

# ISETAN (SINGAPORE) LIMITED

(Company Registration No.: 197001177H)  
(Incorporated in Singapore)  
(the “Company”)

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## MINUTES OF THE 51<sup>st</sup> ANNUAL GENERAL MEETING HELD ON THURSDAY, 28 APRIL 2022 AT 10.00 A.M. VIA ELECTRONIC MEANS

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### ATTENDANCE

#### PRESENT VIA ELECTRONIC MEANS

BOARD OF DIRECTORS	:	Mr. Satoru Tanaka Mr. Koji Oyama Associate Professor Victor Yeo Chuan Seng Ms. Lim Bee Choo Mr. Richard Tan Chuan-Lye	Chairman of the Board Managing Director Lead Independent Director Independent Director Independent Director
INDEPENDENT AUDITOR	:	Ms. Chua Lay See	PricewaterhouseCoopers LLP
COMPANY SECRETARY	:	Mr. Lun Chee Leong	Lee & Lee
SHARE REGISTRAR	:	Ms. Corin Fok Ms. Amelia Wong	M&C Services Private Limited M&C Services Private Limited
SCRUTINEER	:	Ms. Pamela Chew Ms. Jorie Tan	In.Corp Business Advisory Pte. Ltd. In.Corp Business Advisory Pte. Ltd.
BY INVITATION	:	Mr. Ei Kanefuji Mr. Gerard Goh Mr. Loh Kah Leong Mr. Tong Shu Lee Mr. Gerard Cheng Mr. Yew Kai Ping Ms. Sandra Ng Mr. Foong Mun Leong Mr. Simon Chin Ms. Jessy Ng Mr. Too Yong Xian Mr. Gerald Lim Wee Lee Ms. Ang Siew Kim Mr. Peter Teng	Isetan (Singapore) Limited Isetan (Singapore) Limited

Mr. Chua Boon Aik  
Ms. Michelle Khoo  
Ms. Lim Ern Le  
Mr. Su Zhiren  
Ms. Shinobu Watanabe

Isetan (Singapore) Limited  
PricewaterhouseCoopers LLP  
Lee & Lee  
Lee & Lee  
Translator

SHAREHOLDERS PRESENT VIA LIVE WEBCAST OR AUDIO BROADCAST ARE SET OUT IN ATTENDANCE RECORDS MAINTAINED BY THE COMPANY.

## **MINUTES**

### **Welcome**

1. The chairman of the Board of Directors of the Company (the “**Board**”), Mr. Satoru Tanaka (“**Mr. Tanaka**”), extended a warm welcome to all shareholders of the Company (“**Shareholders**”) who had joined the 51<sup>st</sup> Annual General Meeting of the Company (the “**Meeting**”) by audio-visual webcast and audio-only means.

### **Quorum**

2. It was noted that the Company Secretary had confirmed that a quorum was present for the Meeting.

### **Introduction**

3. Mr. Tanaka informed the Meeting that the Board had proposed Associate Professor Victor Yeo Chuan Seng to be the chairman of the Meeting (the “**Chairman**”). The Chairman took the Chair and called the Meeting to order. The Chairman then introduced the other Directors, Company Secretary and Independent Auditor who were present by video conference.
4. The Chairman informed the shareholders that:
  - (a) an audio recording of the Meeting would be made to assist in the presentation of the minutes;
  - (b) with regard to the sequence of the Meeting, Mr. Tanaka, the chairman of the Board, would address the shareholders through a pre-recorded video speech read on his behalf by a representative, followed by a pre-recorded video address by Mr. Koji Oyama (“**Mr. Oyama**”), the Managing Director;
  - (c) the Company had published on SGXNet the responses to the substantial and relevant questions related to the resolutions submitted in advance by Shareholders, and as such, such questions were not going to be addressed at the AGM;
  - (d) in line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, all Shareholders must have duly appointed the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wished to exercise his/her/its voting rights at the Meeting, and as such, the Chairman had been appointed as proxy by a number of Shareholders and will vote in accordance with the specific instructions of those Shareholders;

- (e) the Board had appointed In.Corp Business Advisory Pte. Ltd. as scrutineers.
5. The Notice convening the Meeting dated 6 April 2022 and released on SGXNet and the Company's corporate website on the same date was taken as read.

**Address by Mr. Tanaka, Chairman of the Board**

6. The Chairman invited the moderator of the AGM ("**Moderator**") to play the pre-recorded video speech by Mr. Tanaka.
7. Mr. Tanaka's address was accompanied by a slideshow presentation, which has been uploaded on SGXNet since 28 April 2022.
8. Mr. Tanaka's address reported that:
- (a) The retail business of the Company continued to be the Company's core business segment with its 2021 revenue forming 90.05% of the Company's total revenue in 2021. The Company's retail segment continued to be impacted by the pandemic as safe management measures were established in response to the spike in Covid-19 cases during 2021. However, there was some respite as the Singapore economy grew 7.6% in 2021 as compared to a contraction of 4.1% in 2020. The high vaccination rate of the population ensured that more people were confident of shopping in-person. As the Circuit Breaker measures had occurred in 2020, and because the Company had renovated Isetan Scotts in 2020, the retail segment performed better in 2021 as compared to 2020. The Managing Director will elaborate further on these points as well as the Company's responses and strategies moving forward.
  - (b) The investment property at Isetan Wisma Atria (the "**Property**") operated on a full twelve (12) -month basis as there was no Circuit Breaker measures unlike in 2020. The net rental revenue of the Company therefore increased in 2021, as compared to 2020 where higher rental rebates were given to tenants in accordance with the Government measures. This increase in net rental revenue was also due to new operating lease income earned from the Property. Further, as mentioned in the Company's announcement dated 15 December 2021, the exercise to gather expressions of interest from potential purchasers concerning the Property did not yield a positive outcome. The Company will continue exploring all other possible options that may extract a better yield from the Property, or any possible future sale, and will update shareholders accordingly via the SGXNet if there are any material developments in the future.
  - (c) For 2022, the Singapore Government is forecasting gross domestic product ("**GDP**") growth to be around 3% to 5%. However, although a growing economy benefits the retail industry, the Company will continue to monitor new consumer behaviour that will impact business in its physical stores (e.g., a decrease in office workers due to "work-from-home" practices; the increasing popularity of e-commerce sales; a decrease in dining-in during the weekdays).
  - (d) Moving ahead, the Company's priority is the health and safety of its customers, staff, and the rest of the Isetan community. Due to the changing shopping habits of consumers, the Company will devote more resources on e-commerce to complement its physical stores, and to offer more touchpoints for customers. The Company will focus on the operational

performance of its existing stores. With the gradual easing of safe management measures, the Company seeks to leverage on any available opportunities to increase its revenue (e.g., sales outside of its stores).

- (e) The Company will continue to explore new avenues of growth apart from its existing department stores and investment property businesses. The Company will also adopt a prudent approach in terms of its financial investments in view of the current pandemic situation.
  - (f) The Company looks forward to all stakeholders' support as it continues to steer through this pandemic.
9. Mr. Tanaka handed over the conduct of the Meeting back to the Chairman at the end of his address.

**Address by Mr. Oyama, Managing Director**

10. The Chairman invited the Moderator to play the pre-recorded video speech by Mr. Oyama.
11. Mr. Oyama's address was accompanied by a slideshow presentation, which has been uploaded on SGXNet since 28 April 2022 (the "**MD's Slides**").
12. Mr. Oyama's address reported that:
- (a) **Results for FY2021:** Under the income statement of the Company for 2021 ("**Income Statement**"), the Company has gradually recovered from the impact of the Covid-19 pandemic and the measures taken by the government in response to the pandemic in 2020. The revenue of the Company was \$85.804 million, a 11.2% increase versus the previous year. This increase was mainly due to all the Company's stores being able to operate on a full twelve (12)- months basis in 2021, as compared to in 2020 where the Company's stores had to close for ten (10) weeks due to the Circuit Breaker measures. Further, external sales events were prohibited in 2020. Other income was \$6.746 million, a 59.77% decrease over the previous year. This was mainly due to a decrease in Government grants, rent concession income and interest income from financial assets measured at amortised cost. Total expenses were \$90.474 million, a 19.57% decrease from the previous year where there was a decrease in impairment loss on property, plant and equipment ("**PPE**") and right-of-use ("**ROU**") assets. The net profit after tax was \$2.156 million, an increase compared to the net loss of \$20.225 million in the previous year.

In respect of Slide 6 of the MD's Slides, the chart therein shows the trend of revenue from the retail and property segments of the Company from 2019 to 2021. Mr. Oyama emphasized that the decrease in revenue for 2020 was mainly due to: (i) the Company's stores having to close for ten (10) weeks; (ii) the prohibition of external sales events; and (iii) the delay in completion of the renovation of Isetan Scotts. The revenue for 2021 increased relative to the previous year, mainly due to the relaxation of safe management measures, and the recovery of the retail industry. Revenue in the property segment also increased as the rental rebate framework in 2020 was scaled back.

In respect of Slide 7 of the MD's Slides, the main variances of the Income Statement were due to the following: (a) the increase in revenue by \$8.64 million as all the Company's stores were able to operate on a full twelve (12)- months basis in 2021, including the Isetan Scotts store

after its renovations were completed in November 2020; (b) the reduction in mandatory rental rebates given to affected tenants; (c) other income decreased significantly by \$10 million, mainly due to a decrease in government grants and rental rebates from landlords; (d) for expenses, without taking into consideration the impairments for ROU and PPE, the decrease was in part due to the closure of Isetan Jurong East in March 2020, and also due to the reduction in depreciation due to the impairment as provided in 2020; and (e) the impairment provisions of \$2.44 million were substantially reduced by \$20.16 million, due to the relaxation of safe management measures in 2021.

In respect of Slide 8 of the MD's Slides, under the segment information for 2021, the retail segment registered a loss of \$3.04 million, the property segment registered a profit of \$3.05 million, other income was \$2.06 million, and the share of loss of an associate was \$58,000.

In respect of Slide 9 of the MD's Slides, the chart therein showed the net losses for the retail segment from FY2019 to FY2021 and the effect of the impairment of ROU assets and PPE in the relevant years, and the provision for onerous contracts in 2019. Without the impact of the impairments and provision for onerous contracts, losses for the retail segment were reduced from \$2.08 million in 2020 to \$0.6 million in 2021.

In respect of Slide 10 of the MD's Slides, the MD explained the main variances in the retail segment as follows: (a) the increase in sales of \$7.04 million were for the reasons explained in the earlier slides; (b) the increase in other rental income was due to Isetan Scotts completing its renovation, which increased the space to be leased out for food & beverage tenants, and also a decrease in rental rebates provided to tenants in 2021; (c) as part of the Covid-19 support measures, the Company received a combined total of \$3.023 million relating to grants from the Singapore Government and rental rebates from landlords; and (d) the performance of the retail segment (before impairment) registered an improvement of \$1.481 million, helped by the gradual recovery of the retail industry from the impact of the Covid-19 pandemic, as compared to 2020.

In relation to Slide 11 of the MD's Slides, the chart therein showed the net profit from FY2019 to FY2021 for the property segment which consists of Isetan Wisma Atria and the Kallang Pudding warehouse.

In relation to Slide 12 of the MD's Slides, the major variances in the property segment were mainly due to the increase in rental income and decrease in rental rebates given to tenants. This was in compliance with the Covid-19 (Temporary Measures)(Amendment) Act that was passed on 5 June 2020, which provides a rental relief framework for eligible small and medium enterprises.

- (b) **Living with COVID-19 and Updates:** In relation to Slide 14 of the MD's Slides, in 2020, the Circuit Breaker measures imposed by the Singapore Government and the suspension of the Company's store operations (except the Isetan Scotts supermarket) from 7 April to 18 June 2020 impacted the Company's revenue. However, with the gradual recovery of the retail industry, and with all the Company's stores being able to operate on a full twelve (12)- months basis in 2021, the Company managed to increase its revenue for the retail and property segments. The Covid-19 pandemic continued for its second year in 2021, and the emergence of the highly virulent and transmissible Delta and Omicron variants in 2021 resulted in a spike in Covid-19 cases in May 2021. This forced the Singapore Government to tighten safe

management measures, despite having relaxed the safe management measures earlier, and move between Phase 2 (Heightened Alert) and Phase 3 (Heightened Alert) in mid-2021. During this period, work-from-home was generally the default, and dining restrictions impacted F&B outlets, which in turn prevented full recovery for the Company's retail stores. With the latest easing of safe measurement measures from 29 March 2022 on the permissible group size, workplace requirements, safe distancing requirements, and capacity limits, the Company expects that retail activities would increase.

In relation to Slide 15 of the MD's Slides, the vaccinated travel lanes ("VTL") with various countries were delayed till late 2021 due to the spike in Covid-19 cases. Therefore, the Company's stores (including the supermarket) could not organize external food fairs, which were the major contributors to store operations especially for suburban stores. With the resumption of travel via VTLs from 1 April 2022, Singapore has reopened its borders and the Company anticipates the return of international tourists and the resumption of its popular food fair in Q2 2022. In 2021, due to safe management measures being tightened and relaxed repeatedly, the Company continued to receive Jobs Support Scheme ("JSS") grants of between 10% to 30%. Although the JSS grants received in 2021 had decreased compared to in 2020, this still significantly helped to reduce losses in the retail segment. Despite the decrease in JSS grants, the Company continued to provide support via rental rebates to eligible tenants in 2021. In January 2022, Isetan Katong (which was opened in 1983) ceased operations as its lease was not renewed. The Company organized the closing sale in late 2021, and has received a good response from many loyal customers. This was a welcome boost to the Company amidst the challenging circumstances for the retail industry due to safe measurement measures. Moving forward, the Company has no immediate plans to find a replacement store, and will continue to maintain its retail operations in its remaining stores.

In relation to Slide 16 of the MD's Slides, with regards to the Property, the Company had announced on 11 June 2021 that Savills (Singapore) Pte Ltd ("**Savills**") was appointed as the marketing agent to assist the Company in assessing interest in the possible purchase of the Property. The Company had further announced on 15 December 2021 that the exercise to gather expressions of interest for the purchase of the Property has ended without yielding a positive outcome. The Company will continue to monitor and explore all other options that may lead to a better yield from the Property, including any possible future sale. Due to the safe management measures causing most people to stay indoors, more customers have turned to online shopping. The Company recorded a double-digit growth for its online stores and its partnership with Lazada Mall. However, the online business currently only complements the Company's physical stores, and the Company seeks to build on this momentum by improving the content of its merchandise and collaborating with its suppliers to bring in more unique merchandise. Due to the gradual recovery from the Covid-19 pandemic, and the impact of the recent global inflation, the landlords expect an increase in rental rates. This may hamper the Company in sustaining its profitability, and the gradual withdrawal of JSS grants would also negatively impact the Company in controlling operating expenses for 2022.

In relation to Slide 17 of the MD's Slides, with the emergence of the highly virulent and transmissible Omicron variant, there was also an increase in Covid-19 infections amongst the Company's staff over the past few months. However, the Company had adhered to governmental guidelines and safe management measures, and updated its business continuity plans accordingly. As part of its risk management plan, the Company will continue

to monitor closely the Covid-19 infection rates of its staff and promoters, as this might affect its daily business operations.

- (c) **Medium Term Management Plan:** In relation to Slide 21 of the MD's Slides, the Company continuously reviews the performance of its stores. The Isetan Katong store was closed end-January 2022 as the lease expired on 9 March 2022, and negotiations with the landlord to further extend the lease did not yield a positive result. The Isetan Scotts store was revamped in November 2020, and has achieved good growth since then. Another initiative of the Company is to strengthen its online business and improve its loyalty programme, which has been done via its upgraded mobile application. This mobile application has helped the Company's e-commerce and made it easier and more convenient for customers to shop. The application has also helped to increase the Company's base of loyal customers. The Company has enhanced its e-commerce website by adding a wider assortment of merchandise as well as by partnering with Lazada Mall to widen its reach to new customers. The Company has also embarked on the digitalisation of its operations by issuing e-vouchers and exploring new payment methods via e-wallets.

In relation to Slide 23 of the MD's Slides, in relation to the Property, the valuation as at 31 December 2021 declined by 1.75% as compared to 31 December 2020. On 22 January 2021, the Company had announced that it is exploring its options, which may include appointing marketing agents and valuers. On 11 June 2021, the Company announced that it had appointed Savills to assess interest for a possible purchase of the Property. On 15 December 2021, the Company announced that the assessment did not yield a positive outcome, and the Company will continue monitoring and exploring all other options that may lead to a better yield from the Property.

In relation to Slide 25 of the MD's Slides, in 2019, the Company embarked on new digital marketing strategies and built a digital customer basis (e.g., by launching a new mobile application and promoting the digitalization of customer cards and various information and services). The Company also implemented Grabpay as a payment service, and enhanced its customer approach through Facebook and Instagram. In 2020, the Company expanded its customer touchpoints by promoting seamless operations and partnering with Lazada, a major e-commerce platform. In the 1<sup>st</sup> half of 2021, the Company utilized its established customer base to improve communications and implemented new services based on customer feedback (e.g., by starting push notification services to targeted customers, and a Click & Collect service on Lazada). These helped the Company to achieve 95% digitalization amongst IPC members, and the Company attracted 38,000 members even during the Covid-19 pandemic, which was a 135% increase compared to in 2020.

In relation to Slide 26 of the MD's Slides, for the 2<sup>nd</sup> half of 2021, the Company continued to focus on communications with customers, and further encouraged the reforming of mindsets amongst its employees.

In relation to Slide 27 of the MD's Slides, for 2022, with the implementation of the new Enterprise Resource System, the Company seeks to further enhance customer touchpoints and improve communications.

13. Mr. Oyama handed over the conduct of the Meeting back to the Chairman at the end of his address.

## **Questions and Responses**

14. The Chairman proceeded to address the substantial and relevant questions submitted “live” by the shareholders.
- (a) **Question 1:** The question pertained to the volume of e-commerce concerning the Company’s business and the potential for e-commerce looking forward.
- (b) **Company’s response:** The Chairman informed the Meeting that this question had already been answered in the announcement titled “Responses to substantial and relevant questions received from Isetan Singapore Limited shareholders”, which was released on the SGXNet on 22 April 2022. The Chairman further explained that the contribution from the e-commerce business to the Company’s business is currently relatively insignificant, and that the Company intends for e-commerce to complement its physical stores. The e-commerce business, and digitalisation initiatives as mentioned in the MD’s Slides, are intended to increase the Company’s online presence and encourage more customers to visit the Company’s physical stores. There would be a synergy of e-commerce and physical stores (which are to be revamped) to provide an omni-channel shopping experience for customers.
15. The Chairman thanked the shareholders for their questions and proceeded with the business of the Meeting.

## **Ordinary Resolution 1 – Adoption of Directors’ Statement and Accounts**

16. The Directors’ Statement and Accounts for FY2021 together with the Auditor’s Report thereon were taken as read.
17. The following Ordinary Resolution 1 was duly proposed by the Chairman:-
- “To receive and adopt the Directors’ Statement and Accounts for the financial year ended 31 December 2021 together with the Auditor’s Report thereon.”
18. The total number of votes cast was 26,063,458. The number of votes cast “FOR” Resolution 1 was 26,049,458, representing 99.95% of the total votes cast. The number of votes cast “AGAINST” Resolution 1 was 14,000, representing 0.05% of the total votes cast.
19. The Chairman declared Ordinary Resolution 1 carried by a majority vote.

## **Ordinary Resolution 2 – Re-Election of Mr. Victor Yeo Chuan Seng as Director**

20. The Chairman handed over the conduct of the Meeting to Mr. Tanaka.
21. The following Ordinary Resolution 2 was duly proposed by Mr. Tanaka:-
- “To re-elect Mr. Victor Yeo Chuan Seng as a Director of the Company, who will be retiring under Regulation 96 of the Company’s Constitution, and who, being eligible, has offered himself for re-election.”

22. The total number of votes cast was 26,063,458. The number of votes cast “FOR” Resolution 2 was 26,049,458, representing 99.95% of the total votes cast. The number of votes cast “AGAINST” Resolution 2 was 14,000, representing 0.05% of the total votes cast.
23. Mr. Tanaka declared Ordinary Resolution 2 carried by a majority vote.
24. Mr. Tanaka handed over the conduct of the Meeting back to the Chairman.

### **Agenda 3 – Retirement of Mr. Koji Oyama as Director**

25. The Chairman informed the Meeting that this agenda item was to record the retirement of Mr. Oyama. In accordance with Regulation 96 of the Company’s Constitution, Mr. Oyama would retire as a Director of the Company. Mr. Oyama had expressed that he did not wish to seek re-election. On behalf of the Board, the Chairman expressed their appreciation of Mr. Oyama for his invaluable contributions to the Board and the Company.

### **Ordinary Resolution 3 – Re-Election of Mr. Satoru Tanaka as Director**

26. The following Ordinary Resolution 3 was duly proposed by the Chairman:-

“To re-elect Mr. Satoru Tanaka as a Director who will be retiring under Regulation 103 of the Company’s Constitution, and who, being eligible, has offered himself for re-election.”
27. The total number of votes cast was 26,063,458. The number of votes cast “FOR” Resolution 3 was 26,049,458, representing 99.95% of the total votes cast. The number of votes cast “AGAINST” Resolution 3 was 14,000, representing 0.05% of the total votes cast.
28. The Chairman declared Ordinary Resolution 3 carried by a majority vote.

### **Ordinary Resolution 4 – To declare a final dividend of three cents per ordinary share, tax-exempt (1-tier), in respect of the financial year ended 31 December 2021**

29. The following Ordinary Resolution 4 was duly proposed by the Chairman:-

“To declare a final dividend of three cents per ordinary share, tax exempt (1-tier), in respect of the financial year ended 31 December 2021.”
30. The total number of votes cast was 26,063,458. The number of votes cast “FOR” Resolution 4 was 26,049,458, representing 99.95% of the total votes cast. The number of votes cast “AGAINST” Resolution 4 was 14,000, representing 0.05% of the total votes cast.
31. The Chairman declared Ordinary Resolution 4 carried by a majority vote.

### **Ordinary Resolution 5 – Approval of Directors' Fees for the Financial Year Ending 31 December 2022**

32. The following Ordinary Resolution 5 was duly proposed by the Chairman:-

“To approve the payment of Directors’ fees of up to S\$165,000/- for the financial year ending 31 December 2022 (payable quarterly in arrears) (for the financial year ended 31 December 2021: S\$165,000).”

33. The total number of votes cast was 26,063,458. The number of votes cast “FOR” Resolution 6 was 26,049,458, representing 99.95% of the total votes cast. The number of votes cast “AGAINST” Resolution 6 was 14,000, representing 0.05% of the total votes cast.

34. The Chairman declared Ordinary Resolution 5 carried by a majority vote.

**Ordinary Resolution 6 - Re-Appointment of Auditors**

35. The following Ordinary Resolution 6 was duly proposed by the Chairman:-

“To re-appoint PricewaterhouseCoopers LLP, the existing auditors of the Company, as Auditors to hold office until the conclusion of the next general meeting of the Company and to authorise the Directors to fix their remuneration.”

36. The total number of votes cast was 26,063,458. The number of votes cast “FOR” Resolution 7 was 26,049,458, representing 99.95% of the total votes cast. The number of votes cast “AGAINST” Resolution 7 was 14,000, representing 0.05% of the total votes cast.

37. The Chairman declared Ordinary Resolution 6 carried by a majority vote.

**Any Other Business**

38. The Chairman noted that the Board had not received notice of other business that may be transacted at the Meeting.

39. The Chairman thanked all Shareholders for their attendance and support.

There being no other matters, the Meeting then ended at 10.45 a.m..



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**VICTOR YEO CHUAN SENG**  
Chairman of the Meeting