to offer a wider range of merchandise and thus further enhance our productivity and same-store sales.

Expand our existing store network

We intend to expand our existing store network across Malaysia, Vietnam and Indonesia. To that effect, as at the Latest Practicable Date, we opened one new store in Indonesia in August 2011 and plan to open one new store in each of Malaysia, Vietnam and Indonesia in the remainder of financial year 2012. We will continue to source and evaluate other locations in our current markets that could provide access to customers who fit our target profile. We also intend to expand the floor area of our existing stores and to continue the store refurbishment programme we currently have in place. For example, we intend to expand

our Centro store in Bali by leasing an additional floor in financial year 2012. In addition, we also plan to introduce the "Parkson" brand of department stores in Indonesia in the future, alongside the "Centro" brand we currently have.

Continue asset-light business strategy

We intend to continue to rely on a concessionaire model to drive a significant part of our sales and growth. Operating largely on the concessionaire model means that the risks and costs of holding inventories, as well as fit-out, selling and shrinkage costs, are borne by concessionaires. It also reduces our overall working capital requirements, as inventory is directly managed by each concessionaire. We also intend to continue to primarily lease space for our stores, which helps us minimise our capital expenditures. We generally lease our stores on a long-term basis, which allows us to have control over rents and other lease terms for a long period of time. This approach not only insulates us from any rapid rises in commercial rents in the cities in which our stores are located, but also gives us the ability to expand at a faster pace as it reduces the amount of capital required to open new stores. For these reasons, we intend to continue our asset-light business strategy in the future.

Enter countries with strong potential to grow department store business

We operate in high growth economies where rising per capita income, increasing rates of urbanisation and younger population bases are expected to drive future growth of the department store sector. In general, as incomes rise, consumer spending on discretionary items as a proportion of total household budgets increases, which we believe will benefit our business. The Malaysian, Vietnamese and Indonesian economies are projected by Euromonitor to grow at a CAGR of 7.9%, 12.1% and 11.8%, respectively, between 2011 and 2015, which is expected to result in higher disposable income per capita. According to Euromonitor, retail sales by value in the department store sector are projected to grow at a CAGR of 4.5%, 9.1% and 10.7% for Malaysia, Vietnam and Indonesia, respectively, between 2011 and 2015.

In June 2011 we acquired TS, an Indonesian company that owns and operates the "Centro" and "Kem Chicks" stores in Indonesia. We also expect to become the first foreign department store operator in Cambodia, with a store opening planned in Phnom Penh in 2013. We have obtained the necessary licence to open this store and have entered into an agreement to lease a site that is under construction. We intend to continue to expand our operations by entering other countries with strong growth potential in the department store sector, either by acquiring existing businesses or by building up our own operations.

History and Development

Year	Milestone
1987	First Parkson store opened in Kuala Lumpur, Malaysia.
2000	As at 30 June, the Parkson department store network comprised 26 stores across Malaysia, with a total retailing space of approximately 136,000 square metres.
2005	Parkson Saigon Tourist Plaza opened in Ho Chi Minh City, Vietnam in June.
2007	As at 30 June, there were three Parkson department stores in Vietnam, with a total retailing space of approximately 60,000 square metres.
	Parkson Pavilion, our largest department store in Malaysia, opened in September, introducing premium shopping experience to Malaysian consumers.
2010	As at 30 June, the Parkson department store network comprised 35 stores in Malaysia, with a total retailing space of approximately 326,000 square metres, and six stores in Vietnam, with a total retailing space of approximately 111,000 square metres.

Year	Milestone
2011.	Our Company was incorporated on 31 March.
	Our Company and our Subsidiary, Centro Retail Pte. Ltd. acquired a 100% interest in PT Tozy Sentosa on 9 June.
	The Restructuring Exercise was completed on 14 June.
	As at the Latest Practicable Date, our department store network comprised 50 stores (including one supermarket) in Malaysia, Vietnam and Indonesia, including in Kuala Lumpur, Ho Chi Minh City, Hanoi and Jakarta, with an aggregate total retailing space of 497,108 square metres.

Awards and Accolades

We have won numerous awards over the years, including awards from industry and governmental bodies and trade associations. These awards include:

- "Parkson" brand ranked the fifth most valuable brand in Malaysia in 2008 and 2009 by The Edge Malaysia and the Association of Accredited Advertising Agents Malaysia (with the study conducted by Interbrand);
- Our Parkson Pavilion flagship store in Kuala Lumpur named the Overall Best Retail Outlet in Malaysia in 2008/2009 and 2009/2010 by Malaysia Retailers Association;
- Our Parkson Pavilion flagship store in Kuala Lumpur received the Malaysia Tourism Award for 2008/2009 in the Innovative Shopping Outlet (Department Store) category;
- Parkson One Utama, Parkson Subang Parade and Parkson KLCC named the Best Department Store in Malaysia in 2006/2007, 2007/2008 and 2010/2011, respectively, by Malaysia Retailers Association;
- "Parkson" named the "Most Favourite Vietnamese Brand" for five consecutive years between 2006 and 2010 by the Sai Gon Giai Phong newspaper and Ho Chi Minh City People's Committee;
- "Parkson" named the Most Famous Brand in Vietnam in 2008 by AC Nielsen and the Vietnam Chambers of Commerce and Industry; and
- "Centro" department stores in Indonesia won Cosmopolitan magazine's Readers' Choice Award 2010 in the lifestyle department store category.

Our Business Model

Merchandise sales in our stores comprise concessionaire sales and direct sales. We enter into agreements with certain suppliers of brands of goods (known as concessionaires), who are permitted to occupy designated areas in our stores and to establish, operate and manage their own counters for their products. We receive a percentage of the sales generated from such concessions as a commission. With respect to direct sales, we source and sell our own directly purchased merchandise.

Sales

Merchandise sales in our stores comprise concessionaire sales and direct sales.

The table below is a summary of merchandise sales (total concessionaire sales and direct sales) in our stores broken down by national market for the periods indicated.

	For the Financial Year							
	2009		2010		2011		2011 (includes TS)[2]	
		%		%		%		%
	(S$ in thousands)							
Malaysia								
Concessionaire sales[1]	382,021	70.8	467,826	74.0	528,392	75.3	528,392	75.3
Direct sales	157,846	29.2	164,113	26.0	173,473	24.7	173,473	24.7
Subtotal	539,867	100.0	631,939	100.0	701,865	100.0	701,865	100.0
Vietnam								
Concessionaire sales[1]	115,282	96.0	130,449	96.2	134,589	96.2	134,589	96.2
Direct sales	4,786	4.0	5,092	3.8	5,352	3.8	5,352	3.8
Subtotal	120,068	100.0	135,541	100.0	139,941	100.0	139,941	100.0
Indonesia								
Concessionaire sales[1]	—	—	—	—	8,079	82.3	83,971	80.7
Direct sales	—	—	—	—	1,739	17.7	20,044	19.3
Subtotal	—	—	—	—	9,818	100.0	104,015	100.0
Total	659,935	100.0	767,480	100.0	851,624	100.0	945,821	100.0

(1) Only commissions on concessionaire sales form part of our revenues. Total concessionaire sales information is presented for reference only.

(2) The amounts include concessionaire sales and direct sales of TS for the full financial year 2011, including the period prior to our acquisition of TS on 9 June 2011.

Concessionaire Sales

We enter into concessionaire agreements with certain suppliers (known as concessionaires) who display and sell their products in designated areas in our stores. Concessionaires also provide their own staff to engage in selling activities. Concessionaire sales accounted for most of the merchandise sales for our stores in respect of products under the "fashion and apparel" and "cosmetics and accessories" categories (except in Malaysia, where cosmetics are sold under direct sales).

Concessionaires help us broaden the range of merchandise offered to customers in our stores. The presence of international brands can also increase the brand image and attractiveness of our stores generally. In addition, the risks and the costs of holding inventories, as well as selling costs, are borne by concessionaires.

Our standard concessionaire agreement specifies the types of products to be sold and their respective price points. Concessionaires are usually not allowed to alter the product mix without our prior consent. Concessionaires are also not allowed to price their products in our stores higher than they do elsewhere in the same country. We monitor the product mix and the sales of concessionaire counters regularly (for example, to ensure that the latest merchandise is available and concessionaires maintain optimal stock levels on display). Concessionaire agreements are typically subject to renewal every year.

Generally, concessionaires are responsible for the design, display and fitting out of their counters at their own cost under the display policy guidelines set down by us. They are also responsible for the repair and maintenance of their counters. We in turn provide general facilities such as basic lighting and air conditioning to the concessionaires. In addition, the concessionaire is responsible for employing its own staff and maintaining standards of quality acceptable to us with regards to the merchandise sold and the services

provided. To ensure uniform customer service standards throughout our stores, we provide customer service training to concessionaires' staff from time to time.

We charge each concessionaire a turnover commission calculated at an agreed percentage of sales for that concessionaire typically subject to an agreed minimum commission amount, which is determined based on an agreed minimum sales target. The minimum commission amount generally ranges from 15% to 30% (excluding the groceries and perishables category), depending on category type and other factors. Sales amounts received from the concessionaire sales are first collected by us and then paid to concessionaires according to their respective credit terms after deduction of all relevant expenses, fees and commissions. We also collect certain other fees from our concessionaires such as promotion fees, administration fees, credit card handling fees and loyalty programme charges.

Direct Sales

For direct sales, we source and sell our own direct-purchase merchandise in our stores. Most of our direct sales are in the "household, electrical goods and others" and "groceries and perishables" product categories as well as, in Malaysia, cosmetics products.

Other Revenue

In addition to revenue we derive from concessionaire sales and direct sales, we also derive revenue from the following sources:

- rental income derived from subleasing certain designated areas of our stores to, among others, restaurants, fast food outlets, salons, supermarkets and photo shops; and
- consultancy and management service fees for three stores in Ho Chi Minh City, Vietnam that we manage. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Components of Our Income Statement — Revenue".

The components of our revenue other than merchandise sales for the periods indicated are as follows:

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Rental income	11,792	13,231	15,864
Consultancy and management service fees	503	930	1,422
Total other revenue	12,295	14,161	17,286

The following table shows our revenue other than merchandise sales broken down by national market for the periods indicated.

	For the Financial Year		
	2009	2010	2011
	(S$ in thousands)		
Malaysia	9,314	9,985	11,662
Vietnam	2,981	4,176	5,590
Indonesia	—	—	34
Total other revenue	12,295	14,161	17,286

Retail Network

As at the Latest Practicable Date, we operated a total of 36 department stores in Malaysia and seven department stores in Vietnam under our "Parkson" brand, six department stores under the "Centro" brand and one gourmet supermarket under the "Kem Chicks" brand in Indonesia. The total leased area of our stores as at the Latest Practicable Date was 567,990 sq.m. with an aggregate total retailing space of 497,108 sq.m.

Generally, our department stores in Malaysia and Indonesia are situated within shopping malls, while our stores in Vietnam are housed in free-standing buildings. The following table sets out a breakdown of our stores by location as at the Latest Practicable Date:

Shopping mall/location	Date of commencement of operation	City/town	Approximate retailing space[1] *(sq.m.)*
Malaysia:			
Greater Kuala Lumpur			
1. Sungei Wang Plaza	August 1987	Kuala Lumpur	9,641
2. Subang Parade	July 1988	Subang Jaya, Selangor	10,396
3. Klang Parade	December 1994	Klang, Selangor	6,301
4. Metro Kajang	September 1996	Kajang, Selangor	6,487
5. Suria KLCC	May 1998	Kuala Lumpur	10,596
6. Etonic Mall	August 2003	Rawang, Selangor	4,963
7. The Mall, Putra Place	November 2003	Kuala Lumpur	10,611
8. OUG Plaza	November 2003	Kuala Lumpur	9,613
9. One Utama Shopping Centre	December 2003	Petaling Jaya, Selangor	11,982
10. Selayang Mall	September 2004	Batu Caves, Selangor	6,574
11. Sunway Pyramid	June 2007	Petaling Jaya, Selangor	9,459
12. Pavilion	September 2007	Kuala Lumpur	19,479
Central Region (West Malaysia)			
13. Seremban Parade	January 1996	Seremban, Negeri Sembilan	6,704
14. Terminal One Shopping Centre	November 2003	Seremban, Negeri Sembilan	9,213
15. Alamanda Putrajaya Shopping Centre	October 2005	Putrajaya	10,970
Southern Region (West Malaysia)			
16. Holiday Plaza	November 1987	Johor Bahru, Johor	6,836
17. Mahkota Parade	March 1994	Melaka	9,909
18. Melaka Mall	April 2008	Melaka	9,286
19. Square One Shopping Mall	April 2009	Batu Pahat, Johor	8,390
20. Kluang Parade	December 2009	Kluang, Johor	7,202

Shopping mall/location	Date of commencement of operation	City/town	Approximate retailing space[1] *(sq.m.)*
Northern Region (West Malaysia)			
21. Petani Parade	July 1992	Sungai Petani, Kedah	9,071
22. Ipoh Parade	November 1994	Ipoh, Perak	12,311
23. Gurney Plaza	May 2001	Pulau Pinang	14,837
24. Prangin Mall	June 2001	Pulau Pinang	7,606
25. Sunway Carnival	June 2007	Seberang Jaya, Pulau Pinang	11,094
26. First Avenue Mall[2]	November 2010	Pulau Pinang	8,469
East Coast Region (West Malaysia)			
27. Berjaya Megamall	October 2004	Kuantan, Pahang	9,997
28. East Coast Mall	April 2008	Kuantan, Pahang	9,320
29. Kota Bharu Trade Centre	August 2009	Kota Bharu, Kelantan	7,411
East Malaysia			
30. Riverside Shopping Complex	December 1993	Kuching, Sarawak	6,068
31. Bintang Mega Mall	October 1996	Miri, Sarawak	13,169
32. Financial Park Labuan Complex	January 1997	Labuan	3,162
33. Wawasan Plaza	December 1997	Kota Kinabalu, Sabah	5,503
34. Wisma Sanyan	August 1998	Sibu, Sarawak	4,071
35. The Spring Shopping Mall	January 2008	Kuching, Sarawak	9,129
36. One Borneo Hypermall	August 2009	Kota Kinabalu, Sabah	9,936
Vietnam:			
1. Saigon Tourist Plaza, HCMC	June 2005	Ho Chi Minh City	14,337
2. TD Plaza, Hai Phong	December 2006	Hai Phong	22,603
3. Hung Vuong Plaza, HCMC	June 2007	Ho Chi Minh City	23,708
4. Parkson VietTower[3]	March 2008	Hanoi	13,120
5. CT Plaza, HCMC[4]	July 2008	Ho Chi Minh City	12,096
6. Flemington, HCMC[4]	December 2009	Ho Chi Minh City	25,160
7. Paragon, District 7, HCMC[4]	January 2011	Ho Chi Minh City	13,641
Indonesia:			
Under "Centro" brand:			
1. Plaza Semanggi	November 2003	Jakarta	7,305
2. Discovery Shopping Mall	December 2004	Kuta, Bali	7,501
3. Margo City Mall	March 2006	Depok, Greater Jakarta	6,402
4. Ambarrukmo Plaza	June 2006	Yogyakarta	7,045
5. Mall of Indonesia	September 2008	North Jakarta	9,232
6. Galaxy Mall	August 2011	Surabaya	7,572
Under "Kem Chicks" brand:			
7. Pacific Place[5]	November 2007	Jakarta	1,620

(1) Refers to retailing space only, and not total leased area.

(2) This store is managed by PCSB, which owns 60% in Kiara Innovasi Sdn Bhd, the operator of this mall. The remaining 40% in Kiara Innovasi Sdn Bhd is owned by Galaxy Point Sdn Bhd, a third party.

(3) This store is owned by Parkson Hanoi Co. Ltd., our 70%-owned subsidiary. The remaining 30% of Parkson Hanoi Co. Ltd. is owned by Thuy Duong Investment Joint Stock Company (20%) and Mr. Le Minh Dung (10%).

(4) We manage these stores, which are owned by third parties.

(5) We operate this store pursuant to a cooperation agreement with the owner of the "Kem Chicks" brand.

In November 2009, we closed one store, Kuantan Plaza, in Kuantan, Malaysia, which had a retail area of 9,824 sq.m. We have not closed any other stores in the last three financial years.

The following table shows the lease maturity profiles of our stores by national market, as at the Latest Practicable Date:

	Within 5 Years	5-10 Years	10-15 Years	More than 15 Years	Total
Malaysia	4	15	13	4	36
Vietnam	0	0	0	7	7
Indonesia	0	2	2	3	7
Total	4	17	15	14	50

Pricing

For concessionaire brands, concessionaires set the pricing of the goods sold within our stores and we receive a certain negotiated percentage of the total concessionaire sales in the form of a commission. Concessionaires are not allowed to price their products in our stores higher than they do elsewhere in the same country. We determine promotions and events, including the terms under which concessionaires provide certain discounts on their products.

For direct sales items, we conduct market research on pricing, in particular on price sensitive items, to ensure that the prices we set are competitive in the market.

Merchandise

A wide range of merchandise offered in our stores is sourced from both overseas and domestic suppliers in Malaysia, Vietnam and Indonesia. We have special arrangements with numerous international, regional and national brand owners to act as the exclusive retailer or department store retailer of particular brands in a given national market, typically for one to three years, often when such brands are new to that market in general or to department stores in that market in particular.

Our merchandise can be broadly grouped into four categories, namely "fashion and apparel", "cosmetics and accessories", "household, electrical goods and others" and "groceries and perishables", each of which is discussed in more detail below.

Merchandise sales (representing concessionaire sales and direct sales) for each category of merchandise for the periods indicated were as follows:

	For the Financial Year											
	2009			2010			2011			2011 (includes TS)[2]		
	Concessionaire sales[1]	Direct sales	Total	Concessionaire sales[1]	Direct sales	Total	Concessionaire sales[1]	Direct sales	Total	Concessionaire sales[1]	Direct sales	Total
	(S$ in thousands)											
Malaysia												
Fashion and apparel	292,731	10,429	303,160	353,756	7,813	361,569	395,965	7,149	403,114	395,965	7,149	403,114
Cosmetics and accessories	43,360	113,968	157,328	53,387	122,890	176,277	62,212	131,569	193,781	62,212	131,569	193,781
Household, electrical goods and others	45,929	33,450	79,379	60,683	33,410	94,092	70,215	34,755	104,970	70,215	34,755	104,970
Groceries and perishables	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	382,021	157,846	539,867	467,826	164,113	631,939	528,392	173,473	701,865	528,392	173,473	701,865
Vietnam												
Fashion and apparel	45,483	3	45,486	51,359	—	51,359	50,912	5,026	55,938	50,912	5,026	55,938
Cosmetics and accessories	37,036	4,190	41,226	43,405	4,762	48,167	49,887	—	49,887	49,887	—	49,887
Household, electrical goods and others	17,666	593	18,260	19,118	330	19,448	17,494	326	17,820	17,494	326	17,820
Groceries and perishables	15,096	—	15,096	16,567	—	16,568	16,296	—	16,296	16,296	—	16,296
Subtotal	115,282	4,786	120,068	130,449	5,092	135,541	134,589	5,352	139,941	134,589	5,352	139,941
Indonesia												
Fashion and apparel	—	—	—	—	—	—	5,717	448	6,165	57,264	5,007	62,271
Cosmetics and accessories	—	—	—	—	—	—	1,300	205	1,505	14,047	2,482	16,529
Household, electrical goods and others	—	—	—	—	—	—	839	179	1,018	10,070	2,082	12,152
Groceries and perishables	—	—	—	—	—	—	223	907	1,130	2,590	10,473	13,063
Subtotal	—	—	—	—	—	—	8,079	1,739	9,818	83,971	20,044	104,015
Total												
Fashion and apparel	338,215	10,431	348,646	405,115	7,813	412,928	452,594	12,623	465,217	504,141	17,182	521,323
Cosmetics and accessories	80,396	118,158	198,554	96,792	127,652	224,444	113,399	131,774	245,173	126,146	134,051	260,198
Household, electrical goods and others	63,596	34,043	97,639	79,801	33,740	113,540	88,548	35,260	123,808	97,779	37,163	134,942
Groceries and perishables	15,096	—	15,096	16,568	—	16,568	16,519	907	17,426	18,886	10,473	29,359
Total	497,303	162,632	659,935	598,275	169,205	767,480	671,060	180,564	851,624	746,952	198,869	945,821

(1) Only commissions on concessionaire sales form part of our revenues. Total concessionaire sales information is presented for reference only.

(2) The amounts include concessionaire sales and direct sales of TS for the full financial year 2011, including the period prior to our acquisition of TS on 9 June 2011.

The following table sets out some of the major brands sold in our department stores in the "fashion and apparel" and "cosmetics and accessories" categories, which are the main focus of our operations:

Fashion and apparel	Cosmetics and accessories
Polo Ralph Lauren Children	La Mer
Burberry Kids	Swarovski
Tommy Hilfiger	Anya Hindmarch
Lacoste	Etro
FCUK	Fossil
Bonia	SK-II
Renoma	Estée Lauder
B.U.M.	Lancôme
Etro	Shiseido
Camel	Christian Dior

Fashion and Apparel

Our department stores offer a wide range of apparel, including men's casual, career and basic wear, ladies' casual, career and basic wear, unisex casual wear, children's wear, sports wear and equipment.

Departments offering fashion and apparel products generally occupy approximately 40% to 60% in aggregate of the total gross floor area of each of our department stores.

For the financial years 2009, 2010 and 2011, 97.0%, 98.1% and 97.3%, respectively, of merchandise sales for products in the "fashion and apparel" category were generated by concessionaire sales and 3.0%, 1.9% and 2.7%, respectively, were generated by direct sales.

Cosmetics and Accessories

The merchandise in the "cosmetics and accessories" category includes cosmetics, skin care products and fragrances, jewellery and watches, shoes, leather goods, handbags, luggage, optical products and other fashion accessories.

Departments offering cosmetics and accessories generally occupy approximately 10% to 20% in aggregate of the total gross floor area of each of our department stores.

For the financial years 2009, 2010 and 2011, 40.5%, 43.1% and 46.3%, respectively, of merchandise sales for products in the "cosmetics and accessories" category were made by concessionaire sales and 59.5%, 56.9% and 53.7%, respectively, were made by direct sales. In Malaysia, cosmetics are sold by direct sales, even though the counters are managed by suppliers who provide their own staff.

Household, Electrical Goods and Others

Merchandise and services under this category include household tableware and utensils, home furnishings, electronic and electrical items, telecommunication products, books, stationery, gifts, photographic studios and audio and video equipment, as well as miscellaneous services such as beauty salons, restaurants and snack bars. These products are offered at most of our department stores.

Departments offering products and services in this category generally occupy approximately 10% to 20% in aggregate of the total gross floor area of each of our department stores.

For the financial years 2009, 2010 and 2011, 65.1%, 70.3% and 71.5%, respectively, of merchandise sales for products in the "household, electrical goods and others" category were contributed by concessionaire sales and 34.9%, 29.7% and 28.5%, respectively, were contributed by direct sales.

Groceries and Perishables

We operate supermarkets in some of our stores in Vietnam and Indonesia. In Vietnam, the supermarkets are operated by way of concessionaire sales, while our "Kem Chicks" supermarket in Indonesia is operated under a direct sales model.

Supermarkets occupy approximately 10% to 20% of the total gross floor area of each of our "Parkson" department stores in Vietnam. Our "Kem Chicks" supermarket in Jakarta primarily sells groceries and perishable items.

Merchandising

Strategy

Merchandising plans, which set out the range of merchandise to be purchased, are prepared by our three country head offices twice a year. These merchandising plans are prepared based on historic sales, projected market trends/demand, our budgeted sales, gross profit margins for that year and other relevant factors. New items must be registered with the applicable ERP system by issuing the first order from the country head offices (except for certain tourist-related items in our Bali store) before they can be replenished at the store level.

We undertake purchasing negotiations principally at the country head office level, with a small proportion at the store level. Our country head offices are responsible for negotiating contracts with concessionaires and suppliers in relation to carrying their brands and products in our stores. Purchases and orders are processed by each individual store. For some tourist-related products and perishable items, both negotiations and purchases are undertaken by individual stores. By centralising our negotiations at the country head office, we are able to have better control over new concessionaires and suppliers and their standard terms and conditions.

We believe that we have a good credit record with concessionaires and suppliers which, together with our high sales volume, have enabled us to maintain a good relationship with our concessionaires and suppliers. This not only benefits us in terms of our ability to negotiate better business terms with concessionaires and suppliers, but some of the concessionaires and suppliers have also made our stores among the first stores at which their new merchandise is made available for sale in Malaysia and Vietnam.

We have long-standing relationships with certain concessionaires and suppliers. About one third of our concessionaires and suppliers in Malaysia have been engaged in business with our stores for more than 10 years.

We distinguish our procurement policy between direct sales and concessionaire sales. For direct sales, purchases are made based on forecast sales and the assortment required with additional purchases being made for replenishment purposes. For concessionaire sales, brand selection plays an important role.

We also have informal strategic alliances with certain concessionaires whom we consider to be our preferred business partners. These concessionaires have historically set up counters at new stores established by us.

Brand and Product Mix

We believe that an appropriate brand mix is critical to our success. Accordingly, we review our sales and the changing market demand regularly to enable us to change our brand and product mix in a timely manner. We also ensure that a wide range of brand and product mix is available at our stores. We tailor the product mix and merchandise for each of our stores based on the demographic segment that we target for the particular store and its location.

Supplier and Concessionaire Relationships

Criteria for Selecting and Maintaining Relationships with Direct Suppliers and Concessionaires

In selecting our direct suppliers and concessionaires, we carefully consider numerous factors, such as whether they are leading brands, well established, reliable in terms of product quality, efficient in replenishment and whether they have a sound financial background. We also require direct suppliers and concessionaires for most of the products we carry to comply with our standard purchase terms and conditions.

All new supplier applications and new supply item applications must be made and approved through the merchandising system in our applicable ERP system. Terms and conditions such as margin, sales target and payment days must be approved by management at the country level.

We actively monitor the performance of our concessionaires. We generally assess our concessionaires on the basis of sales and gross margins per square metre occupied by them. For underperforming concessionaires, we may move their counters to a less prominent part of the store, reduce their counter space, terminate the concessionaire agreement early by mutual agreement or opt not to renew our concessionaire agreement with them at the end of the contract period.

Relationship with Concessionaires and Suppliers

We were engaged in business with a total of over 2,000 concessionaires and suppliers as at 30 June 2011. For each of the financial years 2009, 2010 and 2011, our five largest concessionaires and suppliers, in aggregate, accounted for approximately 11.5%, 12.0% and 12.2% of total merchandise sales, respectively. As at 30 June 2011, no single concessionaire or supplier accounted for more than 4% of total merchandise sales during such periods.

Marketing and Promotion

Marketing

Marketing is normally the responsibility of each country head office.

We advertise primarily by way of print media such as newspapers and magazines, online advertisement and direct marketing. Recently, we have begun to actively promote our brand using online social networking tools such as Facebook and Twitter, which allow us to reach large numbers of customers at relatively low cost. We use these social media primarily to run special promotions or contests. We also participate in charity events, media publications and other social activities.

From time to time, we conduct promotional campaigns, particularly during holiday periods. These include discounts, purchase with purchase and promotional vouchers. We believe that these campaigns attract customers, provide value added benefits to customers and improve stock turnover. In addition, we also market by way of personal selling activities such as inviting customers for product sample testing, organising new product launches and fashion shows, direct mailing and sending emails and mobile phone text messages to customers.

For the financial years 2009, 2010 and 2011, our promotional and advertising expenses amounted to S$5.4 million, S$5.1 million and S$7.2 million, respectively.

Loyalty Programmes

Our loyalty card in Malaysia is a multi-party card operated by a third party provider. The programme, called BonusLink, allows cardholders to use the loyalty card at a variety of specialty retailers and service providers in Malaysia, as well as in our department stores. Customers who use this card accumulate reward points when making purchases at the stores which participate in the programme, and redeem these points for select products or cash vouchers. From time to time, we hold special promotional events for our loyalty programme members, such as 'members-only' shopping days. As at 30 June 2011, there were over 1.28 million BonusLink members who were active Parkson shoppers. We pay BonusLink an agreed amount for each reward point that is awarded to our customers for purchases from our stores, which, in respect of our concessionaire sales, is partly covered by our concessionaires through the commission they pay to us.

As at 30 June 2011, we had over 65,000 active loyalty cardholders in Vietnam and approximately 200,000 active loyalty cardholders in Indonesia. Our Vietnamese and Indonesian loyalty cards are our own proprietary programmes, through which we award our customers points based on their purchases in our stores. We are able to identify the spending patterns of our loyalty cardholders and we further incentivise them by providing them with advance notices of special events and promotions.

Co-branded Credit Card

In Vietnam, we launched a co-branded credit card featuring the "Parkson" and "Sacombank" logos with Sacombank, a leading Vietnamese banking institution, in January 2009. Our loyalty cardholders and holders of Sacombank credit cards are eligible to apply for a co-branded credit card. We believe that a co-branded credit card can build up customers' loyalty and enhance our corporate image. This initiative also enables us to maintain a database for direct marketing and sales promotion.

In addition to the financial benefits of credit payment on purchases, co-branded cardholders can accumulate purchase points when making purchases at our Parkson stores and enjoy certain shopping privileges. We also send these cardholders marketing and promotion materials such as exclusive invitations to new product launches from time to time.

As at 30 June 2011, over 3,200 of our co-branded credit cards had been issued in Vietnam.

Promotions

We run regular sales campaigns. They include seasonal sales during festive periods and school holidays, as well as nationwide sales campaigns. In addition, there are occasional storewide and category sales on various local holidays, Valentine's Day, Mother's Day, Father's Day, the store anniversary and exclusive sales for loyalty cards and co-branded credit cardholders.

During these sales campaigns, special discounts are offered on select merchandise. Depending on the nature of our promotional events, we may require concessionaires at the stores to participate by offering select items at special prices. Participating concessionaires contribute to the costs and expenses of the promotional events.

During promotional events, we may issue discount vouchers entitling a customer to a reduction on the price of a subsequent purchase.

Customer Services

We believe that the primary objective of customer service is to increase customer satisfaction, operational efficiency and customer loyalty. To this end, one of our main goals is to provide a comfortable shopping environment for our customers.

Our customer service is based on the principle of serving our in-store customers in a courteous manner, from assisting them in locating products within or across our stores to speedy check outs. We provide various amenities to our shoppers, such as sitting areas, nursing and diaper changing facilities and free drinking water. Additional services generally offered at our stores include free home delivery service for certain purchases such as large items, car parking facilities and security escorts to car parks, free tailor alteration, gift wrapping, porter and umbrella services, wheelchair services and quality inspection of goods.

Seasonality

Our sales follow the traditional seasonal shopping patterns in the countries in which we operate, with increased sales being recorded around New Year's Day, Chinese New Year and Ramadan (the lunar month preceding the Muslim holiday of Lebaran), as well as during school holidays.

Store Management and Operations

Management Organisation and Functions

We have adopted a three-tiered management structure which is divided on the basis of headquarters, country head offices and individual stores.

Headquarters

Our headquarters is currently located in Kuala Lumpur, Malaysia. It is primarily responsible for formulating policies and guidelines, making investment assessments and decisions, resource allocation at a macro level, major contracts negotiation, strategic and business development planning, senior personnel recruitment and training, internal controls, prescribing business targets and supervising the performance of our Group.

Country Head Offices

We have a country head office in each of Kuala Lumpur, Ho Chi Minh City and Jakarta, which are responsible for our operations in Malaysia, Vietnam and Indonesia, respectively. Each of these head offices is headed by a chief executive officer. The country head offices report to the Board of Directors and are primarily responsible for the financial performance of each country's operations, setting up new stores, new site selection and negotiation, store design, sourcing and negotiating contracts with key suppliers, coordinating our merchandising function, determining store concept and brand mix, productivity improvement and managing and supervising the operational regions located within their geographical area of responsibility.

Stores

The stores, under the management and supervision of the applicable country head office, focus on sales, local marketing, inventory control, customer relationship and provision of customer service. To facilitate adequate supervision, several stores in a particular geographical area may also be grouped and supervised by a regional operations manager, who is usually based in one of the stores within the region.

Budget

Two months before the end of each financial year, each store and country head office prepares its annual budget for approval by its supervising body. When setting the budgets for each year, our staff considers such factors as local market conditions, the competitive landscape and financial and other information. This enables our staff to focus on the financial and other information at hand when preparing the budget.

Standard Operating Procedures

Each of our country head offices has compiled a set of detailed standard operating procedures ("SOPs"). The main objective of these SOPs is to standardise our business development, management and operational procedures. These procedures govern areas such as accounting, daily administration, merchandising, staff training and recruitment, information systems, store operation, cash management system and customer services. These SOPs are updated regularly to reflect the latest developments in the department store markets in which we operate.

Our SOPs include certain standards in relation to the layout of our Parkson, Centro and Kem Chicks stores, although each new store may adopt a slightly different store concept and design as a result of its particular location and target customers. These standards have been set by reference to factors such as location, store image, store size and expected customer flow. We have a design team responsible for handling the layout of all new stores and renovation of existing stores to ensure standardisation. We seek to achieve the highest productive output ratio on the basis of the floor area of each store. On the basis of customer purchasing habits and the growth potential of different types of merchandise, we have also devised standards for displaying merchandise within each store.

We believe that a key factor in the success of a retail chain operation is its ability to establish a distinct corporate identity through the creation of a strong and standardised visual image of its stores. We have compiled a set of "Corporate Identity System Guidelines" which contain detailed specifications relating to the visual presentation of each store including signage, lettering and colour scheme. By strictly adhering to the specifications contained in these manuals throughout the design and renovation process and in operation, we are able to ensure that there is uniformity in the visual presentation of our stores in the shop front, store directory, merchandise display system, promotional sale information display, price tag, signage, service counter, cashier counter and staff uniform.

Store Management

The day-to-day operation of each of our stores is overseen by a general manager who reports to the operations general manager in the applicable country head office.

Our business intelligence system (which is an integrated part of the applicable ERP system) generates regular management reports to, among others, the management teams in each store. These reports enable our management to monitor closely the operations of our stores throughout the markets in which we operate. These analyses can also assist our management in responding in a timely manner to any issues that may arise so that we can take the necessary measures or formulate strategies to improve the overall performance of our stores.

The general manager of each store is responsible for implementing and monitoring compliance with various strategies adopted by our headquarters and country head offices. Their main tasks include achieving annual sales and profit targets and ensuring strict adherence to all SOPs in relation to store operations. The work of the general manager and his or her store management staff also includes staff management, organisation of promotion and bargain sales, managing concessionaire relationships and operations, handling purchases from suppliers, monitoring of competitors' activities and providing customer services.

Merchandise is sold at our stores by cash or credit card payments. We also sell gift vouchers and gift cards to our customers. We are, therefore, generally not subject to any bad debts in our retail business.

Our stores allow customers to return purchased merchandise within a reasonable time for full refund or credit. Customers may generally return or exchange merchandise within seven days of purchase.

Information Systems

We believe that an efficient management information system is important to our business operations because it improves merchandising, inventory control, cash control, financial management, human resources management and eventually overall sales performance. As such, each of our country operations has adopted a centralised information system to enhance management control and analysis. Sub-systems under the applicable ERP system include the retail management and merchandising system, the accounting system, the human resources management system and the business intelligence system.

Retail Management and Merchandising System

In Malaysia, we purchased the retail management software system from a software company and then developed and enhanced the system ourselves. This was subsequently modified and implemented in Vietnam. In Indonesia, we entered into a licensing agreement with a software company in 2006 to jointly develop an independent software system catered to our operations. The system consists of the inventory and store back-office systems.

Our merchandising system is a centralised system in each country that links to the inventory/POS/accounting system at all our stores and handles purchases, receipts, sales, promotions and customer analysis. The system contains detailed information of each of our suppliers including its name and address, products supplied, price, term, margin, sales target, payment days and other terms and conditions under which such supplier is to supply its merchandise to us.

All new supplier applications and new supply item applications have to be made and approved through this system. Hence, the system enables us to have better control over new suppliers and their standard terms and conditions.

These fully integrated computerised systems are installed and used at each of our stores.

Business Intelligence System

Our business intelligence system is a data warehouse system centralised at the country level for sales analysis, store monitoring and accounting information. Sales, accounting and other data for all our stores are automatically transferred to the respective country head office's business intelligence system.

The business intelligence system can produce several different reports, including daily/weekly/monthly/yearly sales reports, month-to-month and year-to-year comparison reports, item/brand/department/prime group/division/store/region/group sales reports, per-item, per-customer and per-POS sales reports and productivity by area, brand, department and store, as well as exception reports and various financial reports.

These reports enable our management to closely monitor the operation of our stores throughout the markets in which we operate. These analyses can also assist us in responding to any issues that may arise in a timely manner such that we can take the necessary measures or formulate strategies to improve the overall performance of our stores.

Our major databases are backed up daily to tapes and the tapes are stored offsite for both Vietnam and Malaysia. We have a disaster recovery plan in place to enable us to continue operations with minimal

disruption once the plan is activated. For Indonesia, major databases are backed up daily to remote data centres that perform mirrored backup and which are located away from the country head office.

Inventory Management

Concessionaire stock items do not form part of our inventory and we therefore do not bear any inventory risk in respect of such items. However, our store management is responsible for ensuring that the latest lines of products are prominently displayed in our stores, and that appropriate levels of inventory are maintained across our store network, both with respect to concessionaire sales and direct sales items.

New direct sales items (except for certain tourist-related items in our Bali store) must be registered with the applicable ERP system by issuing the first order from the relevant country head office before they can be replenished at the store level.

We conduct stock-taking in respect of products we own on a semi-annual basis. Our inventory turnover days vary depending on the category of merchandise. Slow-moving items are marked down, returned to the suppliers or exchanged for other goods. For each of the financial years 2009, 2010 and 2011, we recorded inventory shrinkage of 0.2%, 0.1% and 0.1% of merchandise sales, respectively.

Expansion

We plan to open four new stores in FY2012. As at the Latest Practicable Date, we have opened one new store in FY2012, at Galaxy Mall in Surabaya, Indonesia. We intend to open one new store in each of Malaysia, Vietnam and Indonesia in the remainder of financial year 2012. The following table sets out information relating to these stores and other future planned stores.

Expected time of commencement of operation	Shopping mall/location	City/town and Country	Total lease area (sq.m.)
October 2011	KL Festival City	Kuala Lumpur, Malaysia[1]	11,653
October 2011	Parkson Landmark 72	Hanoi, Vietnam[1]	29,038
October 2011	Summarecon Mal Serpong	Tangerang, Indonesia[1]	10,261
Q1 FY2013	Setia City Mall	Kuala Lumpur, Malaysia[1]	11,459
Q1 FY2013	Nu Sentral	Kuala Lumpur, Malaysia[2]	12,833
Q1 FY2013	B8 Mall	Johor Bahru, Malaysia[2]	10,394
Q2 FY2013	Metropolitan Grand	Bekasi, Indonesia[2]	11,370
Q2 FY2013	Parkson Cantavil	Ho Chi Minh, Vietnam[2]	15,293
Q3 FY2013	Parkson Emperor Complex	Ho Chi Minh, Vietnam[2]	11,448
Q3 FY2013	Parkson Cambodia	Phnom Penh City, Cambodia[1]	30,000
Q1 FY2014	Plaza Merdeka	Kuching, Malaysia[2]	12,554
Q3 FY2014	Vinacapital Commercial Center	Da Nang, Vietnam[2]	18,791
Q3 FY2014	TD Plaza Saigon	Ho Chi Minh, Vietnam[2]	30,000

[1] Lease agreements signed.

[2] Heads of Terms, which are enforceable agreements containing all the material commercial terms have been entered into and deposits have also been paid.

We also intend to expand our Centro store in Bali by leasing an additional floor of 4,928 sq.m. in January 2012. The supplementary lease agreement for this extension of additional floor area has been

entered into by our Subsidiary, TS. In addition, we have entered into an agreement with a property developer to lease 30,000 square metres of space in a building under construction in Phnom Penh, Cambodia for a store which we expect to open there in 2013. See "Risk Factors — Risks Relating to Our Business — We are subject to risks associated with our planned expansion programme". In general, approximately 80% to 90% of the leased area in most of our stores is allocated to retail space (after deducting space used for back room operations).

We have a special team dedicated to evaluating new sites for our stores in each country of operations. Typically, either a shopping centre operator approaches us with a proposal to open a new store at its centre or we actively pursue the shopping centre operator to secure an anchor tenant space. We carefully evaluate new sites based on a number of factors, including:

- the location of the shopping centre;
- the size of the population catchment;
- whether the particular catchment matches our middle and upper-middle income target consumer segment;
- accessibility/ingress/egress of the shopping centre;
- the tenant, trade and product mix of the shopping centre;
- lease price and terms;
- the type of property title involved (for example, if the developer sells a large number of units in the mall, we may be less interested in the mall as it would be more difficult for the tenant mix to be controlled); and
- the experience and reputation of the developer and management team of the shopping centre.

A new shopping complex generally takes two to three years to build, during which period we take about one year to develop a design for our new store. We also consult our concessionaires as to the type of merchandise most suitable for our target consumers. It typically takes six to 12 weeks from the day we take possession of a vacant store location to fit it out and stock the merchandise for opening.

Quality Assurance

We conduct centralised negotiations with suppliers to reduce the risk arising from product quality problems. All products sold in our stores are subject to inspection by each store at the time they are delivered by the suppliers to the stores. The same standard of quality is adopted for goods sold through both concessionaire and direct sales. If any defects are detected, the relevant product will be returned to the supplier for replacement. Under our standard concessionaire or supply agreement, concessionaires and suppliers are responsible if any claims arise from the quality of their products. The agreement also stipulates that only genuine products may be sold in our stores. We do not permit any products that need governmental approval, such as cosmetics, to be sold in our stores until such approvals are obtained.

We have not taken out any insurance against product liability in relation to any product we sell. Under the terms of our standard supply contracts with suppliers, suppliers are requested to give product quality assurance to us. In addition, all product liability in respect of any products supplied to us by any supplier and sold at our stores is borne by such supplier. By controlling the selection of suppliers, we can also reduce the risks arising from quality problems.

Competition

The extent of the competition that we may encounter varies from one jurisdiction to another, depending on factors such as the number and strength of the competitors involved.

We believe that we compete primarily on the following factors:

- brand recognition and store image;
- location of stores and the extent of network;
- understanding of the retail industry, fashion trends and market demand in Malaysia, Vietnam and Indonesia;
- economies of scale as a result of scale of business, experience in the market and specialised staff;
- bargaining power in negotiating with concessionaires and suppliers;
- range and mix of brands and products;
- product quality;
- customer service; and
- store design and ambience.

Malaysia

In recent years, competition in the Malaysian market has become increasingly intense, particularly for companies like ours, which target the middle and upper-middle income consumer segments. In the department store sector, competition is characterised by demand for a wide range of brands and merchandise and convenience in store location. Although we believe we are the only nationwide department store operator in Malaysia, our key competitors are other local and foreign department stores across Malaysia that offer a similar range of merchandise to us, such as Isetan of Japan in Kuala Lumpur, as well as individual specialty stores that offer similar or identical products to ours. To stay competitive in the retail market, we believe that a strong brand image and responsiveness to changes in customer preferences is essential.

Vietnam

In Vietnam, we compete primarily with the Diamond brand department store owned by International Business Center Corporation in Ho Chi Minh City. We also compete with specialty shops and a number of local department stores in major Vietnamese cities. We do not compete directly with other foreign retailers operating in Vietnam, such as Big C of France and Metro Group of Germany, as their retail formats and target segments are different from ours. As one of the few foreign department store operators in Vietnam with a department store operating licence, we believe we are a preferred entryway in Vietnam for international brands looking to enter the Vietnamese market via department stores.

Indonesia

In Indonesia, the retail industry is highly competitive and fragmented. Our main competitors targeting the middle and upper-middle income consumer segment are Sogo, Debenhams and Metro. We also compete with Matahari and Ramayana department stores and with specialty stores that offer products similar to ours. To differentiate ourselves from our competitors, we believe that a strong brand image and responsiveness to changes in customer preferences is essential. To that end, we strive to develop and occupy a niche in the retail market by focusing on fashion and apparel aimed at a young, contemporary market, particularly in the Greater Jakarta region and the holiday destination island of Bali.

Employees and Staff Training

As at 30 June 2011, we had 3,535 full-time employees across Malaysia, Indonesia and Vietnam, as well as two full-time employees in Singapore. As at 30 June 2011, we had 604 contract workers provided by employment agencies working in our stores in Indonesia as sales staff. In addition, concessionaires and suppliers placed 7,470 of their promoters in our stores across Malaysia and Vietnam. We also employ a certain number of temporary and part-time employees during festive periods. In the past three financial years, the number of temporary and part-time employees ranged between approximately 150 and 500. The average number of temporary and part-time employees for financial year 2011 was approximately 340.

The following table provides the number of our full-time employees, by location, as at the dates indicated.

	As at 30 June		
By Location	**2009**	**2010**	**2011**
Malaysia	2,124	2,070	2,377
Indonesia	—	—	657
Vietnam	432	451	501
Singapore	—	—	2
Total	2,556	2,521	3,537

The following table sets forth our employees by function as at the dates indicated.

	As at 30 June		
	2009	**2010**	**2011**[(1)]
Corporate management	22	25	32
Store operations	2,263	2,212	3,072
Merchandising	60	71	108
Marketing	31	32	66
Others	180	181	259
Total	2,556	2,521	3,537

(1) We acquired our Indonesian operations in June 2011. Our Indonesian employees as at 30 June 2011 comprised 4 corporate management staff, 538 store operations staff, 38 merchandising staff, 31 marketing staff and 46 others.

As at 30 June 2011, we had a total of 420 unionised employees in Vietnam. We do not have any unionised employees in either Malaysia or Indonesia. We believe we have good relations with our employees.

Detailed SOPs have been devised in relation to employees' appointment, assessment, promotion, benefits and training. We place strong emphasis on the quality of our employees. We provide training to both our own staff and staff employed by our concessionaires to ensure they are able to maintain a level of quality service acceptable to us. Training for senior staff is centrally-organised at headquarters while training for the sales and administration staff is organised and provided at the country or store level.

All new recruits are required to undergo a training programme upon reporting to duty, with the number of hours of training depending on the staff's position and seniority. All existing staff are also required to

attend on-the-job training regularly. All stores are required to conduct ongoing training for all of their staff at least twice a year, with a minimum of 15 hours annually of training for each staff member. The training provided includes our corporate culture, operation system, customer service techniques and technical skills. In addition to conducting local training, we also send our employees overseas for training. We also offer a management training programme to new graduates to facilitate our future expansion.

We have devised an assessment system for our staff and the assessment results are used in salary reviews and promotion decisions.

We also have a performance-based bonus scheme for our employees. We believe that constant improvement in the quality of our employees and their continued motivation are both key to maintaining a high standard of customer service.

Cash Management and Internal Control

Cash Management

Merchandise is sold at our stores by cash or credit card payment. Stringent cash-control measures are therefore very important to our operations. At our stores, all cash receipts are deposited daily with banks. Reconciliation is carried out every day by each store's cashier department to reconcile sales data with cash and credit card receipt records. In addition, surveillance cameras are set up in each store to monitor activities around cashiers' counters.

We have also taken out insurance policies to cover money in premises and money in transit and fidelity guarantee insurance policies which cover our finance and management staff, including cashiers.

Internal Control

Our internal audit is primarily carried out by the internal audit department of each country head office. The internal audit department of each country head office reports to our Chief Auditor who in turn reports directly to our Audit Committee.

Our Company's Chief Auditor sets out an audit plan in July each financial year which sets particular objectives for our internal audit department in that financial year. Such objectives include goals such as profit recovery, management monitoring and control. The scope of work of the internal audit department includes conducting internal audits on the outgoings and income of each of our units and supervising the implementation of the internal control system.

Our internal audit department conducts routine audits of our stores, auditing each store at least once every financial year. There are also special project audits where stores are chosen for specific reasons.

In carrying out its audit, staff of the internal audit department in the country head office conducts an operational audit in accordance with the SOPs. It may also conduct exception analyses using the data generated from the applicable ERP system to identify any abnormality. Benchmark data is set and abnormalities can be detected through such exception analyses. Any irregularities are further investigated by the staff of the internal audit department.

Internal audit reports are circulated to the store general manager, the regional general manager, the Chief Finance Officer and the Chief Executive Officer. Internal audit reports are readily available for the Audit Committee's review upon request by the Audit Committee. All significant findings are discussed by our management team and individual stores are required to report any actions taken as a result of each internal audit.

Properties and Leases

We generally lease the properties where our stores are located under long-term leases of 15 years or more. We also own a leasehold interest expiring in 2075 in the property where our store in Hai Phong, Vietnam is located. We intend to purchase properties for our new stores in strategic locations where appropriate. See "— Retail Network" and "Risk Factors — Risks Relating to Our Business — Our business depends on our ability to locate our stores in prime areas, which may become more difficult in the future".

The following table sets out the number of our leased and owned stores currently in operation, by country, as at the Latest Practicable Date.

	Leased	Owned	Total
Malaysia	36	0	36
Vietnam	6[1]	1[2]	7[1]
Indonesia	7	0	7

(1) Includes three stores which we manage but do not own.

(2) We own a leasehold interest expiring in 2075.

The following table sets out additional properties that we leased as at 30 June 2011.

Street address/Location	Use	Lease area (sq.m.)
Level 5, Klang Parade, No. 2112, Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia	Headquarters and country head office for Malaysia	3,053
One Residency, Level 4–2, Office Tower, No. 1, Jalan Nagasari, Off Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia	Office	250
Lot 1306, Jalan Teluk Kapas, Rantau Panjang, Klang, Malaysia	Consolidation centre for East Malaysia	520
198 B Tay Son Street, Level 14, Office Tower, Trung Liet War, Dong Da District, Hanoi, Vietnam	Regional office for northern Vietnam	200
Sentosa Building, Jl. Prof Dr. Satrio Blok A3 No. 5, Tangerang 15224, Indonesia	Country head office for Indonesia	1,195
Bintaro Jaya CBD, Sector VII, Blok B3 No. 6, Tangerang, Indonesia	Office/Training centre	213
Taman Techno BSD, Sektor XI, Blok H.3 No. 30, Setu-Cisauk, Tangerang, Indonesia	Warehouse	400
Taman Techno BSD, Sektor XI, Blok H.3 No. 3, Setu-Cisauk, Tangerang, Indonesia	Warehouse	300

Insurance

We have taken out different types of insurance policies to cover our operations, such as insurance policies that cover all property risks including our fit-outs, furniture and equipment, stock-in-trade, public liability, money in transit, money in premises, fidelity guarantee and employer's liability. We believe that the amount of coverage taken out is typical for similar operations and adequate for us.

We do not maintain any consequential loss insurance for our operations in Indonesia or product liability insurance. Based on the limited number of claims for defective goods made against us during the

financial years 2009, 2010 and 2011 and in view of the premiums for product liability insurance for a retail department store, we do not consider it appropriate from a cost and benefit point of view to take up product liability insurance for all goods sold by us. Under the terms of the supply contracts which we use in connection with purchasing from suppliers, all product liability in respect of any product supplied to us by any supplier and sold at our stores is to be borne by such supplier.

Research and Development

We do not carry out any research and development activities.

Intellectual Property

Pursuant to a trademark licence agreement dated 14 June 2011, we have been granted an exclusive, revocable and non-transferable licence to use certain "Parkson" trademarks in the Asia-Pacific region (excluding Greater China) in relation to the goods and services for which those trademarks have been applied for or registered, as well as the right to adopt or use such trademarks as part of the name of our Company or any internet domain name. See "Interested Person Transactions and Potential Conflicts of Interest — Present and Ongoing Interested Person Transactions". TS owns the "Centro" trademark and trade name.

The "Parkson" trademark and trade name is registered in Malaysia and Vietnam, and is in the process of being registered in Indonesia. The "Centro" trademark and trade name are registered in Indonesia.

We are the registrant of the domain names of www.parkson.com.my, www.parkson.com.vn, www.parkson.co.id and www.centro.co.id.

Legal Proceedings

From time to time, we are involved in legal proceedings concerning matters arising in connection with conducting our business. Currently, there are no material pending claims or legal proceedings against us.

Prospects and Trends

The following discussions about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward looking statements. See also "Forward Looking Statements".

We expect that our revenue and results of operations for financial year 2012 will be affected by the following factors:

(a) move towards improving productivity and higher average unit prices: we expect our efforts to improve productivity and increase sales of products with higher average unit prices will improve our revenue (all other things being equal); and

(b) increase in staff costs: wages in the markets in which we operate have historically increased. We expect wages to continue to increase and plan to manage such increases by increasing productivity.

Save as disclosed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operation", "Summary" and "Industry Overview", barring unforeseen circumstances, we are not aware of any other significant known trends in production, sales and inventory and in the costs and selling prices of our products and services or other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that will cause the financial information disclosed in this document to be not necessarily indicative of our future operating results or financial condition.

Government Regulations

Save as disclosed under "Risk Factors — Risks Relating to Our Business — We require a number of regulatory licences in order to operate, and will require more to expand into new markets, which we may be unable to obtain" and "Risk Factors — Risks Relating to Vietnam — Uncertainty in interpretation and application of certain Vietnamese laws and regulations may result in challenges to our operations in Vietnam and have an adverse effect on us", to the best of our knowledge as at the Latest Practicable Date, we are in compliance with all material respects of applicable laws and regulations in jurisdictions in which we operate and our Group has obtained all material requisite licences, permits, registrations and approvals that are necessary to conduct our business operations.

The following is a summary of the regulatory requirements that materially affect us.

Malaysia

Our operations in Malaysia are subject to various statutes and regulations of general application to the retail industry. There are no statutes which specifically govern the segment of the retail industry in Malaysia in which we are engaged. Examples of regulations which we are required to comply with include:

- by-laws issued by various municipal councils require business premises and signage licences to be obtained;
- the Weights and Measures Regulations 1981 require anyone engaged in the sale of weights, measures or instruments for weighing or measuring to obtain a weight and measure licence from the MDTCC;
- the Trade Descriptions (Cheap Sale Price) Regulations 1997 require a person, in the course of trade or business, who wishes to supply or offer to supply goods of any description at a cheap sale price to notify the MDTCC of such cheap sale; and
- the Copyright Act 1987 requires a person who uses copyrighted music to obtain prior authorisation from Music Authors' Copyright Protection Berhad.

In addition, participation in the retail industry in Malaysia is regulated by the Guidelines issued and enforced by the MDTCC. The Guidelines do not have the force of law and there are no legal sanctions for non-compliance with the Guidelines. However, companies which do not adhere to the Guidelines may face administrative difficulties in dealing with the MDTCC and in conducting business in Malaysia generally. For example, non-compliance may result in the retailer not being able to obtain certain operating licences including business premises licences for its retail outlets from municipal authorities.

The Guidelines only apply to foreign participation in companies engaged in distributive trade in Malaysia. Under the Guidelines, "Foreign participation" and by analogy, "foreign equity" or "foreign involvement", means any interest, associated group of interests or parties acting in concert including:

- an individual who is not a Malaysian citizen or permanent resident;
- foreign (non-Malaysian) company or institution; or
- local company or local institution of which the parties as stated in item (i) and/or (ii) hold more than 50% of the voting rights in the company or institution.

The Guidelines regulate the distributive sector based on certain distribution formats, namely, hypermarket, departmental store, superstore, specialty store, franchisors and franchisees and various other distribution formats. Differing levels of regulation apply to each format.

There is no threshold of foreign equity participation beyond which the Guidelines apply. Based on experience, however, it appears that in practice the MDTCC applies the Guidelines strictly to hypermarkets only. However, because we will have foreign shareholders as a result of the listing of our Company on the SGX-ST, should the practice and interpretation of the Guidelines by the MDTCC change in the future, the Guidelines may impact the conduct of our business in Malaysia.

For example, the Guidelines require prior approval of the MDTCC to be obtained for the following proposals, if there is foreign involvement in such proposals:

- acquisition of interests in companies and businesses;
- mergers and take-overs by foreign interests;
- opening of new branches/outlets/chain stores;
- relocation of branches/outlets/chain stores;
- expansion of existing branches/outlets/chain stores;
- taking over outlets of other operators; and
- purchase of properties to operate distributive trade activities.

The Guidelines also set out certain rules and conditions for departmental stores with foreign involvement, including requiring departmental store businesses with foreign equity to be incorporated under the Companies Act 1965 and to meet minimum paid-up capital requirements, setting out permitted operating hours, requiring MDTCC approval for addition of branches, requiring at least 30% of stock-keeping units for merchandise displayed on store shelves to be allocated for Bumiputra (or Malaysian of indigenous Malay origin) small and medium-sized enterprises and certain conditions relating to the environment and public interest (such as relating to the provision of appropriate car parks and business space, ensuring a safe and clean environment and efficient energy use).

Foreign Exchange Controls

There are foreign exchange control policies in Malaysia that serve to monitor capital inflows and outflows into and out of the country.

The relevant legislation governing foreign exchange controls in Malaysia is the Exchange Control Act 1953 (the "ECA"), which is administered by the Controller of Foreign Exchange under the Central Bank of Malaysia (*Bank Negara Malaysia*) (the "Controller"). The Controller has, under the ECA, issued the Exchange Control Notices of Malaysia (the "ECMs") which constitute the Controller's general permissions and directions. The ECMs apply to both residents and non-residents of Malaysia, and the approval of the Controller is required in certain instances.

At present, under the ECMs, non-residents are free to repatriate profits, commissions, dividends, fees, rental income, royalties or divestment proceeds related to their investments in Malaysia.

Vietnam

Overview

Since 11 January 2007, Vietnam has been a member of the World Trade Organization ("WTO"). Accordingly, Vietnam has certain scheduled commitments to open the Vietnamese services market to foreign investors, whether individual or institutional investors ("Vietnam's WTO Commitments"). One of these commitments is a commitment to open the Vietnamese retail market. Therefore, Vietnamese legislators have promulgated a series of regulations that permit foreign investors to engage in the Vietnamese distribution sector, including retail business.

Under Decree 23/2007/ND-CP dated 12 February 2007 of the Government detailing the Commercial Law regarding goods sale and purchase activities or goods sale and purchase related activities of foreign-invested enterprises in Vietnam ("Decree No. 23"), distribution activities that foreign owned companies ("FOC") are permitted to conduct in Vietnam include wholesale, retail, sale and purchase agency and franchise. Decree No. 23 also distinguishes between wholesale activities and retail activities by defining such activities as follows:

- Wholesale means "the sale of goods to traders or other organisations, excluding the sale of goods directly to end-users"; and
- Retail means "the sale of goods directly to end-users".

Foreign Ownership in Retail Industry

Prior to Vietnam joining the WTO, according to Decree No. 24/2000/ND-CP dated 31 July 2000 of the Vietnamese government as amended by Decree No. 27/2003/ND-CP dated 19 March 2003, Annex 01, foreign investors' provision of distribution services in Vietnam is subject to specific provisions of the Vietnamese government or of the prime minister of Vietnam.

For the period of January-December 2007, provision of distribution services was subject to a foreign ownership cap of 49%; for January-December 2008, this cap was 99%; and as at 1 January 2009, 100% FOC has been allowed.

Key Regulations regarding Retail Business Activities

Foreign investors engaging in the retail industry are subject to certain requirements under Vietnamese law as well as international treaties to which Vietnam is a member (for example Vietnam's WTO Commitments), particularly as follows:

- The establishment of an FOC in Vietnam is governed by the Investment Law and the Enterprise Law in terms of the form of the company (joint-stock company or limited liability company, etc.), licensing process and required application documents, etc.
- Satisfaction of business conditions as required by Decree No. 23:

Business Licences for Activities of Goods Sale and Purchase and Activities Related to Goods Sale and Purchase (the "Trading Licence")

To engage in the distribution sector, FOCs are required to apply for Trading Licences. Decree No. 23 regulates the application for Trading Licences in the following two scenarios:

- In the first scenario, where an FOC has already obtained investment certificates for its investment in Vietnam, such FOC will be granted Trading Licences upon the approval of the Ministry of Trade, which is currently known as the Ministry of Industry and Trade (the "MOIT"). In this scenario, the Trading Licence is independent from the investment certificate of the FOC.

- In the second scenario, where foreign investors invest in Vietnam for the first time in the sale and purchase of goods and activities related to the sale and purchase of goods, such foreign investors will be granted an investment certificate, which also functions as the Trading Licence, upon the approval of the MOIT.

Retail Outlet Establishment Permits (the "ROEP")

With respect to the establishment of the first retail outlet of FOCs, FOCs are not required to apply for ROEPs. However, if such FOCs wish to establish new retail outlet(s) other than the original outlet, they are required to apply for the ROEPs (Circular No. 09/2007/TT-BTM dated 17 July 2007 of the Ministry of Trade (currently known as the Ministry of Industry and Trade) guiding the implementation of Decree No. 23, as amended by Circular No. 05/2008/TT-BTM dated 14 April 2008 of the Ministry of Trade) ("Circular No. 09").

Economic Needs Test

With respect to the application dossier for a ROEP, the licensing authority evaluates and approves the application on a case-by-case basis. The evaluation and approval process depends on various factors, such as the number of retail outlets, market stability and population density in the province or city where the retail outlet is to be established, as well as the compliance of the investment project with the master planning of that province or city. The evaluation process is usually referred to as the economic needs test.

Administrative Penalties

If a FOC violates any of the aforementioned statutory requirements (e.g., not applying for the Trading Licence and/or the ROEP if so required, failure to apply for amendments to the Trading Licence and/or the ROEP when there are changes to the contents of the Trading Licence and/or the ROEP, or there is evidence of fraud in the application dossier), such FOC will be subject to monetary penalties ranging from VND10,000,000 to VND50,000,000 (approximately US$500 to US$2,500).

In short, to establish an FOC to engage in the retail industry as well as to set up retail outlets, foreign investors must satisfy all criteria set forth in the Investment Law and Decree No. 23 and relevant legislation that implements the Investment Law and Decree No. 23.

In addition, with respect to shopping centres and supermarkets, the MOIT issued Decision No. 1371/2004/QD-BTM dated 24 September 2004 ("Decision No. 1371") to classify shopping centres and supermarkets into the following grades:

Grade	Criteria
I	Having a business area of at least 50,000 sq.m. and having parking areas sufficient with the business scope of the shopping centre; The structures are built solidly with high aesthetics; The design and technical equipment of the building are modern to ensure fire safety, sanitation, security, and convenience for all participants of business activities in the building; Multi-function operation both in terms of trading goods and trading all kinds of services, including: areas for wholesale and retail goods, restaurants, hotels, areas for goods exposition and exhibition, areas for entertainment, office lease, conference halls, meeting rooms to organise conferences, seminars, and transactions and execution of commercial contracts, either domestically or overseas; areas for financial activities, banking, insurance, telecommunications, information technology, consultancy, brokerage investment, and tourism;

Grade	Criteria
II	Having a business area of at least 30,000 sq.m. and having parking areas sufficient with the business scope of the shopping centre; The structures are built solidly with high aesthetics; The design and technical equipment of the building are modern to ensure fire safety, sanitation, security, and convenience for all participants of business activities in the building; Multi-function operation both in terms of trading goods and trading all kinds of services, including: areas for wholesale and retail goods, restaurants, hotels, areas for goods exposition and exhibition, areas for entertainment, offices lease, conference halls, meeting rooms to organise conferences, seminars, and transactions and execution of commercial contracts, either domestic or overseas; areas for financial activities, banking, insurance, telecommunications, information technology, consultancy, brokerage investment, and tourism;
III	Having a business area of at least 10,000 sq.m. and having parking areas sufficient with the business scope of the trading centre; The structures are built solidly with high aesthetics; The design and technical equipment of the building are modern to ensure fire safety, sanitation, security, and convenience for all participants of business activities in the building; Multi-function operation both in terms of trading goods and trading all kinds of services, including: areas for wholesale and retail goods, restaurants, hotels, areas for goods exposition and exhibition, areas for entertainment, offices lease, conference halls, meeting rooms to organise conferences, seminars, and transactions and execution of commercial contracts, either domestic or overseas; areas for financial activities, banking, insurance, telecommunications, information technology, consultancy, brokerage investment, and tourism;

Decision No. 1371 also regulates the operation of trading centres and supermarkets, particularly as follows:

Criteria/requirements for goods to be traded in trading centres and supermarkets:

- Goods to be displayed and sold in trading centres must have sufficient labeling, including their commercial name, goods origin, code and/or barcode for ease of identification and inspection, and price indicated explicitly on the goods packaging or on the shelves.
- For food items, such goods must satisfy the food hygiene and safety standards and the expiry date must be indicated clearly on the packaging.
- For agricultural products or preliminarily treated foods without packaging, such goods must be selected, classified, and the origin, quality and expiry date must be clearly indicated on the shelves.
- For goods with a warranty, the warranty period and location must be indicated explicitly on the goods; and
- The supply of goods must be stable and sufficiently frequent through goods orders or agreements with the manufacturers.

Responsibilities of traders who operate trading centres and supermarkets include:

- Traders must be licensed to conduct commercial activities and to operate trading centres and/or supermarkets;

- Traders must organise, manage, operate and be liable for all activities of the trading centres and/or supermarkets;

- Traders must report regularly or irregularly upon the request or guidance of the competent state authorities;

- Trading centres or supermarkets must have operation regulations;

- The operation regulations of trading centres and supermarkets must be approved by the provincial Department of Industry and Trade before being published; and

- A summary of the operation regulations of trading centres and supermarkets must be posted publicly and for ease of reference of members of the public.

Other Business Licences

Cosmetic Products

Under Circular No. 06/2011/TT-BYT dated 25 January 2011 of the Ministry of Health on supervision of cosmetic products ("Circular No. 06"), an organisation or individual is permitted to circulate cosmetic products in the market on the conditions that (i) the registered scope of business of such organisation or individual covers trading of cosmetic products; and (ii) a notification of cosmetic product has been submitted to the regulatory authorities, which have granted a cosmetic product notification receipt number. A cosmetic product notification receipt number is valid for five years and is extendable.

Cosmetic products which have been granted valid cosmetic product notification receipt numbers can be imported into Vietnam.

The regulatory authorities may confiscate and suspend the circulation of any cosmetic product circulating in the market without a cosmetic product notification receipt number.

An organisation or individual who puts a cosmetic product in the market must retain the Product Information File ("PIF") of each cosmetic product for a minimum of three years starting on the release date of the most recent batch of cosmetic products placed in the market, and present the PIF to the competent authorities for inspection upon request. Failure to comply with this requirement may result in the suspension of the cosmetic product notification receipt number by the regulatory authority.

Foodstuffs

Food manufacturers and traders must obtain a Certificate of Product Specifications Standards (or "*Giấy chứng nhận công bố tiêu chuẩn sản phẩm*" in Vietnamese), which must be valid for three years from the issuance date. Failure to obtain this certificate may result in a fine of VND2 million-6 million (approximately US$100-300), the destruction of the products not satisfying the safety and hygiene conditions and the payment by the infringing company of any costs related to the destruction of the food products.

In addition, companies trading high-risk foods must obtain a Certificate of Satisfaction of Food Hygiene and Safety Requirement with respect to High Risk Food Producing and/or Trading Enterprises" (or *"Giấy chứng nhận đủ điều kiện vệ sinh an toàn thực phẩm đối với cơ sở sản xuất, kinh doanh thực phẩm có nguy cơ cao"* in Vietnamese), issued by competent Vietnamese State agencies. Failure to obtain this certificate may result in a monetary penalty of VND10 million-VND15 million (approximately US$500-750), the destruction of all products not satisfying the safety and hygiene conditions and payment by the infringing company of any costs related to the destruction of the food products.

Food materials and food additives imported into Vietnam must have at least two-thirds of their shelf-life remaining, with such dates properly labeled on all products. Further, unprocessed animal or plant

products must have phytosanitary certificates, granted by competent Vietnamese State agencies pursuant to applicable laws and any relevant international treaty to which Vietnam is a party.

Alcoholic Beverages

Under Decree No. 40/2008/ND-CP dated 7 April 2008 of the Government on manufacture and trading of alcoholic beverages ("Decree No. 40"), traders of alcoholic beverages must, among other things, (i) obtain a wholesale trading licence (if they engage in wholesale activities) or retail trading licence (if they engage in retail activities) for alcoholic beverages, (ii) have alcoholic beverages trading activities in their business registration certificate (or investment certificate for foreign owned company), and (iii) have qualified storage conditions to preserve quality of alcoholic beverages and have distribution networks (for wholesale trading).

Violation of a wholesale trading licence (e.g., failure to obtain the wholesale trading licence, invalid wholesale trading licence, false wholesale trading licence) may be subject to a fine of VND200,000-VND1,000,000 (approximately US$10-50) or even the suspension of the wholesale trading licence (in the event fraudulent wholesale trading licences are used).

Violation of a retail trading licence (e.g., failure to obtain the retail trading licence, invalid retail trading licence, false retail trading licence) may be subject to a fine of VND10 million-VND30 million (approximately US$500-1,500) or even the suspension of the retail trading licence (in the event fraudulent retail trading licences are used).

In addition, any company trading alcoholic beverages (whether wholesale or retail) must post a certified true copy of its trading licence together with all types and prices of alcoholic beverages available for sale at all of the company's registered business addresses.

Only companies with manufacturing licences or wholesale trading licences may directly import or entrust other entities to import alcoholic beverages. For alcoholic beverages that are imported for the first time into Vietnam, importers must obtain a certification of satisfaction of food safety and hygienic conditions from the competent authorities for inspected samples for imported products before carrying out import procedures. Failure to comply with this requirement results in a monetary penalty of VND10 million-VND20 million (approximately US$50-100).

Companies that import liquor essences may only sell these imports to companies with liquor production licences. Failure to comply with this requirement results in a monetary penalty of VND30 million-VND40 million (approximately US$1,500-2,000).

Food and Beverage Outlets

Under Decision No. 41/2005/QD-BYT dated 8 December 2005 of the Ministry of Health promulgating the regulations on food safety and hygienic conditions for food trading and restaurant business establishments, any company that operates food and beverage outlets must ensure that the outlets satisfy the food safety and hygienic conditions that apply to each type of restaurant business establishment.

In addition, any restaurant business establishment that involves the manufacture or trading of high-risk foods must obtain a Certificate of Satisfaction of Food Safety and Hygienic Conditions for high-risk foods under Decision No. 11/2006/QD-BYT dated 9 March 2006 regarding Certificate of Satisfaction of Food Safety and Hygienic Conditions.

Further, any individual directly involved in the manufacture or trading of foods must procure a Certificate of Training on Food Safety and Hygienic Conditions according to Decision No. 43/2005/QD-BYT dated 20 December 2005 of the Ministry of Health promulgating the regulations for knowledge of food safety and hygienic conditions for individuals directly involved in food manufacture and trading.

A specific violation of food safety and hygienic conditions may lead to a fine ranging from VND100,000-VND15 million (approximately US$5-750).

Consumer Products

According to Decision No. 24/2007/QĐ — BKHCN promulgating the regulation of certification of standard conformity, certification of technical-regulation conformity, announcement of standard conformity and announcement of technical-regulation conformity, consumer products manufacturers and traders are required to register technical-regulation conformity announcement documents with regulatory authorities for the consumer products subject to the national technical regulations promulgated by ministries or ministerial-level agencies, before circulating their products in the market.

According to Decree No. 54/2009/ND-CP dated 5 June 2009 of the Government on administrative sanctions in the area of standards, metrology and quality of merchandise, failure to register technical-regulation conformity announcement documents may be subject to a fine of VND10 million-VND15 million (approximately US$500-750).

Children's Playgrounds

Children's playgrounds usually include non-electronic games products and electronic games. According to Circular No. 08/2000/TT-BVHTT dated 28 April 2000 of the Ministry of Culture and Information on supervision of electronic games, any organisation or individual conducting business in electronic games must have such activity as a line of business in its business registration certificate (or investment certificate for foreign-invested company). In addition, the business must be registered with the provincial department of culture and information (now the department of culture, sports and tourism).

Certificate on Satisfaction of Fire Prevention and Fighting Conditions

Under the Law on Fire Prevention and Fighting, trading centres, supermarkets or grocery shops having area of 300 sq.m. or more or volume from 1,000 cubic metres or more are required to apply for a certificate of satisfaction of fire prevention and fighting conditions. According to Decree No. 123/2005/ND-CP dated 5 October 2005 of the Government on administrative sanctions regarding fire prevention and fighting, Article 11. failure to obtain this certificate may subject the organisation or individual to a written warning or a maximum fine of VND2 million (approximately US$100).

Other Relevant Regulations

Pricing controls

In Vietnam, local pricing regulations control the pricing of a diverse range of essential items by way of price stabilisation, price registration and price declaration requirements and mechanisms. Accordingly, enterprises must justify their pricing and the reasons for fixing or adjusting prices.

Foreign exchange controls

All foreign exchange activities (meaning activities of residents and non-residents in current transactions, capital transactions, use of foreign exchange in the territory of Vietnam, and other transactions related to foreign exchange) must be in compliance with Vietnamese regulations on foreign exchange control.

Indonesia

General Indonesian Law Considerations

As a civil-law legal jurisdiction and an emerging market, Indonesia's laws and regulations are at times not stipulated in detail and are principle-based. There are no published law reports, and laws and regulations are issued without formal publication to the public. Therefore, unwritten policies of the regulators play a significant part in the interpretation of regulations and decision-making (e.g., on the issuance of licences).

Overview

In general, retail businesses are subject to regulations at the national level, although technical regulations are implemented at the regional level. Since April 1998, the Government of Indonesia has issued a series of regulations permitting foreign investors to engage in the domestic trading sector, including in the retail trading business.

Foreign Ownership in Retail Industry

Historically, the retail trading business was curtailed by the requirement that foreign investment companies ("PMA") be at least 49.0% Indonesian owned. Pursuant to BKPM Decree No. 29/SK/1998, dated 29 September 1998, foreign investors are now permitted to create 100% foreign-owned wholesale and retail PMA companies. The Government of Indonesia has issued a list stating certain business sectors that are closed for foreign investment and also certain business sectors that are open for foreign investment but with certain requirements (e.g. limitation on the composition of foreign ownership) (the "Negative List"). In theory, business sectors that are not stipulated in the Negative List are fully open for foreign ownership. The current Negative List is stipulated under Presidential Decree No. 36 of 2010 on List of Business Activities Which Are Closed and Business Activities Which Are Opened with Certain Conditions for Capital Investment ("PR 36/2010").

The stipulation in PR 36/2010 includes provisions that supermarkets with a sales area of less than 1,200 square metres and department stores with a sales area of less than 2,000 square metres must be wholly-owned through domestic investment. This means that supermarkets with a sales area of 1,200 square metres or more and department stores with a sales area of 2,000 square metres or more are open to foreign investment. Furthermore, Regional Regulation of the Province of Jakarta No. 2 of 2002, regarding Private Markets in the Province of Jakarta, permits foreign companies to own large scale private market businesses with a capitalisation of more than Rp10.0 billion (excluding land and buildings).

Currency Law

The Indonesian government recently enacted Law No. 7 of 2011 on Currency Law (the "Currency Law"). The Currency Law stipulates that Rupiah must be used for every transaction which has a payment purpose, for settlement of all obligations that are fulfilled with money and for other financial transactions conducted on the territory of the Republic of Indonesia.

However, the Currency Law allows payment or settlement of an obligation in a foreign currency where a payee is refusing to accept payment or settlement in Rupiah, provided that such payment or settlement is agreed in writing by the transaction parties. It is unclear whether the exemption is applicable to all types of transactions and how this exemption is reconciled with the apparent legislative intent of the Currency Law.

As at the date of this document, the Currency Law does not provide for a transitional period or detailed guidance on implementation.

Key Regulations regarding Retail Business Activities

Since April 1998, the Government of Indonesia has issued regulations which amend the provision on domestic trade as previously regulated under Government Regulation No. 36 of 1977 on the termination of Foreign Company's activity in the field of trade ("GR 36/77"). These regulations include:

- Decree of the Minister of Industry and Trade No. 23/MPP/Kep/I/1998, on Trade Institutions ("MOIT Decree 23/98") regarding the classification of various trading institutions and practices as amended by Decree of Minister of Industry and Trade No. 159/MPP/Kep/4/1998 ("MOIT Decree 159/98"). This regulation defines the terms "wholesaler", "distributor" and "retailer", and clarifies that a company cannot simultaneously operate as a retailer and a large trader (wholesaler) and engage in informal trading. The basic distinction between a retailer and a wholesaler according to this decree is that a retailer sells goods in single or small quantities to end-consumers, whereas a wholesaler sells goods in large quantities to other intermediaries, such as sub-distributors and retailers.

- According to MOIT Decree 23/98, the term large trader ("wholesaler") covers main distributors, wholesalers, sub-distributors, main suppliers, large dealers and sole trademark holding agencies. This definition blurs the difference between wholesaler and distributor. Traditionally, the wholesaler has been regarded as being at a level lower in the chain than the distributor. The term "retailer" covers factory, selling and purchasing agents, sole trademark holding agencies (*agen tunggal pemegang merek)*, suppliers, retailing dealers and non-store dealers (*pengecer tanpa toko*). The difference between dealers and agents classified as wholesalers and those classified as retailers are that the former sells products in large quantities, whereas the latter sells products in smaller quantities. In addition, MOIT Decree 159/1998 stipulates that PMA large trader (wholesale)/retail companies may act as a General Importer and Exporter.

- Previously, the Decision of the Minister of Trade and Industry of the Republic of Indonesia No. 107/MPP/Kep/2/1998, dated 27 February 1998 on the Provisions and Procedures for the Granting of Modern Market Business Licences regulated that every company that engages in modern market business activities was obliged to obtain Modern Market Business Licences ("IUPM"). Modern market means markets established by the Government of Indonesia, private companies, and cooperatives in the forms of malls, supermarkets, department stores and shopping centres, the management of which must be carried out in a modern manner that prioritises comfort in shopping with a single management, having relatively strong capital with use of fixed price labels. The IUPM is granted by the Minister of Trade and Industry and is valid so long as the company engages in modern market activities. This regulation has been revoked by the Minister of Trade ("MOT") Regulation No. 53/M-DAG/PER/12/2008 on the Guidelines for Management and Supervision of Traditional Markets, Shopping Centres and Modern Stores ("MOT Regulation 53/2008"), details of which are below.

- Government Regulation No. 46 of 1998, regarding the Amendment to Government Regulation No. 2 of 1996 on Activities of Companies Established in the Framework of Foreign Investment in the Fields of Export and Import. This regulation stipulates that PMA manufacturing companies also may act as general exporters and importers so that they may import all kinds of goods from all sources, as long as these goods are not prohibited from being imported and are not placed under a special import regime (*tata niaga*).

- The latest regulation on Trade Business Licences (*Surat Ijin Usaha Perdagangan* or "SIUP"), Minister of Trade Regulation No. 36/M-DAG/PER/9/2007 ("MOIT Decree 36/2007") as amended by Minister of Trade Regulation No. 46/M-Dag/PER/9/2009 ("MOIT Decree 46/2009"), requires any company which intends to conduct trading activities to have a SIUP. Such companies must hold a specific type of SIUP depending on the scale of the company, i.e. a small SIUP ("SIUP Kecil"), medium SIUP ("SIUP Menengah") or large SIUP ("SIUP Besar"). Trading companies are defined as any type of business entity engaging in the trading sector to gain profit and being

permanent, sustainable, established, operated and domiciled within Indonesia. The SIUP is valid so long as the company carries out its business activities, and the SIUP must be re-registered every five years. The holder of a SIUP who violates the provisions of MOIT Decree 46/2009 will be charged with administrative sanctions, in the form of a written warning, temporary suspension of the SIUP, or revocation of the SIUP.

- PR 36/2010 requires retailers, including community stores, convenience stores, minimarkets and supermarkets with floor area of less than 1,200 square metres and department stores with floor area of less than 2,000 square metres, to be wholly-owned by domestic investment. Hence, supermarkets with floor area of 1,200 square metres or more and department stores department stores with floor area of 2,000 square metres or more are open for foreign investment.

- On 27 December 2007, the Government of Indonesia issued Presidential Regulation No. 112 of 2007 on the Guidelines for and Supervision of Traditional Markets, Shopping Centres and Modern Stores ("PR No. 112/2007"). PR No. 112/2007 in general stipulates, among other things, the zoning requirements for traditional markets, shopping centres and modern stores, the sales floor area of modern stores, the trading terms between suppliers and modern stores and licensing of traditional markets, shopping centres and modern stores.

- Pursuant to PR No. 112/2007, a "modern store" (*Toko Modern*) is defined as a store with independent service systems, selling various retail goods in the form of a minimarket, supermarket, department store, hypermarket or wholesaler. The location of a modern store must be in compliance with the zoning provisions of the regency/city. Further, the modern store must also comply with the sales area width requirement, as follows:

Type of Modern Store	Sales Area Width
Minimarket	Less than 400 square metres
Supermarket	400 square metres to 5,000 square metres
Hypermarket	More than 5,000 square metres
Department Store	More than 400 square metres
Wholesaler	More than 5,000 square metres

PR No. 112/2007 also limits the location of each of the types of modern stores as follows:

Type of Modern Store	Permissible Location
Minimarket	Road network of residential areas or inner city areas
Supermarket and Department Store	Outside road network of residential areas or inner city areas
Hypermarket and Shopping Centre	Arterial road, collector road or outside road network of residential areas/inner city areas
Wholesaler	Arterial road, primary collector road or secondary arterial road

Any type of modern store must have a Modern Store Business Licence (*Ijin Usaha Toko Modern* or "IUTM") issued by the Head of Regency/Mayor or the Governor of a Province, and these authorities may subsequently delegate the authorisation for issuing the IUTMs to the relevant Head of Office/Unit (Kepala Dinas/Unit) in charge of trade affairs in regional governments. Several articles in PR No. 112/2007 indicate that the Minister of Trade will issue a further implementing regulation to regulate certain matters in more detail. As the implementing regulation of PR No. 112/2007, the Minister of Trade enacted MOT Regulation 53/2008 on 12 December 2008. The key provisions of MOT Regulation 53/2008 are set out below.

Zoning Requirements for Traditional Markets, Shopping Centres and Modern Stores (with an Exemption for Minimarkets)

MOT Regulation 53/2008 stipulates that the construction of a traditional market or a shopping centre or a modern store (with an exemption for minimarkets) must comply with the requirements under the prevailing laws and regulations and an analysis must be made on the social economic conditions of the community, and of the existence of traditional markets and micro, small and medium businesses (known as "UMKM" as regulated under Law No. 20 of 2008 on Micro, Small and Medium Businesses) that are located in the area where the traditional market or the shopping centre or the modern store (with an exemption for minimarkets) will be constructed.

MOT Regulation 53/2008 stipulates certain elements to be covered in the analysis and requires the analysis to be made by a competent independent body or organisation. The results of the analysis are required as part of the supporting documents for obtaining licences to establish or operate a traditional market or a shopping centre or a modern store (with an exemption for minimarkets). Modern stores (with an exemption for minimarkets) that are integrated into shopping centres or other buildings are also required to perform the analysis.

Cooperation with Medium and Small Scale Business

Pursuant to PR No. 112/2007, all large and medium-scale distribution/wholesale/retail companies must establish a partnership (*kemitraan*) with small-scale business. MOT Regulation 53/2008 stipulates the types of cooperation (*kemitraan*) between the UMKM and modern stores, including providing business space for the UMKM, training/supervision, financing or other types of cooperation.

Law No.20 of 2008 on Micro, Small, and Medium Scale Businesses ("Law No. 20/2008") categorises micro, small and medium scale businesses as follows:

(a) Micro Scale Business: a business with (i) net assets of maximum of Rp.50 million; and (ii) annual sales of a maximum of Rp.300 million;

(b) Small Scale Business: a business with (i) net assets between Rp.50 million and Rp.500 million; and (ii) annual sales between Rp.300 million and Rp.2.5 billion;

(c) Medium Scale Business: a business with (i) net assets between Rp.500 million and Rp.10 billion; and (ii) annual sales between Rp.2.5 billion and Rp.50 billion.

Sales Floor Area of Modern Stores

MOT Regulation 53/2008 has the same requirement concerning the size of sales floor area as PR No. 112/2007. Modern stores with sales floor area as follows must also be wholly-owned through domestic investment:

(a) minimarket with an area of less than 400 square metres;

(b) supermarket with an area of less than 1,200 square metres; and

(c) department store with an area of less than 2,000 square metres.

Licensing Procedure

MOT Regulation 53/2008 stipulates that any minimarket, supermarket, department store, hypermarket or wholesaler (*perkulakan*) must have a IUTM, issued by the Head of Regency/Mayor or the Governor for the Government of Jakarta Province. The foregoing authorities may delegate the authorisation for issuing these licences to the relevant Head of Office/Unit (Kepala Dinas/Unit) in charge of trade affairs in regional

governments. MOT Regulation 53/2008 requires shopping centres or modern stores that are already in operation and that have obtained SIUPs before the enactment of MOT Regulation 53/2008 to apply for an IUTM not later than one year after the enactment of the regulation, i.e., 12 December 2009. Each business location must apply for a separate IUTM and there is a requirement to re-register such licences every five years. Under Article 21 of MOT Regulation 53/2008, if a business owner fails to re-register, it will face administrative sanctions in the form of suspension and revocation of its business licence. Modern stores that are in operation and have obtained IUTMs before the enactment of MOT Regulation 53/2008 will be deemed to have obtained an IUTM as long as the IUTM is not inconsistent with PR No. 112/2007 and MOT Regulation 53/2008.

Regional Operational Licence

As discussed above, IUTMs are issued by the Head of Regency/Mayor or, for Jakarta Province, the Governor, and these authorities may delegate the authorisation for issuing these licences to the relevant Head of Office/Unit (Kepala Dinas/Unit) in charge of trade affairs in regional governments.

In accordance with Law No. 32 of 2004 on Regional Autonomy as amended by Law No. 12 of 2008 ("Regional Autonomy Law"), the delegation of authorities by the central government to regional governments will need to be further implemented by regional regulations. Under the Regional Autonomy Law, a regional regulation is made to further elaborate a higher regulation (and a regional regulation must not contravene public interest or a regulation enacted by a higher authority). Therefore, in order to issue the IUTMs, a regional government is required to issue a regional regulation stipulating, among other things, the procedures to obtain an IUTM.

Prior to the enactment of PR No. 112/2007 and MOT Regulation 53/2008, some regional governments in Indonesia (such as the regional government of Jakarta Province) had already enacted regional regulations on modern stores. In view of this, PR No. 112/2007 and MOT Regulation 53/2008 provide a framework for regional governments in Indonesia to either:

(i) issue new regional regulations on IUTMs; or

(ii) adjust their existing regional regulations on modern markets to be in line with PR No. 112/2007 and MOT Regulation 53/2008.

HHP, our Indonesian Legal Advisor has advised that, so long as the existing regional regulations have not been revoked, and to the extent they are not inconsistent with PR No. 112/2007 and MOT Regulation 53/2008, the legal position is that existing regional regulations are still valid and will need to be complied with.

Absence of Regional Regulations on IUTM

For modern stores located in the regions that have not enacted regional implementing regulations in accordance with PR No. 112/2007 and MOT Regulation 53/2008, HHP, our Indonesian Legal Advisor has advised, and our Company is of the view that, we will have sufficient basis to assert that these stores can continue to operate, relying on TS's existing SIUP. While technically TS may be in breach of PR No. 112/2007 and MOT Regulation 53/2008, and the regulations that have been enacted by the relevant regional governments, it is not uncommon for operations to commence pending receipt of the IUTM provided that (i) an application for the IUTM has been made or (ii) TS has obtained the necessary licences as advised by the relevant regional governments in order to operate its stores.

The view above was also verbally confirmed to HHP by the Retail Section Head of the Directorate of Market and Distribution Development of the Ministry of Trade of the Republic of Indonesia. We are not aware that any modern store operators have been penalised for not obtaining an IUTM in regions that have not enacted a regional implementing regulations in accordance with PR No. 112/2007 and MOT Regulation 53/2008.

As at the date of this document, TS has not received any warning letters regarding the absence of IUTMs from the relevant regional governments.

a. Jakarta Regional Regulation

To operate a modern store in the Province of Jakarta, an approval from the Governor of Jakarta must be obtained pursuant to Regional Regulation of the Province of Jakarta No. 2 of 2002, regarding Private Markets in the Province of Jakarta ("Jakarta Regulation No. 2/2002") and as further implemented by Jakarta Governor Regulation No.44 of 2003 on the Implementation of Private Markets ("Jakarta Governor Regulation No. 44/2003"). The licence is valid for as long as the company carries out its business activities and must be re-registered every five years.

Each of our stores at Pacific Place Mall, Jakarta (Kem Chicks Supermarket) and Mall of Indonesia, Jakarta (Centro Department Store), has obtained an operating permit from the Governor of Jakarta. However, our store at Plaza Semanggi (Centro Department Store) has not been able to obtain an operating permit from the Governor of Jakarta due to a dispute between the operator of Plaza Semanggi and the regional government of Jakarta. The operating permit is a required document for our application for an IUTM for our store at Plaza Semanggi. Since the Jakarta regional government has enacted Jakarta Regulation No. 2/2002 and Jakarta Governor Regulation No. 44/2003 (prior to the enactment of PR No. 112/2007 and MOT Regulation 53/2008), our store at Plaza Semanggi in Jakarta will not be able to rely on its SUIP and is exposed to the risk of sanctions under Regional Regulation No. 2/2002 and Jakarta Regulation No. 44/2003. Our Indonesian Legal Advisor has also advised that although our store in Plaza Semanggi is technically in breach of the requirement to obtain an IUTM, it is of the view that the issue lies with Plaza Semanggi's licensing and the fact that TS has tried to submit applications for an IUTM to the Jakarta regional government, but has failed. To date the government has not taken any action.

Failure to obtain the operating licence is subject to administrative sanctions in the form of a written warning, summons, temporary closure of the store and revocation of the licence, and/or criminal sanctions in the form of a fine in the maximum amount of Rp.5 million or three months imprisonment of the directors.

However, as at the date of this document, we are not aware of any warning letters having been issued by the regional government of Jakarta to TS in relation to our store at Plaza Semanggi failing to obtain the operating permit from the Governor of Jakarta.

b. Depok, West Java Regional Regulation

The Regional Government of Depok, West Java has issued Regional Regulation of Depok City No. 03 of 2011 on Licenses and Business Registration in Industry and Trade ("Depok Regulation No. 03/2011") as the implementing regulation of MOT Regulation No. 53/2008 in Depok. Depok Regulation No. 03/2011 revokes the provision in Part V on modern markets of the previous regulation i.e. Regional Regulation of Depok City No. 23 of 2003 on Market Management ("Depok Regulation No. 23/2003"). The provisions under Depok Regulation No. 03/2011 stipulate that the regulation is enacted as of 6 June 2011, but its implementation will still be subject to the implementing guidelines to be issued within six months after it is enacted. The IUTM licence is valid for as long as the company carries out its business activities and must be re-registered every five years. Failure to obtain the operating licence is subject to criminal sanctions in the form of a fine in the maximum amount of Rp.50 million and/or three months imprisonment of the directors.

Our store at Margo City Mall, Depok (Centro Department Store) has obtained a no-objection letter to the opening of the store from the Mayor of Depok dated 8 September 2005 ("Depok No-Objection Letter"). HHP, our Indonesian Legal Advisor was verbally informed by the Division Head of Business Licensing of the Depok regional government that the Mayor of Depok is not issuing specific permits for modern stores (including supermarkets and department stores) under Depok Regulation No. 03/2011 as the Depok regional government is currently in the process of preparing the implementing guidelines as required under Depok Regulation No. 03/2011. Based on this information and the Depok No-Objection Letter and relying on TS's

SIUP, we believe that our store at Margo City Mall, Depok, is allowed to continue its operation. Further, our Indonesian Legal Advisor believes that the no-objection letter from the Mayor of Depok together with TS's SIUP, pending the local government issuing IUTMs, provides a high degree of comfort that our store at Margo City Mall, Depok may continue to operate and TS would have the basis to argue that it has complied with the regional regulations applicable in the Depok region.

c. Surabaya Regional Regulation

To operate a modern store in Surabaya, an IUTM from the Mayor of Surabaya must be obtained pursuant to Regional Regulation of Surabaya No. 1 of 2010 on Trading and Industry ("Surabaya Regulation No.1/2010"). Unlike the regional regulations in Depok and Jakarta, the regional regulation of Surabaya was issued after the enactment of PR No. 112/2007 and MOT Regulation 53/2008. The regulation is silent on the term of validity of the licence. However, a holder of an IUTM would need to submit a report on its operations every six months. Failure to obtain the IUTM is subject to administrative sanctions in the form of a written warning, summons, temporary closure of the store and revocation of the licence, and/or criminal sanctions in the form of a fine in the maximum amount of Rp.50 million or three months imprisonment of the directors.

Our store at Galaxy Mall, Surabaya (Centro Department Store) has not obtained an IUTM as required under Surabaya Regulation No. 1/2010. However, we submitted an IUTM application to the Surabaya Industry and Trade Office on 15 July 2011 and have undergone various verification processes with that office. TS has also been communicating with the officers of the Surabaya Trade and Industry Office from time to time to consult the status of its IUTM application. TS has also obtained a letter issued by Surabaya Trade and Industry Office on 1 August 2011 ("Surabaya Trade and Industry Office Letter") stating that from an administrative perspective, TS's Community Social Economic Assessment in relation to the opening of our store at Galaxy Mall, Surabaya fulfills the requirement to obtain an IUTM, which application is currently still in process. The process of obtaining an IUTM in Surabaya may take some time as the Surabaya regional government has not, to our knowledge, yet issued an IUTM to any operator since the Surabaya regional government is still processing all applications. TS has also registered its SIUP at the Surabaya Trade and Industry Office. Based on this information and the Surabaya Trade and Industry Office Letter, and relying on TS's SIUP, we believe that our store at Galaxy Mall, Surabaya, is allowed to continue its operation. Further, our Indonesian Legal Advisor believes that since (i) TS has submitted an application for an IUTM, (ii) TS has submitted the documents to obtain an IUTM, and (iii) TS has obtained the Surabaya Trade and Industry Office Letter, in the absence of the Surabaya regional government issuing an IUTM, this provides a high degree of comfort that our store at Galaxy Mall, Surabaya may continue to operate and TS would have the basis to argue that it has complied with the regional regulations applicable in Surabaya.

d. Tangerang Regency, Banten; Yogyakarta; and Kuta, Badung Regency (Bali) Regional Regulations

As at the date of this document, Tangerang Regency, Banten; Yogyakarta; and Kuta, Badung Regency (Bali), have not enacted regional regulations on IUTM and HHP, our Indonesian Legal Advisor is not aware that the regional regulations on IUTM will be issued in the near future. In the absence of an IUTM regulation, as advised by HHP, our Indonesian Legal Advisor, we believe that TS can rely on its SIUP to continue operating our stores located in these regions, provided that TS applies for an IUTM for these stores as and when the relevant regional government enacts an IUTM regulation. However, please note that notwithstanding the absence of a Tangerang Regency regional regulation on IUTM, our store in Tangerang Regency has obtained an IUTM from the Tangerang Regency regional government.

In the event of write-off, the investment amount to be written-off for those stores who have not obtained IUTMs would be approximately S$7.9 million. This represents less than 2.8% of the Group's assets as at 30 June 2011.

Sanctions for not obtaining an IUTM

Although PR No. 112/2007 and MOT Regulation 53/2008 specifically require modern stores to obtain an IUTM, PR No. 112/2007 and MOT Regulation 53/2008:

a. do not stipulate any specific sanctions for parties that fail to obtain an IUTM; and

b. only stipulate sanctions for actual IUTM holders that fail to comply with the provisions of PR No. 112/2007 and MOT Regulation 53/2008 (there seems to be an assumption that the regional governments will have issued IUTM regulations and licences, which will provide for specific sanctions for parties that fail to obtain an IUTM).

If the breach for failing to obtain an IUTM is considered to be administrative in nature, sanctions are likely to be imposed in the following manner (but the process may vary in different regions):

a. issuance of written warnings by the regional government to the management of the modern store with or without administrative fines (usually up to three written warnings with certain period intervals are issued);

b. issuance of a summons by the regional government to the management of the modern store;

c. issuance of an order by the regional government to close the store temporarily until the breach is rectified to the satisfaction of the regional government; and

d. issuance of a decision by the regional government on the revocation of the modern store's operating license (e.g., a SIUP)

If the breach for failing to obtain an IUTM is considered to be criminal in nature:

a. the commencement of the proceedings will be based on a report to a competent authority by an interested third party (the report may be initiated by the regional government);

b. the report will trigger an investigation (either by the Indonesian National Police or by a public prosecutor) in order to determine whether or not the alleged offence has taken place;

c. if the investigator (either by the Indonesian National Police or by a public prosecutor) does not find sufficient evidence that a criminal offence has been committed, or finds that the alleged actions cannot be deemed as criminal, it may cease the investigation process;

d. if the investigator finds sufficient evidence that a criminal offence has been committed, the investigator will submit the case to the prosecutor to be further lodged with the relevant District Court. It should be noted that the prosecutor may also request additional information or evidence, or otherwise decide to dismiss the case due to insufficient evidence.

The relevant government institution would likely impose administrative sanctions through warning letters and other administrative penalties (including revoking a SIUP or other operating permits) before it initiates any criminal proceedings against a modern store operator for failing to obtain an IUTM. If a District Court imposes a penalty on a modern store operator for failing to obtain an IUTM, the modern store operator may appeal the District Court's decision to the High Court, and thereafter, if necessary, the modern store operator may appeal the High Court's decision to the Supreme Court.

Other Business Licences

Alcoholic Beverages

PR 36/2010 stipulates that companies that trade in alcoholic beverages must be 100% owned by domestic investors and obtain a Trade Business Licence ("SIUP") and a Trade Business Licences for Alcoholic Beverages ("SIUP IMB"). They must also have distribution networks and must be situated in specified locations.

Under Regulation of Ministry of Trade No. 53/M-DAG/PER/12/2010 on amendment of Regulation of Ministry of Trade No. 43/M-DAG/PER/9/2009 on Procurement, Distribution, Sale, Supervision and Control of Alcoholic Beverages ("MOIT Decree 53/2010"), companies that import alcoholic beverages with an ethanol level 0% to 5% ("category A"), alcoholic beverages with an ethanol level of more than 5% up to 20% ("category B"), and/or alcoholic beverages with an ethanol level of more than 20% up to 55% ("category C") must obtain a permit as a Registered Importer for Alcoholic Beverages ("ITMB"). In addition, companies that trade alcoholic beverages in category A must obtain a SIUP and companies that trade alcoholic beverages in category B and category C must obtain a SIUP-MB. Alcoholic beverages with an ethanol level of more than 55% are prohibited in Indonesia. The application for SIUP-MB for Distributor and Sub-Distributor can be conducted by companies that are wholly-owned by Indonesian citizens. Failure to obtain the ITMB and SIUP-MB is subject to criminal sanctions under the prevailing laws and regulations as well as administrative sanctions such as suspension or revocation of the licences.

Restaurant and Bar

PR 36/2010 stipulates that companies that conduct a restaurant business can have up to 51% foreign ownership and companies that conduct a bar business can have up to 49% foreign ownership or up to 51% if the company cooperates with the UMKM as stipulated by MOT Regulation 53/2008.

Under Regional Government Regulation of Jakarta No. 10 of 2004 ("PP 10/2004"), any company that conducts a restaurant or bar business must obtain a Tourism Business Licence from the Head of Tourism Services. A Tourism Business Licence is given as long as the company conducts the restaurant or bar business, although it must re-register every year.

If a company fails to obtain or re-register a Tourism Business Licence, the company will be subject to administrative sanctions in the form of written warning (up to a maximum of three times) and limitation and suspension of the restaurant or bar business. Failure to obtain the Tourism Business Licences for restaurant or bar will be subject to three months' imprisonment or a fine in a maximum of Rp.5 million, in addition to administrative sanctions in the form of oral warning, written warning, suspension or the revocation of the licences.

Company Registration Certificate

Pursuant to Law No. 3 of 1982 on the Company Registration Obligation, a company must be registered in the Company Register maintained by the Department of Trade. Failure to comply with such regulation is subject to three months imprisonment or a fine in the maximum amount of Rp.3 million.

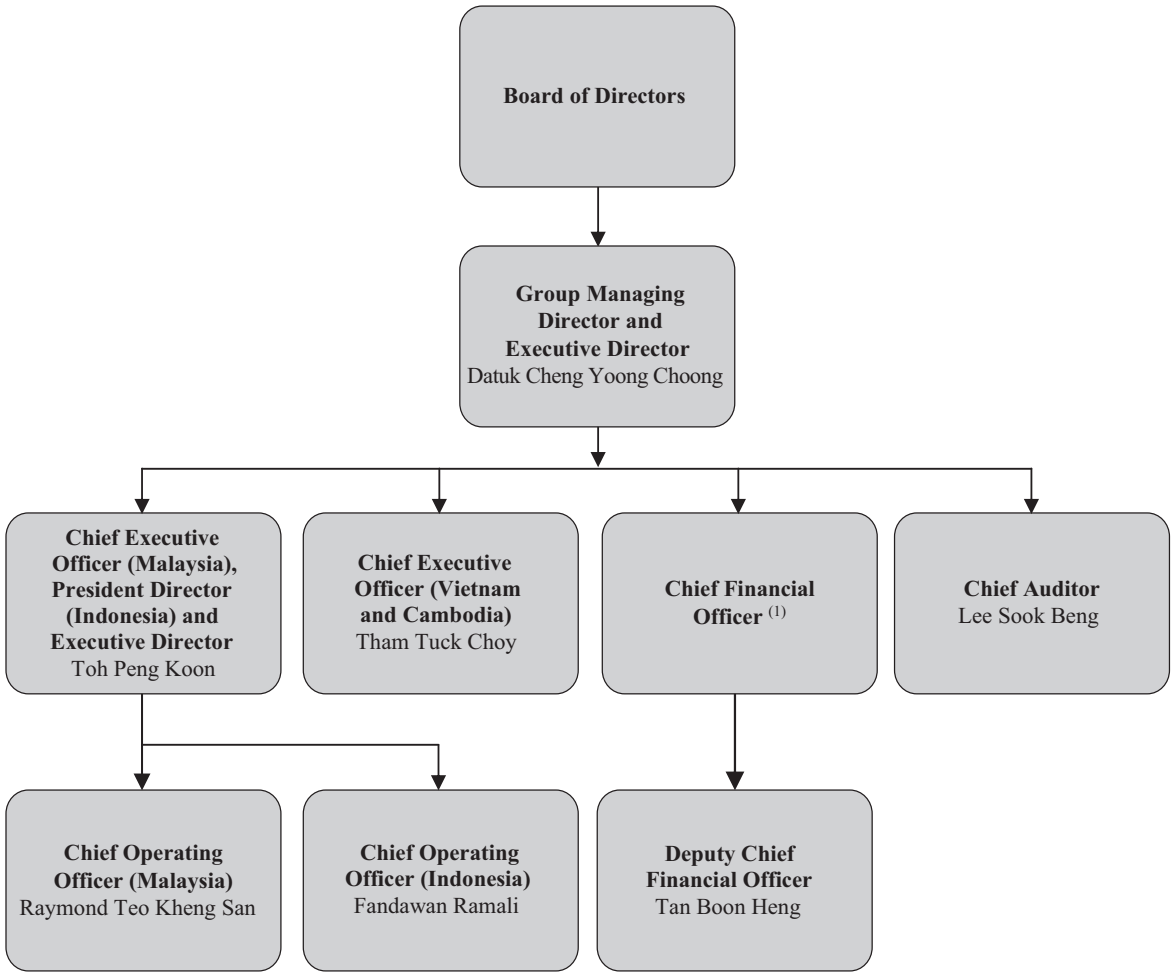
In addition to the above, the Minister of Law and Human Rights also maintains a Company Register as required by the Law No. 40 of 2007 on Limited Liabilities Companies.

Nuisance Licence (Izin Undang-undang Gangguan — Hinder Ordonantie/HO Licence)

A nuisance licence is required under Staatsblad 1926-226 on Nuisance Law, as amended by Staatsblad 1940-14 and 450. This licence is required for business activities which might cause hazards or public disturbances. In addition to the above, several provinces also require companies to obtain provincial nuisance licences. Failure to obtain these nuisance licences is subject to a fine or imprisonment for a certain period.

Our Management Reporting Structure

The following chart shows the management reporting structure of our senior management team:



(1) Our Company will be appointing a new Chief Financial Officer after the Listing Date and will make an announcement of such appointment accordingly.

Our Directors

Our Board of Directors is entrusted with the responsibility for our overall management and direction. Our Board of Directors is required to meet on a quarterly basis, or more frequently as required, to review and monitor our financial position and operations.

The following table sets forth information regarding our Directors as at the Latest Practicable Date:

Name	Age	Address	Position
Tan Sri Cheng Heng Jem	68	A-16-1, Blok A, Satu Residensi No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Malaysia	Non-Executive Chairman

Name	Age	Address	Position
Datuk Cheng Yoong Choong	47	Lot 90, Mines Resort City 116 Jalan Timah 2 43300 Seri Kembangan Selangor Darul Ehsan Malaysia	Group Managing Director and Executive Director
Toh Peng Koon	57	12 Jalan Menara U8/5 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Chief Executive Officer (Malaysia), President Director (Indonesia) and Executive Director
Tan Siang Long (formerly known as Herman Darmawan)	47	33 Cornwall Gardens Singapore 269659	Non-Executive Director
Wee Kheng Jin	57	23 Holland Hill #02-10 Singapore 278739	Non-Executive Independent Director
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin	63	17 Jalan P10D, Presint 10 Putrajaya, Malaysia	Non-Executive Independent Director
Tan Soo Khoon	61	16 First Avenue Singapore 268751	Non-Executive Independent Director
Michel Grunberg	62	953 Bukit Timah Road #07-05 The Nexus Singapore 589651	Non-Executive Independent Director

Save as disclosed in the section "Interested Person Transactions and Potential Conflicts of Interest — Potential Conflicts of Interest", none of our Directors are related to each other or to our executive officers or Substantial Shareholders. See "Substantial Shareholders and the Vendors — Control of our Company".

Expertise of our Board of Directors

As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. In accordance with the requirements under the SGX-ST listing rules, our Directors have been briefed on the roles and responsibilities of a director of a publicly listed company in Singapore.

Information on the business and working experience of our Directors is set out below.

Tan Sri Cheng Heng Jem is the Non-Executive Chairman of our Company. He was appointed as a Director of our Company on 31 March 2011. Tan Sri Cheng has more than 35 years of experience in the business operations of the Lion group of companies, which is a Malaysian based diversified business group (which includes our Company) engaged in a variety of businesses encompassing steel, retail, property development, tyre, computer, motor and plantation. He oversees the operation of this Malaysian based diversified business group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the group. As part of his involvement in the Lion group of companies, Tan Sri Cheng is the Chairman of PRGL and the Chairman and Managing Director of PHB. Tan Sri Cheng is also the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Datuk Cheng Yoong Choong is an Executive Director and the Group Managing Director of our Company. He was appointed as a Director of our Company on 31 March 2011. Datuk Cheng has been with PCSB since 1987, holding various positions such as Chief Operating Officer and General Manager of

Merchandising Department. He is also currently the group managing director of PRGL, a company listed on the Hong Kong Stock Exchange. We expect that Datuk Cheng will be able to devote sufficient time to his role as our Group Managing Director as he will not be involved in the day-to-day operations of our Company and PRGL, but will be in charge of developing and implementing the strategic plans of our Group. Datuk Cheng received a Bachelor of Science degree in Business Administration in 1983 and a Master of Business Administration degree in 1984, both from the University of San Francisco. In 2011, he was a recipient of the Darjah Mulia Seri Melaka award.

Mr. Toh Peng Koon is an Executive Director and also the Chief Executive Officer of our Malaysian operations and President Director of our Indonesian operations. Mr. Toh was appointed as a Director of our Company on 31 March 2011. Mr. Toh has been with PCSB since 1988, holding various positions including Electronic Data Processing Manager, Assistant General Manager, General Manager, Chief Operating Officer and Chief Executive Officer. In January 2010, Mr. Toh was appointed Chief Executive Officer of PCSB, overseeing the operations and business strategy development of our Group in Malaysia. As part of our Group's expansion into Indonesia, Mr. Toh was also appointed the President Director of TS and is responsible for the establishment and growth strategies of our Group's operations in Indonesia.

Mr. Toh has served in various capacities for the Malaysia Retailers Association. Since 1998, he served as the President for eight years and as the Deputy President for three years. He is currently the Deputy President for the Malaysia Retailers Association. From 2004 to 2006, Mr. Toh also served as Deputy Chairman of the Commerce Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Prior to joining our Group, Mr. Toh started his career as a software manager in Sistemaju Sdn Bhd in 1978. In 1981, he joined PanGlobal Insurance Sdn Bhd as an Electronic Data Processing Manager where he headed the Information Technology Department. Mr. Toh received a Bachelor of Science (Mathematics) degree from Universiti Sains Malaysia in 1978.

Mr. Tan Siang Long (formerly known as Herman Darmawan) is a Non-Executive Director of our Company, and a nominee of our Substantial Shareholder, MS. As long as MS holds 5.0% of the shareholding of our Company, ECIL is obliged to nominate and exercise its voting rights in favour of any nominee director of MS on our Board of Directors. Mr. Tan was appointed as a Director of our Company on 14 June 2011. Mr. Tan has also served as the Chief Information Officer of MHL since 2006, responsible for its computer and software information systems and supply chain support services. MHL is an operator of specialty stores including "The Body Shop" in Indonesia. Prior to that, he was a director of Trimega Business Concepts Pte Ltd from 2001 to 2005 and PT Valutrada Indonesia from 2001 to 2006, which were also in the retail business. From 1986 to 2001, Mr. Tan worked for PT Matahari Putra Prima, a retail company listed on the Jakarta Stock Exchange, which previously operated the "Matahari" department stores in Indonesia. During his time with PT Matahari Putra Prima, his various roles included division manager in the hypermarkets, store operations, logistics, marketing, merchandising and supermarkets divisions. Mr. Tan obtained his GCE 'A' Level certificate from Raffles Junior College in 1982 and attended the Stanford-National University of Singapore Executive Program in 1997.

Mr. Wee Kheng Jin is a Non-Executive Independent Director of our Company. He was appointed as a Director of our Company on 28 September 2011. Mr. Wee has more than 32 years of financial experience in a variety of industries including banking, construction, hospitality services and real estate development. He joined Price Waterhouse in 1978 as an auditor after his graduation. In 1981, he moved to United Engineers Limited, initially as an Internal Auditor and later became its Operations Manager. From 1984 to 2000, Mr. Wee worked at Citibank NA and Citicorp Investment Bank Singapore Limited in various positions including the bank's Country Financial Controller and Vice-President (Regional Financial Markets). Since 2000, he has worked at Far East Organization and its subsidiary Orchard Parade Holdings Limited, initially as the Director of Finance and later as executive director of Far East Organization. He holds a concurrent appointment as Director, Investment, at Orchard Parade Holdings Limited. Mr Wee has experience as a director of listed companies. Currently, he is appointed as a non-executive director of Tung Lok Restaurants (2000) Ltd and Yeo Hiap Seng Limited, appointments held since 2010.

Mr. Wee obtained his Bachelor of Accountancy from the University of Singapore in 1978 and has been a member of the Institute of Certified Public Accountants of Singapore since 1979.

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin is an independent Non-Executive Director of our Company. He was appointed as a Director of our Company on 28 September 2011. Gen (R) Tan Sri Dato' Seri Mohd. Zahidi served the Malaysian armed forces for 37 years, holding many key appointments. He was the Chief of Defence Forces with the rank of General from January 1999 until his retirement in April 2005. Gen (R) Tan Sri Dato' Seri Mohd. Zahidi is a graduate of the Senior Executive Program in National and International Security from Harvard University. He also obtained a Master of Science degree (Defence and Strategic Studies) from Quaid-I-Azam University in Islamabad, Pakistan. Gen (R) Tan Sri Dato' Seri Mohd. Zahidi currently serves as the audit chairman of two companies listed on the Bursa Malaysia, namely, Bandar Raya Developments Berhad and Genting Plantations Berhad. He is also the Chairman of the board of directors of Affin Holdings Bhd, a financial group holding company listed on the Bursa Malaysia, with subsidiaries conducting commercial and Islamic banking activities. In addition, Gen (R) Tan Sri Dato' Seri Mohd. Zahidi was involved in asset and resource management when he served as the Malaysian Chief of Defence Forces. He has experience in reviewing financial statements, budgeting strategy and monitoring key financial performance indicators.

Mr. Tan Soo Khoon is an independent Non-Executive Director of our Company. Mr. Tan was appointed as a Director of our Company on 28 September 2011. Since 1978, he has been managing director of the watch distribution company, Crystal Time (S) Pte Ltd, a watch distributor headquartered in Singapore, with a distribution office in Malaysia and associates in Brunei and Indonesia, where he was in charge of overseeing the growth of the company. Mr. Tan is also the Non-Executive Chairman of St James Holdings Ltd, a company in the entertainment industry.

Mr. Tan holds a Bachelor's degree in Business Administration with Honours from the National University of Singapore. He served as a Member of the Singapore Parliament from 1976 to 2006 and was appointed as the Speaker of Parliament from 1989 to 2002. Currently, Mr. Tan is also Singapore's non-resident ambassador to the Czech Republic.

Mr. Michel Grunberg is an independent Non-Executive Director of our Company. Mr. Grunberg was appointed as a Director of our Company on 28 September 2011. He has more than 35 years of business and work experience in the retail industry. In particular, Mr. Grunberg has worked with the Estée Lauder Group in senior capacities worldwide, including Europe, the Middle East, Africa and the Asia-Pacific Region. Notably, from 2000 to 2007, he served as the Senior Vice President & Regional Head of the Asia-Pacific Region, working in both Singapore and China. In his various capacities as part of the management of the Estée Lauder Group, Mr. Grunberg was responsible for general management functions, including growth, brand building, distribution, media relationships management, equity improvement, competitive positioning, supply chain coordination and market share acquisition. Since 2008, he has been a non-executive director of C.K. Tang Ltd., a retail company which operates the Tangs department stores in Singapore. Mr. Grunberg also owns his own business consultancy, MG Consultancy Pte Ltd.

Mr. Grunberg obtained a Masters in Business Administration in Industrial Administration from Bosphorus University in Istanbul, Turkey in 1973 and a Bachelor of Arts degree in Industrial Administration from Robert College in Istanbul, Turkey in 1971.

Our Independent Directors

Our Independent Directors, namely Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, Mr. Tan Soo Khoon, Mr. Michel Grunberg and Mr. Wee Kheng Jin, by accepting their respective appointments as Independent Directors have confirmed that they are able to discharge their respective responsibilities as Independent Directors of our Company and have undertaken to ensure that sufficient time and attention will be given to the affairs of our Company.

Service Agreements with Directors

On 17 October 2011, we entered into service agreements with Datuk Cheng Yoong Choong and Mr. Toh Peng Koon.

Under the service agreements, each of Datuk Cheng and Mr. Toh will receive director's fees and be entitled to participate in our Company's benefit plans (such as medical and insurance schemes). They will also be eligible to receive a variable and discretionary bonus each year. Under the ESOS they are also entitled to participate in the ESOS.

They have been appointed as directors of our Company with effect from 31 March 2011 and are engaged under the service agreements for a term of three years commencing from the date of Listing.

They are generally bound by confidentiality obligations and are required to observe non-compete restrictions whereby they have covenanted not to be employed in or carry on business in competition with our Group or solicit our senior employees, suppliers, customers, officers, agents or consultants of our Group in countries in which our Group has carried on business for 12 months after the date of cessation of employment under the service agreement.

There are no existing or proposed service agreements entered into or to be entered into by our Company or any of its subsidiaries with any of our Directors which provides for benefits (in the form of stock options, pensions, retirement or other benefits) upon termination of employment.

Employment Terms

Our key management personnel including our executive directors are employed under employment letters, which generally stipulate remuneration terms, entitlement to leave and other benefits consistent with our Group's prevailing policies. Employees are generally bound by confidentiality obligations during and after their employment with our Group. Typically, the notice period for termination of employment of key management is three months, given either by the employee or us. We may also terminate the employment of key management by giving three months salary in lieu of notice as well as terminate the employment of key management for cause, without notice.

As at the Latest Practicable Date, save as required for compliance with the applicable laws of Singapore, Malaysia, Indonesia and Vietnam, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

Term of Office

Our Directors do not currently have a fixed term of office. However, at each annual general meeting, one-third of the Directors who have served the longest since their most recent election (or, if their number is not a multiple of three, the number nearest to but not less than one-third) must retire from office and may stand for re-election at that annual general meeting. Each Director must therefore retire from office and stand for re-election at least once every three years.

Our Audit Committee

The terms of reference of our Audit Committee provide that it must be made up of Non-Executive Directors, a majority of whom, including the Chairman, must be independent. The members of our Audit Committee as at the date of this document consist of our Independent Directors, Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin and Mr. Tan Soo Khoon and our Non-Executive Director, Mr. Tan Siang Long. The Chairperson of our Audit Committee is Gen (R) Tan Sri Dato' Seri Mohd. Zahidi. Responsibilities of our Audit Committee include, among others:

- assisting our Board of Directors in discharging its statutory responsibilities on financing and accounting matters;

- reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

- reviewing the adequacy of our internal controls comprising internal financial controls, operational and compliance controls, including procedures for entering into hedging transactions, and risk management policies and systems established by the management (collectively, "internal controls"), ensuring that such review of the effectiveness of the internal controls is conducted at least annually;

- reviewing, with the external auditor, his evaluation of the system of internal accounting controls;

- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board of Directors;

- reviewing the statements to be included in the annual report concerning the adequacy of the internal controls, including financial, operational and compliance controls, and risk management systems and disclosing the outcome of reviews of the key financial risk areas in the annual report;

- reviewing any Interested Person Transactions. See "Interested Person Transactions and Potential Conflicts of Interest";

- reviewing the cash and fund management policies approved by our Board of Directors and any deviation from such policies;

- reviewing all hedging policies (such as foreign currency exchange, interest rate and commodity risks) and instruments approved by our Board of Directors, if any, and any deviation from such policies;

- reviewing the effectiveness of our internal audit function;

- appraising and reporting to our Board of Directors on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls;

- making recommendations to our Board of Directors on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

- reviewing any actual or potential conflicts of interest that may involve our Directors as disclosed by our Directors to our Board and exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a potential conflict of interest relating to him. The review will include an examination of the nature of the potential conflict and such relevant supporting data as our Audit Committee deems reasonably necessary;

- reviewing and assessing from time to time whether additional processes are required to manage any material conflicts of interest with our Group and propose, where appropriate, relevant measures for the management of such conflicts; and

- reviewing and resolving all conflict of interest matters referred to it.

Apart from the duties listed above, the Audit Committee ensures that arrangements are in place for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee commissions and reviews the findings of internal investigations into such matters or matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and financial position. The Audit Committee also ensures that the appropriate follow-up actions are taken. Each member of our Audit Committee abstains from voting on any resolutions in respect of matters in which he is or may be interested.

The Audit Committee has reviewed our Group's internal controls and confirms that they are not aware of any significant weakness in the internal controls of our Group.

Our Nominating Committee

The terms of reference of our Nominating Committee provide that a majority of its members, including the Chairman, must be independent. The members of our Nominating Committee as at the date of this document consist of our Independent Directors, Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, Mr. Michel Grunberg and our Group Managing Director Datuk Cheng Yoong Choong. The Chairperson of our Nominating Committee is Gen (R) Tan Sri Dato' Seri Mohd. Zahidi. Responsibilities of our Nominating Committee include, among others:

- recommending to our Board of Directors candidates for senior management positions (such as Chief Executive Officer and Chief Financial Officer) and candidates for directorships (including executive directorships);

- recommending to our Board of Directors the re-election of any Directors by our shareholders in accordance with our Articles of Association;

- reviewing and determining annually if a Director is independent, in accordance with the Singapore Code of Corporate Governance 2005 (the "Code") and any other salient factors;

- reviewing the composition of our Board of Directors annually to ensure that our Board of Directors has an appropriate balance of expertise, skills, attributes and abilities; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director.

Our Nominating Committee decides how our Board of Directors' performance is to be evaluated and proposes objective performance criteria which address how our Board of Directors has enhanced shareholder value in the long term. The Nominating Committee also implements a performance evaluation process to assess the effectiveness of our Board of Directors as a whole and to assess the contribution that each Director makes to the effectiveness of our Board of Directors. The Nominating Committee must also decide whether or not a Director is able to and has been adequately carrying out his duties as a Director. Each member of the Nominating Committee must abstain from voting on any resolutions in respect of a matter in which he has an interest.

Our Nominating Committee has reviewed the appointment of Tan Sri Cheng Heng Jem as Non-Executive Chairman and Datuk Cheng Yoong Choong as Group Managing Director, noting in particular their respective involvement in PHB and/or PRGL. Our Nominating Committee believes that the continued

involvement of both Tan Sri Cheng and Datuk Cheng in our Company is important, as they have been instrumental in leading the growth of the PHB group and/or the PRGL group. Tan Sri Cheng has more than 35 years of experience in the Lion group of companies (which includes our Company), which is a Malaysia-based diversified business group engaged in a variety of businesses, while Datuk Cheng has been involved in the Parkson department store business since 1987 in various capacities. Our Nominating Committee believes that this wealth of experience of Tan Sri Cheng and Datuk Cheng will be useful to our Company.

As the Non-Executive Chairman of our Company, Tan Sri Cheng will be responsible for the formulation and monitoring of the overall corporate strategic plans and business development of our Group and will not be involved in the day-to-day management and operations. As such, our Nominating Committee believes that Tan Sri Cheng will be able to commit sufficient time in discharge of his duties as the Non-Executive Chairman of our Company.

Similarly, Datuk Cheng, the Group Managing Director of our Company, will not be involved in the day-to-day operations of our Group but will be in charge of developing and implementing the strategic plans of our Group. Datuk Cheng is further supported by Mr. Toh Peng Koon and Mr. Tham Tuck Choy in our Group, as well as a separate team of senior management at PRGL (he will not be involved in the day-to-day operations of the PRGL group). Having regard to the foregoing factors, our Nominating Committee believes that Datuk Cheng will be able to commit sufficient time to discharge his duties as the Group Managing Director.

Notwithstanding the common directorships held by Tan Sri Cheng and Datuk Cheng in our Company and in PHB and/or PRGL, our Nominating Committee is of the view that any potential conflicts of interest is satisfactorily mitigated. See "Interested Person Transactions and Potential Conflicts of Interest — Potential Conflicts of Interest — Certain of Our Directors".

Our Nominating Committee undertakes to annually review the adequacy of time spent by Tan Sri Cheng and Datuk Cheng in overseeing the affairs of our Group.

Our Remuneration Committee

The terms of reference of our Remuneration Committee provide that it must be made up of Non-Executive Directors, a majority of whom, including the Chairman, must be independent. The members of our Remuneration Committee as at the date of this document consist of our Independent Directors, Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, Mr. Tan Soo Khoon and our Non-Executive Chairman Tan Sri Cheng Heng Jem. The Chairman of our Remuneration Committee is Mr. Tan Soo Khoon. Responsibilities of our Remuneration Committee include, among others:

- recommending to our Board of Directors, in consultation with the Chairman of our Board of Directors, a comprehensive remuneration policy framework and guidelines for remuneration of our Directors and key executives;

- deciding specific remuneration packages for each of the Directors and the Chief Executive Officer covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind;

- in the case of service agreements, considering what compensation commitments, if any, would be necessary under the Directors' or executive officers' contracts of service in the event of early termination with a view to being fair and avoiding rewarding poor performance and to recognising the duty to mitigate loss to our Company; and

- approving targets for assessing the performance of each of the key managerial personnel and recommending such targets as well as employee specific remuneration packages for each of such key managerial personnel, for endorsement by our Board of Directors.

Our Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, so as to retain and motivate the Directors and key executives and to align the interests of management with our Group and shareholders through participation in share plans that have been implemented or that may be implemented by our Group.

If a member of the Remuneration Committee has an interest in a matter being reviewed or considered by the Committee, he must abstain from voting on that matter.

Our Board of Directors has appointed Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin to be the Lead Independent Director of our Company. As the Lead Independent Director, his scope of work will include being available to shareholders where they have concerns that contact through the normal channels of our Chairman or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

Independence of our Independent Directors

The Code recommends that there should be a strong and independent element on a board of directors which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the company. Under the Code, an "independent director" is defined as one who has no relationship with the listed company (the "Listco"), its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Listco. Examples of relationships, which are deemed not to be independent, include:

(a) a director being employed by the Listco or any of its related companies for the current or any of the past three financial years;

(b) an immediate family member of a director being or having been in any of the past three financial years, employed by the Listco or any of its related companies as a senior executive officer whose remuneration is determined by the remuneration committee;

(c) a director, or an immediate family member, accepting any compensation from the Listco or any of its subsidiaries other than compensation for board service for the current or immediate past financial year; and

(d) a director, or an immediate family member, being a Substantial Shareholder of or a partner in (with 5.0% or more stake), or an executive officer of, or a director of any for-profit business organisation to which the Listco or any of its subsidiaries made, or from which the Listco or any of its subsidiaries received, significant payments in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant.

One of our Independent Directors, Mr. Tan Soo Khoon, is a director of WatchMart (M) Sdn Bhd ("WatchMart"). He is not a shareholder of WatchMart. Mr. Tan Soo Khoon's wife is one of the shareholders and also a director of WatchMart. WatchMart supplies certain brands of watches to our Group and the amount of such supplies for the financial year ended 30 June 2011 was less than RM100,000 (see "Interested Person Transactions and Potential Conflicts of Interest — Present and Ongoing Interested Person Transactions — Purchase of Goods from WatchMart (M) Sdn Bhd" for further details). The aggregate value of the transactions with WatchMart will not increase significantly going forward, as this is a relatively minor part of our Group's retail business. Such supplies were made on normal commercial terms and on an arm's length basis and will continue to be so going forward. Mr. Tan Soo Khoon will abstain from and will not be involved in any decision of our Board in relation to any transactions or contracts with WatchMart. Based on the foregoing, our Board believes that the business relationship with Mr. Tan Soo Khoon would not interfere, or be reasonably perceived to interfere, with the exercise of Mr. Tan Soo Khoon's independent business judgment with a view to the best interests of our Company. Also, the independence of Mr. Tan Soo

Khoon, as is the case with the other independent directors, will be reviewed by the Nominating Committee on an annual basis. In reviewing the independence of Mr. Tan Soo Khoon, in particular, the Nominating Committee will have regard to the value of the transactions between WatchMart and our Company.

Our Executive Officers

The following table sets forth information regarding our executive officers as at the Latest Practicable Date:

Name	Age	Address	Position
Datuk Cheng Yoong Choong	47	Lot 90, Mines Resort City 116 Jalan Timah 2 43300 Seri Kembangan Selangor Darul Ehsan Malaysia	Group Managing Director and Executive Director
Toh Peng Koon	57	12 Jalan Menara U8/5 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Chief Executive Officer (Malaysia), President Director (Indonesia) and Executive Director
Tham Tuck Choy	55	6 Jalan Camar 4/14A Sierra Damansara Seksyen 4 Kota Damansara 47810 Petaling Jaya Selangor, Malaysia	Chief Executive Officer (Vietnam and Cambodia)
Raymond Teo Kheng San	54	D-03-08, Block D Surian Condominium, 1 Jalan PJU7/12B Mutiara Damansara 47810 Petaling Jaya Selangor, Malaysia	Chief Operating Officer (Malaysia)
Fandawan Ramali	57	Puri Bintaro – PB 19/11 Bintaro Jaya Sector 9 Tangerang – 15413 Indonesia	Chief Operating Officer (Indonesia)
Tan Boon Heng	38	Block 126A Edgedale Plains #04-338 Singapore 821126	Deputy Chief Financial Officer
Lee Sook Beng	45	76 Jalan USJ 11/3L 47620 Subang Jaya Selangor, Malaysia	Chief Auditor

Note: Our Company will be appointing a new Chief Financial Officer after the Listing Date and will make an announcement of such appointment accordingly.

Experience of our Executive Officers

Datuk Cheng Yoong Choong is the Group Managing Director of our Company. He is also an Executive Director of our Company. Details of his working experience are set out under "— Expertise of our Board of Directors".

Mr. Toh Peng Koon is the Chief Executive Officer of our Malaysian operations and President Director of our Indonesian operations. He is also an Executive Director of our Company. Details of his working experience are set out under "— Expertise of our Board of Directors".

Mr. Tham Tuck Choy is the Chief Executive Officer of our Vietnamese and Cambodian operations. Mr. Tham has been with PCSB since 1987, as Merchandising Manager and General Manager. In January 2005, Mr. Tham was appointed as the Chief Operating Officer of our Vietnam operations and was responsible for establishing our Group's operations in Vietnam and overseeing the operations and business strategy development of our business in Vietnam. Mr. Tham was subsequently appointed Chief Executive Officer of Parkson Vietnam. Prior to joining PCSB, Mr Tham worked for the Emporium group of companies from 1975 to 1987. The Emporium group of companies operates supermarkets and department stores in Malaysia. Mr. Tham had held various positions with the Emporium group of companies including floor supervisor, business officer, store manager and merchandising manager. Mr. Tham obtained a Malaysia Certificate of Education from Catholic High School in 1974.

Mr. Raymond Teo Kheng San is the Chief Operating Officer of our Malaysian operations. Mr. Teo has over 32 years of experience in the retail industry. He spent the first four years of his career, from 1979 to 1983, working for Emporium Supermarket Holdings Bhd as an Operations Officer. From 1983 to 1988, he worked for Vincci Department Store as an operations manager. He has worked with our Malaysian operations since 1988 and has held several positions, including an Assistant Store Manager, Store Manager, Senior Store Manager, Operations Manager, General Manager (in charge of the merchandising and marketing departments), Senior General Manager and since January 2011, Chief Operating Officer in charge of the merchandising, marketing and operations departments.

Mr. Teo obtained a Malaysia Certificate of Education from SM La Salle in Klang in 1974 and a General Certificate of Education from Tunku Abdul Rahman College in Kuala Lumpur in 1976.

Mr. Fandawan Ramali is the Chief Operating Officer of our Indonesian operations. Mr. Ramali has more than 29 years of experience in the retail industry. From 1982 to 1994, Mr. Ramali was employed by PT Matahari Putra Prima, a retail company listed on the Jakarta Stock Exchange, in different roles including store manager, regional manager, merchandise controller and general merchandise manager. From 1994 to 1996, he set up and was in charge of a representative office in Indonesia on behalf a British retail company, The Continuity Company. He was employed by PT Tozy Bintang Sentosa between 1996 to 2003 and by TS since 2003. Mr. Ramali was responsible for setting up the first "Centro" department store in Plaza Semanggi and sourcing for and negotiating the lease of properties as the business expanded. As the Chief Operating Officer he is responsible for the implementation and execution of the company's strategic goals.

Mr. Ramali obtained a Bachelor of Business Administration degree from the Catholic University of Parahyangan Bandung in 1981.

Mr. Tan Boon Heng is the Deputy Chief Financial Officer of our Company. Mr. Tan has 12 years of experience in finance and account audit functions. From 1998 to 2005, Mr. Tan was employed by Steven Tan PAC, a public accounting and audit firm, as an audit supervisor in charge of financial and operational audit for corporate clients in various industries. From 2006 to 2011, Mr. Tan was the finance manager of Lion Asiapac Limited and managed the group's finance, accounting, treasury and tax functions.

Mr. Tan obtained both a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in Kuala Lumpur and an ACCA qualification from the Association of Chartered Certified Accountants in 1998.

Mr. Tan Boon Heng has confirmed that he is adequately familiar with the business operations, accounting systems and policies of the Company despite only being employed with the Group since 1 June 2011.

Ms. Lee Sook Beng is the Chief Auditor of our Company, and has 21 years of experience in accounting and audit functions in the retail industry. From 1990 to 1999, she was an accountant at PCSB, in charge of general ledger session in the Head Office Accounts Department. In 1999, she worked at TOPS

Malaysia Sdn Bhd where she was a category manager in the merchandising department with responsibility over imports. From 2000 to May 2011, Ms. Lee then worked at PRGL, a subsidiary of PHB listed on the Hong Kong Stock Exchange, where she was the chief auditor in charge of audit for all Parkson stores in China, and was responsible for formulating annual internal audit plans and procedures, reporting to its audit committee directly. Since May 2011, Ms. Lee has been the Chief Auditor in charge of audit for all our stores in Malaysia, Indonesia and Vietnam.

Ms. Lee obtained a certificate from the Institute of Chartered Secretaries and Administrators in the United Kingdom in 1990.

Family Relationship

Our Group Managing Director, Datuk Cheng Yoong Choong, is the nephew of our Non-Executive Chairman, Tan Sri Cheng Heng Jem.

Our Non-Executive Director, Mr. Tan Siang Long is the brother of Mdm. Susiawati Darmawan and brother-in-law of Mr. Hutomo Mugi Santoso who own 19% and 80% respectively, of the shareholding of MS, a Substantial Shareholder of our Company.

Save as disclosed above and in the section "Interested Person Transactions and Potential Conflicts of Interest — Potential Conflicts of Interest", none of our Directors or Executive Officers are related to each other or to Substantial Shareholders. See "Substantial Shareholders and the Vendors-Control of our Company".

Arrangement or Understanding

Tan Sri Cheng Heng Jem, Datuk Cheng Yoong Choong and Mr. Toh Peng Koon were nominated by ECIL while Mr. Tan Siang Long was nominated by MS. Save for the foregoing, none of our Directors or executive officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other person pursuant to which such Director or executive officer was appointed as a Director or as an executive officer.

Compensation of Directors and Executive Officers

The compensation in remuneration bands of S$250,000 paid to our Directors and our executive officers for services rendered to us and our Subsidiaries during FY2009, FY2010, FY2011 and the estimate of the same for the current financial year is as follows:

Name	FY2009	FY2010	FY2011	Estimated amount for current FY2012
Directors[1]				
Tan Sri Cheng Heng Jem	A	A	A	A
Datuk Cheng Yoong Choong	C	C	C	C
Toh Peng Koon	A	A	B	B
Tan Siang Long	N.A.	N.A.	N.A.	A
Wee Kheng Jin	N.A.	N.A.	N.A.	A
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin	N.A.	N.A.	N.A.	A
Tan Soo Khoon	N.A.	N.A.	N.A.	A
Michel Grunberg	N.A.	N.A.	N.A.	A
Executive Officers				
Tham Tuck Choy	A	A	B	A
Raymond Teo Kheng San	A	A	A	A
Fandawan Ramali	N.A.	N.A.	A	A
Tan Boon Heng	N.A.	N.A.	A	A
Lee Sook Beng	N.A.	N.A.	A	A

(1) This does not include employee share options granted by PHB.

(2) The estimated amount of remuneration excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement payable for the financial year ending 30 June 2012.

Compensation of Employees who are Related to Directors or Substantial Shareholders

One of our Group's employees, Ms. Cheng Hui Yen, Natalie, is the daughter of Tan Sri Cheng Heng Jem and the cousin of Datuk Cheng Yoong Choong. She is the general manager in respect of merchandising in PCSB. For FY2011, Ms. Cheng received remuneration (comprising salary, bonus and benefits-in-kind) within band A from PCSB. The basis for determining her remuneration was the same as the basis for determining the remuneration of unrelated employees.

Ms. Cheng will be offered up to 50,000 Reserved Shares in the Offering. The offer of Reserved Shares to Ms. Cheng is subject to the approval of the shareholders of Parkson Holdings Berhad, which approval has been obtained on 17 October 2011. She may subscribe to and/or purchase all, some, or none of the Reserved Shares offered to her. In the event that she subscribes to and/or purchases any of these Reserved Shares, such subscription and/or purchases will be disclosed in an announcement in accordance with Rule 240 of the Listing Manual.

Save as disclosed above, as at the date of this document, none of our employees are related to our Directors and Substantial Shareholders.

Description of Bands

Remuneration bands:

- "A" refers to remuneration below the equivalent of S$250,000;
- "B" refers to remuneration between the equivalent of S$250,001 and S$500,000;
- "C" refers to remuneration between the equivalent of S$500,001 and S$750,000;
- "D" refers to remuneration between the equivalent of S$750,001 and S$1,000,000; and
- "N. A." means not applicable.

We have not set aside or accrued any amounts for our employees to provide for pension, retirement or similar benefits.

Principal Directorships of our Directors and Executive Officers

The list of present and past principal directorships held by our Directors and executive officers in the last five years preceding the date of this document (excluding those held in our Company) is as follows:

Our Directors

Name	Present Principal Directorships	Past Principal Directorships
Tan Sri Cheng Heng Jem. .	ACB Resources Berhad Amsteel Mills Sdn Bhd Angkasa Marketing (Singapore) Pte Ltd Antara Steel Mills Sdn Bhd Ara Aspirasi Sdn Bhd Ara Seri Bangun Sdn Bhd ASM Leasing (S) Pte Ltd Brewood Investment Pte Ltd Classima Capital Ltd Community CSR Sdn Bhd Deluxe Venture International Limited Exuniq Sdn Bhd Fusion Energy Sdn Bhd Gempower Sdn Bhd Goldwell Pacific Pte Ltd Jana Pendidikan Malaysia Sdn Bhd Lancaster Trading Company Limited LBF Enterprise (L) Limited Limpahjaya Sdn Bhd Lion AMB Resources Berhad Lion Asiapac Limited Lion Best Sdn Bhd Lion Blast Furnace Sdn Bhd Lion Corporation Berhad Lion Diversified Holdings Berhad Lion DRI Sdn Bhd Lion Forest Industries Berhad Lion General Trading & Marketing (S) Pte Ltd Lion Holdings Private Limited Lion Holdings Sdn Bhd Lion Teck Chiang Limited M3C Productions Company Limited Megasteel Sdn Bhd Moorfield Investment Pte Ltd Nanjing Jincheng Machinery Co Ltd Narajaya Sdn Bhd Pandangan Perkasa Sdn Bhd Pan Malaysian Pools Sdn Bhd Park Avenue Fashion Sdn Bhd Park Land Limited Parkland Hai Phong Limited Parkland Hanoi Limited Parkland Saigon Limited Parkson Corporation Sdn Bhd Parkson Holdings Berhad	Billion Magna Sdn Bhd Kunming Dream City Cultural Development Co Ltd Lion Asia Investment Pte Ltd Sabah Forest Industries Sdn Bhd Sepang Education Centre Sdn Bhd Shandong Silverstone LuHe Rubber & Tyre Co Ltd Silverstone Berhad Triumph Ray Limited Wuhan Wushang & Parkson Enterprise Development Co Ltd

Name	Present Principal Directorships	Past Principal Directorships
	Parkson Retail Development Co Ltd Parkson Retail Group Limited Puncak Pelita Sdn Bhd Pusat Pengurusan Pendidikan Malaysia Sdn Bhd Qingdao No. 1 Parkson Co Ltd Sims Holdings Sdn Bhd Sunsuria Venture Sdn Bhd Teck Chiang (International) Pte Ltd Teck Chiang Realty Private Limited Temasek Potensi Sdn Bhd The Community Chest Tirta Enterprise Sdn Bhd Tunas Dimensi Sdn Bhd Ultra Legacy Sdn Bhd Vital Bond Limited William Cheng Sdn Bhd	
Datuk Cheng Yoong Choong.	Anshan Tianxing Parkson Shopping Center Co., Ltd. Asia Victory International Limited Bandar Akademia Corporation (M) Sdn Bhd Beijing Huadesheng Property Management Co., Ltd. Benecorp Sdn Bhd Bond Glory Limited Brewood Investment Pte Ltd Bull Capital Partners GP Limited Capital Park (HK) Investment & Development Limited Capital Park Development Limited Centro Retail Pte. Ltd. Changshu Parkson Retail Development Co., Ltd. Changzhou Parkson Retail Development Co., Ltd. Choice Link Limited Chongqing Wanyou Parkson Plaza Co., Ltd. Creation (Hong Kong) Investment & Development Limited Creation International Investment & Development Limited Creative Goal Sdn Bhd Dalian Parkson Retail Development Co., Ltd Duo Success Investment Limited Dyna Puncak Sdn Bhd Exonbury Limited Favor Move International Limited Global Heights Investment Limited Golden Village Group Limited Grand Parkson Retail Group Limited Great Dignity Development Limited	Kunming Dream City Cultural Development Co Ltd Sepang Education Centre Sdn Bhd Serbadagang Holdings Sdn Bhd Shanghai Lion Plastic Industrial Co Ltd (“SLPI”) Wushang & Parkson Enterprise Development Co. Ltd. Yangzhou Parkson Plaza Co. Ltd (“YPP”)

Name	Present Principal Directorships	Past Principal Directorships
	Guizhou Zunyi Parkson Retail Development Co., Ltd Hangzhou Parkson Retail Development Co., Ltd. Hanmen Holdings Limited Hong Kong Fen Chai Investment Limited Huge Return Investment Limited Idaman Erajuta Sdn Bhd Inner Mongolia Leader Parkson Plaza Co., Ltd. Jet East Investments Limited Jiangxi Parkson Zhongshan City Store Co., Ltd Jinan Parkson Retail Co., Ltd. Kobayashi Optical Sdn Bhd Kunming Yun Shun He Retail Development Co., Ltd. Kunshan Parkson Retail Development Co., Ltd. Lanzhou Parkson Retail Development Co., Ltd. LC Investments (Singapore) Pte Ltd Leonemas (Hong Kong) Limited Leonemas International Limited Lion Enterprise (Kuala Lumpur) Sdn Bhd Lion Jianmin Pte Ltd Lion Petroleum Products Sdn Bhd Lion Realty Private Limited Lion View Sdn Bhd Lung Shing International Investments & Development Limited Malverest (Hong Kong) Limited Malverest Property International Limited Mianyang Fulin Parkson Plaza Co., Ltd. Nanning Brilliant Parkson Commercial Co., Ltd Oroleon (Hong Kong) Limited Oroleon International Limited Parkson Cambodia Holdings Co Ltd Parkson Corporation Sdn Bhd Parkson Haiphong Co Ltd Parkson Hanoi Co Ltd Parkson Investment Holdings Co. Ltd. Parkson Investment Pte Ltd Parkson Properties Holdings Co Ltd Parkson Retail Consulting and Management Sdn Bhd Parkson Retail Development Co., Ltd Parkson Retail Group Limited Parkson Supplies Pte Ltd Parkson Vietnam Co Ltd Parkson Vietnam Investment Holdings Co Ltd	

Name	Present Principal Directorships	Past Principal Directorships
	Parkson Vietnam Management Services Co Ltd Posim EMS Sdn Bhd Posim Marketing Sdn Bhd Posim Petroleum Marketing Sdn Bhd PRG Corporation Limited Prime Yield Holdings Limited Qingdao No. 1 Parkson Co., Ltd Releomont (Hong Kong) Limited Releomont International Limited Revenue Valley Sdn Bhd Rosemount Investment Pte Ltd Rosenblum Investments Pte Ltd Serbaniaga Holdings Sdn Bhd Shanghai Lion Parkson Investment Consultant Co., Ltd Shanghai Nine Sea Parkson Plaza Co., Ltd. Shanghai Xinzhuang Parkson Retail Development Co., Ltd. Shaoxing Shishang Parkson Retail Development Co., Ltd Shijiazhuang Shishang Parkson Trading Co., Ltd Shun He International Investment Limited Sichuan Parkson Retail Development Co., Ltd. Sichuan Shishang Parkson Retail Development Co., Ltd Singa Merah Service Pte Ltd Step Smmit Limited Sweet Benefit Sdn Bhd Victory Hope Limited Weldview Sdn Bhd WGD Retail Consultancy Sdn Bhd Wuxi Sanyang Parkson Plaza Co., Ltd. Xi'an Chang'an Parkson Store Co., Ltd. Xi'an Lucky King Parkson Plaza Co., Ltd. Xi'an Shidai Parkson Store Co., Ltd. Xinjiang Youhao Parkson Development Co., Ltd. Zigong Parkson Retail Co., Ltd.	
Toh Peng Koon	Aktif-Sunway Sdn Bhd Bandar Akademia Corporation (M) Sdn Bhd Bonuskad Loyalty Sdn Bhd Centro Retail Pte. Ltd. Dyna Puncak Sdn Bhd Festival City Sdn Bhd Idaman Erajuta Sdn Bhd Kiara Innovasi Sdn Bhd Parkson Cambodia Holdings Co Ltd Parkson Haiphong Co Ltd	

Name	Present Principal Directorships	Past Principal Directorships
	Parkson HaiPhong Holdings Co Ltd Parkson HCMC Holdings Co Ltd Parkson Properties Hanoi Co Ltd Parkson Properties Holdings Co Ltd Parkson Properties NDT (Emperor) Co Ltd Parkson TSN Holdings Co Ltd Parkson Vietnam Co Ltd Parkson Vietnam Investment Holdings Co Ltd Parkson Vietnam Management Services Co Ltd Prime Yield Holdings Limited PT. Tozy Sentosa Puncak Pelita Sdn Bhd WGD Retail Consultancy Sdn Bhd	Aktif Lifestyle Stores Sdn Bhd Octon Electronics Sdn Bhd Sunbeam Bakeries Sdn Bhd
Tan Siang Long	Mickey International Pte Ltd PT Bina Trada Gemilang PT Hari Darmawan Retail	PT Haritama Bakti Persada PT Surya Bhakti Buana Citra PT Surya Cakra Pratama PT Surya Putra Bhakti Wisesa PT Valutrada Indonesia Trimega Business Concepts Pte Ltd Valudollar Holdings Pte. Ltd.
Wee Kheng Jin	Buildfolio Technologies Pte Ltd Face Plus by Yamano Asia Pacific Pte. Ltd. Far East Capital Ltd. Far East Capital Nominees Pte. Ltd. Far East Healthcare Pte. Ltd. Far East Hospitality Management Services Pte. Ltd. Far East Property Services Pte. Ltd. FEO Asset Management Pte. Ltd. FEO Hospitality Asset Management Services Pte. Ltd. FEO Ventures Pte Ltd Foundation Communications Pte. Ltd. Further Co Pte. Ltd. Lifestyle Scene Pte. Ltd. OC Beauty Pte. Ltd. Orchard Investment Consulting (Beijing) Co. Ltd Orchard Investment Consulting (Shenzhen) Co. Ltd Orchard (Shanghai) Investment Consulting Co. Ltd Orwin Development Limited OS Residence Pte. Ltd. Tung Lok Restaurants (2000) Ltd Universal Gateway International Pte. Ltd. Yeo Hiap Seng Ltd	Fine Lion Limited FEO Information Technology Pte Ltd

Name	Present Principal Directorships	Past Principal Directorships
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin	Affin Holdings Bhd Anggerik Laksana Sdn Bhd Bandar Raya Developments Berhad Bintulu Port Holdings Berhad Cahya Mata Sarawak Berhad DRB-Hicom Defence Technologies Sdn Bhd Genting Malaysia Berhad Genting Plantations Berhad Iras Kota Development Sdn Bhd Nexus Aim (M) Sdn Bhd Nisshin-Panmatex (M) Sdn Bhd PPES Works (Sarawak) Sdn Bhd Wah Seong Corporation Bhd	CMS I-systems Bhd Induk Prisma (M) Sdn Bhd Kris Sakti Technologies Sdn Bhd Lifetexx Partners Sdn Bhd
Tan Soo Khoon	Crystal Time (Singapore) Pte Ltd Crystal Time (M) Sdn Bhd Crystime (HK) Ltd Crystal Time International Ltd Dragonchine Trading Pte Ltd Grandscope Investments Pte. Ltd. St James Holdings Ltd Swee Heng Holdings Pte Ltd Swee Heng Mfg Co Pte Ltd Tabs Creatives (S) Pte Ltd Tremont Marketing Pte Ltd WatchMart (M) Sdn Bhd	Color Club (S) Pte Ltd Honest Returns (M) Sdn Bhd Quang Minh Singapore Pte Ltd WatchMart (HK) Ltd WatchWorld (HK) Ltd Swee Heng Watch Co. (Pte) Ltd Watchworld (S) Pte. Ltd. WatchMart (S) Pte. Ltd.
Michel Grunberg	C.K. Tang Ltd MG Consultancy Pte Ltd	None

Our Executive Officers

Name	Present Principal Directorships	Past Principal Directorships
Toh Peng Koon	See above	See above
Tham Tuck Choy	Aktif-Sunway Sdn Bhd Parkson (Cambodia) Co., Ltd Parkson Haiphong Co., Ltd Parkson Hanoi Co., Ltd Parkson HCMC Holdings Co Ltd Parkson HaiPhong Holdings Co Ltd Parkson Properties Hanoi Co Ltd Parkson Properties NDT (Emperor) Co Ltd Parkson TSN Holdings Co Ltd Parkson Vietnam Co., Ltd Parkson Vietnam Management Services Co., Ltd	Parkson Retail Asia Pte. Ltd.
Raymond Teo Kheng San .	None	None
Fandawan Ramali.	None	PT Almanda Nuansa Cipta PT Tozy Bintang Sentosa
Tan Boon Heng	Centro Retail Pte. Ltd.	Advent Infotech Private Ltd AE Technol Pte Ltd LAP Development Pte Ltd
Lee Sook Beng	None	None

EMPLOYEE SHARE OPTION SCHEME

On 12 October 2011, our Company adopted the Parkson Retail Asia Limited Employee Share Option Scheme (the "ESOS"), the rules of which are set out in Appendix E of this document. The ESOS complies with the relevant rules of Chapter 8 of the Listing Manual. The ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS, which forms an integral and important component of our employee compensation plan, is designed to primarily reward and retain executive directors, non-executive directors and employees of our Group whose services are vital to our well being and success.

As at the Latest Practicable Date, no Options have been granted under the ESOS.

Objectives of the ESOS

The objectives of the ESOS are as follows:

(a) To motivate each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to our Group;

(b) To retain key employees and directors of our Group whose contributions are essential to the long-term growth and profitability of our Group;

(c) To align the interest of the participants with the interests of our shareholders; and

(d) To instill loyalty to, and a stronger sense of identification by the participants with the long-term prosperity of our Group.

Summary of the ESOS

A summary of the rules of the ESOS is set out as follows:

(1) Participants

Under the rules of the ESOS, executive and non-executive directors (including our independent directors), employees of our Group who meet the eligibility criteria set out in the rules of the ESOS, are eligible to participate in the ESOS at the absolute discretion of the Remuneration Committee. Persons who are Controlling Shareholders or associates of such Controlling Shareholders may participate in the ESOS subject to the participation of each of them and each grant to any of them being approved by independent shareholders in a general meeting of the Company in separate resolutions.

(2) Scheme Administration

The ESOS will be administered by the Remuneration Committee with powers to determine, among other things, the following:

(a) persons to be granted Options;

(b) number of Options to be granted; and

(c) recommendations for modifications to the ESOS.

As at the date of this document, our Remuneration Committee comprises Mr. Tan Soo Khoon, Tan Sri Cheng Heng Jem and Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin. The Remuneration Committee will consist of Directors (and may include Directors or persons who are eligible to

participate in the ESOS). A member of the Remuneration Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of Options to be granted to him.

(3) Size of the ESOS

The aggregate number of Shares over which our Remuneration Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (i) all Options granted under the ESOS, and (ii) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by our Company and for the time being in force, must not exceed 15.0% of the issued Shares of our Company (excluding treasury shares) on the day immediately preceding the Offer Date, provided that in relation to Controlling Shareholder(s) and/or associate(s) of Controlling Shareholder(s):

(a) the aggregate number of Shares which may be offered by way of grant of Options to participants who are Controlling Shareholder(s) and/or associate(s) of Controlling Shareholder(s) under the ESOS must not exceed 25% of the total number of Shares available under the ESOS and such other share-based incentive schemes of our Company; and

(b) the aggregate number of Shares which may be offered by way of grant of Options to each participant who is a Controlling Shareholder or his associate under the ESOS must not exceed 10% of the total number of Shares available under the ESOS and such other share-based incentive schemes of our Company.

We believe that the 15.0% limit set by the SGX-ST gives our Company sufficient flexibility to decide the number of ESOS Shares to offer to participants under the ESOS. Fifteen per cent. (15.0%) of the post-Offering issued Shares of our Company constitutes 101,595,000 Shares. As it is intended that the ESOS will last for 10 years, assuming that there is no change in the total issued shares of our Company, the number of Options that may be granted in a year will average approximately 10,159,500 Shares. The number of eligible participants is expected to grow over the years. Our Company, in line with its goal of ensuring sustainable growth, is constantly reviewing our position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result. If the number of Options available under the ESOS is limited, our Company may only be able to grant a small number of Options to each eligible participant which may not be a sufficiently attractive incentive. The number of Options offered must also be significant to serve as a meaningful reward for contributions to our Group. However, it does not necessarily mean that our Remuneration Committee will grant Options up to the prescribed limit. The Remuneration Committee will exercise its discretion in deciding the number of ESOS Shares to be granted to each employee which will depend on many factors including but not limited to, the performance of our Company, our Subsidiaries, the years of service and individual performance of the employee, the contribution of the employee to the success and development of our Group and the prevailing market conditions.

(4) Maximum Entitlements

The aggregate number of Shares included in any Option to be offered to a participant under the ESOS will be determined at the absolute discretion of our Remuneration Committee, which will take into account in respect of an employee of our Company or our Subsidiaries criteria such as rank, performance, years of service and potential for future development of that participant and in respect of a non-executive director (including an independent director), his contribution to the success and development of our Group.

(5) Options, Exercise Period and Exercise Price

The Options that are granted under the ESOS may, at our Remuneration Committee's discretion, have exercise prices that are set at:

(a) a price (the "Market Price") equal to the average of the last dealt prices for the Shares on the Official List of the SGX-ST over the five consecutive Market Days immediately preceding the date of grant of the relevant Option, provided that in the case of a Market Price Option (defined below) that is proposed to be granted to a Controlling Shareholder or an associate of a Controlling Shareholder, the Exercise Price for each Share shall be equal to the average of the last dealt price(s) for a Share, as determined by reference to the daily official list published by the SGX-ST, for the five consecutive Market Days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the shareholders proposing to seek their approval of the grant of such Options to such Controlling Shareholder and/or associate of a Controlling Shareholder; or

(b) a discount to the Market Price (subject to a maximum discount of 20.0%).

Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the Offer Date of that Option while Options exercisable at a discount to the Market Price ("Discounted Option") may only be exercised after the second anniversary from the Offer Date of that Option. Options granted under the ESOS will have a life span of 10 years, provided that in the case of options granted to a participant not holding a salaried office or employment in our Group such options shall expire on the fifth anniversary of the relevant Offer Date.

(6) Grant of Options

Under the rules of the ESOS, there are no fixed periods for the grant of Options. As such, offers for the grant of Options may be made at any time from time to time at the discretion of our Remuneration Committee. However, no Option may be granted during the 30-day period immediately preceding the date of announcement of our Company's interim or final results (whichever the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day after which such announcement is released.

(7) Acceptance of Options

The grant of Options must be accepted not less than 15 days and not more than 30 days from the Offer Date. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S$1.00.

(8) Termination of Options

Special provisions in the rules of the ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company and the winding-up of our Company.

(9) Rights of Shares Issued under the ESOS

Shares arising from the exercise of Options are subject to the provisions of the memorandum and articles of our Company. The Shares so allotted will upon issue rank equally in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date ("Record Date") for which is prior to the relevant exercise date of the Option. "Record Date" means the date as at the close of business on which shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

(10) Duration of the ESOS

The ESOS will continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of our shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(11) Abstention from Voting

Shareholders who are eligible to participate in the ESOS are to abstain from voting on any resolution of shareholders relating to the ESOS.

In particular, all shareholders who are eligible to participate in the ESOS must abstain from voting on resolutions of the shareholders relating to (a) the implementation of the ESOS and (b) the quantum of discount to be determined. Notwithstanding the foregoing, participants of the ESOS may act as proxies, but such participants who are appointed as proxies will not vote on the aforementioned resolutions unless specific instructions have been given in the proxy instrument on how the shareholders wish their votes to be cast for those resolutions.

(12) Variation of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) takes place:

(a) the exercise price for the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or

(b) the class and/or number of Shares over which Options may be granted under the ESOS, will be adjusted by the Remuneration Committee to give each participant the same proportion of the equity capital of our Company as that to which he was previously entitled and, in doing so, the Remuneration Committee will determine at its own discretion the manner in which such adjustment will be made.

Unless the Remuneration Committee considers an adjustment to be appropriate:

(a) the issue of securities as consideration for an acquisition or a private placement of securities; or

(b) the cancellation of issued Shares purchased or acquired by our Company by way of market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of our Company (including any renewal of such mandate) is in force,

will not normally be regarded as a circumstance requiring adjustment.

No such adjustment will be made if, as a result, a participant will receive a benefit that a shareholder does not receive.

Any determination by the Remuneration Committee as to whether any adjustment, and if so, the manner in which such adjustment should be made must (except in relation to a capitalisation issue) be confirmed in writing by the auditors for the time being of our Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Upon any adjustment being made, our Company will notify the participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the exercise price thereafter in effect and the class

and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment takes effect upon such written notification being given.

Grant of Discounted Options

The ability to offer Options to participants of the ESOS with exercise prices set at a discount to the prevailing market prices of the Shares is intended, among other things, to operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all shareholders when these returns are eventually reflected through share price appreciation. The ESOS will also serve to recruit new employees whose contributions are important to the long-term growth and profitability of our Group. Discounted Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Discounted Options. Only employees who have made significant contributions to the success and development of our Group will be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where market conditions are bullish and our Shares are traded at high premiums. In such events, our Remuneration Committee will have absolute discretion to:

(a) grant Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20.0%); and

(b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, our Remuneration Committee will be at liberty to take into consideration many factors including but not limited to the performance of our Group, length of service and individual performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions.

At present, our Company expects that Discounted Options may be granted principally in the following circumstances:

(a) Where it is considered more effective to reward and retain talented employees by way of a Discounted Option rather than a Market Price Option. This is to reward outstanding performers who have contributed significantly to our Company's and/or our Subsidiaries' performance. Discounted Options serve as additional incentives to such employees. Options granted by our Company on the basis of the Market Price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period the ability to offer Discounted Options would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, Discounted Options will give an opportunity to our Company's and/or our Subsidiaries' employees to realise some tangible benefits even if external events cause the Share price to remain largely static;

(b) Where it is more meaningful and attractive to acknowledge a participant's achievements through a Discounted Option rather than paying him a cash bonus. For example, Discounted Options may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Furthermore, discretion to grant Discounted Option provides our Group with a means to maintain the competitiveness of our remuneration and compensation strategy. The ESOS will provide our Company's and/or our Subsidiaries' employees with an incentive to focus more on improving the

profitability of our Company and/or our Subsidiaries thereby enhancing shareholder value when these are eventually reflected through the price appreciation of our Shares after the vesting period; and

(c) Where due to speculative forces and having regard to the historical performance of the Share price, the Market Price of the Shares at the time of the grant of the Options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

Our Remuneration Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20.0% of the Market Price) and the grantees to whom, and the Options to which, such discount in the exercise price will apply, provided that our shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

We may also grant Options without any discount to the Market Price. Additionally, we may, if we deem fit, impose conditions on the exercise of the Options (whether Market Price Options or Discount Options), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Rationale for Participation of Directors (Including our Independent Directors) and Employees of our Group

The extension of the ESOS to the executive and non-executive directors (including our Independent Directors) and employees of our Group allows our Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

Non-executive directors bring to our Group their wealth of knowledge, business expertise and contacts in the business community. It is desirable that non-executive directors of our Group be allowed to participate in the ESOS to instill in them a greater sense of involvement and belonging to our Group thereby enhancing our working relationship with them. We are of the view that including the non-executive directors of our Group in the ESOS will show our appreciation for, and further motivate them in their contribution towards our success.

Our Remuneration Committee, when deciding on the selection of the non-executive directors of our Group to participate in the ESOS and the number of Options to be offered, will take into consideration the nature and extent of their input, the assistance and expertise rendered by them to the Board and the impact thereof on the growth, success and development of our Group, as well as their involvement and commitment to the committees of directors on which they sit. Our Remuneration Committee may, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

Although the non-executive directors of our Company may be appointed as members of our Remuneration Committee, the rules of the ESOS provide that a member is not to be involved in its deliberations in respect of the grant of Options to him. We will ensure that the number of Options granted to the non-executive directors of our Group will be such that any conflict of interests that may potentially arise is kept minimal and that the independence of the non-executive directors of our Company is not compromised.

It is our intention that all our employees whether key employees or not, should be treated equally for the purposes of the ESOS. The main purpose of the ESOS is to align the interests of our Company's and/or our Subsidiaries' directors and all employees who are involved in our business and prosperity with those of our own. The extension of the ESOS to all employees of our Group allows us a fair and equitable system to reward all employees who have made and will continue to make important contributions to our long-term growth.

We believe that the ESOS will be an essential part of our strategy for recruiting and retaining capable employees. The ESOS will provide an incentive to our employees to achieve and maintain a high level of performance as well as to encourage greater dedication and loyalty by enabling our Group to give recognition to past contributions and services as well as to further encourage participants generally to contribute towards our long-term prosperity. We will determine the number of Options to be granted to an employee by taking into account his or her rank, responsibilities, length of service, potential and performance. The level of performance of each employee will be assessed on the basis of an annual appraisal process for all employees.

Rationale and Justification for Participation of Controlling Shareholders and their Associates

One of the objectives of the ESOS is to motivate participants to optimise their performance and to maintain a high level of contribution to our Company. The objectives of the ESOS apply equally to our Directors who are Controlling Shareholders or associates of Controlling Shareholders. Our Company's view is that all deserving and eligible participants should be motivated, regardless of whether they are Controlling Shareholders. Our Company believes that as the ESOS is designed to motivate, retain and reward employees and Directors who contribute to the growth and profits of the Company, employees and directors who are Controlling Shareholders or associates of Controlling Shareholders should be entitled to the same benefits as other employees and should not be excluded from benefiting under the ESOS solely for the reason that they are Controlling Shareholders or associates of the Controlling Shareholders. It is in our Group's interest that these participants who are actively contributing to our Group's progress and development are given the incentive to continue to remain with our Company and contribute towards our Group's future progress and development. In respect of the determination as to eligibility to participate and grant of Options, the terms of the ESOS do not differentiate between employees and Directors who are Controlling Shareholders or associates of Controlling Shareholders and other Directors and employees who are not such persons. As such, employees and directors who are Controlling Shareholders or associates of Controlling Shareholders will be subject to the same rules as other employees.

Pursuant to Rule 853 of the Listing Manual, participation in the ESOS by the Controlling Shareholders and their Associates will have to be approved by independent shareholders in a general meeting of the Company. A separate resolution will also be passed for such participant to approve the actual number and terms of options to be granted to that participant.

Disclosures in Annual Reports

Details of the number of Options granted, the number of Options exercised and the exercise price (as well as the discounts involved, if any) will be disclosed in our annual reports.

Cost of Options Granted under the ESOS to our Company

Any Option granted under the ESOS will have a fair value. Where such Options are granted at a consideration which is less than their fair value, there will be a cost to our Company, the amount of which will depend on whether the Options are granted at the Market Price or at a discount.

The cost to our Company of granting Options under the ESOS will be as follows:

(a) The exercise of an Option at a discounted exercise price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company

would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent monetary costs to our Company;

(b) As the monetary cost of granting Options with a discounted exercise price is borne by our Company, our earnings would effectively be reduced by an amount corresponding to the reduced interest earnings that we would have received from the difference in proceeds from exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our earnings per Share;

(c) The effect of the issue of new Shares upon the exercise of Options, is that our Company's NTA value per Share will increase if the exercise price is above the NTA value per Share and decrease, if the exercise price is below the NTA value per Share; and

(d) The grant of Options under the ESOS will have an impact on our Company's reported profit because under the SFRS, share-based payment requires the recognition of an expense in respect of Options granted under the ESOS. The expense will be based on the fair value of the Options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period. The requirement to recognise an expense in respect of options granted to employees is set out in SFRS 102.

It should be noted that the financial effects discussed in (a), (b) and (c) above would materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in (d) above would be recognised in the financial statements even if the Options discussed in (d) above are not exercised. We believe these costs are justified by the effect the scheme would have in attracting, recruiting, retaining and motivating directors and employees which could, in the long term, yield greater returns for us and our shareholders.

Under the ESOS, each participant to whom an Option is offered pays a nominal consideration of S$1.00 to our Company on his acceptance of the offer of the Option. Insofar as such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company (in that we will receive from the participant upon the grant of the Option to him, a consideration that is less than the fair value of the Option).

The cost to our Company in granting an Option would vary depending on the number of Options granted pursuant to the ESOS, whether these Options are granted at the Market Price or at a discount and the validity period of the Options. Generally, a greater discount and a longer validity period for an Option will result in a higher potential cost to our Company. If such costs were to be recognised in accordance with SFRS 102, it would have to be charged to our Company's profit and loss account over the vesting period.

The issuance of new Shares under the ESOS will have a dilutive impact on our consolidated EPS. However, the impact is not expected to be material in any given financial year as the Options are likely to be exercised over several years in accordance with the pre-determined vesting schedules.

SHARE CAPITAL

Our Company (Registration No. 201107706H) was incorporated in Singapore on 31 March 2011 under the Singapore Companies Act as a private company with limited liability under the name Parkson Retail Asia Pte. Ltd. Our Company's memorandum of association states that the liability of our members is limited to the amount from time to time unpaid on the shares respectively held by them. On 10 October 2011, we changed our name to Parkson Retail Asia Limited in connection with our conversion into a public company limited by shares.

Pursuant to resolutions passed on 12 October 2011, the shareholders of our Company approved, *inter alia*, the following:

(a) the authorisation of our Directors to issue Shares and offer the same to such persons, on such terms and conditions and with such rights or restrictions as they may think fit to impose, in connection with the initial public offering of Shares, the Over-allotment Option and the admission of our Company to the official list of the SGX-ST and the Directors are authorised to take all necessary steps to give effect to resolution (b);

(b) the offer for sale of the Vendor Shares (subject to the exercise of the Over-allotment Option) held by the Vendors, with such Vendor Shares to rank equally in all respects with the existing issued and fully paid-up Shares;

(c) the adoption of the ESOS;

(d) the authorisation of our Directors to:

(i) issue Shares whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may, in their absolute discretion, deem fit; and

(ii) issue Shares pursuant to any Instruments made or granted by our Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

(1) the aggregate number of Shares issued pursuant to such authority (including the Shares to be issued pursuant to Instruments made or granted pursuant to such authority) does not exceed 50% of the Post-Offering Issued Share Capital (as defined below), and provided further that where shareholders are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued pursuant to Instruments made or granted pursuant to such authority) may not exceed 20.0% of the Post-Offering Issued Share Capital; and

(2) (unless revoked or varied by our Company in general meeting) the authority so conferred will continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required to be held, whichever is earlier.

For the purposes of this resolution, "Post-Offering Issued Share Capital" means the total number of issued Shares of our Company immediately after the Offering, after adjusting for: (i) new Shares arising

from the conversion or exercise of any convertible securities; and (ii) any subsequent bonus issue, consolidation or sub-division of Shares; and

(e) that:

(i) subject to and conditional upon the passing of the resolution referred to in paragraph (d) above, approval be given to our Directors at any time to issue Shares (other than on a pro-rata basis to shareholders) at an issue price for each Share which will be determined by our Directors in their absolute discretion provided that such price may not represent a discount of more than 10% of the weighted average price of a Share for trades done on the SGX-ST (as determined in accordance with the requirements of the SGX-ST); and

(ii) (unless revoked or varied by our Company in general meeting) the authority so conferred will continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required to be held, whichever is earlier.

As at the Latest Practicable Date, our Company has only one class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Articles. Save for the ESOS Shares, there are no founder, management, deferred or unissued shares reserved for issuance for any purpose. Save as outlined in the ESOS, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of its subsidiaries.

There are no Shares that are held by or on behalf of our Company or by our Subsidiaries.

As at the Latest Practicable Date, the issued and paid-up capital of our Company is S$159,279,121.00 comprising 597,300,000 Shares. Upon the allotment and issuance of the Issue Shares, the resultant issued and paid-up share capital of our Company will be increased to S$232,094,845 comprising 677,300,000 Shares.

Details of the changes in our issued and paid-up share capital from the date of our incorporation and up to the date of this document are as follows:

Date	Number of Shares Issued	Price Per Share	Purpose of Issue	Resultant Issued Share Capital
31 March 2011	2	S$1	Issued and fully paid Shares as at incorporation	S$2.00
14 June 2011	159,279,119	S$1	Issue of 159,279,119 Shares pursuant to the Restructuring Exercise	S$159,279,121.00
27 September 2011	438,020,879	—	Issue of 438,020,879 bonus Shares	S$159,279,121.00

Pursuant to the joint venture agreement between ECIL, MS and our Company dated 8 April 2011 (see "General and Statutory Information — Material Contracts"), ECIL granted two similar put options to MS, from 1 July 2012 to 30 June 2013 and from 1 July 2013 to 30 June 2014. The put options provide MS the option to sell, 30% and 70% respectively, of all the shares it owns prior to the exercise of the put option. Both put options are conditional upon the public listing not occurring before 30 June 2012 and 30 June 2013 respectively. The put options may be exercised at a pre-agreed price of approximately US$37.1 million (the "Put Option Price"). In addition, ECIL has the right at any time during the period of 90 days from the date of notice of an event of default by MS to require MS to sell all of the shares owned by MS to ECIL at 90% of the Put Option Price (the "call option"). The joint venture agreement, and consequently both the put options and the call option, will terminate upon the listing of our Company on the SGX-ST. See "Interested

Person Transactions and Potential Conflicts of Interest — Potential Conflicts of Interest — Our Substantial Shareholder" for further details of the joint venture agreement.

Pursuant to a management agreement between Kiara Innovasi Sdn Bhd ("KISB"), PCSB and Galaxy Point Sdn Bhd, Galaxy Point Sdn Bhd granted PCSB an irrevocable option to purchase the entire paid up share capital of KISB at the net tangible asset value of KISB. This option is exercisable for the period during which the management agreement is in force, which is three years from 25 November 2010, with an automatic renewal of three years unless PCSB wishes to terminate. PCSB as a joint venture partner currently holds 60% of the shareholding of KISB and in addition, earns management fees for services rendered. We believe that the current arrangement is more favourable than acquiring 100% of KISB as we can assess the commercial viability and at the same time explore other opportunities with less capital outlay while retaining the option to purchase the remaining 40% of KISB.

SUBSTANTIAL SHAREHOLDERS AND THE VENDORS

The table below provides the shareholdings of each Substantial Shareholder, being a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares, as at the date of this document and immediately after completion of the Offering. All Shares owned by our Substantial Shareholders, our Directors and the new Shares to be issued pursuant to the grant of awards under our ESOS will carry the same voting rights as the Offering Shares.

Percentage ownership is based on 597,300,000 Shares outstanding as at the date of this document and 677,300,000 Shares outstanding immediately after completion of the Offering.

					Shares Owned Immediately After Completion of the Offering [1]							
	Shares Owned as at the date of this document				(Assuming the Over-allotment Option is Not Exercised)				(Assuming the Over-allotment Option is Exercised in Full)			
Name	Direct Interest	%	Deemed Interest	%	Direct Interest	%	Deemed Interest	%	Direct Interest	%	Deemed Interest	%
Directors:												
Tan Sri Cheng Heng Jem[2][3]	—	—	538,167,300	90.1	500,000	0.1	477,800,300	70.5	500,000	0.1	457,933,300	67.6
Datuk Cheng Yoong Choong	—	—	—	—	300,000	—[6]	—	—	300,000	—[6]	—	—
Toh Peng Koon	—	—	—	—	150,000	—[6]	—	—	150,000	—[6]	—	—
Tan Siang Long[4]	—	—	—	—	60,000	—[6]	—	—	60,000	—[6]	—	—
Wee Kheng Jin.	—	—	—	—	60,000	—[6]	—	—	60,000	—[6]	—	—
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin	—	—	—	—	60,000	—[6]	—	—	60,000	—[6]	—	—
Michel Grunberg	—	—	—	—	60,000	—[6]	—	—	60,000	—[6]	—	—
Tan Soo Khoon	—	—	—	—	60,000	—[6]	—	—	60,000	—[6]	—	—
Substantial Shareholders:												
East Crest International Limited[2]	538,167,300	90.1	—	—	477,800,300	70.5	—	—	457,933,300	67.6	—	—
PT Mitra Samaya[4]	59,132,700	9.9	—	—	52,499,700	7.8	—	—	50,316,700	7.4	—	—
Parkson Holdings Berhad[2]	—	—	538,167,300	90.1	—	—	477,800,300	70.5	—	—	457,933,300	67.6
Hutomo Mugi Santoso[4]	—	—	59,132,700	9.9	—	—	52,499,700	7.8	—	—	50,316,700	7.4
New investors in the Offering[5]	—	—	—	—	145,750,000	21.5	—	—	167,800,000	24.8	—	—
Total Shares	597,300,000	100.0			677,300,000	100.0[7]			677,300,000	100.0[7]		

(1) Reserved Shares will be offered for purchase by our Directors and the management and employees of our Group and such persons may subscribe to and/or purchase all, some or none of the Reserved Shares offered to them. The offer of the Reserved Shares to Tan Sri Cheng Heng Jem and Datuk Cheng Yoong Choong of up to 500,000 Reserved Shares and 300,000 Reserved Shares, respectively, is subject to the approval of the shareholders of Parkson Holdings Berhad, which approval has been obtained on 17 October 2011. The table above assumes that all of our Directors will subscribe to and/or purchase any of the Reserved Shares in the Offering which will be allocated to them. In the event that any Reserved Shares are subscribed for and/or purchased by our Directors, such subscriptions and/or purchases will be disclosed in an announcement in accordance with Rule 240 of the Listing Manual.

(2) As at the Latest Practicable Date, PHB is the sole shareholder of ECIL, and is as such by virtue of its controlling interest deemed to be interested in the Shares of our Company held by ECIL. As at the Latest Practicable Date, the Substantial Shareholders of PHB are Tan Sri Cheng Heng Jem, Tan Sri Cheng Yong Kim, Lion Realty Private Limited, Excel Step Investments Limited, Lion Corporation Berhad, Lion Industries Corporation Berhad, LLB Steel Industries Sdn Bhd, Steelcorp Sdn Bhd, Amsteel Mills Sdn Bhd, Lion Diversified Holdings Berhad, Lion Development (Penang) Sdn Bhd, Horizon Towers Sdn Bhd, Teraju Varia Sdn Bhd and Government of Singapore Investment Corporation Pte Ltd.

(3) As at the Latest Practicable Date, Tan Sri Cheng Heng Jem has a direct interest in 22.6% of the ordinary shares of PHB, and is as such by virtue of his control of the exercise of not less than 20.0% of the votes attached to the voting shares in PHB, deemed to be interested in the Shares of our Company held by ECIL.

(4) As at the Latest Practicable Date, Mr. Hutomo Mugi Santoso has a direct interest in 80.0% of the ordinary shares of MS. The remaining 20.0% are held by his wife, Mdm. Susiawati Darmawan (19.0%) and his brother-in-law, Mr. Suparto Tarino (1.0%). As such, by virtue of the control of the exercise of not less than 20.0% of the votes attached to the voting shares in MS, Mr. Hutomo Mugi Santoso is deemed to be interested in the Shares of our Company. Mdm. Susiawati Darmawan is the sister of our Non-Executive Director, Mr. Tan Siang Long.

(5) The Shares owned by new investors in the Offering excludes Reserved Shares allocated to, and assumed to be taken up by, the Directors, but includes Reserved Shares allocated to the management and employees of the Group.

(6) The percentage figure is less than 0.1 after rounding to the nearest one decimal place.

(7) The aggregate of the percentages above does not equate to 100.0% due to rounding.

Significant Changes in Percentage of Ownership

Save as discussed in "Our Corporate Structure and Restructuring", there were no significant changes in the percentage ownership of our Company held by our Directors and Substantial Shareholders since our date of incorporation and up to the Latest Practicable Date.

Vendors

The following table sets out the number of Shares that the Vendors will be selling in the Offering:

		Shares Offered by Each Vendor Expressed as of Total Share Capital	
Name of Vendor	**No. of Shares Offered**	**Pre-Offering**	**Post-Offering**
ECIL	60,367,000	10.1	8.9
MS	6,633,000	1.1	1.0

Control of our Company

We are currently controlled (as such term is defined in the Listing Manual) by PHB which holds indirectly through its wholly-owned subsidiary ECIL, approximately 90.1% of the total number of our issued Shares immediately prior to the Offering.

We expect PHB to directly, and indirectly through its wholly-owned subsidiary, ECIL, continue to control our Company after the completion of the Offering. PHB is currently listed on the Bursa Malaysia. The principal activity of PHB is investment holding, and the principal activities of its subsidiaries are in retail property investment and development (through subsidiaries excluding PRGL and our Group) and retail business (through PRGL and our Group). See "Our Corporate Structure and Restructuring" for further details. PHB is not in direct competition with our Group's business.

Save as disclosed in this document, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled whether severally or jointly, by any other person or government and there is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

Termination of Shareholders' Agreement

As disclosed in "Our Corporate Structure and Restructuring", PHB acquired TS in order to develop and expand its department store footprints into Indonesia. Pursuant to the Restructuring Exercise, our Company was set up as a joint venture to hold PHB's businesses in Malaysia and Vietnam as well as TS's business in Indonesia, under a joint venture agreement dated 8 April 2011 among ECIL, MS and our Company. MS consequently became a 9.9% shareholder of our Company and collaborates with PHB through ECIL under the joint venture agreement. This joint venture agreement will terminate upon the listing of the Shares of our Company on the SGX-ST. See "Interested Person Transactions and Potential Conflicts of Interest — Potential Conflicts of Interest — Our Substantial Shareholder" for further details.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

Interested Person Transactions

In general, transactions between our Company and our Subsidiaries and, where applicable, our associated companies (if any), and any of our interested persons (namely, our Directors, Chief Executive Officer or Controlling Shareholders or the associates of such Directors, Chief Executive Officer or Controlling Shareholders) would constitute Interested Person Transactions.

Certain terms such as "associate", "control", and "interested person" used in this section have the meanings as provided in the Listing Manual and in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("SFR"), unless the context specifically requires the application of the definitions in one or the other as the case may be.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

The following represents transactions undertaken by us with our interested persons and their respective associates in the financial years 2009, 2010 and 2011, and for the period from 1 July 2011 up to the Latest Practicable Date.

Past Interested Person Transactions

Details of the past transactions between our Company and our Subsidiaries and interested persons which are material in the context of the Offering, for the financial years 2009, 2010 and 2011 and for the period from 1 July 2011 until the Latest Practicable Date are as follows:

Loan Transaction between MHL and TS

On 24 May 2011, MHL provided a Rp.10 billion (approximately S$1.43 million) bridging loan to TS to assist TS in its cash flow pending the completion of the Restructuring Exercise. MHL is an interested person, as 60% of its shares are held by Mdm. Susiawati Darmawan, the sister of Mr. Tan Siang Long, our Non-Executive Director. The remaining shares in MHL are held by Mr. Hutomo Mugi Santoso, the husband of Mdm. Susiawati Darmawan (38%) and PT Tozy Bintang Sentosa (2%), which is held 99% by MS and 1% by Mdm. Susiawati Darmawan.

The interest rate payable on the loan was 11% per annum, the same rate charged to TS by PT Bank Mandiri (Persero) Tbk (which provided a credit facility to TS prior to the Restructuring Exercise). The loan was made on an arm's length basis and was repaid in full on 27 June 2011. The interest paid over the 34 day period was Rp.103,888,888 (approximately S$14,875), and the largest amount outstanding from 24 May 2011 until the date of repayment of the loan was Rp.10,103,888,888 (approximately S$1.45 million).

Transfer of "F Fashion" Products between MS and TS

Under the terms of an operator agreement for F shops between FTV Programmgesellschaft mbH ("FTV") and TS dated 4 August 2010 ("FTV Agreement"), TS was supplied certain "F Fashion" products. However, as MS held the relevant import licence in respect of the products, it procured the goods from FTV before on-selling them to TS. The aggregate value of the purchase of these products by TS from MS for the period from December 2010 to March 2011 amounted to Rp.194,456,150 (approximately S$27,842). There was no such purchase in the financial years 2009 and 2010.

The above arrangement was discontinued on 1 April 2011 when FTV, TS and MS entered into an assignment and novation agreement under which TS assigned all its rights under the FTV Agreement to MS.

Consequently, TS returned the "F Fashion" merchandise to MS with product value amounting to Rp.138,455,883 (approximately S$19,824).

Thereafter TS sold "F Fashion" merchandise on a concessionaire basis for MS, with the aggregate value of the products sold after deducting a concessionaire commission of 20% amounting to Rp. 89,548,879 (approximately S$12,822) for the period between April 2011 and June 2011.

The above arrangements were made on an arm's length basis.

Licensing Agreement with Shanghai Lion Parkson Investment Consultant Co., Ltd. ("SLPI")

Prior to the Restructuring Exercise, all the "Parkson" brand and trademarks and other trademarks were owned by our Subsidiary, PCSB. PCSB was the first company to register and use the "Parkson" brand and trademarks.

In relation to the listing of PRGL, in Hong Kong, PCSB granted to Shanghai Lion Parkson Investment Consultant Co., Ltd. ("SLPI"), an exclusive licence to use the "Parkson" brand trademarks, as specified in the licensing agreement dated 9 November 2005 ("PRGL Licensing Agreement"), in the territory of the People's Republic of China, Hong Kong, Macau and Taiwan. PRGL is a subsidiary of PHB, our Controlling Shareholder, and SLPI is a subsidiary of PRGL.

The term of this licence commenced on the date of the PRGL Licensing Agreement ("Commencement Date") and will continue in force for the term of 30 years from the date of the PRGL Licensing Agreement (subject to renewal of the Agreement), subject to early termination only in two circumstances: (i) if either party commits a material breach of the agreement, where such breach is not remedied within 30 days of receipt of written notice by the defaulting party from the non-defaulting party requiring remedy; or (ii) if either party is unable to pay its debts or enters into compulsory or voluntary liquidation.

At least three months prior to the expiry of 30 years, the parties must negotiate in good faith with a view to renewing the agreement on such terms and for such period as the parties may agree.

A royalty of Chinese yuan 30,000 (approximately S$5,700) per licensed store is payable by SLPI, within 14 days from the end of each period of twelve months ending on the anniversary of the Commencement Date.

In preparation for the Offering, all these relevant "Parkson" brand and trademarks and other trademarks were assigned from PCSB to Smart Spectrum Limited ("SSL"), a wholly owned subsidiary of our Controlling Shareholder, PHB, pursuant to the Master Trademark Assignment Agreement dated 14 June 2011 (SSL is not a subsidiary of the Company). This assignment was made for a consideration of RM10.00 (approximately S$4.08), paid by SSL. Simultaneously, SSL provided a licence to our Company to use the "Parkson" trademarks. See "— Present and Ongoing Interested Person Transactions — Master Trademark Assignment Agreement and Trademark Licence Agreement" of this document for further details.

PCSB also novated all of its rights, obligations and liabilities under the PRGL Licensing Agreement to SSL.

SLPI is an indirect wholly-owned subsidiary of PRGL whereas PCSB is our wholly-owned subsidiary and both PRGL and our Company are ultimately the subsidiaries of PHB. PRGL is an indirect 51.48% owned subsidiary of PHB as at 30 June 2011. As such, SLPI is an associate of our Controlling Shareholder PHB and is an interested person in relation to our Company.

We do not believe that the terms of the PRGL Licensing Agreement were made on an arm's length basis, although we believe such terms were not prejudicial to us.

Disposal of interest in Park Avenue Fashion Sdn Bhd ("Park Avenue") to ECIL

On 29 April 2011, our Subsidiary, PCSB, disposed of its entire interest in Park Avenue to ECIL, our Controlling Shareholder. Park Avenue was transferred out of PCSB to ECIL as its principal business activity is not in the retail department stores business. Park Avenue is principally engaged in supplying fashion apparel and accessories. The aggregate value paid by ECIL for the purchase of Park Avenue was RM1 (approximately S$0.41). As at the time of its disposal by PCSB, Park Avenue was loss-making and was in a negative net asset position. This transaction was carried out pursuant to the Restructuring Exercise. See "Our Corporate Structure and Restructuring".

Acquisition of interest in Parkson Cambodia Holdings Co Ltd ("PCH") by PCSB

On 29 April 2011, our Subsidiary, PCSB, acquired the entire interest of PCH from our Controlling Shareholder, ECIL. PCSB acquired the entire interest of PCH from ECIL because PCH is an investment holding company which owns Parkson (Cambodia) Co., Ltd and will establish the operation of department stores in Cambodia. The aggregate value paid by PCSB for the purchase of PCH was US$1, based on the total paid-up capital of PCH. As at the time of its disposal by ECIL, the net asset value of PCH was US$1. This transaction was carried out pursuant to the Restructuring Exercise. There was also a settlement by PCSB on behalf of PCH of an inter-company loan owed by PCH to ECIL of RM12,527,171 (approximately S$5,112,505). Post the settlement of this inter-company loan by PCSB, the amount of RM12,527,171 (approximately S$5,112,505) is subsequently owed by PCH to PCSB. See "Our Corporate Structure and Restructuring".

Present and Ongoing Interested Person Transactions

Details of the present and ongoing transactions between our Company and our Subsidiaries and interested persons which are material in the context of the Offering, for the financial years 2009, 2010 and 2011 and for the period from 1 July 2011 until the Latest Practicable Date are as follows:

Master Trademark Assignment Agreement and Trademark Licence Agreement

Prior to the Restructuring Exercise, all the "Parkson" brand and trademarks and other trademarks were owned by our Subsidiary, PCSB. PCSB was the first company to register and use the "Parkson" brand and trademarks. In preparation for the Offering, all these relevant "Parkson" brand and trademarks and other trademarks were assigned from PCSB to SSL, a wholly-owned subsidiary of our Controlling Shareholder, PHB, pursuant to the Master Trademark Assignment Agreement dated 14 June 2011 (SSL is not a subsidiary of the Company). This assignment was made for a consideration of RM10.00 (approximately S$4.08), paid by SSL.

Simultaneously, SSL provided a licence to our Company to use certain "Parkson" trademarks (as set out in its schedule) in Asia Pacific countries (excluding Greater China) in relation to the goods and services for which those trademarks have been applied for or registered, and the right to adopt or use those trademarks as part of the name of our Company or any internet domain name, pursuant to the Trademark Licence Agreement dated 14 June 2011.

The Trademark Licence Agreement is for a period of 20 years from the effective date of the agreement, which is 1 August 2011, subject to early termination only in two circumstances: (i) if either party commits a material breach of the agreement where such breach is not remedied within 30 days of receipt of written notice by the defaulting party from the non-defaulting party requiring remedy; or (ii) if either party is unable to pay its debts or enters into compulsory or voluntary liquidation.

At least three months prior to the expiry of 20 years, parties must negotiate in good faith with a view to renewing the agreement on such terms and for such period as the parties may agree. Our Company will

pay SSL a royalty of RM10,000 (approximately S$4,000) for each retail store operated by our Subsidiaries which is granted a sub-licence by our Company for each period of 12 months ending on the anniversary of the effective date.

Although we do not believe that the terms of the Trademark Licence Agreement and of the Master Trademark Assignment Agreement were made on an arm's length basis, we believe such terms are at least as favourable to us as similar transactions with non-affiliates. No royalty fees were paid for the financial years 2009, 2010 and 2011 as the Trademark Licence Agreement was only entered into on 14 June 2011. For the financial year 2012, based on a total of 43 stores of our Group (36 stores in Malaysia and 7 stores in Vietnam) as at 30 June 2011, an aggregate of RM430,000 (approximately S$175,489) in royalties will be payable. In the event that there is any revision of royalty fees pursuant to an amendment of the Trademark Licence Agreement, the Company will comply with the requirements as prescribed in Chapter 9 of the Listing Manual.

Purchase of Building Materials from Posim Marketing Sdn Bhd ("PMSB")

Our Group has also purchased building materials from PMSB, a wholly-owned subsidiary of Lion Forest Industries Berhad. The purchases of such materials were on an arm's length basis and the aggregate value of such purchases amounted to RM1,496,184, RM661,142, RM470,667 and RM404,693 (approximately S$610,612, S$269,821, S$192,085 and S$165,160 respectively) for financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date respectively.

Purchase of Light Fittings and Procurement of Energy Conservation Services from Posim EMS Sdn Bhd

Our Group has purchased light fittings and procured energy conservation services from Posim EMS Sdn Bhd, an 80% owned subsidiary of LFIB. These transactions were carried out on an arm's length basis and the aggregate value of payments from our Group to Posim EMS Sdn Bhd for such services was approximately RM231,865, RM195,381, RM534,193 and RM59,151 (approximately S$94,627, S$79,738, S$218,011 and S$24,140 respectively) for financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Purchase of Equipment, Furniture and Fittings from Lion Trading & Marketing Sdn Bhd

Our Group purchased equipment, furniture and fittings from Lion Trading & Marketing Sdn Bhd, a wholly-owned subsidiary of Lion Corporation Berhad ("LCB") for its office and outlets.

Our Non-Executive Chairman, Tan Sri Cheng Heng Jem is the Chairman and Managing Director and a Substantial Shareholder of LCB with a direct interest of 0.02% and an indirect interest of 77.35% as at the Latest Practicable Date. In addition, Tan Sri Cheng also has further indirect interest in the shares as at the Latest Practicable Date by virtue of his indirect interest in redeemable convertible secured loan stocks and warrants in LCB.

The transactions were conducted on an arm's length basis, and the aggregate value of such purchases amounted to RM1,015,929, RM472,514, RM211,457 and RM26,590 (approximately S$414,614, S$192,839, S$86,298 and S$10,852) for financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Purchase of Security Equipment and Procurement of Security Services from Secom (Malaysia) Sdn Bhd

Our Group purchased security equipment and procured security services from Secom (Malaysia) Sdn Bhd.

Secom (Malaysia) Sdn Bhd is a company which is 51% held by Ayer Keroh Resort Sdn Bhd which in turn is 70% held by ACB Resources Berhad (formerly known as Amsteel Corporation Berhad) ("ACB") and

30% held by Horizon Towers Sdn Bhd ("Horizon Towers") as at the Latest Practicable Date. ACB is a company in which Tan Sri Cheng Heng Jem is the Chairman and a Substantial Shareholder with an indirect interest of 47.7% as at the Latest Practicable Date. Secom (Malaysia) Sdn Bhd is subject to a transfer by Ayer Keroh Resort Sdn Bhd to ACB Harta Holdings Sdn Bhd, a wholly-owned subsidiary of ACB. Horizon Towers is a wholly-owned subsidiary of Lion Development (Penang) Sdn Bhd, a company in which Tan Sri Cheng has a substantial interest as at the Latest Practicable Date, respectively.

The transactions were entered in the ordinary course of business and the amounts paid by our Group pursuant to the purchase of the security equipment and services were agreed on an arm's length basis. The aggregate amounts paid by our Group were RM579,251, RM628,228, RM613,151 and RM124,306 (approximately S$236,400, S$256,388, S$250,235 and S$50,731) for financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Concessionaire Agreements with Park Avenue Fashion Sdn Bhd

PCSB has executed concessionaire agreements with Park Avenue Fashion Sdn Bhd, a wholly-owned subsidiary of PHB, for the sale of products on a concessionaire basis at Parkson stores.

The transactions were entered into in the ordinary course of business and the commission paid to our Group was agreed on an arm's length basis. The commission paid to PCSB by Park Avenue Fashion Sdn Bhd was RM567,131, RM487,318, RM175,733 and RM13,957 (approximately S$231,454, S$198,881, S$71,719 and S$5,696) for the financial years 2009, 2010 and 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Purchase of Goods from WatchMart (M) Sdn Bhd

WatchMart (M) Sdn Bhd supplies watches to our Group. Mdm. Lee Yim Yoong, the wife of Mr. Tan Soo Khoon (a Non-Executive Independent Director of our Company), is a shareholder of WatchMart (M) Sdn Bhd. The supplies are made in the ordinary course of business and on an arm's length basis.

The aggregate amounts paid by our Group for the supply of watches was RM106,771, RM82,544, RM94,147 and RM17,676 (approximately S$43,574, S$33,687, S$38,422 and S$7,214) for the financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Rental of Retail Space from 1st Avenue Mall Sdn Bhd

Our Subsidiary, KISB, has by a tenancy agreement dated 3 June 2010 ("First AM Tenancy Agreement") entered into an arrangement for the rental of space in First Avenue Mall, a shopping complex in Pulau Pinang, Malaysia, to operate a Parkson department store ("Parkson First Avenue"). KISB was incorporated on 2 April 2008 as a joint venture company between PCSB and Galaxy Point Sdn Bhd. The landlord to this arrangement and owner of the shopping complex is 1st Avenue Mall Sdn Bhd ("FAMSB"). FAMSB is currently owned 50% by Witmer Limited (an estate investment company), 30% by Bungawang Sdn Bhd ("Bungawang") and 20% by Mujur Idaman Sdn Bhd ("Mujur Idaman"). The 50% combined stake held by Bungawang and Mujur Idaman has been sold to Witmer Limited, the completion of which is now pending fulfilment of conditions precedent to completion.

Bungawang is 70% held by ACB and 30% held by Horizon Towers. ACB is a company in which Tan Sri Cheng Heng Jem is the Chairman and a Substantial Shareholder with an indirect interest of 47.7% as at the Latest Practicable Date. Bungawang is subject to a sale by ACB to Limbungan Emas Sdn Bhd, a company in which Tan Sri Cheng has an indirect interest of 100%. Horizon Towers is a wholly-owned subsidiary of Lion Development (Penang) Sdn Bhd, a company in which Tan Sri Cheng has a substantial shareholding interest as at the Latest Practicable Date. By virtue of Tan Sri Cheng's substantial shareholding interest in PHB, he is deemed to be interested in the subsidiaries of PHB (including our Company, PCSB and KISB).

Galaxy Point is an associated company of Mujur Idaman, currently a Substantial Shareholder of FAMSB.

The total area rented pursuant to the First AM Tenancy Agreement is 92,082 square feet. The term of tenancy in respect of Parkson First Avenue is for three years, renewable for four terms of three years each. The rent is payable as from the fulfilment of conditions precedent in the First AM Tenancy Agreement and the first rental is set at RM2.50 (approximately S$1.02) per square foot per month.

Monthly rent payable is the higher of either (i) RM2.50 (approximately S$1.02) per square foot of rented area or (ii) turnover rent, computed at turnover rent rate of 6% multiplied by annual merchandise sales, for annual merchandise sales up to the first RM45 million; and 8% on the annual merchandise sales in excess of RM45 million for the respective turnover period. The minimum rent is therefore RM230,205.00 per month (approximately S$93,950) upon the commencement of payment of rent.

The Audit Committee has reviewed this rent formula and is of the view that the rent charged is comparable to the market rate.

KISB did not make any payment of rent in financial years 2009, 2010 and 2011. The store commenced operations in November 2010. KISB commenced payment of rent on 15 July 2011, after receiving the landlord's confirmation of the fulfilment of certain condition precedents. The aggregate amount of rent paid by KISB between 15 July 2011 and the Latest Practicable Date is RM638,633 (approximately S$260,634).

The terms of the First AM Tenancy Agreement are on an arm's length basis, following negotiation between KISB and FAMSB, each party having considered the benefits of the agreement to itself.

Rental of Retail Space from Festival City Sdn Bhd

By a tenancy agreement dated 3 March 2011 ("FC Tenancy Agreement"), PCSB has agreed to rent an area measuring an aggregate of 125,437 square feet from Festival City Sdn Bhd ("Festival City") at the mall to be known as KL Festival City, owned by Festival City.

The total area to be rented is 125,437 square feet. The term of tenancy is three years with six renewal term of three years each. The tenancy term commences as at the rental commencement date. Monthly rent for the first term is the higher of either (i) RM3.20 (approximately S$1.30) per square foot of rented area or (ii) turnover rent computed at turnover rent rate of 6% multiplied by annual merchandise sales, payable yearly in arrears. The minimum rent is therefore RM401,398.40 per month (approximately S$163,816) upon the commencement of the payment of rent. In the event the annual turnover rent exceeds the aggregate gross rent already paid, PCSB will pay Festival City the difference. The Audit Committee has reviewed this rent formula and is of the view that the rent charged is comparable to the market rate.

PCSB has not commenced payment of rent as at the Latest Practicable Date. Payment of rent will commence after the expiry of the rent-free fit-out period. PCSB will take vacant possession to begin fit-out works after Festival City receives the certificate of fitness for the mall.

Festival City is an indirect wholly-owned subsidiary of our Controlling Shareholder, PHB, and is therefore a related company of PCSB by virtue of the latter being an indirect subsidiary of PHB via our Company. It is therefore an interested person in relation to our Company.

The terms of the FC Tenancy Agreement are on an arm's length basis, following negotiation between PCSB and Festival City, each party having considered the benefits of the agreement to itself.

Rental of Office Space from Visionwell Sdn Bhd

By a tenancy agreement dated 18 January 2010 ("Visionwell Tenancy Agreement") between PCSB and Visionwell Sdn Bhd ("Visionwell"), PCSB rents an office space measuring approximately 2,696 square feet at Level 4, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur from Visionwell.

The tenancy term is three years with two options to renew for two separate consecutive terms of three years each. The tenancy commenced on 15 October 2009. The rent for the first term is RM10,784.00 (approximately S$4,387) or RM4.00 (approximately S$1.63) per square foot (inclusive of service charges) per month. The rent will be reviewed based on prevailing market rates but subject to a maximum increase of 8% of the rent in the preceding term.

Visionwell is an 80% subsidiary of ACB and Visionwell is subject to a sale by ACB to Limbungan Emas Sdn Bhd, a company in which Tan Sri Cheng Heng Jem has an indirect interest of 100% as at the Latest Practicable Date.

The terms of the Visionwell Tenancy Agreement are on an arm's length basis, following negotiation between PCSB and Visionwell, each party having considered the benefits of the agreement to itself. The aggregate value of rent paid amounted to RM59,834, RM129,408 and RM34,787 (approximately S$24,419, S$52,813 and S$14,197) for financial years 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Sales of Gift Vouchers to Director-Related Companies

Our Subsidiary, PCSB, sells gift vouchers to certain companies (as listed below). The transactions were conducted on an arm's length basis, and the aggregate value of these transactions for financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date respectively amounted to approximately:

- RM107,035, RM155,050, RM164,587 and RM48,520 (approximately S$43,682, S$63,278, S$67,170 and S$19,802 respectively) in respect of Amsteel Mills Marketing Sdn Bhd;
- RM310,927, RM101,050, RM230,190 and RM37,709 (approximately S$126,893, S$41,240, S$93,944 and S$15,389 respectively) in respect of Amsteel Mills Sdn Bhd;
- RM67,313, RM44,070, RM20,950 and RM9,300 (approximately S$27,471, S$17,986, S$8,550 and S$3,795 respectively) in respect of Megasteel Sdn Bhd;
- RM24,660, RM18,400, Nil and Nil (approximately S$10,064, S$7,509, Nil and Nil respectively) in respect of Posim Marketing Sdn Bhd;
- RM22,610, RM43,320, RM14,784 and Nil (approximately S$9,227, S$17,679, S$6,034 and Nil respectively) in respect of Posim Petroleum Marketing Sdn Bhd;
- RM15,216, RM121,410 and RM250 (approximately S$6,210, S$49,549 and S$102 respectively) in respect of Silverstone Marketing Sdn Bhd, which was sold on 10 December 2010; and
- RM1,400, RM1,000, Nil and Nil (approximately S$571, S$408, Nil and Nil respectively) in respect of Sims Holdings Sdn Bhd.

Each of the above companies is an associate of Tan Sri Cheng Heng Jem who is a Director and Controlling Shareholder of our Company.

Purchase of Goods from MHL

TS, our Subsidiary, makes purchases of "The Body Shop" products from MHL, which is an Indonesian company holding exclusive rights to "The Body Shop" franchise in Indonesia. MHL is an interested person, as 60% of its shares is held by Mdm. Susiawati Darmawan, the sister of Mr. Tan Siang Long, our Non-Executive Director. The remaining shares in MHL are held by Mr. Hutomo Mugi Santoso, a brother-in-law of Mr. Tan Siang Long (38%) and PT Tozy Bintang Sentosa (2%). The purchases are made for the "Centro" department stores owned by our Group, and are made pursuant to five cooperation agreements (one agreement for each Centro department store outlet) entered into with MHL.

The purchase of "The Body Shop" products are made in the ordinary course of business and the amounts paid pursuant to the concessionaire agreement were agreed on an arm's length basis. The aggregate amount of purchases of "The Body Shop" products from MHL under this arrangement amounted to Rp.19,129,840,110, Rp.20,591,905,911, Rp.22,022,139,171 and Rp.6,445,279,208 (approximately S$2,739,032, S$2,948,373, S$3,153,155 and S$922,842) for the financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively.

Provision of IT and Payroll Services by MS

Prior to the Restructuring Exercise, TS shared the IT systems (mainly computer hardware systems, such as servers) and payroll service systems with MS, which is an interested person as 19% of its shares are held by Mdm. Susiawati Darmawan, the sister of Mr. Tan Siang Long and 80% by Mr. Hutomo Mugi Santoso, a brother-in-law of Mr. Tan Siang Long.

The provision of IT services (mainly the sharing of IT systems) and payroll services to TS is an interim arrangement following the sale of TS by MS as TS transitions from a subsidiary of MS to our wholly-owned subsidiary. We are currently in the process of arranging for the separation of the IT systems and payroll service systems before the end of 2011, and the amount to be paid to MS for the IT services is currently under negotiation. Such payment, if any, will be determined on an arm's length basis and terminated upon the completion of the separation of the IT and payroll service systems.

Rental of Office and Warehouse Space from PT Tozy Bintang Sentosa by TS

PT Tozy Bintang Sentosa, which is held 99% by MS and 1% by Mdm. Susiawati Darmawan, leases office and warehouse space to TS at Bintaro Jaya CBD in Tangerang, Indonesia. PT Tozy Bintang Sentosa is an interested person as it is a company in which Mr. Tan Siang Long and his associates have a controlling interest. The office and warehouse space rented for the financial years 2009, 2010, 2011 was 1,000 sq.m. (for one month), 1,000 sq.m. and 2,508 sq.m. respectively. The aggregate amounts paid by TS for the rental of the office and warehouse space was Rp.83,375,000, Rp.1,000,500,000, Rp.2,766,849,600 and Rp.895,398,710 (approximately S$11,938, S$143,253, S$396,161 and S$128,204) for the financial years 2009, 2010, 2011 and the period from 1 July 2011 to the Latest Practicable Date, respectively, determined on an arm's length basis.

Guidelines For Future Interested Person Transactions

If we enter into certain transactions with interested persons in the future, such future transactions with interested persons must comply with the requirements of the Listing Manual. As required by the Listing Manual, our Articles of Association require a Director to abstain from voting on any contract or arrangement in which he has a personal material interest. Our internal control procedures will be designed to ensure that all Interested Person Transactions are conducted at arm's length and on normal commercial terms.

Any Interested Person Transaction will be properly documented and submitted semi-annually to our Audit Committee for its review to ensure that all Interested Person Transactions are conducted at arm's length and on normal commercial terms. In the event that a member of our Audit Committee is interested in

any Interested Person Transaction, he will abstain from reviewing that particular transaction. Our Audit Committee will include the review of all such Interested Person Transactions as part of its standard procedures while examining the adequacy of our internal controls.

Our Audit Committee will ensure that all provisions and disclosure requirements on all such Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, as the case may be, are complied with.

Our Directors will ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, will be subject to shareholders' approval if deemed necessary by the Listing Manual. We will disclose in our annual report the aggregate value of Interested Person Transactions conducted during the relevant financial year.

Our Audit Committee is required to examine the internal guidelines and procedures put in place by our Company to determine if such guidelines and procedures put in place are sufficient to ensure that Interested Person Transactions are conducted on normal commercial terms and will not be prejudicial to our Company and our minority shareholders.

Upon our listing on the SGX-ST, we will be subject to Chapter 9 of the Listing Manual in relation to Interested Person Transactions. The objective of these rules is to ensure that our Interested Person Transactions do not prejudice the interests of our shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and seek shareholders' approval for certain material Interested Person Transactions. Our Audit Committee may also have to appoint independent financial advisors to review such Interested Person Transactions and opine on whether such transactions are fair and reasonable to us, not prejudicial to our interests and the interests of our minority shareholders.

Our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. In addition, a Director may only disclose information (not otherwise available to him) which he has obtained in his capacity as a director, to the Controlling Shareholder whose interests he represents, when certain conditions stipulated in Section 158 of the Singapore Companies Act are met. These conditions are that: the relevant director declares at a meeting of the Directors the person to whom such information is to be disclosed and particulars of such information; our Board authorises him to make such disclosure; and the disclosure will not be likely to prejudice us. Therefore, any non-public information regarding us that any of our Directors wishes to disclose to the Controlling Shareholder whose interests he represents can only be so disclosed if our Board authorises such disclosure and our Board is satisfied that such disclosure will not be likely to prejudice us.

Review Procedures for Future Interested Person Transactions

Our Audit Committee will review and approve Interested Person Transactions, to ensure that they are on an arm's length basis, that is, that the transactions are transacted on terms and prices not more favourable to the interested person than if they were transacted with a third-party and we and our shareholders have not been disadvantaged in accordance with the following review procedures:

- all Interested Person Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) below S$100,000 will not require the approval of the Audit Committee;

- all Interested Person Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) below or equal to 3.0% of the last audited NTA value of our Group will not require approval of the Audit Committee prior to such transactions being entered into, but will require approval by a Director who will not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person will not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual profit margin

built-in or discount given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable to the interested person than those extended to or received from unrelated parties;

- all Interested Person Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) in excess of 3.0% of the last audited NTA value of our Group will be reviewed by and will require approval by the Audit Committee prior to such transactions being entered into;

- the transaction prices, terms and conditions are determined as follows:

  (a) by the prevailing market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply of the products/services in the market;

  (b) on an arm's length basis and on normal commercial terms which are consistent with our Group's usual business practices and policies. Price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities;

  (c) on competitive commercial terms. Our Group must identify various sources of supply to secure at least three quotations which must be documented in the "Price Comparison Summary cum Approval Form". In the event less than three quotations are available from unrelated third parties for comparison due to limited sources of supply or potential suppliers' unwillingness to quote, reference will be made to published market reports, if available, pertaining to transactions of similar products concluded in other markets. In that event, our Company will ensure that the Interested Person Transaction is not detrimental to our Group;

  (d) by evaluating and shortlisting vendors prior to price negotiations by our purchasing department, based on price competitiveness, quality, experience, delivery/service, credit term, technical capability, and financial strength. After price negotiation, the purchasing department will recommend the selection of potential/successful supplier for approval by appropriate authority;

  (e) where appropriate, by conducting a valuation or appraisal of the market value of a transaction by an independent expert and by obtaining additional quotations from third parties for the purpose of performing an independent and balanced assessment, evaluation and comparison of the price, terms and conditions prior to making a decision to enter into the transaction;

  (f) when quality, payment and other terms and conditions are equal, by the awarding of an order/contract to the supplier with the lowest negotiated price; and

  (g) by evaluating the vendors' performance via feedback from user departments with regard to delivery performance, quality of material and after-sales service.

We intend to prepare relevant information (such as pricing guidelines, pricing for similar existing customers and quotations obtained from third-party suppliers) to assist our Audit Committee in its review of all Interested Person Transactions.

Before any agreement or arrangement that is not in our ordinary course of business is transacted, prior approval must be obtained from our Audit Committee. In the event that a member of the Audit Committee is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement will be recorded for review by the Audit Committee.

We also intend to comply with the provisions in Chapter 9 of the Listing Manual in respect of all future Interested Person Transactions and, if required under the Listing Manual, we will seek our shareholders' approval for such transactions.

Potential Conflicts of Interest

We summarise below the potential conflicts of interest which may arise from the interests of our Controlling Shareholders, our Directors, our Substantial Shareholder and their respective associates in any entity carrying on the same business and/or dealing in similar products as us.

Our Controlling Shareholders

Our Controlling Shareholder, PHB, through its holding in ECIL, has a majority stake in PRGL, a company listed on the Hong Kong Stock Exchange. PRGL operates in the retail market in the PRC and offers a range of merchandise in the "fashion and apparel", "cosmetics and accessories", "household, electrical goods and others" and "groceries and perishables" categories, and has an exclusive licence from PHB to use, *inter alia,* the "Parkson" trademarks in Greater China for a period of 30 years effective from 5 November 2005.

Under a non-compete deed dated 18 September 2007 entered into between Amalgamated Containers Berhad (now PHB), ECIL and PRGL, each of PHB and ECIL undertook to and for the benefit of PRGL that it will not (whether directly or indirectly, including through any associate, subsidiary, body corporate, partnership, joint venture or other contractual arrangement) carry on, invest or otherwise be interested in any business of the retail trade in merchandise in department stores, supermarkets, hypermarkets, convenience stores, specialty merchandise stores, supercentres and category killers (the "Restricted Business") in Greater China.

Notwithstanding the above arrangement, we believe that any potential conflicts of interests arising from our Controlling Shareholder's relationship in our Group and PRGL are mitigated for the following reasons:

(a) PHB's strategy is to have two distinct groups of companies, namely our Group and the PRGL Group, clearly segregated through a focus on different geographical markets. PRGL operates department stores in the Greater China area whereas we operate department stores in the rest of the Asia-Pacific region (excluding Greater China), which currently includes Malaysia, Vietnam and Indonesia (the "PRA Territories"), with plans to open a store in Cambodia in 2013;

(b) to give effect to the geographical segregation as described above, PHB, through its subsidiary, SSL, has granted to us an exclusive licence to use the "Parkson" brand and trademarks for our Group's department stores in the Asia-Pacific region (excluding Greater China) for a period of 20 years from the effective date of a Trademark Licence Agreement, details of which have been set out in the section entitled "Interested Person Transactions — Present and Ongoing Interested Person Transactions";

(c) PHB has on 17 October 2011 entered into a Deed of Non-Competition with our Company and undertook to us, among other things, that it and its subsidiaries (other than the PRGL Group) will not carry on engage, invest, participate or otherwise be interested in any Restricted Business (as defined therein) in the Asia-Pacific region (as defined therein and which excludes Greater China). The non-compete undertaking is effective until the date PHB ceases to be a Controlling Shareholder of our Company (as defined in the Listing Manual), or on which our Company's shares cease to be listed on the SGX-ST;

(d) PHB will undertake to direct and procure its subsidiary SSL, which holds the rights to the "Parkson" trademarks, not to expand the territories/scope of the exclusive licence granted to PRGL to use and sub-licence the "Parkson" trademarks to include any of the PRA Territories;

(e) if a proposal to expand into the PRA Territories, by way of an acquisition or otherwise from an unrelated party, is presented to a vote by the shareholders of PRGL, PHB undertakes that it will, in its capacity as shareholder and if capable of voting, vote against any such proposal of PRGL at the general meeting of the shareholders of PRGL. PHB will further undertake to procure its subsidiaries who are shareholders of PRGL to vote likewise in respect of the same;

(f) where decisions are to be made at the board level in relation to proposals for the PRGL Group to expand into the PRA Territories by way of an acquisition or otherwise from an unrelated party, the directors of PRGL who are also directors or executives of PHB will abstain from deliberating on or voting on such proposals, subject to their fiduciary duties under the applicable laws and regulations; and

(g) PHB directors or executives or nominees of PHB who are also on the board of PRGL will not make any proposal for the PRGL Group to expand into the PRA Territories, subject to their fiduciary duties under the applicable laws and regulations.

Certain of Our Directors

Tan Sri Cheng Heng Jem, who is the Non-Executive Chairman of our Company, is also the non-executive Chairman of PRGL and the Chairman and Managing Director of PHB. He is also deemed interested in each of our Company and PRGL, through his direct interest in 22.6% of the ordinary shares of PHB and interests in the ordinary shares of PHB in various intermediate holding companies.

Datuk Cheng Yoong Choong is our Group Managing Director of our Company. He is currently also the group Managing Director of PRGL. He is a nephew of Tan Sri Cheng.

We, as well as our Nominating Committee, believe that the continued involvement of both Tan Sri Cheng and Datuk Cheng in the management of our Group is important to us. They have been instrumental in leading the growth of the PHB group, our Group and the PRGL group in the retail business. We, as well as our Nominating Committee, believe that any potential conflicts of interest arising from their common directorships is satisfactorily mitigated due to the reasons below:

(a) as explained above, there is a clear geographical segregation in the businesses of our Company and PRGL. The PRGL group operates in Greater China whereas our Group operates elsewhere in the Asia-Pacific region;

(b) PHB, following the listing of our Company, will not be directly engaged in the retail business, but will instead focus on retail property investment and development;

(c) any common director who sits on the boards of our Company and PHB/PRGL will abstain from deliberating and voting on any decision where the interests of our Company and PHB/PRGL are both at stake;

(d) where there is an actual or potential conflict of interest that arises from the Directors' common directorships or personal investment in any other corporations, those Directors will be under a duty of disclosure in respect of their interest in any contracts, arrangements, proposals, transactions or other matters;

(e) the Audit Committee of our Company will review any actual or potential conflict of interest that may involve any Directors as disclosed by them, and consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit Committee will not participate in any Audit Committee proceedings in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data as the Audit Committee may deem necessary. In this regard, Tan Sri Cheng and Datuk Cheng will not be members of the Audit Committee; and

(f) our Directors owe fiduciary duties to our Company, including the duty to act in good faith and in the best interests of our Company, and not to prefer the interests of another company of which they are directors, even if they have the same Controlling Shareholders. Our Directors are also subject to a duty of confidentiality that precludes a Director from disclosing confidential information to any third parties.

Our Substantial Shareholder

Prior to the Restructuring Exercise, our Substantial Shareholder, MS, wholly-owned TS. In connection with the acquisition of TS, our Controlling Shareholder, ECIL, our Company and MS entered into a joint venture agreement for the purpose of setting up our Company. The material terms of the joint venture agreement include the following:

(a) after the listing of our Company, for so long as MS holds at least 5% of the issued share capital of our Company, ECIL and its nominees on our Board shall, if so requested by MS, recommend the nomination of an MS nominee and shall exercise its voting rights (and ECIL's nominees shall exercise their voting rights on our Board) in favour of the appointment of such MS nominee on our board, provided always that the appointment of the MS nominee shall be subject to the applicable procedures under the laws and the Listing Manual of the SGX-ST;

(b) granting of put options by ECIL to MS (see "Share Capital"); and

(c) an undertaking by each of ECIL and MS with our Company and each other, not to compete with our Company or each other in the ownership, management or operation of any department stores or supermarkets within Malaysia, Vietnam and Indonesia during the Restraint Period. The "Restraint Period" commences from 14 June 2011 and expires on the latest of the following dates:

    (i) the date on which the joint venture agreement terminates;

    (ii) 13 June 2014, with respect to the non-compete undertaking for ownership, management or operation of department stores;

    (iii) 13 June 2013, with respect to the non-compete undertaking for ownership, management or operation of supermarkets; or

    (iv) the date on which ECIL or MS, as the case may be, ceases to have a representative on our Board.

This joint venture agreement terminates upon the listing of our Company. However, several obligations survive the termination of the joint venture agreement, including the material terms (a) and (c) as disclosed above, and other miscellaneous terms such as obligations relating to confidentiality, arbitration and governing law.

We believe that any potential conflicts of interests arising from our Substantial Shareholder, MS's business is mitigated by MS's non-compete obligation in the joint venture agreement.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Company's Articles of Association but are qualified in their entirety by reference to our Company's Articles of Association and the laws of Singapore.

Shares

Our Shares, which have identical rights in all respects, rank equally with one another. Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board of Directors may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

As at the Latest Practicable Date, we have 597,300,000 Shares in issue which are fully paid-up. All of our Shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with prior approval from a general meeting of our shareholders. Our shareholders have given our Directors authority to allot and issue shares and/or convertible securities in our Company. The maximum number of Shares to be issued upon conversion is determinable at the time of the issue of such convertible securities (whether by way of rights, bonus or otherwise), and may be issued at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of Shares (including Shares to be issued pursuant to such convertible securities) must not exceed 50.0% of the issued share capital of our Company, of which the aggregate number of Shares (including Shares to be issued pursuant to such convertible securities) other than on a *pro rata* basis to existing shareholders shall not exceed 20.0% of the issued share capital of our Company (the percentage of issued share capital being based on the issued share capital immediately following the completion of the Offering after adjusting for new Shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and for any subsequent consolidation or subdivision of Shares). Unless revoked or varied by our shareholders at a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of our Company or the expiration of the period within which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

Shareholders

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the depositors in the depository register maintained by CDP for our Shares as holders of our Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the depository register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least ten clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our

register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or by-laws and rules governing, any securities exchange upon which our Shares are listed or as provided in our Articles of Association. Our Board of Directors may in its sole discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which our Shares are listed or in any other form acceptable to our Directors. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S$2.00, and furnishes such evidence and a letter of indemnity as our Board of Directors may require.

General Meetings of our Shareholders

We are required to hold a general meeting of shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Our Board of Directors may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of shareholders representing not less than 10.0% of the total voting rights of all shareholders. In addition, two or more shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our shareholders.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding up;
- amendments to our Memorandum of Association and our Articles of Association;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as our Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy or attorney, representing one-third or more of our total issued Shares to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every shareholder present in person or by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and

- on a poll, every shareholder present in person or by proxy or attorney shall have one vote for each Share which he holds or represents.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;

- by not less than two shareholders present in person or by proxy or attorney and entitled to vote at the meeting;

- by any shareholder present in person or by proxy or attorney and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; and

- by any shareholder present in person or by proxy or attorney and holding not less than 10.0% of the total number of paid-up Shares (excluding treasury shares).

In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Limitations on Rights to Hold Shares

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights attached to our Shares.

Dividends

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may also declare an interim dividend without the approval of our shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our shareholders in proportion to the amount paid up or credited as paid on each shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each shareholder at his registered address appearing in our register of members or (as the case may be) the

depository register. However, our payment to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with the approval from our shareholders at a general meeting, capitalise any sums standing to the credit of any of our Group's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account and distribute the same as bonus Shares credited as paid-up to the shareholders in proportion to their shareholdings.

Our Board of Directors may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our shareholders in such manner and on such terms as our Board of Directors shall think fit.

Our Board of Directors may also issue rights to take up additional Shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which our Shares are listed.

Take-overs

The Singapore Code on Take-overs and Mergers, the Singapore Companies Act and the Securities and Futures Act regulate, among other things, the acquisition of ordinary shares of public companies incorporated in Singapore. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares in our Company or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting Shares in our Company, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period, must, except with the consent of the Securities Industry Council, extend a mandatory take-over offer for the remaining voting Shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers.

"Parties acting in concert" comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- the following companies: (i) a company; (ii) the parent company of (i); (iii) the subsidiaries of (i); (iv) the fellow subsidiaries of (i); (v) the associated companies of any of (i), (ii), (iii) or (iv); (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

- a company and its pension funds and employee share schemes;

- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;

- a financial or other professional advisor, including a stockbroker, and its clients in respect of shares held by the advisor and persons controlling, controlled by or under the same control as

the advisor and all the funds managed by the advisor on a discretionary basis, where the shareholdings of the advisor and any of those funds in the client total 10.0% or more of the client's equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

- partners; and

- the following persons and entities: (i) an individual; (ii) the close relatives of (i); (iii) the related trusts of (i); (iv) any person who is accustomed to act in accordance with the instructions of (i); (v) companies controlled by any of (i), (ii), (iii) or (iv); and (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Subject to certain exceptions, a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Code on Take-overs and Mergers, where effective control of a public company incorporated in Singapore is acquired or combined by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

Indemnity

As permitted by Singapore law, our Articles of Association provide that, subject to the Singapore Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal:

- which relate to anything done or omitted or alleged to have been done or omitted by them as an officer, director or employee; and

- in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court.

We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, wilful default, breach of duty or breach of trust of which they may be guilty in relation to us. However, we may purchase and maintain for our Directors and executive officers insurance against any such liability.

Substantial Shareholdings

Under the Singapore Companies Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares in our Company and the total votes attached to that share or those shares is not less than 5.0% of the aggregate of the total votes attached to all voting shares in our Company.

The Singapore Companies Act and the Securities and Futures Act require such Substantial Shareholders to give notice to us and the SGX-ST, including full particulars of their interest and the circumstances by which they have acquired such interest, within two Singapore business days of their becoming our Substantial Shareholders, being aware of any change in the percentage level of their interest and ceasing to be Substantial Shareholders.

"Percentage level", in relation to a Substantial Shareholder, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

The Securities and Futures (Amendment) Act 2009 (the "Amendment Act") was gazetted on 23 February 2009 and will, *inter alia*, migrate the Substantial Shareholder disclosure requirements to the Securities and Futures Act. The amendments affecting Substantial Shareholder disclosure requirements have yet to take effect.

Once these amendments take effect, a Substantial Shareholder of our Company will no longer be required to notify the SGX-ST of his interests, or changes in his interests, in voting shares of our Company. Instead, a Substantial Shareholder need only give notice to our Company and we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

While the definition of an "interest" in our voting shares for the purposes of Substantial Shareholder disclosure requirements under the Securities and Futures Act is similar to that under the Singapore Companies Act, the Securities and Futures Act provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the Securities and Futures Act will be changed to two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Minority Rights

Section 216 of the Singapore Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or

- if we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Singapore Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our shareholders to purchase a minority shareholder's shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;
- direct that our Memorandum of Association and our Articles of Association be amended; and
- direct that we be wound up.

Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board of Directors, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes.

The Singapore Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise their memorandum and articles of association.

The memorandum of association of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The articles of association generally contain provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

TAXATION

The following summary of certain Singapore and United States income tax consequences of the purchase, ownership and disposition of our Shares is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and does not purport to apply to all categories of prospective investors, some of which may be subject to special rules. Prospective investors should consult their own tax advisors concerning the application of Singapore and United States income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of our Shares arising under the laws of any other taxing jurisdiction.

Singapore Taxation

The statements made herein regarding taxation are general in nature and based on certain aspects of the tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this document and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our Shares or of any person acquiring, selling or otherwise dealing with our Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of our Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities) may be subject to special rules. Prospective shareholders are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership or disposal of our Shares. The statements below are based on the assumption that our Company is a tax resident in Singapore for Singapore income tax purposes. It is emphasised that neither our Company nor any other persons involved in this document accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

Individual Income Tax

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions and conditions. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore ("Comptroller") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0.0% to 20.0%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20.0%, except that their Singapore employment income is taxed at a flat rate of 15.0% or at tax resident rates, whichever yields a higher tax.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met, including the following:

- such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

- at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and

- the Comptroller is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate is 17.0% with effect from year of assessment 2010. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income will be fully taxable at the corporate tax rate.

New companies will also, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S$100,000 a year for each of the company's first three years of assessment.

Dividend Distributions

Dividends received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore.

Under the one-tier corporate tax system, the tax on corporate profits is final and dividends paid by a Singapore resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Gains on Disposal of Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which are regarded as the carrying on of a trade or business and the gains are sourced in Singapore.

In addition, shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments — Recognition and Measurement ("SFRS 39") for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of SFRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of S$0.20 for every S$100 or part thereof of the consideration for, or market value of, our Shares, whichever is higher. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of our Shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Goods and Services Tax ("GST")

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our Shares are supplied by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business carried on by such investor may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at 0.0%.

Certain U.S. Federal Income Tax Considerations

PURSUANT TO TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Shares that are U.S. Holders and that will hold the Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Shares by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10.0% or more of the voting stock of our Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, persons that will own shares through partnerships or other pass-through entities, certain former citizens or long-term residents of the United States, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organised under the laws of the United States or any State thereof (including the District of Columbia), (iii) any entity created or organised in or under the laws of any other jurisdiction if treated as a U.S. domestic corporation pursuant to U.S. federal income tax laws, (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source or (v) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and (2) one or more U.S. persons have the authority to control all substantial decisions of the trust, or (vi) a trust if the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) that holds Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisors concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Shares by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as at the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

General

Subject to the passive foreign investment company ("PFIC") rules discussed below, distributions paid by our Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Shares and thereafter as capital gain. However, our Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by our Company with respect to Shares will constitute ordinary dividend income. Certain non-corporate U.S. Holders generally may be taxed on qualified dividend income at the lower rates applicable to long-term capital gains for taxable years beginning on or before 31 December 2012. Distributions paid by our Company will not qualify for taxation at the lower rates applicable to qualified dividend income. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from our Company.

Prospective purchasers should consult their tax advisors concerning the applicability of the foreign tax credit and source of income rules to dividends on the Shares.

Foreign Currency Dividends

Dividends paid in Singapore dollars will be included in the gross income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Singapore dollars are converted into U.S. dollars at that time. If dividends received in Singapore dollars are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. Any gain or loss resulting from currency exchange rate fluctuations during the period from the date of receipt to the date the foreign currency is converted into U.S. dollars generally will be treated as U.S. source ordinary income or loss.

Sale or Other Disposition

Subject to the PFIC rules discussed below, upon a sale or other disposition of Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Shares exceeds one year. Net long-term capital gains of non-corporate U.S. Holders, including individuals, currently are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitation. Gain or loss, if any, recognised by a U.S. Holder generally will be treated as U.S. source gain or loss, as the case may be.

A U.S. Holder's tax basis in a Share will generally be its U.S. dollar cost. The U.S. dollar cost of a Share purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Shares traded on an established securities market that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the U.S. Internal Revenue Service (the "IRS"). The amount realised on a sale or other disposition of Shares for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Shares traded

on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

If any gain from the sale or exchange of Shares is subject to Singapore tax, U.S. Holders may not be able to credit such taxes against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Internal Revenue Code since such gain generally would be U.S. source income, unless such tax can be credited (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of a Share will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Shares or upon exchange for U.S. dollars) will generally be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75.0% of its gross income is "passive income" or (ii) at least 50.0% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. If the stock of a foreign corporation is publicly traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such foreign corporation's assets. For purposes of the PFIC asset test, the aggregate fair market value of the assets of a publicly traded foreign corporation is generally treated as being equal to the sum of the aggregate value of the outstanding stock and the total amount of the liabilities of such corporation. Based on our gross income and gross assets, and the nature of our business, our Company does not believe that it should be treated as a PFIC for U.S. federal income tax purposes but our Company's possible status as a PFIC must be determined annually and therefore may be subject to change. This determination will depend in part on whether our Company continues to earn substantial amounts of operating income, as well as on the market valuation of our Company's assets and our Company's spending schedule for our cash balances and the proceeds of the Offering. If our Company were to be treated as a PFIC, any excess distribution (generally a distribution in excess of 125.0% of the average distribution over a three-year period or shorter holding period for our Shares) and realised gain on the sale or other disposition of Shares will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realised ratably over the U.S. Holder's holding period, (b) the amount deemed realised in each year had been subject to tax in each such year at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. Holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. Each U.S. Holder generally will be required to make an annual return on IRS Form 8621 (or any other form specified by the U.S. Department of the Treasury), reporting distributions received and gains realised with respect to each PFIC in which it holds a direct or indirect interest. Prospective purchasers should consult their tax advisors regarding the potential application of the PFIC regime.

Qualified Electing Fund Election and Mark-to-Market Election

If we are classified as a PFIC for any given year, a U.S. Holder of Shares may be able to make certain elections that may alleviate certain of the U.S. tax consequences referred to above. Where a company that is

a PFIC meets certain reporting requirements, a U.S. Holder can avoid certain adverse PFIC consequences described above by making a "qualified electing fund", or a QEF, election to be taxed currently on its proportionate share of the PFIC's ordinary income and net capital gains. However, we do not intend to comply with the necessary accounting and record keeping requirements that would allow a U.S. Holder to make a QEF election with respect to our Company.

If the Shares are "regularly traded" on a "qualified exchange", a U.S. Holder may make a mark-to-market election with respect to the Shares. If a U.S. Holder makes the mark-to-market election, for each year in which we are a PFIC, the holder will generally include as ordinary income the excess, if any, of the fair market value of the Shares at the end of the taxable year over their adjusted tax basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted tax basis of the Shares, over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the election, the holder's tax basis in the Shares will be adjusted to reflect the amount of any such income or loss. Any gain recognised on the sale or other disposition of Shares will be treated as ordinary income. The Shares will be considered "marketable stock" if they are traded on a qualified exchange, other than in de minimis quantities, on at least 15 days during each calendar quarter. The SGX-ST may constitute a qualified exchange for this purpose provided it meets certain trading volume, listing, financial disclosure, surveillance, and other requirements set forth in applicable U.S. Treasury Regulations.

However, we cannot be certain that the Shares will continue to trade on the SGX-ST or that the Shares will be traded on at least 15 days in each calendar quarter in other than de minimis quantities. U.S. Holders should be aware, however, that if we are determined to be a PFIC, the interest charge regime described above could be applied to indirect distributions or gains deemed to be attributable to U.S. Holders in respect of any of our Subsidiaries that also may be determined to be a PFIC, and the mark-to-market election generally would not be effective for such subsidiaries. Each U.S. Holder should consult its own tax advisor to determine whether a mark-to-market election is available and the consequences of making an election if we were characterised as a PFIC.

Backup Withholding and Information Reporting

Payments of dividends and other proceeds with respect to Shares, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Backup withholding is not an additional tax. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed such holder's U.S. federal income tax liability by filing a refund claim with the IRS. A U.S. Holder will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

New Legislation

Legislation enacted in March 2010 imposes new reporting requirements on the holding of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds US$50,000. The Shares are expected to constitute foreign financial assets subject to these requirements unless the Shares are held in an account at a domestic financial institution. U.S. Holders should consult their tax advisors regarding the application of this legislation.

PLAN OF DISTRIBUTION

The Offering

We and the Vendors are making an offering of 147,000,000 Offering Shares for subscription and/or purchase at the Offering Price, consisting of the Placement and the Public Offer. 136,150,000 Offering Shares are being offered under the Placement and 10,850,000 Offering Shares are being offered under the Public Offer. Up to 3,500,000 Offering Shares under the Public Offer have been reserved for purchase by the Directors, management and employees of our Group (the "Reserved Shares"). In the event the Reserved Shares are not fully purchased, they will be made available to satisfy oversubscription (if any) for the Offering Shares in the Public Offer. The Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Underwriters, subject to any applicable law.

The Underwriting Agreements

Under the terms and subject to the conditions contained in an international underwriting agreement among us, the Vendors and the Joint Bookrunners and Underwriters, dated 27 October 2011 (the "International Underwriting Agreement") we have agreed to issue and sell and the Vendors have agreed to sell, and the Joint Bookrunners and Underwriters have, subject to certain conditions, agreed to purchase or procure purchasers for an aggregate of 136,150,000 Offering Shares.

The International Underwriting Agreement may be terminated at any time prior to delivery of the Offering Shares pursuant to the terms of the International Underwriting Agreement, upon the occurrence of certain events, including, among other things, certain *force majeure* events. The closing of the Offering is conditional upon certain events, including the fulfilment, or waiver by the SGX-ST, of all of the conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of all of our issued Shares (including the Offering Shares, the Additional Shares and the ESOS Shares) on the Official List of the SGX-ST.

We, the Vendors and the Joint Bookrunners and Underwriters have also entered into an offer agreement dated 27 October 2011 (the "Offer Agreement") for the issue and sale by us and the sale by the Vendors of 10,850,000 Offering Shares. Subject to the terms and conditions in the Offer Agreement, and concurrently with the sale of 136,150,000 Shares pursuant to the International Underwriting Agreement, we and the Vendors have agreed to appoint the Joint Bookrunners and Underwriters to procure purchasers, and the Joint Bookrunners and Underwriters have agreed to procure purchasers or, failing which, to purchase, an aggregate of 147,000,000 Offering Shares.

The completion of the Placement is conditional upon the completion of the Public Offer and vice versa.

The Joint Bookrunners and Underwriters are offering the Offering Shares, subject to prior sale, when, as and if issued or sold to and accepted by it, subject to certain conditions precedent, including the receipt by the Joint Bookrunners and Underwriters of officer's certificates and legal opinions. The Joint Bookrunners and Underwriters reserve the right to withdraw, cancel or modify such offers and to reject orders in whole or in part.

The Joint Bookrunners and Underwriters may make sub-placement arrangements in respect of their obligations under the International Underwriting Agreement and sub-underwriting agreements in respect of its obligations under the Offer Agreement, upon such terms and conditions as they deem fit.

We, the Vendors and PHB have agreed in the Offer Agreement and under the International Underwriting Agreement to indemnify the Joint Bookrunners and Underwriters against certain liabilities. The indemnity under the Offer Agreement provides that where the indemnification is unavailable or insufficient, we, the Vendors and PHB shall contribute to the amount payable by the Joint Bookrunners and Underwriters as a result of any claims against them, in such proportion as is appropriate to reflect the relative benefits to

be received by us, the Vendors and PHB from the Offering. Where such allocation is prohibited by applicable law then we, the Vendors and PHB shall contribute proportionately to reflect both the relative benefits and the relative fault of us, the Vendors and PHB, as the case may be, in respect of, among other things, any misstatement or omission which resulted in such claims and any other relevant equitable considerations. The relative benefits to be received by us, the Vendors and PHB and the Joint Bookrunners and Underwriters pursuant to the Offering will be in the same proportion that the amount of total net proceeds from the offering of the Shares in the Public Offer (before deducting expenses) to be received by us, the Vendors and PHB bears to the amount of the total underwriting discounts and commissions to be received by the Joint Bookrunners and Underwriters in respect of the Public Offer. The relative fault is determined by reference to, among other things, whether the misstatement or omission relates to information supplied by us, the Vendors, PHB or the Joint Bookrunners and Underwriters, as the case may be and the respective parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misstatement or omission. No Joint Bookrunner and Underwriter is required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it under the Public Offer exceeds the amount of any damages which such Joint Bookrunner and Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. A similar contribution provision is contained in the International Underwriting Agreement.

In connection with the Offering, the Joint Bookrunners and Underwriters (or their affiliates) may, for their own account, enter into swaps or other derivative transactions relating to the Shares at the same time as the Offering or in secondary market transactions. As a result of such transactions (including hedging of such transactions), the Joint Bookrunners and Underwriters (or their affiliates) may hold long or short positions in such Shares or derivatives. These transactions may comprise a substantial portion of the Offering.

Expenses and Commission

The Joint Bookrunners and Underwriters have agreed to purchase or procure purchasers for the Offering Shares at the Offering Price set forth on the cover page of this document. We and the Vendors will pay the Joint Bookrunners and Underwriters, as compensation for their services in connection with the Offering, underwriting, selling and management commission amounting to 2.5% of the total gross proceeds from the sale of the Offering Shares and the Additional Shares (if the Over-allotment Option is exercised). We and the Vendors may also, at our sole discretion, pay to the Joint Bookrunners and Underwriters, or any one of them, an incentive fee in aggregate of up to 0.5% of the gross proceeds from the offering of the Issue Shares, the Vendor Shares and the Additional Shares (if the Over-allotment Option is exercised), respectively.

See "Use of Proceeds" for details on the expenses incurred in connection with the Offering.

Purchasers of our Offering Shares, other than those in the Public Offer, will be required to pay to the Joint Bookrunners and Underwriters a brokerage fee of up to 1.0% of the Offering Price, stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, at the time of settlement.

No Existing Public Market

Prior to the Offering, there has been no public market for our Shares. Following a book-building process, the Offering Price was fixed by agreement among the Joint Bookrunners and Underwriters and our Company and the Vendors. Among the factors considered in determining the Offering Price were the prevailing market conditions, current market valuations of publicly traded companies that we, the Vendors and the Joint Bookrunners and Underwriters believe to be reasonably comparable to us, an assessment of our recent historical performance, estimates of our business potential and earnings prospects, the current state of our development and the current state of our industry and economy as a whole. No assurance can be given,

however, that the prices at which the Offering Shares can be sold after this Offering will not be lower than the Offering Price or that an active trading market in the Offering Shares will develop and continue after this Offering.

Over-allotment Option

In connection with the Offering, each of the Vendors has granted the Over-allotment Option to the Stabilising Manager on behalf of the Joint Bookrunners and Underwriters, to purchase up to an aggregate of 22,050,000 Additional Shares at the Offering Price solely to cover the over-allotment of the Offering Shares, if any. The Stabilising Manager or its appointed agent, may exercise the option, in whole or in part, on one or more occasions from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, to undertake stabilising actions. The Vendors will pay the Joint Bookrunners and Underwriters a commission in respect of these Additional Shares. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares.

Share Lending Agreement

The Stabilising Manager has entered into a share lending agreement dated 27 October 2011 (the "Share Lending Agreement") with ECIL to borrow up to an aggregate of 22,050,000 Shares from ECIL, which will be borrowed before the Listing Date, to cover the over-allotment of the Offering Shares, if any. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to ECIL either through the purchase of Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or through exercise of the Over-allotment Option by the Stabilising Manager on behalf of the Joint Bookrunners and Underwriters.

Reserved Shares

Up to 3,500,000 Offering Shares, representing 2.4% of the Offering Shares under the Public Offer have been reserved for subscription and/or purchase at the Offering Price by the Directors, management and employees of our Group. The Reserved Shares will be otherwise offered on the same terms as the other Offering Shares in the Public Offer. If any of the Reserved Shares are not taken up, they will be made available to satisfy oversubscription (if any) for the Offering Shares in the Public Offer.

Shares are not Being Registered under the U.S. Securities Act

The Joint Bookrunners and Underwriters, directly or through their affiliates, propose to offer the Offering Shares for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Joint Bookrunners and Underwriters will not offer or sell the Offering Shares except:

- within the United States to persons they reasonably believe to be QIBs within the meaning of Rule 144A; or

- outside the United States, pursuant to Regulation S.

In addition, until the expiration of 40 days after the commencement of the Offering, an offer or sale of Offering Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

Shares sold pursuant to Regulation S may not be offered or resold within the United States, except under an exemption from the registration requirements of the U.S. Securities Act or under a registration statement declared effective under the U.S. Securities Act.

Each purchaser of the Offering Shares will be deemed to have made the acknowledgements, representations and agreements as described under "Transfer Restrictions".

No Sales of Similar Securities and Lock-up

Our Company

Our Company has agreed with the Joint Bookrunners and Underwriters that, from the date of the International Underwriting Agreement until the date falling six months from the Listing Date, we will not without the prior written consent of the Joint Bookrunners and Underwriters, among other things:

- issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the U.S. Securities Act relating to, any Shares (or any securities convertible into or exchangeable or exercisable for any or repayable with Shares or that carry rights to subscribe for or purchase Shares);

- enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exchangeable or exercisable for any or repayable with Shares or that carry rights to subscribe for or purchase Shares) whether the swap, hedge or transaction is to be settled by delivery of Shares or other securities, in cash or otherwise;

- deposit any Shares (or any securities convertible into or exchangeable for or that carry rights to subscribe for or purchase Shares) in any depository receipt facilities whether any transaction described above is to be settled by delivery of Shares or other securities, in cash or otherwise; or

- publicly disclose any intention to do any of the above.

The foregoing restriction will not apply in respect of (i) Shares issued pursuant to the Offering; or (ii) any Shares to be issued pursuant to the grant of awards under the ESOS.

The Vendors and their Shareholders

Each of the Vendors has agreed with the Joint Bookrunners and Underwriters that, from the date of the International Underwriting Agreement until the date falling six months from the Listing Date, it will not without the prior written consent of the Joint Bookrunners and Underwriters, among other things:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the U.S. Securities Act relating to, any Shares (or any securities convertible into or exchangeable or exercisable for any or repayable with Shares or which carry rights to subscribe for or purchase Shares);

- enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exchangeable or exercisable for or repayable with Shares or which carry rights to subscribe for or purchase Shares) whether such swap, hedge or transaction is to be settled by delivery of Shares or other securities, in cash or otherwise;

- deposit any Shares (or any securities convertible into or exchangeable for or that carry rights to subscribe for or purchase Shares) in any depository receipt facilities whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise;

- do any of the above in respect of any direct or indirect interest of it in any entity holding any Shares (or effective interest thereof) or any securities convertible into or exercisable or exchangeable for Shares (or effective interest thereof); or

- publicly disclose any intention to do any of the above.

The foregoing restrictions will apply in respect of the Shares (or interest in Shares) held by each of the Vendors as at the date of the International Underwriting Agreement, except (i) any Shares to be sold by the Vendors under the International Underwriting Agreement or the Offer Agreement and (ii) any Shares lent by ECIL to the Stabilising Manager pursuant to the Share Lending Agreement (provided that the foregoing restriction will apply to such Shares once they are returned to ECIL as contemplated under the Share Lending Agreement).

PHB has agreed to a similar lock-up with the Joint Bookrunners and Underwriters with respect to its shares in ECIL, and each of Mr. Hutomo Mugi Santoso, Mdm. Susiawati Darmawan and Mr. Suparto Tarino have agreed to a similar lock-up with the Joint Bookrunners and Underwriters with respect to their shares in MS.

Price Stabilisation

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) on behalf of the Joint Bookrunners and Underwriters, may over-allot Shares or effect transactions that may stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Shares. If the Stabilising Manager creates a short position in the Shares in connection with the Offering, that is, if it sells more than 147,000,000 Offering Shares, the Stabilising Manager may reduce that short position by purchasing Shares in the open market. The Stabilising Manager may also elect to reduce any short position by exercising all or part of the Over-allotment Option described above. Purchases of a security to stabilise the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or its appointed agent) will undertake any such stabilising actions. The number of Shares that the Stabilising Manager may buy to undertake stabilising actions shall not exceed an aggregate of 22,050,000 Shares representing 15.0% of the total Offering Shares. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, to undertake stabilising actions.

None of us, the Vendors or the Joint Bookrunners and Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of us, the Vendors or the Joint Bookrunners and Underwriters makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

Australia

This document has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission or the ASX Limited or any other regulatory body or agency in Australia.

This document and the offer of Shares in our Company is only made available in Australia to persons to whom a disclosure document such as a prospectus or product disclosure statement is not required to be given under either Chapter 6D or Chapter 7.9 of the Corporations Act 2001. This document is not a prospectus, product disclosure statement or any other type of formal "disclosure document" for the purposes of Australian law, and is not required to, and does not, contain all the information required of a product disclosure statement or prospectus under Australian law.

Any Shares in our Company issued upon acceptance of the Offering may not be offered for sale (or transferred, assigned or otherwise alienated) to any person located in, or a resident of, Australia, except in circumstances where disclosure to such a person is not required under either Chapter 6D or Chapter 7.9 of the Corporations Act 2001. There may be restrictions on the offer for re-sale of any the Offering Shares in Australia for a period of 12 months after their issue. Because of these restrictions, investors are advised to consult legal counsel prior to making any offer for re-sale of the Offering Shares in Australia. Each investor acknowledges the above and, by applying for securities under this document, gives an undertaking not to sell, transfer, assign or otherwise alienate those Shares (except in the circumstances referred to above).

This document is only provided on the condition that the information in and accompanying this document is strictly for the use of prospective investors and their advisors only, and must not be provided to any other person in Australia without our written consent, which we may withhold in our absolute discretion. The persons referred to in this document may not hold Australian financial services licences. No cooling off regime applies to an acquisition of the Offering Shares.

This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making an investment decision in relation to this document, each investor should assess whether the acquisition of securities in our Company is appropriate in light of that investor's own financial circumstances, or seek professional advice.

Canada

The securities will not be qualified for sale by way of prospectus under the securities laws of any province or territory of Canada. The Joint Bookrunners and Underwriters have represented and agreed that they have not offered, sold or distributed and will not offer, sell or distribute any securities, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. The Joint Bookrunners and Underwriters have also represented and agreed that they have not distributed or delivered and will not distribute or deliver the offering document, or any other offering material in connection with any offering of the securities, in Canada other than in compliance with applicable securities laws.

Cayman Islands

The Offering Shares are not offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands. However, Cayman Islands exempted and ordinary non-resident companies and certain other legal entities formed under the laws of but not resident in the Cayman Islands and engaged in business outside of the Cayman Islands may be permitted to acquire the Offering Shares.

European Economic Area

Our Shares have not been and will not be offered, sold or publicly promoted or advertised in any Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State") other than in compliance with the Prospectus Directive or any other laws applicable in the EEA governing the issue, offering and sale of securities.

No action has been taken, or will be taken, in any Relevant Member State to permit an offer to the public of any of our Shares in that Relevant Member State. Accordingly, the Offering Shares are not being (and will not be) offered and will not be allocated to any person in the EEA other than under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities that are qualified investors as defined under the Prospectus Directive;

(b) by the Joint Bookrunners and Underwriters to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners and Underwriters for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for our Company or the Joint Bookrunners and Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of our Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Please note that (1) shares may not be offered or sold in Hong Kong by means of this document or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("SFO") and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) ("CO") or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO, and (2) no person shall issue, or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

Indonesia

The offering of the Shares is not registered under Indonesia Law No. 8 Year 1995 on Capital Market and its implementing regulations ("Indonesian Capital Market Law"), and is not intended to become a public

offering of securities under the Indonesian Capital Market Law. The offering of the ESOS Shares is not intended to be a public offering in Indonesia as stipulated by the Indonesian Capital Market Law.

This document may not be distributed or passed on within Indonesia or to persons who are citizens of Indonesia wherever they are domiciled and the Shares and the ESOS Shares may not be offered or sold, directly or indirectly, within Indonesia in a manner which constitutes a public offering of the Shares and the ESOS Shares under the laws or regulations of Indonesia.

Malaysia

No offering for subscription or purchase and no invitation to subscribe for or purchase of our Shares may be made in Malaysia. This document or any document or other materials in connection therewith may not be distributed or made available in Malaysia directly or indirectly for the purpose of any offering for subscription or purchase, invitation to subscribe for or purchase of or sale of, our Shares in Malaysia.

In the event, for any reason whatsoever, this document is received in Malaysia, (i) it will not have any effect as an offer or invitation to purchase or subscribe for any securities; (ii) it does not make available, and will not be construed as making available, any securities for purchase or subscription; and (iii) it must be promptly returned to our Company.

The PRC

The Offering Shares have not been offered or sold and will not be offered or sold in the PRC as part of the initial distribution of the Offering Shares.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

Our Company does not represent that this document may be lawfully distributed, or that any Offering Shares may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by our Company which would permit a public offering of any Offering Shares or distribution of this document in the PRC. Accordingly, the Offering Shares are not being offered or sold within the PRC by means of this document or any other document. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Shares described herein. The Shares may not be publicly offered, sold or advertised, directly or indirectly, in, or into, or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offering, our Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the Offering of Shares has not been and will

not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

United Kingdom

Each of the Joint Bookrunners and Underwriters has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA") in connection with the issue or sale of any Shares in circumstances in which section 21(1) of FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

United States

The Offering Shares are being offered or sold (i) within the United States to "qualified institutional buyers" in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act and (ii) outside the United States in reliance on Regulation S. The Offering Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States except in certain transactions not subject to, or pursuant to an exemption, from the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. In addition, until 40 days after the first date upon which the securities were bona fide offered to the public, an offer or sale of the Offering Shares within the United States (whether or not as part of the Offering) by a dealer may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A.

The Offering Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this document relating to the Offering. Any representation to the contrary is a criminal offence in the United States.

Each purchaser of the Shares in the Offering will be deemed to have made the acknowledgements, representations and agreements as described in "Transfer Restrictions".

General

Purchasers of Shares under the Placement may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering Price on the cover of this document and brokerage fees.

No action has been or will be taken in any jurisdiction that would permit a public offer of the Shares being offered outside of Singapore, or the possession, circulation or distribution of this document or any other material relating to us or the Offering Shares, in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Shares offered in the Offering will be made through the facilities of the CDP (scripless system) on or about 3 November 2011.

Other Relationships

The Joint Bookrunners and Underwriters and certain of their affiliates may have performed other commercial banking, investment banking and advisory services for us and our affiliates from time to time for which they received customary fees and expenses. The Joint Bookrunners and Underwriters may, from time to time, trade in our securities, engage in transactions with, and perform services for us and our affiliates in the ordinary course of their business.

Persons Intending to Purchase and/or Subscribe for the Offering Shares

As at the date of this document, save for JF Asset Management, we are not aware of any other person who intends to purchase more than 5.0% of the Offering Shares pursuant to the Offering.

TRANSFER RESTRICTIONS

Because the following restrictions will apply to the Placement, purchasers are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of our Shares.

Rule 144A Shares

Each purchaser of the Offering Shares within the United States pursuant to Rule 144A, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Offering Shares for its own account or for the account of a qualified institutional buyer, and (c) aware, and each beneficial owner has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A.

(2) It understands that the Offering Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144, if available, or (d) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that the Offering Shares purchased pursuant to Rule 144A, to the extent they are in certificated form, unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

"THESE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THESE SHARES."

(4) We, the Vendors, the Joint Bookrunners and Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. Each purchaser that is acquiring any Offering Shares for the account of one or more qualified institutional buyers represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Offering Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Regulation S Shares

Each purchaser of the Offering Shares outside the United States pursuant to Regulation S, by accepting delivery of this document and those Offering Shares, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time the Offering Shares are purchased pursuant to Regulation S will be, the beneficial owner of such shares and (a) it, and any customer it represents, is located outside the United States within the meaning of Regulation S and (b) it is not an affiliate of us or a person acting on behalf of such an affiliate.

(2) It understands that the Offering Shares have not been and will not be registered under the U.S. Securities Act and that it will not offer, sell, pledge or otherwise transfer such shares except in transactions exempt from registration under the U.S. Securities Act.

(3) We, the Vendors, the Joint Bookrunners and Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

General

Each purchaser of the Offering Shares will be deemed to have represented and agreed that it is relying on this document and not on any other information or representation concerning us or the Offering Shares and none of us nor any other person responsible for this document or any part of it, nor the Joint Bookrunners and Underwriters, will have any liability for any such other information or representation.

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing of and quotation for our issued Shares (including the Offering Shares and the Additional Shares) and the ESOS Shares to be issued pursuant to the ESOS. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares.

Upon listing and quotation on the SGX-ST, our Shares will be traded, cleared and settled under the electronic book-entry (scripless) clearance and settlement system of CDP. All dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

Clearance and Settlement under the Depository System

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated under the Singapore Companies Act and our Articles of Association, as our members in respect of the number of our Shares credited to their respective Securities Accounts.

Persons holding our Shares in a Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares will be payable to CDP upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 (or such other amounts as our Directors may decide) will be payable to our Share Registrar for each share certificate issued, and stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S$0.20 per S$100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S$10.00, subject to GST at the prevailing rate (currently 7.0%), and a stamp duty of S$10.00 is payable to CDP upon the deposit of each instrument of transfer with CDP. The above fee may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired and no transfer stamp duty is currently payable for the transfer of Shares that are settled on a book-entry basis.

Clearing Fees

A clearing fee for the trading of Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction. The clearing fee, instruments of transfer deposit fees and share withdrawal fee are subject to GST of 7.0% (or such other rate prevailing from time to time).

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, a bank, a merchant bank or a trust company.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Baker & McKenzie.Wong & Leow with respect to matters of Singapore law, and with respect to certain matters of U.S. federal securities and New York laws.

Certain legal matters in connection with the Offering will be passed upon for the Vendors by Baker & McKenzie.Wong & Leow with respect to matters of Singapore law and with respect to certain matters of U.S. federal securities and New York laws.

Certain legal matters in connection with the Offering will be passed upon for the Sole Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters by WongPartnership LLP with respect to matters of Singapore law, and by Allen & Overy LLP with respect to certain matters of U.S. federal securities and New York laws.

Each of Baker & McKenzie.Wong & Leow, WongPartnership LLP and Allen & Overy LLP does not make, or purport to make, any statement in this document and is not aware of any statement in this document which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young LLP, the Independent Auditors and Reporting Accountants, has given and has not withdrawn their written consent to the issue of this document with the inclusion herein of:

- their name and all references thereto;
- the Report from the Independent Auditors in relation to the Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011; and
- the Report on Examination of Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the Financial Year ended 30 June 2011,

in the form and context in which they are included in this document, and to act in such capacity in relation to this document.

The above reports were prepared for the purpose of incorporation in this document.

EXPERTS

The industry report included in "Appendix C — Industry Overview" in this document has been prepared by Euromonitor International Limited for incorporation in this document. Euromonitor International Limited has given, and not withdrawn, its written consent to the issue of this document with the inclusion of its name and such section in the form and context in which it is included.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors or executive officers is or was involved in any of the following events:

   (i) during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (ii) during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (iii) any unsatisfied judgments against him;

   (iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings of which he is aware) for such breach;

   (vi) during the last 10 years, judgment entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (ix) the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

      (a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(c) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(xi) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Tan Sri Cheng Heng Jem

On 15 February 2007, the Companies Commission of Malaysia imposed a fine of RM7,000 on Lion Corporation Berhad ("LCB"), a company of which Tan Sri Cheng, our Non-Executive Chairman, was at the time a director and Substantial Shareholder. The fine was in relation to the late disclosure by LCB of a change in its substantial shareholding in ACB Resources Berhad (formerly known as Amsteel Corporation Berhad) ("ACB").

Also, on 26 January 2010 Tan Sri Cheng paid a composite fine of S$2,500 for contravening section 137 of the Securities and Futures Act which requires Substantial Shareholders of listed companies to notify the SGX-ST of a change in shareholdings. Tan Sri Cheng also paid a composition fine of S$1,500, for contravening section 82 of the Singapore Companies Act, on 22 January 2010. Tan Sri Cheng was late in notifying the SGX-ST and Lion Asiapac Limited ("LAP") of his deemed shareholding change in LAP which took place on 27 February 2009. In connection with the late notification to the SGX-ST and LAP:

(a) certain companies of which Tan Sri Cheng was a director, namely: LCB, Lion Diversified Holdings Berhad ("LDHB"), ACB, Lion Forest Industries Berhad ("LFIB") and Amsteel Mills Sdn Bhd ("AMSB") received letters from the Authority on 13 January 2010 relating to a breach of section 137 of the Securities and Futures Act, for which composition fines were imposed on LCB, LDHB, ACB and LFIB and, for which a supervisory warning letter was issued by the Authority to AMSB on 13 January 2010. Such composition fines were duly paid on 22 January 2010;

(b) LCB and LDHB received letters from the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") on 13 January 2011 relating to a breach of section 83 of the Singapore Companies Act, for which composition fines were imposed on LCB and LDHB by ACRA. Such composition fines were duly paid on 22 January 2010;

(c) LFIB and AMSB received letters from ACRA on 13 January 2010 relating to a breach of section 82 of the Singapore Companies Act, for which a composition fine was imposed on LFIB by ACRA and such composition fine was duly paid on 22 January 2010 to ACRA. A stern warning in lieu of prosecution action was issued by ACRA to AMSB on 13 January 2010; and

(d) ACB received a letter from ACRA on 13 January 2010 for breach of section 84 of the Singapore Companies Act, for which a composition fine was duly paid on 22 January 2010 to ACRA.

(e) Tan Sri Cheng received a letter from the Authority on 13 January 2010 relating to a breach of section 137 of the Securities and Futures Act. A composition fine was subsequently imposed by MAS on Tan Sri Cheng and such composition fine was duly paid on 26 January 2010. Tan Sri Cheng also received a letter from ACRA on 13 January 2010 relating to a breach of Section 82 of the Singapore Companies Act. A composition fine was subsequently imposed by ACRA on Tan Sri Cheng and such composition fine was duly paid on 22 January 2010.

Between 2000 and 2001, Tan Sri Cheng was requested by the Securities Commission ("SC") in Malaysia, in his position as managing director of LCB to give a statement in relation to the SC's inquiry into the utilisation of the proceeds of the rights issue exercise of LCB.

On 3 June 2002, the SC imposed a RM100,000 fine on LCB, in respect of the utilisation of RM43,845,236.48 in proceeds received by the company following a rights and bond issue exercise, which was not in accordance with the utilisation as approved by the SC. The SC had approved the utilisation of the proceeds of approximately RM390 million (the "Proceeds") to finance the subscription of equity in the subsidiary of LCB, Megasteel Sdn Bhd ("Megasteel"), for the provision of working capital for Megasteel ("Working Capital"), for the part repayment of existing bank borrowings and to defray expenses in relation to the issue. In 1997 and 1998, the LCB group was adversely affected by the Asian financial and economic crisis where the LCB group's cash flow and liquidity were badly affected. As such, pending the utilisation of the Working Capital, LCB instead utilised approximately 11.2% of the Proceeds to meet its own financial commitments during the Asian financial and economic crisis.

In December 2009, Tan Sri Cheng received a warning letter dated 7 December 2009 from the Hong Kong Stock Exchange for the dealing by ECIL (in which Tan Sri Cheng had an interest), on 21 May 2008, in the shares of PRGL (the "PRGL Shares") during a blackout period commencing one month prior to the announcement of PRGL's quarterly results on 23 May 2008. The Hong Kong Stock Exchange had determined that formal disciplinary action was not appropriate because, amongst other reasons:

(a) the dealing appeared driven by commercial considerations, arising from PRGL's exercise of an option granted to it to acquire certain relevant business interests from ECIL. Pursuant to this, the PRGL Shares constituted part consideration shares and were issued by PRGL in exchange for ECIL's aforesaid business interest. The Hong Kong Stock Exchange also considered that the satisfaction of part of the consideration by way of issue of the PRGL Shares was not initially contemplated and was only determined during a subsequent stage of negotiations at PRGL's proposal;

(b) the amount of the PRGL Shares issued to ECIL was less than 0.36% of PRGL's issued share capital, and PHB had at the outset already held 53.5% of PRGL shares; and

(c) Tan Sri Cheng was not involved in the preparation of the quarterly results of PRGL and the quarterly results which were announced by PRGL on 23 May 2008 were only circulated on 20 May 2008.

Tan Siang Long

Mr. Tan Siang Long, our Non-Executive Director, was issued a six month travel ban in January 2007 due to late payment of taxes in Indonesia in respect of PT Hari Darmawan Retail in which he was a director. However, the travel ban was subsequently lifted after the taxes were paid.

Mr. Tan Siang Long was a director of PT Valutrada Indonesia and Trimega Business Concepts Pte Ltd which operated one-price format stores in Indonesia and Singapore respectively. Due to unfavourable business conditions such as the removal of government subsidies on fuel in Indonesia,

high rental rates and viral epidemics such as SARS, the shareholders of PT Valutrada Indonesia agreed to file for voluntary bankruptcy and Trimega Business Concepts Pte Ltd was put into involuntary liquidation by its suppliers.

Mr. Tan was also issued a travel ban for six months in November 2007 in relation to PT Valutrada Indonesia, a company under bankruptcy and managed by the receiver at that time. The travel ban was issued due to the administrative failure of the receiver to provide documentation during a tax audit of PT Valutrada Indonesia. Mr. Tan was the director and CEO of PT Valutrada Indonesia before the filing for bankruptcy. The travel ban was subsequently lifted. The tax assessments are now being reviewed by the Indonesian Tax Department.

2. Save as disclosed in the section entitled "Interested Person Transactions and Potential Conflicts of Interest" in this document, no Director or expert is (i) interested, directly or indirectly, in the promotion of, or in any assets acquired or disposed of by, or leased to, our Company within two years preceding the Latest Practicable Date, or in any proposal for such acquisition or disposal or leased as aforesaid, or (ii) interested where the interest consists in being a partner in a firm or a holder of shares in or debentures of a corporation interested in the same.

3. Save as disclosed in the section entitled "Interested Person Transactions and Potential Conflicts of Interest" in this document, no Director has any interest in any existing contract or arrangement which is significant in relation to our business taken as a whole.

4. There is no shareholding qualification for Directors or alternate Directors in our Articles.

5. No sum or benefit has been paid or has been agreed to be paid to any Director or expert who is a partner of any firm in which a Director or expert or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise by any person (i) (in the case of a Director) to induce him to become, or to qualify him as our Director or otherwise for the services rendered by him or such firm or corporation in connection with the promotion or formation of our Company or (ii) (in the case of an expert) for services rendered by him or such firm or corporation in connection with the promotion or formation of our Company.

SHARE CAPITAL

6. Save as disclosed below and set out in the section entitled "Share Capital" in this document, there were no changes in the issued and paid-up capital of our Company, its subsidiaries and subsidiary entities within the three years preceding the date of lodgment of this document.

Centro Retail Pte. Ltd.

Date	Purpose	Number of Shares	Issue Price per Share	Resultant Issued and Paid-Up Share Capital
5 April 2011	Incorporation of Centro Retail Pte. Ltd.	2	S$1	S$2

Kiara Innovasi Sdn Bhd

Date	Purpose	Number of Shares	Issue Price per Share	Resultant Issued and Paid-Up Share Capital
1 September 2009	Allotment of shares pursuant to the Joint Venture Agreement dated 19 August 2009	1,999,998	RM1	RM2,000,000

Date	Purpose	Number of Shares	Issue Price per Share	Resultant Issued and Paid-Up Share Capital
29 November 2010	Allotment of shares pursuant to the Joint Venture Agreement dated 19 August 2009	3,000,000	RM1	RM5,000,000

PT Tozy Sentosa

Date	Purpose	Number of Shares	Issue Price per Share	Resultant Issued and Paid-Up Share Capital
9 June 2011	In relation to the acquisition of TS by our Company	13,000	Rp.1,000,000	Rp.18,000,000,000

Parkson Haiphong Co., Ltd

Date	Purpose	Amount of capital	Resultant Capital
7 July 2011	Contribution of capital by PCSB	USD17,095,944	USD30,000,920

7. Save as disclosed in the sections entitled "Share Capital" and "Our Corporate Structure and Restructuring" in this document, no shares or debentures were issued or were agreed to be issued by our Company for cash or for a consideration other than cash during the last three years preceding the date of lodgment of this document.

8. Save as disclosed in the section entitled "Share Capital" in this document, there has been no previous issue of Shares by us or offer for sale of our Shares to the public within the two years preceding the Latest Practicable Date.

LITIGATION

9. Save as disclosed below, our Group was not engaged in any legal or arbitration proceedings in the last 12 months before the date of the lodgment of this document, as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Offering and our Directors have no knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or profitability of our Group.

   Our Group may from time to time be involved in legal disputes regarding sub-tenancy agreements, sub-lease agreements, supply of goods agreements and/or employment agreements. Our Directors do not believe that the claims of such legal disputes are material in the context of the Offering and believe that such claims do not materially affect the financial position or profitability of our Group.

MATERIAL CONTRACTS

10. The following contracts not being contracts entered into in the ordinary course of business have been entered into by our Company and our Subsidiaries within the two years preceding the date of lodgment of this document and are or may be material:

    (a) Joint Venture Agreement dated 8 April 2011 between ECIL, MS and our Company, pursuant to which PHB, through ECIL, and MS agreed to enter into a joint venture to combine their

operations in Malaysia, Vietnam and Indonesia. This agreement will terminate upon the listing of our Company on the SGX-ST, save for some clauses;

(b) TS Share Subscription and Share Transfer Agreement dated 27 April 2011 between TS, PT Tozy Bintang Sentosa, Mr. Hutomo Mugi Santoso, our Company and our Subsidiary, Centro Retail Pte. Ltd., by which TS issued 13,000 new shares in TS to our Company for a consideration of US$9,243,902 and Centro Asia Pte. Ltd. purchased 4,800 shares in TS from PT Tozy Bintang Sentosa and 200 shares in TS from Mr. Hutomo Mugi Santoso for an aggregate consideration of US$3,555,347;

(c) Master Trademark Assignment Agreement dated 14 June 2011 between PCSB and SSL, a subsidiary of PHB, pursuant to which PCSB assigned to SSL all relevant "Parkson" brand and trademarks and other trademarks for a consideration of RM10.00;

(d) Trademark Licence Agreement dated 14 June 2011 between SSL, our Company and PHB, pursuant to which SSL granted our Company an exclusive, revocable, non-transferable licence to use certain "Parkson" trademarks in the Asia Pacific region (excluding Greater China) in relation to the goods and services for which those trademarks have been applied for or registered, and the right to adopt or use those trademarks as part of the name of our Company or for any internet domain name for a period of 20 years from the effective date of the agreement, and PHB agreed to procure the performance of the obligations of SSL. Our Company will pay to SSL a royalty of RM10,000 for each retail store operated by our Subsidiaries which is granted a sub-licence by our Company for each period of 12 months ending on the anniversary of the effective date;

(e) Deposit Agreement for Acquisition of Charter Capital dated 5 October 2011 between Parkson Vietnam Co. Ltd. ("Parkson Vietnam"), Mr. Nguyen Van Luan and Thuy Duong Trading and Real Estate One Member Co. Ltd. ("Thuy Duong") for Parkson Vietnam to purchase from the current owner 80% of the capital of Thuy Duong for VND56,960 million in the event that Parkson Vietnam is able to obtain the necessary licence to do so;

(f) Deposit Agreement for Acquisition of Charter Capital dated 5 October 2011 between Parkson Vietnam, Mr. Tran Kim Chung and Bach Thinh Trading Company Limited ("Bach Thinh") for Parkson Vietnam to purchase from the current owner 70% of the capital of Bach Thinh for VND34,020 million in the event that Parkson Vietnam is able to obtain the necessary licences to do so;

(g) Deposit Agreement for Charter Capital Subscription dated 5 October 2011 between Parkson Vietnam and Thuy Duong, for Parkson Vietnam to subscribe for newly increased capital of Thuy Duong for VND63,000 million in the event that Parkson Vietnam is able to obtain the necessary licences to do so;

(h) Deed of Non-Competition dated 17 October 2011 between our Company and PHB, pursuant to which PHB and undertook to our Company that it and its subsidiaries (other than the PRGL Group) will not carry on engage, invest, participate or otherwise be interested in any Restricted Business in the Asia-Pacific region (excluding Greater China). The non-compete undertaking is effective until the date PHB ceases to be a Controlling Shareholder of our Company (as defined in the Listing Manual), or on which our Company's shares cease to be listed on the SGX-ST; and

(i) Service agreements dated 17 October 2011, entered into with each of Datuk Cheng Yoong Choong and Mr. Toh Peng Koon.

MISCELLANEOUS

11. There has not been any public take-over offer by a third party in respect of our Shares, or by our Company in respect of shares of another corporation or units of another business trust, which has occurred during the period between 1 July 2010 and the Latest Practicable Date.

12. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

13. No expert is employed on a contingent basis by our Company or any of our Subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our Subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offer.

14. Save as disclosed in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations" and "Our Business — Prospects and Trends" in this document, the financial condition and operations of our Group are not likely to be affected by any of the following:

    (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on revenue or operating income.

15. Save as disclosed in the section entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalisation and Indebtedness" in this document, our Directors are not aware of any event which has occurred since 30 June 2011 to the Latest Practicable Date, which may have a material effect on the financial position and results provided in the audited combined financial statements of Parkson Retail Asia Limited and its Subsidiaries for the financial years ended 30 June 2009, 2010 and 2011 set out in Appendix A to this document.

16. Due to the nature of our business, we currently do not maintain order books.

17. We currently have no intention of changing the auditors of the companies in our Group after the listing of our Company on the SGX-ST.

    Details including the names, addresses and professional qualifications (including membership in a professional body) of the auditors of our Company for the last three financial years from FY2009 to FY2011 and up to the date of lodgment of this document are as follows:

Period	Name, Membership and Address	Professional Body	Partner-in-charge/ Professional Qualification
June 2011 – Latest Practicable Date	Ernst & Young LLP Public Accountants and Certified Public Accountants One Raffles Quay North Tower, Level 18 Singapore 048583	Institute of Certified Public Accountants of Singapore	Max Loh Khum Whai Certified Public Accountant, Member of Institute of Certified Public Accountants of Singapore

CONSENTS

18. Ernst & Young LLP, the Independent Auditors and Reporting Accountants, has given and has not withdrawn their respective written consent to the issue of this document with the inclusion herein of the Report from the Independent Auditors in relation to the Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011, and the Report on Examination of Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the Financial Year ended 30 June 2011 set out in Appendices A and B, respectively, in the form and context in which it appears in this document, and references to its name in the form and context which it appears in this document and to act in such capacity in relation to this document.

19. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, named as the Sole Global Coordinator, Issue Manager and the Joint Bookrunner and Underwriter, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it appears in this document and to act in such capacities in relation to this document.

20. CIMB Securities (Singapore) Pte Ltd, named as the Joint Bookrunner and Underwriter and Public Offer Coordinator, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it appears in this document and to act in such capacities in relation to this document.

21. Hadiputranto, Hadinoto & Partners, the Legal Advisor to our Company on Indonesian law, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its statements in relation to Indonesian law in the sections entitled "Risk Factors — Risks Relating to Our Business" and "Regulation — Indonesia" in this document, in the form and context in which they are included and references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

22. Baker & McKenzie (Vietnam) Ltd., the Legal Advisor to our Company on Vietnam law, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its statements in the section entitled "Risk Factors — Risks Relating to Vietnam" in this document, in the form and context in which they are included and references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

23. InvestConsult Group, our Company's local counsel in Vietnam, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its statements in the section entitled "Risk Factors — Risks Relating to Vietnam" in this document, in the form and context in which they are included and references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

24. Euromonitor International Limited, named as the Industry Consultant, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its statements in the sections "Summary", "Management's Discussion and Analysis of Financial Condition and Results of Operation", "Our Business" and "Appendix C — Industry Overview" in this document and in the form and context in which it appears in this document, and references to its name in the form and context which it appears in this document and to act in such capacity in relation to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

25. Copies of the following documents may be inspected at the office of Baker & McKenzie.Wong & Leow at 8 Marina Boulevard #05-01, Marina Bay Financial Centre, Tower 1, Singapore 018981 during normal business hours for a period of six months from the date of registration of this document:

(a) the Memorandum and Articles of Association of our Company;

(b) The Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011, and the Report from the Independent Auditors in relation to the Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years ended 30 June 2009, 2010 and 2011;

(c) The Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the Financial Year ended 30 June 2011, and the Report on the Examination of Unaudited Pro Forma Combined Financial Information of Parkson Retail Asia Limited and its Subsidiaries for the Financial Year ended 30 June 2011;

(d) the Industry Overview prepared by Euromonitor International Limited;

(e) the audited financial statements of our Subsidiaries, where available, for the financial years ended 30 June 2009, 2010 and 2011;

(f) the material contracts referred to in paragraph 10 above; and

(g) the letters of consent referred to in paragraphs 18-25 above.

STATEMENT BY OUR DIRECTORS AND THE VENDORS

26. This document has been seen and approved by our Directors and the Vendors and they collectively and individually accept the full responsibility for the accuracy of the information given in this document and confirm, having made all reasonable enquiries, to the best of their knowledge and belief, that the facts stated and the opinions expressed herein are fair and accurate in all material respects as at the date hereof and there are no other facts the omission of which would make any statements herein misleading, and that this document constitutes full and true disclosure of all material facts about the Offering and our Group.

SOURCES

27. We have included the information from these sources in its proper form and context in this document. None of Bloomberg L.P, Central Bank of Malaysia, General Statistics Office of Vietnam and Bank Indonesia has provided its consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to it, in this document and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the relevant information from the relevant source has been reproduced in its proper form and context, none of us, the Vendors, the Joint Bookrunners and Underwriters or any other party has conducted an independent review or verified the accuracy or completeness of the relevant information.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN SFRS AND U.S. GAAP

The financial information included in this document has been prepared and presented in accordance with Singapore Financial Reporting Standards ("SFRS").

Significant differences exist between SFRS and U.S. GAAP which might be material to the financial information included herein. The matters described below should not be expected to reveal all differences between SFRS and U.S. GAAP that are relevant to us or the industry in which we operate.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation or classification differences between SFRS and U.S. GAAP that would affect the manner in which transactions or events are presented in the financial information. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarised below. Accordingly, it should not be construed that the following summary of certain differences between SFRS and U.S. GAAP is complete.

Regulatory bodies that promulgate SFRS and U.S. GAAP have significant ongoing projects that could affect future comparisons such as the summary set out below. Further, no attempt has been made to identify future differences between SFRS and U.S. GAAP as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between SFRS and U.S. GAAP that may affect the financial information included herein as a result of transactions or events that may occur in future.

Management believes that the application of U.S. GAAP to the financial information included herein could have a material and significant impact upon the financial information included herein reported under SFRS. In making an investment decision, investors must rely upon their own examination of our Company, terms of the offering and the financial information included herein. Potential investors should consult their own professional advisors for an understanding of the differences between SFRS and U.S. GAAP, and how those differences might affect the financial information included herein.

Basis of Consolidation

SFRS

Under SFRS, in determining the existence of a parent/subsidiary relationship, the power of control is considered. Control is the power to govern the financial and operating policies of an entity to obtain benefits. Companies acquired or disposed of are included in or excluded from consolidation from the date control passes.

SFRS also requires an entity to also consider the existence and effect of potential voting rights currently exercisable or convertible when assessing whether it has control over another entity. The notion of "de facto control" may also be considered.

Standing Interpretations Committee — 12, "Consolidations — Special Purpose Entities", provides that a special purpose entity ("SPE") shall be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.

U.S. GAAP

Under U.S. GAAP, consolidation is generally required when one of the companies in a group directly or indirectly has a controlling financial interest in the other companies. The usual condition for controlling financial interest is ownership of a majority of the voting interest and, therefore, as a general rule, ownership by one company, directly or indirectly, of over 50.0% of the outstanding voting shares of another

company is a condition pointing towards consolidation. Consolidation of majority-owned subsidiaries is required in the preparation of consolidated financial statements, unless control does not rest with the majority owner.

Accounting Standards Codification 810 "Consolidation" further elaborates that an entity is to be considered for consolidation if the entity is a variable interest entity ("VIE"), after assessment of control of its variable interest. Accounting Standards Codification 810 "Consolidation" provides guidance that VIEs in which the parent does not have a controlling interest but has the obligation to absorb a majority of the VIEs' expected losses or receive a majority of the VIEs' residual returns must be consolidated. For annual reporting periods beginning after 15 November 2009, Accounting Standards Codification 810 "Consolidation" is revised and provides additional guidance which requires an entity to have the power to direct the activities of a VIE and either the obligation to absorb a majority of the VIEs' expected losses or the right to receive a majority of the VIEs' residual returns in order to be the primary beneficiary and therefore consolidate the VIE.

Impairment of Assets, other than Goodwill and Indefinite-Lived Intangibles

SFRS

Under SFRS, the recoverable amount of an asset is estimated whenever there is an indication the asset may be impaired. Measurement of impairment loss is based on the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value in use based on discounted cash flows. Impairment loss is recognised for an amount by which the asset's carrying amount exceeds its recoverable amount and recoverable amount is the higher of its fair value less costs to sell and its value in use.

Reversal of impairment loss is permitted only if there has been a change in the estimates used to determine the recoverable amount of an asset. The reversed amount is limited to an amount not greater than the carrying amount that would have been determined had there been no impairment loss recognised in prior years.

U.S. GAAP

Under U.S. GAAP, entities perform an impairment assessment on assets to be held and used to determine whether recognition of an impairment loss is required whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the sum of undiscounted future cash flows before interest charges is less than an asset's carrying value, then the impairment loss must be computed and recognised by the difference between the fair value and the carrying value of the assets, typically computed as the discounted expected future cash flows.

Once an impairment is recognised, the reduced carrying amount of the asset is accounted for as its new cost. For a depreciable asset, the new cost is depreciated over the asset's remaining useful life. Restoration of previously recognised impairment losses on assets held for use is prohibited, except for impairment losses recorded on assets to be disposed of. However, if the fair value of an asset to be disposed of increases, resulting in a write-up, the increased carrying amount cannot exceed the carrying amount of the asset before the decision to dispose of the asset was made.

Foreign Currency Transactions

SFRS

SFRS requires companies to determine their functional currency based on certain indicators, which are differentiated into primary and secondary criteria, and to measure their results and financial position based on such functional currency. It generally requires all exchange differences to be accounted for directly to profit and loss.

Under SFRS, the method of consolidation of foreign operations is not specified and, as a result, either the "direct" or the "step-by-step" method of consolidation is used. Under the "direct" method, each entity within the consolidated group is directly translated into the functional currency of the ultimate parent and then consolidated into the ultimate parent (i.e., the reporting entity) without regard to any intermediate parent. The choice of method could affect the cumulative translation adjustments deferred within equity at intermediate levels, and therefore the recycling of such exchange rate differences upon disposal of an intermediate foreign operation.

SFRS does not require monetary items to be denominated in functional currencies of the entities that are parties to the monetary item in order for it to be accounted for as a part of the reporting entity's net investment in those entities.

U.S. GAAP

Accounting Standards Codification 830 "Foreign Currency Matters" requires that an entity's assets, liabilities and results of operations should be measured and reported in its functional currency. It also provides guidance for the determination of the functional currency. U.S. GAAP requires companies to determine their functional currency based on certain indicators which are assessed collectively without distinction between primary and secondary factors.

Under U.S. GAAP, when consolidating foreign operations, a "bottoms-up" approach is required in order to reflect the appropriate foreign currency effects and hedges in place. As such, the actual legal structure in place should be followed in performing consolidation. Therefore, the "step-by-step" method is used whereby each entity is consolidated into its immediate parent until the ultimate parent has consolidated the financial statements of all the entities below it.

Intercompany foreign currency transactions between the entities within the consolidated group, for which settlement is neither planned nor likely to occur in the foreseeable future, may be considered a part of the net investment if the monetary items are denominated in the functional currencies of the entities that are parties to the monetary items.

Capitalisation of Borrowing Costs

SFRS

Under SFRS, entities can choose to capitalise borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset or to expense the interest expenses as incurred. The choice should be applied consistently. Effective for annual periods beginning on or after 1 January 2009, all borrowing costs must be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. If they are not attributable to such an asset, they are to be expensed off in the period incurred.

Borrowing costs may include amortisation of discounts or premiums relating to borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

If funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount capitalised is the actual borrowing costs incurred on that borrowing less any investment income on the temporary investment of those borrowings.

Under SFRS, exchange losses arising from borrowed funds used and liabilities incurred to finance the acquisition of property, plant and equipment, net of foreign exchange gains from all other foreign currency

monetary items, if any, may be capitalised to the appropriate property, plant and equipment accounts provided certain specified conditions are met.

U.S. GAAP

U.S. GAAP requires capitalisation of interest costs, including the amortisation of discount premium and issue costs on debt, if applicable. The amount capitalised is determined by applying an interest rate to the average amount of accumulated expenditures for the asset during the construction period. The interest rate for capitalisation purposes is to be based on the rates of the entity's outstanding borrowings. If the entity associates a specific new borrowing with the asset, it may apply the rate on that borrowing to the appropriate portion of the expenditures for the asset. Foreign currency translation gains or losses are not capitalised as borrowing costs.

Under U.S. GAAP, foreign currency translation gains or losses are not capitalised as borrowing costs incurred to finance the acquisition of property, plant and equipment.

Deferred Income Taxes

SFRS

Under SFRS, a deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. If an entity has a history of ongoing taxable losses then this is a strong indicator that future profits may not be available, in which case the asset should not be recognised.

A deferred tax liability is recognised for all taxable temporary differences, unless the deferred tax liability arises from: (a) goodwill for which amortisation is not deductible for tax purposes; or (b) the initial recognition of an asset or a liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (or loss).

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

SFRS does not provide specific guidance for the accounting of uncertain tax positions. SFRS 12 indicates that tax assets and liabilities should be measured at the amount expected to be paid. Typically, in such circumstances, SFRS 12 and SFRS 37 provide general guidance for the accounting treatment.

Deferred tax assets and liabilities are presented as non-current in the balance sheet.

U.S. GAAP

Under U.S. GAAP, a deferred tax asset is recognised in full, but reduced by a valuation provision to an amount that is more likely than not to be realised. Evidence about future taxable profits and the reversal of existing taxable temporary differences will be taken into account when judging whether a valuation provision is necessary.

Deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Deferred income tax is classified as current or non-current based on the classification of the related asset or liability in the balance sheet.

Accounting Standards Codification ("ASC") 740-10-25 requires a two-step process, separating recognition from measurement of uncertain tax positions. A benefit is recognised when it is "more likely

than not" to be sustained based on the technical merits of the position. The amount of benefit to be recognised is based on the largest amount of tax benefit that is greater than 50% likely of being realised upon ultimate settlement. Detection risk is precluded from being considered in the analysis.

Inventories

SFRS

Under SFRS, inventories are carried at the lower of cost or net realisable value. Net realisable value is the selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Under SFRS, the amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. Reversal (limited to the amount of the original write-down) is required for a subsequent increase in value of inventory previously written down.

U.S. GAAP

Under U.S. GAAP, inventories are carried at the lower of cost or market value. Market value is defined as being current replacement cost subject to an upper limit of net realisable value (i.e. estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal) and a lower limit of net realisable value less a normal profit margin. Reversal of a write-down is prohibited, as a write down creates a new cost basis.

Leases

SFRS

Under SFRS, a lease is defined as an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. However, it does not give specific conditions to be met before a certain agreement can be considered a lease or not.

Leases are classified as either a finance (capital) lease or operating lease. A lease is a finance lease when it transfers substantially all the risks and rewards incidental to ownership to the lessee. SFRS 17 provides examples of circumstances where there are indications that substantial transfer of risks and rewards has taken place. SFRS 17 does not have similar bright line tests with regards to criteria or indicators of a capital lease. For example, SFRS 17 requires classification of leases as capital lease when the lease term is a "major part" of the asset's economic life and/or at the inception of the lease the present value of the minimum lease payments amounts to at least "substantially all" of the fair value of the leased asset.

Under SFRS, if the period covered by the renewal option was not considered to be part of the initial lease term, but the option is ultimately exercised based on the contractually stated terms of the lease, the original lease classification under the guidance continues into the extended term of the lease; it is not revisited.

U.S. GAAP

Accounting Standards Codification 840 "Leases" defines a lease as an agreement conveying the right to use of property, plant or equipment usually for a stated period of time. It elaborates on situations where certain arrangements are within the scope of Accounting Standards Codification 840 "Leases" and specifically clarified the meaning of "right to use property, plant or equipment" and "stated period of time". However, such clarification of lease arrangements are applied only to arrangements agreed to or committed to, if earlier, after the beginning of an entity's next reporting period beginning after 28 May 2003.

Accounting Standards Codification 840 "Leases" provides four criteria for capital lease treatment. If any one of these criteria is met, the lease must be classified as capital lease. However, ASC 840 specifies bright lines in certain instances. These include the requirement for capital lease treatment if the lease term is

equal to or greater than 75% of the asset's economic life and/or if the present value of the minimum lease payments exceeds 90% of the asset's fair value. Under U.S. GAAP, the renewal or extension of a lease beyond the original lease term, including those based on existing provisions of the lease arrangement, is considered a new lease, which will be reclassified in accordance to the analysis of the criteria stated above.

Related Parties

SFRS

Under SFRS, parties are considered to be related if one party has the ability, directly or indirectly, to exercise significant influence over the party in making financial and operating decisions. Related parties may be individuals or other entities. Parties are also considered to be related if they are subject to common control or common significant influence. Disclosure requirements under SFRS include the relationship, the amounts involved in a transaction, as well as the balances for each major category of related parties.

The compensation of key management personnel is disclosed in total and by category of compensation.

U.S. GAAP

Under U.S. GAAP, there are broader related party relationships disclosure requirements, and the definition of a related party under U.S. GAAP may include some entities that would not be considered related parties under SFRS, such as principal owners of an entity and members of their immediate families.

Disclosure of compensation of key management personnel is not required.

Cash Flow Statement

SFRS

Under SFRS, interest paid and received and dividends received shall be classified in a consistent manner from period to period as operating, investing or financing cash flows. Under SFRS, the indirect method of presenting the statement of cash flows reconciles profit before tax and after share of results of associated companies, to cash flows from operating activities.

Under SFRS, cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly-liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts which are repayable on demand and which form an integral part of our Group's cash management.

U.S. GAAP

Under U.S. GAAP, interest paid and received and dividends received are classified as operating activities. Under U.S. GAAP the reconciliation of cash flows from operating activities under the indirect method begins with net income.

Under U.S. GAAP, the definition of "cash and cash equivalents" does not include advances from banks that are repayable within three months, or overdraft facilities. As a result, movements within overdrafts are classified as part of financing cash flows.

Diluted Earnings per Share

SFRS

Under SFRS, dilutive potential common shares must be determined independently for each period presented, not shown as a weighted average of the dilutive potential common shares included in each interim computation.

Contracts that can be settled in either common shares or cash at the election of the entity or the holder are always presumed to be settled in common shares and included in diluted earnings per share; that presumption may not be rebutted.

The potential common shares arising from contingently convertible debt securities would be included in the dilutive earnings per share computation only if the contingency price was met as at the reporting date.

U.S. GAAP

Under U.S. GAAP, the treasury stock method for year-to-date diluted earnings per share requires that the number of incremental shares included in the denominator be determined by computing a year-to-date weighted average number of incremental shares by using the incremental shares from each quarterly diluted earnings per share computation.

The guidance under U.S. GAAP contains the presumption that contracts that may be settled in common shares or in cash at the election of the entity will be settled in common shares and the resulting potential common shares be included in diluted earnings per share. However, that presumption may be overcome if past experience or a stated policy provides a reasonable basis to believe that the contract will be paid in cash. In those cases where the holder controls the means of settlement the more dilutive of the methods (cash versus shares) should be used to calculate potential common shares.

Contingently convertible debt securities with a market price trigger (e.g. debt instruments that contain a conversion feature that is triggered upon an entity's stock price reaching a predetermined price) should always be included in diluted earnings per share computations if dilutive — regardless of whether the market price trigger has been met. That is, the contingency feature should be ignored and the instrument treated as a regular convertible instrument.

Fair Value Measurement

SFRS

Under SFRS, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. At inception, transaction (entry) price generally is considered fair value.

U.S. GAAP

Under U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is an exit price, which may differ from the transaction (entry) price.

Provisions

SFRS

Under SFRS, provisions should be recorded at the estimated amount to settle or transfer the obligation taking into consideration the time value of money. Discount rate to be used should be "a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability".

In the measurement of provisions where there is a range of possible outcomes, the best estimate of obligation should be accrued. For a large population of items being measured, best estimate is typically expected value, although mid-point in the range may also be used when any point in a continuous range is as likely as another. Best estimate for a single obligation may be the most likely outcome, although other possible outcomes should still be considered.

U.S. GAAP

Under U.S. GAAP, provisions may be discounted only when the amount of the liability and the timing of the payments are fixed or reliably determinable, or when the obligation is a fair value obligation (for example, an asset retirement obligation under Accounting Standards Codification 410 "Asset Retirement and Environmental Obligations"). Discount rate to be used is dependent upon the nature of the provision, and may vary from that used under SFRS. However, when a provision is measured at fair value, the time value of money and the risks specific to the liability should be considered.

According to Accounting Standards Codification 450 "Contingencies", in the measurement of provisions where there is a range of possible outcomes, the most likely outcome within range should be accrued. When no one outcome is more likely than the others, the minimum amount in the range of outcomes should be accrued.

Impairment Recognition — Available for Sale Financial Instruments

SFRS

Under SFRS, an impairment is recognised in the income statement, measured as the difference between the equity security's cost basis and its fair value, when there is objective evidence that the available-for-sale equity instrument is impaired, and that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an equity instrument below its cost is considered evidence of an impairment.

Impairment losses for available-for-sale debt instruments may be reversed in the income statement if the fair value of the asset increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was incurred. Impairment losses on available-for-sale equity instruments may not be reversed in the income statement.

U.S. GAAP

Under U.S. GAAP, an impairment is recognised in the income statement, measured as the difference between the equity security's cost basis and its fair value, if the equity instrument's fair value is other than temporary to allow a full recovery of the entity's cost basis. Under U.S. GAAP, reference is to a significant and prolonged decline, not a significant or prolonged decline as can be found in SFRS for the determination of other than temporary shortfall in fair value.

When an impairment is recognised in the income statement, a new cost basis in the instrument is established equal to the previous cost basis less the impairment amount recognised in earnings. Impairment losses recognised through earnings cannot be reversed.

Listing Expenses

SFRS

Under SFRS, various costs incurred in issuing its own equity instruments are accounted for as a deduction from equity. The costs of an equity transaction are recognised as an expense when the equity transaction has been abandoned.

U.S. GAAP

Under U.S. GAAP, costs incurred in issuing equity instruments are recognised as an expense when the transaction is being abandoned or delayed for more than 90 days.

Classification of Spare Parts

SFRS

Under SFRS, spare parts are classified as "inventory". In the case of major spare parts, SFRS requires them to be accounted for as property, plant and equipment under certain circumstances — for example, when an entity expects to use major spare parts during more than one period. Similarly, if the spare parts can be used only in connection with an item of property, plant and equipment, they are also accounted for as property, plant and equipment.

U.S. GAAP

Under U.S. GAAP, there is no specific guidance on the classification of spare parts. Some entities record major spare parts as property, plant and equipment or as other types of assets. However, spare parts that are expected to be used in the maintenance of property, plant and equipment should be accounted for in a manner consistent with the underlying assets.

Sales Taxes

SFRS

SFRS does not provide as much detailed guidance as U.S. GAAP. Under SFRS, amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value-added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

U.S. GAAP

U.S. GAAP allows companies to make an accounting policy election to present taxes collected from customers and remitted to governmental taxing authorities on either a gross or net basis.

Property, Plant and Equipment

SFRS

Under SFRS, an entity must make an accounting policy election either to carry a class of property, plant and equipment at historical cost or at a revalued amount (fair value) if fair value can be reliably measured. Revaluations should be performed regularly to ensure that the carrying value of the asset is not materially different from its fair value.

U.S. GAAP

Under U.S. GAAP, property, plant and equipment is carried at cost less accumulated depreciation. Revaluation of the historical cost of an item of property, plant and equipment is not permitted.

Share-based Compensation

SFRS

SFRS requires the recognition of compensation cost for share-based payment awards with only service conditions that has a graded vesting schedule on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards, (i.e., accelerated method).

Under SFRS, the probability of achieving vesting terms before and after modification of vesting terms that are improbable of achievement is not considered. Compensation cost is the grant-date fair value of the award, together with any incremental fair value at the modification date.

U.S. GAAP

Entities make an accounting policy decision about whether to recognise compensation cost for an award with only service conditions that has a graded vesting schedule (a) on an accelerated method or (b) on a straight-line basis over the requisite period for the entire award. The choice of attribution method is an accounting policy decision that should be applied consistently to all share-based payments subject to graded service vesting and should be disclosed, if significant.

Under U.S. GAAP, if an award is modified such that the service or performance condition, which was previously improbable of achievement, is probable of achievement as a result of the modification, the compensation cost is based on the fair value of the modified award at the modification date. Grant date fair value of the original award is not recognised.

Customer Loyalty Awards

SFRS

International Financial Reporting Interpretations Committee ("IFRIC") 13 established that entities should account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted (i.e., as an element of a multiple-element transaction).

The fair value of the consideration received or receivable in respect of the initial sale must be allocated between the award credits and the other components of the sale.

The amount allocated to the award credits is measured by reference to their fair value. IFRIC 13 defines fair value as the amount for which the award credits could be sold separately.

U.S. GAAP

Diversity in practice exists under U.S. GAAP.

Some entities analogise to ASC 605-50 and account for award credits granted to members by accruing the estimated costs of providing free or discounted goods or services to the members that are expected to redeem accumulated award credits.

Other entities analogise to ASC 605-25 and account for such award credits in a manner analogous to an element included in a multiple-element arrangement (i.e., as a current sale of a product or service and an obligation to deliver future products or render future services).

Segment Reporting

SFRS

Under SFRS, all entities determine segments based on the management approach, regardless of form of organisation. Segment liabilities are a required disclosure if it is regularly reported to the chief operating decision maker ("CODM").

U.S. GAAP

Under U.S. GAAP, entities with a "matrix" form of organisation (that is, business components are managed in more than one way and the CODM reviews all of the information provided) must determine segments based on products and services. Entities are not required to disclose segment liabilities even if reported to the CODM.

DEFINED TERMS AND ABBREVIATIONS

The following terms when used in this document bear the same meanings as set forth below unless otherwise defined herein or the context otherwise requires:

Additional Shares	An aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, which the Stabilising Manager may buy pursuant to the Over-allotment Option.
Amendment Act	The Securities and Futures (Amendment) Act 2009.
Articles of Association	Articles of Association of our Company as adopted on 10 October 2011 and as amended from time to time.
Authority	Monetary Authority of Singapore.
Board or **Board of Directors**	The board of directors of our Company.
Bursa Malaysia	Bursa Malaysia Securities Berhad.
BVI	British Virgin Islands.
CAGR	Compounded annual growth rate.
CDP	The Central Depositary (Pte) Limited of Singapore.
Chinese yuan or **CNY**	The lawful currency of the People's Republic of China.
Code	Singapore Code of Corporate Governance 2005.
Company	Parkson Retail Asia Limited.
Controlling Shareholder	A person who: (a) holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares in our Company; or (b) in fact exercises control over our Company.
CPF	Central Provident Fund.
CPF Funds	CPF investible savings.
Directors	Directors of our Company.
Discounted Options	Options granted to participants of the ESOS with exercise prices set at a discount to the prevailing market price of the Shares.
Dong or **VND**	The lawful currency of Vietnam.
ECIL	East Crest International Limited.
EPS	Earnings per share.
ERP	Enterprise resource planning.
ESOS or **The Parkson Retail Asia Limited Employee Share Option Scheme**	The Parkson Retail Asia Limited Employee Share Option Scheme adopted by our Company, the terms of which are set out in the section "Rules of the Parkson Retail Asia Limited Employee Share Option Scheme" in Appendix E of this document.

ESOS Shares	The new Shares which may be issued upon the exercise of the options to be granted under the Parkson Retail Asia Limited Employee Share Option Scheme.
Executive Directors	Executive directors of our Company.
financial year or FY	Our financial year ended or ending 30 June of that year. Our financial quarters end on 30 June, 30 September, 31 December and 31 March. References to a year other than a "financial year" are to the calendar year ended 31 December.
FOC	Foreign owned companies.
FRS 39	The Singapore Financial Reporting Standard 39 Financial Instruments — Recognition and Measurement.
GDP	Gross domestic product.
Group	Our Company and its Subsidiaries.
GST	Goods and services tax of Singapore.
Guidelines	Guidelines on Foreign Participation in the Distributive Trade Services Malaysia.
Independent Director	An "independent" director for the purposes of the Code is one who has no relationship with the company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company.
Instruments	Offers, agreements or options that might or would require Shares in the capital of our Company to be issued.
interested person	Defined under Chapter 9 of the Listing Manual to mean a director, chief executive officer or Controlling Shareholder of the listed company or an associate (as defined in the Listing Manual) of any such person and defined in the SFR as a director, chief executive officer or Controlling Shareholder of an entity or an associate (as defined in the SFR) of any such person.
Interested Person Transaction	Interested person transaction as defined under Chapter 9 of the Listing Manual.
internal controls	Internal financial controls, operations and compliance controls, including procedures for entering into hedging transactions, and risk management policies and systems established by the management.
IRS	Internal Revenue Service of the United States.
Issue Shares	80,000,000 new Shares issued and offered by our Company in the Offering.
Latest Practicable Date	7 October 2011, being the latest practicable date prior to the lodgment of this document with the Authority.
Listing Date	The date on which our Shares are listed and commence trading on the SGX-ST.
Listing Manual	The listing manual of the SGX-ST.
Market Day	A day on which the SGX-ST is open for trading in securities.

MDTCC	Malaysian Ministry of Domestic Trade, Cooperatives and Consumerism.
MHL	PT Monica Hijaulestari.
MS	PT Mitra Samaya.
NAV	Net asset value.
Non-Executive Directors	Non-executive directors of our Company.
NTA value	Net tangible asset value.
Offer Date	The date on which an offer to grant an Option is made pursuant to the ESOS.
Offering	147,000,000 Offering Shares offered through the Placement and the Public Offer (subject to the Over-allotment Option).
Offering Price	S$0.94 per Offering Share.
Offering Shares	147,000,000 Shares offered by our Company and the Vendors in the Offering.
Options	The options which may be granted pursuant to the Parkson Retail Asia Limited Employee Share Option Scheme.
Over-allotment Option	The over-allotment option granted by the Vendors to the Stabilising Manager exercisable in whole or in part on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 22,050,000 Shares, representing 15.0% of the total Offering Shares, to undertake stabilising actions, to purchase up to an aggregate of 22,050,000 Shares (representing 15.0% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any.
PCSB	Parkson Corporation Sdn Bhd.
PHB	Parkson Holdings Berhad.
Placement	136,150,000 Offering Shares (assuming the Over-allotment Option is not exercised), offered at the Offering Price (i) in the United States only to QIBs in reliance on Rule 144A and (ii) outside the United States to investors (including to institutional and other investors in Singapore) in offshore transactions in accordance with Regulation S.
POS	Point of sales.
PRC or **China**	People's Republic of China (excluding Hong Kong, Macau and Taiwan).
PRGL	Parkson Retail Group Limited.
Public Offer	10,850,000 Offering Shares (assuming the Over-allotment Option is not exercised) offered at the Offering Price by way of a public offer in Singapore.
Public Offer Coordinator	CIMB Securities (Singapore) Pte Ltd.
QIBs	Qualified institutional buyers as defined under Rule 144A.

Receiving Bank	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Regulation S	Regulation S under the U.S. Securities Act.
Remuneration Committee	The Company's Remuneration Committee.
Reserved Shares	3,500,000 Shares reserved for purchase by our Directors, management and employees of our Group.
restricted securities	Has the meaning ascribed to it within Rule 144(a)(3) under the U.S. Securities Act.
Restructuring Exercise	The corporate restructuring exercise undertaken in connection with the Offering as described in the section "Our Corporate Structure and Restructuring".
Ringgit or **RM**	The lawful currency of Malaysia.
Rule 144A	Rule 144A under the U.S. Securities Act.
Rupiah or **Rp.**	The lawful currency of Indonesia.
S$, Singapore dollars or **Singapore cents**	The lawful currency of Singapore.
SARS	Severe Acute Respiratory Syndrome.
SEC	The United States Securities and Exchange Commission.
Securities Accounts	The securities account maintained by a depositor with CDP.
Securities and Futures Act	Securities and Futures Act, Chapter 289 of Singapore.
SFR	Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.
SFRS	Singapore Financial Reporting Standards.
SGX-ST	Singapore Exchange Securities Trading Limited.
Shares	Ordinary shares of our Company.
Singapore Companies Act	Companies Act, Chapter 50 of Singapore.
SOPs	Standard operating procedures.
SPE	Special purpose entity.
SSL	Smart Spectrum Limited.
Stabilising Manager	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Stop Order	Refers to the stop order which the Authority may, in certain circumstances issue, under the Securities and Futures Act to direct that no or no further Offering Shares be sold.
Subsidiaries	Companies which are for the time being subsidiaries of our Company as defined by Section 5 of the Singapore Companies Act; and "Subsidiary" means each of them.
Substantial Shareholder	A person who has an interest or interests in one or more voting Shares, and the total votes attached to those Shares is not less than 5.0% of the total votes attached to all the Shares.

TS	PT Tozy Sentosa.
US$, U.S. dollars or **U.S. cents**	The lawful currency of the United States.
U.S. or United States	United States of America.
U.S. GAAP	Generally accepted accounting principles in the United States.
U.S. Holder	A beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organised under the laws of the United States or any State thereof (including the District of Columbia), (iii) any entity created or organised in or under the laws of any other jurisdiction if treated as a U.S. domestic corporation pursuant to U.S. federal income tax laws, (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source or (v) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and (2) one or more U.S. persons have the authority to control all substantial decisions of the trust, or (vi) a trust if the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
Vendors	ECIL and MS.
Vendor Shares	67,000,000 existing Shares offered by the Vendors in the Offering.
WTO	The World Trade Organization.

References herein to "this document" should be construed as being references to the "Offering Circular" in the context of the offering circular distributed outside Singapore or the "Prospectus" in the context of the prospectus registered by the Authority and distributed in Singapore.

The terms "depositor", "depository agent" and "depository register" have the meanings ascribed to them in Section 130A of the Singapore Companies Act.

The expressions "associate", "associated company", "associated entity", "controlling interest-holder", related corporation", "related entity", "subsidiary", "subsidiary entity", "Substantial Shareholder" and "substantial interest-holder" have the meanings ascribed to them in the Fourth Schedule of the SFR, save that in the section "Interest Person Transactions and Potential Conflicts of Interest" such terms, if used, have the meanings ascribed to them in the Listing Manual or the SFR as the context so requires.

Words importing the singular include, where applicable, the plural and *vice versa*, and words importing the masculine gender include, where applicable, the feminine gender.

Any reference in this document to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires.

Unless we specify otherwise or the context otherwise requires, all references to our "ordinary shares" or our "Shares" refer to ordinary shares in the capital of our Company.

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APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

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PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS

We, Datuk Cheng Yoong Choong and Toh Peng Koon, being two of the directors of Parkson Retail Asia Limited (the "Company"), do hereby state that, in the opinion of the directors,

(i) the accompanying combined financial statements together with notes thereto are drawn up so as to present fairly, in all material aspects, the state of affairs of the Company and its subsidiaries (the "Group") as at 30 June 2009, 2010 and 2011 and the results of the business, changes in equity and cash flows of the Group for the financial years ended on those dates; and

(ii) 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.

On behalf of the board of directors:

Datuk Cheng Yoong Choong
Director

Toh Peng Koon
Director

Singapore
27 October 2011

REPORT FROM THE INDEPENDENT AUDITORS IN RELATION TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

27 October 2011

The Board of Directors
Parkson Retail Asia Limited
10 Arumugam Road
10-00 Lion Building A
Singapore 409957

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages A-5 to A-87, which comprise the combined balance sheets of the Group as at 30 June 2009, 2010 and 2011 and the combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2009, 2010 and 2011 and the results, changes in equity and cash flows of the Group for the financial years ended on those dates.

Other matters

This report has been prepared solely for inclusion in the Prospectus in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP

Public Accountants and
Certified Public Accountants
Singapore

Partner in charge: Max Loh Khum Whai

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED INCOME STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011
(Amounts expressed in Singapore Dollars)

	Note	2009	2010	2011
		SGD'000	SGD'000	SGD'000
Revenue	4	301,229	332,959	367,314
Other items of income				
Finance income	5	1,770	3,349	4,863
Other income	6	3,230	3,247	5,833
Items of expense				
Changes in merchandise inventories and consumables		(133,106)	(140,418)	(151,698)
Employee benefits expense	7	(29,796)	(35,464)	(34,769)
Depreciation and amortisation expenses		(13,451)	(15,495)	(15,186)
Promotional and advertising expenses		(5,368)	(5,121)	(7,150)
Rental expenses		(66,265)	(67,082)	(69,639)
Finance costs	5	(145)	(89)	(526)
Other expenses		(40,689)	(43,382)	(47,435)
Profit before tax	8	17,409	32,504	51,607
Taxation	9	(5,272)	(10,061)	(15,786)
Profit for the year		12,137	22,443	35,821
Profit for the year attributable to:				
Owners of the Company		11,433	21,375	35,013
Non-controlling interests		704	1,068	808
		12,137	22,443	35,821
Earnings per share attributable to owners of the Company (cents per share)				
Basic and diluted	10	1.91	3.58	5.86

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

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

(Amounts expressed in Singapore Dollars)

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Profit for the year	12,137	22,443	35,821
Other comprehensive income			
Foreign currency translation	(1,108)	(1,992)	(11,103)
Total comprehensive income for the year	11,029	20,451	24,718
Total comprehensive income for the year attributable to:			
Owners of the Company	10,335	19,427	24,436
Non-controlling interests	694	1,024	282
	11,029	20,451	24,718

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

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED BALANCE SHEETS
AS AT 30 JUNE 2009, 2010 AND 2011
(Amounts expressed in Singapore Dollars)

	Note	2009	2010	2011
		SGD'000	SGD'000	SGD'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	82,312	73,746	70,073
Land use right	13	12,353	10,509	8,498
Other receivables	15	16,692	17,084	25,174
Prepayments		243	45	2,637
Intangible assets	16	104	109	6,803
Derivatives	17	—	—	21
Investment securities	18	—	—	95
		111,704	101,493	113,301
Current assets				
Inventories	19	43,560	47,183	51,959
Trade and other receivables	15	15,751	18,160	23,765
Prepayments		333	253	1,110
Tax recoverable		297	—	16
Cash and short-term deposits	20	87,880	126,883	96,123
		147,821	192,479	172,973
Total assets		259,525	293,972	286,274
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	21	119,184	124,722	124,767
Other liabilities	22	18,016	19,120	27,466
Loans and borrowings	23	130	31	1,037
Tax payable		530	2,021	1,148
		137,860	145,894	154,418
Net current assets		9,961	46,585	18,555
Non-current liabilities				
Loans and borrowings	23	73	38	5
Other payables	21	3,579	4,076	4,508
Deferred tax liabilities	14	418	670	443
		4,070	4,784	4,956
Total liabilities		141,930	150,678	159,374
Net assets		117,595	143,294	126,900

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED BALANCE SHEETS
AS AT 30 JUNE 2009, 2010 AND 2011
(Amounts expressed in Singapore Dollars)

	Note	2009	2010	2011
		SGD'000	SGD'000	SGD'000
Equity attributable to owners of the Company				
Share capital	24	20,861	20,861	159,279
Other reserves	25	(1,098)	1,288	(132,788)
Retained earnings		96,761	118,136	96,826
		116,524	140,285	123,317
Non-controlling interests		1,071	3,009	3,583
Total equity		117,595	143,294	126,900
Total equity and liabilities		259,525	293,972	286,274

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

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 24)	Retained earnings	Other reserves (Note 25)	Non-controlling interests
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Opening balance at 1 July 2008	105,819	105,865	20,861	85,328	(324)	(46)
Profit for the year	12,137	11,433	—	11,433	—	704
Other comprehensive income						
Foreign currency translation	(1,108)	(1,098)	—	—	(1,098)	(10)
Other comprehensive income for the year	(1,108)	(1,098)	—	—	(1,098)	(10)
Total comprehensive income for the year	11,029	10,335	—	11,433	(1,098)	694
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	324	324	—	—	324	—
Contributions by non-controlling interests	423	—	—	—	—	423
Total contributions by and distributions to owners	747	324	—	—	324	423
Total transactions with owners in their capacity as owners	747	324	—	—	324	423
Closing balance at 30 June 2009	117,595	116,524	20,861	96,761	(1,098)	1,071

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 24)	Retained earnings	Other reserves (Note 25)	Non-controlling interests
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Opening balance at 1 July 2009	117,595	116,524	20,861	96,761	(1,098)	1,071
Profit for the year	22,443	21,375	—	21,375	—	1,068
Other comprehensive income						
Foreign currency translation	(1,992)	(1,948)	—	—	(1,948)	(44)
Other comprehensive income for the year	(1,992)	(1,948)	—	—	(1,948)	(44)
Total comprehensive income for the year	20,451	19,427	—	21,375	(1,948)	1,024
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	3,895	3,895	—	—	3,895	—
Contributions by non-controlling interests	1,584	—	—	—	—	1,584
Dividends paid to non-controlling interests (Note 26)	(231)	—	—	—	—	(231)
Total contributions by and distributions to owners	5,248	3,895	—	—	3,895	1,353
Changes in ownership interests in subsidiaries that do not result in a loss of control						
Acquisition of non-controlling interests in a subsidiary	—	439	—	—	439	(439)
Total changes in ownership interests in subsidiaries	—	439	—	—	439	(439)
Total transactions with owners in their capacity as owners	5,248	4,334	—	—	4,334	914
Closing balance at 30 June 2010	143,294	140,285	20,861	118,136	1,288	3,009

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 24)	Retained earnings	Other reserves (Note 25)	Non-controlling interests
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Opening balance at 1 July 2010	143,294	140,285	20,861	118,136	1,288	3,009
Profit for the year	35,821	35,013	—	35,013	—	808
Other comprehensive income						
Foreign currency translation	(11,103)	(10,577)	—	—	(10,577)	(526)
Other comprehensive income for the year	(11,103)	(10,577)	—	—	(10,577)	(526)
Total comprehensive income for the year	24,718	24,436	—	35,013	(10,577)	282
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	254	254	—	—	254	—
Issuance of shares	159,279	159,279	159,279	—	—	—
Contributions by non-controlling interests	489	—	—	—	—	489
Dividends paid to non-controlling interests (Note 26)	(197)	—	—	—	—	(197)
Dividends declared and paid to then existing shareholder (Note 26)	(56,323)	(56,323)	—	(56,323)	—	—
Adjustment pursuant to Restructuring Exercise	(144,614)	(144,614)	(20,861)	—	(123,753)	—
Total contributions by and distributions to owners	(41,112)	(41,404)	138,418	(56,323)	(123,499)	292
Total transactions with owners in their capacity as owners	(41,112)	(41,404)	138,418	(56,323)	(123,499)	292
Closing balance at 30 June 2011	126,900	123,317	159,279	96,826	(132,788)	3,583

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

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

(Amounts expressed in Singapore Dollars)

	Note	2009	2010	2011
		SGD'000	SGD'000	SGD'000
Operating activities				
Profit before tax		17,409	32,504	51,607
Adjustments for:				
Depreciation of property, plant and equipment		13,357	15,327	15,044
Amortisation of land use right		94	168	142
Allowance for/(write-back of) doubtful trade and other receivables		73	165	(10)
Fair value gain on derivatives		—	—	(21)
Loss on disposal of other investment		1	—	—
Gain on disposal of a subsidiary		—	—	(1,272)
Write down of inventories		34	109	23
Unrealised exchange (gain)/loss		(612)	3,230	3,882
Property, plant and equipment written off		456	258	127
Loss/(gain) on disposal of property, plant and equipment		6	(37)	(23)
Employee share-based payments		324	3,895	254
Finance costs		145	89	526
Finance income		(1,770)	(3,349)	(4,863)
Operating cash flows before changes in working capital		29,517	52,359	65,416
Changes in working capital:				
Decrease/(increase) in:				
Inventories		12,017	(1,850)	(5,342)
Trade and other receivables		45,238	(5,103)	(7,646)
Prepayments		556	167	(3,498)
Increase/(decrease) in:				
Trade and other payables		(1,232)	26,544	10,087
Other liabilities		1,904	236	8,654
Cash flows from operations		88,000	72,353	67,671
Interest received		1,128	2,826	4,025
Interest paid		(76)	(28)	(24)
Tax paid		(5,545)	(7,982)	(16,207)
Net cash generated from operating activities		83,507	67,169	55,465
Investing activities				
Proceeds from disposal of other investment		1	—	—
Proceeds from disposal of property, plant and equipment		5	54	28
Disposal of a subsidiary, net of cash	11(4)	—	—	(115)
Acquisition of a subsidiary, net of cash	11(6)	—	—	3,614
Addition of investment securities		—	—	(95)
Purchase of land use right		(12,447)	—	—
Purchase of property, plant and equipment	A	(25,135)	(26,360)	(9,638)
Net cash used in investing activities		(37,576)	(26,306)	(6,206)

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011

(Amounts expressed in Singapore Dollars)

	Note	2009	2010	2011
		SGD'000	SGD'000	SGD'000
Financing activities				
Advances from immediate and ultimate holding companies		2,073	771	—
Repayments to immediate and ultimate holding companies		—	—	(14,839)
Repayment of term loan		(2,067)	—	—
Repayment of finance lease obligations		(252)	(134)	(47)
Acquisition of non-controlling interests	11(3)	—	(1,178)	—
Dividends paid to non-controlling interests	26	—	(231)	(197)
Dividends declared and paid to then existing shareholder	26	—	—	(56,323)
Contributions by non-controlling interests		423	1,584	489
Net cash generated from/(used in) financing activities		177	812	(70,917)
Net increase/(decrease) in cash and cash equivalents		46,108	41,675	(21,658)
Effect of exchange rate changes on cash and cash equivalents		(56)	(2,672)	(10,130)
Cash and cash equivalents at beginning of year		41,828	87,880	126,883
Cash and cash equivalents at end of year	20	87,880	126,883	95,095

Note to the combined statements of cash flows

A. Property, plant and equipment

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Current year additions to property, plant and equipment (Note 12)	41,518	9,485	9,394
Less: Payable to creditors (Note 21)	(17,317)	(442)	(198)
	24,201	9,043	9,196
Add: Payments for prior year purchase	934	17,317	442
Net cash outflow for purchase of property, plant and equipment	25,135	26,360	9,638

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

1. Corporate information

1.1 *The Company*

The Company was incorporated on 31 March 2011 under the Companies Act as a private company limited by shares under the name of Parkson Retail Asia Pte. Ltd.

The Company was incorporated for the purpose of acquiring the existing Parkson Corporation Sdn Bhd ("PCSB") and its subsidiaries pursuant to the Restructuring Exercise as disclosed in Note 1.2. On 10 October 2011, the Company was converted to a public limited company and changed its name in connection therewith to Parkson Retail Asia Limited.

The registered office of the Company is at 10 Arumugam Road, #10-00 Lion Building A, Singapore, 409957. The principal places of business of the Group are located at:

— Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan;

— 35 Bis – 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;

— TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;

— Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;

— Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam; and

— Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten.

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

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

1.2 *The Restructuring Exercise*

The Group undertook the transactions described below as part of a corporate reorganisation implemented in preparation for its listing on the SGX-ST (the "Restructuring Exercise").

Acquisition of PT. Tozy Sentosa ("TS")

On 9 June 2011, the Company and its wholly-owned subsidiary, Centro Retail Pte. Ltd. completed the acquisition of 100% of the shares of PT. Tozy Sentosa ("TS"), which operates department stores under the "Centro" brand and a supermarket under the "Kem Chicks" brand in Indonesia.

1. Corporate information (cont'd)

1.2 ***The Restructuring Exercise (cont'd)***

Acquisition of PT. Tozy Sentosa ("TS") (cont'd)

The acquisition of TS was effected by:

(i) an acquisition of all the existing issued 5,000 shares in TS by Centro Retail Pte. Ltd. for an aggregate consideration of USD3,555,347; and

(ii) a subscription of 13,000 new shares in TS by the Company (the authorised share capital of TS at that time was 18,000 shares) for USD9,243,902.

This resulted in Centro Retail Pte. Ltd. having a 27.8% equity interest, and the Company having a 72.2% equity interest, in TS.

The total purchase consideration of USD12,799,249 was arrived at on a willing-buyer willing-seller basis after taking into consideration the net assets, earnings and future growth prospects of TS.

Restructuring of PHB

In connection with the proposed listing of the Company, PHB undertook the transactions described below as part of the internal restructuring to rationalise and streamline the business entities within the PHB group for the Offering.

On 29 April 2011, PCSB transferred its entire interest in Park Avenue to ECIL at a consideration of RM1 (approximately SGD0.41).

On 29 April 2011, ECIL transferred its entire interest in Parkson Cambodia Holdings Co. Ltd ("PCH") to PCSB for a consideration of USD1.

On 14 June 2011, ECIL transferred PCSB with its subsidiaries to the Company for an aggregate consideration of approximately SGD143.5 million. The consideration was satisfied by way of a subscription by ECIL of 143,510,486 Shares.

Also, on 14 June 2011, PT Mitra Samaya ("MS"), the indirect majority shareholder of TS (before TS was wholly acquired by the Company), subscribed for 15,768,633 shares in the Company, as a result of which MS became a shareholder of the Company holding approximately 9.9% of the shares for an aggregate cash consideration of approximately SGD15.8 million.

The consideration for the transfer of PCSB and its subsidiaries into the Company and the consideration for MS's subscription of Shares in the Company were arrived at based on the relative valuation of PCSB and its subsidiaries on the one hand and TS on the other hand, based on their respective earnings and assets.

Group structure after the Restructuring Exercise

Pursuant to the completion of the Restructuring Exercise and the acquisition of TS, the Company became the holding company of its subsidiaries.

1. Corporate information (cont'd)

1.2 *The Restructuring Exercise (cont'd)*

Group structure after the Restructuring Exercise (cont'd)

In relation to the Restructuring Exercise, ECIL granted MS put options giving MS the right to sell the shares it owns in the Company to ECIL. In addition, ECIL has the right in the event of a default by MS to require MS to sell all of the shares in the Company owned by MS to ECIL.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The combined financial statements are presented in Singapore Dollars ("SGD"). All values are rounded to the nearest thousand (SGD'000) except when otherwise indicated.

2.2 *Changes in accounting policies*

(a) Standards and interpretations mandatory for annual financial periods beginning on or after 1 July 2008 are as follows:

- INT FRS 111 Group and Treasury Share Transactions
- INT FRS 112 Service Concession Arrangements
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 114 FRS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies. The principal effects of these changes are as follows:

INT FRS 113 *Customer Loyalty Programmes*

INT FRS 113 *Customer Loyalty Programme*s requires loyalty award credits to be accounted for as a separate component of the sales transactions in which they are granted. The fair value of the consideration received is allocated to the loyalty awards credits and the amount is deferred until the awards are redeemed or no longer expected to be redeemed. The change in accounting policy has been applied with effect from 1 July 2008.

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies (cont'd)***

(b) Standards and interpretations mandatory for annual financial period beginning on or after 1 July 2009 are as follows:

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 27 Consolidated and Separate Financial Statements (Revised)
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Item
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS102 Share-based Payment: Vesting Conditions and Cancellations
- FRS 103 Business Combinations (Revised)
- Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- Improvements to FRSs issued in 2009
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- INT FRS 117 Distributions of Non-cash Assets to Owners
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement — Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies (cont'd)***

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group except as disclosed below:

FRS 1 *Presentation of Financial Statements* — Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the revised standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

FRS 103 *Business Combinations (revised)*

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

— Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;

— Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

— The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

— When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 July 2009 are not adjusted.

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies (cont'd)***

FRS 27 *Consolidated and Separate Financial Statements (revised)*

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

— A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

— Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

— When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 July 2009. The changes will affect future transactions with non-controlling interests.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures.

FRS 108 *Operating Segments*

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group has early adopted Amendments to FRS 108 *Operating Segments* which is effective for the accounting periods beginning on or after 1 January 2010. Amendments to FRS 108 requires disclosure of a measure of total assets for each reportable segment only if such an amount is regularly provided to the entity's chief operating decision maker.

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies (cont'd)***

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRSs. There are separate transitional provisions for each amendment. The adoption of the following amendments has resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 *Presentation of Financial Statements:* Assets and liabilities classified as held for trading in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any reclassification of financial instruments between current and non-current in the balance sheet.

- FRS 16 *Property, Plant and Equipment*: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- FRS 23 *Borrowing Costs*: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one — the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly, which did not result in any change in its financial position.

(c) Standards and interpretations mandatory for annual financial period beginning on or after 1 July 2010 are as follows:

- Amendments to FRS 32 Financial Instruments: Disclosure and Presentation
- Amendments to FRS 102 Share-based Payment
- Amendments to FRS 101 Limited exemption from Comparatives FRS107 Disclosures for First-time Adopters
- INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to FRS 103 Business Combinations
- Improvements to FRSs issued in 2009

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

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

Description	Effective for annual periods beginning on or after
Improvements to FRSs issued in 2010:	
— Amendments to FRS 1 *Presentation of Financial Statements*	1 January 2011
— Amendments to FRS 34 *Interim Financial Reporting*	1 January 2011
— Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards*	1 January 2011
— Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2011
— Amendments to INT FRS 113 *Customer Loyalty Programmes*	1 January 2011
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011
Amendments to FRS 101 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
Amendments to FRS 107 *Financial Instruments: Disclosures — Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Income Taxes: Deferred Tax — Recovery of Underlying Assets*	1 January 2012

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below:

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transactions. As this is a disclosure standard, the implementation of FRS 24 will have no impact on the financial position or financial performance of the Group when implemented in FY2012.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation***

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

The combined financial statements of the Group have been prepared in accordance with the pooling of interest method as the Group is a continuation of the existing business of Parkson Corporation Sdn Bhd ("PCSB") and its subsidiaries. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the combined financial statements. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve. The combined income statements and combined statements of comprehensive income reflect the results of the combining entities for the entire periods under review, irrespective of when the combination took place.

Apart from the above, acquisitions of subsidiaries are accounted for as follows:

Business combinations from 1 July 2009

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

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

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation (cont'd)***

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2009

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.5 ***Transactions with non-controlling interests***

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. Summary of significant accounting policies (cont'd)

2.6 ***Functional and foreign currency***

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

(a) *Transactions and balances*

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

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

(b) *Group companies*

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

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

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment***

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

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

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

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

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

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

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

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

2.8 ***Intangible assets***

(a) *Goodwill*

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

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets (cont'd)***

(a) *Goodwill (cont'd)*

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

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

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

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

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

(b) *Other intangible assets*

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

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets (cont'd)***

(b) *Other intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Club memberships

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

(ii) Customer relationships

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

2.9 ***Land use right***

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

2.10 ***Impairment of non-financial assets***

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

2. Summary of significant accounting policies (cont'd)

2.10 ***Impairment of non-financial assets (cont'd)***

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.11 ***Subsidiaries***

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

2.12 ***Related parties***

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

  (i) controls, is controlled by, or is under common control with, the Group;

  (ii) has an interest in the Group that gives it significant influence over the Group; or

  (iii) has joint control over the Group;

(b) The party is an associate;

2. Summary of significant accounting policies (cont'd)

2.12 ***Related parties (cont'd)***

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.13 ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial assets (cont'd)***

(a) *Financial assets at fair value through profit or loss (cont'd)*

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

(b) *Loans and receivables*

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

(c) *Available-for-sale financial assets*

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

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

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

Derecognition

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

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

2. Summary of significant accounting policies (cont'd)

2.14 ***Impairment of financial assets***

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

(a) *Financial assets carried at amortised cost*

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

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

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

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

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

(b) *Financial assets carried at cost*

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

2. Summary of significant accounting policies (cont'd)

2.15 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 ***Inventories***

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

— Merchandise and consumables: purchase costs on a weighted average basis.

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

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

2.17 ***Provisions***

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

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

2.18 ***Financial liabilities***

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.18 ***Financial liabilities (cont'd)***

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivatives financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, financial liabilities (except for financial liabilities at fair value through profit or loss) are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.19 ***Employee benefits***

(a) *Defined contribution plans*

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

2. Summary of significant accounting policies (cont'd)

2.19 ***Employee benefits (cont'd)***

(b) *Equity compensation benefits*

The Parkson Holdings Berhad Executive Share Option Scheme, an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares in Parkson Holdings Berhad. The cost of these equity-settled share-based payment transactions with employees for awards granted after 22 November 2002 is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in "capital contribution from ultimate holding company" within equity. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

(c) *Employee leave entitlement*

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

(d) *Defined benefit plan*

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

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

2. Summary of significant accounting policies (cont'd)

2.19 ***Employee benefits (cont'd)***

(d) *Defined benefit plan (cont'd)*

Post service cost is recognised as an expense on a straight-line basis over the average period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the employee benefit programme, the Group recognises past service cost immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligations at the end of the reporting period and unrecognised actuarial gains and losses, less unrecognised past service cost.

2.20 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

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

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

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

2. Summary of significant accounting policies (cont'd)

2.20 ***Leases (cont'd)***

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

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

(b) *Commissions from concessionaire sales*

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

(c) *Consultancy and management service fees*

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

(d) *Rental income*

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

2. Summary of significant accounting policies (cont'd)

2.21 ***Revenue recognition (cont'd)***

(e) *Revenue from customer loyalty award*

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

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

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

(f) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

(g) *Royalty income*

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

(h) *Promotion income and sales commissions*

Promotion income and minimum guaranteed sales commissions are recognised according to the underlying contract terms with concessionaires and as these services have been provided in accordance therewith.

2.22 ***Income tax***

(a) *Current income tax*

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

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

2. Summary of significant accounting policies (cont'd)

2.22 ***Income tax (cont'd)***

(b) *Deferred tax*

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

2. Summary of significant accounting policies (cont'd)

2.22 ***Income tax (cont'd)***

(b) *Deferred tax (cont'd)*

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

(c) *Sales tax*

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

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

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

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

2.23 ***Segment reporting***

The Group has a single operating segment — the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 ***Share capital and share issue expenses***

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

2.25 ***Contingencies***

A contingent liability is:

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

2. Summary of significant accounting policies (cont'd)

2.25 ***Contingencies (cont'd)***

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

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

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

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

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

3. Significant accounting estimates and judgments

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

3.1 ***Judgments made in applying accounting policies***

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

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) *Income tax*

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 9. The carrying amounts of our tax recoverable as at 30 June 2009, 2010 and 2011 were SGD297,000, SGDNil and SGD16,000 respectively. The carrying amounts of our tax payable as at 30 June 2009, 2010 and 2011 were SGD530,000, SGD2,021,000 and SGD1,148,000 respectively. The carrying amounts of the Group's deferred tax liabilities as at 30 June 2009, 2010 and 2011 are disclosed in Note 14.

3. Significant accounting estimates and judgments (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(ii) *Share-based payment*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of option, volatility and dividend yield and making assumptions about them. The assumptions and valuation model used are disclosed in Note 25.

(iii) *Customer loyalty award*

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

— the range of merchandise available to the customers;

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

— changes in the popularity of the programmes; and

— changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 22.

(iv) *Defined benefit plans*

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. Further details are provided in Note 21.

4. Revenue

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Sale of goods — direct sales	162,632	169,205	180,564
Commissions from concessionaire sales	126,302	149,593	169,464
Consultancy and management service fees	503	930	1,422
Rental income	11,792	13,231	15,864
	301,229	332,959	367,314

5. Finance income/costs

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Finance income			
Interest income on:			
— Short-term deposits	1,192	2,749	4,312
— Rental deposits receivables	578	600	551
	1,770	3,349	4,863

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Finance costs			
Interest expenses on:			
— Bank overdrafts	35	14	1
— Finance lease obligations	23	17	7
— Term loan	11	—	—
— Rental deposits payables	76	58	500
— Others	—	—	18
	145	89	526

6. Other income

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Cash discount from suppliers	1,221	1,514	1,447
Promotion income	504	319	847
Royalty income	177	177	234
Income from expired gift vouchers	414	665	1,215
Fair value gain on derivatives	—	—	21
Gain on disposal of a subsidiary	—	—	1,272
Others	914	572	797
	3,230	3,247	5,833

7. Employee benefits expense

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Wages, salaries and bonuses	21,606	22,909	24,950
Contribution to defined contribution plans	2,205	2,333	2,651
Employee share-based payments (Note 25(c))	324	3,895	254
Defined benefit plan (Note 21)	—	—	42
Other staff related expenses	5,661	6,327	6,872
	29,796	35,464	34,769

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 27(b).

8. Profit before tax

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Depreciation of property, plant and equipment	13,357	15,327	15,044
Amortisation of land use right	94	168	142
Property, plant and equipment written off	456	258	127
Write down of inventories	34	109	23
Allowance for/(write-back of) doubtful trade and other receivables	73	165	(10)
Loss/(gain) on disposal of property, plant and equipment	6	(37)	(23)
Loss on disposal of other investment	1	—	—
Exchange (gain)/loss:			
— Realised	(53)	34	(180)
— Unrealised	(612)	3,230	3,882
Operating lease expense:			
— Minimum lease payments	65,212	66,125	68,364
— Contingent lease payments	360	286	499
— Amortisation of deferred lease expense	693	671	776

9. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2009, 2010 and 2011 are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Combined income statements:			
Current income tax			
— Current income taxation	5,589	10,111	14,956
— (Over)/under provision in respect of previous years	(237)	(256)	1,333
	5,352	9,855	16,289
Deferred income tax			
— Origination and reversal of temporary differences	(236)	402	(505)
— Under/(over) provision in respect of previous years	156	(196)	2
	(80)	206	(503)
Income tax expense recognised in profit or loss	5,272	10,061	15,786

9. Taxation (cont'd)

(b) Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the years ended 30 June 2009, 2010 and 2011 are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Profit before tax	17,409	32,504	51,607
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	4,488	8,126	12,807
Adjustments:			
— Expenses not deductible for tax purposes	2,012	3,492	2,988
— Income not subject to tax	(342)	(605)	(591)
— Effect of tax exemption	(745)	(564)	(801)
— Utilisation of previously unrecognised tax losses	(141)	(20)	—
— Deferred tax assets not recognised	81	84	48
— (Over)/under provision of current tax in previous years	(237)	(256)	1,333
— Under/(over) provision of deferred tax in previous years	156	(196)	2
Income tax expense recognised in profit or loss	5,272	10,061	15,786

The nature of expenses that are not deductible for income tax purposes are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Depreciation for non-qualifying assets	1,087	1,291	1,313
Unrealised exchange losses	317	923	1,029
Employee share-based payments	82	974	64
Others	526	304	582
	2,012	3,492	2,988

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

Parkson Corporation Sdn Bhd ("PCSB")
PCSB is incorporated in Malaysia and is subjected to a tax rate of 25% for FY2009, FY2010 and FY2011.

9. Taxation (cont'd)

(b) Relationship between income tax expense and accounting profit (cont'd)

Park Avenue Fashion Sdn Bhd ("Park Avenue")
Park Avenue is incorporated in Malaysia and is subjected to a tax rate of 25% for FY2009, FY2010 and FY2011. It has no taxable income in FY2009, FY2010 and FY2011.

Kiara Innovasi Sdn Bhd ("Kiara Innovasi")
Kiara Innovasi is incorporated in Malaysia and is subjected to a tax rate of 25% for FY2009, FY2010 and FY2011. It has no taxable income in FY2009, FY2010 and FY2011.

Parkson Vietnam Co Ltd ("Parkson Vietnam"), Parkson Haiphong Co Ltd ("Parkson Haiphong"), Parkson Vietnam Management Services Co Ltd ("Vietnam Management") and Parkson Hanoi Co Ltd ("Parkson Hanoi")
The statutory Corporate Income Tax ("CIT") rate applicable to the above companies is 28% of taxable profits until 30 June 2009 and 25% thereafter (due to change in the law on CIT whereby the standard CIT rate is reduced from 28% to 25% effective from FY 2010). In accordance with Circular 03/2009/TT-BTC issued by the Ministry of Finance of Vietnam on 13 January 2009 which provides guidance on CIT reduction and deferment, all the above companies are entitled to a 30% reduction on the amount of CIT payable in relation to the period from 1 October 2008 to 31 December 2009.

Parkson Vietnam and Parkson Haiphong are entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 3 years. Accordingly, Parkson Vietnam is subjected to a tax rate of 14% for FY2009 and 12.5% for FY2010 and FY2011; Parkson Haiphong is subjected to Nil% tax rate for FY2009 and FY2010 and a tax rate of 12.5% for FY2011.

Vietnam Management and Parkson Hanoi are subjected to a tax rate of 28% for FY2009 and 25% for both FY2010 and FY2011.

PT. Tozy Sentosa
PT.Tozy Sentosa is incorporated in Indonesia and is subjected to a tax rate of 25% for FY2011.

Centro Retail Pte. Ltd.
Centro Retail Pte. Ltd. is incorporated in Singapore and is subjected to a tax rate of 17% for FY2011. It has no taxable income in FY2011.

Parkson Retail Asia Limited
Parkson Retail Asia Limited is incorporated in Singapore and is subjected to a tax rate of 17% for FY2011. It has no taxable income in FY2011.

Parkson Cambodia Holdings Co Ltd
Parkson Cambodia Holdings Co Ltd is incorporated in the British Virgin Islands and not required to pay taxes.

Parkson (Cambodia) Co Ltd
Parkson (Cambodia) Co Ltd is incorporated in the Kingdom of Cambodia and is subjected to a tax rate of 20% for FY2011. It has no taxable income in FY2011.

10. Earnings per share

Basic and diluted earnings per share is calculated by dividing the Group's profit for the year attributable to owners of the Company for the financial years ended 30 June 2009, 2010 and 2011 by the pre-invitation share capital of 597,300,000 ordinary shares which were assumed to be in issue throughout the entire financial years presented.

11. Investments in subsidiaries

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Equity interest		
			2009	2010	2011
			%	%	%
Held by the Company					
Parkson Corporation Sdn Bhd[(b)]	Operation of department stores	Malaysia	100	100	100
Centro Retail Pte. Ltd.[(a)(5)]	Investment holding	Singapore	—	—	100
PT. Tozy Sentosa[(c)(6)]	Operation of department stores, supermarkets and merchandising	Republic of Indonesia	—	—	72.22 27.78[(*)]
Held by Parkson Corporation Sdn Bhd					
Parkson Vietnam Co Ltd[(b)(1)]	Retailing and operation of a modern shopping centre	Vietnam	100	100	100
Parkson Haiphong Co Ltd[(b)]	Upgrade and leasing of retail space for establishment of a modern department store	Vietnam	100	100	100
Park Avenue Fashion Sdn Bhd[(b)(4)]	Retailing business	Malaysia	100	100	—
Kiara Innovasi Sdn Bhd[(b)(2)]	Operation of department stores	Malaysia	100	60	60
Parkson Cambodia Holdings Co Ltd[(b)(7)]	Investment holding	British Virgin Islands	—	—	100
Held by Parkson Vietnam Co Ltd					
Parkson Vietnam Management Services Co Ltd[(b)]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Vietnam	100	100	100
Parkson Hanoi Co Ltd[(b)(3)]	Retailing and operation of a modern shopping centre	Vietnam	49	70	70

11. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Country of incorporation	Equity interest		
			2009	2010	2011
			%	%	%
Held by Parkson Cambodia Holdings Co Ltd					
Parkson (Cambodia) Co Ltd[(b)(8)]	Operation of department stores	Kingdom of Cambodia	—	—	100

(a) Audited by Ernst & Young LLP Singapore

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

(c) Audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan

(*) Held by Centro Retail Pte. Ltd.

(1) On 29 December 2009, Parkson Corporation Sdn Bhd ("PCSB") contributed an amount of US$2,500,000 as charter capital of Parkson Vietnam Co Ltd ("Parkson Vietnam"), thereby increasing the total charter capital of Parkson Vietnam from US$7,840,000 to US$10,340,000.

(2) On 1 September 2009, Kiara Innovasi Sdn Bhd ("Kiara Innovasi") increased its issued and paid-up share capital from RM2 to RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

PCSB had subscribed to an additional 1,199,998 ordinary shares of RM1.00 each representing 60% of the equity interest in Kiara Innovasi by way of cash. The remaining 40% equity interest in Kiara Innovasi was subscribed by a third party, Galaxy Point Sdn Bhd ("Galaxy Point").

In addition, Galaxy Point has granted to PCSB an irrevocable option (the "Option") to purchase the entire paid-up share capital of Kiara Innovasi at the net tangible assets value of Kiara Innovasi. This Option is exercisable for the period during which the management agreement is in force, which is 3 years from 25 November 2010, with an automatic renewal of 3 years unless PCSB wishes to terminate. The fair value of the Option is recognised as a derivative as disclosed in Note 17.

On 29 November 2010, Kiara Innovasi increased its issued and paid-up share capital from RM2,000,000 to RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. PCSB and Galaxy Point subscribed for 1,800,000 and 1,200,000 ordinary shares of RM1.00 each, with a resultant 60% and 40% equity interest in Kiara Innovasi respectively.

(3) The shareholding in Parkson Hanoi Co Ltd ("Parkson Hanoi") held by Parkson Vietnam Co Ltd ("Parkson Vietnam") in FY2009 was restricted to a 49% equity interest in Parkson Hanoi according to the Laws of Vietnam due to the nature of business activities of Parkson Hanoi. By virtue of the charter of Parkson Hanoi, the Group has in substance, control over the board of Parkson Hanoi. Hence, the investment was accounted for as a subsidiary. The remaining 51% was held by Investment, Development and Information Service Company Limited ("IDIS"), Thuy Duong Investment Joint Stock Company ("Thuy Duong") and Mr. Le Minh Dung.

As soon as permitted by the Laws of Vietnam, Parkson Vietnam acquired IDIS's charter capital contribution such that Parkson Vietnam's charter capital contribution in Parkson Hanoi is now 70%.

Acquisition of non-controlling interests

As permitted by the Laws of Vietnam, Parkson Vietnam acquired the 21% shareholding held by IDIS for a cash consideration of SGD1,178,000 (US$1,008,000) on 25 January 2010. As a result of this acquisition, the equity interest in Parkson Hanoi held by Parkson Vietnam increased to 70%. The carrying value of the net assets of Parkson Hanoi at 25 January 2010 was SGD7,699,000 and the carrying value of the additional interest acquired was SGD1,617,000. The difference of SGD439,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Bargain purchase of non-controlling interests" within equity.

11. Investments in subsidiaries (cont'd)

The following summarises the effect of the change in the Group's ownership interest in Parkson Hanoi on the equity attributable to owners of the parent:

	SGD'000
Consideration paid for acquisition of non-controlling interests	1,178
Increase in equity attributable to non-controlling interests	(1,617)
Increase in equity attributable to owners of the parent	(439)

(4) On 29 April 2011, PCSB disposed of its entire equity interest in Park Avenue Fashion Sdn Bhd ("Park Avenue"). The assets disposed of and the liabilities discharged as a result of the disposal of the above named subsidiary are as follows:

	2011
	SGD'000
Property, plant and equipment	10
Inventories	614
Trade and other receivables	35
Cash and bank balances	115
Trade and other payables	(2,046)
Carrying value of net liabilities	(1,272)
Gain on disposal	1,272
Sale consideration (representing RM1.00, equivalent to SGD0.41)	—
Cash and cash equivalents of the subsidiary	(115)
Net cash outflow on disposal of a subsidiary	(115)

The net gain on disposal amounting to SGD1,272,000 has been taken to other income in FY2011.

(5) On 5 April 2011, the Company had incorporated a wholly-owned subsidiary, Centro Retail Pte. Ltd. ("Centro Retail") in Singapore with an issued and paid up capital of SGD2 comprising of 2 ordinary shares.

(6) On 9 June 2011, the Company and Centro Retail completed the acquisition of a 100% equity interest in PT. Tozy Sentosa ("TS") for an aggregate consideration of USD12,799,249 (SGD15,769,000). The assets acquired and the liabilities assumed as a result of the acquisition of the above named subsidiary are as follows:

	Fair value recognised on acquisition
	SGD'000
Property, plant and equipment	8,831
Intangible assets	1,550
Inventories	2,636
Other receivables	9,318
Cash and bank balances	3,614
Tax recoverable	768
Trade and other payables	(14,970)
Other liabilities	(815)
Tax payable	(1)

11. Investments in subsidiaries (cont'd)

	Fair value recognised on acquisition
	SGD'000
Deferred tax liabilities	(312)
Fair value and carrying value of net assets acquired	10,619
Goodwill arising on consolidation	5,150
Total purchase consideration	15,769
Consideration transferred for the acquisition of TS	
Cash paid	15,769
Fair value of equity instruments issued (15,768,633 ordinary shares of the Company)	15,769
Cash received for the issuance of shares	(15,769)
Total consideration transferred	15,769
Effect on the acquisition of TS on cash flows	
Total consideration for 100% equity interest acquired	15,769
Less: Non-cash consideration	(15,769)
Consideration settled in cash	—
Less: Cash and cash equivalents of subsidiary acquired	3,614
Net cash inflow on acquisition of a subsidiary	3,614

Equity instrument issued as part of consideration transferred

In connection with the acquisition of a 100% equity interest in TS, the Company issued 15,768,633 ordinary shares with a fair value SGD1.00 per share.

Goodwill arising from acquisition

Goodwill of SGD5,150,000 comprised the value of strengthening the Group's market position in the region, improved resilience to sector specific volatilities; and cost reduction synergies expected to arise from the acquisition. The goodwill recognised is not expected to be deductible for income tax purposes.

Impact on the acquisition of profit or loss

From the acquisition date, TS has contributed SGD4,026,000 of revenue and SGD475,000 to the Group's profit net of tax for the financial year ended 30 June 2011. If the business combination had taken place at the beginning of the year, the Group's revenue would have been SGD407,961,000 and the Group's profit net of tax would have been SGD38,326,000.

(7) On 29 April 2011, PCSB completed the acquisition of 100% equity interest of Parkson Cambodia Holdings Co Ltd ("Parkson Cambodia Holdings") from ECIL at a consideration of USD1 comprising 1 ordinary share.

(8) On 16 December 2010, Parkson Cambodia Holdings incorporated Parkson (Cambodia) Co Ltd in the Kingdom of Cambodia with a registered capital of 20,000,000 Riels comprising 1,000 shares.

12. Property, plant and equipment

	Renovation	Buildings	Furniture, fittings and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
At 30 June 2009						
Cost						
At 1 July 2008	39,356	3,264	49,270	875	194	92,959
Additions	9,826	24,116	7,208	119	249	41,518
Disposals	(3)	—	(789)	(2)	—	(794)
Written off	(2,567)	—	(3,862)	—	—	(6,429)
Transfer	—	—	38	—	(38)	—
Exchange differences	(405)	145	(516)	3	5	(768)
At 30 June 2009	46,207	27,525	51,349	995	410	126,486
Accumulated depreciation						
At 1 July 2008	13,707	539	23,351	566	—	38,163
Charge for the year	5,938	1,107	6,181	131	—	13,357
Disposals	(2)	—	(779)	(2)	—	(783)
Written off	(2,429)	—	(3,544)	—	—	(5,973)
Exchange differences	(234)	10	(361)	(5)	—	(590)
At 30 June 2009	16,980	1,656	24,848	690	—	44,174
Net carrying amount						
At 30 June 2009	29,227	25,869	26,501	305	410	82,312
At 30 June 2010						
Cost						
At 1 July 2009	46,207	27,525	51,349	995	410	126,486
Additions	2,989	—	6,053	133	310	9,485
Disposals	—	—	(466)	—	—	(466)
Written off	(557)	—	(2,970)	—	—	(3,527)
Transfer	463	—	124	—	(587)	—
Exchange differences	1,252	(3,719)	1,540	(5)	(15)	(947)
At 30 June 2010	50,354	23,806	55,630	1,123	118	131,031

12. Property, plant and equipment (cont'd)

	Renovation	Buildings	Furniture, fittings and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Accumulated depreciation						
At 1 July 2009	16,980	1,656	24,848	690	—	44,174
Charge for the year	6,750	1,443	7,024	110	—	15,327
Disposals	—	—	(449)	—	—	(449)
Written off	(456)	—	(2,813)	—	—	(3,269)
Exchange differences	729	(288)	1,055	6	—	1,502
At 30 June 2010	24,003	2,811	29,665	806	—	57,285
Net carrying amount						
At 30 June 2010	26,351	20,995	25,965	317	118	73,746
At 30 June 2011						
Cost						
At 1 July 2010	50,354	23,806	55,630	1,123	118	131,031
Additions	3,546	110	3,971	618	1,149	9,394
Disposals	—	—	(128)	(111)	—	(239)
Written off	(760)	—	(776)	—	—	(1,536)
Transfer	—	—	87	—	(87)	—
Acquisition of a subsidiary	5,901	—	1,974	132	824	8,831
Disposal of a subsidiary	(19)	—	(253)	—	—	(272)
Exchange differences	(3,162)	(4,255)	(3,474)	(89)	(21)	(11,001)
At 30 June 2011	55,860	19,661	57,031	1,673	1,983	136,208
Accumulated depreciation						
At 1 July 2010	24,003	2,811	29,665	806	—	57,285
Charge for the year	6,929	1,056	6,924	135	—	15,044
Disposals	—	—	(123)	(111)	—	(234)
Written off	(702)	—	(707)	—	—	(1,409)
Disposal of a subsidiary	(19)	—	(243)	—	—	(262)
Exchange differences	(1,661)	(577)	(1,984)	(67)	—	(4,289)
At 30 June 2011	28,550	3,290	33,532	763	—	66,135
Net carrying amount						
At 30 June 2011	27,310	16,371	23,499	910	1,983	70,073

12. Property, plant and equipment (cont'd)

Assets held under finance leases

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Motor vehicles	188	105	18
Furniture and equipment	183	87	—
	371	192	18

Leased assets are pledged as security for the related finance lease liabilities.

Capital work-in-progress

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

13. Land use right

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Cost			
At 1 July	—	12,447	10,750
Additions	12,447	—	—
Exchange differences	—	(1,697)	(1,922)
At 30 June	12,447	10,750	8,828
Accumulated amortisation			
At 1 July	—	94	241
Amortisation charge for the year	94	168	142
Exchange differences	—	(21)	(53)
At 30 June	94	241	330
Net carrying amount	12,353	10,509	8,498
Amount to be amortised:			
— Not later than one year	189	168	142
— Later than one year but not later than five years	756	672	568
— Later than five years	11,408	9,669	7,788

13. Land use right (cont'd)

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 64 years and 6 months (2010: 65 years and 6 months and 2009: 66 years and 6 months).

14. Deferred tax liabilities

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Deferred tax assets			
Provisions	1,551	1,408	1,517
Unutilised tax losses	—	210	173
Difference in depreciation for tax purposes	—	121	142
	1,551	1,739	1,832
Deferred tax liabilities			
Difference in depreciation for tax purposes	1,969	1,955	1,472
Other items	—	454	803
	1,969	2,409	2,275
Deferred tax liabilities, net	418	670	443

The movement in deferred tax during the financial years is as follows:

	SGD'000
At 1 July 2008	(509)
Recognised during the year	80
Exchange differences	11
At 30 June 2009 and 1 July 2009	(418)
Recognised during the year	(206)
Utilisation of tax losses	(26)
Exchange differences	(20)
At 30 June 2010 and 1 July 2010	(670)
Recognised during the year	503
Acquisition of a subsidiary	(312)
Exchange differences	36
At 30 June 2011	(443)

14. Deferred tax liabilities (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD192,000 (2010: SGD338,000 and 2009: SGD320,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

15. Trade and other receivables

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Current:			
Trade receivables	2,048	1,800	1,895
Other receivables:			
— VAT receivables	3,710	3,023	1,731
— Credit card receivables	1,326	1,706	2,291
— Redemption of gift vouchers and merchandise	1,234	1,780	2,647
— Advances to suppliers	388	—	966
— Lease incentive receivables	—	387	237
— Expenses recoverable from tenant	347	294	257
— Others	2,064	1,495	4,040
Rental deposits	1,230	540	75
Other deposits	3,398	7,123	9,607
Amount due from immediate holding company	4	4	—
Amount due from a related company	2	8	19
	15,751	18,160	23,765
Non-current:			
Rental deposits	6,931	8,109	14,012
Deferred lease expenses	9,761	8,975	10,663
Other deposits	—	—	499
	16,692	17,084	25,174
Total trade and other receivables (current and non-current)	32,443	35,244	48,939
Add: Cash and short-term deposits (Note 20)	87,880	126,883	96,123
Less: Deferred lease expenses	(9,761)	(8,975)	(10,663)
Total loans and receivables	110,562	153,152	134,399

15. Trade and other receivables (cont'd)

Trade receivables

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to SGD1,594,000 (2010: SGD787,000 and 2009: SGD559,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Less than 30 days	27	90	228
31 to 60 days	39	89	254
61 to 90 days	—	—	45
More than 90 days	493	608	1,067
	559	787	1,594

Trade receivables that are impaired

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Trade receivables — nominal amounts	266	456	380
Less: Allowance for impairment	(266)	(456)	(380)
	—	—	—
Movement in allowance accounts:			
At 1 July	193	266	456
Charge for the year	73	199	63
Written back	—	(21)	(73)
Written off	—	—	(35)
Exchange differences	—	12	(31)
At 30 June	266	456	380

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

15. Trade and other receivables (cont'd)

Other receivables

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

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 3 to 19 years (2010: 4 to 20 years and 2009: 5 to 21 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease expenses.

Rental deposits that are impaired

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Rental deposits — nominal amounts	331	325	—
Less: Allowance for impairment	(331)	(325)	—
	—	—	—
Movement in allowance accounts:			
At 1 July	331	331	325
Charge for the year	—	53	—
Written back	—	(66)	—
Written off	—	—	(307)
Exchange differences	—	7	(18)
At 30 June	331	325	—

Rental deposits that are individually determined to be impaired at the end of the reporting period relate to deposits that are not refundable from debtors that are in significant financial difficulties. These deposits are not secured by any collateral or credit enhancements.

Rental deposits denominated in foreign currencies are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
United States Dollar	2,022	2,605	2,225

15. Trade and other receivables (cont'd)

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD9,314,000 (2010: SGD6,741,000; 2009: SGD2,990,000) paid by Parkson Vietnam to the individual owners of two Vietnamese companies as well as to one of the Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Vietnam Management, pursuant to management agreements entered into with these companies. These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

Deferred lease expenses

Deferred lease expenses relate to differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 3 to 19 years (2010: 4 to 20 years and 2009: 5 to 21 years).

The movement in deferred lease expenses is as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
At 1 July	10,343	9,761	8,975
Additions during the year	—	223	3,345
Recognised in profit or loss	(693)	(671)	(776)
Exchange differences	111	(338)	(881)
At 30 June	9,761	8,975	10,663

Amounts due from immediate holding company/related company

The outstanding balances are non-trade, unsecured, interest free and are repayable on demand. Related company refers to a company within the Parkson Holdings Berhad Group.

16. Intangible assets

	Customer relationships	Goodwill	Club memberships	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Cost				
At 1 July 2008	—	—	105	105
Exchange differences	—	—	(1)	(1)
At 30 June 2009 and 1 July 2009	—	—	104	104
Exchange differences	—	—	5	5
At 30 June 2010 and 1 July 2010	—	—	109	109
Arising from acquisition of a subsidiary	1,536	5,150	14	6,700
Exchange differences	—	—	(6)	(6)
At 30 June 2011	1,536	5,150	117	6,803
Accumulated amortisation and impairment				
At 1 July 2008	—	—	—	—
Additions	—	—	—*	—
At 30 June 2009 and 1 July 2009	—	—	—	—
Additions	—	—	—*	—
At 30 June 2010 and 1 July 2010	—	—	—	—
Additions	—	—	—*	—
At 30 June 2011	—	—	—	—
Net carrying amount				
At 30 June 2009	—	—	104	104
At 30 June 2010	—	—	109	109
At 30 June 2011	1,536	5,150	117	6,803

* The amortisation amount is less than SGD1,000.

Customer relationships

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

16. Intangible assets (cont'd)

Amortisation expense

Amortisation of club memberships is included in the "Depreciation and amortisation" line item of the combined income statements. As customer relationships were acquired in June 2011, no amortisation expense is recognised for the financial year ended 30 June 2011.

17. Derivatives

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Option to purchase additional shares in Kiara Innovasi[(1)], representing total financial assets at fair value through profit or loss	—	—	21

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

18. Investment securities

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Equity instruments:			
Unquoted shares, at cost	—	—	95

During the financial year ended 30 June 2011, the Group subscribed for 7% equity interest in Lion Insurance Co Ltd. The investment is classified as available-for-sale financial assets.

19. Inventories

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Combined balance sheets:			
Merchandise inventories	43,451	47,067	51,900
Consumables	109	116	59
	43,560	47,183	51,959

19. Inventories (cont'd)

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Combined income statements:			
Inventories recognised as an expense in changes in mechandise inventories and consumables	133,106	140,418	151,698
Write down of inventories	34	109	23

20. Cash and short-term deposits

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Cash on hand and at banks	47,160	41,403	37,285
Short-term deposits placed with:			
— A licensed finance company	40,720	83,843	32,815
— Licensed banks	—	1,637	26,023
Cash and short-term deposits	87,880	126,883	96,123
Bank overdrafts (Note 23)	—	—	(1,028)
Cash and cash equivalents	87,880	126,883	95,095

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods of between one day to three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 30 June 2011 was 3.56% (2010: 2.34% and 2009: 2.68%) per annum.

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
United States Dollar	26,677	10,949	13,169

21. Trade and other payables

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Current:			
Trade payables	77,670	99,900	117,021
Payables to suppliers of property, plant and equipment	17,317	442	198
Other payables	8,912	8,163	6,540
Rental deposits	1,217	1,378	1,000
Amount due to immediate holding company	14,036	14,691	—
Amount due to ultimate holding company	32	148	—
Amount due to a related company	—	—	8
	119,184	124,722	124,767
Non-current:			
Rental deposits	2,567	3,115	3,067
Deferred lease income	858	820	1,192
Provision for severance allowance	154	141	—
Defined benefit plan	—	—	249
	3,579	4,076	4,508
Total trade and other payables (current and non-current)	122,763	128,798	129,275
Add: Other liabilities (Note 22)	11,526	10,932	16,487
Loans and borrowings (Note 23)	203	69	1,042
Less: Deferred lease income	(858)	(820)	(1,192)
Defined benefit plan	—	—	(249)
Total financial liabilities carried at amortised cost	133,634	138,979	145,363

Trade payables

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

Other payables

Other payables are non-interest bearing and have average terms of 30–90 days.

21. Trade and other payables (cont'd)

Other payables (cont'd)

Other payables denominated in foreign currencies are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Singapore Dollar	—	—	31

Amounts due to immediate holding company/ultimate holding company/related company

The outstanding balances are non-trade, unsecured, interest free and are repayable on demand. Related company refers to a company within the Parkson Holdings Berhad Group.

Rental deposits

Non-current rental deposits have maturity ranging from 3 to 19 years (2010: 4 to 20 years and 2009: 5 to 21 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

Rental deposits denominated in foreign currencies are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
United States Dollar	—	—	2,190

Deferred lease income

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 3 to 19 years (2010: 4 to 20 years and 2009: 5 to 21 years). The movement in deferred lease income is as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
At 1 July	944	858	820
Additions during the year	—	—	946
Recognised in profit or loss	(74)	(75)	(567)
Exchange differences	(12)	37	(7)
At 30 June	858	820	1,192

21. Trade and other payables (cont'd)

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003 (the "Labour Law"). The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2011 are as follows:

Annual discount rate:	9%
Future annual salary increment:	8%
Retirement age:	55 years of age

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Current service cost	—	—	30
Interest cost on benefit obligations	—	—	14
Net actuarial loss recognised during the year	—	—	(3)
Past service cost	—	—	2
Curtailment effect	—	—	(1)
Net benefit expense	—	—	42

The estimated liabilities for employee benefits as at the financial years ended 30 June 2009, 2010 and 2011 are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Defined benefit obligations	—	—	3,046
Fair value of planned assets	—	—	(1,548)
	—	—	1,498
Unrecognised actuarial loss	—	—	(590)
Unrecognised past service cost	—	—	(659)
Liabilities as at 30 June	—	—	249

21. Trade and other payables (cont'd)

Defined benefit plan (cont'd)

Changes in the present value of the defined benefit obligations are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Benefit obligations at 1 July	—	—	—
Arising from acquisition of a subsidiary	—	—	207
Provision during the year	—	—	42
Benefit obligations as at 30 June	—	—	249

22. Other liabilities

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Accrued operating expenses	10,403	9,314	14,423
Accrued staff costs	200	256	273
Others	923	1,362	1,791
	11,526	10,932	16,487
Deferred revenue from gift vouchers	6,199	7,415	7,739
Deferred revenue from customer loyalty award	291	773	3,240
	18,016	19,120	27,466

Deferred revenue from customer loyalty award

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
At 1 July	90	291	773
Acquisition of a subsidiary	—	—	1,540
Additions during the year	330	895	1,654
Recognised in profit or loss	(128)	(427)	(687)
Exchange differences	(1)	14	(40)
At 30 June	291	773	3,240

23. Loans and borrowings

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Current:			
Finance lease liabilities (Note 28(d))	130	31	9
Bank overdrafts	—	—	1,028
	130	31	1,037
Non-current:			
Finance lease liabilities (Note 28(d))	73	38	5
	203	69	1,042

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 9.32% (2010: 9.31% and 2009: 10.13%) per annum. These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

24. Share capital

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Share capital of PCSB[1]			
At 1 July and 30 June	20,861	20,861	20,861
Share capital of the Company[2]			
At date of incorporation, 31 March 2011	—	—	—*
Issuance of shares during the year	—	—	159,279
At 30 June	—	—	159,279
Combined balance sheets			
Share capital of PCSB	20,861	20,861	20,861
Share capital of the Company	—	—	159,279
Adjustment pursuant to Restructuring Exercise[3]	—	—	(20,861)
Share capital at 30 June	20,861	20,861	159,279

* The paid-up share capital is SGD2.00

(1) The ordinary shares of PCSB have par value of RM1.00 each. All issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as and when declared by PCSB. All ordinary shares carry one vote per share without restrictions.

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

(3) In FY2011, pursuant to the completion of the Restructuring Exercise as disclosed in Note 1.2, the share capital of PCSB amounting to SGD20,861,000 is adjusted to merger reserve based on the "Pooling of Interest Method".

25. Other reserves

	Note	2009	2010	2011
		SGD'000	SGD'000	SGD'000
Foreign currency translation reserve	(a)	(6,853)	(8,801)	(19,378)
Capital redemption reserve	(b)	1	1	1
Capital contribution from ultimate holding company	(c)	5,754	9,649	9,903
Merger reserve	(d)	—	—	(123,753)
Bargain purchase of non-controlling interests	(e)	—	439	439
		(1,098)	1,288	(132,788)

(a) *Foreign currency translation reserve*

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
At 1 July	(5,755)	(6,853)	(8,801)
Foreign currency translation	(1,098)	(1,948)	(10,577)
At 30 June	(6,853)	(8,801)	(19,378)

(b) *Capital redemption reserve*

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

25. Other reserves (cont'd)

(c) ***Capital contribution from ultimate holding company***

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

The Parkson Holdings ESOS for the benefit of eligible executive employees and executive directors of the group of subsidiaries under Parkson Holdings became effective on 7 May 2008.

Pursuant to the Parkson Holdings ESOS, the following share options were granted by Parkson Holdings to eligible employees of the Group:

— On 12 May 2008, a total of 4,716,400 share options were granted to 462 eligible employees at a subscription price of RM6.35 (SGD2.61) per share; and

— On 7 April 2010, a total of 5,303,500 share options were granted to 528 eligible employees at a subscription price of RM5.31 (SGD2.28) per share.

The main features of the Parkson Holdings ESOS are as follows:

(i) Executive directors and confirmed executive employees of the Parkson Holdings Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the Parkson Holdings ESOS.

(ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 15% of the issued and paid-up share capital of Parkson Holdings at any one time during the duration of the Parkson Holdings ESOS subject to the following being complied with:

— not more than 50% of the shares available under the Parkson Holdings ESOS shall be allocated, in aggregate, to executive directors and senior management; and

— not more than 10% of the shares available under the Parkson Holdings ESOS shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements), holds 20% or more of the issued and paid-up share capital of Parkson Holdings.

(iii) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.

(iv) The subscription price of each ordinary share under the Parkson Holdings ESOS shall be the weighted average market price of the shares for the five market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.

25. Other reserves (cont'd)

(c) ***Capital contribution from ultimate holding company (cont'd)***

(v) The Parkson Holdings ESOS shall continue to be in force for a period of five years and Parkson Holdings may, if the board of directors of Parkson Holdings deems fit upon the recommendation of the Option Committee of Parkson Holdings, renew the Parkson Holdings ESOS for a further five years, without further approval of the relevant authorities.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company. The exercise period for the options will expire on 6 May 2013. There has been no cancellation or modification to the features of the Parkson Holdings ESOS during the financial years ended 30 June 2009, 2010 and 2011.

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial years:

	Number of options					
	Outstanding at 1 July	**Granted**	**Exercised**	**Lapsed**	**Outstanding at 30 June**	**Exercisable at 30 June**
2009						
Grant date						
12 May 2008.	4,599,500	—	—	(408,700)	4,190,800	3,971,800
WAEP (SGD)	2.61	—	—	2.61	2.61	2.61
2010						
Grant date						
12 May 2008.	4,190,800	—	—	(248,700)	3,942,100	3,900,100
7 April 2010	—	5,303,500	—	(300,100)	5,003,400	4,325,300
	4,190,800	5,303,500	—	(548,800)	8,945,500	8,225,400
WAEP (SGD)	2.61	2.28	—	2.48	2.48	2.49
2011						
Grant date						
12 May 2008.	3,942,100	—	—	(197,000)	3,745,100	3,724,100
7 April 2010	5,003,400	—	(63,000)	(215,800)	4,724,600	4,451,900
	8,945,500	—	(63,000)	(412,800)	8,469,700	8,176,000
WAEP (SGD)	2.48	—	2.16	2.37	2.35	2.36

No share options were exercised during the financial years ended 30 June 2009 and 2010.

25. Other reserves (cont'd)

(c) ***Capital contribution from ultimate holding company (cont'd)***

Fair value of share options granted

The fair value of the options granted under the Parkson Holdings ESOS was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the option pricing models for the options granted:

	Grant date	
	7.4.2010	**12.5.2008**
Fair value of share options (SGD)	0.85	1.27
Dividend yield (%)	2.00	1.00
Expected volatility (%)	45.0	50.00
Risk-free interest rate (%)	2.00	3.00
Expected life of options (years)	2.84	5.00
Weighted average share price (SGD)	2.57	2.84

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The movement in the capital contribution from ultimate holding company is as follows:

	2009	**2010**	**2011**
	SGD'000	**SGD'000**	**SGD'000**
At 1 July	5,430	5,754	9,649
Recognised in employee benefits expense	324	3,895	254
At 30 June	5,754	9,649	9,903

(d) ***Merger reserve***

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

(e) ***Bargain purchase of non-controlling interests***

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

26. Dividends

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Dividends declared by Parkson Hanoi and paid to non-controlling interests*	—	(231)	(197)
Dividends declared by PCSB and paid to then existing shareholder at SGD1.13 per PCSB share (2010: SGDNil; 2009: SGDNil)	—	—	(56,323)

* The charter capital of companies incorporated in Vietnam is not divided into a defined number of shares. Accordingly, dividend per share is not disclosed.

27. Related party disclosures

(a) *Sale and purchase of goods and services*

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Sale of gift vouchers to director related companies:			
— Amsteel Mills Marketing Sdn Bhd	45	64	69
— Amsteel Mills Sdn Bhd	129	42	96
— Megasteel Sdn Bhd	28	18	9
— Posim Marketing Sdn Bhd	10	8	—
— Posim Petroleum Marketing Sdn Bhd	9	18	6
— Silverstone Marketing Sdn Bhd	6	50	—
— Sims Holdings Sdn Bhd	1	—	1
	228	200	181
Purchase of goods and services from director related companies:			
— Secom (Malaysia) Sdn Bhd	241	261	257
— Posim Marketing Sdn Bhd	623	275	197
— Posim EMS Sdn Bhd	96	81	224
— Lion Trading & Marketing Sdn Bhd	423	196	89
— Barnes Sdn Bhd	—	—	488
	1,383	813	1,255

27. Related party disclosures (cont'd)

(a) ***Sale and purchase of goods and services (cont'd)***

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Commissions from concessionaire sales from a shareholder:			
— PT Mitra Samaya	—	—	1
Rental of office space from a director related company:			
— Visionwell Sdn Bhd	—	25	54
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:			
— PT Tozy Bintang Sentosa	—	—	32
Royalty income from an associate of PHB Group:			
— Shanghai Lion Parkson Investment Consultant Co., Ltd	177	177	234
Gain on disposal of a subsidiary to ECIL	—	—	1,272

(b) ***Compensation of key management personnel***

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Short-term employee benefits	1,161	1,260	1,611
Contribution to defined contribution plans	105	108	132
Employee share-based payments	—	244	—
	1,266	1,612	1,743
Comprise amounts paid to:			
Directors of the Company	905	1,075	1,160
Other key management personnel	361	537	583
	1,266	1,612	1,743

Key management personnel's interests in employee share option plan

	2009	2010	2011
	'000	'000	'000
At 1 July	280	280	578
Granted	—	298	—
	280	578	578

27. Related party disclosures (cont'd)

(b) *Compensation of key management personnel (cont'd)*

During the financial year ended 30 June 2010, 298,000 share options were granted to key management personnel under the Parkson Holdings ESOS (Note 25(c)) at exercise price of SGD2.28 each. The share options were granted on the same terms and conditions as those offered to other employees of the Company. No share options were granted to key management personnel in FY2009 and FY2011. No share options were exercised by key management personnel during the financial years ended 30 June 2009, 2010 and 2011.

28. Commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Capital commitments in respect of property, plant and equipment	565	968	5,354

(b) *Operating lease commitments — as lessee*

In addition to the land use right disclosed in Note 13, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 19 years (2010: 1 and 20 years and 2009: 1 and 21 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of land use right recognised as expense in profit or loss for the financial years ended 30 June 2009, 2010 and 2011 are disclosed in Note 8.

28. Commitments (cont'd)

(b) *Operating lease commitments — as lessee (cont'd)*

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Future minimum rentals payable:			
Not later than one year	61,619	63,960	67,370
Later than one year and not later than five years	250,451	258,764	256,012
Later than five years	492,372	457,162	391,136
	804,442	779,886	714,518

(c) *Operating lease commitments — as lessor*

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 4 years (2010: 1 and 5 years and 2009: 1 and 6 years).

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Future minimum rentals receivable:			
Not later than one year	23,987	22,906	22,858
Later than one year and not later than five years	5,497	25,025	24,215
Later than five years	1,033	—	—
	30,517	47,931	47,073

(d) *Finance lease commitments*

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

28. Commitments (cont'd)

(d) *Finance lease commitments (cont'd)*

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Minimum lease payments:			
Not later than one year	141	35	10
Later than one year and not later than five years	76	43	5
Total minimum lease payments	217	78	15
Less: Amounts representing finance charges	(14)	(9)	(1)
Present value of minimum lease payments	203	69	14
Present value of minimum lease payments:			
Not later than one year	130	31	9
Later than one year and not later than five years	73	38	5
	203	69	14

29. Segment information

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

(a) Malaysia

(b) Vietnam

(c) Republic of Indonesia ("Indonesia")

(d) Kingdom of Cambodia ("Cambodia")

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

29. Segment information (cont'd)

	Malaysia	Vietnam	Adjustments	Note	Total
	SGD'000	SGD'000	SGD'000		SGD'000
2009					
Revenue:					
Sales to external customers	263,832	37,397	—		301,229
Segment Results:					
Depreciation and amortisation expenses	(11,016)	(2,435)	—		(13,451)
Rental expenses	(53,002)	(13,263)	—		(66,265)
Finance income	1,298	472	—		1,770
Finance costs	(123)	(22)	—		(145)
Taxation	(4,381)	(891)	—		(5,272)
Segment profit	8,738	3,723	(324)	A	12,137
Assets:					
Additions to non-current assets	14,457	39,508	—	B	53,965
Segment assets	160,543	98,982	—		259,525
Segment liabilities	115,545	26,385	—		141,930
2010					
Revenue:					
Sales to external customers	293,539	39,420	—		332,959
Segment Results:					
Depreciation and amortisation expenses	(12,513)	(2,982)	—		(15,495)
Rental expenses	(55,353)	(11,729)	—		(67,082)
Finance income	1,917	1,432	—		3,349
Finance costs	(83)	(6)	—		(89)
Taxation	(8,675)	(1,386)	—		(10,061)
Segment profit	18,812	7,526	(3,895)	A	22,443
Assets:					
Additions to non-current assets	8,295	1,190	—	B	9,485
Segment assets	210,073	83,899	—		293,972
Segment liabilities	140,610	10,068	—		150,678

29. Segment information (cont'd)

	Malaysia	Vietnam	Indonesia	Cambodia	Adjustments	Note	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		SGD'000
2011							
Revenue:							
Sales to external customers	320,912	42,376	4,026	—	—		367,314
Segment Results:							
Depreciation and amortisation expenses	(12,535)	(2,472)	(179)	—	—		(15,186)
Rental expenses	(58,141)	(10,784)	(714)	—	—		(69,639)
Finance income	2,928	1,928	7	—	—		4,863
Finance costs	(65)	(444)	(17)	—	—		(526)
Taxation	(13,563)	(2,073)	(150)	—	—		(15,786)
Segment profit	27,175	7,305	476	(72)	937	A	35,821
Assets:							
Additions to non-current assets	6,616	1,582	1,196	—	—	B	9,394
Segment assets	164,197	70,690	34,445	5,054	11,888	C	286,274
Segment liabilities	134,923	9,542	14,486	5	418	D	159,374

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

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Employee share-based payments	(324)	(3,895)	(254)
Fair value gain on derivatives	—	—	21
Gain on disposal of a subsidiary	—	—	1,272
Corporate expenses	—	—	(102)
	(324)	(3,895)	937

B Additions to non-current assets consist of additions to property, plant and equipment and land use right.

29. Segment information (cont'd)

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

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

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

	Non-current assets		
	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Malaysia	49,864	47,208	39,027
Vietnam	44,905	37,156	29,797
Indonesia	—	—	16,550
	94,769	84,364	85,374

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

30. Fair value of financial instruments

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

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

Fair value hierarchy

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

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 — Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

30. Fair value of financial instruments (cont'd)

(a) *Fair value of financial instruments that are carried at fair value (cont'd)*

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
	Significant unobservable inputs (Level 3)		
Derivatives (Note 17)	—	—	21

The fair value gain on derivatives amounting to SGD21,000 has been taken to other income in FY2011.

Determination of fair value

Derivatives (Note 17): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

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

Current trade and other receivables (Note 15), cash and cash equivalents (Note 20), current trade and other payables (Note 21) and other liabilities (Note 22)

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

Non-current rental deposits receivables (Note 15) and non-current rental deposits payables (Note 21)

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

30. Fair value of financial instruments (cont'd)

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

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Financial assets:			
Equity instruments, at cost (Note 18):			
Carrying amount	—	—	95
Fair value	—	—	*
Financial liabilities:			
Finance lease obligations (Note 28(d)):			
Carrying amount	203	69	14
Fair value	223	71	14

Finance lease obligations — Determination of fair value

The fair value of finance lease obligations are estimated by discounting expected future cash flows at market incremental lending rates for similar types of leasing arrangements.

* Investment in equity instruments carried at cost

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

31. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Chief Financial Officer. It is, and has been throughout the years under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group does not apply hedge accounting.

31. Financial risk management objectives and policies (cont'd)

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

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

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from floating rates of short-term deposits.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been SGD665,000 (2010: SGD854,000 and 2009: SGD407,000) lower/higher, arising mainly as a result of lower/higher interest income on short-term deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) *Liquidity risk*

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

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	One to five years	Over five years	Total
	SGD'000	SGD'000	SGD'000	SGD'000
30 June 2009				
Financial assets				
Trade and other receivables	15,751	—	17,281	33,032
Cash and short-term deposits	87,880	—	—	87,880
Total undiscounted financial assets	103,631	—	17,281	120,912

31. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	One year or less	One to five years	Over five years	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Financial liabilities				
Trade and other payables	119,184	155	3,487	122,826
Other liabilities	11,526	—	—	11,526
Loans and borrowings	141	76	—	217
Total undiscounted financial liabilities	130,851	231	3,487	134,569
Total net undiscounted financial (liabilities)/assets	(27,220)	(231)	13,794	(13,657)

	One year or less	One to five years	Over five years	Total
	SGD'000	SGD'000	SGD'000	SGD'000
30 June 2010				
Financial assets				
Trade and other receivables	18,160	1,448	16,260	35,868
Cash and short-term deposits	126,883	—	—	126,883
Total undiscounted financial assets	145,043	1,448	16,260	162,751
Financial liabilities				
Trade and other payables	124,722	154	4,005	128,881
Other liabilities	10,932	—	—	10,932
Loans and borrowings	35	43	—	78
Total undiscounted financial liabilities	135,689	197	4,005	139,891
Total net undiscounted financial assets	9,354	1,251	12,255	22,860

31. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	One year or less	One to five years	Over five years	Total
	SGD'000	SGD'000	SGD'000	SGD'000
30 June 2011				
Financial assets				
Trade and other receivables	23,765	6,640	21,682	52,087
Derivatives	—	21	—	21
Cash and short-term deposits	96,123	—	—	96,123
Total undiscounted financial assets	119,888	6,661	21,682	148,231
Financial liabilities				
Trade and other payables	124,767	194	4,207	129,168
Other liabilities	16,487	—	—	16,487
Loans and borrowings	1,038	5	—	1,043
Total undiscounted financial liabilities	142,292	199	4,207	146,698
Total net undiscounted financial (liabilities)/assets	(22,404)	6,462	17,475	1,533

(c) *Credit risk*

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

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

Exposure to credit risk

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

31. Financial risk management objectives and policies (cont'd)

(c) ***Credit risk (cont'd)***

Credit risk concentration profile

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

(d) ***Foreign currency risk***

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

The Group's Vietnam entities holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting periods, such foreign currency balances are mainly in United States Dollar ("USD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate against VND, with all other variables held constant.

		2009	2010	2011
		SGD'000	SGD'000	SGD'000
			Profit before tax	
USD/VND	— strengthened 3%	723	333	339
	— weakened 3%	(723)	(333)	(339)

32. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2009, 2010 and 2011.

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

	2009	2010	2011
	SGD'000	SGD'000	SGD'000
Trade and other payables (Note 21)	122,763	128,798	129,275
Other liabilities (Note 22)	18,016	19,120	27,466
Loans and borrowings (Note 23)	203	69	1,042
Less: Cash and short-term deposits (Note 20)	(87,880)	(126,883)	(96,123)
Net debt	53,102	21,104	61,660
Equity attributable to the owners of the Company	116,524	140,285	123,317
Total capital	116,524	140,285	123,317
Capital and net debt	169,626	161,389	184,977
Gearing ratio	31%	13%	33%

33. Subsequent events

(i) On 7 July 2011, Parkson Haiphong received the Amended Investment Certificate from the Hai Phong People's Committee which approved the increase in the charter capital of Parkson Haiphong from USD12,904,976 to USD30,000,920. The additional capital of USD17,095,944 was contributed by PCSB.

(ii) Pursuant to resolutions dated 27 September 2011, the directors of the Company authorised the allotment and issuance of 438,020,879 new ordinary shares in the capital of the Company, credited as fully paid (the "Bonus Shares"), at nil consideration by way of a bonus issue (the "Bonus Issue") to persons who are existing shareholders of the Company, such Bonus Shares, when allotted and issued, to rank equally in all respects with the existing Shares, such that each ordinary share represents SGD0.27.

33. Subsequent events (cont'd)

(iii) Pursuant to resolutions passed on 12 October 2011, the shareholders of the Company approved, *inter alia*, the following:

(a) the authorisation of the directors to issue Shares and offer the same to such persons, on such terms and conditions and with such rights or restrictions as they may think fit to impose, in connection with the initial public offering of Shares, the Over-allotment Option and the admission of the Company to the official list of the SGX-ST and the Directors are authorised to take all necessary steps to give effect to resolution (b);

(b) the offer for sale of the Vendor Shares (subject to the exercise of the Over-allotment Option) held by the Vendors, such Vendor Shares to rank equally in all respects with the existing issued and fully paid-up Shares;

(c) the adoption of the ESOS;

(d) the authorisation of the Directors to:

(i) issue Shares whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(ii) issue Shares pursuant to any Instruments made or granted by the Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

(1) the aggregate number of Shares issued pursuant to such authority (including the Shares to be issued pursuant to Instruments made or granted pursuant to such authority) does not exceed 50% of the Post-Offering Issued Share Capital (as defined below), and provided further that where shareholders are not given the opportunity to participate in the same on a pro-rata basis ("non pro-rata basis"), then the Shares to be issued under such circumstances (including the Shares to be issued pursuant to Instruments made or granted pursuant to such authority) may not exceed 20.0% of the Post-Offering Issued Share Capital; and

33. Subsequent events (cont'd)

(2) (unless revoked or varied by the Company in general meeting) the authority so conferred will continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is earlier.

For the purposes of this resolution, "Post-Offering Issued Share Capital" means the total number of issued Shares of the Company immediately after the Offering, after adjusting for: (i) new Shares arising from the conversion or exercise of any convertible securities; and (ii) any subsequent bonus issue, consolidation or sub-division of Shares; and

(e) that:

(i) subject to and conditional upon the passing of the resolution referred to in paragraph (d) above, approval be given to the directors at any time to issue Shares (other than on a pro-rata basis to shareholders) at an issue price for each Share which will be determined by the directors in their absolute discretion provided that such price may not represent a discount of more than 10% of the weighted average price of a Share for trades done on the SGX-ST (as determined in accordance with the requirements of the SGX-ST); and

(ii) (unless revoked or varied by the Company in general meeting) the authority so conferred will continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is earlier.

34. Authorisation of combined financial statements

The combined financial statements for the years ended 30 June 2009, 2010 and 2011 were authorised for issue in accordance with a resolution of the directors on 27 October 2011.

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APPENDIX B — UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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REPORT ON EXAMINATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

27 October 2011

The Board of Directors
Parkson Retail Asia Limited
10 Arumugam Road
10–00 Lion Building A
Singapore 409957

Dear Sirs

We report on the unaudited pro forma combined financial information of Parkson Retail Asia Limited (the "Company") and its subsidiaries (the "Group") set out in pages B-3 to B-12, which has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments to show what the results and cash flows of the Group would have been as at 30 June 2011, if the acquisition of PT Tozy Sentosa ("TS') as disclosed in Note 2 had taken place on 1 July 2010.

The unaudited pro forma combined financial information, because of its nature, may not give a true picture of the actual results or cash flows of the Group.

The unaudited pro forma combined financial information is the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited pro forma combined financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited pro forma combined financial information to the financial statements of the Company and its subsidiaries, considering the evidence supporting the adjustments and discussing the unaudited pro forma combined financial information with the directors of the Company.

In our opinion,

(a) the unaudited pro forma combined financial information has been properly prepared:

  (i) on the basis stated in Note 3 to the unaudited pro forma combined financial information; and

  (ii) in a manner consistent with the format of the audited combined financial statements and the accounting policies of the Group which are in accordance with Singapore Financial Reporting Standards.

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such pro forma financial information.

This report has been prepared solely for inclusion in the Prospectus in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP

Public Accountants and
Certified Public Accountants
Singapore

Partner in charge: Max Loh Khum Whai

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	2011
	SGD'000
Revenue	407,961
Other items of income	
Finance income	5,052
Other income	5,864
Items of expense	
Changes in merchandise inventories and consumables	(165,778)
Employee benefits expense	(41,158)
Depreciation and amortisation expense	(17,522)
Promotional and advertising expenses	(9,952)
Rental expenses	(76,870)
Finance costs	(688)
Other expenses	(51,969)
Profit before tax	54,940
Taxation	(16,614)
Profit for the year	38,326
Profit for the year attributable to:	
Owners of the Company	37,518
Non-controlling interests	808
	38,326

The accompanying accounting policies and explanatory information form an integral part of the unaudited pro forma combined financial information.

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	2011
	SGD'000
Profit for the year	38,326
Other comprehensive income	
Foreign currency translation	(11,815)
Total comprehensive income for the year	26,511
Total comprehensive income for the year attributable to:	
Owners of the Company	26,229
Non-controlling interests	282
	26,511

The accompanying accounting policies and explanatory information form an integral part of the unaudited pro forma combined financial information.

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	2011
	SGD'000
Operating activities	
Profit before tax	54,940
Adjustments for:	
Depreciation of property, plant and equipment	17,092
Amortisation of land use right	142
Amortisation of intangible assets	288
Write-back of allowance for doubtful trade and other receivables	(10)
Fair value gain on derivatives	(21)
Gain on disposal of a subsidiary	(1,272)
Write down of inventories	23
Unrealised exchange loss	3,882
Property, plant and equipment written off	127
Gain on disposal of property, plant and equipment	(23)
Employee share-based payments	254
Finance costs	688
Finance income	(5,052)
Operating cash flows before changes in working capital	71,058
Changes in working capital:	
Increase in:	
Inventories	(4,212)
Trade and other receivables	(10,944)
Prepayments	(4,189)
Increase in:	
Trade and other payables	10,386
Other liabilities	9,518
Cash flows from operations	71,617
Interest received	4,214
Interest paid	(186)
Tax paid	(17,630)
Net cash generated from operating activities	58,015

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	2011
	SGD'000
Investing activities	
Proceeds from disposal of property, plant and equipment	28
Disposal of a subsidiary, net of cash	(115)
Acquisition of a subsidiary, net of cash	4,825
Addition of investment securities	(95)
Purchase of property, plant and equipment	(11,035)
Net cash used in investing activities	(6,392)
Financing activities	
Repayments to immediate and ultimate holding companies	(14,839)
Dividends declared and paid to then existing shareholder	(56,323)
Repayment of term loan	(2,001)
Repayment of finance lease obligations	(47)
Dividends paid to non-controlling interests	(197)
Contributions by non-controlling interests	489
Net cash used in financing activities	(72,918)
Net decrease in cash and cash equivalents	(21,295)
Effect of exchange rate changes on cash and cash equivalents	(10,493)
Cash and cash equivalents at beginning of year	126,883
Cash and cash equivalents at end of year	95,095

The accompanying accounting policies and explanatory information form an integral part of the unaudited pro forma combined financial information.

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	Audited Combined Income Statement	Pro Forma Adjustments[1]	Unaudited Pro Forma Combined Income Statement
	2011		2011
	SGD'000	SGD'000	SGD'000
Revenue	367,314	40,647	407,961
Other items of income			
Finance income	4,863	189	5,052
Other income	5,833	31	5,864
Items of expense			
Changes in merchandise inventories and consumables	(151,698)	(14,080)	(165,778)
Employee benefits expense	(34,769)	(6,389)	(41,158)
Depreciation and amortisation expense	(15,186)	(2,336)	(17,522)
Promotional and advertising expenses	(7,150)	(2,802)	(9,952)
Rental expenses	(69,639)	(7,231)	(76,870)
Finance costs	(526)	(162)	(688)
Other expenses	(47,435)	(4,534)	(51,969)
Profit before tax	51,607	3,333	54,940
Taxation	(15,786)	(828)	(16,614)
Profit for the year	35,821	2,505	38,326
Profit for the year attributable to:			
Owners of the Company	35,013	2,505	37,518
Non-controlling interests	808		808
	35,821	2,505	38,326

Note to the Pro Forma Adjustments:

(1) The pro forma adjustments relate to the results of PT Tozy Sentosa ("TS') for the period from 1 July 2010 to 8 June 2011, as adjusted for the profit or loss impact arising from the purchase price allocation to goodwill, intangible assets and other assets. No impairment assessment on the goodwill on acquisition of TS has been performed.

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	Audited Combined Statement of Comprehensive Income	Pro Forma Adjustments[1]	Unaudited Pro Forma Combined Statement of Comprehensive Income
	2011		2011
	SGD'000	SGD'000	SGD'000
Profit for the year	35,821	2,505	38,326
Other comprehensive income			
Foreign currency translation	(11,103)	(712)	(11,815)
Total comprehensive income for the year	24,718	1,793	26,511
Total comprehensive income for the year attributable to:			
Owners of the Company	24,436	1,793	26,229
Non-controlling interests	282		282
	24,718	1,793	26,511

Note to the Pro Forma Adjustments:

(1) The pro forma adjustments relate to the results of TS for the period from 1 July 2010 to 8 June 2011, as adjusted for the profit or loss impact arising from the purchase price allocation to goodwill, intangible assets and other assets. No impairment assessment on the goodwill on acquisition of TS has been performed.

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	Audited Combined Statement of Cash Flows	Pro Forma Adjustments[1]	Unaudited Pro Forma Combined Statement of Cash Flows
	2011		2011
	SGD'000	SGD'000	SGD'000
Operating activities			
Profit before tax	51,607	3,333	54,940
Adjustments for:			
Depreciation of property, plant and equipment	15,044	2,048	17,092
Amortisation of land use right	142		142
Amortisation of intangible assets	—	288	288
Write-back of allowance for doubtful trade and other receivables	(10)		(10)
Fair value gain on derivatives	(21)		(21)
Gain on disposal of a subsidiary	(1,272)		(1,272)
Write down of inventories	23		23
Unrealised exchange loss	3,882		3,882
Property, plant and equipment written off	127		127
Gain on disposal of property, plant and equipment	(23)		(23)
Employee share-based payments	254		254
Finance costs	526	162	688
Finance income	(4,863)	(189)	(5,052)
Operating cash flows before changes in working capital	65,416	5,642	71,058
Changes in working capital:			
Increase in:			
Inventories	(5,342)	1,130	(4,212)
Trade and other receivables	(7,646)	(3,298)	(10,944)
Prepayments	(3,498)	(691)	(4,189)
Increase in:			
Trade and other payables	10,087	299	10,386
Other liabilities	8,654	864	9,518
Cash flows from operations	67,671	3,946	71,617
Interest received	4,025	189	4,214
Interest paid	(24)	(162)	(186)
Tax paid	(16,207)	(1,423)	(17,630)
Net cash generated from operating activities	55,465	2,550	58,015

PARKSON RETAIL ASIA LIMITED AND ITS SUBSIDIARIES

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(Amounts expressed in Singapore Dollars)

	Audited Combined Statement of Cash Flows	Pro Forma Adjustments[1]	Unaudited Pro Forma Combined Statement of Cash Flows
	2011		2011
	SGD'000	SGD'000	SGD'000
Investing activities			
Proceeds from disposal of property, plant and equipment	28		28
Disposal of a subsidiary, net of cash	(115)		(115)
Acquisition of a subsidiary, net of cash	3,614	1,211	4,825
Addition of investment securities	(95)		(95)
Purchase of property, plant and equipment	(9,638)	(1,397)	(11,035)
Net cash used in investing activities	(6,206)	(186)	(6,392)
Financing activities			
Repayments to immediate and ultimate holding companies	(14,839)		(14,839)
Dividends declared and paid to then existing shareholder	(56,323)		(56,323)
Repayment of term loan	—	(2,001)	(2,001)
Repayment of finance lease obligations	(47)		(47)
Dividends paid to non-controlling interests	(197)		(197)
Contributions by non-controlling interests	489		489
Net cash used in financing activities	(70,917)	(2,001)	(72,918)
Net decrease in cash and cash equivalents	(21,658)	363	(21,295)
Effect of exchange rate changes on cash and cash equivalents	(10,130)	(363)	(10,493)
Cash and cash equivalents at beginning of year	126,883		126,883
Cash and cash equivalents at end of year	95,095		95,095

Note to the Pro Forma Adjustments:

(1) The pro forma adjustments illustrate the effect on the combined statement of cash flows of the Group for the financial year ended 30 June 2011 assuming that the acquisition of TS took place on 1 July 2010.

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. Corporate information

The Company was incorporated on 31 March 2011 under the Companies Act as a private company limited by shares under the name of Parkson Retail Asia Pte. Ltd.

The Company was incorporated for the purpose of acquiring the existing Parkson Corporation Sdn Bhd ("PCSB") and its subsidiaries pursuant to the Restructuring Exercise as disclosed in Note 1.2 of the Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years Ended 30 June 2009, 2010 and 2011. On 10 October 2011, the Company was converted to a public limited company and changed its name in connection therewith to Parkson Retail Asia Limited.

The registered office of the Company is at 10 Arumugam Road, #10-00 Lion Building A, Singapore, 409957. The principal places of business of the Group are located at:

— Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan;

— 35 Bis — 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;

— TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;

— Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;

— Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam; and

— Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten.

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11 of the Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years Ended 30 June 2009, 2010 and 2011.

2. Significant event

On 9 June 2011, the Company and its wholly-owned subsidiary, Centro Retail Pte. Ltd. completed the acquisition of 100% of the shares of PT. Tozy Sentosa ("TS"), which operates department stores under the "Centro" brand and a supermarket under the "Kem Chicks" brand in Indonesia.

The acquisition of TS was effected by:

(i) an acquisition of all the existing issued 5,000 shares in TS by Centro Retail Pte. Ltd. for a consideration of USD3,555,347; and

(ii) a subscription of 13,000 new shares in TS by the Company (the authorised share capital of TS at that time was 18,000 shares) for USD9,243,902.

This resulted in Centro Retail Pte. Ltd. having a 27.8% equity interest, and the Company having a 72.2% equity interest, in TS.

2. Significant event (cont'd)

On 14 June 2011, PT Mitra Samaya ("MS"), the indirect majority shareholder of TS (before TS was wholly acquired by the Company), subscribed for 15,768,633 shares in the Company, as a result of which MS became a shareholder of the Company holding approximately 9.9% of the shares for an aggregate cash consideration of approximately SGD15.8 million.

In relation to the Restructuring Exercise, ECIL granted MS put options giving MS the right to sell the shares it owns in the Company to ECIL. In addition, ECIL has the right in the event of a default by MS to require MS to sell all of the shares in the Company owned by MS to ECIL.

3. Basis of preparation of the unaudited pro forma combined financial information

The unaudited pro forma combined financial information set out in this report has been prepared for illustration purposes only. It has been prepared to illustrate what:

(a) the financial results of the Group for the financial year ended 30 June 2011 would have been if the significant event discussed in Note 2 above had taken place since 1 July 2010; and

(b) the cash flows of the Group for the financial year ended 30 June 2011 would have been if the significant event discussed in Note 2 above had taken place since 1 July 2010.

No unaudited pro forma combined balance sheet and the corresponding statement of adjustments have been prepared as at 30 June 2011 as no adjustment needs to be made to the combined balance sheet to arrive at the unaudited pro forma combined balance sheet.

The unaudited pro forma combined financial information has been prepared based on:

(i) the audited combined financial statements of Parkson Retail Asia Limited and its subsidiaries for the financial year ended 30 June 2011, which were prepared in accordance with Singapore Financial Reporting Standards ("SFRS") and audited by Ernst & Young LLP, Public Accountants and Certified Public Accounts, Singapore; and

(ii) the unaudited management accounts of TS for the financial year ended 30 June 2011 prepared in accordance with SFRS.

The auditors' report on the audited combined financial statements of Parkson Retail Asia Limited and its subsidiaries for the financial year ended 30 June 2011 was unqualified.

The objective of the unaudited pro forma combined financial information is to show what the historical information might have been had the transaction above taken place since 1 July 2010. However, the unaudited pro forma combined financial information of the Group, by its nature, may not give a true picture of the Group's actual results and cash flows and is not necessarily indicative of the results of the operations or cash flows that would have been attained had the above mentioned existed earlier.

4. Significant accounting policies

The unaudited pro forma combined financial information is prepared using the same accounting policies as the audited combined financial statements of the Group for the financial year ended 30 June 2011 as disclosed in Note 2 of the Audited Combined Financial Statements of Parkson Retail Asia Limited and its Subsidiaries for the Financial Years Ended 30 June 2009, 2010 and 2011.

OCTOBER 2011

Prepared for Board of Directors of Parkson Retail Asia Limited

FOR AND ON BEHALF OF
EUROMONITOR INTERNATIONAL LIMITED

Name: David Gudgin

Designation: Director

All the information and data presented in this "Appendix C — Industry Overview", including the analysis of the respective markets in which we operate, have been provided by Euromonitor.

Euromonitor has advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, Euromonitor has advised that:

- *Certain information in Euromonitor's database is derived from estimates or subjective judgments formed based on in-house analysis;*

- *The information in the databases of other data collection agencies may differ from the information in Euromonitor's database due to differences in definitions, research methodology adopted, and/or underlying assumptions; and*

- *While Euromonitor has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.*

Euromonitor's methodologies for collection of information and data, and therefore the information discussed in this section, may differ from those of other sources.

While we believe that the information and data in this "Appendix C — Industry Overview" are reliable, we cannot ensure the accuracy of the information or data, and none of our Company, the Vendors, the Sole Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or any of our and their respective affiliates or advisors have independently verified this information or data. You should not assume that the information and data contained in this section speak as at any date other than the date of this offering document, except as otherwise indicated. You should also be aware that since the date of this offering document there may have been changes in the retail industry or the various sectors therein that could affect the accuracy or completeness of the information in this "Appendix C — Industry Overview"

Unless otherwise mentioned, all data presented in this "Appendix C — Industry Overview" is in nominal terms, based on the following y-o-y exchange rates:

Country	Unit	2005	2006	2007	2008	2009	2010
Malaysia.	MYR/USD	3.78	3.67	3.44	3.34	3.52	3.40
Vietnam	VND/USD	15,858.9	15,994.3	16,105.1	16,302.3	17,065.1	19,035.4
Indonesia	IDR/USD	9,704.7	9,159.3	9,141.0	9,699.0	10,389.9	9,310.6

Country	Unit	2011F	2012F	2013F	2014F	2015F
Malaysia.	MYR/USD	3.40	3.40	3.40	3.40	3.40
Vietnam	VND/USD	19,981.5	20,577.1	20,988.6	21,408.4	21,728.6
Indonesia	IDR/USD	9,258.2	9,181.9	9,176.5	9,220.7	9,265.5

Selected Euromonitor definitions

Retail value sales measures the value of sales generated from retailing activities. Retailing is the sale of new and used goods to the general public for personal or household consumption from retail outlets, kiosks and stalls or via non-store channels such as vending, home shopping, internet retailing and direct selling.

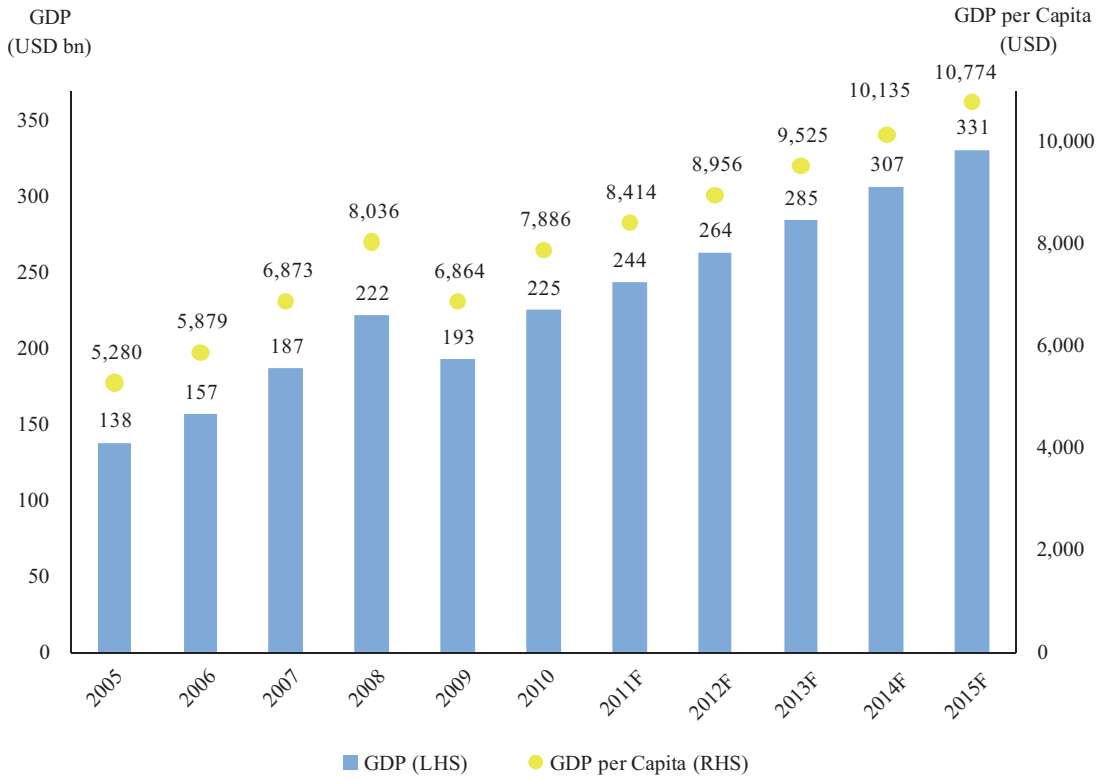
Value share refers to the market share of brands or companies operating in the retailing industry in retail value sales terms.

1. Malaysia

1.1 Macroeconomic factors

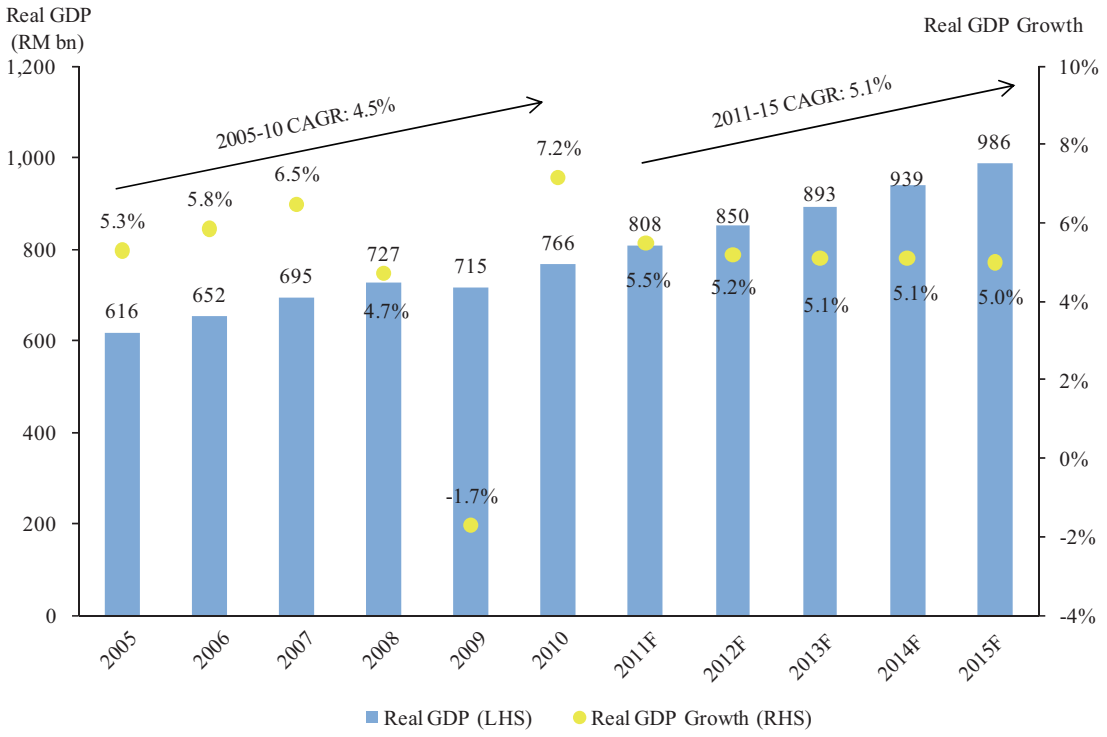
GDP and GDP per capita

GDP and GDP per capita: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Real GDP and Real GDP Growth: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Historic and forecast data provided in the above chart is in constant 2010 prices

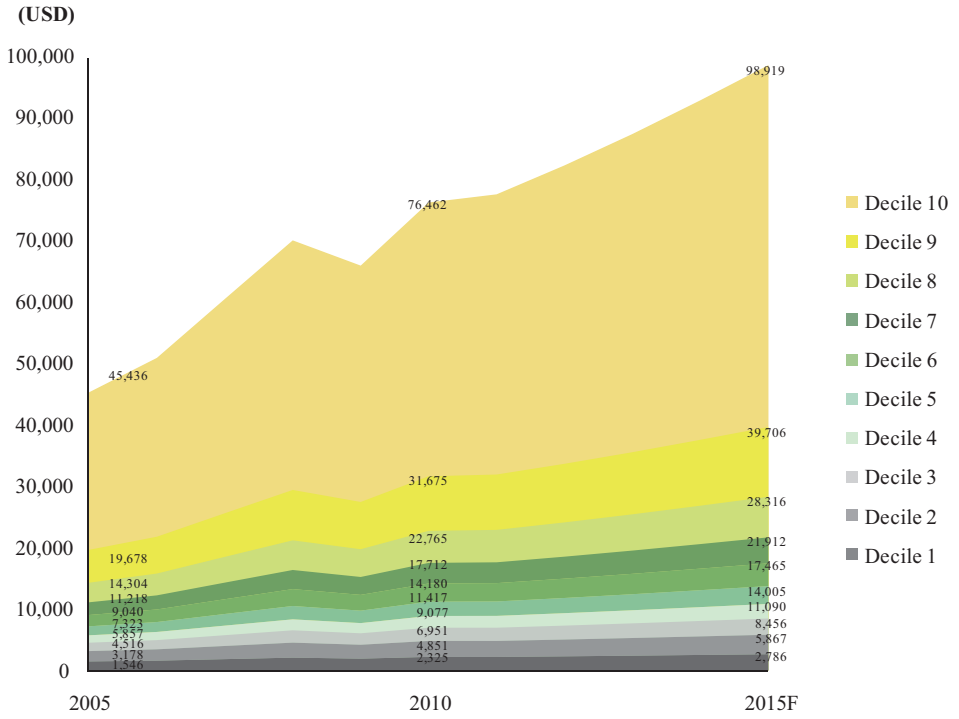
The Malaysian economy grew at a healthy CAGR of 17.2% from 2005 to 2008 prior to the global financial crisis to reach USD222.1 billion in 2008. GDP per capita also increased from USD5,280 in 2005 to USD8,036 in 2008, representing a CAGR of 15.0% from 2005 to 2008. Due to the global financial crisis, the economy experienced a sharp downturn in 2009, leading to a drop in GDP to USD192.9 billion, a 13.2% annual decline. At the same time, GDP per capita suffered a 14.6% annual contraction, falling to USD6,864.

The economy recovered in 2010, with 16.7% growth in GDP to USD225.2 billion and 14.9% growth in GDP per capita to USD7,886.

During the period between 2011 and 2015, GDP and GDP per capita are expected to grow at a CAGR of 7.9% and 6.4%, respectively, to reach USD331.1 billion and USD10,774, respectively in 2015.

Real GDP growth in Malaysia recovered to 7.2% in 2010 from the -1.7% witnessed in 2009. Overall, real GDP growth was a healthy 4.5% CAGR for the period 2005 to 2010.

Average household annual disposable income by decile: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Deciles are calculated by ranking all of the households in a country by disposable income level, from the lowest-earning to the highest-earning. The ranking is then split into 10 equal-sized groups of households. Decile 1 refers to the lowest-earning 10%, while decile 10 refers to the highest-earning 10% of households.

Malaysia's household disposable income distribution is highly unequal. Its Gini index, which indicates the level of income inequality on a scale of 0–100 (where 0 is equivalent to perfect equality and 100 is equivalent to absolute inequality), measured 48.7 in 2005 and 50.3 in 2010, and is forecast to be 50.6 in 2011, one of the highest in Southeast Asia. Malaysia's recent economic growth has been accompanied by increasing income disparity. The disposable income of the richest 10% of households grew faster than that of poorest 10% of households at a CAGR of 11.0% during the review period between 2005 to 2010, while that of the poorest 10% of households grew at a CAGR of 8.5% in the same period. The disposable income of Malaysia's richest tenth of households is forecast to grow at a CAGR of 6.2% from 2011 to 2015, while that of the poorest tenth of households is only projected to grow at a CAGR of 4.7% from 2011 to 2015.

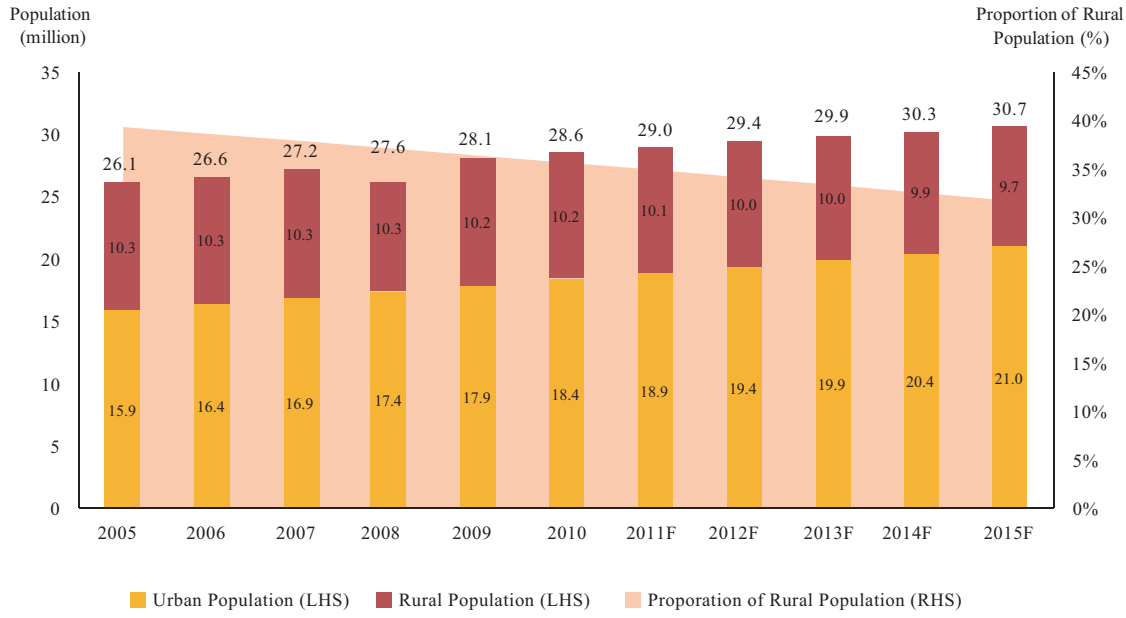
Wide income disparity in Malaysia is also reflected in the distribution of household income by income deciles. Overall income increased across all deciles during the review period of 2005 to 2010 and is expected to continue rising during the forecast period of 2011 to 2015. However, while the poorest 10% of households accounted for only 1.2% of Malaysia's total income in 2010, with an average disposable income of USD2,325, the richest 10% of households accounted for 38.7%, with average disposable income of USD76,462 in 2010, representing 32.9 times more disposable income than the bottom decile.

The income disparity is expected to continue to widen in the forecast period, with disposable income of the richest 10% of households 33.6 times more in 2011 and 35.5 times more in 2015 than that of the poorest 10% of households.

As purchasing power increasingly concentrates among high-income individuals, rising income inequality could affect natural consumer spending patterns in Malaysia.

Urbanisation

Urban vs rural population: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

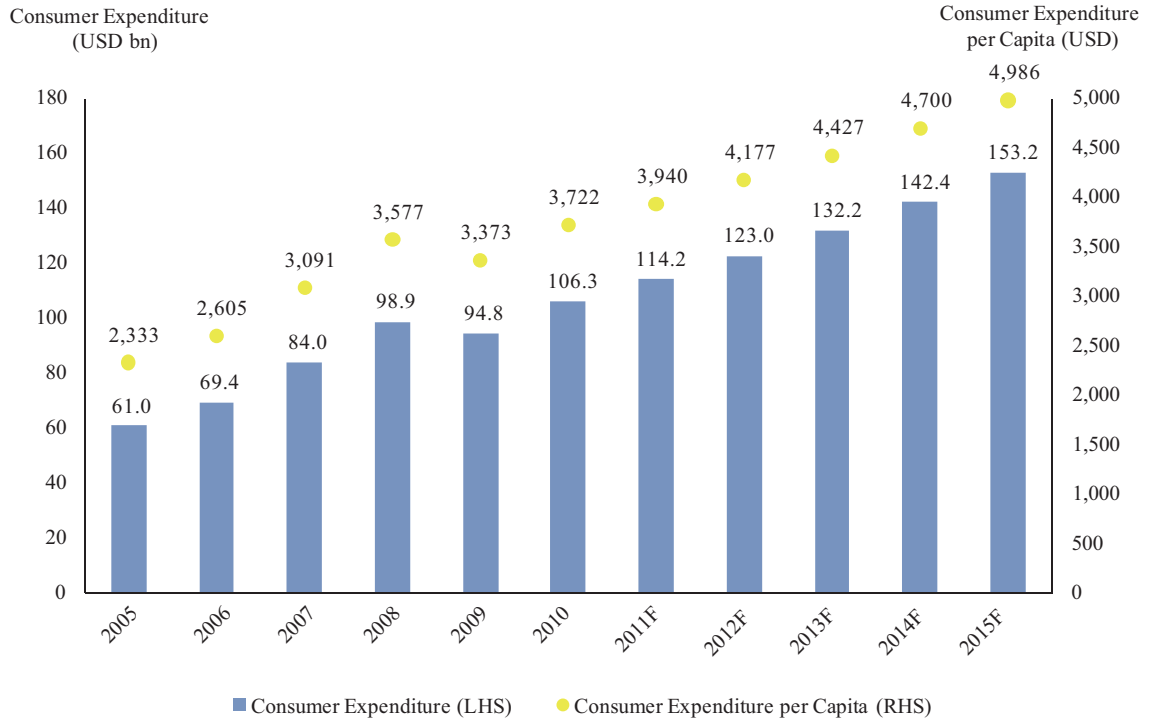
Malaysia underwent rapid urbanisation during the review period from 2005 to 2010, which saw the urban population increase from 15.9 million in 2005 to 18.4 million in 2010, reflecting a CAGR of 3.0%. Major cities such as Kelang, Petaling Jaya and Shah Alam absorbed a heavy and steady influx of migrants from other cities during this period.

Urbanisation in Malaysia is being driven primarily by people seeking better job opportunities. In particular, they are moving to cities located along the western corridor of the Malaysian peninsula where there has been a rapid rate of industrialisation. In addition, a relatively large number of young students have moved to cities to attend universities.

During the forecast period of 2011 to 2015, it is expected that many of the younger generation especially those under 25 years old living in rural areas will move to urban areas in an attempt to secure better jobs and a higher overall standard of living. Thus, the urban population is expected to grow at a CAGR of 2.7%, to reach 21.0 million by 2015, while the rural population is expected to decline by a CAGR of 0.9% in the same period to reach 9.7 million. The number of young people seeking higher education is also expected to increase over the forecast period, further driving urban growth.

Influenced by advertising and marketing efforts, urban consumers in Malaysia, particularly younger consumers, are more aware of international fashion trends. As a result, with typically higher disposable income, they spur demand for products such as the latest clothing and footwear, consumer electronics products and personal grooming products. Sales of such products targeted at younger consumers are expected to increase over the forecast period.

Consumer expenditure and consumer expenditure per capita: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

During the review period of 2005 to 2010, consumer expenditure per capita reflected growing purchasing power due to rising disposable income alongside economic growth and increasing urbanisation, growing by a CAGR of 15.3% to reach USD3,577 in 2008. Although the impact of the global financial crisis resulted in a 5.7% decline in consumer expenditure per capita in 2009, the subsequent economic recovery led to a 10.4% growth in consumer expenditure per capita to USD3,772 in 2010.

Malaysia's consumer expenditure and consumer expenditure per capita are expected to grow at a CAGR of 7.6% and 6.1%, respectively, to reach USD153.2 billion and USD4,986, respectively, during the forecast period of 2011 to 2015.

Most Malaysians' average disposable income enables them to live and spend comfortably but seldom luxuriously. Nevertheless, there is potential for spending on luxury goods as the nation becomes a more developed country and as incomes increase further. Rising income and expenditure provide good opportunities for consumer businesses in Malaysia. The country continues to be an attractive market for retail businesses while the demand for luxury goods is on the rise.

In summary:

— GDP and GDP per capita are forecast to grow at a CAGR of 7.9% and 6.4%, respectively, between 2011 and 2015.

— Household disposable income is expected to rise across all deciles, with the average disposable income of the richest 10% expected to grow at a CAGR of 6.2% and that of the poorest 10% to grow at 4.7% from 2011 to 2015.

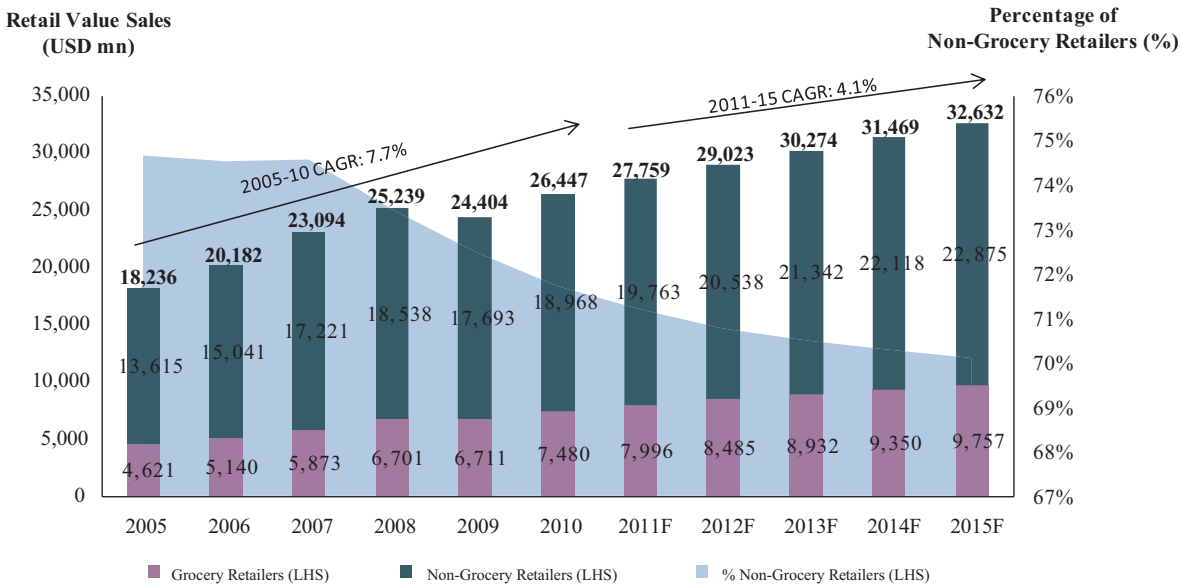
— Urban population is expected to grow at a CAGR of 2.7% to reach 21.0 million in 2015.

— Consumer expenditure and consumer expenditure per capita are forecast to grow at a CAGR of 7.6% and 6.1%, respectively, between 2011 and 2015, to reach USD153.2 million and USD4,986, respectively.

1.2 Overview of store-based retail market

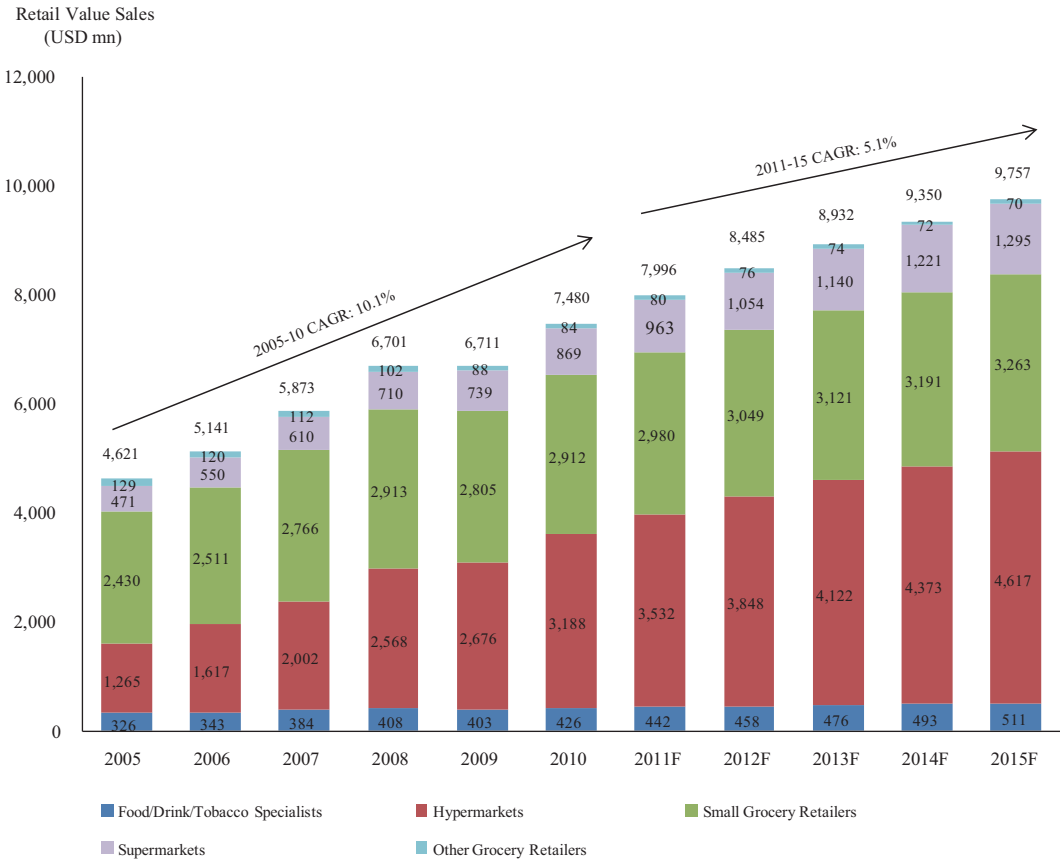
Retail value sales of store-based retail market

Retail value sales of grocery vs non-grocery retailers: 2005-2010 (historic) and 2011-2015 (forecast)



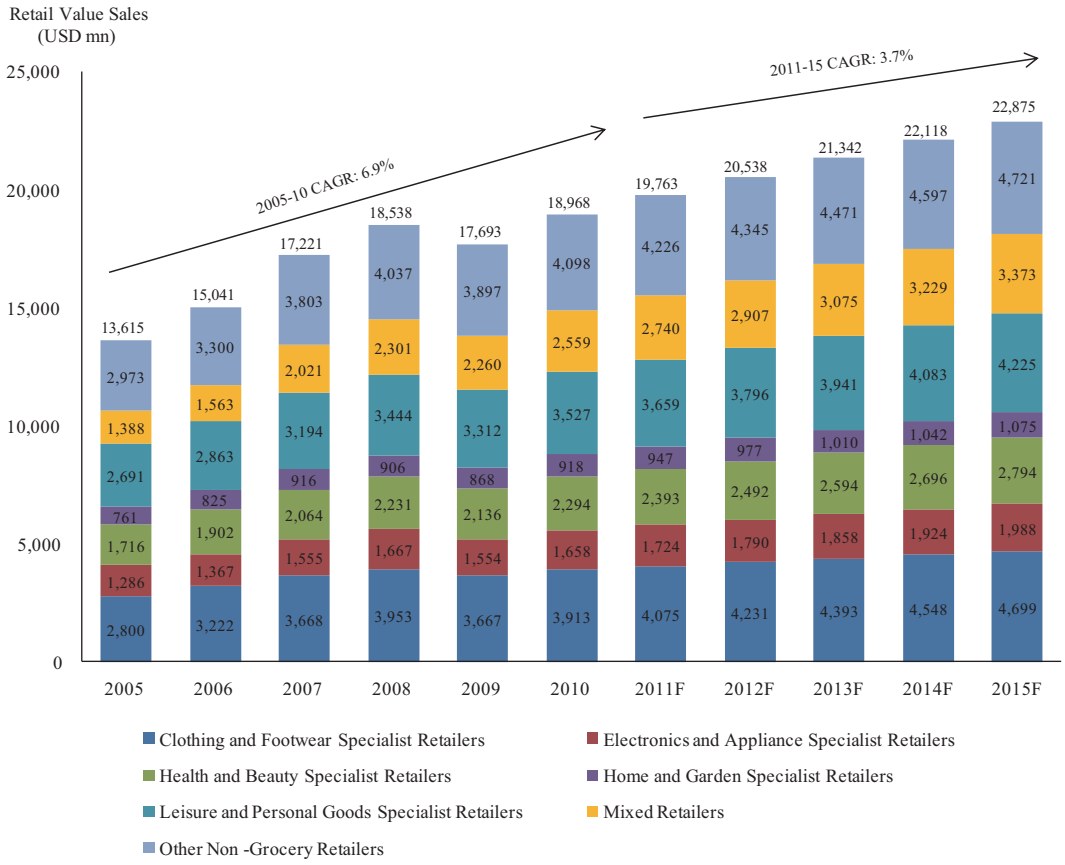
Source: Euromonitor International 2011

Grocery retail value sales: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Non-grocery retail value sales: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Mixed retailers are the aggregation of department stores, variety stores, mass merchandisers and warehouse clubs.

From 2005 to 2010, store-based retail value sales (which comprises both non-grocery and grocery sales) grew at a strong CAGR of 7.7%. Within this period, it was only in 2009 that its store-based retail value sales fell by 3.3% to USD24.4 billion.

In 2010, both grocery and non-grocery retailers in store-based retailing saw an increase in retail value sales, registering annual growth of 11.4% and 7.2% respectively. The share of grocery retail value sales within store-based retailing increased from 25.3% in 2005 to 28.3% in 2010 while that of non-grocery retailing declined from 74.7% in 2005 to 71.7% in 2010. As grocery retailers, especially hypermarkets, started to carry non-grocery products such as home appliances in their stores, they began to compete with non-grocery retailers, especially in the middle and low segments. Nevertheless, sale of mixed retailers grew by 13.2% in 2010.

Although 2010 witnessed domestic economic recovery, the economic environment remained challenging, as there were many uncertainties in the global economy. Hence, many store-based retailers resumed expansion plans on a moderate scale whilst consumers increased their spending cautiously. Thus, moderate growth in the retail value sales of store-based retailing is expected during the forecast period between 2011 and 2015 with a CAGR of 4.1%.

In 2010 a gradual economic recovery took place in Malaysia with concurrent GDP growth. Value sales in retailing therefore increased in 2010 along with GDP growth. In the same year, grocery retailers notably showed a significantly faster growth rate at 11.5% than non-grocery retailers at 7.2% in terms of retail value sales. In various store-based retail channels, the gradual recovery spurred consumers to start spending again, in particular on discretionary goods which they wanted to purchase in 2009 but postponed the purchase due to the recession.

With consumers demanding wider choices from retailing especially via non-grocery retailers, coupled with their growing international tastes, competition within retailing in Malaysia intensified towards the end of the review period from 2005 to 2010. This trend is expected to continue over the forecast period between 2011 and 2015. Both high-end grocery and non-grocery stores are expected to introduce more internationally renowned brands and provide wider choices for better shopping experiences in order to accommodate changing trends in Malaysian retailing. As a result, grocery and non-grocery retailing are expected to grow at a CAGR of 5.1% and 3.7%, during the forecast period from 2011 to 2015.

1.3 Overview of department store retail market

Overview of the department store landscape

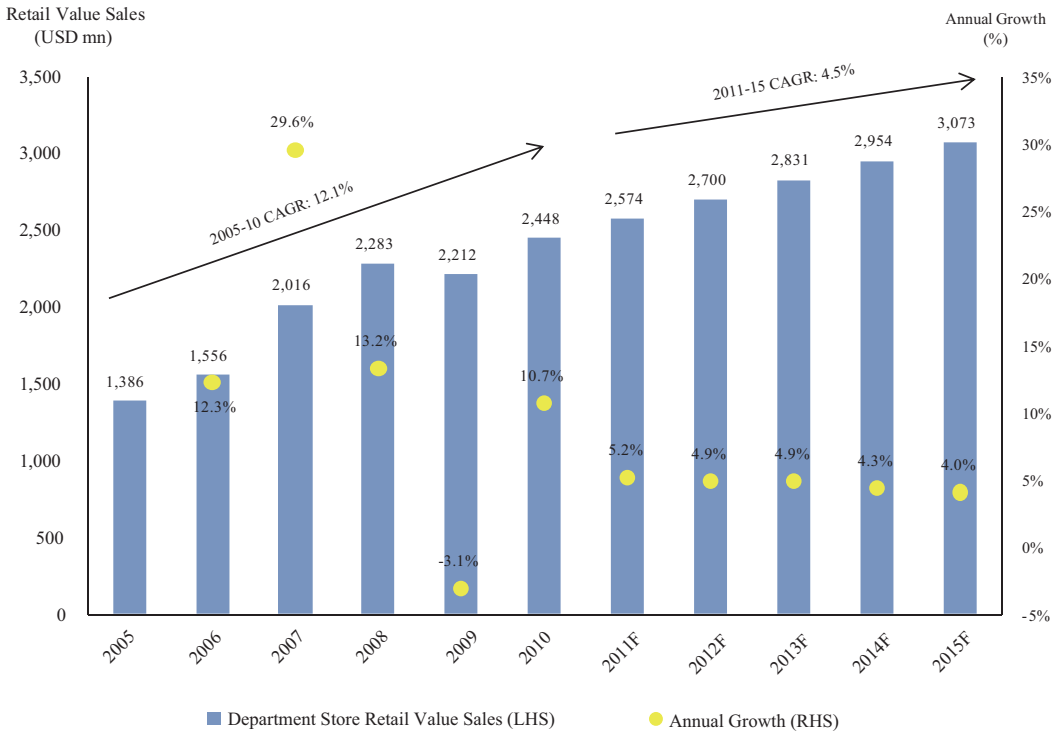
Within department stores, players are mainly divided into two groups. One group targets higher-income consumers. The retail brands in this group include Parkson, Isetan, Robinson & Co and Marks & Spencer, which focus more on clothing and accessories, offering international and high-end brands in their product lines.

The other group, which serves low and middle-income consumers, includes Suiwah, Milimewa, Jusco and The Store. These retail brands carry local brands in their stores and focus on clothing as well as house wares, such as cutlery, bed and bath products and tableware.

The Malaysian department store retail market enjoyed robust double-digit growth of 12.3%, 29.6% and 13.2% in 2006, 2007 and 2008, respectively. Sales were impacted negatively by the economic downturn in 2009, resulting in an annual decline of 3.1%. The market recovered in 2010 and grew at 10.7% annually, reaching total value sales of USD2,448 million and posting a CAGR of 12.1% between 2005 and 2010.

Retail value sales for department store retailing

Retail value sales for department store retailing: 2005-2010 (historic) and 2011-2015 (forecast)

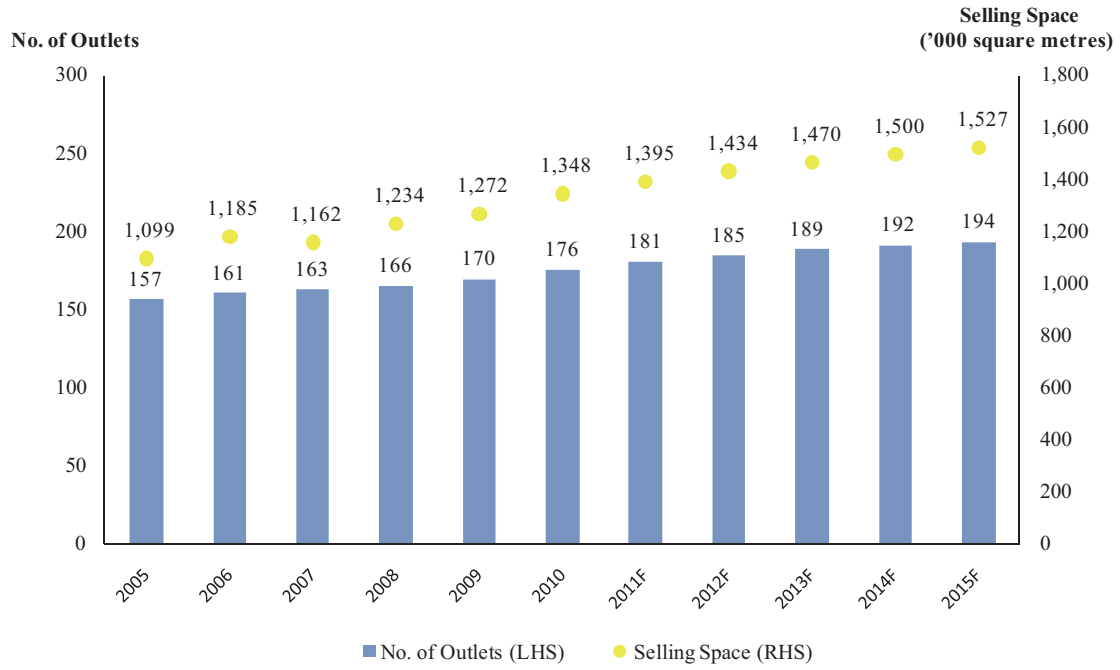


Source: Euromonitor International 2011

During the forecast period of 2011 to 2015, due to an increasing number of retail outlets, wider distribution and greater accessibility to consumers, department store retail value sales are expected to experience good growth with a CAGR of 4.5%, to reach USD3,073 million in 2015.

Number of outlets and selling space

Number of outlets and selling space: 2005-2010 (historic) and 2011-2015 (forecast)

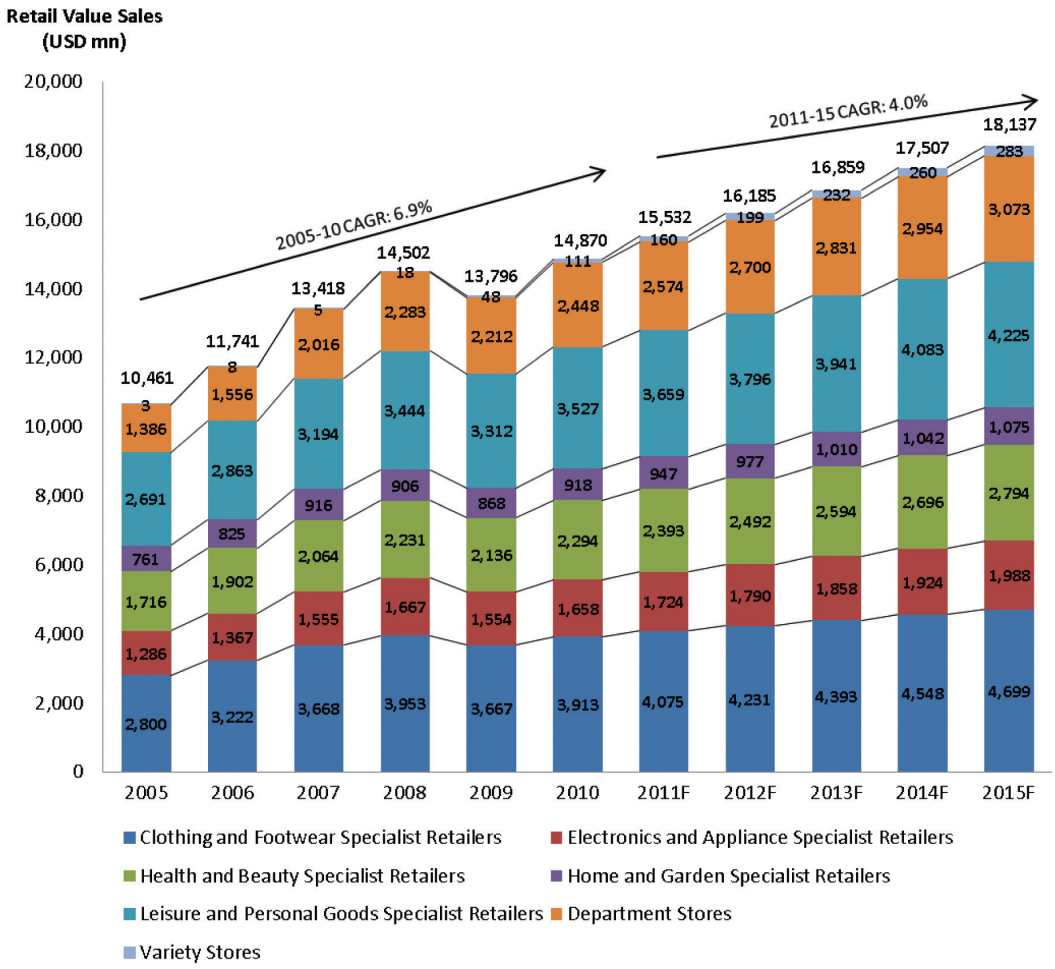


Source: Euromonitor International 2011

Department store outlets increased between 2005 and 2008 at a CAGR of 1.9%, leading to a total of 166 outlets in 2008. Despite the economic downturn, in 2009, the number of department store outlets increased to 170 due to business expansions and new outlet openings that were scheduled before the economic recession. Most major companies had apparently decided to go ahead with such plans despite the financial crisis. It is also expected that the number of department store outlets will continue to grow by a CAGR of 1.7% during the forecast period from 2011 to 2015.

Selling space grew at a CAGR of 3.9% from 2005 to 2008. Also, department store selling space was not vastly affected by the global financial crisis as it grew by 3.1% in 2009. However, during the forecast period from 2011 to 2015, selling space is expected to see more modest gains with a CAGR of 2.3%.

Retail value sales based on retail channels: 2005-2010 (historic) and 2011-2015 (forecast)

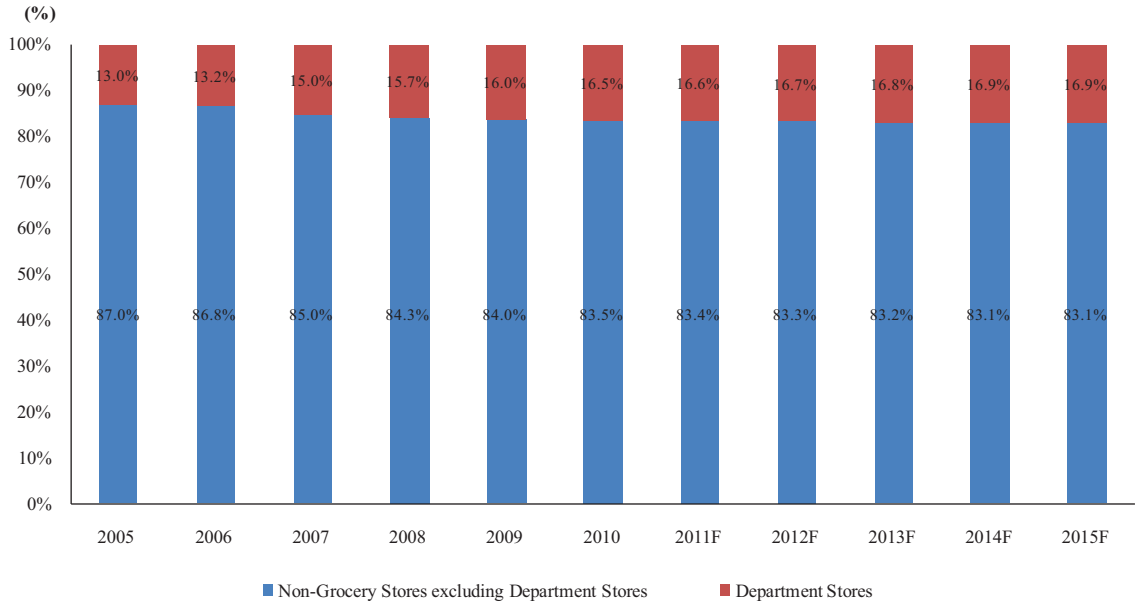


Source: Euromonitor International 2011

Department stores have an established presence in Malaysia, whilst variety stores are gaining popularity. As variety stores are relatively new establishments in Malaysia, they experienced robust growth during the review period, with 235.2% growth in 2008.

Although interest in specialty shops (e.g. specialist retailers dedicated to clothing, footwear, electronics and appliances or health and beauty, etc) is strong and increasing, most Malaysians expressed a preference for shopping at department stores due to the range of products offered. Department stores made up 95.6% of the retail sales by mixed retailers (i.e. the aggregation of department stores, variety stores, mass merchandisers and warehouse clubs) in 2010, as they provide a one-stop retail convenience. Mass merchandisers and warehouse clubs are not present in Malaysia.

Retail value sales composition of department stores and non-grocery stores*: 2005-2010 (historic) and 2011-2015 (forecast)

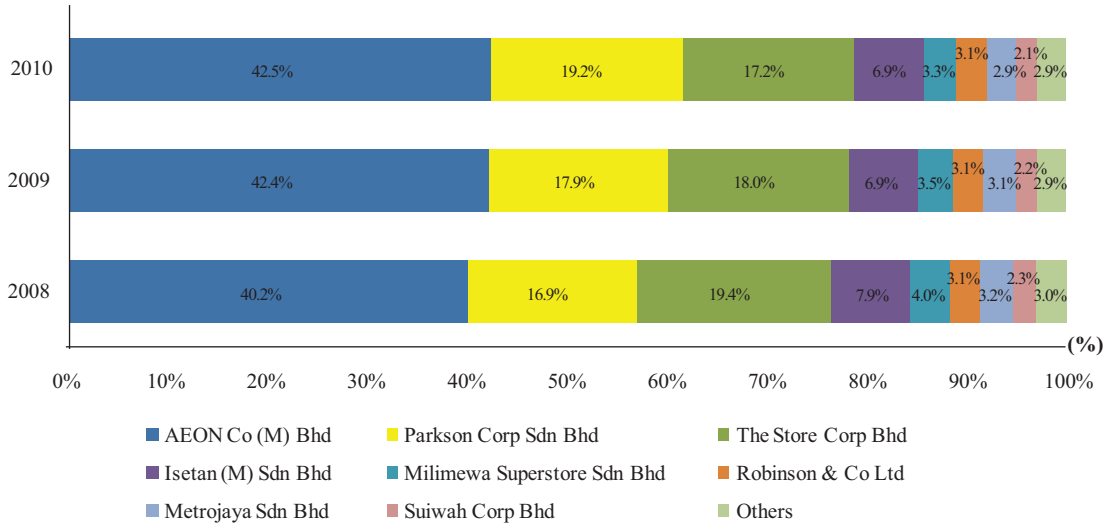


Source: Euromonitor International 2011

**Note: Non grocery stores above excludes department stores*

Retail value sales market share of department store players

Retail value sales market share of top players, 2008-2010* (historic)



Source: Euromonitor International 2011

**Note:* *Sales for Parkson Corp Sdn Bhd includes only non-food product sales for 2008-2010 while for other department stores, their sales are likely to include a mix of food and non-food sales*

In the review period from 2005 to 2010, with increasing Internet penetration and rising level of education, consumers kept up with international trends and demanded more international products - factors which created an advantage for retailers such as Isetan and Parkson Corporation Sdn Bhd, both of which were able to cater to consumers' demands for international brands by bringing more high-end brands into their stores.

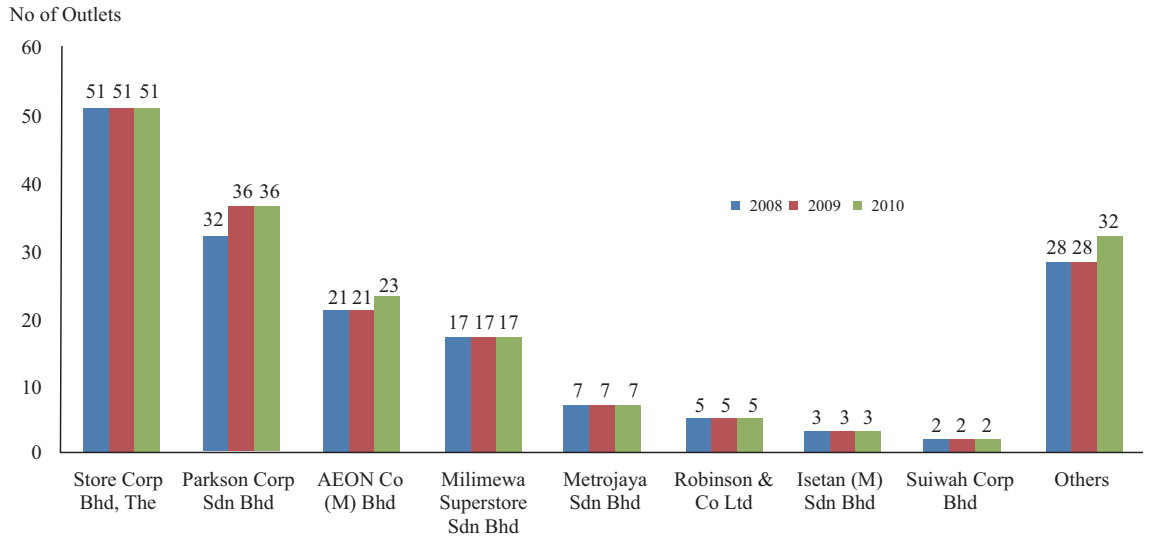
AEON Co was the leading player in terms of retail value sales in 2010 due to its established network and the expansion of its Jusco department stores. Its retail sales value share of 42.5% positioned the company as the clear market leader for department store retailing in 2010. It also experienced double-digit growth of 10.8% in 2010 in retail value sales, driven by the opening of two new stores and its strategy of targeting upmarket consumers.

Parkson Corporation Sdn Bhd saw 18.9% growth in 2010, driven by its efforts to portray a more upmarket image. The group has invested in its marketing and in furnishing its new store in Pavilion together with its outlets in Suria KLCC, 1 Utaman and Plaza Gurney in Penang, which were planned as more stylish and high-end than its other outlets in Malaysia. By carrying higher-quality products with higher price tags, the company achieved higher value sales.

The Store Corp, however, saw its value share decline by 0.8% in 2010, as it did not expand its outlet numbers for either of its Milimewa or The Store brands, while many of its peers aggressively expanded during the review period from 2005 to 2010. Consumers may consider its product offering of mostly local products with budget-priced to mid-priced positioning outdated compared to other department stores, many of which are expected to focus on giving their retail brands a more upmarket image by introducing new products and through branding efforts. The Store is expected to continue serving low to middle-income consumers, who remain the majority customer group in Malaysia.

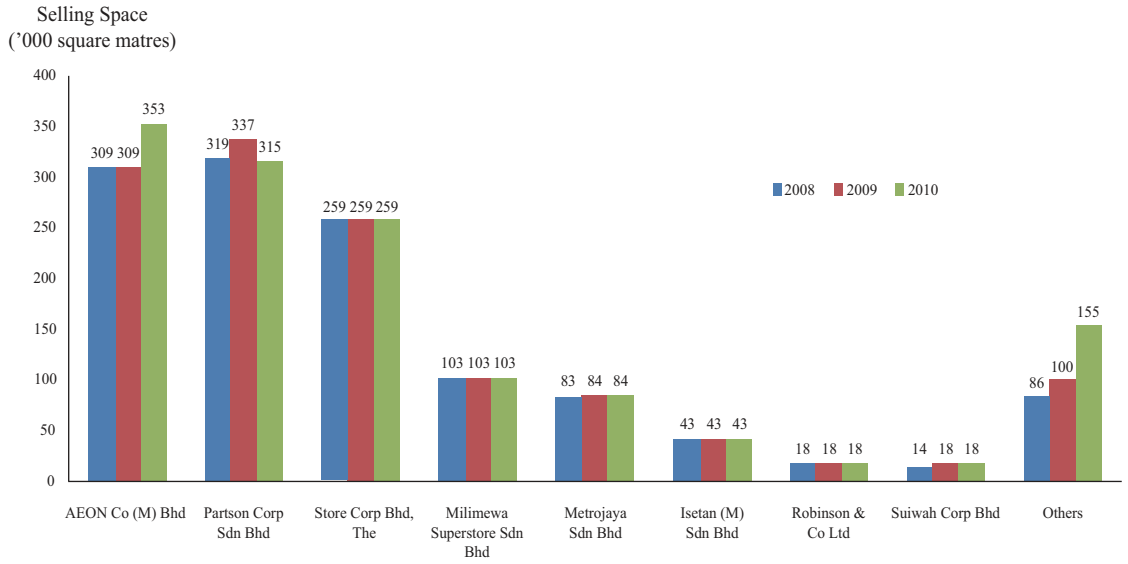
Number of outlets and selling space of the top players

Number of outlets of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

Selling space of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

In 2010, AEON Co established new outlets in Malaysia and hence increased its selling space.

In 2010, Parkson Corporation Sdn Bhd opened a new outlet at First Avenue, and is expected to open another new outlet at KL Festival City, located in north east of Kuala Lumpur in 2011. Plans in 2012 include the opening of the Nu Sentral, Setia Alam and B8 Mall Parkson outlets.

Key growth drivers in department store retailing

Economic recovery brought promising outlook for retailing industry

A recovery of the economy in Malaysia began in 2010 with GDP growing 16.7% annually from a decline of 13.2% in 2009. GDP per capita also grew from USD6,864 in 2009 to USD7,886 in 2010 at a growth rate of 14.9%, from a 14.6% decline in 2009. The recovery of the economy in 2010 spurred consumers to start spending again in various retail channels, thus bringing a promising outlook for the retailing industry, especially given that the economy is expected have steady growth in the forecast period from 2011 to 2015.

Increasing affluence and higher standard of living boosting department store sales

In 2010, increasing affluence and a higher standard of living, coupled with the recovering economy, led consumers to demand more premium products and lifestyle experiences from their shopping. These consumers place high importance not only on the product, but also on the experience of buying, owning and using the product.

Department stores had long been considered the place to buy classic and basic products, whilst consumers sought out more stylish products at specialty shops. However, this mindset is now changing. Consumers are demanding trendy products of higher quality not only from specialty shops, but also from department stores.

Consumer sophistication signals growth potential in both higher-end and middle-class/mass markets

As a retail channel, department stores are expected to expand at a moderate pace. Overall, retailers have acknowledged that consumers are becoming more careful when spending. However, Malaysia is still a growing economy with its rising standards of living and consumer sophistication. Thus, it is fairly important for retailers to not only work towards delivering more sophisticated products to higher-end consumers but also cater to the needs of the middle class and mass consumers. Department stores are expected to roll out more marketing and advertising efforts to strengthen their brand image. More events such as fashion shows and parties as well as media advertisements are anticipated over the forecast period from 2011 to 2015, with players aiming to differentiate themselves and create a more fashionable image. This is expected to drive the growth in department store retailing.

Increasing marketing efforts and investments by key players

Parkson Corporation Sdn Bhd made the most dynamic efforts to portray a more upmarket image. Its new store in Pavilion together with its outlets in Sura KLCC, 1 Utaman and Plaza Gurney in Penang, were planned as more stylish and high-end than any other Parkson outlets in Malaysia. Many new and well-known international brands such as Etro, Anya Hindmarch, Burberry and Polo Ralph Lauren kids, Love Moscino, Desigual, United Colors of Benetton, Wallis, etc. were introduced in these four stores, some on exclusive basis. The company also crowned supermodels Danny Lim and Kelly Jagan as Parkson's brand ambassadors at the 'A Night of Style' Party at Zouk Malaysia, further strengthening its image as a fashionable brand.

Similar efforts were made by Metrojaya, with its participation in The Curve Fashion Week. Other players chose to rely on marketing efforts to differentiate themselves from their competitors. Robinson & Co, for instance, chose to tap into the popularity of Korean culture in Malaysia. In April 2010, Robinson & Co introduced South Korean brands such as The Class and Basic House, and used Korean celebrities as models in its advertisements and catalogues.

Additionally, most companies expanded on the premise that store-based retailing was regaining strength after the global financial crisis. Companies thus invested heavily in new store expansion, refurbishment and customer service improvements.

Focus on profitability

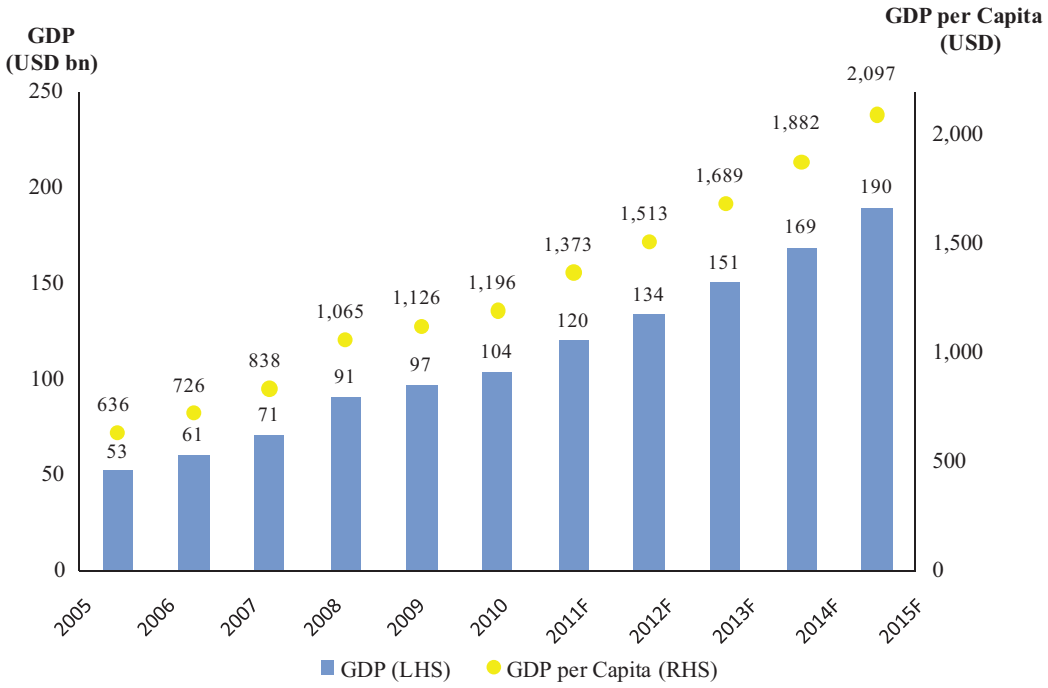
During the review period from 2005 to 2010, companies also recognised the need to reduce costs. This was achieved through increasing operational efficiency and profitability, which translated into the closure of under-performing stores. However, reduced sales from stores that were closed were in large part offset by the release of capital and opening of new stores in locations which are expected to be more profitable. This increased the ability of department store players to recycle their cash in more productive stores for further expansion.

2. Vietnam

2.1 Macroeconomic factors

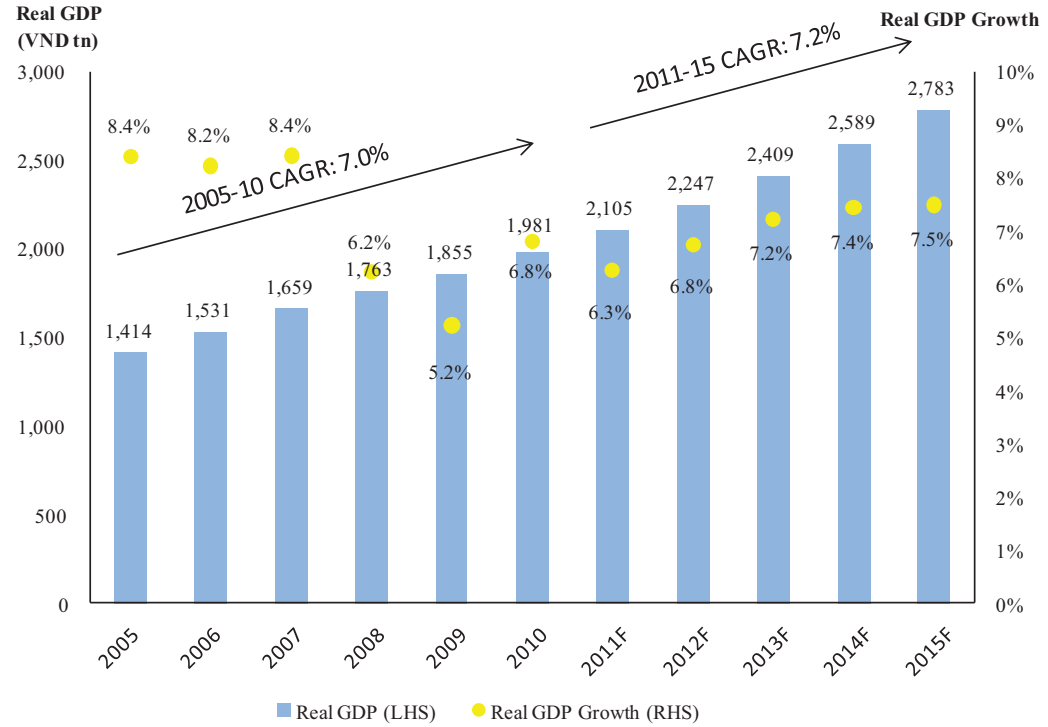
GDP and GDP per capita

GDP and GDP per capita: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Real GDP and Real GDP Growth: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Historic and forecast data provided in the above chart is in constant 2010 prices

Vietnam experienced robust growth over the past decade due to strong consumption and heavy investment from both local and foreign investors. It was one of the fastest-growing emerging markets in Southeast Asia, reflecting strong CAGR of 19.8% in GDP between 2005 and 2008, reaching USD91 billion in 2008.

In 2009, GDP growth decreased to 6.7%, resulting in GDP of USD97.2 billion. GDP per capita, at the same time, experienced 5.8% annual growth.

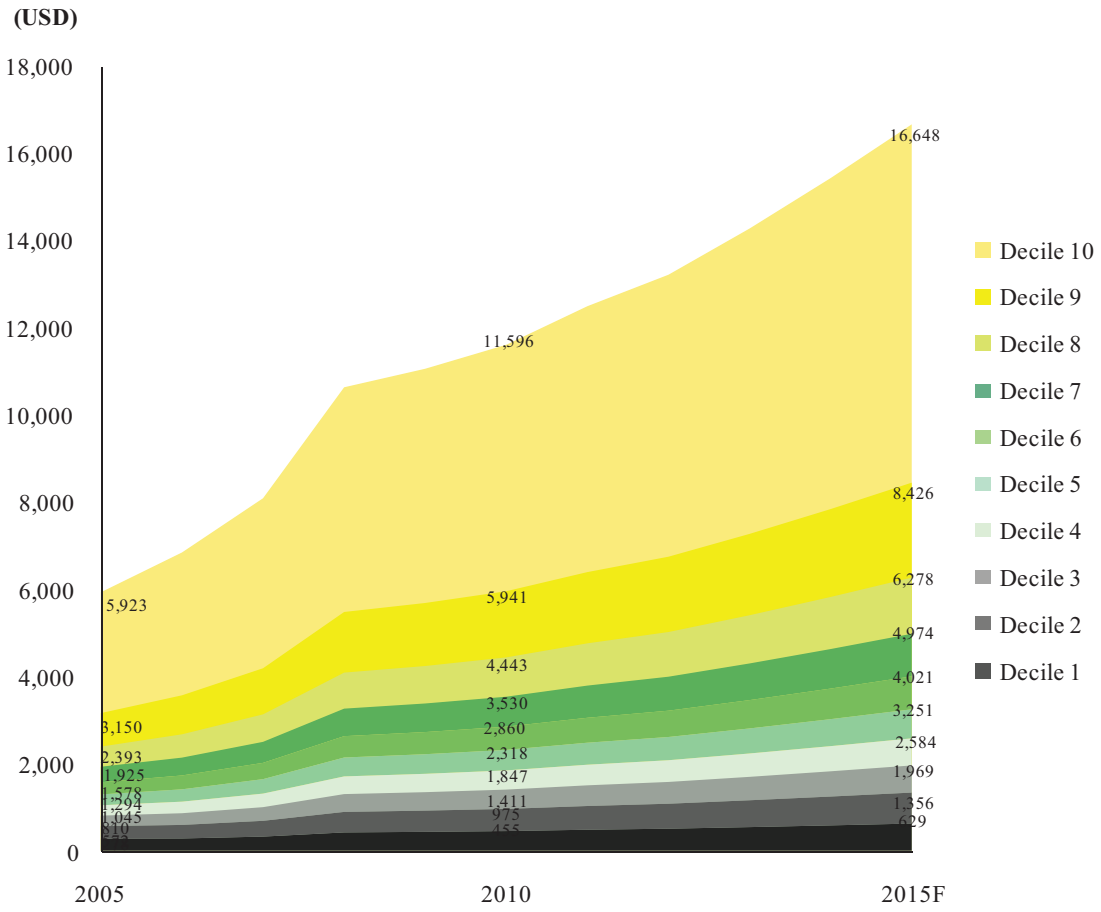
As the world economy recovered from the financial crisis, Vietnam's economy grew 7.1% annually in 2010, reaching a GDP of USD104 billion. GDP per capita grew 6.1%, reaching USD1,196 in the same year.

Real GDP growth for Vietnam in 2010 was 6.8% with the economy recovering from the slowdown seen in 2009. Over the 2005 to 2010 period, Vietnam economy witnessed a CAGR of 7.0% real GDP growth.

Vietnam's economy is expected to experience continuous growth during the forecast period from 2011 to 2015, with a CAGR of 12.1% for GDP and 11.2% for GDP per capita. The GDP and GDP per capita are forecast to reach USD190.0 billion and USD2,097, respectively, by 2015.

Average household annual disposable income by decile

Average household annual disposable income by decile: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Deciles are calculated by ranking all the households in a country by disposable income level, from the lowest-earning to the highest-earning. The ranking is then split into 10 equal-sized groups of households. Decile 1 refers to the lowest-earning 10%, while decile 10 refers to the highest-earning 10% of households.

Vietnam's income inequality is rising as the country transforms from an industrial to a service-based economy. According to the Gini index, which indicates the level of income inequality on a scale of 0–100 (where 0 is equivalent to perfect equality and 100 is equivalent to absolute inequality), Vietnam's Gini index increased to 45.1 in 2010 from 43.0 in 2005.

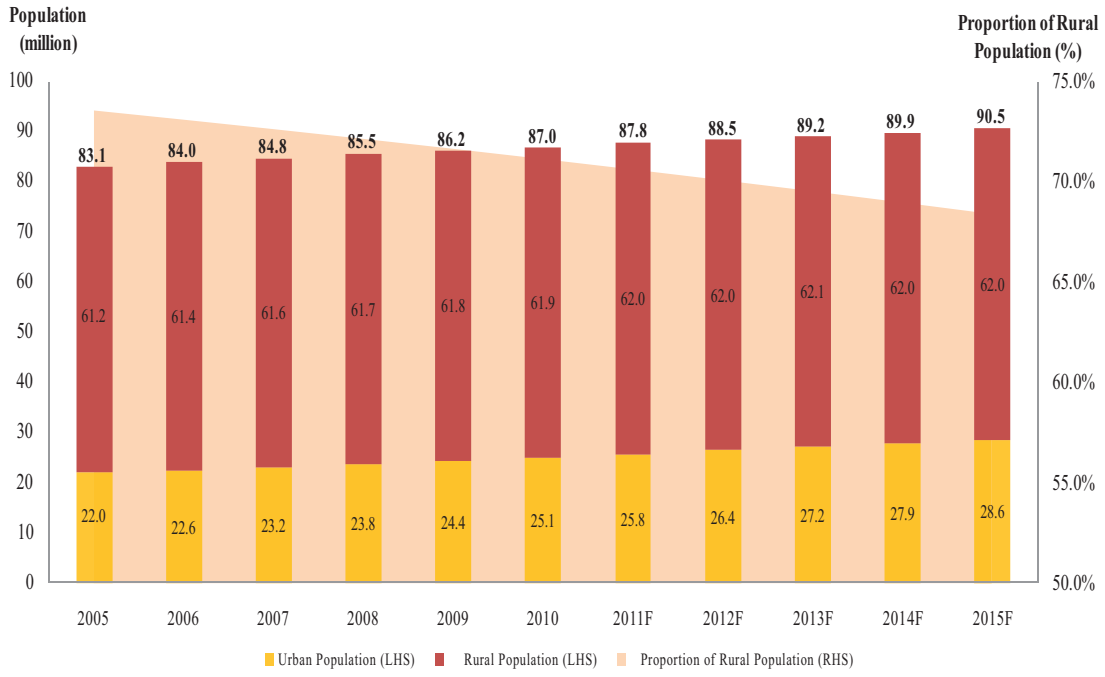
Overall income rose across all deciles during the review period from 2005 to 2010 and is projected to increase over the forecast period from 2011 to 2015. However, while the poorest 10% of households accounted for only 1.3% of Vietnam's total income in 2010, the richest 10% of households took home 32.8%, with average household disposable income of USD11,596 per annum in 2010 — representing 25.5 times the disposable income earned by the bottom decile.

There is a relatively high proportion of households with low-income. Households constituting deciles 1 to 4 earn an average household annual disposable income of USD700 to USD1,900 per annum. Due to the relatively small number of high-income earners, particularly by international standards, the market for luxury goods remains small.

Vietnam is generally a poor country, so the average annual disposable income leaves little room for discretionary spending. Despite this, demand is high for mid-range consumer goods such as electronics and also durable purchases such as motorcycles, and has seen increased demand for such goods in both rural and urban areas.

Urbanisation

Urban vs rural population: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

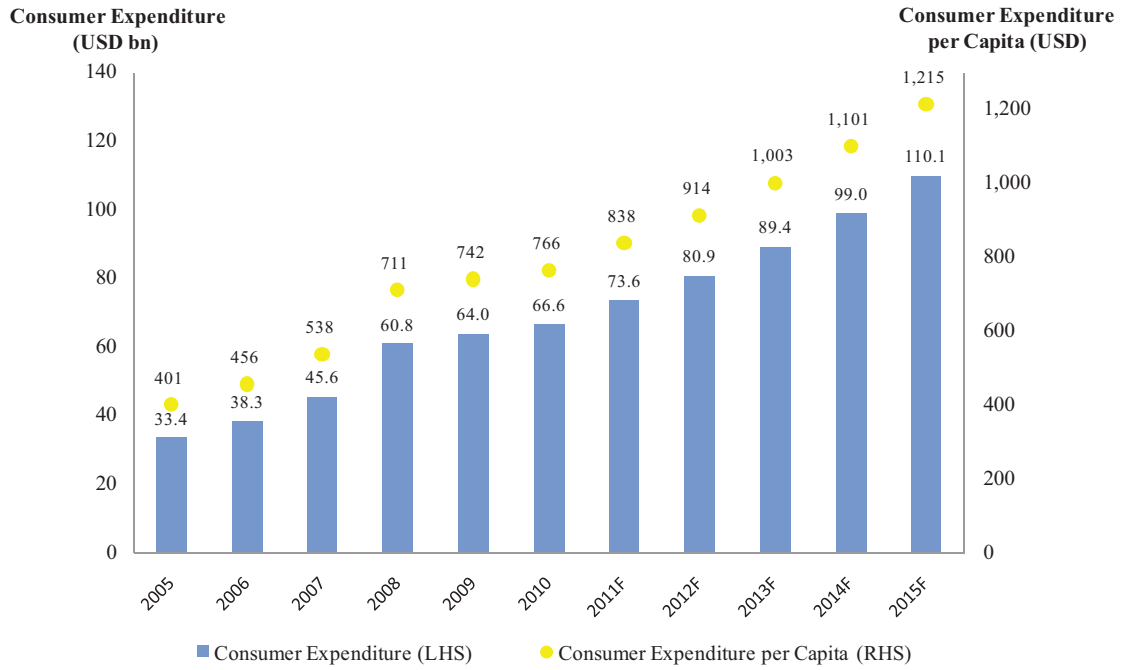
Vietnam is largely an agricultural economy with most of the population living in rural areas. However, the country's urban southeast, the largest and most affluent area centred around Ho Chi Minh City, is where most of the economic development in Vietnam has taken place and where the spending power of the Vietnamese is concentrated.

In recent years, locals have continually relocated to the successful urban areas seeking better education and job prospects. As a result, Vietnam has experienced rapid urbanisation, which boosted the urban population from 22.0 million in 2005 to 25.1 million in 2010, a CAGR of 2.7% from 2005 to 2010.

Urbanisation is expected to increase at a CAGR of 2.6% from 2011 to 2015, resulting in an urban population of 28.6 million by 2015.

Consumer expenditure

Consumer expenditure and consumer expenditure per capita: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

From 2005 to 2008, the nation's consumer expenditure grew at a CAGR of 22.2%, to reach USD60.8 billion in 2008, mainly due to spending on durables and services. Increased spending on consumer durables is mainly contributed by a growing middle class, while increasing use of domestic help has buoyed spending on services.

The global financial crisis had a large impact on Vietnamese spending patterns as growth in consumer expenditure per capita dropped to 4.4% and 3.2%, in 2009 and 2010 respectively. This is expected to recover in the forecast period from 2011 to 2015 as consumer expenditure per capita is expected to grow at a CAGR of 9.7% during this period.

With rising income, households are expected to allocate a higher percentage of their budget to discretionary and recreational spending. Currently, households in the southeast already have the highest proportion of spending in relation to total expenses in categories such as hotels and catering and leisure and recreation in the country. Total spending in the southeast region on these categories is also the highest nationally.

In summary:

— GDP and GDP per capita are forecast to grow at a CAGR of 12.1% and 11.2%, respectively, between 2011 and 2015.

— Household disposable income is expected to rise across all deciles, with the average disposable income of the richest 10% expected to grow at a CAGR of 7.5%, and that of the poorest 10% to grow at 6.7% during the forecast period from 2011 to 2015.

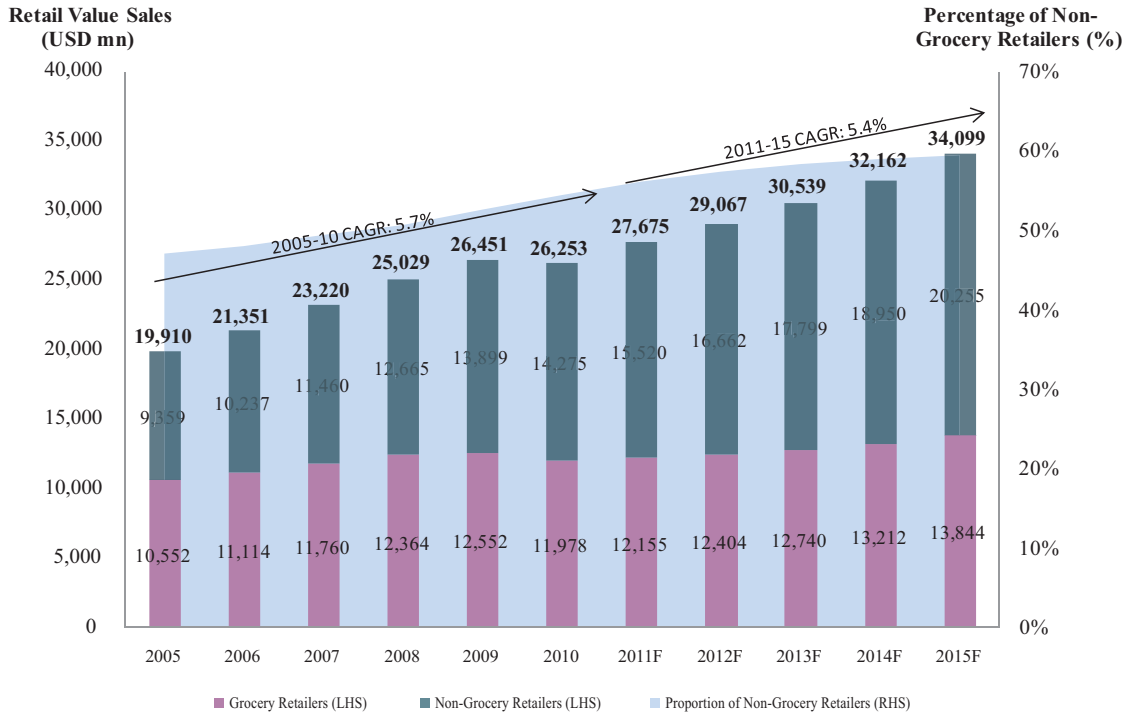
— Urban population is expected to grow at a CAGR of 2.7% to reach 28.6 million in 2015.

— Consumer expenditure and expenditure per capita are forecast to grow at a CAGR of 10.6% and 9.7%, respectively, between 2011 and 2015, to reach USD110.1 million and USD1,215, respectively.

2.2 Overview of store-based retail market

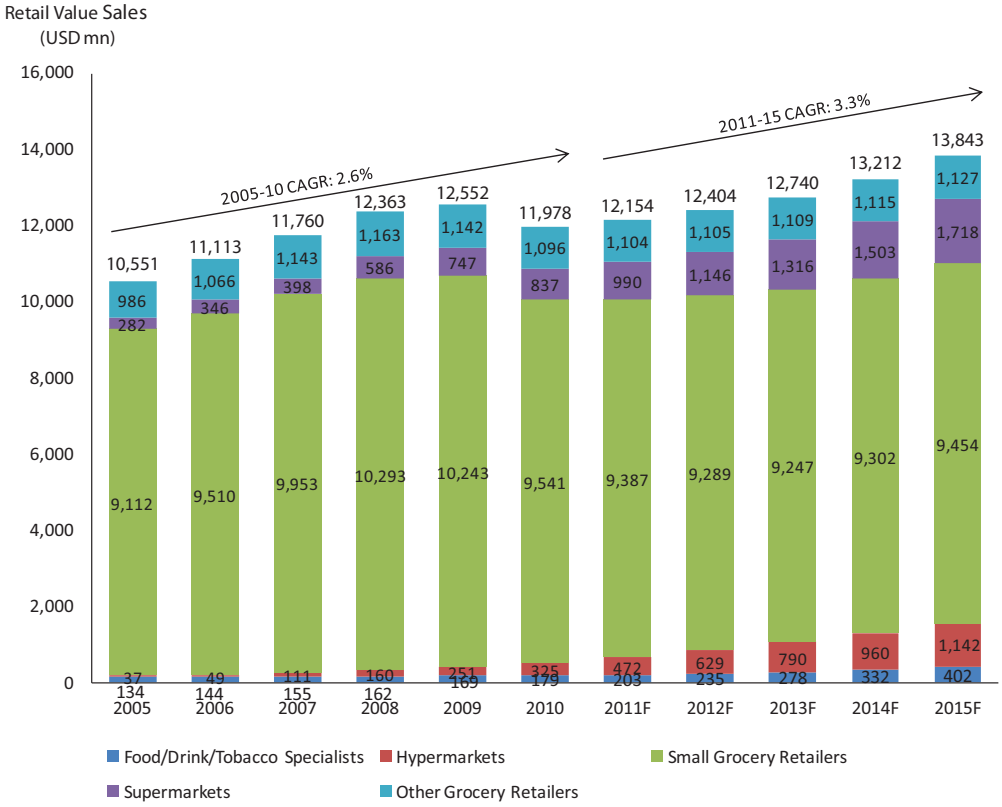
Retail value sales of store-based retail market

Retail value sales of grocery vs non-grocery retailers: 2005-2010 (historic) and 2011-2015 (forecast)



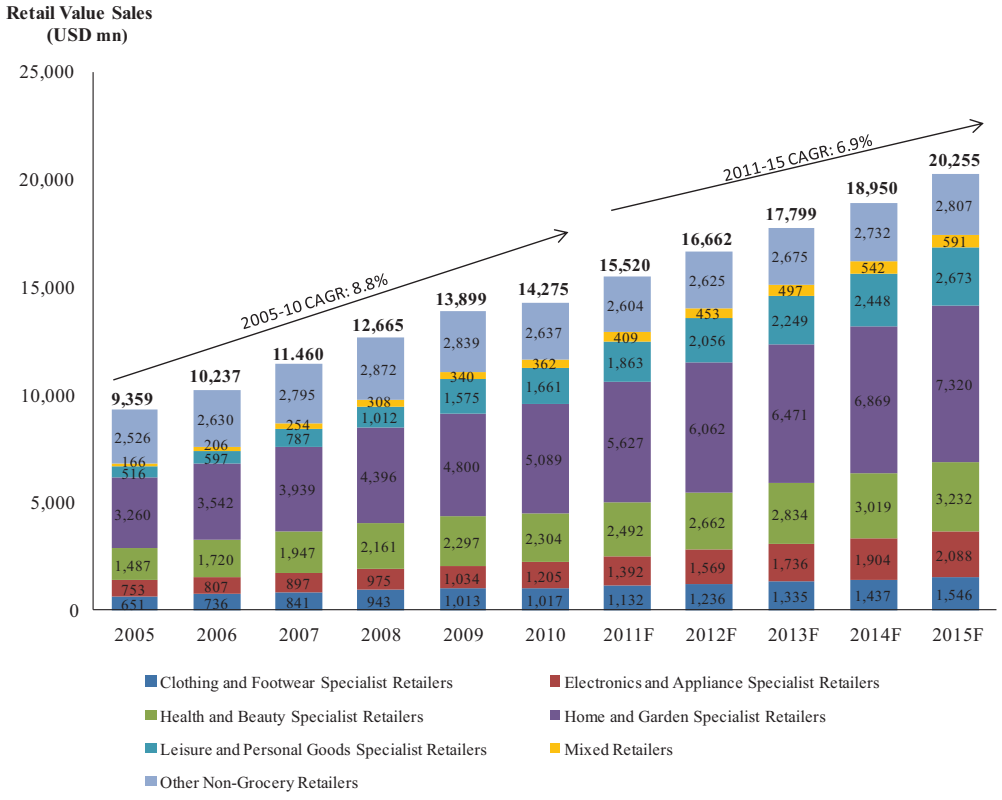
Source: Euromonitor International 2011

Grocery retail value sales for store-based retailing: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Non-grocery retail value sales: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Mixed retailers are the aggregation of department stores, variety stores, mass merchandisers and warehouse clubs.

From 2005 to 2008, retail value sales of store-based retailing grew steadily by a CAGR of 7.9%, which brought total store-based retail value sales to USD25.0 billion in 2008. Growth however slowed to 5.7% in 2009 and eventually declined by 0.7% in 2010 due to the decline in grocery retail sales.

As income improved, in 2010, consumer demand for more sophisticated products continued to grow at a faster pace than before as consumers showed more sophisticated demands and lifestyles. Higher living standards and rising disposable income allowed consumers to allocate discretionary spending for non-grocery products that improve the quality of life.

By the end of 2010, mixed retailers registered annual growth of 6.4% to reach USD362 million in retail value sales. Department stores and variety stores were the only two types of mixed retailers operating in Vietnam. Mass merchandisers and warehouse clubs are not present in Vietnam. Department stores, which already have a long history in the country, are far more familiar to consumers than variety stores, which still represent a new retail format.

The growth for store-based retailing in 2011 is expected to be stronger than 2010 levels with an expected annual growth of 5.4% as the economy has begun its recovery from the financial crisis. Small grocery retailers, hypermarkets, other grocery retailers, health and beauty specialist retailers and mixed retailers (department stores included) are driving overall growth of this sector.

Department stores are expected to continue to be the key and largest driving force in the overall expansion of mixed retailers. Over the forecast period from 2011 to 2015, variety stores might encounter greater competition from other channels such as supermarkets or independent small grocers. Therefore, leading department store players are expected to offer some special and unique products to distinguish themselves from other retailing channels.

Store-based retailing is expected to undergo better performance in terms of retail value sales growth over the forecast period than it did during the past two years, with forecast CAGR of 5.4% between 2011 and 2015, owing to continuous urbanisation as well as rising consumer living standards. Moreover, given the intensely competitive environment, retailers are expected to exploit marketing and public relations activities to generate growth and strengthen their brand images. Modern grocery retailing channels such as hypermarkets and supermarkets are likely to enjoy more robust growth than traditional small grocery retailers during the forecast period.

2.3 Overview of the department store retail market

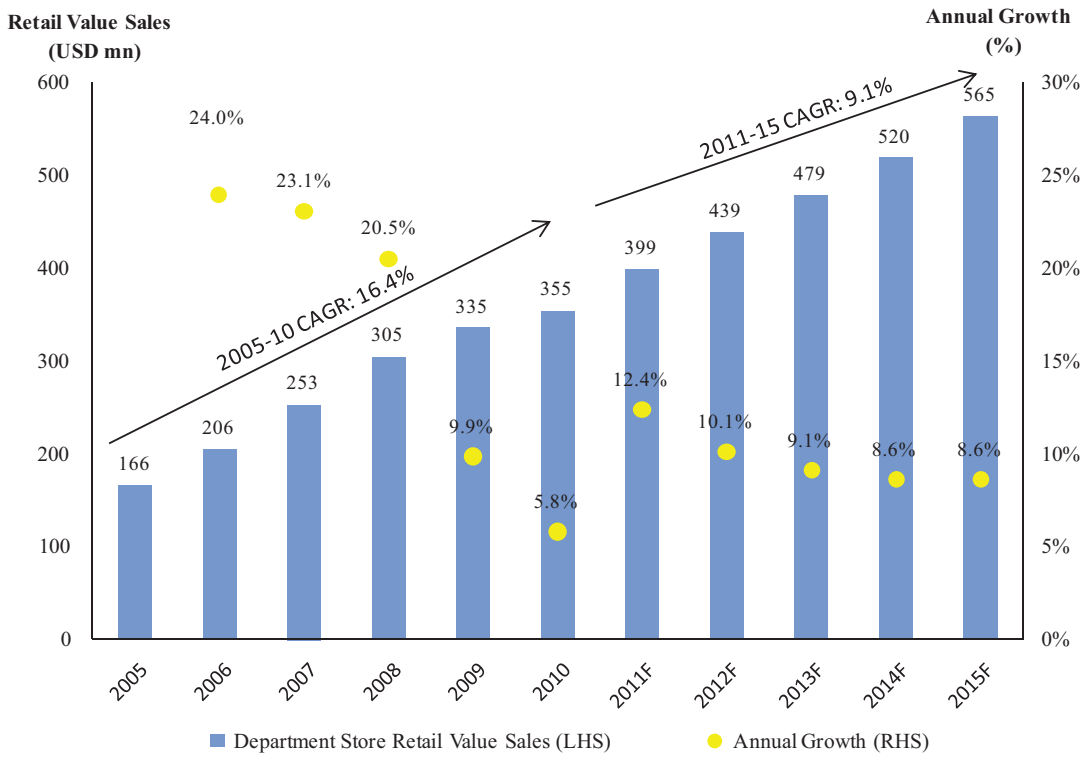
Overview of the department store landscape

The department store industry is dominated by a few large players such as Parkson Corporation Sdn Bhd and International Business Center Corp.

These two companies had a combined value market share of 57.0% in 2010 in this segment. Given the high growth forecast for this sector, other players could potentially plan on entering this market segment in the near future. However, given the established position of the incumbents, it would be challenging for any new player to gain market share from these two companies.

Retail value sales for department store retailing

Retail value sales for department store retailing: 2005-2010 (historic) and 2011-2015 (forecast)



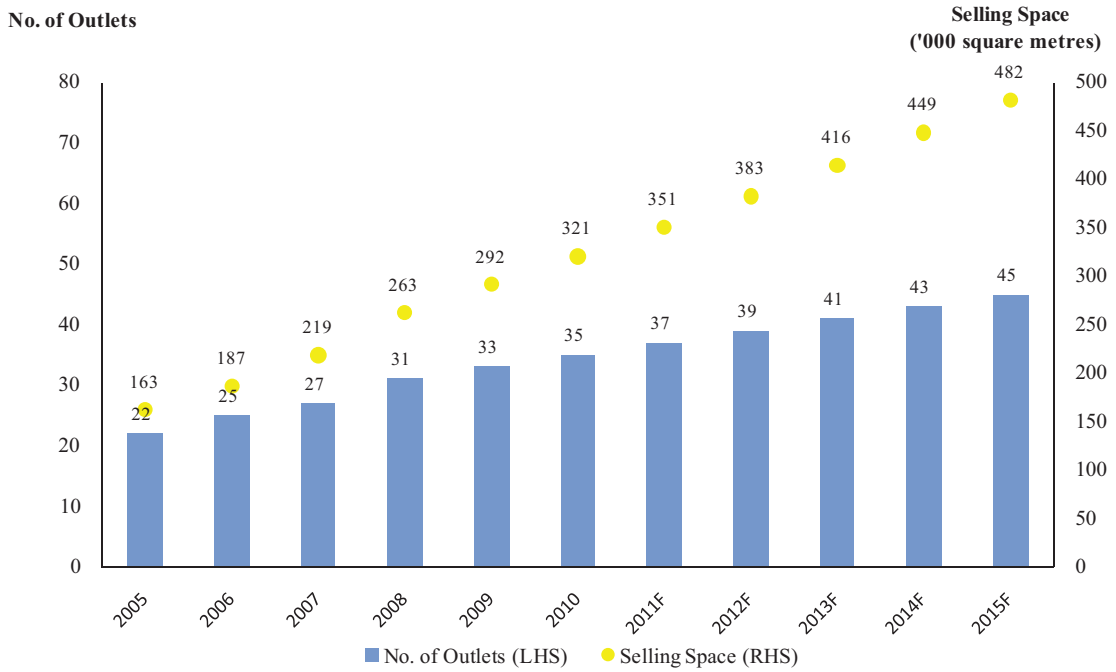
Source: Euromonitor International 2011

Between 2005 and 2008, department store retail value sales grew by a CAGR of 22.5%. In 2009, sales grew by 9.9% to reach USD335.2 million in department store retail value sales. In 2010, department store retail value sales experienced an annual growth of 5.8% to reach USD355 million.

With faster economic growth anticipated, department store retail value sales are expected to grow at a CAGR of 9.1% over the forecast period from 2011 to 2015. Higher living standards, coupled with increased household income, are expected to contribute to the growth of department store retailing.

Number of outlets and selling space of department stores

Number of outlets and selling space: 2005-2010 (historic) and 2011-2015 (forecast)

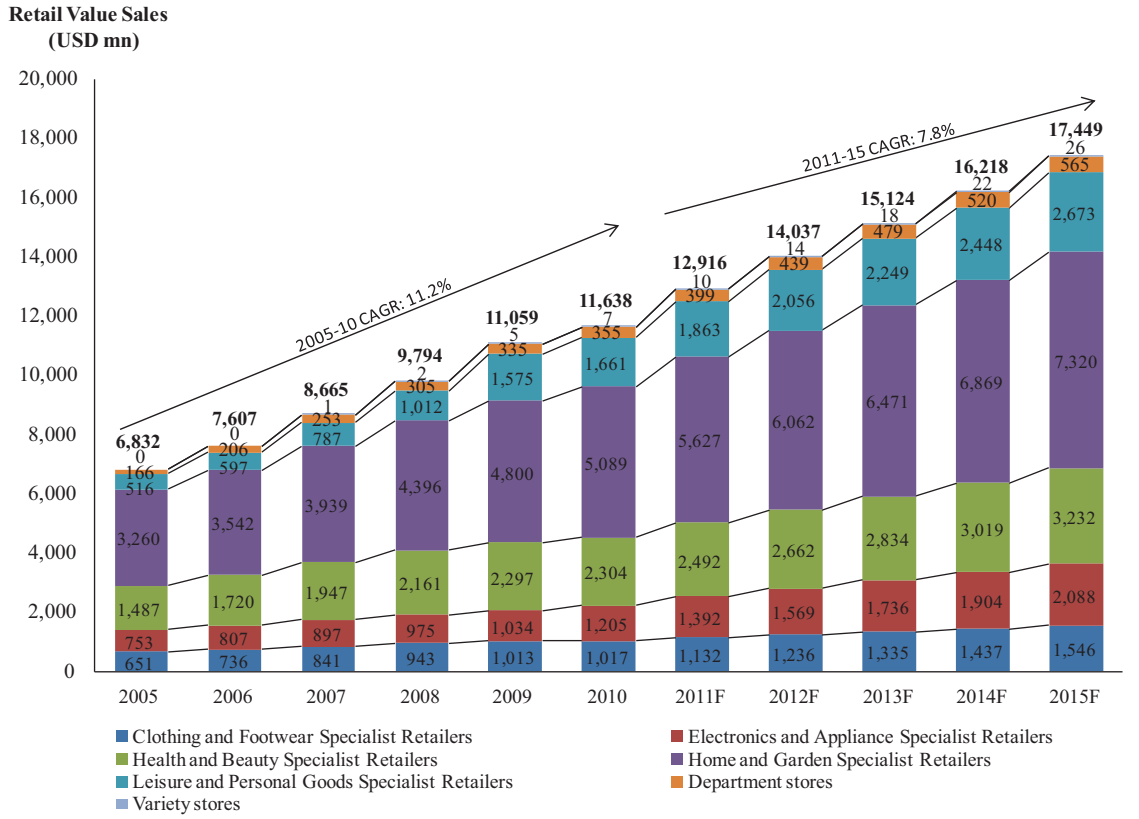


Source: Euromonitor International 2011

During the review period between 2005 and 2010, 2 to 4 departments store outlets opened each year in Vietnam with selling space increasing at a CAGR of 14.5% in the same period. By the end of 2010, there were 35 department stores in Vietnam with selling space of approximately 321,000 square metres.

It is expected that more department store operators will respond to the increasing demand for luxury shopping centres by opening more outlets and increasing selling space. In addition, department stores may increase their presence in smaller cities like Can Tho, Binh Duong and Hai Phong over the forecast period from 2011 to 2015 as the economy in these areas is expected to grow stronger.

Retail value sales based on retail channels: 2005-2010 (historic) and 2011-2015 (forecast)



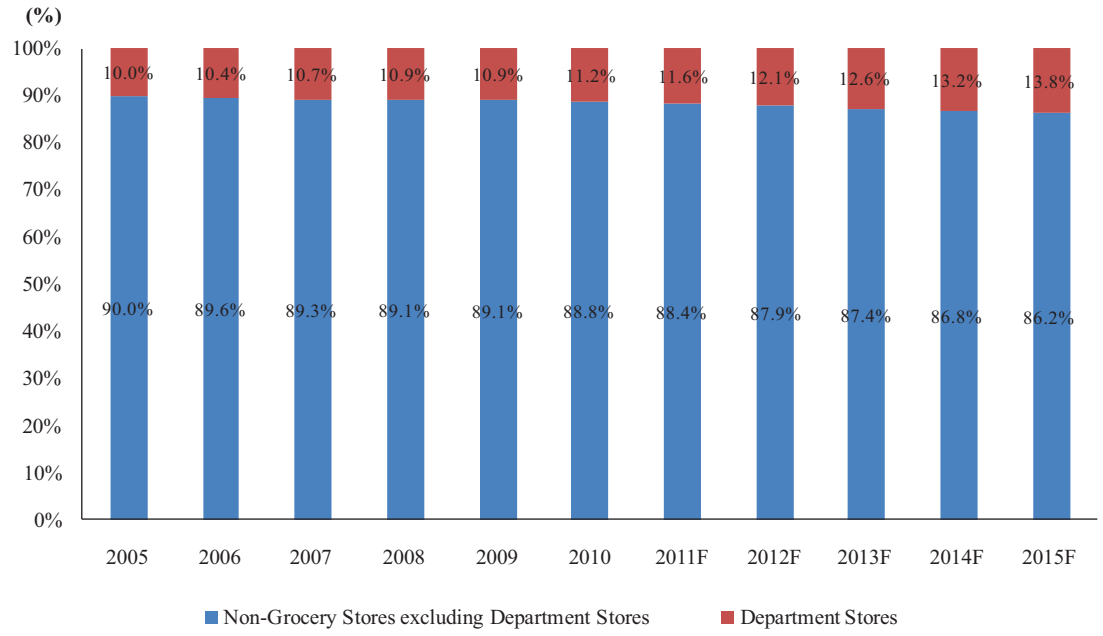
Source: Euromonitor International 2011

Department stores accounted for an approximately 98% share of mixed retailers' (i.e. the aggregation of department stores, variety stores, mass merchandisers and warehouse clubs) total retail value sales in 2010. Despite the exceptionally strong growth of variety stores over the last few years in the review period from 2005 to 2010, value sales remained too small to have a significant impact on mixed retailers in general. Mass merchandisers and warehouse clubs are not present in Vietnam.

Overall, non-grocery retail stores enjoyed a CAGR of 11.2% during the review period of 2005 to 2010. Home & Garden Specialist retailers were the biggest segment among non-grocery retail channels accounting for 43.7% of non-grocery value sales in 2010. Although growing from a small base, Leisure and Personal Goods Specialist Retailers grew the fastest at a CAGR of 26.3% over the period 2005 to 2010.

The targeted consumer segment for department stores is middle and upper-income Vietnamese. Consumers perceive department stores as luxury shopping destinations given that the majority of brands sold in department stores tend to be established local and international luxury brands like Valentino Creations, Laneige and Carlo Rino. These brands are generally considered unaffordable by the average local consumer.

Retail value sales composition of department stores and non-grocery stores*: 2005-2010 (historic) and 2011-2015 (forecast)

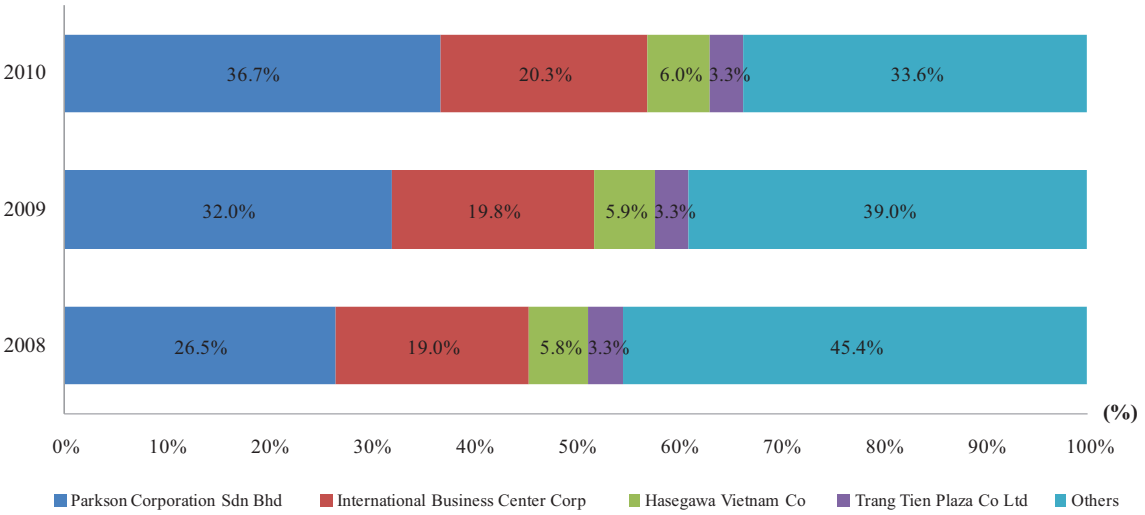


Source: Euromonitor International 2011

**Note: Non grocery stores above excludes department stores*

Retail value sales market share of department store players

Retail value sales market share of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

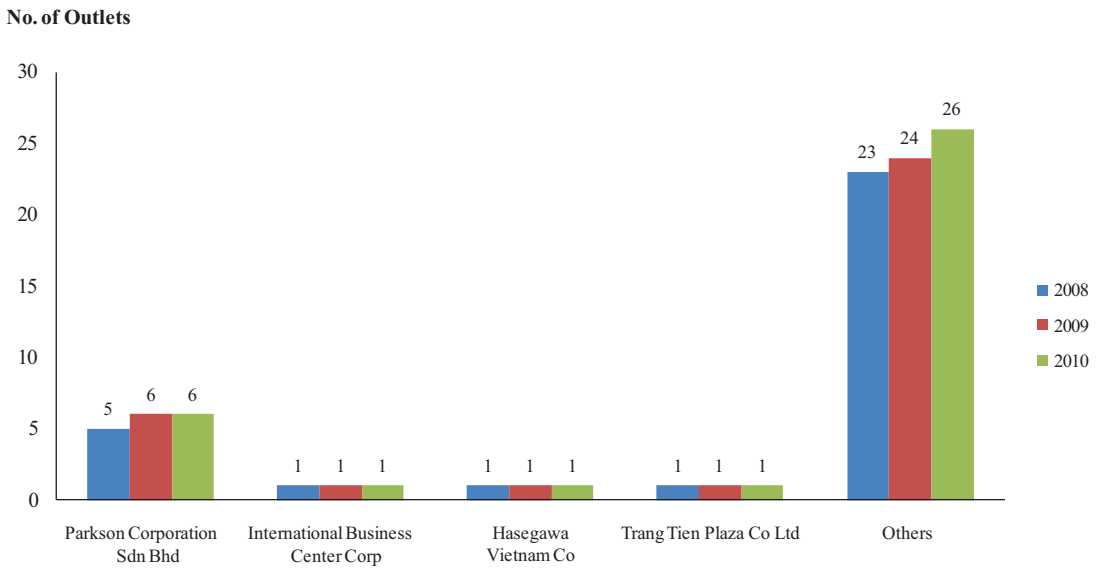
Parkson Corporation Sdn Bhd is the clear leader as it leads department store value sales with a market share of 36.7% in 2010. It is regarded as a pioneer in the department store business in Vietnam with operations beginning in 2005. It was the first company to operate a chain of department stores whilst all other department store players remained stand-alone and did not have more than a single outlet. Therefore, its Parkson brand is well recognised by consumers.

In 2010, department stores proffered several unique promotional programmes. For instance, Parkson held a 'Beauty and the City' event in both Ha Noi and Ho Chi Minh City from July 30 to August 22. At this promotional event, Parkson launched special beauty workshops exclusively for those who made purchases of VND2 million (approximately USD105) or more at its cosmetics, fragrance and jewellery departments. Similar programmes like this further reinforced the premium position of department stores, differentiating the department store channel from other beauty specialist retailers and jewellers.

Given their strong financial capabilities and broad international experience, international players dominated market share among department store retailers. As such, international players captured the three leading positions with total value sales share of approximately 63.0%. Their continuous market share gain by retail value sales over the 2008 to 2010 review period posed a formidable threat to local players.

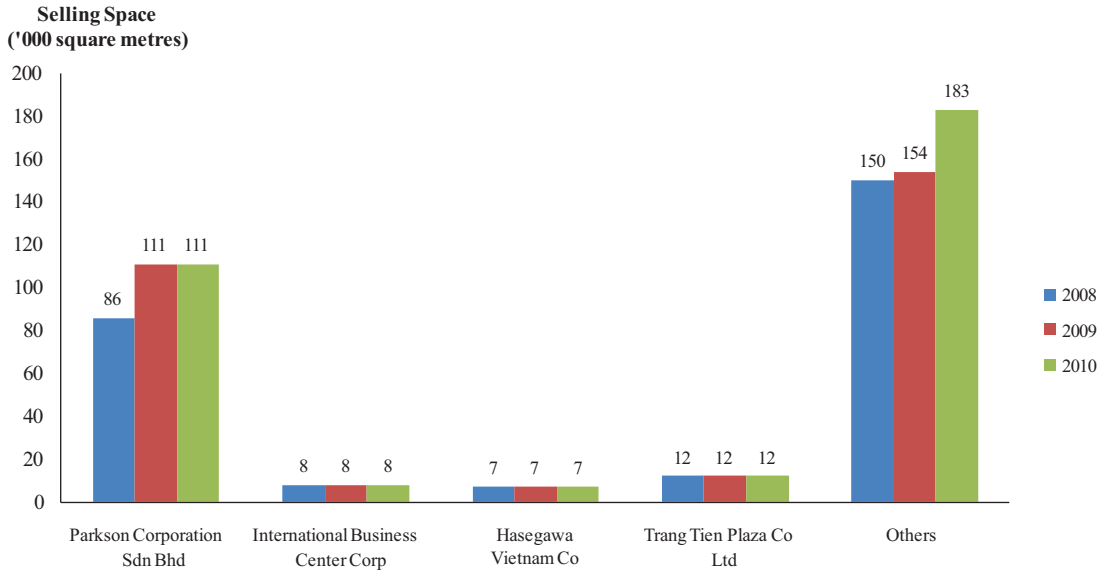
Number of outlets and selling space of top players

Number of outlets of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

Selling space of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

Parkson Corporation Sdn Bhd dominates the department store market with six outlets in 2010 in major Vietnamese cities. Parkson Corporation Sdn Bhd's strategy has been to focus on expanding its coverage in established cities such as Ho Chi Minh City, and it currently operates four outlets in that city.

Key growth drivers in department store retailing

Promising retailing prospects due to young population

As one of the fastest-growing consumer markets in Southeast Asia, Vietnam is expected to be a growth market for department store retailing. Although inflationary pressures threaten to dampen growth rates, department store retailing is expected to benefit from a young population and a growing middle class.

Nearly 60% of the Vietnamese population is under 30 years old, and this group is perceived to be young, dynamic, wealthy and generous. These consumers prefer shopping in department stores and supermarkets rather than traditional markets due to the convenience offered by department stores.

Higher disposable income and living standards

With an increasing brand conscious trend and rising incomes among Vietnamese consumers, it is expected that more consumers will shop in department stores and other premium outlets for clothing, footwear and luxury, imported goods. In anticipation of this trend, there has been an increasing number of new department store outlets opened such as, Parkson Hung Vuong, Parkson Flemington and Now Zone, selling premium products to Vietnamese shoppers.

As disposable income and living standards improve in the country, the target customer base of department stores also continues to widen. Department stores used to represent a place intended purely for upper-class consumers. However, they started to attract even the middle-class urban population during the review period from 2005 to 2010. Department stores have also become a destination for many young, urban residents, including teenagers and young working adults, who like the modern environment that these places provide.

Location is the key

Location is regarded as one of the most important factors for retailers, with a good location bringing increased likelihood of success. Ideal retail locations in the country are the central areas of big cities such as Ho Chi Minh City, Ha Noi and Da Nang. These areas typically have high traffic and good infrastructure.

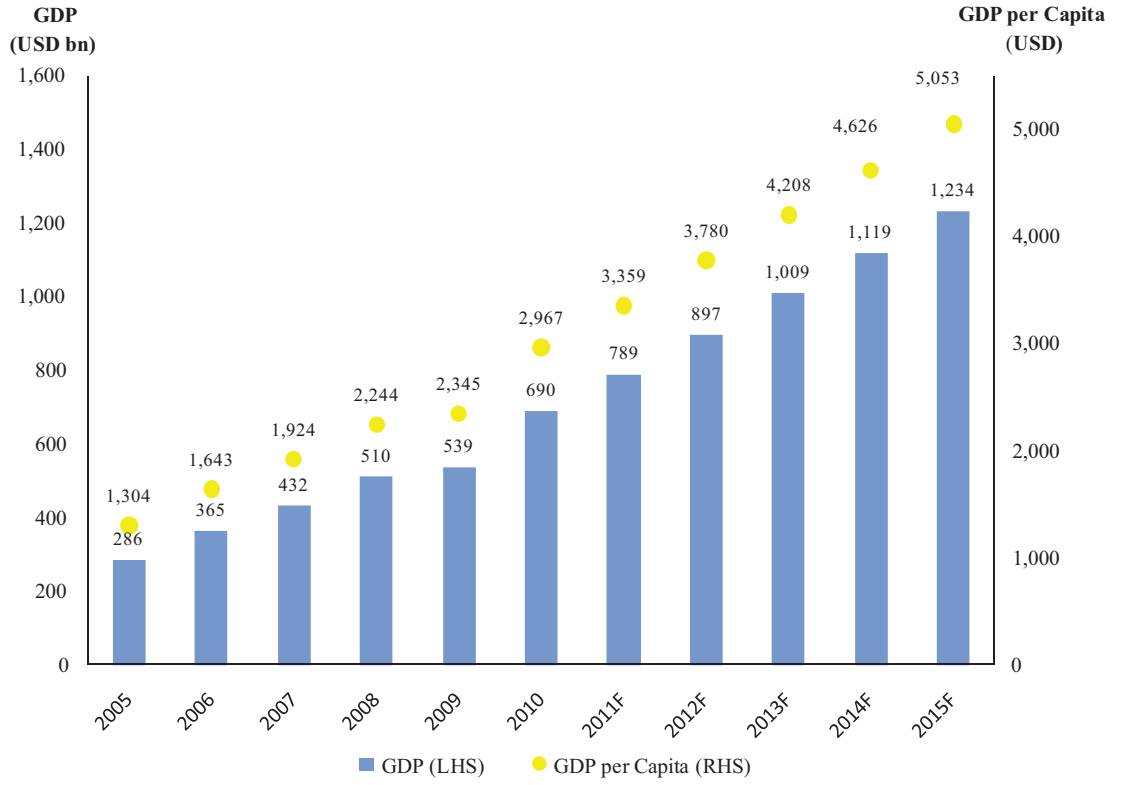
Companies operating in the retailing industry understand the trends and look towards delivering such retail experiences to niche customers and focusing on outlet expansion in the above-mentioned big cities. However, they are aware that the majority of the Vietnamese population falls into the low and middle-income groups and are more likely to frequent retail malls in Vietnam located in the southeast region and in urban centres.

3. Indonesia

3.1 Macroeconomic factors

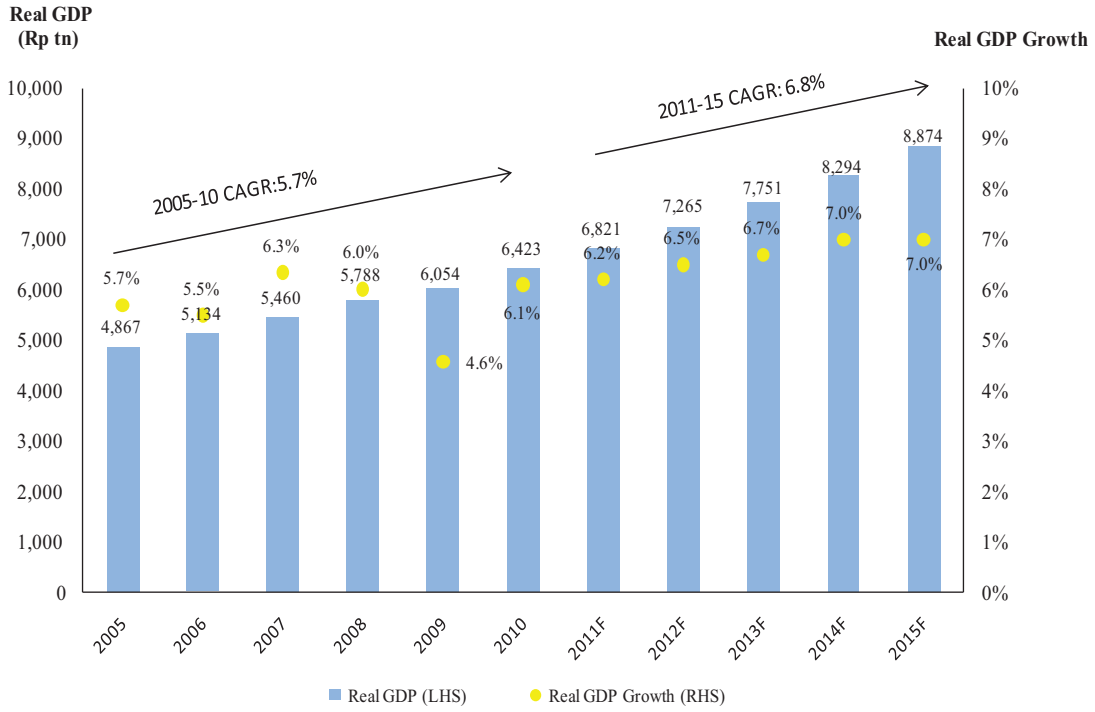
GDP and GDP per capita

GDP and GDP per capita: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Real GDP and Real GDP Growth: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Historic and forecast data provided above is in constant 2010 prices

The Indonesian economy has grown robustly since its recovery from the Asian financial crisis of 1998. It exhibited strong GDP growth at a CAGR of 21.3% during the period between 2005 and 2008, resulting in GDP of USD510.2 billion in 2008. Simultaneously, GDP per capita also increased from USD1,304 in 2005 to USD2,244 in 2008, representing a CAGR of 19.8%.

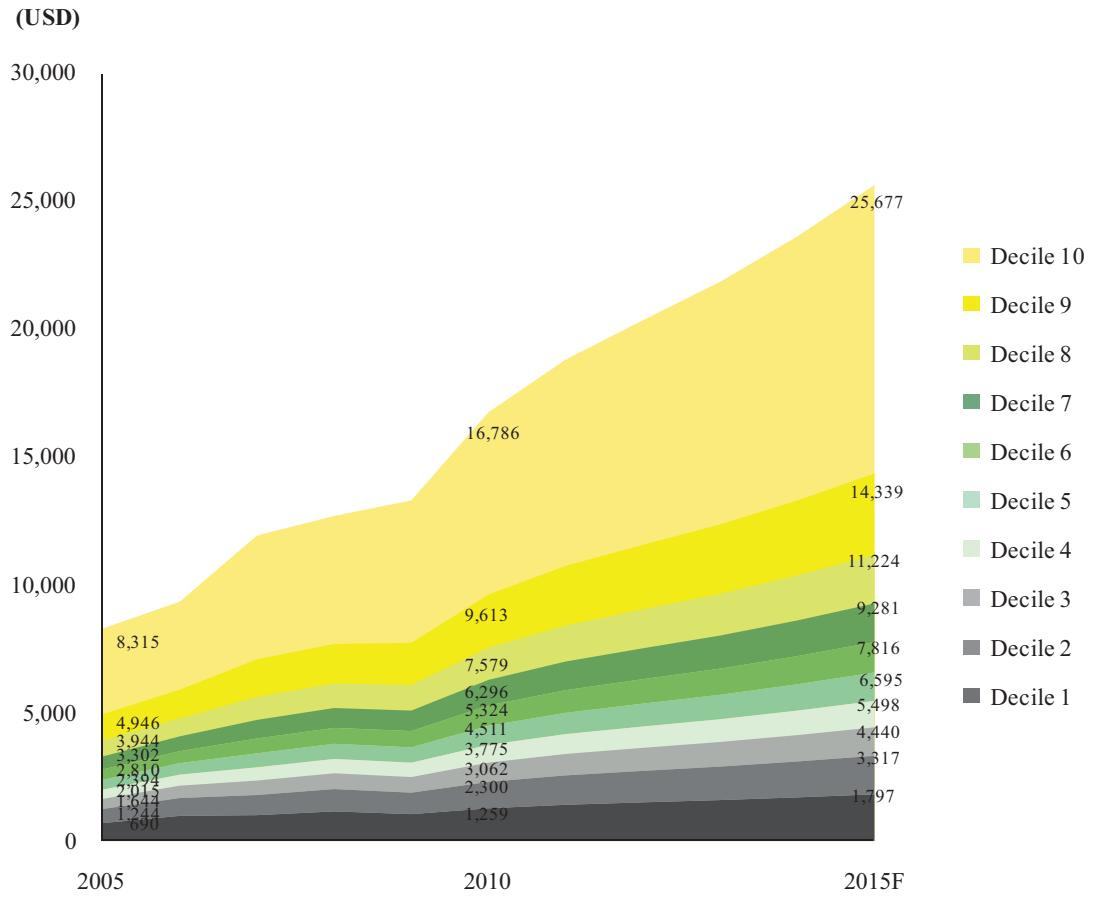
Due to Indonesia's large domestic market and relatively modest dependence on exports, the country survived the global recession better than many large Asian countries with GDP growing at 5.7% in 2009. Indonesia's household consumption sustained economic growth when exports and investment slowed in 2009.

In 2010, GDP enjoyed double-digit growth of 27.9% while GDP per capita grew at 26.5% annually, reaching USD2,967, more than twice the level of per capita GDP in 2005.

Real GDP growth stood at 6.1% in 2010 over 2009. Though real GDP growth fell to 4.6% in 2009, the growth was a robust 5.7% CAGR over the period 2005 to 2010.

Given its large domestic market and modest dependence on exports, Indonesia's GDP and GDP per capita are expected to grow at a CAGR of 11.8% and 10.7% to USD1,233.9 billion and USD5,053 respectively during the forecast period from 2011 to 2015.

Average household annual disposable income by decile: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Deciles are calculated by ranking all of the households in a country by disposable income level, from the lowest-earning to the highest-earning. The ranking is then split into 10 equal-sized groups of households. Decile 1 refers to the lowest-earning 10%, while decile 10 refers to the highest-earning 10% of households.

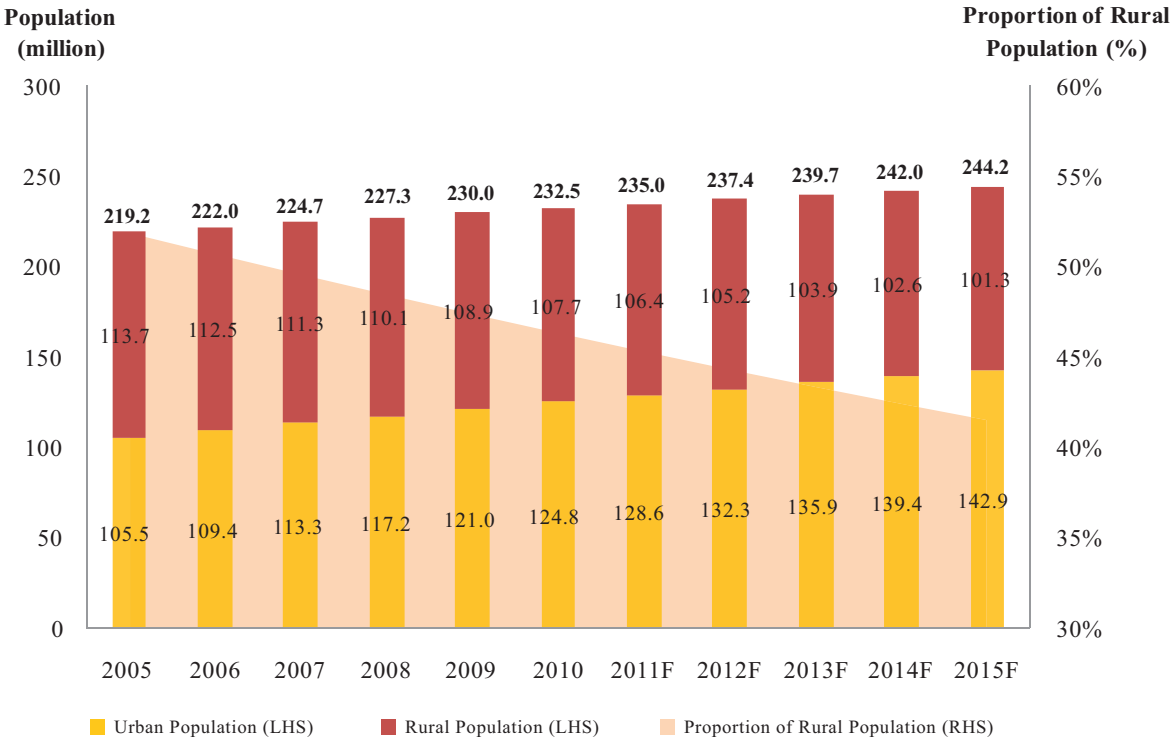
Income inequality in Indonesia is relatively low in comparison with the majority of its regional peers, particularly India and China. Indonesia's Gini index, which measures income inequality on a scale of 0 to 100 (0 = perfect equality and 100 = absolute inequality), was recorded at 36.0 in 2005 and 37.5 in 2010, and is forecasted to reach 38.5 in 2015. This is lower than the levels of Malaysia and Vietnam, the two other countries featured in this report. This is largely attributed to the aftermath of the 1998 Asian financial crisis wherein income inequality levels increased during the high-growth years preceding the crisis but fell in its aftermath. Although this correlation does not represent demonstrable proof of causality, a similar effect was observed in two other countries badly hit by the crisis, namely Thailand and Malaysia.

Household income disparity in Indonesia is also reflected in the distribution of household income by income deciles. Although overall income rose across all deciles in the review period of 2005 to 2010 and is forecasted to increase during the forecast period of 2011 to 2015 as well, the poorest 10% of households accounted for only 2.1% of Indonesia's total income in 2010, with average disposable income of USD1,258. The richest 10% of households, on the other hand, comprised 27.7%, with average disposable income of USD16,786 in 2010, representing 13.3 times of the disposable income level of the bottom decile.

Data on Indonesian household annual disposable income suggests that the number of middle-class consumers in the country is expanding rapidly. These trends indicate that a mass market is evolving in Indonesia, with a rising number of consumers able to afford a wide range of goods and services that were previously confined to the top earners. As a result, companies can benefit from broadening their marketing campaigns to attract this nascent mass market and finding new ways to reach out to the emerging group of lower middle-class consumers.

Urbanisation

Urban vs rural population: 2005-2010 (historic) and 2011-2015 (forecast)



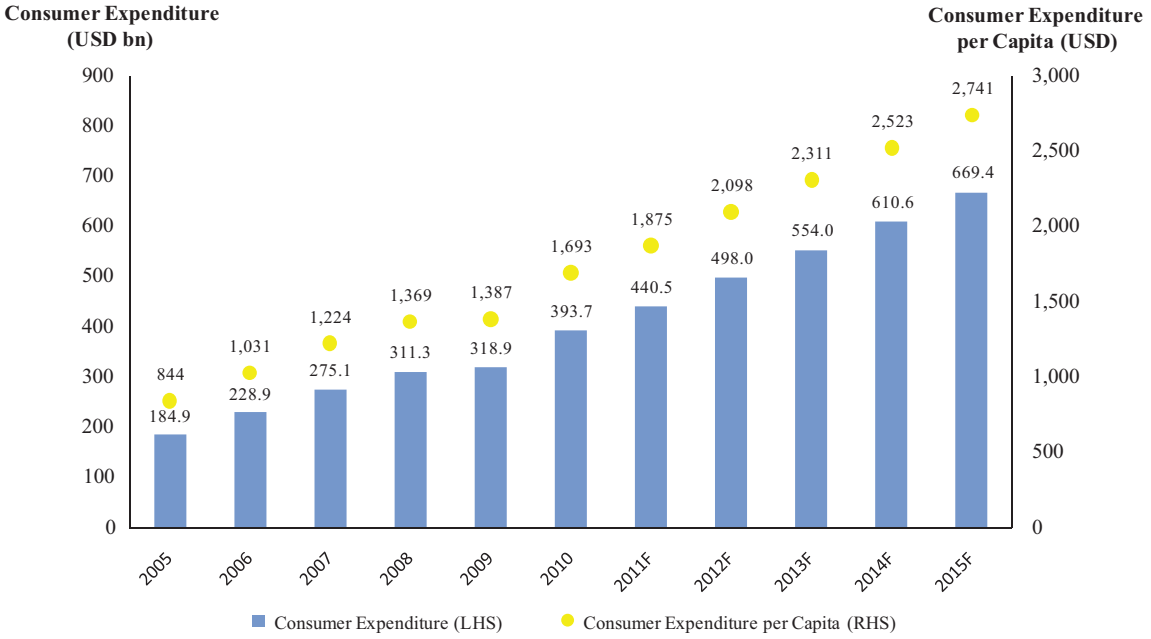
Source: Euromonitor International 2011

Indonesia underwent rapid urbanisation during the review period, which saw the urban population increase from 105.5 million in 2005 to 124.8 million in 2010, reflecting growth at a CAGR of 3.4% from 2005 to 2010. In 2007, the urban population outnumbered the rural population and the gap has continued to widen since then. In 2010, approximately 17 million more people were living in urban areas than in rural areas.

During the forecast period of 2011 to 2015, Indonesia's urban population is expected to grow at a CAGR of 2.7% to reach 142.9 million, while the rural population is expected to decline by a CAGR of 1.2% over the same period to reach 101.3 million, with the result that by 2015, 41.6 million more people are projected to live in urban areas rather than rural areas.

The increasing urbanisation of Indonesia has led to busier and faster-paced lifestyles for many consumers while providing a better standard of living for them. Influenced by advertising and marketing efforts, urban consumers in Indonesia, particularly younger consumers, are more aware of international fashion trends. As a result, with typically higher disposable income, they have spurred demand for products such as the latest clothing and footwear, consumer electronics products and personal grooming products.

Consumer expenditure and consumer expenditure per capita: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

As the world's largest archipelago (comprising 17,508 islands), it is unsurprising that Indonesia exhibits strong regional variations in expenditure patterns. Western Indonesia, especially Java and Bali, is significantly more urbanised and developed than Eastern Indonesia in terms of economic activity, infrastructure and population.

Overall Indonesian consumer expenditure grew by a CAGR of 16.3% during the review period of 2005 to 2010 to reach USD393.7 billion. Consumer expenditure per capita grew by a CAGR of 17.5% during 2005 to 2008 to reach USD1,369 in 2008, reflecting growing purchasing power due to rising disposable income, economic growth and increasing urbanisation. However, in 2009, consumer expenditure per capita grew by only 1.3% as consumers tightened their spending due to the financial crisis. As the crisis receded in 2010, consumer expenditure per capita enjoyed 22.1% annual growth and reached USD1,693.

Consumer expenditure and consumer expenditure per capita in Indonesia are expected to grow at a CAGR of 11.0% and 10.0%, respectively, during the forecast period of 2011 to 2015 to reach USD669.4 billion and USD2,741, respectively,.

In summary:

— GDP and GDP per capita are forecasted to grow at a CAGR of 11.8% and 10.7%, respectively, between 2011 and 2015, to reach USD1,233.9 billion and USD5,053, respectively.

— Household disposable income is expected to rise across all deciles, with the average disposable income of the richest 10% expected to grow at a CAGR of 6.5%, and that of the poorest 10% to grow at 8.0% between 2011 and 2015.

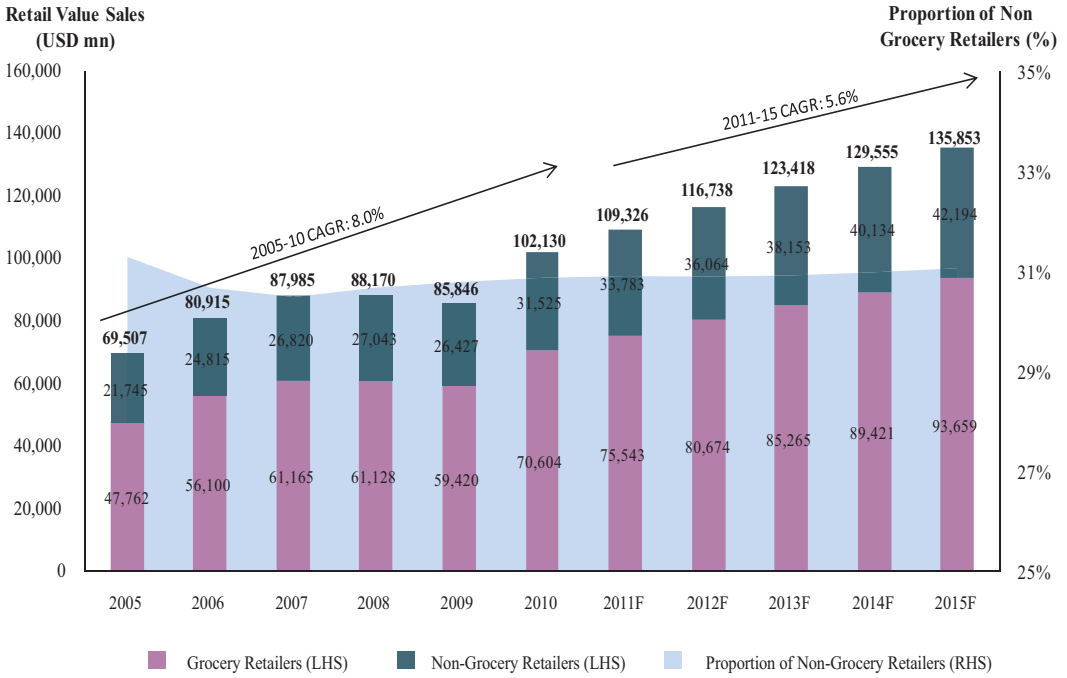
— Urban population is expected to grow at a CAGR of 2.7% from 2011 to reach 142.9 million in 2015.

— Consumer expenditure and consumer expenditure per capita are forecasted to grow at a CAGR of 11.0% and 10.0%, respectively, during 2011 to 2015, to reach USD669.4 billion and USD2,741, respectively.

3.2 Overview of store-based retail market

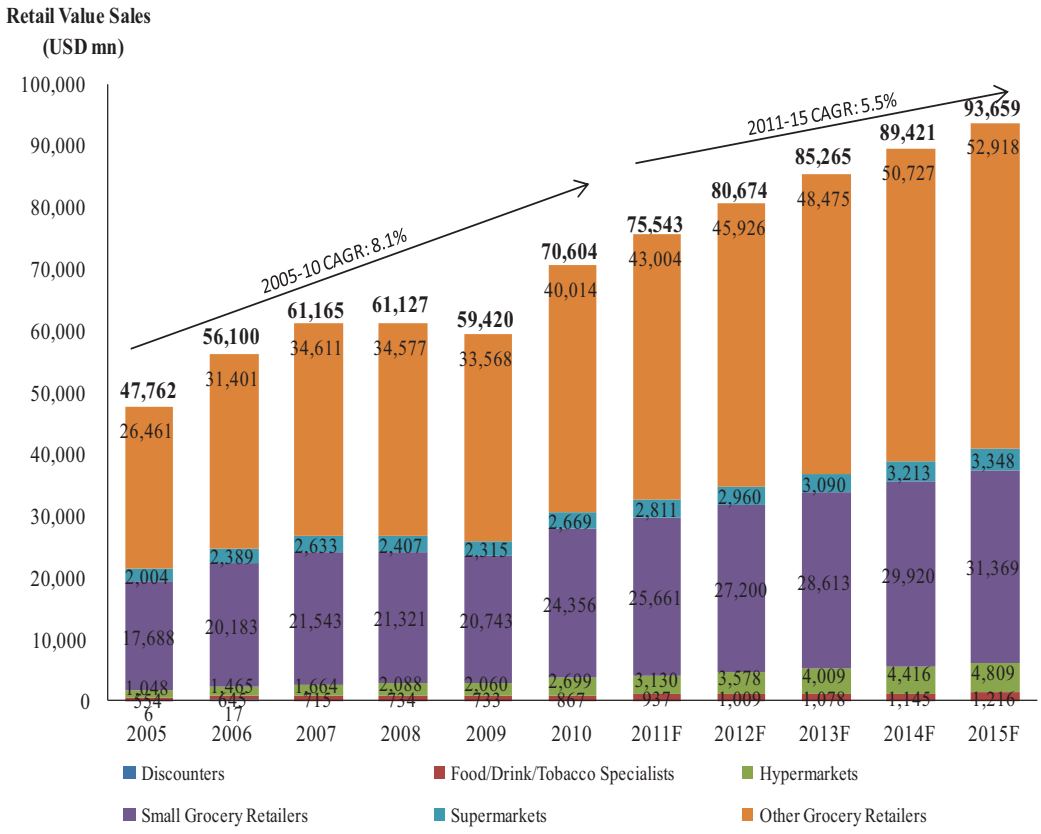
Retail value sales of store-based retail market

Retail value sales of grocery vs non-grocery retailers: 2005-2010 (historic) and 2011-2015 (forecast)



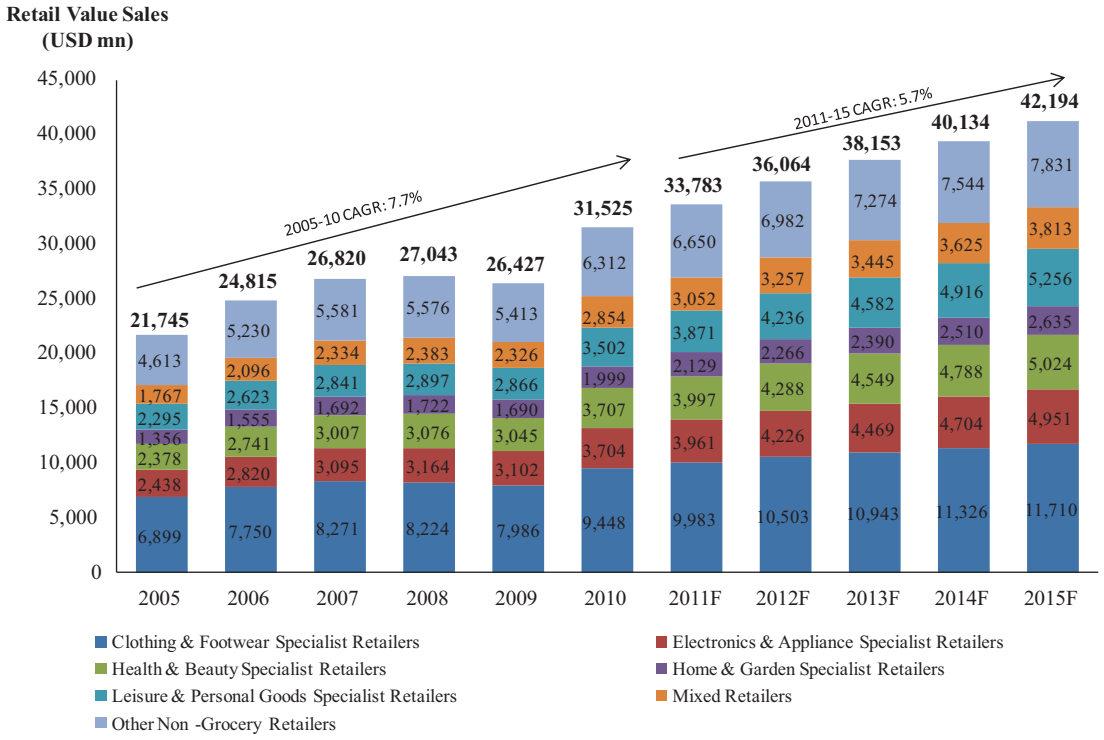
Source: Euromonitor International 2011

Grocery retail value sales: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Non-grocery retail value sales: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

Note: Mixed retailers are the aggregation of department stores, variety stores, mass merchandisers and warehouse clubs.

From 2005 to 2010, store-based retail value sales grew at a CAGR of 8.0% to reach USD102,130 million in 2010. With strong growth of the Indonesian economy in 2010, store-based retail value sales comprising grocery and non-grocery retailers grew by 19.0% annually, with grocery and non-grocery retailers registering annual growth of 18.8% and 19.3%, respectively. Increased consumer confidence and higher consumer spending in 2010 was a positive growth driver for retail sales in Indonesia.

Retailing in Indonesia remained highly fragmented in 2010, with numerous traditional, independent grocery and non-grocery stores located throughout the country. In 2010, the top five retailers by value sales, Sumber AlfariaTrijaya, Carrefour Indonesia, Indomarco Prismatama, Matahari Department Store and Hero Supermarket, maintained their leading positions and continued to shape retailing in the country. With the advantage of availability of funds and strong existing networks, these companies (which proved to be less susceptible to the impact of the financial crisis domestically) strengthened their positions further by conducting a variety of promotional activities and extending their service offerings.

As many modern retailers such as supermarkets, hypermarkets and convenience stores continued to offer a wider range of products in order to increase traffic to their outlets and generate higher revenues, grocery sales increased slightly as a percentage of total store-based retail sales, from 68.7% in 2005 to 69.1% in 2010, while the value share of non-grocery sales declined from 31.3% in 2005 to 30.9% in 2010.

In 2010, convenience stores such as Alfamart and Indomaret expanded their non-grocery product ranges. For instance, to support the World Cup in 2010, Indomaret obtained a licence to act as the official retailer of World Cup products in Indonesia to distribute these products in its outlets.

The retailing industry in Indonesia is expected to perform even better after the recovery from the global financial crisis. Low inflation and better-than-expected GDP growth, coupled with increased spending across various product categories, are expected to be carried forward into the forecast period

of 2011 to 2015. Multinational and domestic retailers are projected to continue to develop the retail market in Indonesia and to expand into areas outside Java, given the large population and proportionately low retail penetration. The Indonesian government's apparent commitment to encourage competition in the market and to improve infrastructure in the country also lends support to this expectation.

As a result, the total retail value sales of grocery and non-grocery retailers is expected to grow at a CAGR of 5.6% to reach USD135.9 billion by 2015, with the value of grocery retailers' sales growing at a CAGR of 5.5% to reach USD93.7 billion and the value of non-grocery retailers' sales growing at a CAGR of 5.7% to reach USD42.2 billion by 2015.

3.3 Overview of department store retail market

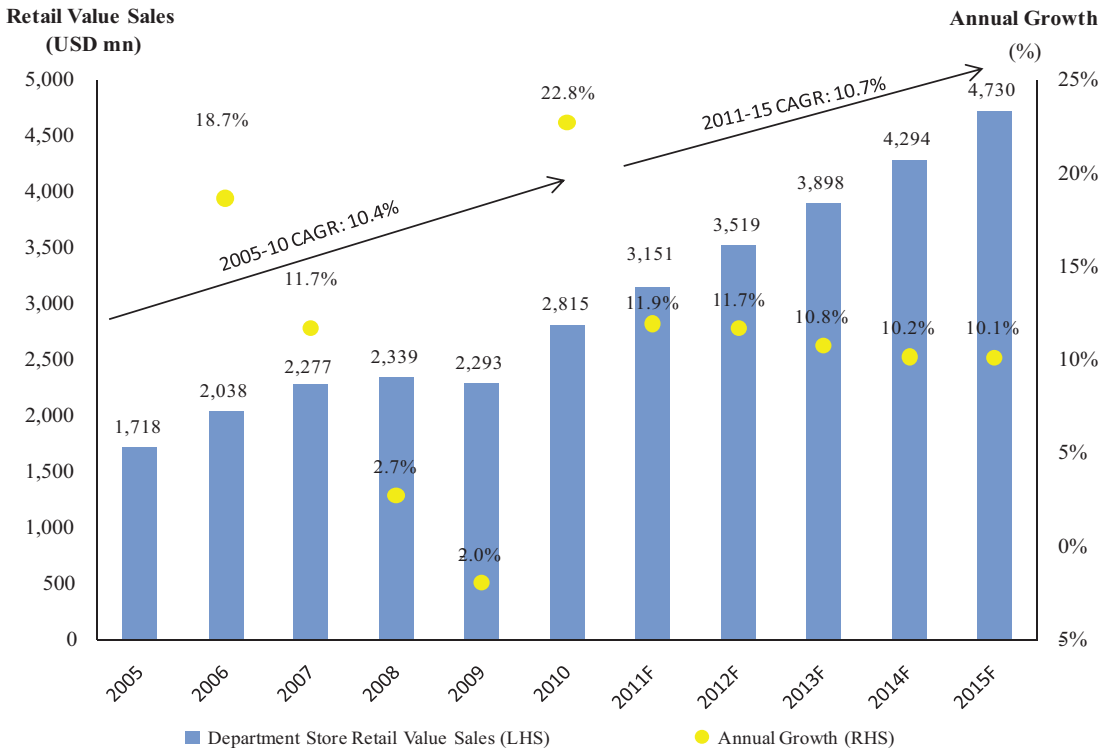
Overview of the department store landscape

The department store retail market is mainly dominated by two big players — PT Matahari Department Store Tbk (spun off from PT Matahari Putra Prima Tbk) and PT Ramayana Lestari Sentosa Tbk.

Companies have clearly positioned themselves by catering to consumers in different income segments. Segmentation amongst players in Indonesian department stores became even clearer in 2010. Ramayana, Matahari Department Store and Toserba Yogya continued to focus on targeting low to middle-income consumers by offering affordable products through private labels and price discounts. Meanwhile, premium brands such as Sogo, Debenhams, Centro and Seibu, which are clearly targeted towards middle to high-income consumers, maintained their positioning by improving services, product quality and customer loyalty programmes.

Retail value sales for department store retailing

Retail value sales for department store retailing: 2005-2010 (historic) and 2011-2015 (forecast)



Source: Euromonitor International 2011

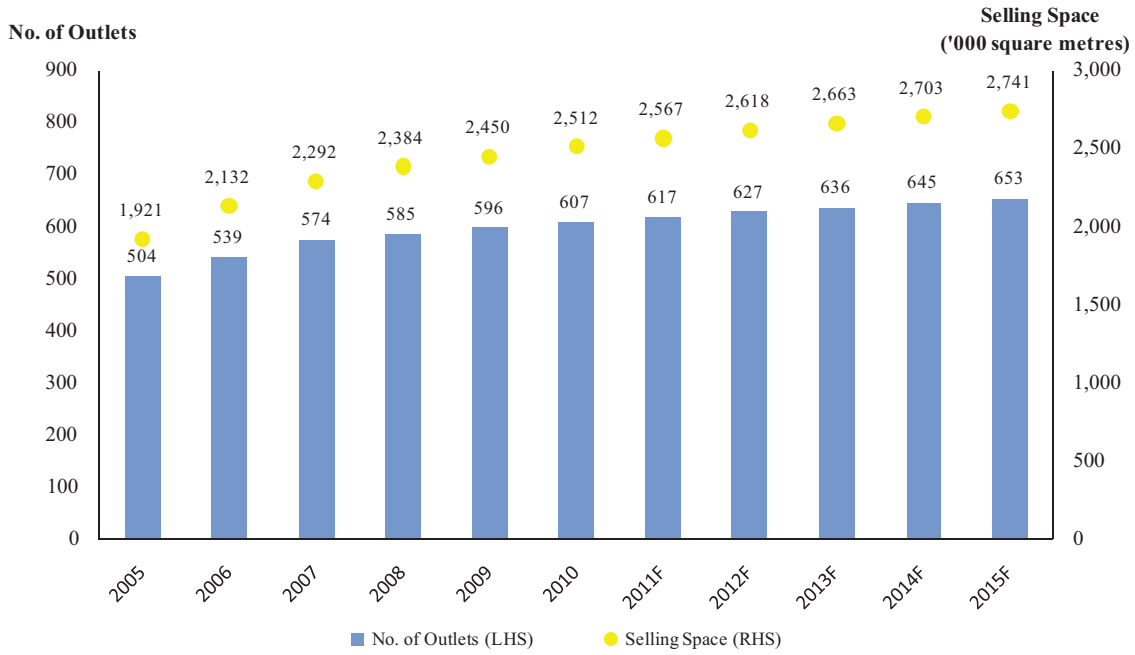
Department store retail value sales grew at an annual growth rate of 18.7% in 2006 and 11.7% in 2007. In 2008, growth declined to 2.7%, and in 2009, the department store sector experienced negative growth of 2.0%, resulting in USD2.3 billion in retail value sales for 2009.

With a stronger economic environment and increased purchasing power of Indonesians, department store retail value sales saw a strong rebound in 2010 with annual growth of 22.8%, reaching USD2.8 billion in the same year.

Given the strong economic growth forecast, more store openings and improved purchasing power of the consumers, department store retail value sales are expected to grow at a CAGR of 10.7% in the forecast period from 2011 to 2015, reaching approximately USD4.7 billion in total sales by 2015.

Number of outlets and selling space

Number of outlets and selling space: 2005-2010 (historic) and 2011-2015 (forecast)

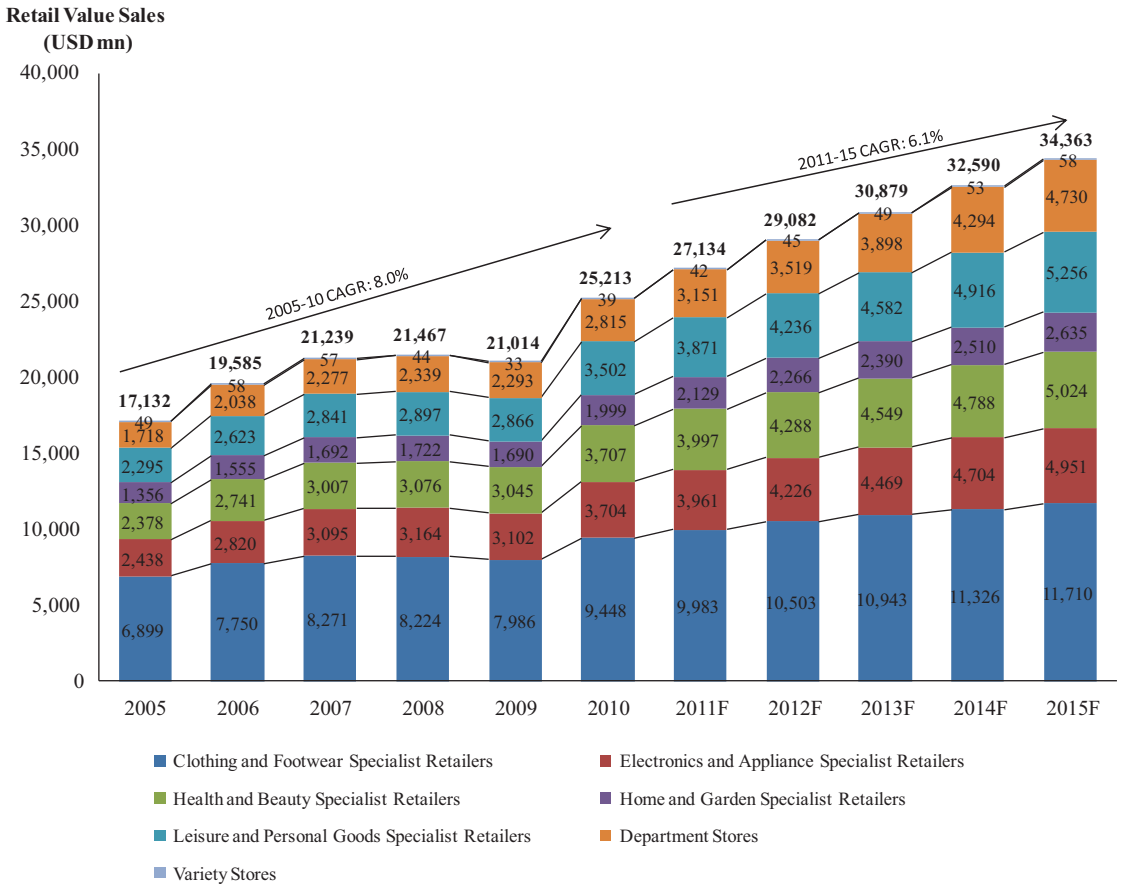


Source: Euromonitor International 2011

There was a total increase of 103 department store outlets between 2005 to 2010. Concurrently, selling space increased from 1,921 thousand square metres in 2005 to 2,512 thousand square metres in 2010, with a CAGR of 5.5% from 2005 to 2010.

Department store retailing has grown over the years, with outlets of mostly domestic and regional brands already established in the first-tier cities and many of the second-tier cities. PT Matahari Department Store Tbk and PT Ramayana Lestari Sentosa Tbk are two key players active in increasing their outlet numbers across Indonesia. During the forecast period from 2011 to 2015, the number of department store outlets in Indonesia is expected to grow at a CAGR of 1.4%.

Retail value sales based on retail channels: 2005-2010 (historic) and 2011-2015 (forecast)

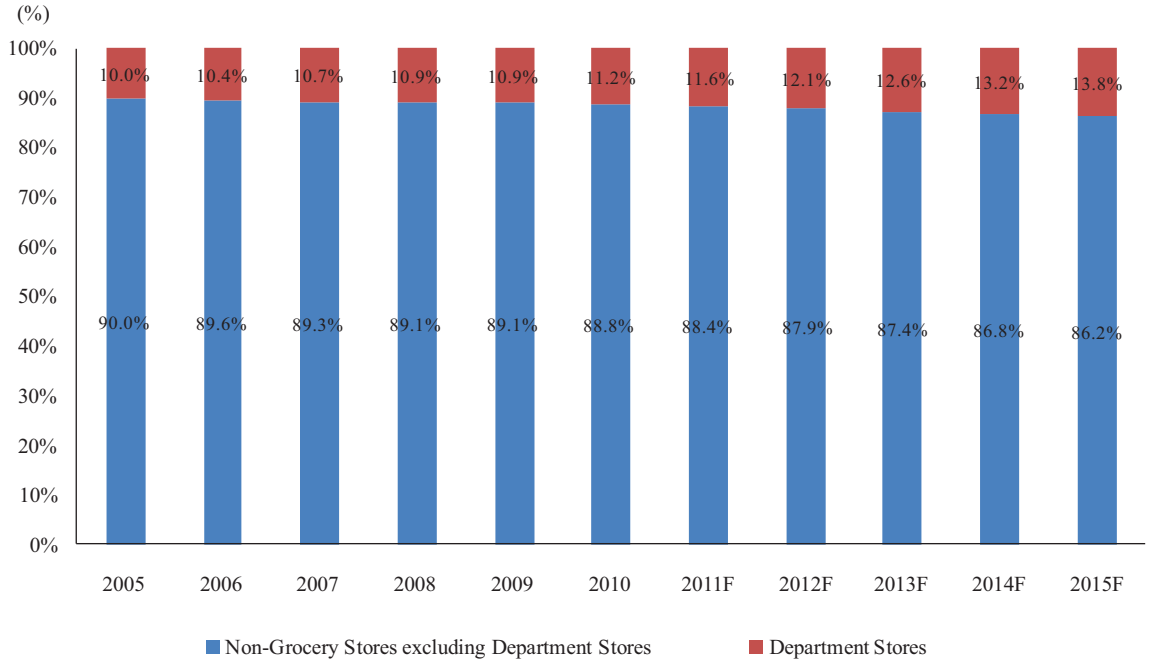


Source: Euromonitor International 2011

Largely due to department stores, mixed retailers (i.e. the aggregation of department stores, variety stores, mass merchandisers and warehouse clubs) are perceived to be an important retail channel in Indonesia. Introduced to Indonesians by PT Matahari Putra Prima Tbk in the 1960s, department store sales steadily increased as the economy strengthened through the 1970, 1980s and 1990s. Variety stores, on the other hand, were only introduced to Indonesians after the economic crisis in the late 1990s, and they have received a rather lukewarm response from consumers since their entry, with interest starting to wane towards the end of the review period. Until now, sales through variety stores which offer a wide assortment of extensively discounted fast-moving consumer goods on a self-service basis remain small compared to department stores within the mixed retailer channel in Indonesia. Mass merchandisers and warehouse clubs are not present in Indonesia.

Department stores may pose a threat to clothing and footwear specialist retailers in the forecast period of 2011 to 2015. This retail format offers a one-stop shopping experience which may attract consumers. Many department stores such as Matahari Department Stores and Ramayana will continue to put more emphasis on offering price promotions and other marketing strategies to attract consumers. The competition from department stores will contribute to the expected lower performance of clothing and footwear specialist retailers during the forecast period.

Retail value sales composition of department stores and non-grocery stores*: 2005-2010 (historic) and 2011-2015 (forecast)

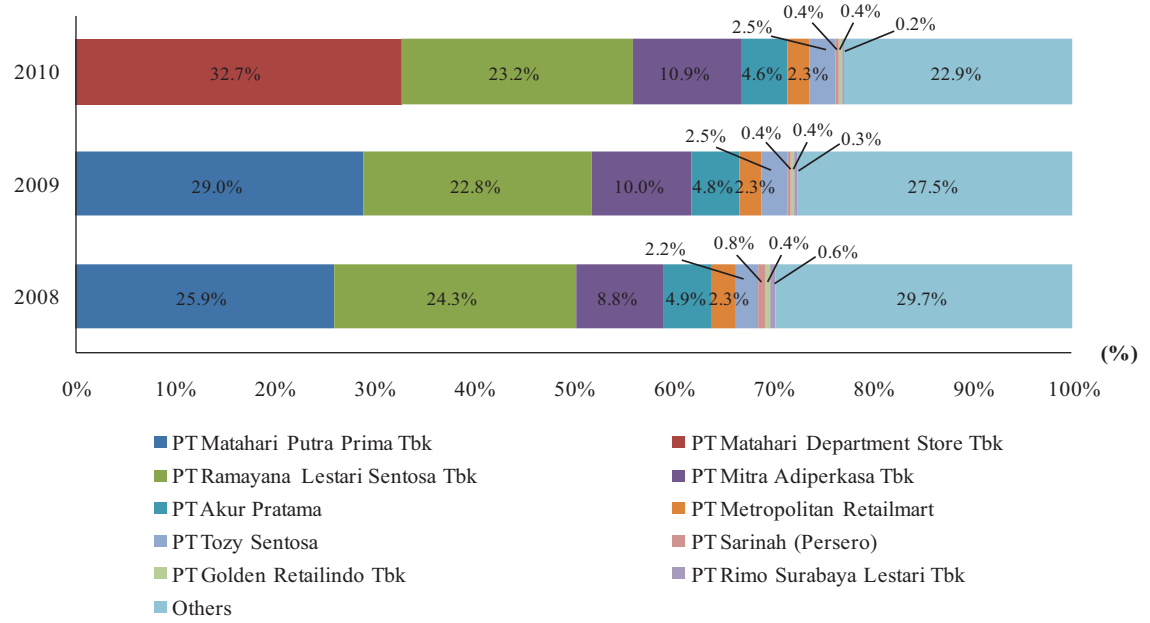


Source: Euromonitor International 2011

**Note: Non grocery stores above excludes department stores*

Retail value sales market share of department store players

Retail value sales market share of top players, 2008-2010* (historic)



Source: Euromonitor International 2011

**Note: Sales for PT Tozy Sentosa includes only non-food product sales for 2008-2010 while for other department stores, their sales are likely to include a mix of food and non-food sales*

PT Matahari Department Store Tbk (MDS) is expected to retain its respectable value sales growth in its various outlets over the forecast period with growth underpinned by substantial investment in new outlet openings as well as repositioning following the spin-off from PT Matahari Putra Prima Tbk (MPPA) at the end of 2009. Effective April 2010, MDS - acquired by a joint venture company of MPPA and CVC Capital Partners Ltd - is an entity separate from its parent company, MPPA. The restructuring exercise is expected to continue to develop MDS's department store business, pushing its expansion and penetration of its New Generation store format, which targets middle and high-income consumers. MDS plans to open 150 new stores within a 10–15 year period. MDS is expected to flourish in department store retailing, as it will have a better management focus and, more importantly, strong funding from its owners to fuel its expansion plans. This could intensify competition between players who target consumers in the same income group as MDS.

In 2010, MDS continued to see its biggest share gain in department store retailing, increasing from 29.0% to 32.7%. Besides the sales contribution from its new stores, the company continued to successfully increase sales at its existing outlets through several strategies. These included improved product ranges, especially in clothing and footwear, a more efficient distribution process, renovation of several outlets to achieve a more modern look, and frequent price discounts announced in newspapers as well as on television.

As the second-largest player in the country, PT Ramayana Lestari Sentosa Tbk has retained a strong presence in the retailing market. Despite its market share declining by 1.5% from 2008 to 2009, the company increased its market share by 0.4% in 2010, resulting in a total value share of 23.2% in 2010.

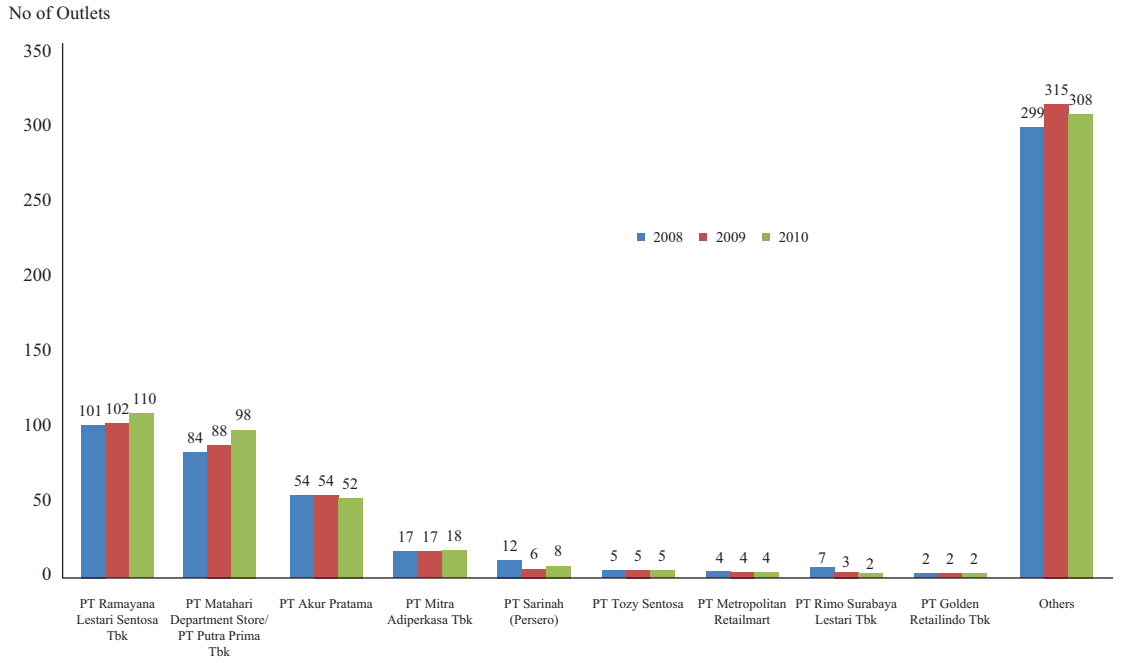
PT Rimo Surabaya Lestari Tbk, however, continued to see a decline in market share for its Rimo department stores, as the company closed down one more outlet in 2010. Left with only two outlets in Jakarta and Manado as at the end of 2010, the company has been losing ground, unable to adapt to new market dynamics, and gradually losing market share during the review period. PT Rimo Surabaya Lestari Tbk is rumoured to be an acquisition target of Sarinah.

While MPPA is targeting mass consumers, PT Mitra Adiperkasa's (MAP) department stores, including Sogo, Debenhams and Seibu, are focusing on marketing premium products. They are located in premium shopping centres/malls in Jakarta, such as Plaza Indonesia, Plaza Senayan, Pondok Indah Mall, Senayan City and Grand Indonesia. In 2009, MAP signed an agreement to establish a joint venture with the Samsonite Group, one of the worldwide leaders in travel bags, luggage and accessories.

PT Tozy Sentosa maintained its 2.5% share of retail values sales with its five Centro stores in operation as at 2010. Four of the five Centro stores are located on Java Island while Centro has one outlet at Kuta Bali. Centro is positioned as an upmarket and trendy department store to Indonesian consumers with an international feel but with products sold at an affordable price.

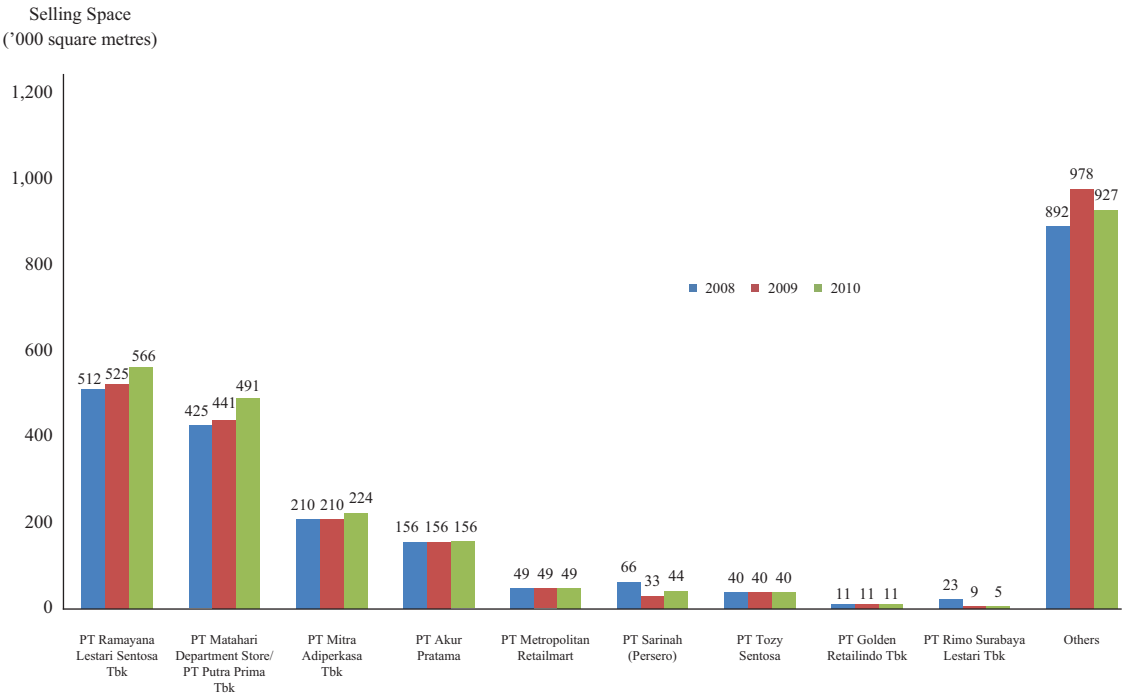
Number of outlets and selling space of top players

Number of outlets of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

Selling space of top players: 2008-2010 (historic)



Source: Euromonitor International 2011

In 2010, Ramayana and Matahari Department Store had the widest regional spread in terms of outlet coverage with 110 stores and 98 stores respectively. Their outlets are present in major cities in Java, as well as other provinces, such as Sumatra, Sulawesi, Bali and Kalimantan, and the eastern part of Indonesia. By contrast, premium department stores such as Debenhams, and Seibu are only present in Jakarta with a limited number of outlets, as they target only selected customer groups.

It is also evident from the graphs above that PT Sarinah (Persero) and PT Rimo Surabaya Lestari Tbk both saw their department store outlets decline in number and selling space.

Key growth drivers in department store retailing

Economic recovery has led to higher disposable income and increased consumer purchasing power

In 2010, Indonesian consumers increased their spending across multiple product categories. Lower unemployment meant increased consumer purchasing power. Low and middle-income consumers, who were most affected by the global financial crisis, enjoyed a higher level of disposable income which boosted the performance of retailers, as these consumers increased their purchases at stores. An economic environment conducive to foreign direct investment further drove the sprawling urban areas and the proliferation of modern retail brands across Indonesia during 2010, resulting in greater access to desired products for consumers to satisfy their shopping needs.

Higher post-global financial crisis disposable income also resulted in consumers increasing their spending not only on daily necessities such as food and other grocery products, but also on discretionary non-grocery items such as clothing.

Growing sophistication of consumers increases the demand for non-grocery items from retailers

During the review period from 2005 to 2010, the growing urban population in Indonesia led to growing sophistication amongst consumers, which resulted in increasing demand for and spending on non-grocery items from retailers. This led major department store players to widen their distribution in order to reach out to greater consumer audiences and cater to more niche consumers.

Positive post-global financial crisis economic outlook led major players to invest heavily in business expansion

Major players in department store retailing have focused efforts on business expansion plans in the light of positive post-global financial crisis economic outlook. Matahari Department Store plans to revamp some of its outlets to with a refreshed look under Matahari New Generation stores in order to expand its target consumer base by catering to middle and high-income consumer groups. Premium department stores such as Sogo and Seibu are expected to focus their expansion in metropolitan areas and invest heavily in creating an enhanced customer experience in their stores with an attractive ambience and other value-added services. To boost lagging demand, companies such as Plaza Indonesia have frequently organised 'midnight sale' sales events at which branded items were priced at huge discounts.

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APPENDIX D — SUMMARY OF THE MEMORANDUM AND SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

This appendix provides information about certain provisions of our Memorandum and Articles of Association.

(i) Power of a Director to vote on a proposal, arrangement or contract in which he is interested:

Article 102

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(ii) The remuneration of our Directors:

Article 79

The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Article 80

(A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

(B) The remuneration (including any remuneration under Article 80(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Article 82

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Article 83

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional

capacity for the Company or any such other company and be remunerated therefore and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 88

The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 98(D)

An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.

(iii) The borrowing powers exercisable by our Directors:

Article 109

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Article 109, like any other provision in our Articles of Association, may be amended by a special resolution of our shareholders.

(iv) The retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Articles of Association relating to the retirement or non-retirement of a director under an age limit requirement. Section 153(1) of the Singapore Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of a company or authorised to continue in office as a director of a company by way of an ordinary resolution passed at an annual general meeting of that company.

(v) The shareholding qualification of a Director:

Article 78

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(vi) The rights, preferences and restrictions attaching to each class of shares:

Article 51

Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of these Articles and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed by such number or percentage of members and subject to such other conditions, as may be prescribed by the Statutes, Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which shares in the Company may be listed.

Article 65

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 5, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote (provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Article 123

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 147

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members of different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(vii) Any change in capital:

Article 3

Subject to the Statutes and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and

(b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 8(B), shall be subject to the approval of the Company in General Meeting.

Article 8

(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).

(B) Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a) (i) *issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

provided that

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(C) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Article 9

The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its shares;

(b) sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and

(c) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.

Article 10

(A) The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by

the Company pursuant to these Articles, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

(viii) Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Article 6

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Article 7

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

The conditions prescribed by Articles 6 and 7 for variation of such rights are not different from those required under the Singapore Companies Act.

(ix) Dividend restrictions, the date on which the entitlement to dividends arises, procedures for our shareholders to claim dividends, time limit after which a dividend entitlement will lapse and indications of the party in whose favour this entitlement then operates:

Article 121

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 122

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 123

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 124

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

Article 128

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

Article 131

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy

of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 134

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

APPENDIX E — RULES OF THE PARKSON RETAIL ASIA LIMITED EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THIS SHARE OPTION SCHEME

This Share Option Scheme shall be called the "Parkson Retail Asia Limited Employee Share Option Scheme".

2. DEFINITIONS

2.1 In this Share Option Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

"Acceptance Period"	:	The period within which an Option may be accepted, as described in Rule 7.2.
"Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time.
"Adoption Date"	:	The date on which this Share Option Scheme is adopted by the Company in general meeting.
"Auditors"	:	The auditors of the Company for the time being.
"Board"	:	The Board of Directors of the Company for the time being.
"CDP"	:	The Central Depository (Pte) Limited.
"CPF"	:	Central Provident Fund.
"Committee"	:	A committee comprising Directors of the Company, duly authorised and appointed by the Board pursuant to Rule 13 to administer this Share Option Scheme.
"Company" or "Parkson Retail Asia Limited "	:	Parkson Retail Asia Limited.
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
"Controlling Shareholder"	:	A person who (a) holds directly or indirectly 15% or more of the aggregate of the votes attached to all the voting Shares in the Company (unless determined otherwise by the SGX-ST); or (b) in fact exercises Control over the Company.
"Depositor"	:	A person being a Depository Agent or holder of a securities account maintained with CDP but not including a holder of a sub-account maintained with a Depository Agent.
"Director"	:	A person holding office as a director for the time being of the Company.
"EGM"	:	Extraordinary General Meeting.

"Employee"	:	Any confirmed employee of the Group selected by the Committee to participate in this Share Option Scheme in accordance with Rule 4.
"Executive Director"	:	A director of the Group who performs an executive function.
"Exercise Price"	:	The price at which a Participant shall subscribe for each Share upon the exercise of an option as determined in accordance with Rule 8.1 in relation to a Market Price Option, and Rule 8.2 in relation to an Incentive Option.
"Grantee"	:	The person to whom an offer of an Option is made.
"Group"	:	The Company, its Subsidiaries (as they may exist from time to time) and associated companies which the Company has control over.
"Incentive Option"	:	The right to subscribe for Shares granted or to be granted pursuant to this Share Option Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8.2.
"Listing Manual"	:	Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Market Day"	:	A day on which the SGX-ST is open for trading of securities.
"Market Price"	:	The price as defined in Rule 8.1(i).
"Market Price Option"	:	The right to subscribe for Shares granted or to be granted pursuant to this Share Option Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8.1.
"Non-Executive Director"	:	A director of the Group who is not an Executive Director, but including independent Directors.
"Offering Date"	:	The date on which an Option is granted pursuant to Rule 6.1.
"Option"	:	A Market Price Option or an Incentive Option, as the case may be.
"Option Period"	:	The period for the exercise of an Option as set out in Rule 9.1.
"Participant"	:	A holder of an Option.
"Rules"	:	The rules of this Share Option Scheme, as the same may be amended from time to time.
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited.
"Share Option Scheme"	:	The Parkson Retail Asia Limited Employee Share Option Scheme, as modified or amended from time to time.
"shareholders"	:	The registered holders for the time being of the Shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.

"Shares"	:	Ordinary shares in the capital of the Company.
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Act.
"Trading Day"	:	A day on which the Shares are traded on the SGX-ST.
"S$"	:	Singapore dollars.

2.2 The terms "Depository Register" and "Depository Agent" shall have the meanings ascribed to them respectively by Section 130A of the Act.

2.3 The term "Associate" shall have the meaning ascribed to it by the Listing Manual.:

2.4 Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations. References to Rules and Appendices shall be construed as references to Rules of and the Appendices to this Share Option Scheme.

2.5 Any reference in this Share Option Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Share Option Scheme shall, where applicable, have the same meaning assigned to it under the Act.

2.6 Any reference in this Share Option Scheme to a time of day shall be a reference to Singapore time unless otherwise stated.

3. OBJECTIVES OF THIS SHARE OPTION SCHEME

3.1 This Share Option Scheme is a share incentive scheme. The purpose of this Share Option Scheme is to provide an opportunity for Directors and Employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group.

3.2 This Share Option Scheme is proposed on the basis that it is important to recognise the fact that the services of such Employees and Directors are important to the success and continued well-being of the Group. Implementation of this Share Option Scheme will enable the Company to give recognition to the contributions made by such Employees and Directors, which is essential to the well-being and prosperity of the Group. At the same time, it will give such Employees and Directors an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:

(i) the motivation of Participants to optimise performance standards and efficiency and to maintain a high level of contribution;

(ii) the retention of key Employees and Directors whose contributions are important to the long-term growth and profitability of the Group;

(iii) the alignment of the interest of the participants with the interests of our shareholders; and

(iv) the instilling of loyalty to and of a stronger identification by the participants with the long-term prosperity of our Group.

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in this Share Option Scheme at the absolute discretion of the Committee:

(i) Employees and Directors

(a) Employees of the Group who are not on probation and have attained the age of 21 years on or before the Offering Date;

(b) Executive Directors who have attained the age of 21 years on or before the Offering Date; and

(c) Non-Executive Directors who have attained the age of 21 years on or before the Offering Date.

The Participant must not be an undischarged bankrupt and must not have entered into a composition with his creditors.

(ii) Controlling Shareholders and Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under Rule 4.1(i) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

4.2 Employees who are Controlling Shareholders or Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(i) above) not participate in this Share Option Scheme unless:

(i) their participation; and

(ii) the actual number of Shares to be issued to them and the terms of any Option to be granted to them,

have been approved by the independent shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual number of Shares to be issued to him and the terms of any Option to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in this Share Option Scheme of an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent shareholder, the Company shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out the following:

(a) clear justifications for the participation of such Controlling Shareholders or Associates of Controlling Shareholders;

(b) clear rationale for the number and terms (including the Exercise Price) of the Options to be granted to such Controlling Shareholders or Associates of Controlling Shareholders; and

(c) (where Incentive Options are proposed to be granted to Controlling Shareholders or Associates of Controlling Shareholders) the discount to the Market Price applicable to the Exercise Price of such Options (as determined in accordance with Rule 8.2).

4.3 There shall be no restriction on the eligibility of any Grantee or Participant to participate in any other share option or share incentive scheme, whether or not implemented by any other companies within the Group.

4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in this Share Option Scheme may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS OF THIS SHARE OPTION SCHEME

5.1 The aggregate number of Shares which the Committee may grant Options on any date, when added to (i) the number of Shares issued and in respect of all Options granted under this Share Option Scheme; and (ii) all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent. (15%) of the issued share capital (excluding treasury shares) of the Company on the date preceding the grant of an Option.

5.2 Subject to Rule 4 and Rule 10, the aggregate number of Shares comprised in Market Price Options or (as the case may be) Incentive Options, to be offered to any Grantee in accordance with this Share Option Scheme shall be determined at the absolute discretion of the Committee, who shall take into account, in respect of a Grantee, criteria such as rank, past performance, years of service and potential for future development of that Employee and the general performance of the group, and in respect of a Non-Executive Director, his contribution to the success and development of the group, provided that in relation to Controlling Shareholders and Associates of Controlling Shareholders:

(i) the aggregate number of Shares which may be offered by way of grant of options to Participants who are Controlling Shareholders or Associates of Controlling Shareholders under this Share Option Scheme shall not exceed 25% of the total number of Shares available under this Share Option Scheme and such other share-based incentive schemes of the Company; and

(ii) the aggregate number of Shares which may be offered to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under this Share Option Scheme.

6. OFFERING DATE

6.1 The Committee may, save as provided in Rule 4 and Rule 5, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when this Share Option Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.

6.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out in Schedule A, subject to such modification including, but not limited to imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period, as the Committee may from time to time determine.

7. ACCEPTANCE OF OFFER

7.1 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval in writing of the Committee.

7.2 The closing date for the acceptance for the grant of any Option under this Rule 7 shall not be less than 15 days and not more than 30 days from the Offering Date of that Option. The grant an Option must be accepted by completing, signing and returning of the Acceptance Form in substantially in the form set out in Schedule B, subject to such modification as the Committee may from time to time

determine, accompanied by payment of S$1.00 as consideration or such other amount and such other documentation as the Committee may require. The Option is deemed not accepted until actual receipt by the Company of the Acceptance Form.

7.3 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:

(i) a grant of an Option is not accepted strictly in the manner as provided in Rule 7.2, such offer being within the Acceptance Period; or

(ii) the Grantee dies prior to his acceptance of the Option; or

(iii) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or

(iv) the Grantee being an Executive Director or, as the case may be, an Employee ceases to be in the employment of the Group or (being a Non-Executive Director) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or

(v) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

7.4 The Company shall be entitled at its absolute discretion to reject any purported acceptance of grant of an Option made pursuant to this Rule 7 or Exercise Notice given pursuant to Rule 11 which does not strictly comply with the terms of this Share Option Scheme. In the event that an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.

8. EXERCISE PRICE

8.1 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which a Market Price Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price (the "Market Price") equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent in the event of fractional prices provided in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Exercise Price for each Share shall be equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list published by the SGX-ST, for the five (5) consecutive Market Days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the shareholders proposing to seek their approval of the grant of such Options to such Controlling Shareholder or Associate of a Controlling Shareholder.

8.2 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Incentive Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price which is set at a discount to the Market Price (as determined in accordance with Rule 8.1), provided that:

(i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST). In determining the quantum of such discount, the Committee shall take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate including but not limited to:

(a) the performance of the Company and the Group, taking into account financial considerations such as the Group's sales/revenue, profit and performance targets;

(b) the individual performance of the Participant, his effectiveness and contribution to the success and development of the Company and/or the Group; and

(c) the potential for future contribution by the Participant to the success and development of the Group; and

(ii) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of Options under this Share Option Scheme at a discount not exceeding the maximum discount as aforesaid (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of Options under this Share Option Scheme at such discount for the duration of this Share Option Scheme), rounded up to the nearest whole cent.

8.3 The Committee, at its absolute discretion, may also consider granting Incentive Options at up to 20% discount to the Market Price of the Option Shares under circumstances including, but not limited to, the following:

(i) to enable the Group to offer competitive remuneration packages in the event that the practice of granting options with exercise prices that have a discount element becomes a general market norm. As share options become more significant components of executive remuneration packages, a discretion to grant options with discounted prices will provide the Group with a means to maintain the competitiveness of the Group's compensation strategy; and/or

(ii) where the Group needs to provide more compelling motivation for specific business units to improve their performance, grants of share options with discounted exercise prices will help to align the interest of Employees to those of shareholders by encouraging them to focus more on profitability and returns of the Group above a certain level that will benefit all shareholders when these are eventually reflected through an appreciation of the Company's Share price, as such options granted at a discount would be perceived more positively by the Employees who receive such options.

The Committee will determine on a case-by-case basis whether a discount will be given, and the quantum of the discount, taking into consideration the objective that is desired to be achieved by the Group and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, subject to a maximum discount of 20% of the Market Price of an Option Share.

9. EXERCISE OF OPTION

9.1 Except as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, as follows:

(i) in the case of a Market Price Option, during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date, provided that in the case of a Market Price Option which is granted to a Participant not holding a salaried office or employment in the Group, such Option Period shall expire on the fifth anniversary of such Offering Date; and

(ii) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date, provided that in the case of an Incentive Option which is granted to a Participant not holding a salaried office or employment in the Group, such Option Period shall expire on the fifth anniversary of such Offering Date.

9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with this Share Option Scheme until such time as it shall lapse in accordance with the Rules of this Share Option Scheme.

9.3 Subject to Rule 9.4, an Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:

(i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or

(ii) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion; or

(iii) subject to Rules 9.4 and 9.5, upon the Participant ceasing to be in employment of the Group, for any reason whatsoever; or

(iv) in the event that the Committee shall, at its sole and absolute discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of this Share Option Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(iii), the Participant shall be deemed to have ceased to be so employed as at the earlier of the date of the Participant's notice of resignation of employment or the cessation of his employment/appointment with the Group.

9.4 Where a Participant who is an Executive Director ceases to be an Employee of the Group due to a change in control of the Board, he shall, notwithstanding Rule 9.3, be entitled to exercise in full all unexercised Options from the last date of employment with the Group until the end of the relevant Option Period.

9.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be fully exercisable by the duly appointed legal personal representatives of the Participant from the date of his death to the end of the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

10. TAKE-OVER AND WINDING-UP OF THE COMPANY

10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(i) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

(ii) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to

do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall subject to Rule 9 remain exercisable until the expiry of the Option Period relating thereto.

10.2 If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option period relating thereto), whereupon the Option shall lapse and become null and void.

10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options to the extent unexercised, shall lapse and become null and void.

10.4 In the event of a members' voluntary winding-up (other than amalgamation or reconstruction), the Participants (including Participants holding Options which are not exercisable pursuant to the provisions of Rule 9.1) shall be entitled within 30 days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which period such unexercised Option shall lapse and become null and void.

10.5 If in connection with the making of a general offer referred to in Rule 10.1 or this Share Option Scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.

10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

11. MANNER OF EXERCISE

11.1 An Option may be exercised during the Option Period, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiples thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C (the "Exercise Notice"), each case being subject to such modifications as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. An Option shall be deemed to be exercised upon the receipt by the Company of Exercise Notice duly completed, the relevant documentation required by the Committee and the aggregate Exercise Price.

11.2 All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.

11.3 Subject to:

(i) such consents or other required actions of any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and

(ii) compliance with the Rules of this Share Option Scheme and the Memorandum and Articles of Association of the Company,

the Company shall have the discretion to determine whether to issue new Shares or to procure the transfer of existing Shares, or a combination of both methods to the Participant and shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 11.1, allot or transfer the relevant Shares and within five (5) Market Days from the date of such allotment and transfer, dispatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

11.4 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 12.

11.5 Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued in or transferred to, as the Participant may elect, the name of CDP to the credit of the securities account of the Participant maintained with CDP, the Participant's securities sub-account with a CDP Depository Agent or the CPF investment account maintained with a CPF agent bank.

11.6 Shares issued and allotted and existing Shares transferred upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the record date of which is prior to the date such Option is exercised.

11.7 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11.8 Except as set out in Rule 11.3 and subject to Rule 12, an Option does not confer on a Participant any right to participate in any new issue of Shares.

12. ALTERATION OF CAPITAL

12.1 If a variation in the issued share capital of the Company (whether by way of rights issue or capitalisation of profits or reserves, reduction of capital, or subdivision, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) should take place, then:

(i) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or

(ii) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or

(iii) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

shall, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. For this purpose, "Record Date" means the date as at the close of business on which shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

12.2 Unless the Committee considers an adjustment to be appropriate, the following shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 12:

(i) the issue of securities as consideration for an acquisition of any assets or private placement of securities by the Company; and

(ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force.

12.3 Notwithstanding the provisions of Rule 12.1 above:

(i) no such adjustment shall be made if as a result the Participant receives a benefit that a shareholder does not receive; and

(ii) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year. Any adjustment shall take effect upon such written notification being given.

12.5 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 12.

13. ADMINISTRATION

13.1 This Share Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

13.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with this Share Option Scheme) for the implementation and administration of this Share Option Scheme as it thinks fit including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period.

13.3 Any decision of the Committee, made pursuant to any provision of this Share Option Scheme (other than a matter to be certified by the Auditors), shall be final, binding and conclusive (including any

decisions pertaining to quantum of discount applicable to an Incentive Option pursuant to Rule 8.2 or to disputes as to the interpretation of this Share Option Scheme or any rule, regulation, or procedure thereunder or as to any rights under this Share Option Scheme).

14. NOTICES AND ANNUAL REPORT

14.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

14.2 Any notice, documents or correspondence given by the Company to a Participant shall be sent to the Participant by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

14.3 The Company shall in relation to this Share Option Scheme, as required by law, the SGX-ST or other relevant authority, make the following disclosures in its annual report to shareholders:

(i) the names of the members of the Committee;

(ii) in respect of the following Participants:

(a) Directors of the Company;

(b) Controlling Shareholders and their Associates; and

(c) Participants (other than those in paragraphs (a) and (b) above) who have received more than 5% or more of the total number of Options available under this Share Option Scheme;

the following information:

(aa) the name of the Participant;

(bb) the number of Options granted during the Financial Year under review;

(cc) the aggregate number of Options granted since the commencement of this Share Option Scheme up to the end of the Financial Year under review;

(dd) the aggregate number of Options exercised since the commencement of this Share Option Scheme up to the end of the Financial Year under review; and

(ee) the aggregate number of Options outstanding as at the end of the Financial Year under review;

(iii) the number and proportion of Options granted at a discount during the Financial Year under review in respect of every 10% range, up to the maximum quantum of discount granted; and

(iv) such other information as may be required by the Listing Manual or the Act.

An appropriate negative statement will be included in the annual report to the shareholders in the event the disclosure of any of the abovementioned information is not applicable.

15. MODIFICATIONS TO THIS SHARE OPTION SCHEME

15.1 Any or all of the provisions of this Share Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

(i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three quarters of all the Shares which would fall to be issued and allotted or transferred upon exercise in full of all outstanding Options;

(ii) the definitions of "Controlling Shareholder", "Director", "Employee", "Group", "Participant", "Committee", "Option Period" and "Exercise Price" and the provisions of Rules 4, 5, 6, 7, 8, 9, 10, 11.1, 11.6, 12, 13 and this Rule shall not be altered or modified to the advantage of Participants under this Share Option Scheme except with the prior approval of shareholders at a general meeting; and

(iii) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 15.1(i), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter this Share Option Scheme in any way to the extent necessary to cause this Share Option Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Shareholders who are eligible to participate in this Share Option Scheme must abstain from voting on any resolution relating to the Share Option Scheme (other than a resolution relating to the participation of, or grant of Options to the Employees).

15.4 Employees who are also shareholders and are eligible to participate in this Share Option Scheme must abstain from voting on any resolution relating to the participation of, or grant of Options to the Employees.

15.5 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

16. VESTING

16.1 The Options may, at the discretion of the Committee, be vested partially over a number of years. The periods over which the Options will vest may exceed any minimum vesting periods prescribed by any laws, regulations or rules to which this Share Option Scheme may be subject, including the regulations of any stock exchange on which the Shares may be listed and quoted. Further, the Shares to be issued and allotted to a Participant pursuant to the exercise of any Option under this Share Option Scheme may or may not at the discretion of the Committee, be subject to any retention period.

17. TERMS OF EMPLOYMENT UNAFFECTED

17.1 This Share Option Scheme or any Option shall not form part of any contract of employment between the Company, or any Company within the Group and any Participant and the rights and obligations of a Participant (who is an Employee or a Director) under the terms of the office or employment with such company within the Group shall not be affected by his participation in this Share Option Scheme or any right which he may have to participate in it or any Option which he may hold and this Share Option Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

17.2 This Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company or the Group directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or the Group.118.

DURATION OF THIS SHARE OPTION SCHEME

18.1 This Share Option Scheme shall continue to be in force at the discretion of the Committee, for a maximum period of ten (10) years commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, this Share Option Scheme may be continued beyond the above stipulated period with the approval of the shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

18.2 This Share Option Scheme may be terminated at any time by the Committee or by resolution of the shareholders at a general meeting subject to all other relevant approvals which may be required and if this Share Option Scheme is so terminated, no further Options shall be offered by the Company hereunder.

18.3 The termination, discontinuance or expiry of this Share Option Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 7.2, whether such Options have been exercised (whether fully or partially) or not.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under this Share Option Scheme shall be borne by the Participant.

20. COSTS AND EXPENSES OF THIS SHARE OPTION SCHEME

20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "CDP Charges").

20.2 Save for the taxes referred to in Rule 19 and such costs and expenses expressly provided in this Share Option Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to this Share Option Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with this Share Option Scheme including but not limited to the Company's delay or failure in issuing and allotting the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST in accordance with Rule 11.4 (and any other stock exchanges on which the Shares are quoted or listed).

22. DISPUTES

Any disputes or differences of any nature in connection with this Share Option Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

24. GOVERNING LAW

This Share Option Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with this Share Option Scheme, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

25. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B)

No person other than the Company or a Participant shall have any right to enforce any provision of the Share Option Scheme or any Option by the virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

SCHEDULE A

PARKSON RETAIL ASIA LIMITED EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No:

Date:

To: Name
Designation
Address

PRIVATE AND CONFIDENTIAL

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Committee of the Board of Directors of Parkson Retail Asia Limited (the "**Company**") to participate in the Parkson Retail Asia Limited Employee Share Option Scheme (the "**Scheme**"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S$1.00, to subscribe for and be allotted _____Shares in the capital of the Company at the price of S$_____ per Share. The Option shall be subject to the terms of the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme). A copy of the Scheme is available for inspection at the business address of the Company.

The Option is personal to you and may not be transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part, except with the prior approval of the Committee.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S$1.00 not later than 5.00 p.m. on _____failing which this offer will forthwith lapse.

Yours faithfully
for and on behalf of
Parkson Retail Asia Limited

Name:
Designation:

SCHEDULE B

PARKSON RETAIL ASIA LIMITED EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No:

To: The Committee
Parkson Retail Asia Limited Employee Share Option Scheme
c/o The Company Secretary
10 Arumugam Road #10-00
Lion Building A
Singapore 409957

Closing Date and Time for Acceptance of Option:_____

No. of Shares in respect of which Option is offered:_____

Exercise Price per Share: S$_____

Total Amount Payable on acceptance of Option: S$_____
(exclusive of the relevant CDP charges)

I have read your Letter of Offer dated _____(the "**Offering Date**") and agree to be bound by the terms hereof and of the Parkson Retail Asia Limited Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in Parkson Retail Asia Limited (the "**Company**") or options to subscribe for such shares.

I hereby accept the Option to subscribe for _____Shares in the capital of the Company (the "**Shares**") at S$_____ per Share and enclose a *cheque/banker's draft/cashier's order/postal order no. for S$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "**CDP Charges**").

I confirm as at the date hereof:

(a) I am not less than 21 years old, nor an undischarged bankrupt and have not entered into a composition with any of my creditors;

(b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and

(c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer. I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in Full: _____

Designation: _____

Address: _____

Nationality: _____

*NRIC/Passport No.: _____

Signature: _____

Date: _____

---

* Delete where inapplicable

1. *Option must be accepted in full or in multiples of 1,000 Shares.*
2. *The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".*
3. *The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.*

SCHEDULE C

PARKSON RETAIL ASIA EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Committee
Parkson Retail Asia Limited Employee Share Option Scheme
c/o The Company Secretary
10 Arumugam Road #10-00
Lion Building A
Singapore 409957

Total Number of Shares

at S$ _____per Share under an Option

granted on _____(the "**Offering Date**"): _____

Number of Shares previously issued and allotted thereunder: _____

Outstanding balance of Shares which may be issued and allotted thereunder: _____

Number of Shares now to be subscribed (in multiples of 1,000): _____

1. Pursuant to your Letter of Offer dated _____and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in Parkson Retail Asia Limited (the "**Company**") at S$ _____ per Share.

2. I hereby request the Company to allot and issue to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my "Securities Account with a CDP/*Securities Sub-Account with a CDP Depository Agent/* CPF investment account with a CPF agent bank specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP/CPF (the "**CDP Charges**") and any stamp duties in respect thereof:

   *(a) Direct Securities Account Number:

   *(b) Securities Sub-Account Number:

   Name of CDP Depository Agent:

   *(c) CPF Investment Account Number:

   Name of CPF agent bank:

3. I enclose a *cheque/cashier's order/bank draft/postal order no. _____ for S$ _____ in payment for the subscription of the said Shares and the applicable CDP charges.

4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the Parkson Retail Asia Limited Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Memorandum and Articles of Association of the Company.

5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

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* Delete where inapplicable

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Parkson Retail Asia Limited
(Company Registration Number: 201107706H)
(Incorporated in Singapore with limited liability on 31 March 2011)

Parkson Retail Asia Limited
10 Arumugam Road, #10-00
Lion Building A
Singapore 409957