PARKSON HOLDINGS BERHAD
Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Extract of the Minutes of the 36th Annual General Meeting of the Company ("36th AGM") held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 27 November 2019 at 10.30 am.

1. MEMBERS' RIGHTS AS TO VOTING

Before the Meeting proceeded with the items on the Agenda, the Chairman informed Members that in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Constitution of the Company, 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 36th AGM would be voted upon by way of a poll on the completion of all the business of the Meeting.

The Chairman then informed that the Company had appointed the Share Registrar, Secretarial Communications 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 THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements of the Company for the financial year ended 30 June 2019 and the Reports of the Directors and Auditors thereon ("2019 AFS") were laid before the Meeting.

The Chairman explained that the 2019 AFS were laid in accordance with the provisions of the Companies Act 2016 for discussion only as it did not require Members' approval therefor. Hence, it would not be put to the vote.

The Chairman further informed that the Minority Shareholders Watch Group ("MSWG") had by a letter dated 20 November 2019 to the Company raised some observations on the Annual Report in relation to the financial matters 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 set out herein as Annexure I, and some information on the businesses of the Group as well as the results of the Group for the financial year ended 30 June 2019.

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

(i) the Group's operations, finances, strategies and prospects as well as the challenges faced by the Group in the retail industry;
(ii) the retail operations' stocktake efficiency;
(iii) the prospects of mall management operations to the Group; and
(iv) the consumer financing business carried out under *Parkson Credit*.

The Chairman and the Management addressed the Members' and Proxies' enquiries and observations on the aforementioned areas as follows:

(i) On the Group's operations, strategies and its prospects, the Chairman explained that the retail market in China had seen gradual slowdown amid macroeconomic headwinds. Further, stringent government rules and policies coupled with the aggressive promotion for online retailing had affected the sales of luxury goods and that from the Parkson Card members to drop significantly. Nevertheless, the Group remained positive about the consumer market in China despite macroeconomic headwinds and geopolitical challenges.

Looking ahead, the Group would continue to execute its strategies aimed at diversifying retail formats, upgrading brand and product categories as well as identifying optimal locations to expand its network. Besides, the Group would also continue to channel its marketing efforts to drive visitor traffic at its stores and place emphasis on improving productivity and increasing revenue by (a) carrying out tactical promotional activities to get awareness and support from suppliers especially from that of various cosmetics brands under beauty segment; (b) offering more in-house brands and private label portfolio which contributed better profit margins; and (c) the upgrade of gourmet supermarkets in China which had proven to be a sought-after place to shop.

The Group believed that it was well positioned to provide the best service in the Chinese retail market and demonstrate solid performance amid challenging market conditions and stiff competition.

The Chairman briefed on the operating environment in the Southeast Asian region, the challenges faced and the strategies to overcome the challenges including renovating the stores, enhancing marketing plans, bringing in more new brands, strengthening its market share by giving customers a newer and fresh shopping experience at Parkson, creating a good tenant mix and optimising operational efficiency.

To this end, the Chairman informed that the Group would continue to strive to improve the performance of the retail operations in the coming years.

(ii) The Group's operations in Malaysia was exploring to improve its operational efficiency by upgrading the IT system for stocktake. However, higher cost for the upgrade of the IT system for stocktake remained a concern and the Group would cautiously continue to assess the viability.

(iii) The Group's venturing into mall development particularly, the Lion Mall in Qingdao, China had been a success with the substantial appreciation of the property value. The Lion Mall in Qingdao, China had a high occupancy rate and contributed favourable results to the Group. Moving forward, the Group would continue to identify potential malls and offer the expertise and services in mall management.

(iv) The consumer financing business carried out under *Parkson Credit* continued to post considerable progress with increasing revenue and profitability, and Management would continue to strive to further improve its results.

The Meeting was further informed that the Management's response to the MSWG's letter dated 20 November 2019 on the observations raised on the Annual Report ("MSWG Response") which formed part of the minutes of the Meeting would be posted on the Company's website whilst the representative of MSWG who was present at the Meeting informed that MSWG would also upload the MSWG Response on its website.

After having addressed all questions and noted all comments from the Floor, the Chairman declared the 2019 AFS duly received.

3. DECLARATION OF POLL RESULTS

The poll results in respect of the 7 resolutions were as follows:

Resolutions	Vote in favour		Vote Against	
	No. of Shares	%	No. of Shares	%
Resolution 1 To approve Directors' fees	708,773,195	99.971545	201,738	0.028455
Resolution 2 To approve Directors' benefits	708,773,195	99.971545	201,738	0.028455
Resolution 3 To re-elect Mr Ooi Kim Lai as Director	708,781,825	99.970515	209,043	0.029485
Resolution 4 To re-elect Mr Liew Jee Min @ Chong Jee Min as Director	708,990,868	100.000000	0	0.000000
Resolution 5 To re-appoint Messrs Ernst & Young as Auditors	708,990,603	100.000000	0	0.000000
Resolution 6 Authority to Directors to Issue Shares	708,936,847	99.999997	21	0.000003
Resolution 7 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions	119,721,454	100.000000	0	0.000000

The Chairman declared all the 7 resolutions duly carried as follows:

(a) Resolution 1 - THAT the Directors' fees amounting to RM233,600 in respect of the financial year ended 30 June 2019 be approved for payment to the Directors.

(b) Resolution 2 - THAT the Directors' benefits of up to RM95,000 for the period commencing after the 36th AGM until the next annual general meeting of the Company be approved for payment to the Directors.

(c) Resolution 3 - THAT Mr Ooi Kim Lai who retired by rotation in accordance with Clause 110 of the Constitution of the Company be re-elected to the Board.

(d) Resolution 4 - THAT Mr Liew Jee Min @ Chong Jee Min who was appointed during the financial year and retired in accordance with Clause 111 of the Constitution of the Company be re-elected to the Board.

(e) 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.

(f) Resolution 6 - 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.

(g) Resolution 7 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

THAT approval be and is hereby given for the renewal of the mandate granted by the Shareholders of the Company on 23 November 2018, 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 29 October 2019 ("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.

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36th Annual General Meeting held on 27 November 2019
- Management's response to Minority Shareholders Watch Group's letter dated 20 November 2019

No. Questions	Parkson's Comments
<u>Strategy & Financial Matters</u>	
1. Operation in China has seen increase in revenue and segment profit to RM2.72 billion and RM167.09 million respectively, as compared to RM2.63 billion and RM118.94 million the year before (page 202 of Annual Report 2019). While Malaysian operation showed segment profit of RM5.39 million (FY2018: segment loss RM38.47 million), the operations in Indonesia, Vietnam and Myanmar, and Others segment still showed losses with widening segment losses. When are the three segments expected to be profitable? What are the catalysts that could boost the Southeast Asian markets given the challenging and competitive environment (page 37 of AR2019)?	The weak performance of the 3 segments were mainly due to the following factors: - <u>Indonesia</u> Soft consumer sentiments and competition, coupled with several earthquakes that had affected our stores' traffic flow. - <u>Vietnam and Myanmar</u> Increasingly competitive retail scene is the primary challenge for our Vietnam operations; whilst the Group's only store in Myanmar had closed down during the financial year. - <u>Others</u> Losses were mainly from food and beverage operations, and investment holding. Given the challenging and competitive environment in the Southeast Asian markets, much emphasis will be placed on improving operating efficiencies and productivity, monitoring and assessing the viability of the stores, and increasing revenue by carrying out tactical promotional activities. The Group will continue to focus on enhancing product offerings and optimising operational efficiency to improve the results.

No.	Questions	Parkson's Comments
2.	Despite a higher operating profit of RM88.93 million posted in FY2019 (FY2018: RM3.49 million), higher finance cost (FY2019: RM150.13 million, FY2018: RM130 million) and impairment loss on property, plant and equipment continued to drag on the overall profitability.	
	(a) Is the higher finance cost and a gearing ratio of 0.4 times (page 204 of AR2019) a concern for the Group? What is the optimal gearing ratio? What can be done to better manage capital of the Group?	The Group monitors the finance cost and gearing ratio on an on-going basis. In managing its capital, the Group strives to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities, whilst maintaining sufficient level of cash and bank balances to meet its working capital requirements.
	(b) Does the Company expect to record a similar quantum of impairment loss on property, plant and equipment in FY2020?	Impairment loss was made in view of the closure and weak performance of certain retail stores. The Group continues to monitor and assess the viability of its existing stores.
3.	The Group has RM2.26 billion worth of loans and borrowings that will mature in more than one year and less than two years. How does Parkson plan to repay the debt?	Loans and borrowings of RM2.26 billion included bank loans by the Bank of Beijing of RM2 billion which had been fully settled in November 2019, through the refinancing by a new syndication term loan facility ("New Loan"). The New Loan has a term of 36 months and carries lower effective interest rates.