ISETAN

SINGAPORE

ANNUAL REPORT 2022

CONTENTS

OUR PHILOSOPHY

CONNECTING PEOPLE AND BRIDGING TIMES.

STRIVE TO CHANGE.

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

   Be inspired by diverse views and ideas.

BE A NEW ONE.

STORES & SPECIALTY SHOP DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE & FINANCIAL DEVELOPMENT

1970 Isetan Emporium (Singapore) Private Limited was incorporated.

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

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

1989 Isetan made a private placement of 3 million shares.

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

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

BUSINESS PERFORMANCE

The Government's easing of the safe management measures from April 2022 have benefitted our stores' revenue. With stronger instore traffic and the resumption of our mall atrium events, sales revenue and consignment income collectively registered a 0.09% increase in the financial year ended 31 December 2022 ("FY2022") over the financial year ended 31 December 2021 ("FY2021") notwithstanding that our Isetan Katong ceased operations in January 2022 and did not contribute to revenue thereafter. Rental income increased 20.5% mainly due to the better performance of our Isetan Wisma Atria investment property.

Other income however registered a decrease of 34.88% in FY2022 over FY2021 mainly due to a decrease in government grant income received.

Under expenses, rental and service charge decreased in FY2022 over FY2021 by 13.01% and 21.63% respectively due to the closure of our Isetan Katong store in end January 2022. However, these decreases were offset by the increases in employee compensation, and impairments of (i) right-of-use assets, (ii) property, plant and equipment, and (iii) net book value of the investment in our associate, Chengdu Isetan.

Overall, the Company's profit after income tax in FY2022 was $1.349 million as compared to $2.156 million in FY2021, a 37.43% decrease. The results include an impairment charge of $1,753,000 on the investment in Chengdu Isetan which ceased its business operations on 31 December 2022. Without this impairment loss, the Company would have registered a profit after tax of $3.102 million in FY2022, a 43.88% increase over FY2021.

Under the business segments, the retail segment registered a loss of $3.700 million in FY2022 as compared to $3.046 million in FY2021. The performance of our property segment, consisting of our Isetan Wisma Atria and Kallang Pudding Warehouse improved from $3.058 million in FY2021 to $4.825 million in FY2022 mainly due to the new operating lease income from Isetan Wisma Atria.

SATORU TANAKA
Chairman

ASSOCIATE, CHENGDU ISETAN

Chengdu Isetan ceased business operations for its two stores as it had not been able to renew the lease of its main store, and faced challenges posed by the Covid-19 pandemic and stiff competition in the China market. It is currently undergoing voluntary liquidation.

BUSINESS OUTLOOK

The Government has forecast an economic growth of 0.5% to 2.5% in 2023. It expects the consumer-facing sector to continue with its recovery in the near term, but this growth momentum will ease as pent-up demand from the economic re-opening dissipates. A confluence of headwinds such as a weaker economic outlook, inflationary pressures, high interest rate environment and the increase in GST may also dampen consumer sentiment. However, factors like the rising real wages of the resident population and increasing tourist arrivals may provide some respite.

MOVING FORWARD

Retail segment

Against the backdrop of a forecasted slower economic growth in 2023 as compared to the 3.6% growth registered in 2022, we will need to monitor closely the changing consumer spending pattern as the nation pivots to a new hybrid working style of working at home and in office. As we have seen last year with the easing of safe management measures and travel restrictions, sales of our apparel, footwear and travel-related merchandise have improved viz-a-viz the comparative period. Amidst the higher cost of living and mortgage payments, there may be some belt-tightening by some consumers, where their spending may shift to necessities over discretionary goods. Therefore, to improve our revenue for our retail segment, we will need to adjust our merchandise mix swiftly to cater to the changing needs and wants of our customers.

Property segment

Our Isetan Wisma Atria investment property is expected to be fully leased in the second quarter of 2023. Barring any unforeseen circumstances, our property segment's revenue in 2023 is also expected to remain stable as the existing tenancies are ongoing.

APPRECIATION

On behalf of the Board, I am grateful for the continuous support of our stakeholders which includes our customers, staff, suppliers, business associates and shareholders. We are finally emerging from the Covid-19 pandemic and our businesses are gradually recovering. I would like to thank my fellow directors for their invaluable counsel, and to all employees for their perseverance over the past year. The Company looks forward to the continued support of all stakeholders in the new financial year.

Thank you.

SATORU TANAKA
CHAIRMAN
28 March 2023

MANAGEMENT DISCUSSION OF

RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2022

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

RETAIL BUSINESS

OUR FLAGSHIP STORE (ISETAN SCOTTS)

Our flagship Scotts store is located at Shaw House and a major renovation was completed in 2020. The Ladies Sundries, Ladies Wear and Men's Department were revamped, with new Food and Beverage concepts introduced to give added excitement and variety to the store. The supermarket at the basement level with its emphasis on high quality Japanese products is especially popular with our customers, offering Japanese lifestyle concepts to the Singapore market. In conjunction with our major renovation, the Landlord also took steps to enhance certain aspects of the building to draw in more customers.

Isetan Scotts (Flagship Store)

SUBURBAN REACH

(ISETAN TAMPINES AND ISETAN SERANGOON CENTRAL)

Our Isetan Tampines store was opened in 1995 and is situated in a regional centre where it is a popular shopping destination for the residents and office workforce in Tampines.

Our retail footprint in the suburban areas increased further with the opening of our Isetan Serangoon Central store in 2010. Spanning three floors in "nex" shopping mall, it offers a wide variety of merchandise ranging from cosmetics and fashion wear to other family-oriented items. The store has undergone an initial phase of its renovation during quarter 4 of 2022 to refresh its merchandise content. The entire renovation is expected to be completed by the end of April 2023.

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

Isetan Tampines

PROPERTY LEASING BUSINESS

ISETAN WISMA ATRIA (INVESTMENT PROPERTY)

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

ISETAN WAREHOUSE (PARTIALLY CLASSIFIED AS INVESTMENT PROPERTY)

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

Isetan Serangoon Central

Isetan Wisma Atria (Investment Property)

MANAGEMENT DISCUSSION OF

RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2022

EASING OF COVID-19 PANDEMIC SAFE MANAGEMENT MEASURES

The Government announced the easing of safe management measures from late April 2022 and gradually downgraded its "Disease Outbreak Response System Condition" (DORSCON) framework from orange to yellow in April 2022, and then to green in February 2023 due to the improving local Covid-19 situation. Travel restrictions have also eased, with more tourist arrivals in Singapore. These factors have had a positive impact on the Company's revenue for its operating retail stores as the stores resumed more sales activities. Our tenants in our Isetan Wisma Atria investment property and flagship Isetan Scotts store were also able to draw in more customers, especially those in the Food and Beverage business.

OUR EMPLOYEES

Our workforce is our key asset, and we invest in them by sending them for in-house and external training programmes so as to update or upgrade their skill sets. We were able to resume our face-to-face in-house training programmes which were suspended due to the Covid-19 pandemic. With the introduction of the mandatory progressive wage model for the retail sector from 1 September 2022, employers are now expected to map out a clear career pathway for their workers and for their wages to rise along with training and improvements in productivity and standards. In this regard, the Company has sent an initial batch of our Retail Store line leaders for courses relating to Productivity Improvement and Customer Experience Innovation which are conducted by the Singapore Institute of Retail Studies (SIRS). The Company plans to continue sending our staff to other relevant courses in 2023.

ANALYSIS OF COMPANY PERFORMANCE

	2022 $'000	2021 $'000
Revenue*	**87,620**	85,804
Other income	**4,393**	6,746
Total other gains	**61**	138
Net Profit before Income tax	**1,349**	2,156
Income tax expense	**-**	-
Net Profit after tax	**1,349**	2,156
Earnings per share (cents)	**3.27**	5.22
Return on Equity	**1.25%**	1.99%
Dividend paid per share	**$0.03**	Nil

*Revenue consists of:	2022 $'000	2021 $'000
Sale of goods	**43,493**	46,608
Consignment income	**33,841**	30,659
Rental income – investment properties	**10,286**	8,701
Less: Government grant expense – rent concessions	**-**	(164)

RETAIL

For the year ended 31 December 2022 ("FY2022"), the retail segment continued to be one of our core business segments, which accounted for approximately 88% of the Company's total revenue. Revenue from the retail segment for FY2022 improved by approximately 0.09% as compared to the year ended 31 December 2021 ("FY2021"). This was despite the closure of our Isetan Katong store at the end of January 2022 which did not contribute to the Company's revenue thereafter. With the Government's easing of Safe Management Measures from April 2022, and the relaxation of domestic and border restrictions during the year, the pent-up demand as well as the pivot to items necessary for the return to offices contributed to better sales for the retail segment. However, our Food division registered a slight dip in sales for FY2022 as compared to FY2021 as more people returned to offices and there was less dining at home. As more Food and Beverage outlets resumed normal operations, there were also more people dining out, which contributed to the slowdown in our Food division's sales. The higher impairment of right-of-use assets and property, plant and equipment as well as lower government grant income received contributed to the retail segment registering a higher loss of $3.700 million in FY2022 as compared to a loss of $3.046 million in FY2021.

PROPERTY

The property segment derives its revenue from its investment properties, namely Isetan Wisma Atria, and our warehouse building in Kallang Pudding. Rental income increased from $8.537 million in FY2021 to $10.286 million in FY2022 mainly due to new operating lease income from the level four tenant at Isetan Wisma Atria which commenced its lease in the second quarter of 2022. In line with the growing revenue, and with operating expenses increasing at a slower pace, the results of the property segment improved from $3.058 million in FY2021 to $4.825 million in FY2022.

INVESTMENT ACTIVITIES

	2022 $'000	2021 $'000
Dividend and Interest Income	**1,942**	1,736

The Company continued to adopt a prudent approach towards its investment holdings during FY2022 as we gradually emerged from the Covid-19 pandemic. Cash and cash equivalents increased from $70.150 million as at the end of 2021 to $74.542 million as at the end of 2022. Our holdings in bonds decreased from $29.426 million as at the end of 2021 to $27.326 million as at the end of 2022. The funds from bonds which had matured were placed in Fixed Deposits in line with our prudent approach. With the rising interest environment, our holdings in cash and cash equivalents generated higher interest income of $693,000 in FY2022 as compared to $100,000 in FY2021. The interest generated by our holdings in bonds decreased from $1.470 million in FY2021 to $0.825 million in FY2022 due to the lower quantum held and the expiration of higher yielding bonds during the year. Overall, the interest income earned in FY2022 increased by about 8.57% compared to FY2021. Our holdings in Financial Assets, at fair value through other comprehensive income ("FVOCI") also received dividends that increased from $91,000 in FY2021 to $156,000 in FY2022. There was no disposal of FVOCI during FY2022.

BUSINESS CONDITIONS AND CHALLENGES

According to the Government, the economy is forecast to grow by 0.5% to 2.5% in 2023. The retail industry will face headwinds in 2023 due to factors such as the increase in GST, high interest rate environment, higher wages due to the progressive wage model, as well as high energy costs, all of which may dampen consumer spending. For our property segment, barring any unforeseen circumstances, our rental revenue is expected to be stable in 2023 as the existing tenancies will be ongoing during the year. For our investment holdings, the Company will continue to leverage on the high interest rate environment to earn interest income.

CASH POSITION

The Company's cash and cash equivalents increased from $70.150 million at the beginning of 2022 to $74.542 million at the end of 2022 due to net cash provided by operating and investing activities.

BOARD OF DIRECTORS

Academic and Professional qualifications		Directorship
Bachelor of Education, Waseda University (Japan).		**Date first appointed:** *21 May 2021* **Date last re-elected:** *28 April 2022*
Present Directorships in listed companies (as at 31 December 2022)	Other Principal Commitments (as at 31 December 2022)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	• Managing Executive Officer and General Manager of Overseas Business Promotion Department of Isetan Mitsukoshi Holdings Ltd	Nil

SATORU TANAKA
(Chairman)

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

SHIOJI HIRAMATSU
(Managing Director)

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

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

Academic and Professional qualifications		Directorship
Bachelor of Laws, National University of Singapore. **Master of Laws,** University of Melbourne.		**Date first appointed:** *1 July 2015* **Date last re-elected:** *28 April 2022*
Present Directorships in listed companies (as at 31 December 2022)	Other Principal Commitments (as at 31 December 2022)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	• Associate Professor in the Nanyang Business School, Nanyang Technological University (Associate Provost (Student Life)) • Associate Director, Aptus Law Corporation	Nil

ASSOCIATE PROFESSOR
VICTOR YEO CHUAN SENG
(Lead Independent Director)

Associate Professor Yeo joined Nanyang Technological University (NTU) in 1992 after spending several years in private legal practice doing general commercial and corporate litigation at a leading law firm. He is an Associate Professor of Business Law and teaches in the University's undergraduate and post-graduate programmes. He has held several administrative positions, including that of Programme Director of the Nanyang MBA (Business Law), Head, Division of Business Law and Associate Dean at the Nanyang Business School. He is currently Associate Provost (Student Life), NTU. He has also served in various other administrative capacities at the University and was awarded the Public Administration Medal (Bronze) in 2013 and Public Service Administration Medal (Silver) in 2022. Throughout his academic career, Professor Yeo has also served as trainer, advisor and consultant to numerous organizations on corporate law and governance issues.

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

He is a Fellow of the Singapore Institute of Directors.

LIM BEE CHOO
(Independent Director)

Academic and Professional qualifications		Directorship
Bachelor of Business Administration, National University of Singapore.		**Date first appointed:** *1 July 2012* **Date last re-elected:** *28 April 2021*
Present Directorships in listed companies (as at 31 December 2022)	Other Principal Commitments (as at 31 December 2022)	Past Directorships in other listed companies over the preceding three years
Nil	Nil	Nil

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

BOARD OF DIRECTORS

RICHARD TAN CHUAN-LYE
(Independent Director)

Academic and Professional qualifications		Directorship
Master of Business Administration, Henley Business School, University of Reading, United Kingdom **Fellow Member, Institute of Singapore Chartered Accountants** **Fellow Member, The Association of Chartered Certified Accountants (United Kingdom)** **Associate Member, The Chartered Institute of Management Accountants (United Kingdom)** **Certified Internal Auditor, awarded by The Institute of Internal Auditors, Inc.**		**Date first appointed:** *1 February 2019* **Date last re-elected:** *28 April 2021*
Present Directorships in listed companies (as at 31 December 2022)	Other Principal Commitments (as at 31 December 2022)	Past Directorships in other listed companies over the preceding three years
• Isetan (Singapore) Limited • First REIT Management Limited • Heeton Holdings Limited	• Adjunct Associate Professor, NUS Business School. • Independent Advisory Member, of Asia Pacific Advisory Board of EFG Bank AG. • Independent Director, Sompo Insurance (Singapore) Pte Ltd. • Member of the Audit Committee, Agency for Science, Technology & Research (A*Star). • Independent Director, Integrated Health Information System Pte Ltd. • Independent Director, Berjaya Sompo Insurance Berhad • Independent Directors, All Saints Home • Independent Directors, Singapore Repertory Theatre. • Non-Executive Director, Science Centre Board	Nil

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

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

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

DIRECTOR WHO STEPPED DOWN DURING THE FINANCIAL YEAR 2022:

KOJI OYAMA	Academic and Professional qualifications		Directorship
	Bachelor of Economics, Keio University (Japan)		**Date first appointed:** *1 May 2020 (as a Non-Executive Director and Managing Director (Designate)).* **Date of appointment as Managing Director:** *1 August 2020* **Date last re-elected:** *19 June 2020* **Date resigned:** *28 April 2022*
	Present Directorships in other listed companies (as at 31 December 2022)	Other Principal Commitments (as at 31 December 2022)	Past Directorships in listed companies over the preceding three years
	Nil	Nil	Nil

Mr. Oyama joined Isetan Company Limited (Japan) in 1989 and has served in the Sales, Accounting, Human Resources and Overseas Business departments during the earlier years of his career. His senior appointments include being the Director and General Affairs Department Manager of Club 21 Japan Limited, Director and General Affairs Department Manager of Mammina Co., Ltd, Managing Director of Isetan of Japan Sdn. Bhd and Managing Director of ICJ Department Store (Malaysia) Sdn. Bhd. Prior to his appointment as Managing Director of Isetan (Singapore) Limited, he was the Operating Officer, Assistant to the General Manager of Overseas Operations Department. Mr. Oyama stepped down as the Managing Director of Isetan (Singapore) Limited on 28 April 2022, and assumed the position of Chief Executive Officer until the new Managing Director came on board on 30 May 2022. He stepped down as CEO on 30 May 2022 and has since returned to Japan.

KEY EXECUTIVES' PROFILES

As at 31 December 2022

EI KANEFUJI

General Manager (Sales and Merchandising)

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

GERARD GOH KIM WAN

Assistant General Manager (Finance and Information Systems)

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

LOH KAH LEONG

Assistant General Manager (Operations)

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

GERALD LIM WEE LEE

Assistant General Manager (Merchandising)

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

TONG SHU LEE

Sales & Merchandising Planning Senior Manager

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

PETER TENG SHEEN YAN

Isetan Scotts Store, Senior Manager

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

ANG SIEW KHIM

Isetan Sub-Urban Stores, Head

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

SIMON CHIN SAI WAN

Marketing Department, Head

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

KEY
EXECUTIVES' PROFILES

As at 31 December 2022

GERARD CHENG POH CHUAN

Human Resource Department, Head

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

FOONG MUN LEONG

Finance Department, Head
Information Systems Department, Acting Head

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

YEW KAI PING

Corporate Affairs and Governance Senior Manager

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

CHUA BOON AIK

Administration Manager

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

SANDRA NG HWEE CHOO

Leasing Manager

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

FINANCIAL PROFILE

	Year ended 31.12.2022* $'000	Year ended 31.12.2021 $'000	Year ended 31.12.2020 $'000	Year ended 31.12.2019 $'000	Year ended 31.12.2018 $'000
	Extracted from FY2022 Financial Statements	Extracted from FY2021 Financial Statements	Extracted from FY2020 Financial Statements	(Extracted from FY2019 Financial Statements)	
	Company level figures	Company level figures	Company level figures	Company level figures	Company level figures
	$'000	$'000	$'000	$'000	$'000
Operating results					
Revenue	**87,620**	85,804	77,160	111,885	122,171
Profit/(loss) before income tax	**1,349**	2,156	(20,225)	(26,532)	(13,584)
Income tax expense	**-**	-	-	-	-
Net Profit/(loss)	**1,349**	2,156	(20,225)	(26,532)	(13,584)
Total Assets					
Investment properties	**28,260**	30,511	32,851	35,290	28,820
Property, plant and equipment	**23,062**	23,899	24,683	26,432	27,984
Right-of-use assets	**18,960**	20,264	29,139	60,616	-
Financial assets, fair value through other comprehensive income	**4,000**	4,206	4,518	4,417	3,744
Other investments at amortised cost	**22,086**	24,390	29,996	49,429	64,468
Club memberships	**170**	170	170	205	235
Investment in an associate**	**-**	2,060	2,033	1,852	1,512
Rental deposits	**3,811**	3,811	5,232	5,525	6,357
Trade and other receivables	**2,731**	4,502	5,978	4,357	119
Current assets	**94,829**	89,782	79,293	78,038	75,341
	197,909	203,595	213,893	266,161	208,580

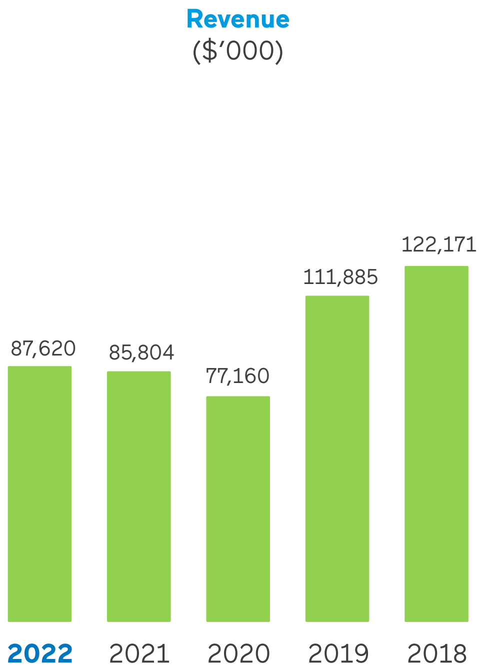
	Year ended 31.12.2022* $'000	Year ended 31.12.2021 $'000	Year ended 31.12.2020 $'000	Year ended 31.12.2019 $'000	Year ended 31.12.2018 $'000
Shareholders' Equity and Total Liabilities					
Shareholders' equity	**108,277**	108,525	106,817	129,001	157,287
Current liabilities	**52,055**	51,516	48,047	62,044	45,061
Non-current liabilities	**37,577**	43,554	59,029	75,116	6,232
	197,909	203,595	213,893	266,161	208,580
Shareholders' Equity					
Share capital	**91,710**	91,710	91,710	91,710	91,710
General reserve	**17,000**	17,000	17,000	17,000	17,000
Fair value reserve	**1,328**	1,534	1,846	1,841	1,483
Currency translation reserve	**79**	120	35	(64)	(15)
Other reserves	**(42)**	70	291	291	291
(Accumulated Loss)/Retained earnings	**(1,798)**	(1,909)	(4,065)	18,223	46,818
	108,277	108,525	106,817	129,001	157,287

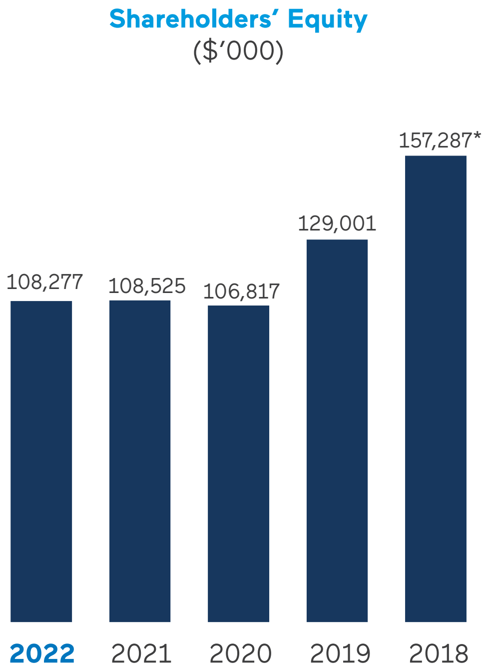
* Company level financial statements are prepared for the financial years ended 31 December 2022, 31 December 2021, 31 December 2020 and 31 December 2019. Accordingly, the results of the financial year ended 31 December 2018 have been restated to equity account for the Company's investment in an associate.

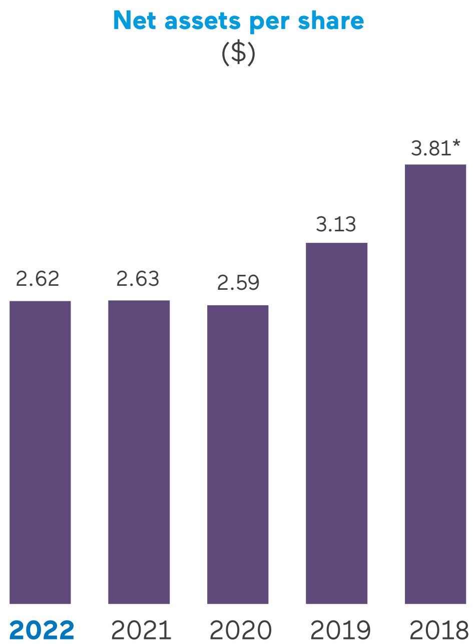
**The Company accounted for its investment in an associate in the financial statements using the equity method of accounting less impairment losses, if any.

Earnings/(loss) per share (cents)	**3.27**	5.22	(49.03)	(64.32)	(32.93)
Dividend paid : Final Gross dividend per share (cents)					
- Ordinary	**3.0**	0	5.0	5.0	5.0
Net ($'000)	**1,238**	0	2,063	2,063	2,063
Net assets per share	**$2.62**	$2.63	$2.59	$3.13	$3.81

FINANCIAL PROFILE







*Company level financial statements are prepared for the financial years ended 31 December 2022, 31 December 2021, 31 December 2020 and 31 December 2019. Accordingly, the results of the financial year ended 31 December 2018 have been restated to equity account for the Company's investment in an associate.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Satoru Tanaka
(Chairman)

Shioji Hiramatsu
(Managing Director)

Victor Yeo Chuan Seng
(Lead Independent Director)

Lim Bee Choo
(Independent Director)

Richard Tan Chuan-Lye
(Independent Director)

REGISTERED OFFICE

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

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

COMPANY SECRETARY

Lun Chee Leong

REGISTRAR

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

INDEPENDENT AUDITOR

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

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present our sixth sustainability report, which has been prepared in accordance with the Singapore Exchange ("SGX") "comply or explain" sustainability reporting criteria. As Isetan prioritises sustainability in formulating our business strategy, we seek to present an objective view of our ongoing efforts and achievements in this area through this report.

As we emerge from the Covid-19 pandemic, changes in consumer behaviour have provided Isetan with new opportunities to develop its business by implementing more efficient and sustainable practices in our daily operations. Sustainability has become an important subject among our industry peers, with trends such as ethical consumption, climate change, and the circular economy collectively influencing the retail sector. We understand our responsibility as part of the Isetan Mitsukoshi Group to promote our parent company's vision of sustainability.

The previous year's challenges have given us valuable experience in responding to disruptions and enhanced our commitment as an organisation to be more resilient and sustainable. While the pandemic has hindered the progress of several of our sustainability initiatives, we aim to regain momentum and emerge as an organisation that seeks to create sustainable value for the business and its stakeholders. To that end, we have evaluated our existing goals and set new targets in order to enhance our sustainability performance. The Board would like to thank all stakeholders for their steadfast support as we explore new paths in our sustainable journey.

ABOUT THE REPORT

About Isetan (Singapore) Limited

Isetan (Singapore) Limited (hereinafter referred to as "Isetan", the "Company", "we" or "our") is headquartered in Singapore and listed on the SGX mainboard. We are a subsidiary of Isetan Mitsukoshi Ltd, and our ultimate holding company, Isetan Mitsukoshi Holdings Ltd, is based in Tokyo, Japan. Our Company operates department stores and a supermarket in Singapore. More information can be found in the Operating and Financial Review section of Isetan Annual Report 2022 on pages 6 to 7.

Reporting Scope and Period

This annual sustainability report covers the company's policies, practices, initiatives, performances, and goals in relation to material Environmental, Social and Governance ("ESG") factors for the financial year ended 31 December 2022 ("FY2022" or the "Reporting Period"). Taking guidance from the operational control[1] as defined by the Greenhouse Gas ("GHG") Protocol Corporate Standard, the environmental performance of our stores (Isetan Scotts, Isetan Tampines, Isetan Serangoon Central, Isetan Katong), Isetan Wisma Atria, and our Headquarters, have been covered in this report[2]. There is no restatement of information from our sustainability report published in 2021.

Reporting standard and assurance

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

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

[1] Isetan Katong closed in January 2022. The Company had operational control of this store up to the cessation of its lease in March 2022.
[2] Except for the environmental (i.e., electricity consumption and GHG emissions) disclosures, other data presented in this report reflects the following locations: Isetan Scotts, Isetan Tampines, Isetan Serangoon Central, Isetan Katong, Isetan Wisma Atria, Warehouse, and Headquarters.

Registered Memberships

Singapore Retailers Association

Orchard Road Business Association

Japanese Chamber of Commerce and Industry Singapore

Singapore Business Federation

Feedback
We value stakeholder input in defining our sustainability approach and value, and we welcome any comments you may have regarding this report or any aspect of our sustainability performance. Please feel free to reach out to us at sustainability@isetan.com.sg

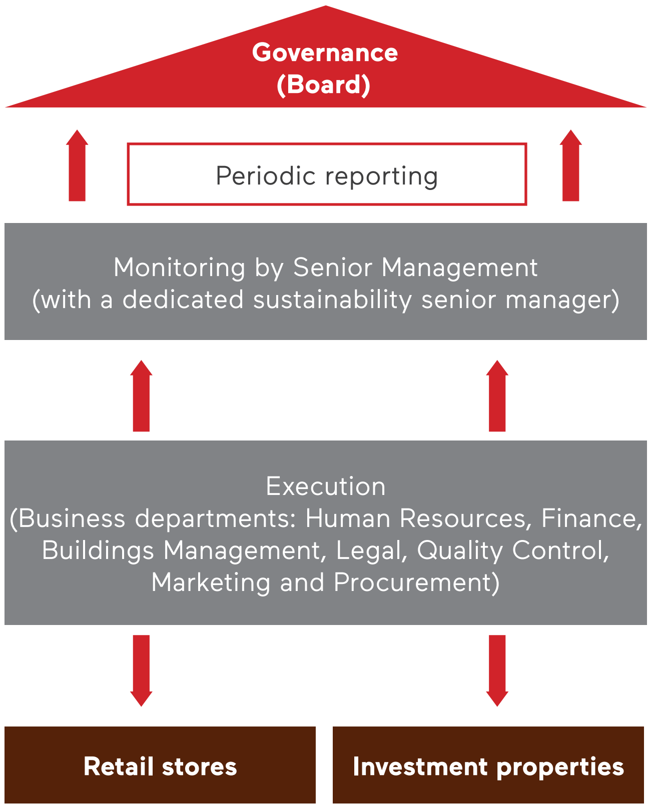
SUSTAINABILITY AT ISETAN

Our approach to sustainability
As a subsidiary of the Isetan Mitsukoshi Group, Isetan views it as its responsibility to uphold the core values of integrity, trust and accountability in our business operations. The culture of *omotenashi* represents the Japanese mindset of hospitality that is focused on providing service wholeheartedly and to the best of our abilities. We strive to embody the philosophy of *omotenashi* by listening to the concerns and expectations of our stakeholders and, in FY2022, we have enhanced our disclosures as part of our journey towards sustainability.

Sustainability Governance at Isetan
Sustainability governance at Isetan comprises the business functions that oversee the material risks and opportunities at Isetan. The respective business functions report to the senior management who assesses Isetan's sustainability performance and reports to the Board, which in turn sets the overall strategic direction for the Company's overarching sustainability strategy and approves Isetan's sustainability disclosures and its contents. This is on top of the oversight function that Board members provide in managing the company's material ESG Factors. The Board, with the support of the Audit and Risk Committee, has oversight of the preparation of this report including prioritisation of material factors for the company.

In recognition that directors require appropriate on-going training, the Company has encouraged all directors to enrol as members of the Singapore Institute of Directors ("SID") and to participate in its courses and training provided by other parties, funded by the Company. Briefings are organised from time to time to update directors and the ARC on developments of the laws and regulations relevant to the Company and its business.

During the Reporting Period, all the Board members have attended the course on Environmental, Social and Governance Essentials conducted by the SID, as part of the mandatory training on sustainability as stipulated by the SGX.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

At Isetan, we believe that engaging our stakeholders is crucial in gaining insight into how our business activities may impact them. Our key stakeholders include our internal workforce, customers, local communities, government regulators, investors, and contractors. We endeavour to regularly communicate with our stakeholders through various channels to stay updated with their needs.

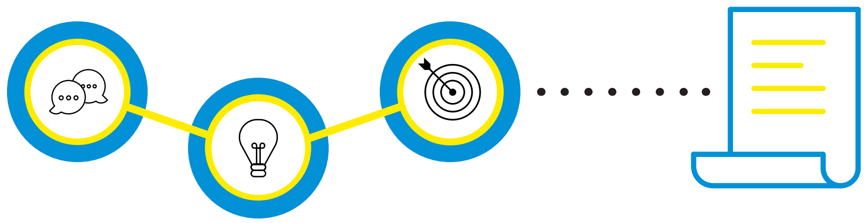
Continuous engagement with our stakeholders enables us to evaluate potential risks and opportunities arising from their material ESG concerns. At Isetan, we work closely with our stakeholders to address both negative and positive impacts arising from our business operations. By prioritising stakeholder engagement, we can develop a more comprehensive and effective business strategy that aligns with the needs of our business and expectations of our stakeholders.

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

MATERIALITY

This year, Isetan engaged a third-party consultant to conduct a materiality refreshment exercise and identify ESG topics that are material to our business. The assessment involved peer benchmarking and identified material topics, which were subsequently prioritised by the senior management team. We identified key departments within our organisation to conduct a stakeholder engagement as part of the materiality refreshment exercise.

MATERIALITY REFRESHMENT PROCESS



Benchmarking against four peers to compare	Prioritised by Senior Management team members	Presented to Board of Directors for approval	Publication of Isetan FY2022 Sustainability Report

One additional topic, i.e., GRI 306: Waste was added to the list of 10 material ESG topics. The material topics and its determination process were presented to the Board for approval and reflected in our Sustainability Report disclosures.

10 MATERIAL TOPICS IDENTIFIED

GRI – ENVIRONMENTAL

- GRI 302: Energy 2016
- GRI 305: Emissions 2016
- GRI 306: Waste 2020

GRI – GOVERNANCE

- GRI 205-2: Anti-Corruption

GRI – ECONOMIC

- GRI 403: Occupational Health and Safety 2018
- GRI 404: Training and Education 2016
- GRI 413: Local Communities 2016
- GRI 416: Customer Health and Safety 2016
- GRI 417: Market and Labelling 2016
- GRI 418: Customer Privacy 2016

CARE FOR THE ENVIRONMENT

MANAGING OUR ENERGY CONSUMPTION[3,4]

MANAGEMENT APPROACH

The energy consumption of our buildings has a significant impact on the environment. Every aspect of our daily operations depends on electricity, from the operation of refrigerators in our supermarket to the operation of lights and air conditioning in our department stores. We recognise that lighting, air conditioning, ventilation, and refrigeration are the major drivers of direct energy consumption in our stores, and therefore of carbon emissions. As an accountable corporate and global citizen, Isetan has a responsibility to reduce our carbon footprint in light of the urgency surrounding climate change issues.

As part of our efforts to minimise energy consumption, we have implemented various practices and initiatives at our stores and investment property as shown below.

USING LIGHT EMITTING DIODE ("LED")
Over the years, we have replaced conventional lighting with energy efficient LED lights.

IMPLEMENTING ENERGY CONSERVATION SYSTEM
Implemented energy conservation systems (Z-CEP) that reduce fluctuations and increase efficiency consumption at Isetan Scotts, Isetan Tampines and Isetan Katong.

IMPLEMENTING ENERGY CONSERVATION SYSTEM
Replaced Mechanical & Engineering ("M&E") equipment with energy efficient models.

ENERGY SAVING PRACTICES AT THE SHOP FLOOR

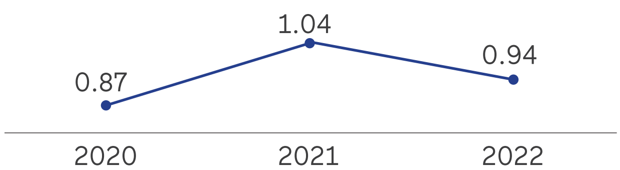
- Energy saving measures have been implemented in our stores, and employees are encouraged to reduce their energy consumption.
- Lighting is reduced just before store closing, and escalators are only started five minutes before the store opens.

PERFORMANCE

During the first phase of our renovation at Isetan Serangoon Central which was completed in December 2022, we have converted approximately 20% of our ceiling lights to LED, and approximately 90% of our new furnishing lighting has been converted to LED as provided by our suppliers. This year, we expanded our reporting boundary to include our Headquarters, the Katong branch, Isetan Wisma Atria as well as our petrol and diesel consumption from our company-owned vehicles. In FY2022, Isetan consumed 35,601 GJ of energy, a 12.46% decrease from 40,670 GJ in FY2021. Consequently, energy intensity for FY2022 is 0.94 GJ/m2, representing a 9.62% drop from 1.04 GJ per m2. This is mostly attributed to the expansion of our boundary of disclosure to include the energy consumption at our Headquarters and Katong[5] branch, which also increased the floor area denominator that resulted in a decrease in our energy intensity.

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

Energy Intensity (GJ/m2)



Moving forward, we will look into further enhancing the boundary of our energy consumption disclosures by improving the completeness of data tracking and reporting on our properties as well.

[3] Energy consumption is converted from kWh using a conversion factor of 0.0036 GJ/kWh as recommended by The International System of Units (SI) - Conversion Factors for General Use (2006), U.S. Department of Commerce.
[4] Energy intensity is calculated relative to Gross Floor Area (GFA), expressed as square metre ("m2"). The reported energy intensity figures are absolute values.
[5] Electricity consumption and the calculated GHG emissions data from our Isetan Katong branch referred to in this report spans between January 2022 to March 2022 only as the lease ended in March 2022.

TARGETS

FY2023 and Long-term Target	FY2022 Performance
To switch to LED lights where possible at stores when existing lights reach the end of life.	Approximately 20% of our ceiling lights have been replaced during the first phase of our renovation at Isetan Serangoon Central.
Close monitoring of monthly energy consumption to detect any abnormalities (exceed 5% on a year-on year basis).	N.A.

MANAGING OUR CARBON EMISSIONS[6,7,8,9]

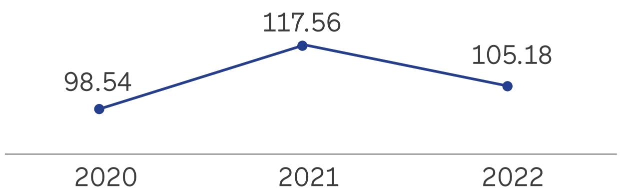
MANAGEMENT APPROACH

The Intergovernmental Panel on Climate Change ("IPCC") has outlined the impacts that a rise in temperature of 1.5°C or 2°C would have on the environment, infrastructure, and our way of life. In order to minimise such negative impacts, urgent global efforts must be made to reduce carbon dioxide emissions in order to minimise such negative impacts. We are committed to supporting the global effort to reduce our carbon footprint and combat climate change impacts. By maintaining low emissions, we can also ensure the long-term sustainability of our business operations as well as explore climate-related opportunities.

PERFORMANCE

In FY2022, we recorded a total carbon emission of 3,998 tCO2e (Scope 1: 17 tCO2e and Scope 2: 3,981 tCO2e). This year, we have included our Scope 1 emissions data as part of our total carbon emission intensity. We recorded a decrease to our carbon emission by 11% from the comparative period a year ago to 105.18 kgCO2e/m2. As this is our first year of reporting our Scope 1 and Scope 2 emission data, we will include comparative data for this metric in future reports.

Carbon Emission Intensity (kgCO2e/m2)



Moving forward, we will look into further enhancing the boundary of our GHG emission disclosures by improving the completeness of data tracking and reporting on our properties as well.

TARGETS

FY2023 and Long-term Target	FY2022 Performance
We seek to achieve energy intensity and emissions intensity that are below the levels of 2022.	Please see above performance data.

[6] Direct (Scope 1) emissions refer to the direct emissions resulting from activities that are within the reporting entity's organisational boundary. They include petrol and diesel consumption within Isetan's properties. Scope 1 emission factors were derived from the International Energy Agency (2005) Energy Statistics Manual: (i) Petrol: 2.28 kg CO2e/litre fuel; and (ii) Diesel: 2.698 kg CO2e/litre fuel.
[7] Indirect (Scope 2) emissions refer to the indirect emissions coming from activities taking place within our organisational boundary but occur at operations owned or controlled by another entity. Our Scope 2 emissions are derived solely from purchased electricity as we do not sell any electricity nor is heating or steam transacted. We have calculated our Scope 2 emissions using the location-based method as opposed to the market-based method. Emission factor for the calculation of electricity consumption was taken from the Singapore Energy Statistics 2022 published by the Energy Market Authority in Singapore (0.406 kg CO2e/kWh).
[8] GHG Emissions Intensity is calculated by total of GHG Emissions/GFA, expressed as kg CO2e/m2.
[9] We take reference from the GHG Protocol Global Warming Potential ("GWP") Values when determining GWP values.

SUSTAINABILITY REPORT

MANAGING OUR CLIMATE IMPACTS

MANAGEMENT APPROACH

All issuers are required to provide climate-related disclosures on a 'comply or explain' basis pursuant to Rule 711B of the SGX Listing Rules. The climate disclosure requirements set out for issuers are aligned with the recommendations of the TCFD framework.

For the first time, we have internally performed a TCFD benchmarking of our closest peers in the industry and prioritised a list of the most material climate risks and opportunities relevant to our business operations. These actions establish the foundations of TCFD analysis and reporting as they allow us to understand the current state of climate reporting in the industry and what our stakeholders are most concerned about.

In this section, Isetan outlines how we address the different pillars recommended by TCFD, as we are starting out our climate disclosure journey the first time in this sustainability report. In the coming years, we strive to increase the comprehensiveness of climate-related disclosures as our climate-related data and reporting capabilities evolve and mature.

TCFD Pillar	Isetan's Approach
Governance	Isetan's climate risk governance would be incorporated into our wider sustainability governance structure. Currently, the sustainability governance at Isetan comprises of the business functions that have oversight of the material risks and opportunities at Isetan. The respective business functions report to the senior management. Subsequently, the senior management assesses the sustainability performance and reports to the Board, who in turn sets the overall strategic direction for the Company's overarching sustainability strategy and approves Isetan's sustainability disclosures and its contents. In the future, our sustainability governance team would also supervise and monitor climate reporting, metrics and targets, scenario analysis and financial impact assessments posed by climate risks and opportunities.
Strategy	Isetan recognises the importance of addressing climate change and strives to reduce its various impacts on our operations and assets. This year, we have engaged our senior leadership on identifying and prioritising the 10 most material topics for the sustainability report. These prioritised material topics have been aligned with the climate risks and opportunities that we have identified through our internal exercise. The top climate risks identified include market and reputational risks, and climate policy and legal risk; whilst the top climate opportunities identified would include leveraging latest green technology. In the future, Isetan would explore further stakeholder engagement with a wider audience, which include external stakeholders, to better understand climate-relate risks and opportunities. We will also embark on climate scenario analysis (for short-, medium- and long-term scenarios), and financial impact assessment of such risks and opportunities.

TCFD Pillar	Isetan's Approach
Strategy	Climate-related Risks: 1. Regulatory or compliance risk: More stringent regulations (e.g., SGX mandatory internal review of SR reporting). 2. Market & Reputational risk: Increased expectations from customers and stakeholders. 3. Flooding: Singapore is a low-lying country, and we are aware of this risk to businesses like ours. Climate-related Opportunities 1. Boost reputation and brand value: As an established retail player, we recognise that this is a good opportunity to boost our reputation and brand value. 2. Potential for new products and services in a new low-carbon economy: As climate change awareness develops, we see this as an opportunity to offer new products and services in a new low-carbon economy. 3. Leveraging green technology: We would like to focus on more energy efficient equipment to not only to save cost but to also to lower our carbon footprint.
Risk Management	In addressing the most daunting challenge facing countries around the world, climate change would constitute as a key business risk for Isetan. We have established a process for climate risks assessment and have internally performed a TCFD peer benchmarking exercise whereby we analysed the quality and quantity of climate reporting disclosures of several of our closest peers within the markets we operate in. Further analyses are then performed with the data collected for TCFD and prioritised climate-related risks and opportunities. In the future, we will explore wider stakeholder engagement sessions within this process. Ultimately, our Board is accountable for risk governance across the Company while our Management upholds an adequate and effective system of internal controls and risk management protocols. Isetan's Audit and Risk Committee ("ARC") would support the Board to oversee Isetan's risk management process, policies and measures implemented across the Company. Climate risks would be incorporated into the Board's risk governance agenda and management process.
Metrics & Targets	On the climate metrics and targets, we have yet to establish targets related to the climate risks and opportunities as we have not performed any scenario analysis and financial impact assessment. This section will be updated in the future once adequate climate risk assessments have been performed. However, we have set out environmental targets in this sustainability report. On managing our energy consumption, we aim to switch to LED lights as far as possible at the stores when existing lights reach the end of life as well as maintaining a close monitoring of monthly energy consumption to detect any abnormalities (exceed 5% on a year-on-year basis). Furthermore, in FY2022, we have recorded a total emission of 3,998 tCO_2e, which includes Scope 1 and Scope 2 emissions. Total carbon emissions intensity decreased by 11% from the comparative period a year ago to 105.18 $kgCO_2e/m^2$.

CLIMATE COMMITMENT

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

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

MANAGING OUR WASTE[10]

In Singapore, where there is a shortage of land, general waste is sent to waste-to-energy incineration plants, where energy is generated. After incineration, the ash is transported to Semakau Island, which is Singapore's only landfill. Considering Semakau Landfill will be filled by 2035, the Singapore government aims to achieve 70% recycling by 2030. As a responsible corporate citizen, we are committed to reducing the amount of waste diverted to disposal and managing our waste streams to minimise our impact on the environment.

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

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

[10] Waste tonnage reported is based on information provided by engaged waste collectors and recyclers.

RECYCLING AND REDUCING WASTE

As part of the retail industry, we consider it as our responsibility to ensure that we manage our waste effectively across our value chain. Whenever possible, our suppliers reuse plastic crates when supplying our fresh vegetables, fruits, seafood, and eggs. Our suppliers also reuse undamaged pallets after delivery of goods for storage purposes. In order to reduce waste generated downstream, we encourage our customers to bring their own bags to reduce the consumption of single-use plastic bags.

In order to minimise the amount of waste sent to landfills, the waste generated from our daily operations are collected and sent directly to a waste-to-energy plant in Singapore. The general waste generated from our supermarkets are disposed of responsibly by the public waste management companies.

Moving forward, we will enhance the data tracking and monitoring of the waste generated from our operations for future disclosures.

TARGETS

FY2023 and Long-term Target	FY2022 Performance
To encourage lesser use of shopping bags, we plan to impose a nominal charge to our customers for our shopping bags for each transaction at our Department stores and Supermarket.	Completed the monitoring of the practices of retailers in Singapore regarding the charging of disposable shopping bags.

ADDRESSING SOCIAL NEEDS

WORKPLACE SAFETY AND HEALTH

MANAGEMENT APPROACH

At Isetan, our employees' health, safety and well-being is our priority. We are committed to provide a safe and healthy working environment for our employees, customers, vendors, and visitors. As such, we strive to ensure a safe working environment for our employees by implementing standard operating procedures ("SOPs") and prioritising workplace safety and health ("WSH") in their daily tasks.

We conduct activity-based risk assessments at each of our stores and strive to prevent WSH incidents through a risk prevention approach. We strive to provide a safe and healthy working environment for our employees. We periodically remind all our employees to be aware of their individual responsibilities to maintain a safe and healthy workplace. We also provide guidance for our employees on emergency and crisis procedures for events such as a fire occurrence, power failure and bomb threat.

We have appointed a Safety Manager who oversees the WSH conduct at our premise and who provides bi-annual health and safety training to employees and recommends best practices to prevent workplace injuries. To address fire risks at the workplace, the Safety Manager conducts fire drills at our warehouse, whereas our store representatives participate in the fire drills conducted by our respective landlords. In 2022, 33 non-management employees and 8 management employees received fire safety training.

The Safety Manager, with the assistance of our in-house Security team, is also responsible for conducting monthly WSH and fire safety inspections at the company's premises. Any lapses in fire prevention measures and safety violations are documented by the Safety Manager and reported to the persons in charge at the respective premises for remedial actions. We encourage our employees and customers to report any WSH issues through various channels such as the daily pre-shift meetings, monthly supervisors' meetings, the whistle-blowing channel, and the feedback boxes. In the unfortunate event of a work-related injury, our employees are required to report the incident to the Human Resources department in accordance with the relevant labour laws.

The Company's medical benefits are extended to employees who have completed a minimum of three months of service. This includes free outpatient medical treatment by the Company's appointed doctors. In addition, all confirmed employees are entitled to medical benefits as stipulated by the Company Hospitalisation & Surgical Insurance Scheme.

SUSTAINABILITY REPORT

Singapore is a small, densely populated country, and a terrorist assault would have a wide-ranging impact on multiple businesses. Since attacks seek to instil terror on a large scale, crowded public places, such as those used by numerous Retail and F&B enterprises, are particularly vulnerable. We recognise this as a safety risk and have communicated the SOPs relating to bomb threats to our employees via our staff handbook.

PERFORMANCE

	2022	2021	2020
Employees			
Lost days	0	4	0
Work injuries	0	1	0
Fatalities	0	0	0
Non-employees[11]			
Lost days	0	New disclosure in 2022	New disclosure in 2022
Work injuries	0		
Fatalities	0		

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

TARGETS

FY2023 and Long-term Target	FY2022 Performance
To strive for zero incidents of work-related injuries	We achieved zero incidents of work-related injuries

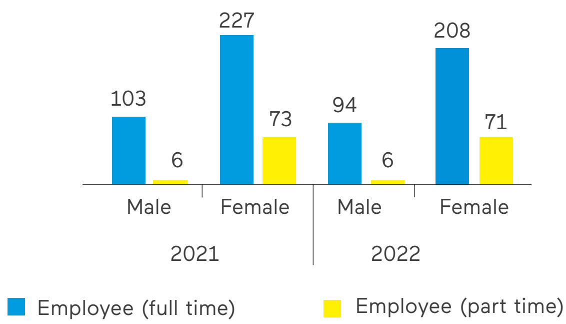
NURTURING OUR EMPLOYEES

MANAGEMENT APPROACH

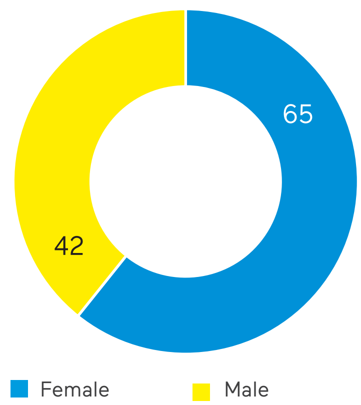
In the retail business, Isetan recognises that employees are its key asset, serving as a critical point of contact between our clients and the Company. As a result, it is our primary objective to empower our employees and provide them with the capabilities they need to perform their best. We intend to continue developing the capabilities of our team of employees to meet the dynamic expectations of the industry.

As part of the retail industry, we aim to create a diverse and inclusive workforce by recruiting the right talent through fair and equal opportunity practices. We strive to protect our employees' rights through fair employment practices and collective bargaining agreements. Our collective bargaining agreement covers all locally engaged employees except staff holding managerial, executive or confidential positions. In 2022, 72% of our employees are covered by collective bargaining agreements whereby they benefit from union activities and the collective agreement entered with the management.

Isetan Employee Profile

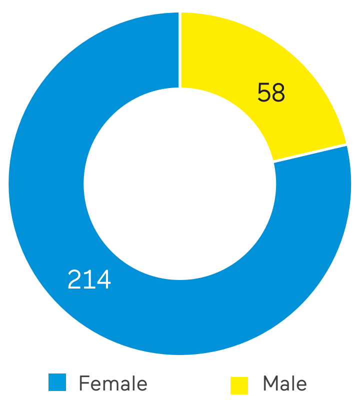


Management employees by gender



[11] Non-employees refer to interns and promoters at our retail stores. In FY2022, we hosted 4 interns from Institute of Technical Education ("ITE").

Non-management employees by gender



TALENT ATTRACTION

Working in the retail business in Singapore allows individuals from all walks of life to gain valuable skills and experience that can be used to progress their careers in the retail industry or other industries of the economy. We offer internship opportunities to students from the Institute of Technical Education ("ITE") to provide them with exposure to the retail industry. In 2022, we hosted four students from ITE as interns as part of our collaboration with them.

TRAINING AND DEVELOPMENT

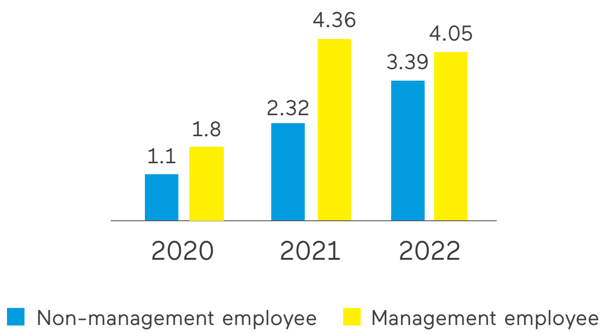
Isetan seeks to provide a supportive workplace in which employees and executives are given the resources they need to thrive and opportunities to advance. We commence training programmes to support our employees' professional growth as soon as they begin their new responsibilities. This approach ensures that all our employees are aware of the overall operations of a store, their specific roles and responsibilities, our health and safety requirements, and our customer experience objectives. At Isetan, we consider training as a continuous process in both classroom and on-the-job as well as through job rotation. We strive to provide our employees with regular performance and career development reviews to ensure that they reach their professional aspirations at Isetan. In 2022, 35% of our employees received a performance and career development review.

Our Sales employees are given initial training on appointment comprising a classroom session on the aspects of Department Store operations and on-the-job training under the guidance of experienced Sales employees.

As we operate a supermarket, it is imperative that we ensure the food we present to our customers are wholesome and safe for consumption. In 2022, 13 employees attended a basic food hygiene course to educate them on the guidelines of handling, storage and serving food to ensure the health and safety of our customers.

PERFORMANCE

Average hours of training by employment category



TARGETS

FY2023 and Long-term Target	FY2022 Performance
To achieve an appropriately balanced ratio of male to female employees holding management positions in the company as at end of the year.	We achieved in maintaining a ratio of 61% female employees in management positions by end of 2022.
We aim to have 3.0 average training hours for management staff and 2.0 average training hours for non-management staff.	We provided an average of 3.39 training hours for our non-management employees and 4.05 training hours for our management employees.

SUSTAINABILITY REPORT

CUSTOMER HEALTH AND SAFETY

MANAGEMENT APPROACH

We have established documented policies and procedures in place for store safety and response to urgent crises such as fires, bomb threats, power outages, and pandemics. In addition to adhering to the authorities' regulatory requirements for our stores and assets, we have a maintenance regime and replacement schedule in place for our important operational and fire safety equipment to ensure that they are in good working order.

Prior to the relaxation of the COVID-19 Safe Management Measures by the government, we had put in place necessary safeguards such as store capacity limits, safe distancing, and increased cleaning and disinfection of our facilities.

We identified Health and Safety as a Tier One risk in our annual Enterprise Risk Assessment process. As a result, we place high priority on fire prevention measures such as conducting monthly internal unannounced fire safety assessments at our premises. Any gaps or vulnerabilities detected by the Safety Manager must be addressed as soon as possible. To support these safeguards, we have fire evacuation plans and appointment holders in place at all our stores and locations. Our employees also take part in fire drills, which are arranged internally at our properties or by the different mall owners, to familiarise our employees and tenants with evacuation routes and procedures.

ACTIONS TAKEN TO MANAGE OCCUPATIONAL HEALTH AND SAFETY:

01

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

02

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

PERFORMANCE

All critical operational and fire equipment scheduled for maintenance in 2022 were serviced on time. Management will evaluate the maintenance and replacement programme on a regular basis to ensure that it remains operational and effective.

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

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

TARGETS

FY2023 and Long-term Target	FY2022 Performance
Strive for zero cases of regulatory violations raised by authorities. Continue with monthly internal fire safety audits at our stores and investment properties with less than 5 repeated violations for each store averagely per month.	Monthly internal fire safety audits were carried out at our stores. The target of not exceeding 5 repeated violations averagely per month was achieved by all stores. There were no incidents of regulatory violations raised by the authority.

MARKET AND LABELLING

MANAGEMENT APPROACH

We strongly believe that it is our obligation to ensure that our products are labelled appropriately and with sufficient information to ensure our customers are well-aware and informed of what the product contains. As a result, we take measures to ensure that our products are labelled in accordance with applicable labelling regulations. As we operate both department stores and a supermarket, providing accurate product labelling and marketing information is critical to our success. Additionally, as we retail Japanese items at our supermarket, we must ensure that appropriate labelling is provided to ensure that our consumers understand the contents of the goods before making their purchases, as well as to manage the freshness of our merchandise.

We strive to provide sufficient and accurate product and marketing information to ensure that our consumers can make educated decisions. As such, we require our suppliers to follow the relevant regulations in product description and labelling.

PERFORMANCE

There were no incidents of non-compliance of legislations pertaining to product information and labelling in 2022.

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

TARGETS

FY2023 and Long-term Target	FY2022 Performance
To strive for zero incidents of non-compliance of product information and labelling.	There were no cases of non-compliance of product information and labelling.

CUSTOMER PRIVACY

MANAGEMENT APPROACH

Protecting our customers' personal data and confidential information is becoming increasingly crucial as we continue digitalising our business operations. As such, we have established policies and processes in place to manage personal data entrusted to us by our customers. As part of the retail industry, we manage a considerable volume of our customers' personal data and recognise how crucial it is to safeguard this information. We operate in accordance with the Personal Data Protection Act ("PDPA"), which governs the acquisition, use, and disclosure of personal data.

The Company takes precautions to effectively secure its customers' privacy and safeguard their confidence in the protection of their personal data. In this regard, we collaborate with our vendors and auditors to monitor and promptly address any vulnerabilities in our IT control measures (including cybersecurity). We have the necessary Business Continuity Plans in place to help with the recovery of critical IT infrastructure and platforms in a timely manner.

PERFORMANCE

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

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

TARGETS

FY2023 and Long-term Target	FY2022 Performance
To strive for zero breaches in relation to PDPA or consumer data.	There were no breaches in relation to PDPA or consumer data during the Reporting Period.

SUSTAINABILITY REPORT

LOCAL COMMUNITIES

MANAGEMENT APPROACH

At Isetan, we are committed to being a responsible corporate citizen and making a positive impact on society. Since 1981, we have supported our community through the Isetan Foundation, which was formally launched in 1981 with an initial endowment from Isetan (Singapore) Limited. Isetan Singapore provides administration support to the Foundation which provides financial support to selected institutions and charitable organisations that share our values and goals.

FOSTERING EDUCATION

The Foundation has awarded grants to Singapore's leading educational institutions to establish endowment funds, which generate income to finance scholarships for students each year, with a primary focus on those in financial need. Over the years, the Foundation has granted almost $1.4 million to three universities – National University of Singapore, Nanyang Technological University, and Singapore Management University. In addition, the Foundation has also provided bond-free scholarships at Temasek Polytechnic-School of Retail Management and the ITE in previous years. The Foundation has committed to providing S$8,000 yearly scholarships to ITE for the next two years.

In 2022, the Foundation provided scholarships to four students from ITE, an amount equivalent to S$8,000.

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

TARGETS

FY2023 and Long-term Target	FY2022 Performance
To contribute to the needs of the community in the areas of education and culture through donations from Isetan Foundation.	The Foundation donated an amount of S$8,000 to ITE.

UPHOLDING GOOD GOVERNANCE PRACTICES

ANTI-CORRUPTION

MANAGEMENT APPROACH

As part of our management and operational protocols, Isetan is committed to upholding high levels of corporate governance and transparency. This is founded on the belief that a strong governance framework is critical for building trust and confidence with stakeholders, which ultimately determines the success of the business.

In order to maintain these high standards of integrity in the course of our work and business dealings, we have established a variety of policies and guidelines. Our Code of Conduct reiterates Isetan's strong stance against fraud, bribery and corruption, and sets the overarching approach in managing these risks in a holistic and systematic manner.

The Company has put in place a "whistle-blowing" policy whereby the public and staff of the Company may raise concerns about possible improprieties in matters of financial reporting or other matters through a well-defined and accessible channel within the Company. The objective of the policy is to encourage the reporting of such matters in good faith, while providing the assurance that the identity of the public and staff making such reports will be kept confidential and the public and staff fairly treated. Details of the "whistle-blowing" channel is available on the Company website at www.isetan.com.sg while the policy is communicated to all staff during the orientation for new staff and via the Staff Handbook.

PERFORMANCE

Isetan's Code of Conduct is communicated to all our employees via the Staff Handbook. It is also accessible via our Company website where our other stakeholders can view it.

Our zero-tolerance policy against fraud, bribery, and corruption has enabled us to achieve zero incidents of corruption in our operations during FY2022.

GRI CONTENT INDEX

STATEMENT OF USE	Isetan Singapore has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI USED	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
GRI SECTOR STANDARDS	No GRI Sector Standards adopted.

GRI STANDARD	DISCLOSURE		LOCATION/PAGE
	2-1	Organisational details	6 to 7
	2-2	Entities included in the organisation's sustainability reporting	20
	2-3	Reporting period, frequency and contact point	20 to 21
	2-4	Restatements of information	NIL
	2-5	External assurance	20
	2-6	Activities, value chain and other business relationships	6 to 7
	2-7	Employees	30 to 31
	2-8	Workers who are not employees	30
	2-9	Governance structure and composition	21
	2-10	Nomination and selection of the highest governance body	41 and 43
	2-11	Chair of the highest governance body	41
	2-12	Role of the highest governance body in overseeing the management of impacts	21
	2-13	Delegation of responsibility for managing impacts	21
	2-14	Role of the highest governance body in sustainability reporting	21
	2-15	Conflicts of interest	41
	2-16	Communication of critical concerns	Refer to whistle-blowing policy, pg 34
	2-17	Collective knowledge of the highest governance body	21
	2-18	Evaluation of the performance of the highest governance body	44
	2-19	Remuneration policies	45 to 46
	2-20	Process to determine remuneration	45
	2-21	Annual total compensation ratio	Not disclosed due to confidentiality

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE		LOCATION/PAGE
	2-22	Statement on sustainable development strategy	21
	2-23	Policy commitments	To address in future reporting
	2-24	Embedding policy commitments	21 and 34
	2-25	Processes to remediate negative impacts	34
	2-26	Mechanisms for seeking advice and raising concerns	49
	2-27	Compliance with laws and regulations	32 to 33
	2-28	Membership associations	21
	2-29	Approach to stakeholder engagement	22
	2-30	Collective bargaining agreements	30
GRI 3: Material Topics 2021	3-1	Process to determine material topics	23
	3-2	List of material topics	23
GRI 3: Material Topics 2021	3-3	Management of material topics - GRI 205: Anti-Corruption 2016	34
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	34
	205-3	Confirmed incidents of corruption and actions taken	34
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	24
	302-3	Energy intensity	24
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	27
	305-2	Energy indirect (Scope 2) GHG emissions	27
	305-4	GHG emissions intensity	27
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	28
	306-2	Management of significant waste-related impacts	29
	306-3	Waste generated	To address in future reporting
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	

GRI STANDARD	DISCLOSURE		LOCATION/PAGE
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	29
	403-2	Hazard identification, risk assessment, and incident investigation	29
	403-3	Occupational health services	29
	403-4	Worker participation, consultation, and communication on occupational health and safety	29
	403-5	Worker training on occupational health and safety	29
	403-6	Promotion of worker health	29
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29
	403-8	Workers covered by an occupational health and safety management system	29
	403-9	Work-related injuries	30
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	31
	404-3	Percentage of employees receiving regular performance and career development reviews	31
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	34
	413-2	Operations with significant actual and potential negative impacts on local communities	34
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	32
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	32
GRI 417: Market and Labelling 2016	417-2	Incidents of non-compliance concerning product and service information and labelling	33
	417-3	Incidents of non-compliance concerning marketing communications	33
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	33

CORPORATE GOVERNANCE REPORT

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

Isetan endeavors to adhere to all the principles and provisions of the Singapore Code of Corporate Governance 2018 (the "Code"). For the Financial Year ended 31 December 2022, Isetan has complied in all material aspects with the principles of the Code. Where there are variations from any of the provisions of the Code, an explanation has been provided within this Report, which includes the reason for the variation, as well as the practices adopted to be consistent with the intent and philosophy of the relevant principle in question.

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

BOARD MATTERS

Board of Directors (as at 31 December 2022)

No.	Name of Director	Date first appointed	Date last re-elected	Executive/ Non-executive	Independent/ Non-independent
1	Satoru Tanaka (Chairman)	21 May 2021	28 April 2022	Non-executive	Non-independent
2	Shioji Hiramatsu (Managing Director)	30 May 2022	–	Executive	Non-Independent
3	Victor Yeo Chuan Seng (Lead Independent Director)	1 July 2015	28 April 2022	Non-executive	Independent
4	Lim Bee Choo (Independent Director)	1 July 2012	28 April 2021	Non-executive	Independent
5	Richard Tan Chuan-Lye (Independent Director)	1 February 2019	28 April 2021	Non-executive	Independent

COMMITTEES (as at 31 December 2022)

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

CORPORATE GOVERNANCE REPORT

Principle 1: The Board's Conduct of its affairs

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

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

(a) remuneration framework of all Board members;

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

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

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

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

(f) corporate restructuring, including mergers and acquisitions;

(g) issuing shares;

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

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

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

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

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

<u>Delegation by the Board</u>

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

The record of the directors' attendance at the Annual General Meeting, Board and respective committee meetings during the financial year ended 31 December 2022 is set out below.

CORPORATE GOVERNANCE REPORT

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

		No. of meetings (for the period from 01/01/2022 to 31/12/2022)											
		AGM		Board		Exco		NC		RC		ARC	
	Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1	Satoru Tanaka (Chairman)	1	1	5	5	–	–	–	–	–	–	–	–
2	Shioji Hiramatsu (Managing Director) (Appointed on 30 May 2022)	1	–	5	2	47	25	–	–	–	–	–	–
3	Victor Yeo Chuan Seng (Lead Independent Director)	1	1	5	5	–	–	2	2	1	1	4	4
4	Lim Bee Choo (Independent Director)	1	1	5	5	–	–	2	2	1	1	4	4
5	Richard Tan Chuan-Lye (Independent Director)	1	1	5	5	–	–	2	2	1	1	4	4
6	Koji Oyama (Managing Director) (Stepped down on 28 April 2022)	1	1	5	2	47	23	–	–	–	–	–	–

Board members also meet informally throughout the year as and when necessary to discuss and address strategic and operational issues and to provide input and guidance to management as needed.

Meeting of Directors without management

The independent directors met three times during the course of the year without the presence of management. Relevant matters that arise from these discussions are highlighted at board meetings for the full Board's attention and consideration. The chairman of such meetings provided feedback to the Board after such meetings, as appropriate.

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

In addition, the Company has orientation programmes to ensure that incoming directors are familiar with the Company's business, structure and governance practices. Any new director appointed to the Board who has no prior experience as a director of an issuer listed on the Singapore Exchange must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. In this regard, the Managing Director ("MD") who was appointed in May 2022 has attended the mandatory modules conducted by Singapore Institute of Directors ("SID") via video conference in 2022. In recognition that directors require appropriate on-going training, the Company has encouraged all directors to sign up as members of the SID and to participate in its courses, and training provided by other parties, at the Company's expense. Briefings are organised from time to time to update directors and, in particular, the ARC on developments of the laws and regulations relevant to the Company and its business. Various members of the Board also attended professional development courses conducted by the SID, accounting firms or other professional bodies. During the year, all the board members have attended the course on Environmental, Social and Governance Essentials conducted by the SID, as part of the mandatory training on sustainability as stipulated by the Singapore Exchange.

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

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

Securities Directive

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

Principle 3: Chairman and Managing Director

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

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

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

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

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

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

As at 31 December 2022, the Board consists of five directors, of whom four are non-executive. As the Chairman is not independent, the independent directors (consisting of three directors) make up a majority of the Board.

Pursuant to Regulation 96 of the Company's Constitution, one-third of the Directors for the time being, except an MD or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third, shall retire from office at the Company's Annual General Meeting held each year. Such retiring directors are eligible for re-nomination and re-election. However, as Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited now requires all directors to submit themselves for re-nomination and re-appointment at least once every three years, the MD will no longer be exempt from the process of retirement and re-election of directors.

Board diversity

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

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

Diversity Targets and progress in FY2022

<u>Ensuring gender diversity on the Board</u>

The Board considers gender as an important aspect of diversity and will strive to ensure that there is adequate gender representation on the board whenever a new Director is being appointed. The Company endeavours to have at least 20% of its board comprise male and female members. The NC will also ensure that candidates are not discriminated against on grounds such as race, religion, marital status, and physical attributes which does not speak to such person's ability to perform as a Board member. As at the end of FY 2022, the Company's Board has 20% female representation and 80% male representation.

<u>Ensuring Board Diversity to achieve the strategic and business objectives of the Company</u>

The Company strives to have Board members with different skillsets, experience, industry and professional qualifications to meet the Company's needs. The Board presently comprises individuals who, as a group, provide an appropriate balance and diversity of skills, experience, gender and functional expertise so as to oversee the business affairs of the Company and to provide its management with the requisite direction and guidance. The current board is made up of five directors. Our Chairman, Mr. Satoru Tanaka, has more than thirty years of experience in retail operations and has assumed various leadership roles in the Isetan Mitsukoshi Group prior to his present appointment. Similarly, our MD, Mr. Shioji Hiramatsu, has extensive experience in retailing and has held senior positions in the Isetan Mitsukoshi Group prior to his present appointment. As for our independent directors, in addition to their individual professional expertise in accounting, human capital management and law, they also have experience relating to the retail industry and income-producing real estate investment as well as risk management, finance and governance and general management.

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

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

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

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

- Review and make recommendations to the Board on the succession plans for directors and Key Management Personnel;
- Review the appointment and reappointment of directors;
- Recommend the process and criteria for evaluation of the performance of the Board, Board Committees and individual directors;

- Review of training and development programs for the Board and its directors;
- Determine the independence of directors; and
- Assess a director's ability in carrying out his/her duties as a director of the Company.

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

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

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

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

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

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

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

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

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

In recognition that the directors require appropriate on-going training, the NC reviews the training and development programme for the board at the beginning of each financial year.

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

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

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

The Company does not have any alternate directors.

A summary table showing the directors who are executive or non-executive as well as independent or non-independent is shown on page 38. Members of the ARC, NC, RC and Exco are also shown on the same page. All the directorships and chairmanships in listed companies held by the directors, both current and those held over the preceding three years, are shown on pages 10 to 13.

Principle 5: Board Performance

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

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

REMUNERATION MATTERS

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

The RC comprises three independent non-executive directors.

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

- a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors;

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

The RC has access to advice from the internal human resource department, and if required, the RC will have access to external advice. In 2022, no external advice was required.

The RC regularly reviews the remuneration framework and specific remuneration packages for the directors and key management personnel in conjunction with market studies and benchmarking exercises with industry peers, where appropriate. The RC considers all aspects of remuneration to ensure they are fair. After such reviews, the RC makes recommendations to the Board. The RC also ensures that no directors are involved in setting their own remuneration.

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

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

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

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

The RC recommends to the Board a formal and transparent process for determining the remuneration packages of individual non-executive directors, taking into consideration factors such as scope of responsibilities, time spent and effort.

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

Annual fees (for 2022)	**Victor Yeo Chuan Seng** (Lead Independent Director)	**Lim Bee Choo** (Independent Director)	**Richard Tan Chuan-Lye** (Independent Director)
	$	$	$
Chairmanship (NC/RC/ARC)	10,000	10,000	18,000
ARC member	9,000	9,000	–
NC member	–	5,000	5,000
RC member	5,000	–	5,000
Basic Fee	28,900	28,900	28,900
Total	**52,900**	**52,900**	**56,900**

CORPORATE GOVERNANCE REPORT

The breakdown of directors' remuneration (in percentage terms) for the period from 1/1/2022 to 31/12/2022 and the remuneration bands of directors and key executives for the period from 1/1/2022 to 31/12/2022 are set out in the Note (e) under "Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual". The annual aggregate of the remuneration paid to the top five key management personnel (who are not directors or managing director) for FY2022 is $728,357. It is further described on page 45 of the annual report that the Company does not have an employee share scheme but operates a retirement benefit scheme* for its employees, including executive directors and key executives who are eligible for it (*the scheme has not been extended to new employees joining the Company with effect from May 2018). Apart from this, the Company currently does not have any other long-term incentive scheme.

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

There are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the MD or the substantial shareholders and whose remuneration exceeded S$100,000 during FY2022.

ACCOUNTABILITY AND AUDIT

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

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

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

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

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

- reviewing with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss in the absence of management;

- reviewing with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;

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

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

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

Financial Matters

In its review of the financial statements, the ARC has discussed with management the accounting principles that were applied and its judgment of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements were reviewed by the ARC and discussed with the management and the external auditor for FY2022:

Significant Matter	How the Audit and Risk Committee reviewed this matter
Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets	The ARC has considered the appropriateness of the approach and methodology applied to derive the recoverable amount of the asset which is determined based on the value-in-use ("VIU") for the cash-generating-unit ("CGU") to which the assets belong. The ARC also considered and is satisfied with the reasonableness of management's judgement and assumptions used in determining the discount rate, sales growth rates and rental income assumptions used in VIU computations and forming the accounting estimates underpinning the assessment of the recoverable amount of the CGU. The ARC was periodically briefed by the management on the factors affecting the recoverable amount of the relevant assets of each CGU, including business strategies of the retail stores, and the market trends. The assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets was also an area of focus for the External Auditor. The External Auditor has included this item as a key audit matter in its audit report for FY2022 on page 57 and 58 of the Annual Report.

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

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

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

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

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

Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the written assurances from the MD and Senior Management that the existing management controls are in place, the ARC and the Board are of the view that the internal controls including financial, operational, compliance and information technology controls, and the risk management systems are adequate and effective as at 31 December 2022. The Board, together with the ARC and management, will continue to enhance and improve the existing internal control and risk management frameworks to identify and mitigate these risks.

The system of internal controls and risk management established by the Company (as further elaborated on pages 52 and 53, Risk Management Policies and Processes) is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. It should be recognised that such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Whistleblowing Policy

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

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

The Company does not set quantitative parameters for dividend payout. The Company's dividend policy is to provide our shareholders a stable annual dividend that takes into account the Company's performance as well as the resources needed to secure its future success and well-being.

Principle 12 Engagement with shareholders

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

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

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13 Engagement with stakeholders

The Company has arrangements in place to engage and understand the needs and concerns of its material stakeholders such as customers, shareholders, employees, suppliers, tenants and the community at large. Stakeholder engagement is further elaborated in the annual Sustainability Report of the Company.

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

OTHER MATTERS

Conduct and Discipline

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

Interested Person Transactions

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

Details of IPT are disclosed on page 114 of this Annual Report.

RISK MANAGEMENT POLICIES AND PROCESSES

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

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

An annual Enterprise Risk Assessment (ERA) is carried out where the Tier 1 enterprise risks are identified and ranked. A risk heat map is developed based on the Tier 1 risks (covering financial, operational, compliance and information technology areas). The ERA results are presented to the ARC. Based on the ERA results and other factors, the internal audit plan for the new financial year is established. After each internal audit, a report is submitted to the ARC where the gaps and lapses are identified. The report also records management's action plans to rectify these gaps and lapses. Management is also asked to report on whether and when such rectification measures have been undertaken. The internal audit plan is discussed and approved by the ARC and the board is kept informed to ensure top level awareness.

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

Financial Risks

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

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

Operational Risks

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

Compliance Risks

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

Information Technology Risks

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

RISK MANAGEMENT POLICIES AND PROCESSES

New Enterprise Resource Planning (ERP) System

The Company transitioned to a new ERP system on 1 June 2022. As we continue to utilise and stabilise the system, we will continue to enhance the internal controls and workflow processes, as well as to focus on critical areas such as resource planning and system support.

Responding to Crisis Situations

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2022.

In the opinion of the directors,

(a) the financial statements as set out on pages 61 to 111 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

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

Directors

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

Mr Satoru Tanaka	(Chairman)
Mr Shioji Hiramatsu	(Managing Director)
Mr Richard Tan Chuan-Lye	
Ms Lim Bee Choo	
Mr Yeo Chuan Seng Victor	

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		**Holdings in which a director is deemed to have an interest**	
	At 31.12.2022	At 1.1.2022 or date of appointment, if later	**At 31.12.2022**	At 1.1.2022
The Company				
(Number of ordinary shares)				
Mr Yeo Chuan Seng Victor	**1,000**	1,000	**–**	–
Isetan Mitsukoshi Holdings Ltd				
(Number of ordinary shares)				
Mr Satoru Tanaka	**17,000**	17,000	**–**	–
(Number of restricted shares)				
Mr Satoru Tanaka	**24,500**	19,700	**–**	–

(b) The directors' interests in ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

Share options

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

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

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

Audit and Risk Committee

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the results announcement for the half-year and full year; and
- the financial statements of the Company for the financial year ended 31 December 2022 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the financial statements of the Company.

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

Independent Auditor

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

On behalf of the directors

SHIOJI HIRAMATSU Director	RICHARD TAN CHUAN-LYE Director

27 March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Isetan (Singapore) Limited (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the income statement for the year ended 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the balance sheet as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets.	
As at 31 December 2022, the carrying values of the Company's PPE and ROU assets under the Retail segment were $23,062,000 and $18,960,000 respectively. The disclosures relating to PPE and ROU assets are included in Note 21 and Note 22 of the financial statements respectively.	(a) We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the assessment for impairment of PPE and ROU assets.
For the purpose of impairment testing, the recoverable amount of the asset is determined based on the higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCTS"), for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong. In the current financial year, impairment charge of $965,000 and $2,795,000 (pro-rated based on the carrying amounts of PPE and ROU assets within the respective stores) was recorded to reduce the carrying values of PPE and ROU assets in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts. The Company had determined VIU for retail stores using cash flow projections based on financial budgets prepared by management. Key assumptions used in VIU computation include the discount rate, sales growth rates and rental income assumptions. Significant judgements are used to determine the discount rate, sales growth rates and rental income assumptions used in VIU computations. In making these estimates, management has relied on past performance, and its expectations of market developments including estimates of the recovery of the retail environment in Singapore.	Our audit procedures included the following: ● assessed the appropriateness of the valuation model used in estimating the VIU computation; ● assessed reasonableness of key assumptions, which include the discount rate, sales growth rates and rental income assumptions, used in VIU computation; ● assessed the competency and independence of management's experts engaged to support management in the FVLCTS computation of the corporate assets; ● discussed with management and the professional property valuer used by management on the key assumptions and critical judgmental areas in the fair value computation; and ● assessed the reasonableness of key assumptions, which include capitalisation rates used in income method and selling price per square foot of market comparables used in direct comparison method.
The continued losses in the Retail segment triggered the need for impairment assessment of the corporate assets (mainly comprising of land and buildings) included within this segment. The fair values of these corporate assets were largely based on property valuations obtained from professional property valuers. No impairment charge was recorded on the corporate assets in the Retail segment. FVLCTS used to determine the recoverable amount of the land and buildings included within this segment, were largely based on selling price per square foot and capitalisation rates.	We have obtained satisfactory explanations from management and management's experts regarding the basis, methods and key assumptions used in determining the recoverable values of the assets within the Retail segment. We also considered the extent of disclosures set out in Note 3(i) of the financial statements.

Key Audit Matters (continued)

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

Other information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2023

INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	**2022**	2021
		$'000	$'000
Revenue	4	**87,620**	85,804
Other income	5	**4,393**	6,746
Other gains/(losses) - net			
- Impairment loss on financial assets	6	**(24)**	(50)
- Others	6	**85**	188
Expenses			
- Changes in inventories of finished goods		**802**	(1,885)
- Purchases of inventories and related costs		**(31,686)**	(31,753)
- Employee compensation	7	**(16,049)**	(15,644)
- Depreciation expense		**(11,725)**	(11,853)
- Rental expense	8(a)	**(1,444)**	(1,660)
- Service charge expense		**(5,439)**	(6,940)
- Interest expense	33	**(1,620)**	(1,971)
- Impairment loss on investment in an associate	18	**(1,753)**	–
- Impairment of right-of-use assets		**(2,795)**	(1,631)
- Impairment loss on property, plant and equipment		**(965)**	(810)
- Other expenses	8(b)	**(17,785)**	(16,327)
Total expenses		**(90,459)**	(90,474)
Share of loss of an associate	18	**(266)**	(58)
Profit before income tax		**1,349**	2,156
Income tax expense	9	**–**	–
Net profit after tax for the financial year		**1,349**	2,156
Net profit attributable to:			
Equity holders of the Company		**1,349**	2,156
Earnings per share for net profit attributable to the equity holders of the Company (cents per share)	10		
- Basic		**3.27 cents**	5.22 cents
- Diluted		**3.27 cents**	5.22 cents

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Net profit for the financial year		**1,349**	2,156
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	18	**(41)**	85
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value loss through other comprehensive income	13	**(206)**	(312)
Actuarial loss on retirement benefit obligation	24	**(112)**	(221)
Other comprehensive loss, net of tax		**(359)**	(448)
Total comprehensive income for the financial year		**990**	1,708
Total comprehensive income attributable to:			
Equity holders of the Company		**990**	1,708

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

BALANCE SHEET

As at 31 December 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**74,542**	70,150
Trade and other receivables	12	**6,343**	5,505
Other investments, at amortised cost	14	**5,240**	5,036
Inventories	15	**6,442**	5,640
Rental deposits	19	**634**	1,411
Other current assets	16	**1,628**	2,040
		94,829	89,782
Non-current assets			
Trade and other receivables	12	**2,731**	4,502
Financial assets, at FVOCI	13	**4,000**	4,206
Other investments, at amortised cost	14	**22,086**	24,390
Club memberships	17	**170**	170
Investment in an associate	18	**–**	2,060
Rental deposits	19	**3,811**	3,811
Investment properties	20	**28,260**	30,511
Property, plant and equipment	21	**23,062**	23,899
Right-of-use assets	22	**18,960**	20,264
		103,080	113,813
Total assets		**197,909**	203,595
LIABILITIES			
Current liabilities			
Trade and other payables	23	**35,369**	33,349
Provisions	25	**–**	1,544
Lease liabilities	26	**16,686**	16,623
		52,055	51,516
Non-current liabilities			
Trade and other payables	23	**5,217**	3,866
Provisions	25	**3,417**	2,563
Lease liabilities	26	**28,943**	37,125
		37,577	43,554
Total liabilities		**89,632**	95,070
NET ASSETS		**108,277**	108,525
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	**91,710**	91,710
General reserve	29	**17,000**	17,000
Fair value reserve	30	**1,328**	1,534
Currency translation reserve		**79**	120
Other reserves		**(42)**	70
Accumulated losses		**(1,798)**	(1,909)
Total equity		**108,277**	108,525

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital $'000	General reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Other reserves $'000	(Accumulated losses)/ Retained earnings $'000	Total $'000
2022								
Beginning of financial year		**91,710**	**17,000**	**1,534**	**120**	**70**	**(1,909)**	**108,525**
Total comprehensive (loss)/ income for the year		–	–	(206)	(41)	(112)	1,349	990
Dividend paid	31	–	–	–	–	–	(1,238)	(1,238)
End of financial year		**91,710**	**17,000**	**1,328**	**79**	**(42)**	**(1,798)**	**108,277**
2021								
Beginning of financial year		**91,710**	**17,000**	**1,846**	**35**	**291**	**(4,065)**	**106,817**
Total comprehensive (loss)/ income for the year		–	–	(312)	85	(221)	2,156	1,708
End of financial year		**91,710**	**17,000**	**1,534**	**120**	**70**	**(1,909)**	**108,525**

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	2022 $'000	2021 $'000
Cash flows from operating activities		
Profit before income tax	**1,349**	2,156
Adjustments for:		
- Depreciation expense	**11,725**	11,853
- Income from recognition of net investment in subleases	**(304)**	(109)
- Impairment loss on investment in an associate	**1,753**	–
- Impairment loss on right-of-use assets	**2,795**	1,631
- Impairment loss on property, plant and equipment	**965**	810
- Impairment loss on financial assets	**24**	50
- Gain on disposal of other investments, at amortised cost	**(85)**	(157)
- Gain on disposal of property, plant and equipment	**–**	(31)
- Interest income	**(1,786)**	(1,645)
- Interest expense	**1,620**	1,971
- Changes in provisions for other liabilities and charges	**146**	71
- Dividend income	**(156)**	(91)
- Rent concession income	**–**	(29)
- Share of loss of an associate	**266**	58
	18,312	16,538
Changes in working capital:		
- Trade and other receivables	**2,346**	2,530
- Inventories	**(802)**	1,885
- Other assets and rental deposits	**1,189**	2
- Trade and other payables	**2,077**	2,813
- Provisions	**(836)**	–
Net cash provided by operating activities	**22,286**	23,768

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,672)**	(939)
Payments for investment property		**(234)**	(117)
Purchases of other investments, at amortised cost		**(7,240)**	(2,654)
Proceeds from disposal of property, plant and equipment		**52**	134
Proceeds from maturity/early redemption by issuers of other investments, at amortised cost		**9,219**	17,702
Interest received		**1,396**	1,700
Dividends received		**156**	91
Net repayments from employees		**–**	6
Net cash provided by investing activities		**1,677**	15,923
Cash flows from financing activities			
Principal payment of lease liability	26	**(16,713)**	(16,732)
Interest paid	26	**(1,620)**	(1,971)
Dividend paid		**(1,238)**	–
Net cash used in financing activities		**(19,571)**	(18,703)
Net increase in cash and cash equivalents		**4,392**	20,988
Cash and cash equivalents at beginning of financial year		**70,150**	49,162
Cash and cash equivalents at end of financial year	11	**74,542**	70,150

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

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

1. General information

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Company has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

(a) Sale of goods and consignment income

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

Payment of the transaction price is due immediately when the customer purchases the goods. However, the customer has a right to return the goods to the Company within 7 days (2021: 7 days) of delivery to the customer. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. No refund liability nor right to the returned goods are recognised for the products expected to be returned as the return rate is assessed to be insignificant based on accumulated experience of the Company.

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

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

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

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

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

(b) *Rental income*

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

(c) *Interest income*

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

(d) *Dividend income*

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

2.3 Investment in an associate

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

(i) *Acquisitions*

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

(ii) *Equity method of accounting*

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

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

2.3 Investment in an associate (continued)

(ii) Equity method of accounting (continued)

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

(iii) Disposals

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

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Component of costs

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

(b) Depreciation

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

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

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

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

2.4 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2.5 Investment properties

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

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

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

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

2.6 Club memberships

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

2.7 Impairment of non-financial assets

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

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

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

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets (continued)

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

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

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

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

2.8 Financial assets

(a) Classification and measurement

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

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

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

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(a) *Classification and measurement* (continued)

(ii) *Equity investments*

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

(b) *Impairment*

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

(c) *Recognition and derecognition*

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

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

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

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

2.9 Trade and other payables

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

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

2. Significant accounting policies (continued)

2.10 Fair value estimation of financial assets and liabilities

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

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

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

2.11 Leases

(a) When the Company is the lessee:

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

- Right-of-use assets

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

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

- Lease liabilities

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

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  - Amount expected to be payable under residual value guarantees;

  - The exercise price of a purchase option if the Company is reasonably certain to exercise the option; and

  - Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

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

2.11 Leases (continued)

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

- Lease liabilities (continued)

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

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

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

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

- Short term and low value leases

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

- Variable lease payments

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

(b) When the Company is the lessor:

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

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

- Lessor – Operating leases

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

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

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

2. Significant accounting policies (continued)

2.11 Leases (continued)

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

- Lessor – subleases

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

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

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

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

- Lessor – lease modifications

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

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

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

2.12 Inventories

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

2.13 Government grants

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

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

2. Significant accounting policies (continued)

2.14 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

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

2.15 Provisions

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

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

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

2. Significant accounting policies (continued)

2.15 Provisions (continued)

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

2.16 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Retirement benefits

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

2.17 Segment Reporting

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

2.18 Currency translation

(a) *Functional and presentation currency*

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

2. Significant accounting policies (continued)

2.18 Currency translation (continued)

(b) *Transactions and balances*

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

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

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

2.19 Cash and cash equivalents

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

2.20 Share capital

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

2.21 Dividend to Company's shareholders

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

3. Critical accounting estimates, assumptions and judgements

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

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

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

For the purpose of impairment testing, the recoverable amounts of PPE of $23,062,000 (2021: $23,899,000) (Note 21) and ROU assets of $18,960,000 (2021: $20,264,000) (Note 22) and, when applicable, the CGU, have been determined based on the higher of fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") methods.

Significant judgements are used to determine the discount rate, sales growth rates and rental income assumptions used in VIU computations. In making these estimates, management has relied on past performance and its expectations of market developments including estimates of the recovery of the retail environment in Singapore.

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

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

In the current financial year, impairment charge of $965,000 and $2,795,000 (2021: $810,000 and $1,631,000) (pro-rated based on the carrying amounts of PPE and ROU asset within the respective stores) was recorded to reduce the carrying values of PPE and ROU assets in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts, obtained based on the VIU method. VIU is determined using cash flow projections based on financial budgets prepared by management.

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

Key assumption	Sensitivity	Increase in impairment charge on PPE ($'000)	Increase in impairment charge on ROU ($'000)
Sales growth rate	2% lower	798	1,929
Discount rate	1% higher	45	161
Rental income	2% lower	20	27

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

(ii) Critical judgement over the lease terms

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

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

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

As at 31 December 2022, included within the Company's lease liabilities of $45,629,000 (2021: $53,748,000) is an amount of $5,369,000 (2021: $5,939,000), which relates to extension option which is reasonably certain to be exercised. As at 31 December 2022, potential future (undiscounted) cash outflows of approximately $47,977,000 (2021: $47,690,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

4. Revenue

	2022 $'000	2021 $'000
Sale of goods [Note (a)]	**43,493**	46,608
Consignment income [Note (a)]	**33,841**	30,659
	77,334	77,267
Rental income from investment properties	**10,286**	8,701
Less: Government grant expense – rent concessions [Note (b)]	**–**	(164)
	10,286	8,537
	87,620	85,804

Included in the rental income above is contingent rent of $103,000 (2021: $120,000). The contingent rent was computed based on sales achieved by lessees.

(a) Revenue from contracts with customers

(i) Disaggregation of revenue from contracts with customers

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

(ii) Contract liabilities

	Note	31 December 2022 $'000	31 December 2021 $'000	1 January 2021 $'000
Contract liabilities				
- Loyalty programme	23	**1,104**	520	730
- Gift voucher sales	23	**1,210**	1,120	1,166
Total contract liabilities		**2,314**	1,640	1,896

Contract liabilities arising from loyalty programme increased due to higher sales during the current financial year.

Revenue recognised in relation to contract liabilities

	2022 $'000	2021 $'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Deferred revenue – loyalty programme	**520**	730
- Deferred revenue – gift voucher sales	**1,120**	1,166

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

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

4. Revenue (continued)

(c) Trade receivables from contracts with customers

	31 December		1 January
	2022	2021	2021
	$'000	$'000	$'000
Current assets			
Trade receivables from contracts with customers	**971**	588	438
Less: Loss allowance	**(30)**	(30)	(30)
	941	558	408

5. Other income

	2022	2021
	$'000	$'000
Rental income	**1,841**	1,530
Government grant income (a)	**66**	3,014
Rent concession income (b)	**–**	29
Sundry income	**240**	328
Dividend income from listed equity securities, at FVOCI	**156**	91
Interest income from financial assets measured at amortised cost:		
- Fixed deposits	**693**	100
- Investments	**825**	1,470
- Others	**268**	75
Income from recognition of net investment in subleases	**310**	219
Less: Government grant expense – rent concessions (c)	**(6)**	(110)
	4,393	6,746

Included in the rental income above is contingent rent of $153,000 (2021: $88,000). The contingent rent was computed based on sales achieved by lessees.

(a) Government grant income

Government grant income amounting to $23,000 (2021: $2,903,000) pertains to the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

(b) For the year ended 31 December 2021, included within rent concession income are COVID-19 related rent concessions received from lessors of $29,000.

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

6. Other gains/(losses) - net

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

	2022 $'000	2021 $'000
Impairment loss on financial assets [Note 35(b)]	**(24)**	(50)
Gain on disposal of property, plant and equipment	**–**	31
Gain on disposal of financial assets	**85**	157

7. Employee compensation

	2022 $'000	2021 $'000
Wages and salaries	**14,824**	14,342
Employer's contribution to defined contribution plans including Central Provident Fund	**1,519**	1,440
Retirement benefit scheme expense (Note 24)	**77**	56
	16,420	15,838
Less: Government grants	**(371)**	(194)
	16,049	15,644

For the year ended 31 December 2022, government grants relate to the Special Employment Credit ("SEC"), Wage Credit Scheme ("WCS") and the Progressive Wage Credit Scheme ("PWCS") (2021: SEC and WCS).

The PWCS was introduced in Budget 2022 to provide transitional wage support for employers to adjust to the mandatory wage increases for lower-wage workers covered by Progressive Wage and Local Qualifying Salary requirements as well as the voluntarily raise wages of lower-wage workers.

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

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

8. Rental expense and other expenses

(a) Rental expense

Lease payment recognised as rental expense includes contingent rental expense of $320,000 (2021: $478,000) provided on a percentage of sales derived from the rented retail spaces in the current year.

8. **Rental expense and other expenses** (continued)

(b) Other expenses

Included in other expenses are the following items:

	2022 $'000	2021 $'000
Advertising and promotion	**3,871**	3,470
Credit card commissions	**2,604**	2,523
Delivery	**1,347**	1,233
License fees, property and miscellaneous taxes	**1,102**	1,204
Royalty	**928**	885
Supplies, repair and maintenance	**3,052**	2,854
Utilities	**2,466**	2,074

9. **Income tax expense**

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

	2022 $'000	2021 $'000
Profit before tax	**1,349**	2,156
Share of loss of an associate	**266**	58
Profit before tax and share of loss of an associate	**1,615**	2,214
Tax calculated at a tax rate of 17% (2021: 17%)	**274**	376
Expenses not deductible for tax purposes	**665**	391
Income not subject to tax	**(45)**	(474)
Utilisation of previously unrecognised deferred tax assets	**(838)**	(224)
Income taxed at concessionary rate	**(56)**	(69)
Tax expense	**–**	–

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

As at 31 December 2022, the Company has unrecognised tax losses of $12,015,000 (2021: $13,458,000) which can be carried forward and used to offset against future taxable income subject to the provisions of Section 37 of the Income Tax Act, Cap 134. The Company also has deferred capital allowances of $14,992,000 (2021: $13,522,000), of which unrecognised deductible temporary differences as at 31 December 2022 is $9,213,000 (2021: $8,323,000).

In addition, the Company has other unrecognised deductible temporary differences amounting to $27,097,000 as at 31 December 2022 (2021: $31,966,000).

The tax losses and capital allowances have no expiry date.

10. Earnings per share

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

	2022	2021
Net profit attributable to equity holders of the Company ($'000)	**1,349**	2,156
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	**41,250**	41,250
Basic earnings per share	**3.27 cents**	5.22 cents

There are no dilutive shares, hence fully diluted earnings per share equal to the basic earnings per share of 3.27 cents (2021: earnings per share of 5.22 cents).

11. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and on hand	**19,419**	69,556
Fixed deposits with financial institutions	**55,123**	594
	74,542	70,150

The fixed deposits with financial institutions mature on varying dates within 1 month to 5 months (2021: 1 month) from the financial year end.

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

	2022 %	2021 %
Interest rates on fixed deposits	**2.33**	0.31

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

12. Trade and other receivables

(a) Current

	2022 $'000	2021 $'000
Trade receivables		
- Immediate holding corporation (Note 32)	**–**	60
- Non-related parties	**1,948**	1,933
	1,948	1,993
Less: Allowance for impairment of receivables - non-related parties	**(30)**	(30)
	1,918	1,963
Interest receivable	**640**	243
Accrued receivables	**1,425**	1,104
Government grant receivables [Note 5(a)]	**–**	203
Finance lease receivables [Note 12(c)]	**2,360**	1,992
	6,343	5,505

12. Trade and other receivables (continued)

(b) Non-current

	2022 $'000	2021 $'000
Other receivables		
Finance lease receivables [Note 12(c)]	**2,583**	4,221
Deposits	**148**	281
	2,731	4,502

(c) As at 31 December 2022, the finance lease receivables relate to subleases which were classified as finance leases as disclosed in Note 33(j).

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

13. Financial assets, at FVOCI

	2022 $'000	2021 $'000
Beginning of financial year	**4,206**	4,518
Fair value loss	**(206)**	(312)
End of financial year	**4,000**	4,206
Non-current assets		
Quoted equity securities:		
- CapitaLand Ascendas Reit	**2,468**	2,658
- Others	**146**	154
	2,614	2,812
Unquoted equity:		
- Isetan Japan Sdn. Bhd.	**1,386**	1,394
Total	**4,000**	4,206

14. Other investments, at amortised cost

	2022 $'000	2021 $'000
Beginning of financial year	**29,426**	44,429
Additions	**7,240**	2,654
Disposals	**(9,134)**	(17,545)
Movement due to accretion of interest income using effective interest rate method	**(182)**	(62)
Impairment recognised in profit and loss during the year	**(24)**	(50)
End of financial year	**27,326**	29,426

14. Other investments, at amortised cost (continued)

	Carrying amount $'000	Fair value $'000	Weighted average effective interest rate %
As at 31 December 2022			
(i) Current			
Bonds with fixed interest rates ranging from 3.02% to 7.00% per annum and the maturity dates ranging from 3 February 2023 to 26 May 2023	7,253	5,221	3.97
Less: Loss allowances	(2,013)		
	5,240		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 2.13% to 5.00% per annum and the maturity dates ranging from 5 March 2024 to 19 November 2030	22,371	21,468	3.60
Less: Loss allowances	(285)		
	22,086		
As at 31 December 2021			
(i) Current			
Bonds with fixed interest rates ranging from 3.08% to 7.00% per annum and the maturity dates ranging from 14 February 2022 to 29 November 2022	7,133	5,265	4.25
Less: Loss allowances	(2,097)		
	5,036		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 2.53% to 4.95% per annum and the maturity dates ranging from 3 February 2023 to 19 November 2030	24,683	25,341	3.60
Less: Loss allowances	(293)		
	24,390		

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

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

15. Inventories

	2022 $'000	2021 $'000
Merchandise	**6,442**	5,640

The cost of inventories recognised as expense amounts to $30,884,000 (2021: $33,638,000).

Inventory write down of $127,000 (2021: $102,000) has been included in "Purchases of inventories and related costs" in profit or loss.

16. Other current assets

	2022 $'000	2021 $'000
Deposits	**47**	40
Prepayments	**1,581**	2,000
	1,628	2,040

17. Club memberships

	2022 $'000	2021 $'000
Cost		
Beginning and end of financial year	**546**	546
Accumulated impairment		
Beginning and end of financial year	**376**	376
Net book value		
End of financial year	**170**	170

18. Investment in an associate

	2022 $'000	2021 $'000
Beginning of financial year	**2,060**	2,033
Share of loss	**(266)**	(58)
Currency translation (loss)/gain	**(41)**	85
Less: Impairment loss [Note 18(a)]	**(1,753)**	–
End of financial year	**–**	2,060

18. Investment in an associate (continued)

Name of company	Principal activity	Place of business/ country of incorporation	Equity holding	
			31 December	
			2022	2021
			%	%
Chengdu Isetan Company Limited*	Retailing of general merchandise	People's Republic of China	**17[(b)]**	23

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

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

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

(c) Summarised financial information of the associate

Summarised balance sheet

	2022	2021
	$'000	$'000
Current assets	**22,424**	18,704
Current liabilities	**(23,697)**	(14,815)
Non-current assets	**13**	5,039

Summarised statement of comprehensive income

	2022	2021
	$'000	$'000
Revenue	**55,067**	78,923
Loss from continuing operations	**(19,010)**	(253)
Total comprehensive loss	**(19,010)**	(253)

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

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

18. Investment in an associate (continued)

(d) Reconciliation of summarised financial information

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

	2022	2021
	$'000	$'000
Net (liabilities)/assets	**(1,260)**	8,928
Company's equity interest	**17%**	23%
Company's share of net (liabilities)/assets	**(217)**	2,060
Less: Deemed gain on dilution of shareholdings unrecognised [Note 18(b)]	**(1,103)**	–
Add: Company's share of unrecognised losses	**1,320**	–
Carrying value	**–**	2,060

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

19. Rental deposits

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

20. Investment properties

	2022	2021
	$'000	$'000
Cost		
Beginning of financial year	**87,933**	87,816
Additions	**234**	117
End of financial year	**88,167**	87,933
Accumulated depreciation		
Beginning of financial year	**57,422**	54,965
Depreciation charge	**2,485**	2,457
End of financial year	**59,907**	57,422
Net book value		
End of financial year	**28,260**	30,511

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

(b) The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The fair value of the investment properties at 31 December 2022 is $300,411,000 (2021: $295,800,000) as determined by independent professional valuers and after deducting any estimated cost to completion. The fair value of the investment property is classified as Level 3 fair value measurement (definition of Level 3 is in Note 21(b)). Valuation is made annually using the income method and/or direct comparison method, based on the property's highest-and-best use.

20. Investment properties (continued)

	2022	2021
	$'000	$'000
Rental income from investment properties (Note 4)	**10,286**	8,701
Less: Government grant expense – rent concessions (Note 4)	**–**	(164)
Government grant income	**–**	20
Direct operating expenses arising from investment properties that generated rental income	**(5,462)**	(5,499)

21. Property, plant and equipment

	Freehold land and buildings	**Buildings and improvements**	**Shop renovations, furniture, fixtures and fittings**	**Office and shop equipment**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2022						
Cost						
Beginning of financial year	18,362	6,685	37,181	33,479	464	96,171
Additions	–	59	860	1,903	32	2,854
Transfer within property, plant and equipment	–	–	(281)	281	–	–
Disposal/write-off	–	(998)	(6,561)	(6,609)	–	(14,168)
End of financial year	18,362	5,746	31,199	29,054	496	84,857
Accumulated depreciation and impairment						
Beginning of financial year	3,419	4,497	33,429	30,482	445	72,272
Depreciation charge	135	577	931	1,022	9	2,674
Impairment charge	–	164	510	291	–	965
Disposal/write-off	–	(998)	(6,561)	(6,557)	–	(14,116)
End of financial year	3,554	4,240	28,309	25,238	454	61,795
Net book value						
End of financial year	**14,808**	**1,506**	**2,890**	**3,816**	**42**	**23,062**

21. Property, plant and equipment (continued)

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

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

In 2022, impairment charge of $965,000 and $2,795,000 were recorded to reduce the carrying values of PPE and ROU assets respectively (2021: impairment charge of $810,000 and $1,631,000) in each retail store under the Retail segment to their respective estimated recoverable amounts. No impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment.

The recoverable amounts of the PPE and ROU assets in the retail stores are obtained based on the VIU method (Note 3(i)) and the discount rate used at 31 December 2022 was 9.00% (2021: 7.80%). The sales growth rates and rental income assumptions applied in the VIU computations are based on financial budgets prepared by management and the identification of CGU (retail store) is in line with the Company's strategic objective in managing the Retail segment.

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

Fair value measurement hierarchy is defined as follows:

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

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

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

21. Property, plant and equipment (continued)

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

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

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

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

Description	Fair value 2022 $'000	Valuation techniques	Unobservable inputs	Range of Unobservable inputs	Relationship of unobservable inputs to fair value	Valuation determined by
Isetan Office Building	**28,400** (2021: 28,200)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2022: $1,743 psf** (2021: $1,749 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	**2022: 2.75%** (2021: 2.75%)	The lower the capitalisation rate, the higher the fair value.	
Kallang Pudding Warehouse	**15,600** (2021: 15,000)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2022: $632 psf** (2021: $594 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	**2022: 3.25%** (2021: 3.25%)	The lower the capitalisation rate, the higher the fair value.	
Valley Park Condominium	**3,000** (2021: 2,600)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2022: $2,212 psf** (2021: $1,917 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer

22. Right-of-use assets

	Retail stores $'000	Office space $'000	Total $'000
2022			
Cost			
Beginning of financial year	100,898	513	101,411
Lease modifications	8,341	253	8,594
De-recognition of ROU assets for subleases classified as finance leases	(537)	–	(537)
De-recognition of ROU assets for expired leases	(6,897)	–	(6,897)
End of financial year	**101,805**	**766**	**102,571**
Accumulated depreciation and impairment			
Beginning of financial year	80,793	354	81,147
Depreciation charge	6,440	126	6,566
Impairment charge	2,795	–	2,795
De-recognition of ROU assets for expired leases	(6,897)	–	(6,897)
End of financial year	**83,131**	**480**	**83,611**
Net book value			
End of financial year	**18,674**	**286**	**18,960**
2021			
Cost			
Beginning of financial year	101,206	513	101,719
De-recognition of ROU assets for subleases classified as finance leases	(308)	–	(308)
End of financial year	**100,898**	**513**	**101,411**
Accumulated depreciation and impairment			
Beginning of financial year	72,352	228	72,580
Depreciation charge	6,810	126	6,936
Impairment charge	1,631	–	1,631
End of financial year	**80,793**	**354**	**81,147**
Net book value			
End of financial year	**20,105**	**159**	**20,264**

23. Trade and other payables

	2022 $'000	2021 $'000
Current		
Trade payables - Immediate holding corporation	9	–
Trade payables – non-related parties	25,404	24,599
Rental deposits received	134	1,189
Rental in advance	64	1,268
Provision for unutilised leave (a)	299	236
Provision for retirement benefits (Note 24)	85	23
Other creditors	1,216	34
Deferred revenue – loyalty programme [Note 4(a)(ii)]	1,104	520
Deferred revenue – gift voucher sales [Note 4(a)(ii)]	1,210	1,120
Accrued royalty payable to immediate holding corporation	928	885
Accruals and other liabilities	4,916	3,475
	35,369	33,349
Non-current		
Rental deposits received	3,862	2,592
Provision for retirement benefits (Note 24)	1,355	1,274
	5,217	3,866

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

(a) Provision for unutilised leave

	2022 $'000	2021 $'000
Beginning of financial year	236	194
Utilised during the year	(77)	(40)
Charged to profit or loss	140	82
End of financial year	299	236

24. Provision for retirement benefits

	2022 $'000	2021 $'000
Beginning of financial year	1,297	1,126
Utilised during the year	(46)	(106)
Charged to profit or loss as employee compensation	77	56
Actuarial loss on retirement benefit obligation	112	221
End of financial year	1,440	1,297
Not later than one year	85	23
Later than one year	1,355	1,274
	1,440	1,297

24. Provision for retirement benefits (continued)

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

The key assumptions used were as follows:

	2022	2021
	%	%
Discount rate	**3.00**	1.50
Salary growth rate	**3.00 – 7.00**	3.00

25. Provisions

	2022	2021
	$'000	$'000
Current		
Provision for reinstatement costs	**–**	1,544
Non-current		
Provision for reinstatement costs	**3,417**	2,563

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

Movements in these provisions were as follows:

	2022	2021
	$'000	$'000
Beginning of financial year	**4,107**	2,386
Provision utilised	**(836)**	–
Provision made	**146**	1,721
End of financial year	**3,417**	4,107

26. Lease liabilities

	2022	2021
	$'000	$'000
Current		
Lease liabilities	**16,686**	16,623
Non-current		
Lease liabilities	**28,943**	37,125

26. Lease liabilities (continued)

Reconciliation of liabilities arising from financing activities

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

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

27. Deferred income taxes

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

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

Deferred income tax liabilities

	Finance lease receivables	Others	Total
	$'000	$'000	$'000
At 1 January 2022	**1,056**	**41**	**1,097**
(Credited)/Charged to profit or loss	(216)	68	(148)
At 31 December 2022	**840**	**109**	**949**
At 1 January 2021	1,301	75	1,376
Credited to profit or loss	(245)	(34)	(279)
At 31 December 2021	1,056	41	1,097

27. Deferred income taxes (continued)

Deferred income tax assets

	Tax losses $'000	Provisions $'000	Others $'000	Total $'000
At 1 January 2022	**(258)**	**(839)**	**–**	**(1,097)**
Charged/(Credited) to profit or loss	258	(110)	–	148
At 31 December 2022	**–**	**(949)**	**–**	**(949)**
At 1 January 2021	(464)	(756)	(156)	(1,376)
Charged/(Credited) to profit or loss	206	(83)	156	279
At 31 December 2021	(258)	(839)	–	(1,097)

28. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (2021: 41,250,000) ordinary shares with no par value, amounting to a total of $91,710,000 (2021: $91,710,000).

29. General reserve

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

30. Fair value reserve

	2022 $'000	2021 $'000
Beginning of financial year	**1,534**	1,846
Financial assets, at FVOCI fair value loss (Note 13)	**(206)**	(312)
End of financial year	**1,328**	1,534

31. Dividend

	2022 $'000	2021 $'000
Ordinary dividends		
Final dividend of 3.0 cents (2021: final dividend of Nil cents) per share, in respect of the financial year ended 2021 (2021: financial year ended 2020)	**1,238**	–

32. Immediate and ultimate holding corporation

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

33. Leases

The Company as a lessee

Nature of the Company's leasing activities

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

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

	2022	2021
	$'000	$'000
Office space	**286**	159
Retail stores	**18,674**	20,105
	18,960	20,264

	2022	2021
	$'000	$'000
(b) *Depreciation charge* (Note 22)		
Office space	**126**	126
Retail stores	**6,440**	6,810
	6,566	6,936

	2022	2021
	$'000	$'000
(c) *Impairment charge* (Note 22)		
Impairment charge on right-of-use assets	**2,795**	1,631
(d) *Interest expense*		
Interest expense on lease liabilities	**1,620**	1,971
(e) *Lease expense not capitalised in lease liabilities*		
Lease expense – short-term leases	**1,124**	1,182
Variable lease payments which do not depend on an index or rate	**320**	478
Total	**1,444**	1,660

(f) Total income from subleasing ROU assets in 2022 was $1,421,000 (2021: $1,225,000).

(g) Total cash outflow for all the leases in 2022 was $19,777,000 (2021: $20,363,000).

(h) Addition of ROU assets during the financial year ended 31 December 2022 was $8,594,000 (2021: $ Nil).

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

i. Variable lease payments

The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.5% to 1% (2021: 0.5% to 1%), on top of fixed payments. The Company negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for retail stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to $320,000 (2021: $478,000) [Note 33(e)] for the financial year ended 31 December 2022.

33. Leases (continued)

The Company as a lessee (continued)

Nature of the Company's leasing activities (continued)

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

ii. Extension options

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

The Company as a lessor

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

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

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

(j) *Subleases – classified as finance leases*

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

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

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

	2022	2021
	$'000	$'000
Less than one year	**2,480**	2,147
One to two years	**2,330**	2,183
Two to three years	**304**	2,025
Three to four years	**–**	142
Total undiscounted lease payments	**5,114**	6,497
Less: Unearned finance income	**(171)**	(284)
Net investment in finance lease	**4,943**	6,213
Current (Note 12)	**2,360**	1,992
Non-current (Note 12)	**2,583**	4,221
Total	**4,943**	6,213

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

33. Leases (continued)

The Company as a lessor (continued)

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

(k) *Subleases – classified as operating leases*

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

	2022	2021
	$'000	$'000
Rental income		
- Investment properties (Note 4)	**10,286**	8,537
- Property, plant and equipment/subleases* (Note 5)	**1,841**	1,530

* Income from subleasing the retail stores recognised during the financial year 2022 was $1,421,000 (2021: $1,280,000), of which $153,000 (2021: $88,000) (Note 5) relates to variable lease payments that do not depend on an index or rate.

Maturity analysis of lease payments – Company as a lessor

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

	2022	2021
	$'000	$'000
Less than one year	**11,038**	8,974
One to two years	**9,465**	7,311
Two to three years	**5,437**	5,639
Three to four years	**3,031**	2,650
Four to five years	**696**	2,585
More than five years	**–**	654
Total undiscounted lease payment	**29,667**	27,813

34. Commitments

Capital commitments

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

	2022	2021
	$'000	$'000
Investment properties	**489**	489
Property, plant and equipment	**982**	1,726

35. Financial risk management

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

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

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

(a) Market risk

(i) *Currency risk*

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

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

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

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

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 31 December 2021					
Financial assets:					
Cash and cash equivalents	70,100	50	–	–	70,150
Trade and other receivables	10,007	–	–	–	10,007
Financial assets, at FVOCI	2,812	–	1,394	–	4,206
Other investment, at amortised cost	29,426	–	–	–	29,426
Other financial assets	5,262	–	–	–	5,262
	117,607	50	1,394	–	119,051
Financial liabilities:					
Trade and other payables	32,771	3	–	–	32,774
Lease liabilities	53,748	–	–	–	53,748
	86,519	3	–	–	86,522
Net financial assets	**31,088**	**47**	**1,394**	**–**	**32,529**
Less: Net financial assets denominated in the entity's functional currency	(31,088)	–	–	–	(31,088)
Currency exposure	**–**	**47**	**1,394**	**–**	**1,441**

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

(ii) *Price risk*

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

If prices for equity securities listed in Singapore change by 5% (2021: 5%) with all other variables, including the tax rate, being held constant, other comprehensive income will:

	Increase/(decrease)	
	2022 $'000	2021 $'000
- increase by	**131**	141
- decrease by	**(131)**	(141)

If the market multiples for the investment in equity securities not traded in an active market were to change by 5% (2021: 5%) the impact on other comprehensive income would be approximately $73,000 (2021: $58,000).

35. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow and fair value interest rate risks*

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

The Company has significant interest-bearing assets in the form of short-term fixed deposits with fixed interest rates ranging from 1.65% to 4.03% (2021: 0.25% to 0.31%) per annum and investments in bonds and notes issued by recognised financial institutions and local companies with fixed interest rates ranging from 2.13% to 7.00% (2021: 2.53% to 7.00%) per annum. As the interest-bearing assets are at fixed rates, the Company's income is substantially independent of changes in cash flow interest rate risk.

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

(b) Credit risk

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

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

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

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

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

The movements in credit loss allowance are as follows:

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

(a) Loss allowance measured at lifetime ECL

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

35. Financial risk management (continued)

(b) Credit risk (continued)

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

(a) Loss allowance measured at lifetime ECL

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

(i) Cash and cash equivalents

The Company held cash and cash equivalents of $74,542,000 (2021: $70,150,000) with banks which are rated AA1 and A1 based on Moody's and Fitch and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(ii) Trade and other receivables

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

In determining the expected credit loss allowance for tenants as at 31 December 2022 and 2021, management has considered the history of default of tenants, the existence of rental deposits, its ability to resume possession of units and forward-looking macroeconomic factors in determining that the Company's exposure to bad debts in relation to tenants is not significant.

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

Finance lease receivables of $4,943,000 (2021: $6,213,000) are subject to immaterial credit loss as the Company entered into lease arrangements with reputable companies with high credit ratings and there is no history of default.

(iii) Other investments, at amortised cost

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

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

35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) *Other investments, at amortised cost* (continued)

Credit risk exposure and significant credit risk concentration

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

Category of internal credit rating	**Performing**						**Under-performing**	**Non-performing**	**Write-off**
Definition of category	Issuers have a low risk of default and a strong capacity to meet contractual cash flows. Coupon payments for bonds have been received in accordance with promised timeframe.						Issuers for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayment are 30 days past due	Interest and/or principal payments are 90 days past due	Interest and/or principal repayments are past due and there is no reasonable expectation of recovery
Basis of recognition of expected credit loss	12-month expected credit losses (Stage 1)						Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Asset is written off
Equivalent external credit rating	Investment grade			Non-investment grade		Unrated	–	–	–
	Aaa/Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3	Ba1/Ba2/Ba3	B1/B2/B3				
2022									
Gross carrying amount ($'000)	3,266	3,259	7,300	–	–	13,800	–	1,999	–
Loss allowance	–	(1)	(6)	–	–	(292)	–	(1,999)	–
2021									
Gross carrying amount ($'000)	1,265	3,507	7,081	1,253	–	16,711	–	1,999	–
Loss allowance	–	(1)	(6)	(4)	–	(380)	–	(1,999)	–

(c) Liquidity risk

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

35. Financial risk management (continued)

(c) Liquidity risk (continued)

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

	Less than 1 year $'000	Between 1 and 5 years $'000	More then 5 years $'000
At 31 December 2022			
Trade and other payables	**32,607**	**3,862**	**–**
Lease liabilities	**18,222**	**30,151**	**–**
At 31 December 2021			
Trade and other payables	30,182	2,592	–
Lease liabilities	18,070	38,793	–

(d) Capital risk

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

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

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

The Company is not subjected to any externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(e) Fair value measurements

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2022				
Assets				
Financial assets, at FVOCI	2,614	–	1,386	4,000
31 December 2021				
Assets				
Financial assets, at FVOCI	2,812	–	1,394	4,206

35. Financial risk management (continued)

(e) Fair value measurements (continued)

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

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

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

	2022	2021
	$'000	$'000
Unquoted equity securities		
Beginning of financial year	**1,394**	1,697
Total loss included in the comprehensive income for assets held at the end of financial year	**(8)**	(303)
End of financial year	**1,386**	1,394

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

(f) Financial instruments by category

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

	$'000
31 December 2022	
Financial assets, at amortised cost	**88,108**
Financial liabilities, at amortised cost	**82,098**
31 December 2021	
Financial assets, at amortised cost	85,419
Financial liabilities, at amortised cost	86,522

36. Related party transactions

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

(a) Sales and purchases of goods and services

	2022	2021
	$'000	$'000
Royalty payable to immediate holding corporation	**928**	885
Purchases from immediate holding corporation	**23**	29
Payments made on behalf by fellow subsidiary	**–**	34

Outstanding balances with the immediate holding corporation as at 31 December 2022 arising from the sale/purchase of goods and services, are unsecured, interest-free and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 23, respectively.

(b) Key management's remuneration

The key management's remuneration is analysed as follows:

	2022	2021
	$'000	$'000
Directors of the Company		
Wages and salaries	**240**	267
Directors' fees	**163**	163
Other benefits	**68**	52
	471	482

37. Segment information

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

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

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

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

37. **Segment information** (continued)

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

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

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

37. Segment information (continued)

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

Geographical information

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

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2023 and which the Company has not early adopted.

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

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

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

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

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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

39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Isetan (Singapore) Limited on 27 March 2023.

ADDITIONAL DISCLOSURE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

For the financial year ended 31 December 2022

(a) Material contracts

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

(b) Chairman and Managing Director

The Chairman and Managing Director are not related.

(c) Independence of directors

Ms. Lim Bee Choo was first appointed as an Independent Director on 1 July 2012. She was re-elected as an Independent Director on 1 July 2021 under the now-repealed Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") at the previous Annual General Meeting ("**AGM**") held on 28 April 2021 where the relevant resolutions were all passed. In line with Rule 210(5)(d)(iv) (announced on 11 January 2023) of the Listing Manual that imposed a 9-year limit on the tenure of Independent Directors, she will be standing for re-election as an Independent Director at the forthcoming AGM. Subject to the passing of the relevant Resolution, she will be considered as an Independent Director until a date not exceeding the next AGM to be held in April 2024. The other Independent Directors, namely Associate Professor Victor Yeo Chuan Seng and Mr. Richard Tan Chuan Lye, have each served less than nine years on the board. The three Independent Directors form more than half of the Board.

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

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

(e) Directors' and Key Executives' Remuneration

(i) Breakdown of Directors' remuneration (in percentage terms) for the period from 1 January 2022 to 31 December 2022:

	Directors	Fees/ Salary %	Bonus %	Share options %	Other benefits* %	Total %
		Remuneration band below S$250,000				
1	Satoru Tanaka (Chairman)	–	–	–	–	–
2	Shioji Hiramatsu (Managing Director) (appointed on 30 May 2022)	77.12	–	–	22.88	100.00
3	Victor Yeo Chuan Seng	100.00	–	–	–	100.00
4	Lim Bee Choo	100.00	–	–	–	100.00
5	Richard Tan Chuan-Lye	100.00	–	–	–	100.00
6	Koji Oyama (resigned as Managing Director on 28 April 2022).	78.69	–	–	21.31	100.00

*Includes housing and transportation

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

	2022	2021
Below $250,000	**13**	13
Total	**13**	13

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

(f) Auditor's remuneration

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

	The Company	
	2022	2021
	$'000	$'000
Auditor's remuneration paid/payable		
- current year	**365**	268
Other fees paid/payable for non-audit services rendered	**120**	110

(g) Appointment of auditors

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

(h) Internal Audit Function

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

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

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

(j) Risk management and internal controls

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

(k) Property, plant and equipment

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

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

ADDITIONAL DISCLOSURE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

For the financial year ended 31 December 2022

(l) Investment properties

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

(m) Treasury shares

There were no treasury shares held as at 31 December 2022 and 31 December 2021.

(n) Dealing in Securities

Please refer to information disclosed in the Corporate Governance Report under Principle 1, on page 41.

(o) Interested person transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 each)			
	Transactions not conducted under shareholders' mandate pursuant to Rule 920		**Transactions conducted under shareholders' mandate pursuant to Rule 920**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Name of interested person				
Isetan Mitsukoshi Ltd	**928**	885	**–**	–

STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

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

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

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

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 17 MARCH 2023

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	37	3.74	983	0.00
100 to 1,000	209	21.15	152,924	0.37
1,001 to 10,000	600	60.73	1,982,790	4.81
10,001 to 1,000,000	137	13.87	9,443,023	22.89
1,000,001 AND ABOVE	5	0.51	29,670,280	71.93
TOTAL	988	100.00	41,250,000	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2023

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

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

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

STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

TOP 20 SHAREHOLDERS AS AT 17 MARCH 2023

No.	Name	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ISETAN MITSUKOSHI LTD	21,750,000	52.73
2	ISETAN FOUNDATION	3,437,500	8.33
3	YAP BOH SIM	1,740,000	4.22
4	MORPH INVESTMENTS LTD	1,722,800	4.18
5	DBS NOMINEES (PRIVATE) LIMITED	1,019,980	2.47
6	MUFG BANK, LTD. SINGAPORE BRANCH	850,000	2.06
7	PHILLIP SECURITIES PTE LTD	784,505	1.90
8	CITIBANK NOMINEES SINGAPORE PTE LTD	708,800	1.72
9	LEE YUEN SHIH	451,250	1.09
10	CHUA KUAN LIM CHARLES	341,100	0.83
11	WEE AIK KOON PTE LTD	316,250	0.77
12	MAYBANK SECURITIES PTE. LTD.	297,100	0.72
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	290,670	0.70
14	RAFFLES NOMINEES (PTE.) LIMITED	274,750	0.67
15	LEONG JULIA (MRS HOW JULIA)	210,000	0.51
16	OCBC SECURITIES PRIVATE LIMITED	205,910	0.50
17	PANG CHEOW JOW	161,200	0.39
18	THIA CHENG SONG	157,000	0.38
19	CHENG GOOD HIANG	157,000	0.38
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	152,050	0.37
	TOTAL	35,027,865	84.92

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting ("**AGM**") of the Company will be held at the Furama RiverFront, Singapore, Venus 1, Level 3, 405 Havelock Road, Singapore 169633 on Friday, **28 April 2023 at 10.00 a.m.** for the following purposes: -

1. To receive and adopt the Directors' Statement and Accounts for the financial year ended 31 December 2022 together with the Auditor's Report thereon. **Resolution 1**

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

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

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

   (Note: Ms. Lim Bee Choo was first appointed as an Independent Director of the Company on 1 July 2012. She was re-elected as an Independent Director on 1 July 2021 under the now-repealed Rule 210(5)(d)(iii) of the Listing Manual at the previous AGM held on 28 April 2021 where the resolutions were all passed. In line with Rule 210(5)(d)(iv) (announced on 11 January 2023) of the Listing Manual that imposed a 9-year limit on the tenure of Independent Directors, she will upon the passing of Resolution 3, be considered as an Independent Director until a date not exceeding the next AGM to be held in April 2024. She will upon her re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee, and a member of the Nominating and Audit & Risk Committees. Further, Ms. Lim Bee Choo is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual.)

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

   (Note: Mr. Shioji Hiramatsu will, upon his re-election as a Director of the Company, remain as the Managing Director.)

5. To approve the payment of Directors' fees of up to S$191,250/- for the financial year ending 31 December 2023 (payable quarterly in arrears) (for the financial year ended 31 December 2022: S$163,000). **Resolution 5**

   (Note: Directors' fees are to be payable only to the Independent Directors of the Company. Each Independent Director will receive no more than $58,000 for the financial year ending 31 December 2023 by way of Directors' fees, except for the chair of the Audit and Risk Committee who will receive no more than $62,000. The table below shows the intended structure of Directors' fees for the Company's Independent Directors for the financial year ending 31 December 2023. Independent Directors who serve for only part of the financial year will be paid fees on a pro-rated basis.)

Annual fees for Independent Directors for FY 2023 (full year)	
	$
Basic Fee	34,000
Chairman of Audit and Risk Committee	18,000
Chairman of Remuneration Committee	10,000
Chairman of Nominating Committee	10,000
Audit and Risk Committee Member	9,000
Remuneration Committee Member	5,000
Nominating Committee Member	5,000

NOTICE OF ANNUAL GENERAL MEETING

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

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

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary

Singapore
6 April 2023

Notes:

(1) Attendance:

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

Due to Covid-19 still being in existence, the manner of conducting the AGM may be subject to changes based on any legislative amendments, new guidelines from the Government agencies or regulatory authorities. Members should check the Company's website at the URL https://www.isetan.com.sg or the SGX website at the URL https://www.sgx.com/securities/company-announcements for the latest updates.

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

(2) Voting:

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

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

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

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

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

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

(3) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

(4) Submission of proxy forms:

Duly completed Proxy Forms must be deposited at the Company's Registered Office at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 not less than 72 hours before the time set for holding the above meeting. Alternatively, shareholders may send the completed proxy form via email to the Company at CorporateAffairs@isetan.com.sg to reach the Company not less than 72 hours before the time set for holding the above meeting.

Investors who hold shares through Relevant Intermediaries (including CPF/SRS Investors): Investors (including CPF/SRS investors) should not make use of the proxy form and instead approach their respective relevant intermediary to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank / SRS operator by 18 April 2023, 5.00 pm to ensure their votes are submitted. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries by 18 April 2023, 5.00 pm.

(5) The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of any officer or attorney duly authorised.

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

(7) In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

(8) Questions relating to the Agenda of the Meeting

Members may submit any questions in advance that they wish for the Company to consider addressing during the Meeting by post or emailing such questions to the address as shown in paragraph 4 above, addressed to the "Chairman of the Meeting". All questions sent by any of the above means, must reach the Company no later than 10.00 am on 14 April 2023. Members must provide their full name and identification number together with their contact numbers and email addresses when submitting questions by any of the above means.

The Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the cut-off time stated above. The answers to such questions will be announced on the SGXNet and posted on the Company's website by 22 April 2023, 10.00 am.

Members may also ask questions after 10.00 am on 14 April 2023, or during the AGM itself. The Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) during the AGM.

(9) Personal Data Privacy

By submitting an instrument appointing a proxy or proxies, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the proxy or proxies for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

(10) Key dates/deadlines: In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key dates	Actions
14 April 2023, 10.00 am	Deadline for shareholders to submit questions in relation to the agenda of the AGM.
18 April 2023, 5.00 pm	Deadline for CPF and SRS investors who wish to appoint a proxy or proxies should approach their respective CPF Agent Banks or SRS Operators to submit their votes.
25 April 2023, 10.00 am	Deadline for Receipt of Proxy Forms.

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

Mr. Richard Tan Chuan-Lye, Ms. Lim Bee Choo and Mr. Shioji Hiramatsu are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2023 ("**AGM**") under Ordinary Resolutions 2, 3 and 4 as set out in the Notice of AGM dated 6 April 2023.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Directors proposed to be re-elected as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	**Richard Tan Chuan-Lye**	**Lim Bee Choo**	**Shioji Hiramatsu**
Date of Appointment	1 February 2019	1 July 2012	30 May 2022
Date of Last Re-appointment (if applicable)	26 April 2021	28 April 2021	–
Age	65	63	54
Country of principal residence	Singapore	Singapore	Japan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Tan's credentials and experience and approved the appointment of Mr. Tan as a Non-Executive Independent Director of the Company.	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Ms. Lim's credentials and experience and approved the appointment of Ms. Lim as a Non-Executive Independent Director of the Company.	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Hiramatsu's credentials and experience and approved the appointment of Mr. Hiramatsu as Managing Director of the Company
Whether appointment is executive, and if so, the area of responsibility	No.	No.	Yes, Mr. Hiramatsu is responsible for the overall operational management of the Company.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Independent Non-Executive Director of the Company.	Independent Non-Executive Director of the Company.	Managing Director.
Professional qualifications	Please refer to Mr. Tan's profile on page 12 of the Annual Report.	Please refer to Ms. Lim's profile on page 11 of the Annual Report.	Please refer to Mr. Hiramatsu's profile on page 10 of the Annual Report.

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

Name of Director	Richard Tan Chuan-Lye	Lim Bee Choo	Shioji Hiramatsu
Working experience and occupation(s) during the last 10 years	2016 to Present – Adjunct Associate Professor, NUS Business School, National University of Singapore. 2008 to 2015 – Risk Consulting Partner with KPMG. 2000 to 2008 – Senior Vice President of DBS Bank.	2019 to 2021 – Director General, Human Resources at Asian Infrastructure Investment Bank. 2010 to 2019 – Head of Human Resources, Asia Pacific at PayPal.	2021 to 2022 – President, Isetan Mitsukoshi Human Solutions 2019 to 2021 – General Manager, Group General Affairs Division 2018 to 2019 – General Manager, Structural Reform Promotion Division 2017 to 2018 – Planning Leader, General Affairs Division 2016 to 2017 – Planning Leader, Information Strategy Group 2015 to 2016 – Planning Leader, Planning and Development Division 2011 to 2015 – Planning Leader, Business Operations Division
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships			
Past (for the last 5 years)	Nil	Nil	Nil
Present	Independent Director at First REIT Management Limited, and Heeton Holdings Limited	Nil	Nil

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

Name of Director	Richard Tan Chuan-Lye	Lim Bee Choo	Shioji Hiramatsu
General Statutory Disclosures (items (a) to (k) of Appendix 7.4.1)	No change in the information of Mr. Tan as previously announced on 31 January 2019.	No change in the information of Ms. Lim as previously announced on 8 June 2012.	No change in the information of Mr. Hiramatsu as previously announced on 30 May 2022.
Any Prior experience as a Director of a Listed Company on the Exchange?	Not applicable. This is a re-election of a director	Not applicable. This is a re-election of a director.	Nil.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Mr. Hiramatsu has attended training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Please see response immediately above.

ISETAN (SINGAPORE) LIMITED

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Isetan (Singapore) Limited, this Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 06 April 2023.

PROXY FORM

Annual General Meeting to be held on Friday, 28 April 2023 at 10.00 a.m. at Furama RiverFront, Singapore, Venus 1, Level 3, 405 Havelock Road, Singapore 169633.

(Before completing this form, please see notes overleaf)

I/We, ______________________________ (NRIC No./Passport No: ____________________)

of ____

being a member/members of the above named Company hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 28 April 2023 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

No.	Resolution	For	Against	Abstain
1	Adoption of Directors' Statement and Accounts			
2	Re-election of Mr. Richard Tan Chuan-Lye as Director			
3	Re-election of Ms. Lim Bee Choo as Director			
4	Re-election of Mr. Shioji Hiramatsu as Director			
5	Approval of Directors' Fees for the financial year ending 31 December 2023 of up to S$191,250/-			
6	Re-appointment of PricewaterhouseCoopers LLP as Auditors and authorise the Directors to fix their remuneration			

Signed this __________ day of ______________________ 2023

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)

(Please see overleaf for Notes)

Notes:

(1) Attendance:

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

Due to Covid-19 still being in existence, the manner of conducting the AGM may be subject to changes based on any legislative amendments, new guidelines from the Government agencies or regulatory authorities. Members should check the Company's website at the URL https://www.isetan.com.sg or the SGX website at the URL https://www.sgx.com/securities/company-announcements for the latest updates.

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

(2) Voting:

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

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

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

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

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

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

(3) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

(4) Submission of Proxy Forms:

Duly completed Proxy Forms must be deposited at the Company's Registered Office at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 not less than 72 hours before the time set for holding the above meeting. Alternatively, shareholders may send the completed proxy form via email to the Company at CorporateAffairs@isetan.com.sg to reach the Company not less than 72 hours before the time set for holding the above meeting.

Investors who hold shares through Relevant Intermediaries (including CPF/SRS Investors): Investors (including CPF/SRS investors) should not make use of the Proxy Form and instead approach their respective relevant intermediary to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank / SRS operator by 18 April 2023, 5.00 pm to ensure their votes are submitted. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries by 18 April 2023, 5.00 pm.

(5) The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of any officer or attorney duly authorised.

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

(7) In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

(8) Questions relating to the Agenda of the Meeting

Members may submit any questions in advance that they wish for the Company to consider addressing during the Meeting by post or emailing such questions to the address as shown in paragraph 4 above, addressed to the "Chairman of the Meeting". All questions sent by any of the above means, must reach the Company no later than 10.00 am on 14 April 2023. Members must provide their full name and identification number together with their contact numbers and email addresses when submitting questions by any of the above means.

The Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the cut-off time stated above. The answers to such questions will be announced on the SGXNet and posted on the Company's website by 22 April 2023, 10.00 am.

Members may ask questions during the AGM itself.

(9) Personal Data Privacy

By submitting an instrument appointing a proxy or proxies, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the proxy or proxies for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

(10) Key dates/deadlines: In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key dates	Actions
14 April 2023, 10.00 am	Deadline for shareholders to submit questions in relation to the agenda of the AGM.
18 April 2023, 5.00 pm	Deadline for CPF and SRS investors who wish to appoint a proxy or proxies should approach their respective CPF Agent Banks or SRS Operators to submit their votes.
25 April 2023, 10.00 am	Deadline for receipt of Proxy Forms.

CORPORATE DIRECTORY

OUR STORES

Isetan Scotts
Shaw House
350 Orchard Road
Singapore 238868
Tel: 6733 1111
Fax: 6734 7083

Isetan Tampines
Tampines Mall
4 Tampines Central 5
Singapore 529510
Tel: 6788 7777
Fax: 6781 7773

Isetan Serangoon Central
nex Mall
23 Serangoon Central
Singapore 556083
Tel: 6363 7777
Fax: 6634 9959

INVESTMENT PROPERTIES

Isetan Wisma Atria
Wisma Atria
435 Orchard Road
Singapore 238877
Tel: 6733 7777

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

*partly classified as investment property.

HEADQUARTERS

Isetan (Singapore) Limited

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

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

ASSOCIATE**

Chengdu Isetan Company Limited
Isetan Chengdu Office
6 Da Ke Jia Lane
Block B, Lido Plaza, 8th Floor
Chengdu, Sichuan Province
People's Republic of China

**Undergoing voluntary liquidation

ISETAN SINGAPORE
Company Registration No: 197001177H

593 Havelock Road #04-01
Isetan Office Building, Singapore 169641
Telephone : (65) 6732 8866
Website : www.isetan.com.sg
Email : isetansin@isetan.com.sg