

PARKSON HOLDINGS BERHAD (89194-P)
(Incorporated in Malaysia)

Extract of the Minutes of the Thirty-Third Annual General Meeting of the Company held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur on 23 November 2016 at 9.00 am.

1. SHAREHOLDERS' RIGHTS AS TO VOTING

Before the Meeting proceeded with the items on the Agenda, the Chairman informed shareholders that as per the Bursa Malaysia Securities Berhad Main Market Listing Requirements, resolutions set out in the notice of any general meeting were to be voted upon by way of a poll. As such, all resolutions tabled at the Meeting would be voted upon by way of a poll.

The Chairman then informed that he would exercise his right to demand for a poll in accordance with Article 53 of the Company's Articles of Association in respect of all resolutions to be tabled.

In this regard, the Company had appointed Boardroom Corporate Services (KL) Sdn Bhd as the Poll Administrator to conduct the poll and Messrs Ong Boon Bah & Co., a firm of chartered accountants, as the Independent Scrutineers to verify the results of the poll.

2. DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

The Directors' Report and Audited Financial Statements of the Company for the financial year ended 30 June 2016 ("2016 AFS") were laid to the shareholders.

The Chairman explained that the 2016 AFS were for discussion only as it did not require shareholders' approval under the provisions of Section 169 of the Companies Act, 1965. Hence, it would not be put for voting.

The Chairman informed that the Minority Shareholder Watchdog Group ("MSWG") had by a letter dated 18 November 2016 to the Company raised some observations in relation to the Strategy/Financials of the Group. The Chairman then invited the Group Accountant to take the Floor to share MSWG's observations together with the Management's response thereto as set out in Annexure I, and some information on the business of the Group as well as the results of the Group for the financial year ended 30 June 2016.

The Meeting then engaged in a question and answer session where questions were raised by shareholders and proxies on the performance and operations of the Group including its strategic transformation plans and customer service, and property.

The aforementioned questions were answered by the Board and the Management as follows:

- (i) The current operating environment of the retail sector had been very competitive and challenging. Rising cost of living had resulted in a decrease in disposable income and footfall for the stores, increase in retail space, new players and new retail business formats especially in the on-line business had impacted the Group's profitability.

The Board explained that same store sales (“SSS”) growth was a performance comparison used in the retail industry to express organic growth of existing stores. The Group’s operations in China, Malaysia and Vietnam had recorded negative SSS growth whilst Indonesia operations recorded an impressive SSS growth. Despite negative SSS growth recorded for the year under review, the increase in revenue was due to the contribution of the new stores and the stronger Renminbi.

The Board further explained that the gain of RM139 million in relation to the dilution of the Group’s 30% equity interest in Parkson Hanoi Co Ltd (“Parkson Hanoi”) was related to the de-consolidation of the net liabilities of Parkson Hanoi which arose mainly from the provision of contingent expenses recognised in the previous financial year.

The Group remained focus on the execution of its transformation strategies to remain competitive and continued to take cost cutting measures including closing underperforming stores.

The Group had in place a monitoring mechanism for stocks and sales as the Board recognised the importance of real time information to be able to make quick decisions and take immediate actions especially in relation to stocks and sales.

- (ii) The Group, in improving its performance and to stay ahead would focus on its strategies in transforming into a lifestyle concept retail business offering a wider range of products and services to its customers by developing house brands, introducing international brands exclusive to Parkson and fast fashion brands, and venturing into food and beverage business and gourmet supermarkets to complement the new retail lifestyle concept, with the latest business addition of the Hogan Bakery in China and in Malaysia. The Group had also tapped on the Korean Wave by introducing leading fast fashion Korean brands. Further, the Group’s new consumer financing business, Parkson Credit had also contributed to the Group’s profitability.

The Group believed that the emerging middle class with high disposable income and young demographics were moving towards a lifestyle concept well aligned with the Group’s transformation strategies to roll out innovative and creative retail concepts to its network of stores to achieve profitability and increase stakeholders’ value.

- (iii) The Group would continue to explore and enhance online platforms to complement its retail business and increase its sales.
- (iv) The Board welcomed feedback from the shareholders for continuous improvement in customer service and enhancing staff efficiency in increasing product knowledge with training to better serve the customers. Management also briefed the shareholders on the benefits of the Parkson loyalty cards offered to Parkson shoppers.
- (v) On the enquiry on the Group’s property in Tianjin, shareholders were informed that the Group would be reviewing its strategies on the project in view of the current development in the vicinity.

After having addressed all questions and comments, the Chairman declared the 2016 AFS duly received.

3. DECLARATION OF POLL RESULTS

The poll results in respect of the nine resolutions were as follows:

Resolutions	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
1. To approve Directors' fees	815,414,913	99.98	180,493	0.02
2. To re-elect as Director, Y. Bhg. Tan Sri Abdul Rahman bin Mamat	815,470,370	99.99	46,155	0.01
3. To re-elect as Director, Mr Yeow Teck Chai	815,487,170	100.00	29,355	Negligible
4. To re-appoint as Director, Y. Bhg. Tan Sri William H.J. Cheng	811,135,438	99.46	4,381,087	0.54
5. To re-appoint Auditors	815,566,051	100.00	29,355	Negligible
6. Retention of Mr Yeow Teck Chai as an Independent Non-Executive Director	709,578,749	87.01	105,937,574	12.99
7. Authority to Directors to Issue Shares	709,657,630	100.00	29,355	Negligible
8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions	167,990,860	99.98	29,355	0.02
9. Proposed Renewal of Authority for Share Buy-Back	815,566,051	100.00	29,355	Negligible

The Chairman declared the following resolutions duly carried:

- (i) Resolution 1 - THAT the Directors' fees amounting to RM236,200 in respect of the financial year ended 30 June 2016 be approved for payment to the Directors.
- (ii) Resolution 2 - THAT Y. Bhg. Tan Sri Abdul Rahman bin Mamat who retired by rotation in accordance with Article 98 of the Company's Articles of Association be re-elected to the Board.
- (iii) Resolution 3 - THAT Mr Yeow Teck Chai who retired by rotation in accordance with Article 98 of the Company's Articles of Association be re-elected to the Board.
- (iv) Resolution 4 - THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company.
- (v) Resolution 5 - THAT the retiring Auditors, Messrs Ernst & Young, be re-appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be authorised to fix their remuneration.
- (vi) Resolution 6 - Retention of Independent Non-Executive Director.

THAT subject to the passing of Resolution 3, Mr Yeow Teck Chai who has served as an independent non-executive Director of the Company for more than nine (9) years, be and is hereby retained as an independent non-executive Director of the Company to hold office until the next annual general meeting of the Company.

(vii) Resolution 7 - Authority to Directors to Issue Shares

THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

(viii) Resolution 8 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions

THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 31 October 2016 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

THAT authority conferred by this ordinary resolution will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

(ix) Resolution 9 - Proposed Renewal of Authority for Share Buy-Back

THAT, subject to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and the approvals of all relevant authorities, the Company be and is hereby authorised to buy back such number of ordinary shares of RM1.00 each in the Company (“Shares”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:

- (i) the aggregate number of shares bought back and/or held by the Company does not exceed 10% of the total issued and paid-up capital of the Company at any point of time provided always that in the event the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders’ mandates for share buy-back which were obtained at the previous Annual General Meetings held on or before 24 November 2015, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total issued and paid-up capital of the Company; and
- (ii) the maximum funds to be allocated for the share buy-back shall not exceed the retained profits or the share premium account of the Company or both, based on its latest audited financial statements available up to the date of the share buy-back transaction

(hereinafter referred to as the “Proposed Share Buy-Back”); and

THAT authority conferred by this ordinary resolution shall commence immediately upon the passing of this resolution and will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to cancel the Shares so purchased by the Company, to retain the Shares so purchased as treasury shares, or to retain part of such Shares so purchased as treasury shares and cancel the remainder, and to distribute the treasury shares as share dividends and/or resell the treasury shares on the market of Bursa Securities;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to execute all necessary documents, to give full effect to the Proposed Share Buy-Back with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Directors and to take all steps and actions as may be required by the relevant authorities and as the Directors may deem necessary and expedient to finalise, implement and give full effect to the Proposed Share Buy-Back.

PARKSON HOLDINGS BERHAD (“PHB”) (89194-P)
(Incorporated in Malaysia)

Thirty-Third Annual General Meeting held on 23 November 2016

- Management’s response to Minority Shareholder Watchdog Group’s letter dated 18 November 2016

No.	Questions	PHB’s Comments
1)	<p><u>Retail operations</u></p> <p>As mentioned in the Chairman’s Statement, the markets where the Group operates continuing to face headwinds. The People’s Republic of China (“PRC” or “China”) continued to experience market slowdown as demonstrated by the weak Gross Domestic Product growth rate of 6.9% in the year 2015.</p> <p>During the year under review, the Group’s retail operation in China recorded a net loss of RM90 million.</p> <p>a) What were the specific reasons for the loss incurred by the Group in China?</p> <p>b) How well the Group’s competitors in China are performing?</p>	<p>The weak performance of our China operations was mainly due to the following factors:</p> <ul style="list-style-type: none"> – The continuing slowing down of the economic growth which has resulted in weak consumer sentiment and hence lower margin; – Growing competition from new shopping formats e.g. e-commerce, specialty stores and one-stop shopping malls; and – Costs incurred by new business ventures and new stores during their ramp-up period. <p>Given the slow growth in China’s Gross Domestic Product, the Group’s competitors generally faced challenges of weak consumer sentiment and recorded lower same store sales growth. One of the Group’s competitors in China, namely Golden Eagle Retail Group Limited recorded a negative same store sales growth of 5% in the year 2015.</p>

No.	Questions	PHB's Comments
1)	<p><u>Retail operations</u> (continued)</p> <p>c) Parkson China had officially launched a mobile shopping application, Parkson Plaza in June 2016, where selected categories of products across different platforms have been synchronised to offer online consumers real time access to its in-store merchandise. Up until now, how well the mobile shopping application helped the business and what is the feedback received from the customers?</p>	<p>The mobile shopping application has helped to improve the sales function by:</p> <ul style="list-style-type: none"> - maintaining customer interaction throughout the entire sales process; - offering a personalised service for each customer; - providing better communication with the customer; and - improving satisfaction with customers' purchases. <p>Since the launch of Parkson Plaza, it recorded the highest Page View and Unique Visitor of 40,000 and 5,000 per day respectively.</p>
2)	<p><u>Trade and other receivables</u> (Note 25, page 160 of the Annual Report 2016)</p> <p>As at 30 June 2016, as much as RM35 million of the Deposits had been impaired. Please explain on the impaired deposits and is it recoverable?</p>	<p>Most of the deposits were paid for the rights to acquire certain equity interests in two department stores in Vietnam.</p> <p>Impairment was made in view of the weak performance of the said department stores amidst the weak retail environment in Vietnam.</p> <p>The Group will continue to take the necessary recovery action to recover the deposits.</p>
3)	<p>We noted that the executive directors' remuneration had increased from RM1.0 million in FY2015 to RM2.5 million in FY2016, an increased by 150%.</p> <p>Could the Board share on the reasons used to justify the increase in total remuneration?</p>	<p>The increase in total remuneration of the Executive Directors was after taking into consideration the more active executive function of the Group's Managing Director following the resignation of key management personnel; and the remuneration of the newly appointed Executive Director during the financial year.</p>