

Extract of the Minutes of the Extraordinary General Meeting of the Company held virtually at the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 21 December 2021 at 10.00 am.

1. OPENING

At the outset, the Chairman welcomed all to the Meeting and introduced the Directors and the Secretary present at the Broadcast Venue and the other Directors who joined remotely through live streaming.

The Chairman further informed that no photography, screenshot, or any form of audio or video recording was allowed of the Meeting.

2. QUORUM

The Chairman informed that he had been advised that more than 50 attendees had logged in to the Securities Services e-Portal and there being a quorum present, the Chairman duly called the Meeting to order.

3. NOTICE OF MEETING

The Chairman explained that the Notice convening the Meeting together with the Circular to Shareholders had been made available for download from the website of the Company since 29 November 2021 and as such, the Notice was taken as read.

4. PROCEEDINGS OF MEETING

Before proceeding with the only item on the Agenda, the Chairman informed that in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Constitution of the Company, the Special Resolution tabled at the Meeting would be voted upon by way of a poll.

The Chairman further informed that the Company had appointed SS E Solutions Sdn Bhd as the Poll Administrator to conduct the remote voting and polling process, and Commercial Quest Sdn Bhd as the Independent Scrutineers to verify the results of the poll.

The Chairman explained that the Question and Answer session (“Q&A Session”) on questions submitted by Shareholders would be addressed after going through the agenda item, and that the Board would endeavour to respond to all questions relevant to the agenda item.

The step-by-step guide on the on-line voting within the e-Portal (“Online Voting Guide”) was presented to guide Shareholders on the online voting facility which had been accessible since the start of the Meeting.

5. PROPOSED SHARE CAPITAL REDUCTION

The Special Resolution in respect of the proposed reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which was lost or unrepresented by available assets pursuant to Section 116 of the Companies Act 2016 (“Proposed Share Capital Reduction”) was tabled to the Shareholders for approval.

The Chairman then invited Mr Denis Lim representing Mercury Securities to brief on the Proposed Share Capital Reduction covering the following:

- (i) the details including the RM2.0 billion issued share capital to be reduced, utilisation of crediting arising therefrom which would be utilised to reduce the accumulated losses of the Company and the Group, effects on the reference share price and the total number of issued ordinary shares in the Company (“Shares”) held by the Shareholders, and the effective date;
- (ii) the effects on the earnings, earnings per share, net assets (“NA”), NA per Share and gearing of the Company as well as the substantial shareholders’ shareholding in the Company; and
- (iii) the rationale where the financial position of the Company and the Group would be rationalised by reducing the accumulated losses and the credibility be enhanced.

6. QUESTION AND ANSWER SESSION

The Chairman handed over the Chair to Ms Cheng Hui Yen, Natalie, the Executive Director, to chair the Q&A Session on questions received via real time submission.

Comments and enquiries were received on the Proposed Share Capital Reduction as well as the following areas of observations (“Questions”):

- (i) the Group’s retail operations locally and globally in the Southeast Asian region and China including its strategies and challenges; finances particularly the possibility of dividend payment, profitability and cash flow; and the prospects;
- (ii) the private placement of 25 million new Shares at RM0.185 per Share (“Private Placement”), the listing of which was announced by the Company on 17 December 2021;
- (iii) the ongoing legal proceedings involving (a) Parkson Vietnam Co., Ltd. (“PVC”), an indirect subsidiary of the Company, and the landlord of PVC’s leased premises in Da Nang, Vietnam; and (b) Parkson (Cambodia) Co., Ltd., an indirect subsidiary of the Company, and Hassan (Cambodia) Development Co., Ltd., the lessor of the store premises in Phnom Penh, Cambodia (collectively, the “Legal Proceedings”), announced by the Company;
- (iv) the land use rights of the landed assets and properties of the Group’s operation in China and the occupancy arrangement of the retail stores in China;
- (v) the Group’s main investment securities; and
- (vi) the poor performance of Parkson Retail Asia Limited (“PRA”), a subsidiary of the Company, which was made worse by the COVID-19 pandemic, affecting the Group’s consolidated performance, and the steps taken to turn around PRA.

On the questions relating to the Proposed Share Capital Reduction, the Principal Adviser reiterated that the Proposed Share Capital Reduction entailed the reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which was lost or unrepresented by available assets and that it would not result in any adjustment to the reference share price of the Company nor give rise to any change in the existing total number of issued Shares held by the Shareholders.

Ms Natalie Cheng and the Management further addressed the other Questions as follows:

- (i) The declaration of dividend would depend on the Group's future profitability and financial position.
- (ii) The Group would continue to consolidate its operations and going forward, be more selective in making new investments.
- (iii) Among the challenges faced by the Group were operating under the COVID-19 pandemic which had eventually resulted in new norm shopping behaviour of consumers coupled with the increased operating costs.
- (iv) On the Group's sustainable growth and profitability going forward, the Group had been practicing prudent concept of managing its retail operations and had gradually closed non-performing stores in the past 3 years. Apart from that, the Group would take extra caution and be more prudent in assessing its investments in new stores and would focus on the Group's performance in term of profitability.
- (v) The proceeds of RM4.625 million raised from the Private Placement to an external party investor not related to the substantial shareholders of the Company, would be utilised to fund part of the Group's working capital requirements to support its existing business in view that the Group had been facing cash flow constraint due to the prolonged pandemic. Notwithstanding the cash constraints, the Group was comfortable with the current gearing level.
- (vi) As announced by the Company, the Group had made partial provision on the liabilities arising from the Legal Proceedings.
- (vii) The Group's operation in China possessed the land use rights of its landed assets and properties whilst occupancy of majority of its retail stores was on a lease basis.
- (viii) The Group's investment securities comprised mainly wealth management products in China.
- (ix) PRA's performance which was mainly contributed by Parkson Malaysia operated on a relatively low profit margin and hence, operating costs must be maintained at a low level to improve profitability while cash position was to be conserved to improve liquidity. In this regard, Parkson Malaysia had continued to undertake cost-cutting exercise and managed to maintain cost at a comfortable level.

Ms Natalie Cheng further explained that as the Company had changed its financial year end from June 2021 to December 2021, no annual general meeting ("AGM") would be held in 2021 and that the next AGM would be held no later than 30 June 2022.

After having addressed all relevant questions, Ms Natalie Cheng passed the Chair back to the Chairman.

7. POLLING PROCESS

After having addressed all relevant questions posted at the Meeting via real time submission, the Chairman shared again the Online Voting Guide to guide Shareholders on the online voting in respect of the Proposed Share Capital Reduction.

For proper and orderly conduct of the poll, the Chairman allocated another 10 minutes for Shareholders to cast their votes after which, voting was closed for the Independent Scrutineers to verify the poll results.

8. DECLARATION OF POLL RESULTS AND FURTHER Q&A SESSION

8.1 At 10.43 am, the Chairman welcomed all back to the Meeting. The Chairman addressed further enquiries on the Group's operations in Indonesia, Cambodia and China, the Group's prospects and the online retail market, and informed that:

- (i) The Group had ceased its operations in Indonesia in May 2021 as the operations were largely disrupted by the prolonged COVID-19 pandemic resulting in continuous losses with the significant decline in revenue.
- (ii) The Group did not operate any retail stores in Cambodia.
- (iii) The retail scene in China had seen encouraging recovery in tandem with the reduced impact from COVID-19 pandemic and hence, Parkson China had registered satisfactory improvement in revenue growth and profitability. It was hopeful that 2022 would be a better year for the Group's retail operations.
- (iv) The Group was striving to seize opportunities offered by e-commerce and to improve its online and offline sales. The return on online retailing was not expected to be favourable and hence, Parkson Malaysia was taking cautious steps in moving into online retail market.

The Management of Parkson Malaysia further added that while online retailing was the existing trend and format of retail market, department stores worldwide had continued to survive. In comparing the online business in China and Malaysia, retailers must have products that were unique and acquired advantage over pricing to have an upper hand on online business.

The Chairman then invited the representative of the Independent Scrutineers, Puan Nurhayati binti Sopian, to read the poll results. The poll results in respect of the Special Resolution were as follows:

| Special Resolution | Vote in favour | | Vote Against | |
|----------------------------------|----------------|---------|---------------|--------|
| | No. of Shares | % | No. of Shares | % |
| Proposed Share Capital Reduction | 684,011,973 | 99.9773 | 155,199 | 0.0227 |

- 8.2** Based on the results of the poll, the Chairman declared the following Special Resolution duly carried:

Special Resolution - Proposed Share Capital Reduction

THAT, subject to all approvals being obtained from the relevant authorities, where required, and the confirmation by the High Court of Malaya pursuant to Section 116 of the Companies Act 2016, approval be and is hereby given for the Directors of the Company to implement the proposed reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which is lost or unrepresented by available assets (“Proposed Share Capital Reduction”) and that the credit arising from such issued share capital reduction shall be utilised to set off the accumulated losses of the Company.

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