PADINI HOLDINGS BERHAD
(50202-A)
(Incorporated in Malaysia)

Minutes of the Thirty Third Annual General Meeting of the Company held at No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 12 December 2014 at 10:00 a.m.

PRESENT	:	As per attendance list
IN ATTENDANCE	:	Ms Adelyn Ho – Secretary
CHAIRMAN	:	Mr Chia Swee Yuen

NOTICE

On the proposal of Ms Yip Chew Ling @ Yip Yak Yen and seconded by Mr Tan Lee Seng, the Notice convening the meeting was taken as read.

1. **FINANCIAL STATEMENTS**

On the proposal of Ms Wong Soon Yee and seconded by Ms Lim Choon Li, the Report of the Auditors for the financial year ended 30 June 2014 was taken as read.

The Chairman informed the meeting that the Company had received a letter from the Minority Shareholder Watchdog Group ("MSWG") raising several queries in relation to the strategy of the Company as well as financial and corporate governance issues. He then proceeded to brief the meeting on the points raised and also presented the replies from the Board ("Appendix I").

Mr Wan Heng Wah noted the improvement in the Revenue and Profit before Tax achieved by the Group for the financial year ended 30 June 2014. He anticipates that there will be greater challenges to be faced by the Group in the coming financial year. He posted a number of questions to the Board of Directors. Citing the success of the online shopping portals such as Zalora and alibaba.com, he enquired whether the Group will also look into venturing in this direction. The Chairman informed that the Group has already considered the option of online shopping as a viable business avenue and steps have already been taken to embark on this new line of business. He mentioned that the Group plans to roll out their online shopping portal in the current financial year. Mr Andrew Yong added that the Management had begun studying about the online shopping environment about a year ago. Currently Vincci items are available on Zalora. He informed that the collaboration with Zalora had given the Management some insight into the business.

Mr Wan further enquired about how the Group intended to remain relevant in the business amidst the growing pessimism amongst consumers in light of the negative perception arising from the subsidy rationalisation by the Government and the impending implementation of the Goods and Services Tax ("GST"). The Chairman was of the view that the impact on rising costs from the events mentioned by Mr Wan would depend on whether there would be a loss of employment. He said that if there was no loss of employment, consumption would not be significantly impacted. He added that the potential effect from the implementation of the GST on the business will only affect the results of the Group in the last quarter of the financial year ending 30 June 2015.

Mr Wan also enquired on how the Group intends to cope with the growing number of foreign brands in the country. He asked whether the Group will use the "first entry" advantage to penetrate into the 2nd and 3rd tier cities within Malaysia, seeing that the foreign brands' presence were largely in the bigger cities in the country. The Chairman informed that the Group had in fact, over the years, been expanding into the smaller cities within the country. The Group has put in efforts to expand geographically and to increase brand awareness in this aspect. Mr Cheong Chung Yet added that the Management has been working hard to position the Group's brands to be on the same level as the regional brands.

Mr Wan then asked about branding and the strategy taken by the Group to ensure the brands remain relevant and how the Management intend to make the brands distinctive. Mr Cheong replied that the Management's strategy is to remain consistent in the message to be portrayed by each brand as each of the Group's brands had its own set of target customers. He added that making the brands distinctive would require time, thus it is important for the message to remain consistent.

Lastly, Mr Wan noted that in the reply to MSWG on the efforts taken to turn Vincci around, the Management had replied that it will shift the supply chain to China. He enquired whether any audit has been done on the suppliers. He cited exploitation of child labour and the "sweat shop" scenario as some examples of incidences that could affect the reputation of the Group if no proper audit is done. The Chairman informed that it has already been stated in the Corporate Governance Statement of the Annual Report, that the Group's sourcing team vets and monitors its manufacturers to ensure that they do not employ child labour nor operate under sweat shop conditions. Efforts are made to ensure that the Group does not run foul of regulations.

Another shareholder, Mr Lew Tuck Wai noted the sharp increase in the amount of property, plant and equipment acquired (as reflected on page 49 of the Annual Report) and enquired about the nature of the increase. He further noted that the Group had indicated that it would open up additional stores in the 2015 financial year. He wanted to know what would be the capital expenditure for this expansion. Ms Yeo Sok Hiang replied that the increase in the property, plant and equipment for the financial year ended 30 June 2014 was mainly due to renovation for the new outlets and refurbishments for the existing outlets. As for the capital expenditure for the 2015 financial year, she informed that the amount would be about the same as the previous year.

Mr Lew further noted that there was a lot of movements in fundings and also the disposal of other investments. He enquired whether the investments were unit trusts. He also wanted to know the reason for investing in the unit trusts and whether the Management intended to continue to further invest in unit trusts. Ms Yeo replied affirmatively that the investments were indeed unit trusts. She informed that they were money market unit trusts and the reason for investing was to take advantage of the tax free interest offered. She explained that the subsequent disposal was to minimise the exposure risk identified by the Auditors.

Mr Lew then brought up the commentary on prospect made by the Management in the first quarter results for the year ending 30 June 2015 with regards to the effects of GST on the prices and margins. He sought further clarification from the Management on the statement made. He also enquired about the pricing of the Group's products under the GST regime.

Mr Chan Kwai Heng clarified that when the GST regime is in place, the tax portion cannot be separated from the price of the goods as the price shown on the goods must be GST inclusive. He commented that for smaller establishments, it would be easier for the owners to change the price tag during the crossover period of 31 March 2015 and 1 April 2015 thereby not affecting the margins earned. For Padini Group, it would be physically impossible to change the price tag for every article overnight. Therefore come 1 April 2015, the Group will recover lesser money for the same article sold when compared to prior GST regime.

Mr Chan informed that there will be no changes to the prices of existing articles; with the GST absorbed by the Group, which in turn will have an adverse effect on the margins to be earned. For new articles, there may be an increase in prices. Mr Lee Chee Meng from MSWG then suggested that the Group should increase the prices for existing articles as well. Mr Chan replied that it would not be conducive to do so in view of the pessimism from the consumers on the implementation of the GST. The Group has taken into consideration of its existing clientele and has taken the decision not to increase prices for its existing articles.

Another shareholder enquired whether the Group will be making a claim on the sales tax paid. Mr Chan informed that the Group will be making their claims and have already arranged for the stock take for that purpose. The External Auditors have been made aware of this. He informed that the amount returned by the Customs Department may not be 100% of the sales tax paid.

Mr Loh Ah Heng enquired whether the Company will be maintaining the dividend payout for the financial year ending 30 June 2015. Mr Chan replied as long as the Company remains profitable, it is the Company's intention that the quarterly dividend payout will continue. He added that the Company had declared 2 interim dividends for the 2015 financial year.

Mr Veiven Goon noted that the Revenue for the 2014 financial year was driven by contributions from the new outlets. He enquired whether there were improvements to same store sales. He further enquired why there was a loss in the first quarter results for Seed. Ms Yeo informed the loss was mainly due to costs rising faster than sales. The Management has already taken steps to improve the performance such as stocking up on item that were right for the intended market, for the current financial year. Mr Cheong then informed that same store sales had also improved in the 2014 financial year. He added that the action taken to refurbish the existing stores have also seen results by improved sales generated.

Mr Tey Yeong Sheng congratulated the Management on the performance of the Group. He noted that undergarments were not part of the range of articles offered by the Group. He proposed that the Management considered including it in the product mix. The Managing Director noted his comments and will explore the suggestion given.

Mr Tey further commented that the Group's presence is lacking in the overseas market. He proposed that the Management should put more concentration on the overseas market rather than carrying on opening more stores locally. The Managing Director informed that opening of new stores locally is part of the Group's strategy to enter the market at a time when conditions are right (i.e. during market downturn) so that they will be able to reap the benefits in the long run.

Mr Khong Seng Kin enquired whether the Group is considering collaboration for its venture into on-line shopping rather than competing as a new portal against other established businesses. He also enquired on the pricing of the articles – whether it would be cheaper to purchase on-line. Mr Andrew Yong informed that the Group will be setting up its own portal for this new venture and target its own set of customers. He informed that through studies done by the team, it was found that the target customer base for each portal was different. As for the pricing, he informed that it would be the same as the stores. Mr Yong further informed that one of the advantage the Group has in this business is the availability of its physical stores. Mr Chan added that the on-line shopping business targeted not merely the Malaysia market but overseas customers as well.

Mr Khong also wanted to know the impact of the weakening Ringgit on the profit of the Group. The Chairman informed that there may a short term impact due to higher costs.

Ms Claire Barnes commented on the performance of the Vincci brand and enquired about the strategy to be taken by the Group to overcome it. The Chairman informed that the question had already been addressed earlier in the reply to MSWG. Ms Barnes then asked whether the product mix still remained relevant. Mr Cheong informed that the shift of the supply chain to China will see different and improved designs forthcoming from the brand.

Mr Kok Chiew Sia wanted to know how long will it take for the performance of Vincci to turnaround. Mr Cheong informed that it will take time for the Group to build its working relationship with the new suppliers. He anticipated that the turnaround will take about 2 years. He added that every brand has its own life cycle and currently Vincci is facing a downturn. Nevertheless, the Management is aware and had taken steps to overcome the issue.

Mr James Hay commented that the venue for the meeting was getting too cramped and was not conducive. He also highlighted that there was problem in getting proper parking in the area. The Management noted his comments.

Mr Tan Lee Seng commented that inventory levels was high and asked whether it should be reduced. The Chairman informed that the Group had already taken action to reduce the inventory levels by conducting sales, etc. Nevertheless, he highlighted the need to find the right balance so that the Group will be able to meet market demands.

On the proposal of Ms Phang Sau Lan and seconded by Ms Lee Fee Chu, it was RESOLVED:-

"That the Audited Financial Statements of the Company for the year ended 30 June 2014 together with the Reports of the Directors and Auditors thereon be and are hereby received."

The resolution was unanimously carried.

2. DIRECTORS' FEES

Mr James Hay enquired on the reason for the increase. The Chairman informed that the increment was required to retain talent within the organisation. He further justified the increment by highlighting the increasing demands on the Directors in executing their duties. He added that generally Directors' fees have been increasing over time mainly due to the increased responsibilities.

On the proposal of Ms Teow Meow Lang and seconded by Ms Fan Chin Tyng, it was RESOLVED:-

"That the payment of Directors' fees of RM197,000.00 in respect of the financial year ended 30 June 2014 be and is hereby approved."

The resolution was unanimously carried.

3. **RE-ELECTION OF THE DIRECTORS WHO RETIRE BY ROTATION IN ACCORDANCE WITH ARTICLE 102(1) OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Meeting was informed that at this meeting, Mr Yong Pang Chaun and Mr Chan Kwai Heng retired under Article 102(1) and being eligible, offered themselves for re-election.

(i) On the proposal of Mr Lim Kim Ann and seconded by Ms Phang Sau Lan, it was RESOLVED:-

"That Mr Yong Pang Chaun who retires in accordance with Article 102(1) of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

The resolution was unanimously carried.

(ii) On the proposal of Ms Wong One Sun and seconded by Ms Lim Choon Li, it was RESOLVED:-

"That Mr Chan Kwai Heng who retires in accordance with Article 102(1) of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

The resolution was unanimously carried.

4. **RE-ELECTION OF THE DIRECTORS WHO RETIRE BY ROTATION IN ACCORDANCE WITH ARTICLE 109 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Meeting was informed that at this meeting, Mr Lee Peng Khoon, Mr Chia Swee Yuen and Ms Yeo Sok Hiang, who were all appointed during the year, retired under Article 109 and being eligible, offered themselves for re-election.

(i) On the proposal of Ms Toh Ley Peng and seconded by Ms Phuan Lee Yoon, it was RESOLVED:-

"That Mr Lee Peng Khoon who retires in accordance with Article 109 of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

The resolution was unanimously carried.

(ii) Mr. Yong Pang Chaun took over the Chair from Mr Chia Swee Yuen at this juncture.

Mr Khong Seng Kin asked why had Mr Chia only attended 1 Board of Directors meeting during the financial year as stated in the Director's profile in the Annual Report. Mr Yong informed that this was because he was only appointed on 2 May 2014 and there was only 1 meeting held for the financial year after his appointment.

On the proposal of Ms Lee Fee Chu and seconded by Ms Chong Mei Foong, it was RESOLVED:-

"That Mr Chia Swee Yuen who retires in accordance with Article 109 of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

The resolution was unanimously carried.

Mr. Yong then handed the Chair back to Mr Chia.

(iii) On the proposal of Mr Lee Yit How and seconded by Ms Wong One Sun, it was RESOLVED:-

"That Ms Yeo Sok Hiang who retires in accordance with Article 109 of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

The resolution was unanimously carried.

5. **AUDITORS**

The Auditors, Messrs BDO, has signified their willingness to continue in office.

On the proposal of Ms Wong Soon Yee and seconded by Ms Cheah Sok Mei, it was RESOLVED:-

"That Messrs BDO, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 June 2015 and that the Directors be and are hereby authorised to fix their remuneration."

The resolution was unanimously carried.

6. **PROPOSED RENEWAL OF THE AUTHORITY FOR PADINI TO PURCHASE UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL**

Mr James Hay enquired whether the Company had any plans to buy-back its own shares. He was of the opinion that the Company should let the price of the shares be determined by the market forces instead of via buy-back by the Company.

The Chairman informed that there were no immediate plans to buy-back the Company's shares at the moment. Any decision to buy-back will depend on the market situation. He added that the decision to buy-back the shares will be exercised judiciously.

On the proposal of by Mr Lim Kim Ann and seconded by Ms Teow Meow Lang, it was RESOLVED:-

"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares ("Shares") on the Bursa Securities ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

(a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the prevailing issued and paid-up share capital of the Company at the time of purchase and the compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the Listing Requirements or such other requirements as may be determined by Bursa Securities from time to time;

(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the audited retained profits and/or share premium accounts of the Company of RM247.537 million and RM3.772 million, respectively as at 30 June 2014;

(c) The authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

   (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first; and

(d) Upon the purchase by the Company of its own Shares, the Board of Directors ("Board") be and is hereby authorised to:-

   (i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or

   (ii) retain all or part of the Purchased Shares as Treasury Shares; and/or

   (iii) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being; and/or

   (iv) resell the Treasury Shares on Bursa Securities.

AND that authority be and is hereby given to the Board to take all such steps as necessary to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

The resolution was carried with all, except for 5, shareholders present voting in favour.

TERMINATION

There being no further business, the meeting terminated at 11.15 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record,

CHAIRMAN