

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

Minutes of the Thirty Fourth 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 Wednesday, 18 November 2015 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 Ms Lee Hui Veong, the Notice convening the meeting was taken as read.

1. FINANCIAL STATEMENTS

On the proposal of Ms Phang Sau Lan and seconded by Ms Lee Hui Veong, the Report of the Auditors for the financial year ended 30 June 2015 was taken as read.

The Chairman informed the meeting that the Company has 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").

On the move towards the area of digital technology, Mr Wan Heng Wah commented that he agreed with the Board's view that the Group will have to build up its competency in this field. Besides setting up its own website, he enquired whether the Group has considered parallel running with other on-line portals such as Lazada. The Chairman informed that the Management had been working with Zalora and the collaboration has enabled the Management to learn more about e-commerce trading.

Mr Wan also commented that the Group has performed well for the financial year ended 30 June 2015. In light of rising prices and other challenges, he enquired whether the Group will be able to maintain the level of performance achieved in the financial year ended 30 June 2015, for the current financial year. He also enquired on the forecast for the current financial year. The Chairman responded that the Management will aspire to maintain the results.

Mr Wan further commented that he hoped to see a reversal of Vincci's decline with the appointments of the new Brand Manager and head of design. The Chairman commented that the Management is mindful of the situation and attention will be put into building up the brand again.

Mr Wan commented that the Management should consider the expansion of outlets to secondary towns in Sabah such as Lahad Datu and Tawau as he felt that consumers there have good purchasing power. He enquired on the reason for the closure of the Brands Outlet in One Borneo Kota Kinabalu. Mr Cheong Chung Yet replied that the closure was mainly due to issues the Group had with the management of the mall. However, another outlet has been opened in Imago Mall Kota Kinabalu to replace it. He added that the Management would be looking at opening new outlets in Alor Setar and Bintulu soon. He went on to inform that the Management constantly monitors the performance of all the outlets and would close down those which are not profitable.

Mr Steven Tong enquired whether the Group sets any Key Performance Indicators for its outlets to determine whether to continue or close down the outlets. Mr Cheong informed that the Management do have a targeted per square foot sales to be achieved by the outlets and this is being constantly reviewed and monitored. However, he added that the performance of the outlets would also largely be dependent on the performance of the malls in which they are located.

Mr Khong Seng Kin enquired about the expected revenue from the on-line business and requested for the Group to include the results to be reported as a business segment in the next quarterly results. He also enquired whether the targeted market for the on-line business was domestic, overseas or both.

The Chairman informed that the expected revenue from this business segment will not be significant for the time being as the Group is still at the 'learning curve' stage. He informed that the collaboration with Zalora took about 2 to 3 years to generate revenues averaging about RM100,000 annually. Mr Chan Kwai Heng added that segmental reporting was mandated by regulations and the Group has been reporting the analysis of the results based on the business channels. He concurred with the Chairman's earlier statement that there will not be any significant contribution from the on-line business in the near future. He added that this segment is not expected to generate profit so soon. The on-line portal was set up to enable the Group to learn about the business model.

He further informed that currently the web-site has been targeted for the Malaysian market. However the Group is committed on this new business model and will look into integrating the physical stores and on-line stores in the future. The Group does not have intention to take the on-line business global currently as there are many factors to be considered, such as copyright and infringement issues.

Mr Andrew Yong informed that the web-site has just been launched and customers may not be aware of this alternative shopping channel yet. He said that the Management will be launching marketing campaigns to raise awareness of the website soon.

Mr Steven Tong highlighted that the Management should refer to established on-line shopping portals to study the refund mechanism for its on-line business.

Mr Khong commented that there were some problems with the system of monitoring of the stocks in the physical stores. He related an incident whereby the sales personnel was unable to check the availability of items in the stores and whether the same items were available in other stores. The Management took note of his comments and will look into the matter.

Mr Khong noted the increase in the cash and enquired about the Management's plans in managing it and whether there were any plans to improve on the quantum of dividend payout. Mr Chan replied that the Management preferred to retain the cash to deal with any emergency that may arise. He informed that the Company has been diligently paying dividends every quarter and added that the Company still managed to maintain its profitability despite the payment of the dividends. On the increment to the dividend payout, he informed that this would depend on the future requirement of the Group.

Mr Lit Kok Wai commented that he was very impressed with the "4-day special" sales carried out by the Group recently. He noted that there were notable changes in the designs of the Group's products and hoped that the Management will continue to offer wide varieties of products to its customers. The Chairman thanked Mr Lit for his comments.

Mr Lit then commented that the fall in commodity prices has seen cotton prices at a 10-year low and enquired whether the Group intends to stock up on cotton to take advantage of the low price. Mr Chan informed that the Group does not manufacture its products and only purchased finished goods and not raw materials. He added that the Group will not venture into buying commodities as the Group does not have the relevant expertise in dealing with commodities.

Mr Lit also enquired whether the Group intended to collaborate with Aeon for the consignment of Brands Outlet's products. Mr Cheong informed that there was no consignment agreement with Aeon for Brands Outlet products and the Management has no plans at the moment to do so.

Mr Lew Tuck Wai noted the reduction on the profit margins and the explanation provided for the decline in the Chairman's Statement. He enquired about the Group's plans in maintaining the margins. The Chairman informed that the Group's focus is to ensure that the respective brands are able to sustain its presence in the long term. The Group will work towards maintaining the profit, compensated by higher sales volume.

Mr Lew further noted that the cash cycle has reduced compared to previous years and asked whether this was due to the implementation of the GST regime and whether this trend will be a norm going forward. The Chairman informed that the cycle may vary due to the trading nature of the business.

Mr Lew also noted that the impact from the foreign exchange risk as disclosed in the Annual Report was minimal. He wanted to know the reasons for the minimal impact as the Group sources its goods from China and payment was made in USD. Mr Chan informed that foreign exchange rate is only one of the factors that affects the cost of the goods bought. There were many other factors that would affect the price. He added that the Management will be on a constant look-out for cheaper sources and will leverage on the purchases to spread out the cost.

Mr Low Kah Leong enquired about the reduction in the franchise stores for the Saudi Arabia stores. Mr Cheong informed that the reduction was mainly due to closure of some stores as a result of problems with the Customs Department for import of goods and also due to non-renewal of expired franchise agreements.

Mr Ng Ah Hai enquired whether the Group intend to further penetrate into the overseas market to take advantage of the weakening Ringgit. The Chairman informed that the weakening Ringgit had led to higher costs to the Group and this has to be considered in any further overseas expansion currently.

Cik Nik Hanim Nik Mahmood requested for an update on the collaboration with FJ Benjamin in Indonesia. Mr Cheong informed that Indonesia was facing retail problems due to currency issues and this had impacted the growth of the Group's business there. He informed that despite the setback, the performance reported from the Indonesia operations has been good.

She also enquired about the same stores growth for the 3rd quarter of the calendar year. Mr Chan informed that the Management do not track the same store results quarter on quarter due to the seasonal nature of the business.

Another shareholder noted that there was a reduction in the consignment counters and enquired whether it was a strategy taken by the Management. The Chairman replied affirmatively and added that moving forward, the Group will be opening more own stores.

Mr Mok Zhen Yick commented on the product mix for different stores. He mentioned that he was unable to find the same item in different outlets. Mr Cheong informed that the merchandise range for each outlet varies according to the targeted market, the outlet size and location.

Mr Mok further commented on the chaos that happened during the recent Vincci warehouse sales and hoped that the same incident would not recur in future. Mr Cheong informed that the Management has taken note of that incident and will endeavour to avoid a similar situation from happening again. He added that the recent sales was stopped at the request of the police.

Mr James Hugh Alexander Hay requested for the Board to consider changing the venue for the next annual general meeting. The Board noted his comments.

On the proposal of Mr Ong Hock Soon and seconded by Ms Lee Fee Chu, it was RESOLVED:-

"That the Audited Financial Statements of the Company for the year ended 30 June 2015 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 in the fees. The Chairman informed that the apparent increase was due to the filling up of independent Directors' vacancies that arose during the financial year ended 30 June 2014.

On the proposal of Mr James Hay and seconded by Ms Chong Mei Foong, it was RESOLVED:-

"That the payment of Directors' fees of RM260,000.00 in respect of the financial year ended 30 June 2015 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, Ms Yong Lai Wah, Mr Cheong Chung Yet and Mr Foo Kee Fatt retired under Article 102(1) and being eligible, offered themselves for re-election.

- (i) On the proposal of Ms Wong One Sun and seconded by Ms Chong Yuet Ming, it was RESOLVED:-

"That Ms Yong Lai Wah 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 Mr James Hay and seconded by Mr Lee Yit How, it was RESOLVED:-

"That Mr Cheong Chung Yet 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.

- (iii) On the proposal of Ms Lee Fee Chu and seconded by Ms Cheah Sok Mei, it was RESOLVED:-

"That Mr Foo Kee Fatt 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. **AUDITORS**

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

Mr James Hay enquired on the period of the Auditor's service, to which the Chairman informed that it was the Auditor's 3rd year of service.

On the proposal of Mr James Hay and seconded by Ms Toh Ley Peng, 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 2016 and that the Directors be and are hereby authorised to fix their remuneration."

The resolution was unanimously carried.

5. **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 on the cost of printing the Share Buy-Back Statement and commented that he was not in favour of the mandate. Mr Chan informed that it cost approximately 52 sen per copy.

The Chairman noted Mr James Hay's comments and informed that as explained in the previous year, the mandate is sought to provide the authority for the Board / Management to buy-back the Company's shares should there be a need for it. Any decision to buy-back will depend on the market situation and will be exercised judiciously.

Ms Cheong Wai Mun enquired on the number of Treasury Shares currently held by the Company and whether there was any trigger price for buy-back. The Chairman informed that the Company does not hold any Treasury Shares as there was no buy-back so far. He further informed that there is no trigger price set.

On the proposal of by Ms Chong Mei Foong and seconded by Ms Phang Sau Lan, 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 Malaysia") 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 of RM0.10 each ("Shares") on the Bursa Malaysia ("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 Malaysia 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 RM265.940 million and RM3.772 million, respectively as at 30 June 2015;
- (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 Malaysia.

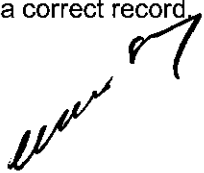
AND that authority be and is hereby given to the Board to take all such steps as necessary to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may 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 1, shareholder present voting in favour.

TERMINATION

There being no further business, the meeting terminated at 11.25 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record



CHAIRMAN