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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Ordinary Resolution in respect of the above proposal will be tabled as Special Business at the 40th Annual General Meeting of the Company to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at <https://sshbsb.net.my/> on Wednesday, 29 May 2024 at 10.30 am. Shareholders are advised to refer to the Notice of the 40th Annual General Meeting and the Form of Proxy set out in the 2023 Annual Report of the Company, which is available on the website of the Company at www.lion.com.my/parkson-agm.

The last date and time for the lodging of the Form of Proxy is Monday, 27 May 2024 at 10.30 am.

This Circular is dated 30 April 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act 2016 as amended from time to time including any re-enactment thereof
AGM	: Annual General Meeting of the Company
Board	: Board of Directors of Parkson
Bursa Securities	: Bursa Malaysia Securities Berhad
LCB RCSLS	: Redeemable convertible secured loan stocks of nominal value RM1.00 each issued by LCB convertible into new ordinary shares in LCB at the conversion price of RM5.00 for every 1 new ordinary share in LCB
LICB Warrants	: Warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held
Listing Requirements	: Bursa Securities Main Market Listing Requirements including any amendment thereto that may be made from time to time
Parkson Share(s)	: Ordinary shares in Parkson
Proposed Shareholders' Mandate	: Proposed renewal of the 2023 Shareholders' Mandate
RRPTs	: Related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries
Recurrent Transactions	: Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Parkson Group as described herein in paragraph 3.3 which the Parkson Group proposes to enter into with persons who are Related Parties
Related Party or Related Parties	: The "director", "major shareholder" and/or "person connected" with such director or major shareholder of Parkson or its subsidiaries
2023 Shareholders' Mandate	: The shareholders' mandate obtained on 24 May 2023 for the Parkson Group to enter into recurrent related party transactions from 24 May 2023 to the conclusion of the forthcoming AGM

Companies

Amanvest	: Amanvest (M) Sdn Bhd
Amble Bond	: Amble Bond Sdn Bhd
Amble Bond Group	: Amble Bond and its subsidiaries and associated companies
AMSB	: Amsteel Mills Sdn Bhd
Andalas	: Andalas Development Sdn Bhd
Deluxe	: Deluxe Venture International Limited
Excel Step	: Excel Step Investments Limited
Finlink	: Finlink Holdings Sdn Bhd
Graimpi	: Graimpi Sdn Bhd (In Liquidation)
Haber	: Haber Pte Ltd
Happyvest	: Happyvest (M) Sdn Bhd
Horizon	: Horizon Towers Sdn Bhd
LAP Energy	: LAP Energy Sdn Bhd
LCB	: Lion Corporation Berhad
LCB Group	: LCB and its subsidiaries and associated companies
LCE	: Lion Construction & Engineering Sdn Bhd
LDHB	: Lion Diversified Holdings Berhad (In Liquidation)
LDH Mgmt	: LDH Management Sdn Bhd (In Liquidation)
LDP	: Lion Development (Penang) Sdn Bhd
LICB	: Lion Industries Corporation Berhad
LICB Group	: LICB and its subsidiaries excluding its public listed subsidiary, LPB and its subsidiaries
Likom Computer	: Likom Computer System Sdn Bhd
Lion DRI	: Lion DRI Sdn Bhd
Lion Tooling	: Lion Tooling Sdn Bhd
Lion Waterfront	: Lion Waterfront Sdn Bhd
LLB Steel	: LLB Steel Industries Sdn Bhd

Companies

LMgmt	: Lion Management Sdn Bhd
LPB	: Lion Posim Berhad
LPB Group	: LPB and its subsidiaries and associated companies
Narajaya	: Narajaya Sdn Bhd
Parkson or the Company	: Parkson Holdings Berhad
Parkson Group	: Parkson and its subsidiaries excluding its public listed subsidiaries (i) in Hong Kong SAR, Parkson Retail Group Limited and its subsidiaries; and (ii) in Singapore, Parkson Retail Asia Limited and its subsidiaries
Posim Marketing	: Posim Marketing Sdn Bhd
Posim Petroleum	: Posim Petroleum Marketing Sdn Bhd
Projek Jaya	: Projek Jaya Sdn Bhd
Ributasi	: Ributasi Holdings Sdn Bhd
Secom	: Secom (Malaysia) Sdn Bhd
Sims	: Sims Holdings Sdn Bhd
Steelcorp	: Steelcorp Sdn Bhd
Teraju Varia	: Teraju Varia Sdn Bhd (In Liquidation)
Tirta	: Tirta Enterprise Sdn Bhd
Trillionvest	: Trillionvest Sdn Bhd
Umatrac	: Umatrac Enterprises Sdn Bhd
Viewtrain	: Viewtrain Company Limited
WCSB	: William Cheng Sdn Bhd

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

Registered Office:

Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan

30 April 2024

Directors:

Tan Sri Cheng Heng Jem (*Chairman and Managing Director*)
Cheng Hui Yen, Natalie (*Executive Director*)
Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat (*Independent Non-Executive Director*)
Zainab binti Dato' Hj. Mohamed (*Independent Non-Executive Director*)
Liew Jee Min @ Chong Jee Min (*Independent Non-Executive Director*)
Ooi Kim Lai (*Non-Independent Non-Executive Director*)

To: **The Shareholders of Parkson Holdings Berhad**

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 24 May 2023, the Company obtained the 2023 Shareholders' Mandate for recurrent related party transactions at the 39th AGM in accordance with paragraph 10.09 of Chapter 10 of the Listing Requirements.

The 2023 Shareholders' Mandate shall expire at the conclusion of the forthcoming 40th AGM unless it is renewed.

On 27 February 2024, the Board announced that the Company proposes to procure a renewal of the 2023 Shareholders' Mandate from its Shareholders for the Recurrent Transactions at the 40th AGM.

The purpose of this Circular is to provide the Shareholders with information relating to the Proposed Shareholders' Mandate and to seek the Shareholders' approval on the Ordinary Resolution in respect of the same to be tabled as Special Business at the 40th AGM to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at <https://sshsb.net.my/> on Wednesday, 29 May 2024 at 10.30 am and at any adjournment thereof.

Disclosure has been made in the 2023 Annual Report of the Company on the breakdown of the aggregate value of transactions conducted pursuant to the 2023 Shareholders' Mandate during the financial year ended 31 December 2023, which amongst others, is based on the following information:

- (a) the nature of the RRPTs entered into; and
- (b) the class of related parties involved in the RRPTs and their relationship with the Company.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Paragraph 10.09 of Chapter 10 of the Listing Requirements and Paragraph 3.1.4 of Practice Note 12 in relation to the RRPTs

Under paragraph 10.09(2) of Chapter 10 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of an RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Transactions entered into between the listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiaries are excluded from the requirements of Chapter 10 of the Listing Requirements.

Paragraph 3.1.4 of Practice Note 12 states that the shareholder mandate is subject to annual renewal and any authority conferred by a shareholder mandate will only continue to be in force until:

- (a) the conclusion of the first annual general meeting of the listed issuer following the general meeting at which such shareholder mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Paragraph 3.1.5 of Practice Note 12 further states that in making the disclosure of the aggregate value of RRPTs conducted pursuant to the shareholder mandate in a listed issuer's annual report, a listed issuer must provide a breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- (a) the type of the RRPTs made; and
- (b) the names of the related parties involved in each type of the RRPTs made and their relationship with the listed issuer.

Accordingly, the Company proposes to seek a renewal of the 2023 Shareholders' Mandate from its Shareholders for the Recurrent Transactions for the Parkson Group to enter into transactions with the Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations, 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.

The Proposed Shareholders' Mandate, if approved, will take effect from the date of the passing of the Ordinary Resolution relating thereto at the 40th AGM and will continue to be in force until the conclusion of the next AGM or until the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act) unless revoked or varied by resolution passed by the Shareholders of the Company in a general meeting, whichever is the earlier.

2.2 Definitions

The definitions for “director”, “major shareholder”, “person connected”, “related party” and “related party transaction” under the Listing Requirements are as follows:

- director
 - has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company.

- major shareholder
 - means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest” shall have the meaning of “interests in shares” given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other corporation which is its subsidiary or holding company.

- person connected
 - in relation to a director or a major shareholder of a corporation (“Said Person”) means such person who falls under any one of the following categories:
 - (a) a family member of the Said Person, which family means such person who falls within any one of the following categories:
 - (i) spouse;
 - (ii) parent;
 - (iii) child including adopted child and step-child;
 - (iv) brother or sister; and
 - (v) spouse of the person referred to in (iii) and (iv) above;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Said Person, or a family member of the Said Person, is the sole beneficiary;
 - (c) a partner of the Said Person;

- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the Said Person, or persons connected with the Said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation of the Said Person.
- related party
 - means a director, major shareholder or person connected with such director or major shareholder.
 - related party transaction
 - means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

3. DETAILS OF THE RECURRENT TRANSACTIONS

3.1 Background

Parkson is an investment holding company while its subsidiaries are principally involved in the operation of department stores in the People's Republic of China and Malaysia, credit business, property management, operation of food and beverage business, and investment holding.

Due to the diversity and size of the Parkson Group, it is anticipated that the Parkson Group would, in the ordinary course of business, enter into transactions with classes of related parties set out in paragraph 3.2. It is likely that such transactions will occur with some degree of frequency and could arise at any time. Such transactions include the transactions described in paragraph 3.3.

The Company is seeking a renewal of the 2023 Shareholders' Mandate from its Shareholders which will continue to allow the Parkson Group, in its normal course of business, to enter into categories of Recurrent Transactions referred to in paragraph 3.3 with the classes of Related Parties set out in paragraph 3.2 provided such transactions are undertaken on an arm's length basis and on normal commercial terms which are consistent with the Parkson 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.

The details of the Recurrent Transactions to be dealt with at the 40th AGM are set out in paragraph 3.3.

3.2 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of related parties:

Related Party	Note
LCB Group	i and ii
LICB Group	i and ii (a)
LPB Group	i and ii
Amble Bond Group	i

The abovementioned corporations are Related Parties as they are persons connected (as indicated by the respective Note) with:

Notes:

- (i) Tan Sri Cheng Heng Jem (the Chairman and Managing Director, and a major shareholder of Parkson) who has an interest of 10% or more held directly and/or deemed held via corporations in which he has more than 20% shareholding as set out in Appendix I of this Circular.
- (ii) The companies listed below (major shareholders of Parkson), each having an interest of 10% or more held directly and/or deemed held via corporations wherein each has more than 20% shareholding as set out in Appendix I of this Circular:
 - (a) LICB
 - (b) LLB Steel
 - (c) Steelcorp
 - (d) AMSB

The interests of the Related Parties in the Company as at 31 March 2024 are set out in Appendix II of this Circular. Save as disclosed therein, none of the Related Parties has any other interest in the Company.

The interests of the Directors of Parkson who do not consider themselves independent with regard to the Proposed Shareholders' Mandate ("Interested Directors") and the major shareholders of Parkson that are deemed interested in the Proposed Shareholders' Mandate ("Interested Major Shareholders") in the Company as at 31 March 2024 are as follows:

Name	Direct Interest		Deemed Interest	
	No. of Parkson Shares	%	No. of Parkson Shares	%
Interested Directors				
Tan Sri Cheng Heng Jem ⁽¹⁾	286,923,039	24.97	339,994,089 ^(a)	29.60
Cheng Hui Yen, Natalie ⁽²⁾	-	-	-	-
Ooi Kim Lai ⁽³⁾	197	*	-	-
Interested Major Shareholders				
LICB	70,617,853	6.15	233,693,845 ^(b)	20.34
LLB Steel	-	-	233,693,845 ^(b)	20.34
Steelcorp	-	-	233,693,845 ^(b)	20.34
AMSB	177,559,617	15.45	56,134,228 ^(c)	4.89

Notes:

* Negligible.

- (1) Also a major shareholder of the Company and father of Cheng Hui Yen, Natalie.
- (2) Daughter of Tan Sri Cheng Heng Jem.
- (3) An employee of a company in which Tan Sri Cheng Heng Jem is deemed to have an interest. He is therefore deemed to be a person connected with Tan Sri Cheng Heng Jem.
- (a) Deemed interested by virtue of Section 8 of the Act held via Likom Computer, LCB, LICB, AMSB, Deluxe, Excel Step, Trillionvest and LPB, and Section 59(11)(c) of the Act held by his spouse, Puan Sri Chan Chau Ha @ Chan Chow Har.
- (b) Deemed interested by virtue of Section 8 of the Act held via LCB, AMSB and LPB.
- (c) Deemed interested by virtue of Section 8 of the Act held via LCB and LPB.

The interests of the Interested Directors and the Interested Major Shareholders in the Related Parties as at 31 March 2024 are set out in Appendix I of this Circular. Save as disclosed therein, none of the Interested Directors and the Interested Major Shareholders has any other interest in the Related Parties.

The interests of the persons connected with the Interested Directors and/or the Interested Major Shareholders (“Persons Connected”) in Parkson as at 31 March 2024 are as follows:

Persons Connected	Direct Interest		Deemed Interest	
	No. of Parkson Shares	%	No. of Parkson Shares	%
LPB ⁽¹⁾	56,000,000	4.87	-	-
Trillionvest ⁽¹⁾	30,619,213	2.67	-	-
Excel Step ⁽¹⁾	4,218,816	0.37	-	-
Deluxe ⁽¹⁾	363,914	0.03	-	-
LCB ⁽¹⁾	134,228	0.01	-	-
Likom Computer ⁽¹⁾	79,009	0.01	-	-
Puan Sri Chan Chau Ha @ Chan Chow Har ⁽²⁾	401,439	0.04	-	-
Chen Shok Ching ⁽³⁾	315,141	0.03	-	-
Cheng Chai Hai ⁽⁴⁾	2,325,280	0.20	-	-

Note:

The Persons Connected having interests in the Company do not consider themselves independent in respect of the Proposed Shareholders’ Mandate by virtue of the following:

- (1) Company in which Tan Sri Cheng Heng Jem has a direct and/or deemed interest of more than 20% as at 31 March 2024.
- (2) Spouse of Tan Sri Cheng Heng Jem and mother of Cheng Hui Yen, Natalie.
- (3) Sister-in-law (deceased) of Tan Sri Cheng Heng Jem.
- (4) Sister of Tan Sri Cheng Heng Jem.

Save as disclosed above, none of the other Directors, major shareholders and/or persons connected with them has any interest, direct or deemed, in the Proposed Shareholders’ Mandate.

3.3 Nature of Recurrent Transactions

The Recurrent Transactions which will be covered by the Proposed Shareholders' Mandate and the benefits to be derived from them are transactions by the Parkson Group relating to the obtaining from the Related Parties, products and services in the normal course of business of the Parkson Group comprising the following transactions:

Nature of Transactions	Related Parties	Estimated Value ⁽¹⁾	2023 Shareholders' Mandate	
			Estimated Value ⁽²⁾	Actual Value ⁽³⁾
		(RM'000)	(RM'000)	(RM'000)
(a) Obtaining of building and construction related products and services ⁽⁴⁾	LICB Group LPB Group Amble Bond Group	20,000	20,000	-
(b) Obtaining of management and support, office equipment, vehicle component parts, training and other related products and services	LCB Group LICB Group LPB Group	20,000	20,000	510

None of the actual value transacted pursuant to the 2023 Shareholders' Mandate exceeded the estimated value disclosed to the Shareholders in the Circular in relation to the 2023 Shareholders' Mandate.

Notes:

- (1) The estimated value from the date of the 40th AGM to the next AGM to be held by end June 2025 is based on the aggregate amount over a 12-month period ended 31 December 2023 after taking into consideration the transactions which will be entered into in the foreseeable future. The estimated value may be subject to changes.
- (2) The estimated value as set out in the 2023 Shareholders' Mandate.
- (3) The actual value transacted from the date on which the 2023 Shareholders' Mandate was obtained up to 31 March 2024.
- (4) Potential transactions which will be entered into for the renovation of retail stores and construction of shopping malls of the Parkson Group.

The Recurrent Transactions are subject to the review procedures as set out in paragraph 3.5.

3.4 Outstanding Related Party Receivables

As at 31 December 2023, there is no amount due and owing to the Parkson Group by its Related Parties pursuant to the Recurrent Transactions which exceeded the credit term.

3.5 Review Procedures for RRPTs

The Parkson Group has established the following methods and procedures to ensure that all RRPTs are undertaken on an arm's length basis and on normal commercial terms, which are consistent with the Parkson 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:

- (a) A list of related parties will be circulated within the Parkson Group and it will be updated for any subsequent changes. The related parties will also be notified that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms, and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.
- (b) RRPTs will be reviewed and authorised by the following parties:

Equal to or exceeding (per purchase contract or purchase order) RM	Less than (per purchase contract or purchase order) RM	Authority Levels
	< 1,000,000	Accountant/ Chief Accountant/ Financial Controller and General Manager
≥ 1,000,000	< 5,000,000	General Manager and Managing Director/ Executive Director/ Director
≥ 5,000,000		Audit Committee

Notes:

- (1) In the event the decision maker is an interested party, he will abstain from the review and authorising process, and the next-up Authority Level will apply.
- (2) If a member of the Audit Committee has an interest, as the case may be, he will abstain from any decision making by the Audit Committee in respect of the said transaction.

- (c) Records will be maintained by the Parkson Group to capture all RRPTs which are entered into pursuant to the Proposed Shareholders' Mandate.
- (d) The annual internal audit plan shall incorporate a review of all RRPTs which will be entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (e) The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor all RRPTs have been complied with.
- (f) The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the Parkson Group as they deem appropriate. Such review methods and procedures may be modified, supplemented or replaced from time to time by the Audit Committee.
- (g) The transaction prices, terms and conditions are determined as follows:
 - (i) by the prevailing market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply of the products/services in the market.
 - (ii) on an arm's length basis and on normal commercial terms which are consistent with the Parkson Group's usual business practices and policies. Price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.
 - (iii) on competitive commercial terms. The Parkson Group shall identify various sources of supply to secure at least 3 quotations which shall be documented in the "Price Comparison Summary cum Approval Form". In the event less than 3 quotations are available from unrelated third parties for comparison due to limited sources of supply or potential suppliers' unwillingness to quote, reference shall be made to published market reports, if available, pertaining to transactions of similar products concluded in other markets. In such event, the Company will ensure that the RRPT is not detrimental to the Parkson Group.
 - (iv) by evaluating and shortlisting vendors prior to price negotiations by the Purchasing Department, based on the following criteria:
 - a. price competitiveness
 - b. quality
 - c. experience
 - d. delivery/service
 - e. credit term
 - f. technical capability
 - g. financial strength

After price negotiation, the Purchasing Department shall recommend the selection of potential/successful supplier for approval by appropriate authority.

- (v) where appropriate, by conducting a valuation or appraisal of the market value of a transaction by an independent expert and by obtaining additional quotations from third parties for the purpose of performing an independent and balanced assessment, evaluation and comparison of the price, terms and conditions prior to making a decision to enter into the transaction.
- (vi) when quality, payment and other terms and conditions are equal, by the awarding of an order/contract to the supplier with the lowest negotiated price.
- (vii) by evaluating the vendors' performance via feedback from user departments with regard to delivery performance, quality of material and after sales service.

3.6 Rationale for the Proposed Shareholders' Mandate and Benefits to the Parkson Group and its Shareholders

The retail business, credit business, property management, operation of food and beverage business, and investment holding are the principal businesses of the Parkson Group. The classes of Related Parties listed in paragraph 3.2 are also involved in the complementary businesses of the Parkson Group, and provide management and support services for the Parkson Group's retail outlets and its day-to-day operations. It is therefore in the interest of the Parkson Group to transact with the Related Parties in addition to their transactions with third parties in the ordinary course of business. In addition, the Parkson Group is also able to obtain management and support services from the Related Parties at competitive prices.

The Parkson Group has benefited from the cordial relationships over the years with the Related Parties which are well established providers/players in their respective industries with vast expertise and resources. The goods or services provided by the Related Parties are competitively priced with consistent supplies and stable prices even at short notice which will enhance customer base and business stability.

Given the complementary nature of the activities of the members of the Parkson Group and that of the Related Parties, as well as the fact that such activities are in the ordinary course of business of both the Parkson Group and the Related Parties, it is anticipated that the Recurrent Transactions would occur on a frequent and recurrent basis.

The Proposed Shareholders' Mandate is intended to facilitate transactions in the ordinary course of business of the Parkson Group which are transacted from time to time with the specified classes of Related Parties, provided that they are undertaken on an arm's length basis and on normal commercial terms which are consistent with the Parkson Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to and/or from the public and are, in the Company's opinion, not detrimental to the minority shareholders.

The Proposed Shareholders' Mandate, if approved by the Shareholders, would eliminate the need to make announcements to Bursa Securities or to convene general meetings from time to time to seek Shareholders' approval as and when potential Recurrent Transactions with the specified classes of Related Parties arise. This will substantially reduce the expenses associated with convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably and allow resources to be channelled towards attaining other corporate objectives.

3.7 Audit Committee Statement

The Audit Committee of the Company has seen and reviewed the procedures mentioned in paragraph 3.5 and is of the view that:

- (i) the said procedures are sufficient to ensure that the Recurrent Transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) the Parkson Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises; and
- (iii) the Proposed Shareholders' Mandate is in the best interest of the Parkson Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders.

4. CONDITION OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is subject to the approval of the Shareholders of the Company at the 40th AGM.

5. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on the issued share capital, earnings and net assets of the Parkson Group, and substantial shareholders' shareholding in the Company.

6. ABSTENTION FROM VOTING

The Interested Directors (as set out in paragraph 3.2) who are interested in the Recurrent Transactions with the respective Related Parties to the extent as set out in paragraph 3.2 have abstained and will continue to abstain from board deliberation and voting on the resolution pertaining to the Proposed Shareholders' Mandate. The Interested Directors, the Interested Major Shareholders (as set out in paragraph 3.2) and/or the Persons Connected (as set out in paragraph 3.2) who have interests, direct or deemed, in the Recurrent Transactions will abstain from voting in respect of their direct and/or deemed shareholdings on the resolution relating to the Proposed Shareholders' Mandate at the 40th AGM. The Interested Directors and the Interested Major Shareholders have undertaken that they will ensure that the Persons Connected with them will abstain from voting in respect of their direct and/or deemed shareholdings on the resolution deliberating or approving the Proposed Shareholders' Mandate at the 40th AGM.

7. DIRECTORS' RECOMMENDATION

The Board (with the exception of the Interested Directors) is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Parkson Group. For the reasons stated in paragraph 3.6, the Board (with the exception of the Interested Directors) recommends that Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Shareholders' Mandate to be tabled at the 40th AGM.

8. AGM

The 40th AGM, as convened by the Notice incorporated in the 2023 Annual Report, will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at <https://sshsb.net.my/> on Wednesday, 29 May 2024 at 10.30 am.

The 2023 Annual Report is available on the website of the Company at www.lion.com.my/parkson-agm.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix III contained in this Circular for further information.

Yours faithfully

For and on behalf of the Board

PARKSON HOLDINGS BERHAD

ZAINAB BINTI DATO' HJ. MOHAMED

Independent Director

INTERESTS OF THE INTERESTED DIRECTORS AND THE INTERESTED MAJOR SHAREHOLDERS IN THE RELATED PARTIES SET OUT IN PARAGRAPH 3.2 AS AT 31 MARCH 2024

(i) Tan Sri Cheng Heng Jem

(a) LCB Group

Direct interest : 3.96%
 Deemed interest : By virtue of Section 8 of the Act (65.47%) held via WCSB, Finlink, Tirta, Happyvest, Amanvest, Viewtrain, Horizon, LMgmt, LDP, Trillionvest, Sims, Narajaya, Haber, LICB, AMSB, Projek Jaya, Posim Marketing, Posim Petroleum, Lion Waterfront, LDHB, LDH Mgmt, Teraju Varia, Lion DRI, Graimpi, Andalas, Lion Tooling, Secom, LAP Energy, Ributasi, Likom Computer and Amble Bond. In addition, RM316,075,950 LCB RCSLS.

(b) LICB Group

Direct interest : 32.72%
 Deemed interest : By virtue of Section 8 of the Act (1.87%) held via Amanvest, Tirta, Trillionvest, LCE and LDH Mgmt. In addition, 117,747,398 LICB Warrants.

(c) LPB Group

Direct interest : Negligible
 Deemed interest : By virtue of Section 8 of the Act (74.70%) held via Happyvest, AMSB, LICB, LCB, WCSB, LDP, Tirta, Amanvest, Horizon, Umatrac and Amble Bond.

(d) Amble Bond Group

Direct interest : 85.00%
 Deemed interest : By virtue of his spouse, Puan Sri Chan Chau Ha @ Chan Chow Har's 14.00% direct interest in Amble Bond.

(ii) Ooi Kim Lai

(a) LCB Group

Direct interest : Negligible
 Deemed interest : Nil

(b) LICB Group

Direct interest : Negligible
 Deemed interest : 4 LICB Warrants

(c) LPB Group

Direct interest : Negligible
 Deemed interest : Nil

(iii) LICB

(a) LCB Group

Direct interest : 0.43%
Deemed interest : By virtue of Section 8 of the Act (21.65%) held via AMSB, Projek Jaya, Posim Marketing, Posim Petroleum, Lion Waterfront and LAP Energy.

(b) LICB Group

Interested in its subsidiaries and associated companies.

(c) LPB Group

Direct interest : 19.81%
Deemed interest : By virtue of Section 8 of the Act (54.29%) held via AMSB, LCB and Umatrac.

(iv) LLB Steel and Steelcorp

(a) LCB Group

Direct interest : Nil
Deemed interest : By virtue of Section 8 of the Act (21.65%) held via AMSB, Posim Marketing, Posim Petroleum, Lion Waterfront and LAP Energy.

(b) LPB Group

Direct interest : Nil
Deemed interest : By virtue of Section 8 of the Act (54.29%) held via AMSB, LCB and Umatrac.

(v) AMSB

(a) LCB Group

Direct interest : 18.25%
Deemed interest : By virtue of Section 8 of the Act (3.40%) held via Posim Marketing, Posim Petroleum, Lion Waterfront and LAP Energy.

(b) LPB Group

Direct interest : 54.27%
Deemed interest : By virtue of Section 8 of the Act (0.02%) held via LCB and Umatrac.

INTERESTS OF THE RELATED PARTIES SET OUT IN PARAGRAPH 3.2 IN THE COMPANY AS AT 31 MARCH 2024

	Related Parties	Direct Interest		Deemed Interest	
		No. of Parkson Shares	%	No. of Parkson Shares	%
1.	LCB	134,228	0.01	-	-
2.	LICB	70,617,853	6.15	233,693,845 ^(a)	20.34
	Through its subsidiaries:				
	- AMSB	177,559,617	15.45	56,134,228 ^(b)	4.89
	- LLB Steel	-	-	233,693,845 ^(a)	20.34
	- Steelcorp	-	-	233,693,845 ^(a)	20.34
	- LPB	56,000,000	4.87	-	-
3.	LPB	56,000,000	4.87	-	-
4.	Amble Bond	-	-	79,009 ^(c)	0.01
	Through its subsidiary:				
	- Likom Computer	79,009	0.01	-	-

Notes:

- (a) Deemed interested by virtue of Section 8 of the Act held via LCB, AMSB and LPB.
- (b) Deemed interested by virtue of Section 8 of the Act held via LCB and LPB.
- (c) Deemed interested by virtue of Section 8 of the Act held via Likom Computer.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors who individually and collectively accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, neither Parkson nor any of its subsidiaries has entered into any material contracts within the 2 years preceding the date of this Circular, other than contracts entered into in the ordinary course of business:

- (i) Sale and Purchase Agreement dated 9 September 2022 (“SPA”) between Qingdao No. 1 Parkson Co., Ltd. (“Vendor”) (an indirect 95.91% owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Qingdao Haiming City Development Company Limited (“Purchaser”) pursuant to which the Vendor had agreed to sell and the Purchaser had agreed to purchase the properties (together with the car parking lots, refuge floors and other ancillary facilities) consist of Floor No. B5-F8, F9-F12A, F27, F46-F48 located at No. 44-60 Zhongshan Road, Shinnan District, Qingdao City, Shandong Province, the People’s Republic of China (“Properties”) with an aggregate construction area of approximately 76,013 square metres, at the consideration of Rmb280 million (equivalent to approximately RM184.8 million) (“Disposal”).

On 15 February 2023, the Vendor and the Purchaser had entered into a supplemental agreement to the SPA in relation to the payment of taxes for the Disposal (“Supplemental Agreement”).

Pursuant to the SPA, the Vendor and the Purchaser had agreed that they shall each bear their own tax expenses payable under the laws of the People’s Republic of China. However, an additional tax amount imposed on the Vendor (“Additional Tax Amount”) in relation to the Disposal has been derived during the process of registration of title transfer for the Properties.

In view thereof, the Vendor and the Purchaser had negotiated and agreed through the Supplemental Agreement that the Purchaser shall bear the Additional Tax Amount.

- (ii) Tenancy Agreement dated 31 October 2022 (“Tenancy Agreement”) between Jiangxi Parkson Shopping Centre Management Co., Ltd. (an indirect wholly-owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Nanchang Hui Xin Industrial Co., Ltd. in respect of the tenancy of LG1, Level 1 to Level 4 in Building No. 4 at Royal Core Plaza, No. 2013 Middle Ying Bin Avenue, Nanchang County in Jiangxi Province, the People’s Republic of China (“Property”) for a term of 20 years commencing from the actual opening date of the shopping centre to be opened at the Property per the terms of the Tenancy Agreement (“Term”) where save and except for rent free periods for each first to fourth months of the first 3 years within the Term totalling 12 months, the fixed monthly rental (inclusive of tax) payable is Rmb25 (equivalent to approximately RM16.50) per square metre (inclusive of property management fee) subject to 5% increment every 3 years during the Term. The rental and property management fee are payable quarterly in advance.

- (iii) Cooperation Agreement dated 20 January 2023 (“Cooperation Agreement”) between Shanxi Parkson Retail Development Co., Ltd. (“Tenant”) (an indirect wholly-owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Datong Dezhuiyuan Real Estate Development Co., Ltd. (“Landlord”) in relation to the cooperation on the design, transformation, commercialisation and operation of the commercial premises of the Datong Taihe Hui Project situated at Taihe Road East and Chongxi Street North (intersection of Taihe Road and Chongxi Street), Datong City, Shanxi Province, the People’s Republic of China (“Project”).

For the implementation of the Cooperation Agreement, the Tenant and the Landlord had on 20 January 2023, entered into (a) a tenancy agreement in respect of the tenancy of the first and second basements, and the first to seventh floors of the Project (“Leased Commercial Premises”) for a term of 18 years commencing from the date following the expiration of the 6-month decoration rent-free period (“Rent Starting Date”) commencing from the date on which the Landlord shall deliver the Leased Commercial Premises to the Tenant, which is tentatively set for 30 June 2023 (with an extension of not more than 3 months after the said tentative delivery date (“Tenancy Term”) (“Tenancy Agreement”); and (b) an entrusted management agreement in respect of the provision by the Tenant of entrusted management services to the Landlord for the shopping street of the Project for a term which shall be the same as that of the Tenancy Term, where for the general commercial portion of the Leased Commercial Premises with a construction area of 50,001 square metres (“General Commercial Area”), the rental payable (inclusive of tax and property management fee) under the Tenancy Agreement comprises fixed rent and profit sharing. Fixed rent is calculated at Rmb0.70 (equivalent to approximately RM0.46) per square metre per day for which the first 3 years from the Rent Starting Date are fixed rent free, and approximately Rmb12.78 million (equivalent to approximately RM8.4 million) per year for the fourth year to the eighteenth year. For the ancillary area of first basement for supporting the General Commercial Area, it is free of rental charge and property management fee whereas for the remaining area of the Leased Commercial Premises, the rental payable (inclusive of tax and property management fee) under the Tenancy Agreement comprises only profit sharing. The fixed rent and the profit sharing shall be paid and settled on a quarterly basis.

- (iv) Cooperation Agreement dated 21 December 2022 (“Cooperation Agreement”) and Confirmation Letter dated 8 February 2023 (“Confirmation Letter”) between Mianyang Fulin Parkson Plaza Co., Ltd. (“Tenant”) (an indirect wholly-owned subsidiary of Parkson Retail Group Limited (“PRGL”) which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Mianyang New Investment Industrial Co., Ltd. (“Landlord”) (collectively, the “Parties”) respectively, pursuant to which the Parties had agreed to the principal terms of a tenancy agreement in respect of the tenancy of the relevant parts of LG1, Level 1 to Level 4 of the building to be developed on the plot located at the east side of Chuangye Boulevard, Science and Technology City New District (Zhi Guan District), Mianyang City, Sichuan Province, the People’s Republic of China (“Property”) for a term of 20 years from the actual date of commencement of operations by the Tenant per the terms of the Tenancy Agreement (as hereinafter defined) (“Term”) with a rent-free period during the first 365 days of the Term, and the rental period shall commence from the 366th day of the Term at the monthly rental (in the form of either guaranteed rental or percentage rental, whichever amount is the higher), which shall each be calculated in the following manner (“Tenancy”) (“Tenancy Agreement”):

- (a) guaranteed rental amount shall be Rmb30 (equivalent to approximately RM19.80) per square metre per month subject to 5% increment after 5 years, and thereafter, 5% increment every 3 years.

- (b) percentage rental amount shall be (aa) in the case of non-sub-let parts of the Property, ranging from 1% to 3% of the net sales (after tax) of the Tenant, depending on the type of products sold; and (bb) in the case of sub-let parts of the Property, 30% of the net sub-rental income (after tax) of the Tenant. Any percentage rental amount paid in a financial year shall be reconciled and settled by the Parties after the end of that financial year based on financial data provided by the Tenant.

Pursuant to the Cooperation Agreement and the Confirmation Letter, the Parties had agreed that the Tenancy Agreement shall be entered into either within 5 business days from the date on which the Landlord has obtained the construction project planning permit for the Property; or within 1 business day from the date on which all the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) concerning the transactions relating to the Tenancy, including the entering into of the Cooperation Agreement, Confirmation Letter and Tenancy Agreement (“Tenancy Transaction”) have been complied with, whichever is the later.

The Landlord had on 19 April 2023, obtained the construction project planning permit for the Property and PRGL had complied with the relevant Listing Rules and all internal approval procedures in respect of the Tenancy Transaction. Accordingly, the Parties had on 24 April 2023, entered into the Tenancy Agreement and completed the Tenancy Transaction.

- (v) Settlement Agreement dated 20 February 2023 between Parkson Corporation Sdn Bhd (“PCSB”) (a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Millennium Mall Sdn Bhd (“MMSB”) for the full and final settlement of all disputes and claims between PCSB and MMSB relating to and/or arising from and/or in connection with the sub-lease arrangements between PCSB and MMSB (“Sub-lease Arrangements”).

Pursuant to the terms of the Settlement Agreement, it had been agreed, amongst others, that:

- (a) PCSB shall pay a lump sum of RM10.4 million to MMSB, without admission as to liability, within 14 days from the date of the Settlement Agreement; and
- (b) PCSB and MMSB shall relinquish, waive, release and/or discharge each other from all claims, debts and liabilities whatsoever in connection with and/or arising from the existing legal and arbitration proceedings involving PCSB and MMSB in relation to the Sub-lease Arrangements, and MMSB shall not in the future institute any proceedings and/or action against PCSB in relation to the Sub-lease Arrangements.

The amount of RM10.4 million was fully paid by PCSB to MMSB on 2 March 2023.

- (vi) Tenancy Agreement dated 29 March 2024 between Guizhou Shenqi Parkson Retail Development Co., Ltd. (“Sub-Tenant”) (an indirect 60% owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad), Guizhou Longgang Commercial Operation Management Co., Ltd. (“Tenant A”), an indirect wholly-owned subsidiary of Guizhou Shenqi Enterprise Co., Ltd. (“Guizhou Shenqi Enterprise”), and Guizhou Yuncui Property Management Co., Ltd. (“Tenant B”) in respect of the sub-lease of Basement Level 1, and Level 1 to Level 4 in Longgang International Center, 117 Zhonghua Middle Road, Guiyang City, Guizhou Province, the People’s Republic of China for a term of up to 15 years and 7 months (“Term”) commencing from the date of commencement of the 7-month renovation period, which shall be no later than 30 April 2024 (“Renovation Period”), at the guaranteed rental or percentage rental payable by the Sub-Tenant where:
- (a) Tenant A shall be entitled to 37.5% of the total guaranteed rental or calculated percentage rental ranging from 2% to 5% of the net sales (after tax) of the Sub-Tenant (whichever is the higher); and
 - (b) Tenant B shall be entitled to 62.5% of the total guaranteed rental only.

The total guaranteed rental are as follows:

- (a) for the first year of the Term (i.e. the Renovation Period plus 5 months thereafter), it shall be Rmb3,333,333.33 (including tax) (equivalent to approximately RM2.2 million), payable monthly in 5 instalments, after the Renovation Period; and
- (b) for the second year of the Term (i.e. from the sixth month after the end of the Renovation Period) and onwards, it shall be Rmb8 million (including tax) (equivalent to approximately RM5.3 million) per annum, payable monthly in arrears.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, neither Parkson nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Parkson and/or its subsidiaries and the Directors have no knowledge of any proceedings pending or threatened against Parkson and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position of Parkson and/or its subsidiaries:

- (i) Parkson (Cambodia) Co., Ltd. (“PCCO”) (an indirect wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) had on 15 November 2018, served a notice of arbitration on Hassan (Cambodia) Development Co., Ltd (“Cambodia Lessor”) to commence arbitration before the Singapore International Arbitration Centre (“SIAC”) (“SIAC Arbitration”).

PCCO’s plan to open a new store in Cambodia (“Premises”) has been plagued by prolonged delays in the completion and handing over of the Premises by the Cambodia Lessor. Pursuant to the terms of the Lease Agreement dated 21 April 2016 (“Lease Agreement”), the Cambodia Lessor was to have completed and handed over the Premises to PCCO on or before 31 December 2016. As the Cambodia Lessor had failed to hand over the Premises by the stipulated deadline, PCCO had on 3 January 2017 notified the Cambodia Lessor of its breaches under the Lease Agreement and commenced discussions with the Cambodia Lessor for the latter to remedy the same.

Following failure by the Cambodia Lessor to remedy its breaches, PCCO had on 4 April 2017 terminated the Lease Agreement (“Termination”) by serving notice to the Cambodia Lessor. In connection with the Termination, PCCO notified the Cambodia Lessor to make full refunds of the security deposit and advance rental amounts previously paid by PCCO to the Cambodia Lessor, and reserved its rights to bring further claims against the Cambodia Lessor, which include without limitation, claims for the costs and expenses incurred by PCCO arising from or in connection with the Lease Agreement. However, the Cambodia Lessor has refused to provide the said refunds requested by PCCO and instead, raised objections to PCCO’s right to terminate the Lease Agreement by contesting the validity of the Termination and making further counterclaims.

Singapore Arbitration

On 29 March 2019, the Cambodia Lessor applied to the SIAC for a ruling that the SIAC Arbitration lacks jurisdiction to determine PCCO’s claim against the Cambodia Lessor (“Cambodia Lessor Arbitration Jurisdictional Challenge”). On 8 August 2019, the SIAC Arbitration dismissed the Cambodia Lessor Arbitration Jurisdictional Challenge.

The SIAC Arbitration hearing was completed on 26 May 2020. On 14 September 2020, the SIAC Arbitration issued a final award (“SIAC Award”) wherein the SIAC Arbitration found, *inter alia*, that the Lease Agreement was lawfully terminated by PCCO, and ordered the Cambodia Lessor to pay to PCCO approximately SGD10,641,471 (equivalent to approximately RM37.4 million), which included:

- (a) security deposit of USD2,463,750 (equivalent to approximately SGD3,363,167 or RM11.8 million);
- (b) advance rental of USD2,025,000 (equivalent to approximately SGD2,764,247 or RM9.7 million);
- (c) costs and expenses incurred by PCCO of USD2,692,253 (equivalent to approximately SGD3,675,087 or RM12.9 million) which has been wasted as a result of the Lessor’s breach of the Lease Agreement; and
- (d) costs and expenses of the SIAC Arbitration, and legal fees and various disbursements and expenses incurred in connection with the arbitration proceedings of approximately SGD838,970 (equivalent to approximately RM3.0 million).

Court Proceedings in Cambodia

Even though the disputes between PCCO and the Cambodia Lessor in relation to the Lease Agreement were before the SIAC Arbitration in Singapore, the Cambodia Lessor had on 12 December 2018, filed a petition (“Case No. 2577”) in the Phnom Penh Municipal Court of First Instance (“PPMCFI”). On 3 May 2019, PCCO filed a motion to challenge the jurisdiction of the PPMCFI to hear the Case No. 2577 and, when such motion was dismissed by the PPMCFI, PCCO filed an appeal to the Cambodian Appellate Court against the dismissal decision on 5 July 2019 (“Appeal on Jurisdictional Challenge”). On 25 October 2019, the Cambodian Appellate Court dismissed the Appeal on Jurisdictional Challenge.

PCCO then filed a motion dated 29 November 2019 in the PPMCFI to transfer the Case No. 2577 to SIAC Arbitration jurisdiction (“Motion on Transfer”). On 16 December 2019, the PPMCFI dismissed the Motion on Transfer. On 24 December 2019, PCCO filed an appeal to the Cambodian Appellate Court against the dismissal of the Motion on Transfer (“Appeal on Transfer”). The Appeal on Transfer was fixed for hearing on 22 April 2020.

On 22 April 2020, PCCO’s Cambodia lawyers were informed that on 27 March 2020, the PPMCFI granted default judgement against PCCO in the Case No. 2577 (“Default Judgement”) to, *inter alia*:

- (a) forfeit the security deposit and all advance rental payments paid by PCCO to the Cambodia Lessor amounting to USD4,488,750 (equivalent to approximately RM21.5 million); and
- (b) order PCCO to pay damages of USD144,504,960 (equivalent to approximately RM690.7 million) to the Cambodia Lessor, being the rental fee for the whole period of the lease under the Lease Agreement.

On 22 April 2020, the Appeal on Transfer was heard by the Cambodian Appellate Court. On 29 April 2020, the Cambodian Appellate Court dismissed the Appeal on Transfer substantially on grounds that the PPMCFI granted the Default Judgement.

On 4 May 2020, PCCO filed a petition to the PPMCFI to set aside the Default Judgement.

On 19 May 2020, PCCO’s Cambodia lawyers received summons from the PPMCFI requiring PCCO to attend a pre-trial for the Case No. 2577 on 26 May 2020. PCCO’s Cambodia lawyers advised that in PPMCFI issuing summons for PCCO to attend the pre-trial for the Case No. 2577, the PPMCFI has agreed to hear PCCO’s petition to set aside the Default Judgement. After the pre-trial and subsequent hearing for the Case No. 2577, the PPMCFI will decide whether to (a) uphold the Default Judgement or (b) dismiss the Default Judgement (either partly or wholly).

On 21 May 2020, PCCO filed a motion to challenge the presiding judge to hear the Case No. 2577 (“Motion to Challenge Presiding Judge”). On 9 June 2020, the PPMCFI dismissed the Motion to Challenge Presiding Judge. On 26 June 2020, PCCO filed an appeal against dismissal of Motion to Challenge Presiding Judge to the Cambodian Appellate Court (“Appeal Motion to Challenge”). On 11 November 2020, the Cambodian Appellate Court dismissed the Appeal Motion to Challenge.

The hearing date for Case No. 2577 has yet to be fixed by the PPMCFI.

Civil Case No. 183 dated 1 December 2020 of the Cambodian Appellate Court

On 27 November 2020, PCCO applied for the recognition and enforcement of the SIAC Award to the Cambodian Appellate Court (“PCCO Application on SIAC Award”).

The PCCO Application on SIAC Award was heard on 10 November 2021. The decision on the PCCO Application on SIAC Award will be on a date to be fixed by the Cambodian Appellate Court.

- (ii) On 23 December 2019, Parkson Corporation Sdn Bhd (“PCSB”) (a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) was served with a Writ and the Statement of Claim both dated 13 December 2019 (“Suit”). The Suit was initiated by PKNS-Andaman Development Sdn Bhd (“PKNS”) in relation to premises let to PCSB within a mall known as “EVO Shopping Mall” (“Demised Premises”).

PKNS, the landlord of the Demised Premises, had alleged that PCSB had failed to observe its obligation to pay rental for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 entered into between PCSB and PKNS (“Tenancy Agreement”) and accordingly, PKNS was claiming for, amongst others, the following reliefs:

- (a) payment by PCSB of RM3,659,172 to PKNS, being the accrued monthly rental from 2 April 2018 to 2 December 2019, and thereafter at the rate of RM182,958 per month until the return of the Demised Premises to PKNS;
- (b) as an alternative to item (a) above, payment by PCSB of RM3,842,131 to PKNS, being the accrued monthly rental from 27 February 2018 to 27 November 2019, and thereafter at the rate of RM182,958 per month until the return of the Demised Premises to PKNS;
- (c) payment by PCSB of RM1,859,600 to PKNS, being the renovation cost contributed by PKNS towards the Demised Premises;
- (d) interest upon the judgement debt at the rate of 5% per annum from the date of the Writ and Statement of Claim until the date of judgement;
- (e) interest upon the judgement debt at the rate of 5% per annum from the date of judgement until date of full settlement;
- (f) PCSB to duly return the vacant possession of the Demised Premises to PKNS in the original condition and/or PCSB to return vacant possession of the Demised Premises to PKNS within 14 days from the date of judgement; and
- (g) costs of proceedings to be paid by PCSB to PKNS

(collectively be referred to as the “Reliefs”).

On 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (a) discloses no reasonable cause of action; (b) is scandalous, frivolous and vexatious; and/or (c) is an abuse of process of the court.

On 29 January 2021, the High Court of Malaya (“Court”) allowed PCSB’s application to strike out the Suit and had accordingly struck out the Suit with costs of RM7,000 to be paid by PKNS to PCSB.

On 16 February 2021, PCSB received a notice of appeal from PKNS that PKNS had filed an appeal against the decision given by the Court on 29 January 2021 allowing PCSB’s striking out application (“Appeal”).

On 21 March 2023, the Court of Appeal allowed the Appeal and directed for the matter to proceed with trial at the Court.

On 8 June 2023, PKNS filed an application with the Court to amend, amongst others, the Reliefs in its Statement of Claim (“Amendment Application”) with the Court as follows:

- (a) payment by PCSB of RM10,965,712 to PKNS, being the accrued monthly rental from 2 April 2018 to June 2023, and thereafter at the rate of RM182,958.60 per month until full settlement of total outstanding rental;
- (b) as an alternative to item (a) above, payment by PCSB of RM11,722,419 to PKNS, being the accrued monthly rental from 27 February 2018 to June 2023, and thereafter at the rate of RM182,958.60 per month until full settlement of total outstanding rental; and
- (c) PCSB is to pay total outstanding monthly rental to PKNS within 14 days from the date of judgement.

Items (c), (d), (e) and (g) of the Reliefs continue to remain unchanged in PKNS’s claim.

On 18 August 2023, the Court allowed the Amendment Application upon which PKNS had on 6 September 2023, served PCSB with an Amended Writ and Amended Statement of Claim, both dated 3 September 2023. PCSB had filed its amended Statement of Defence on 19 September 2023. Trial dates were fixed on 30 to 31 May 2024, 28 June 2024 and 1 July 2024.

PCSB maintains its position that no rental is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS’s act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rental without satisfying the conditions precedent is unlawful.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders of the Company at the Registered Office of the Company at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan during normal business hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 40th AGM:

- (i) Constitution of the Company;
- (ii) Audited consolidated financial statements of the Company for the past 2 financial years ended 31 December 2022 and 2023;
- (iii) Material contracts referred to in Section 2 of this Appendix; and
- (iv) The relevant cause papers in respect of the material litigations referred to in Section 3 of this Appendix.