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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 38th 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 on Wednesday, 25 May 2022 at 10.30 am. Shareholders are advised to refer to the Notice of the 38th Annual General Meeting and the Form of Proxy set out in the 2021 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, 23 May 2022 at 10.30 am.

This Circular is dated 26 April 2022

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
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 2021 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
2021 Shareholders' Mandate	: The shareholders' mandate obtained on 25 November 2020 for the Parkson Group to enter into recurrent related party transactions from 25 November 2020 to 31 December 2021

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
Ceemax Electronics	: Ceemax Electronics Sdn Bhd
Compact Energy	: Compact Energy 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
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
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

Companies

LLB Steel	: LLB Steel Industries Sdn Bhd
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
Singa Logistics	: Singa Logistics 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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Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Registered Office:

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

26 April 2022

Directors:

Tan Sri Cheng Heng Jem (*Chairman and Managing Director*)
Cheng Hui Yen, Natalie (*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 25 November 2020, the Company obtained the 2021 Shareholders' Mandate for recurrent related party transactions at the 37th AGM in accordance with paragraph 10.09 of Chapter 10 of the Listing Requirements.

Pursuant to the Listing Requirements, the 2021 Shareholders' Mandate expired on 31 December 2021 being the expiration of the period within which the next AGM was required to be held pursuant to the Act.

On 23 February 2022, the Board announced that the Company proposes to procure a renewal of the 2021 Shareholders' Mandate from its Shareholders for the Recurrent Transactions at the 38th 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 38th 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 on Wednesday, 25 May 2022 at 10.30 am and at any adjournment thereof.

Disclosure has been made in the 2021 Annual Report of the Company on the breakdown of the aggregate value of transactions conducted pursuant to the 2021 Shareholders' Mandate during the 18-month financial period ended 31 December 2021, 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 2021 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 38th 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, Malaysia and Vietnam, 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 2021 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 38th 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) which each has 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 2022 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 2022 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 2022 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 2022 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 2022.
- (2) Spouse of Tan Sri Cheng Heng Jem and mother of Cheng Hui Yen, Natalie.
- (3) Sister-in-law 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⁾	2021 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	567

None of the actual value transacted pursuant to the 2021 Shareholders' Mandate exceeded the estimated value disclosed to the Shareholders in the Circular in relation to the 2021 Shareholders' Mandate.

Notes:

- (1) The estimated value from the date of the 38th AGM to the next AGM to be held by end June 2023 is based on the aggregate amount over a 12-month period ended 31 December 2021 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 2021 Shareholders' Mandate.
- (3) The actual value transacted from the date on which the 2021 Shareholders' Mandate was obtained up to 31 December 2021.
- (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 2021, 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 38th 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 38th 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 38th 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 38th AGM.

8. AGM

The 38th AGM, as convened by the Notice incorporated in the 2021 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 on Wednesday, 25 May 2022 at 10.30 am.

The 2021 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 2022

(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, Ceemax Electronics, Sims, Narajaya, Haber, LICB, AMSB, Projek Jaya, Posim Marketing, Posim Petroleum, Singa Logistics, LDHB, LDH Mgmt, Teraju Varia, Lion DRI, Graimpi, Andalas, Lion Tooling, Secom, Compact Energy, Ributasi and Likom Computer. 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.

(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 Ceemax Electronics.

(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 : Nil

(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, Singa Logistics and Compact 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, Singa Logistics and Compact 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, Singa Logistics and Compact 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 2022

	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) Tenancy Agreement dated 1 June 2020 between Nanning Brilliant Parkson Commercial Co., Ltd. (an indirect wholly-owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Wuzhou Sankee Investment Co., Ltd. in respect of the tenancy of the first to fourth floors above ground level of Sunshine 100 Sankee City, No. 62 Hubin Road, Changzhou District, Wuzhou City in Guangxi Zhuang Autonomous Region, the People's Republic of China ("Property") for a term of 20 years from the date of commencement of business of the Property at the total rental (inclusive of tax) comprising the following:
 - (a) fixed rental of a total of approximately Rmb1.94 million (equivalent to approximately RM1.3 million) for the first to third year;
 - (b) percentage rental for the fourth to fifth year; and
 - (c) guaranteed rental or percentage rental for the year (whichever's amount is larger) for the sixth to twentieth years, where the guaranteed rental shall be approximately Rmb15.77 million (equivalent to approximately RM10.6 million) per year for the sixth to eighth year, approximately Rmb17.74 million (equivalent to approximately RM11.9 million) per year for the ninth to eleventh year, approximately Rmb19.96 million (equivalent to approximately RM13.4 million) per year for the twelfth to fourteenth year, approximately Rmb22.45 million (equivalent to approximately RM15.0 million) per year for the fifteenth to seventeenth year, and approximately Rmb25.26 million (equivalent to approximately RM16.9 million) per year for the eighteenth to twentieth year.
- (ii) Agreement dated 29 July 2020 between Parkson Credit Holdings Sdn Bhd (a wholly-owned subsidiary of Prime Yield Holdings Limited which is in turn a wholly-owned subsidiary of Parkson Holdings Berhad) as the vendor and Oroleon (Hong Kong) Limited (an indirect wholly-owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) as the purchaser for the disposal by Parkson Credit Holdings Sdn Bhd to Oroleon (Hong Kong) Limited of the remaining 30% equity interest comprising 9,000,000 ordinary shares in Parkson Credit Sdn Bhd at a cash consideration of RM26 million.

- (iii) Joint Venture Cooperation Agreement dated 15 October 2020 (“Joint Venture Cooperation Agreement”) between Shanghai Shengrui Commercial Management Co., Ltd. (“Shanghai Shengrui”) (a then indirect wholly-owned subsidiary of Parkson Retail Group Limited (“PRGL”) which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Hongxiang Real Estate Co., Ltd. (“Hongxiang Real Estate”) (a wholly-owned subsidiary of Hongxiang Holding Group Co., Ltd.) to establish the joint venture to jointly locate suitable land resources within Jiaxing City of Zhejiang Province in the People’s Republic of China (“PRC”) for future development and construction of properties on such land resources (“Joint Venture”).

Pursuant to the Joint Venture Cooperation Agreement, Shanghai Shengrui and Hongxiang Real Estate had jointly set up Jiaxing Gold Lion Real Estate Development Co., Ltd. (“Jiaxing Gold Lion Real Estate”), which was then held as to 22.5% by Shanghai Shengrui and 77.5% by Hongxiang Real Estate, after the successful bidding of the land use rights of the land located at the east of Qingfeng Road Green Belt Area, south of Guangze Road, west of Yundong Road and north of Zuili Road Green Belt Area, Jiaxing City of Zhejiang Province in the PRC with a total site area of 130,294 square metres for commercial and residential purposes.

As suitable plots of land to be used for commercial and retail purposes could not be identified, following arm’s length negotiations between the parties to the withdrawal framework agreement dated 6 September 2021, namely Parkson Investment Holdings Co., Ltd. (an indirect wholly-owned subsidiary of PRGL), Shanghai Yuehuanshu Enterprise Management Co., Ltd., Hongxiang Real Estate, Shanghai Shengrui, Jiaxing Gold Lion Real Estate and Jiaxing Lion Retail Management Co., Ltd. (an indirect wholly-owned subsidiary of PRGL), to implement the withdrawal by PRGL and its subsidiaries from the Joint Venture.

- (iv) Conditional Asset Transfer Agreement dated 27 July 2020 (“SPA”) between Parkson Haiphong Co., Ltd. (“PHCL”) (an indirect wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Thuy Duong Construction & Trading Joint Stock Company (“Purchaser”) pursuant to which PHCL had agreed to sell, and the Purchaser had agreed to purchase, the whole retail podium of Parkson TD Plaza Shopping Center, a mixed commercial and residential development located at Nga Nam New Urban Area, Cat Bi Airport, Dong Khe Ward, Ngo Quyen District, Hai Phong City, Vietnam, according to the certificates of land use rights, ownership of houses and other attached assets issued by the Department of Natural Resources and Environment of Haiphong City, at the consideration in Vietnamese Dong (“VND”) equivalent to USD10 million (equivalent to approximately RM43.1 million) (“Consideration”) (“Disposal”).

PHCL and the Purchaser had subsequently, entered into an Amended and Restated SPA dated 8 February 2021 to, among others, amend certain terms in the SPA whereby PHCL and the Purchaser had proceeded with the Disposal at the Consideration of VND228,800,000,000 (equivalent to approximately RM43.1 million) based on, amongst others, a revised mode of satisfaction of the Consideration.

On 16 June 2021, PHCL and the Purchaser had entered into an addendum to the Amended and Restated SPA whereby parties had further agreed, amongst others, on the payment terms relating to the remaining Consideration.

- (v) Supplemental Lease Agreement dated 23 December 2020 (“Supplemental Lease Agreement”) between Xi’an Lucky King Parkson Plaza Co., Ltd. (an indirect wholly-owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Lucky King (Xi’an) Real Estate Development Co., Ltd. in respect of the tenancy of the relevant parts on (a) the second to fifth floors of the Southern District; and (b) the second to fifth floors of the Northern District of Lucky King International Shopping Mall, No. 59 Jinhua South Road, Beilin District, Xi’an City, the People’s Republic of China for a term of 15 years commencing from 24 April 2021 and expiring on 23 April 2036 at a guaranteed rental payable on a monthly basis at a fixed rate of Rmb16 million (equivalent to approximately RM10.7 million) per year or the percentage rental calculated in accordance with the Supplemental Lease Agreement, whichever amount is the higher.
- (vi) Tenancy Agreement dated 11 July 2021 between Jiangxi Parkson Shopping Centre Management 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 Yichun Hong Lin Hotel Co., Ltd. (“Landlord”) in respect of the tenancy of the first to fourth floors above ground level of Hong Lin World City, No. 8 Fubei Road, Yichun City, Jiangxi Province, the People’s Republic of China and some shops situated at the Hong Lin World City (“Property”) for a term of 20 years from the date on which the Landlord shall deliver the Property to the Tenant, which was tentatively set on 1 March 2022 and no later than 180 days after the said tentative delivery date, at the rental (inclusive of tax) payable on a quarterly basis of Rmb11.99 million (equivalent to approximately RM8.0 million) for the first year, Rmb5.99 million (equivalent to approximately RM4.0 million) per year for the second to fifth year, Rmb12.59 million (equivalent to approximately RM8.4 million) for the sixth to seventh year, Rmb13.60 million (equivalent to approximately RM9.1 million) per year for the eighth to tenth year, Rmb14.27 million (equivalent to approximately RM9.6 million) per year for the eleventh to thirteenth year, Rmb14.99 million (equivalent to approximately RM10.0 million) per year for the fourteenth to sixteenth year, Rmb15.74 million (equivalent to approximately RM10.5 million) per year for the seventeenth to nineteenth year and Rmb16.52 million (equivalent to approximately RM11.1 million) for the twentieth year.
- (vii) Facility Agreement dated 6 December 2021 (“Facility Agreement”) between Parkson Retail Group Limited (“PRGL”) (an indirect subsidiary of Parkson Holdings Berhad) with a syndicate of banks, as lenders, in relation to a syndicated term loan facility in an aggregate amount of up to HKD2,700,000.00 (equivalent to approximately RM1,485 million) (“Loan Facility”) for a term of 36 months commencing from the first drawdown date. The Loan Facility is to refinance the existing loans and ultimately for general corporate and working capital needs of the PRGL Group. The Facility Agreement, imposes, among others, a specific performance obligation on certain controlling shareholders of PRGL. Pursuant to the Facility Agreement, Y. Bhg. Tan Sri Cheng Heng Jem (together with his wife, Y. Bhg. Puan Sri Chan Chau Ha @ Chan Chow Har, who is deemed to be interested in Y. Bhg. Tan Sri Cheng Heng Jem’s interest in PRGL) shall remain the largest ultimate beneficial owner of PRGL (“Controlling Shareholder”). As at 6 December 2021, the Controlling Shareholder was interested in approximately 54.97% of the issued share capital of PRGL. In the event the Controlling Shareholder ceases to be the largest ultimate beneficial owner of PRGL, all outstanding advances and all interests accumulated thereon, and all or any other sums payable by PRGL under the Facility Agreement will be declared as immediately due and payable, and the total commitment under the Facility Agreement will be cancelled.

- (viii) New Lease Agreement dated 22 February 2022 between Shanxi Parkson Retail Development Co., Ltd. (Datong Branch) (“Tenant”) (an indirect wholly-owned subsidiary of Parkson Retail Group Limited which is in turn an indirect subsidiary of Parkson Holdings Berhad) and Datong Yangguangjiaye Real Estate Development Co., Ltd. (“Landlord”) in respect of the relevant parts on the fifth and sixth floors of Kind Family Mall, Yongtai South Road, Datong City, Shanxi Province, the People’s Republic of China, excluding the parts leased to and occupied by Wanda Cinemas (“Property”) for a term commencing from the date on which the Landlord shall deliver the Property to the Tenant, which was tentatively set on 1 April 2022, to 11 July 2033 (“Term”) at the daily rental (inclusive of tax) payable of Rmb2.20 (equivalent to approximately RM1.50) per square metre (inclusive of property management fee of Rmb0.66 (equivalent to approximately RM0.40) per square metre) subject to 8% increment every 3 years during the Term. The rental and property management fee are payable annually within the Term.

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 RM33.5 million), which included:

- (a) security deposit of USD2,463,750 (equivalent to approximately SGD3,363,167 or RM10.6 million);
- (b) advance rental of USD2,025,000 (equivalent to approximately SGD2,764,247 or RM8.7 million);
- (c) costs and expenses incurred by PCCO of USD2,692,253 (equivalent to approximately SGD3,675,087 or RM11.6 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 RM2.6 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 RM19.3 million); and

- (b) order PCCO to pay damages of USD144,504,960 (equivalent to approximately RM622.8 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 now be on a date to be fixed by the Cambodian Appellate Court.

- (ii) 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) had on 8 May 2019, served a notice of lease termination to Millennium Mall Sdn Bhd ("MMSB") to terminate the Agreement to Sub-Lease dated 18 June 2015 entered into between PCSB and MMSB ("Sublease Agreement") for the lease by PCSB of part of MMSB's shopping mall known as "M Square Mall" ("M Square Outlet"). PCSB had on 30 June 2019, ceased the operations of the M Square Outlet.

PCSB had on 17 July 2019, received a statutory notice pursuant to Section 466(1)(a) of the Companies Act 2016 ("Statutory Notice") from MMSB claiming for an amount of RM1,498,846.65 in alleged outstanding rental and late payment charges.

Subsequent to the Statutory Notice, PCSB had also received a legal letter of demand dated 22 July 2019 from MMSB alleging wrongful termination of the Sublease Agreement and claiming an aggregate amount of RM77,835,713.13 in respect of reinstatement costs, rental charges for the entire lease period, double rental and ancillary charges ("Claims"). On 1 August 2019, PCSB had replied to MMSB disputing the Claims.

In response to the Statutory Notice, PCSB had on 29 July 2019 filed a Fortuna Injunction (“Fortuna Injunction”) to restrain any filing of a winding-up petition by MMSB against PCSB, which if granted, would effectively suspend the legal effect of the Statutory Notice. On 19 September 2019, MMSB’s solicitors had given an undertaking to the High Court of Kuala Lumpur (“Court”) that it would not file any winding-up petition against PCSB until after a decision was made by the Court on the Fortuna Injunction.

On 27 September 2019, the Court had decided in favour of PCSB as follows:

- (a) the service of the Statutory Notice by MMSB on PCSB under the threat of winding-up and/or any filing of a winding-up petition by MMSB against PCSB constitutes an abuse of process of Court;
- (b) MMSB, whether by itself, its directors, officers, servants, agents, nominees or any of them and/or in any way, was restrained by an injunction from acting on the Statutory Notice and from filing and/or presenting a winding-up petition against PCSB pursuant to the Statutory Notice, on the condition that PCSB does initiate either an arbitration proceeding or legal proceeding against MMSB within 30 days from 27 September 2019, being the date of the decision; and
- (c) MMSB was ordered to reimburse or pay PCSB an amount of RM10,000 for legal costs.

On 1 October 2019, MMSB had filed an appeal against the decision of the Court.

On 24 October 2019, PCSB had commenced arbitration proceeding against MMSB (“Arbitration Proceeding”) by serving the notice of arbitration dated 24 October 2019 on MMSB. The Arbitration Proceeding primarily relates to MMSB’s default in making payment to PCSB in the sum of approximately RM2.2 million, which arose from the sub-lease arrangements between PCSB and MMSB.

On 8 November 2019, PCSB had received:

- (a) MMSB’s answers dated 7 November 2019 to PCSB’s Notice of Arbitration through its solicitors disputing the claim by PCSB for the sum of approximately RM2.2 million, and had requested the Arbitral Tribunal to dismiss PCSB’s claim in its Notice of Arbitration of 24 October 2019 and for PCSB to pay all of MMSB’s arbitration costs on a full indemnity basis; and
- (b) a Notice of Arbitration dated 7 November 2019 from MMSB (“MMSB’s Notice of Arbitration”) claiming against PCSB for, amongst others, the following reliefs:
 - costs of reinstatement of the demised premises in the sum of RM57,648,870;
 - declaration by the Arbitral Tribunal that PCSB had breached the Sublease Agreement and/or the settlement agreement/letters;
 - declaration by the Arbitral Tribunal that the termination notice dated 27 June 2019 issued by MMSB to PCSB is valid and lawful;
 - rent for the unexpired initial lease term under the Sublease Agreement in respect of the lease period from 3 September 2019 to 14 January 2024 in the sum of RM18,337,768;

- double rental in the sum of RM666,666 per month from 3 September 2019 until delivery of vacant possession of the reinstated demised premises to MMSB; and
- interest on the damages and costs of proceeding.

On 5 December 2019, PCSB replied to the MMSB's Notice of Arbitration disputing all of the claims by MMSB in the MMSB's Notice of Arbitration.

On 30 November 2020, MMSB filed Notice of Discontinuance in relation to its appeal to the Court of Appeal against the decision of the Court on 27 September 2019 ordering a Fortuna Injunction.

On 2 April 2021, PCSB received a Writ and Statement of Claim both dated 24 March 2021 ("Suite 2021") filed by MMSB in relation to an alleged breach of a settlement agreement which MMSB alleged was purportedly entered into between PCSB and MMSB on 21 July 2020. MMSB was claiming for, amongst others, the following reliefs:

- RM57,648,870 as cost of restoration;
- RM333,333 per month being monthly rental from November 2020 until one month after the date of judgement ("Rental");
- interest of 5% per annum on the cost of restoration and the Rental from the date of judgement until full and final payment;
- legal cost;
- cost; and
- other reliefs deemed fit by the Court.

PCSB filed a Memorandum of Appearance on 14 April 2021. On 26 April 2021, PCSB filed an application to strike out the Suite 2021 ("Striking Out Application") and the hearing for the Striking Out Application was fixed on 6 January 2022.

On 6 January 2022, during the hearing of the Striking Out Application, the Court allowed PCSB's Striking Out Application with costs of RM10,000 being awarded to PCSB.

On 17 January 2022, MMSB appealed to the Court of Appeal against the Court's decision on the Striking Out Application ("Appeal to Striking Out Application"). The hearing date of the Appeal to Striking Out Application was fixed on 26 August 2022.

PCSB intends to continue to vigorously defend its legal position. The Group has received legal advice on the merits of MMSB's claims and takes the position that at least the claimed amount is grossly inflated.

- (iii) 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.

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”). The Court of Appeal had fixed 28 September 2022 as the hearing date for the Appeal.

PCSB took the position that (a) 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; and (b) it has a good defence and has instructed its solicitors to vigorously defend against the Appeal.

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 from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 38th AGM:

- (i) Constitution of the Company;
- (ii) Audited consolidated financial statements of the Company for the past 2 financial year/period ended 30 June 2020 and 31 December 2021;
- (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.