

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

Extract of the Minutes of the 34th Annual General Meeting (“34th AGM”) of the Company held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 22 November 2017 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 Constitution 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 polling process and Messrs Ong Boon Bah & Co., a firm of chartered accountants, as the Independent Scrutineers to verify the results of the poll.

2. AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

The Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Reports of the Directors and the Auditors thereon (“2017 AFS”) were laid to the shareholders.

The Chairman explained that the 2017 AFS were laid in accordance with the provision of the Companies Act 2016 for discussion only as it did not require shareholders’ approval therefor. Hence, it would not be put to the vote.

The Chairman further informed that the Minority Shareholder Watchdog Group (“MSWG”) had by a letter dated 17 November 2017 to the Company raised some observations of the Group in relation to the Strategies, Financials and Corporate Governance. The Chairman then invited the Group Accountant to take the Floor to share MSWG’s observations together with the Management’s response thereto set out herein as 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 2017.

The Meeting then engaged in a question and answer session where comments and enquiries on the Annual Report including the following were raised by shareholders and proxies:

- (i) the Group’s operations, strategies and prospects;
- (ii) the Board’s view on the retail operations in China; and
- (iii) suggestions on a corporate proposal for the Board’s consideration.

The Chairman, the Executive Director and the Management addressed shareholders' and proxies' enquiries and observations on the aforementioned areas as follows:

- (i) In reply to a shareholder's request to post MSWG's queries and Management's reply thereto on the Company's website, the Meeting was informed that the same would be incorporated in the minutes of the Annual General Meeting of the Company ("AGM Minutes") which extract of the AGM Minutes would be posted on the website as what was done for the minutes of the previous general meeting. The website also carried other information on the Company.
- (ii) The Group had suffered losses in the past years mainly attributable to the keen competition from online retailers, the government of the People's Republic of China's austerity measures which had affected discretionary spending in China and the implementation of the Goods and Services Tax in Malaysia.

The Group had embarked on transformation strategies to transform Parkson into a lifestyle concept retail business, maximising returns in a fast changing retail environment amidst intensive competition which included, amongst others, brand enrichment with the creation of in-house private label and the enhancement of agency lines; establishing a one-stop consumer-orientated shopping mall, introducing food and beverage business; and enhancing the operations and portfolio management to secure a better competitive edge and improve margins. The Group had also expanded its business segment in mall management which provided the Group with a steady stream of income going forward. The Group would continue to take proactive and innovative steps in executing its transformation strategies, both online and offline including optimising store productivity and implementing cost rationalisation to improve profitability.

- (iii) In respect of dividends, the Group would have to address, in priority, the funding requirements of its operations, new business investments and expansions; and to generate sufficient profits before the Group could consider the payment of dividends.
- (iv) The Group in enhancing its e-commerce, had been working with existing e-commerce providers and had also implemented e-payment system while continuous research and development were being undertaken to enhance its e-commerce retailing business so as to remain competitive.
- (v) Parkson Credit Sdn Bhd, the Group's consumer financing business, recorded good growth and prospects remained positive. The initiative to integrate the consumer financing business with retail would bode well in demand for consumer spending via credit sales which allowed customers the convenience of affordability and easy instalment repayment.
- (vi) On the Parkson Card membership and the Parkson Loyalty points programme, card members could visit the website for updates on promotions and to check on their loyalty points.
- (vii) The Board acknowledged the importance in studying customer needs and expectations to embrace changes, introducing new ideas to improve customer service for a difference in shopping and personalised customer experience in order to remain competitive.

- (viii) The Board noted the suggestion by the shareholders to consider the feasibility of the Company distributing the shares of its listed subsidiaries namely, Parkson Retail Group Limited or Parkson Retail Asia Limited, to its shareholders.

After having addressed all questions and noted all comments, the Chairman declared the 2017 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	684,667,817	99.98	116,973	0.02
2. To approve Directors' benefits	684,667,817	99.98	116,973	0.02
3. To re-elect Ms Cheng Hui Yen, Natalie as Director	680,037,620	99.95	307,359	0.05
4. To re-elect Mr Ooi Kim Lai as Director	684,253,234	99.92	531,359	0.08
5. To re-appoint Y. Bhg. Tan Sri William H.J. Cheng as Director	679,734,453	99.94	386,526	0.06
6. To re-appoint Messrs Ernst & Young as Auditors	684,784,790	100.00	0	0.00
7. Retention of Mr Yeow Teck Chai as an Independent Non-Executive Director	684,783,425	100.00	1,163	Negligible
8. Authority to Directors to Issue Shares	684,672,466	99.98	110,959	0.02
9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions	92,104,252	99.78	206,153	0.22

The Chairman declared the following resolutions duly carried:

- (i) Resolution 1 - THAT the Directors' fees amounting to RM240,000 in respect of the financial year ended 30 June 2017 be approved for payment to the Directors.
- (ii) Resolution 2 - THAT the Directors' benefits up to RM149,500 for the period commencing 1 February 2017 until the next annual general meeting of the Company be approved for payment to the Directors.

- (iii) Resolution 3 - THAT Ms Cheng Hui Yen, Natalie who retired by rotation in accordance with Article 98 of the Company's Constitution be re-elected to the Board.
- (iv) Resolution 4 - THAT Mr Ooi Kim Lai who retired by rotation in accordance with Article 98 of the Company's Constitution be re-elected to the Board.
- (v) Resolution 5 - THAT Y. Bhg. Tan Sri William H.J. Cheng be re-appointed Director of the Company.
- (vi) Resolution 6 - 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.
- (vii) Resolution 7 - Retention of Independent Non-Executive Director.

THAT Mr Yeow Teck Chai who has served as an independent non-executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an independent non-executive Director of the Company.

- (viii) Resolution 8 - Authority to Directors to Issue Shares

THAT pursuant to Sections 75 and 76 of the Companies Act 2016 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 total number of issued shares of the Company (excluding treasury shares) 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.

- (ix) Resolution 9 - 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 the Circular to Shareholders of the Company dated 24 October 2017 ("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 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); 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.

PARKSON HOLDINGS BERHAD (“PHB”) (89194-P)

(Incorporated in Malaysia)

34th Annual General Meeting held on 22 November 2017

- Management’s response to Minority Shareholder Watchdog Group’s letter dated 17 November 2017

No. Questions	PHB’s Comments
<p><u>Strategic & Financial Matters</u></p> <p>1. Given that the Group had been executing its transformation strategies during the financial year and had seen some encouraging progress, what would be the expected timeframe for Parkson to turnaround and return to profit?</p>	<p>The Board is pleased to report that the Group’s transformation strategies in China have witnessed positive impact to the performance. For the 9 months ended 30 September 2017, Parkson China delivered a positive same store sales growth and achieved a turnaround improvement with an operating profit of Rmb72 million against a loss of Rmb131 million a year ago.</p> <p>While the Group’s operating environment in the Southeast Asian region is anticipated to remain challenging due to the fragile consumer sentiment and stiff competition, the Group will continue to be watchful over its strategy execution as well as performance of the stores.</p> <p>The Group should be able to turn around upon: (i) the continuing improvement of our China operations; and/or (ii) the improving operating environment in the Southeast Asia markets where we operate.</p>
<p>2. Could the Board comment on the effectiveness of its transformation strategies applied in Malaysia, China and Vietnam? What are the business landscape, challenges and consumer sentiments in China, Vietnam and Indonesia?</p>	<p>The transformation strategies in China have enabled the operations to turn profitable as mentioned in the Answer to Question 1 above; while it requires time for new offerings which had been and are continuously being introduced to Malaysia and Vietnam markets to realise commercial value.</p> <p>The retail markets in China, Vietnam and Indonesia faced challenges amidst the subdued consumer sentiments and the growing competition from new shopping formats e.g. specialty stores and one-stop shopping malls. China retailing operations were further affected by the proliferation of e-commerce; whilst Vietnam encountered the entrance of new competing retailers. In Indonesia, the operations during the current financial year were dampened by the disturbances caused by the local political and societal uncertainties.</p> <p>The Group will exercise vigilance in pursuing its strategies to transform Parkson into a lifestyle concept retail business with upcoming expansion and new offerings.</p>

No.	Questions	PHB's Comments
3.	<p>As stated on page 37 of the Annual Report, the Group is confident that the upcoming expansion, along with the new offerings will bode well for the Group.</p> <p>(i) What are the Group's upcoming expansion and new offerings for financial year ending 2018?</p> <p>(ii) What is the estimated capital expenditure for the upcoming expansion?</p>	<p>The Group's upcoming expansion and new offerings include, amongst others:</p> <ul style="list-style-type: none"> - Selective opening of new lifestyle concept department stores; - Broadening the network of Hogan Bakery; - Expanding gourmet supermarket "Parkson Supermarket"; - Launching of "Parkson Beauty" specialty store, a new retail format which focuses primarily on premium cosmetic and skin care products; and - Enhancing agency lines and private label portfolio. <p>While certain of the expansion and new offerings are still in the planning stage, new openings that are in the pipeline require capital expenditure of about RM100 million.</p>
4.	<p>On page 45 of the Annual Report, we noted a new store at Junction Square, Yangon had commenced operations in March 2017.</p> <p>Could the Board provide the financial performance of the said store to-date?</p>	<p><i>Parkson Junction Square</i> is a small store with a gross floor area of approximately 4,000 square meters.</p> <p>Since the commencement of operations in March 2017 and up to 30 September 2017, the store registered a gross sales of RM5 million with operating loss of about RM1 million during its gestation period.</p>
5.	<p>We noted on page 165 of the Annual Report that approximately RM7.9 million of trade receivables were provided for impairment in 2017 as compared to RM3.8 million in 2016.</p> <p>(i) Could the Board provide the reason(s) for the huge increase in the impairment?</p> <p>(ii) What is the amount recovered to-date?</p>	<p>The reasons for the increase in the impairment were: (i) in tandem with the growth of the consumer financing business; and (ii) closure of certain food and beverage outlets.</p> <p>The amount recovered to-date is about RM0.1 million. The Group will continue to strengthen the credit policies and take the necessary actions to recover the receivables.</p>

No. Questions	PHB's Comments
<p><u>Corporate Governance Matter</u></p> <p>1. We noted on page 110 of the Annual Report, the increase in salaries and other emoluments of Executive Directors (Group level) from approximately RM1.9 million in FY2016 to approximately RM2.8 million in FY2017.</p> <p>Could the Board explain the reason(s) for the increase in salaries and other emoluments of Executive Directors (Group level) and the nature as well as the amount of the other emoluments?</p>	<p>The increase in salaries and other emoluments of Executive Directors was mainly due to the inclusion of annual salary of an Executive Director, who is the executive chairman of Parkson Retail Group Limited, a subsidiary listed on The Stock Exchange of Hong Kong Limited, after taking into consideration the more active executive function.</p> <p>Other emoluments of Executive Directors included payment of benefits which comprised mainly meeting allowances (applicable for all Directors) in respect of the attendance at Board and Board Committee meetings and other allowances in carrying out the executive function.</p>