

**PADINI HOLDINGS BERHAD**  
**(197901005918 (50202-A))**  
(Incorporated in Malaysia)

Minutes of the Fortieth Annual General Meeting of the Company conducted in fully virtual manner through live streaming and online remote meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> (Domain Registration No. with MYNIC - D1A282781) on Friday, 26 November 2021 at 10:00 a.m.

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- PRESENT** : Mr Foo Kee Fatt – Chairman for the Meeting  
(Independent Non-Executive Director)  
Mr Chia Swee Yuen  
(Independent Non-Executive Chairman)  
Mr Yong Pang Chaun  
(Managing Director)  
Mdm Chong Chin Lin  
(Executive Director)  
Mr Lee Peng Khoo  
(Independent Non-Executive Director)  
Mr Andrew Yong Tze How  
(Executive Director)  
Mr Benjamin Yong Tze Jet  
(Executive Director)  
Ms Chew Voon Chyn  
(Executive Director)  
Ms Sung Fong Fui  
(Executive Director)  
Ms Tan Shi Wen  
(Independent Non-Executive Director)
- IN ATTENDANCE** : Ms Adelyn Ho }  
Ms Cho Mei Tho } Company Secretaries  
Ms Samantha Goh – Share Registrar  
Ms Tam Kit Wai - Scrutineer
- SHAREHOLDERS & PROXIES** : As per attendance list

**CHAIRMAN OF THE MEETING**

Mr Chia Swee Yuen took the Chair and called the Fortieth Annual General Meeting (“AGM”) to order at 10:00 a.m. Mr Chia then informed that Mr Foo Kee Fatt will be chairing this AGM due to the requirement for the Chairman of the Meeting to be present in Malaysia.

Mr Foo took over as Chairman of the Meeting and welcomed the Shareholders to the meeting and informed that the quorum requirement had been satisfied as there were more than 2 shareholders and proxies present. He also informed that the Company had received proxy forms appointing the Chairman as the proxy and the votes represented amounted to 11.31%.

The Chairman informed that all the resolutions set out in the Notice of the 40th AGM will be voted by poll. He added that the shareholders/proxies may proceed to vote on the resolutions set out in the Notice of the AGM until the end of the voting session which will be announced later.

The Chairman then invited the representative of Tricor Investor & Issuing House Services Sdn Bhd, the Polling Administrator, to brief the shareholders/proxies on the polling process. The video on the polling process was projected on the screen for the shareholders’ information.

The Chairman informed that for the purpose of the poll voting, the Company had appointed:-

- a) Messrs Tricor Investor & Issuing House Services Sdn Bhd as the Polling Administrator to conduct the poll voting; and
- b) Best Corporate and Mgt Services as the Scrutineer to scrutinise the e-polling procedures and to verify the poll results.

## **NOTICE**

The Notice convening the meeting was taken as read.

The Chairman informed that the Company has received a letter from the Minority Shareholders Watch Group (“MSWG”) raising several queries in relation to the operational and financial matters of the Group as well as corporate governance and sustainability issues. He informed that the questions and answers to the letter as well as the questions and answers that were pre-submitted by the shareholders will be shared with the shareholders after he has finished tabling all the matters in the Agenda as follows.

### **1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman then proceeded with the first item on the Agenda which was to lay the Audited Financial Statements for the year ended 30 June 2021 and the Reports of the Directors and Auditors.

### **2. DIRECTORS’ FEES**

The Chairman informed that the next item on Agenda was the payment of Directors’ fee. He informed that the Board has recommended the Directors’ fees of RM300,000.00 in respect of the financial year ended 30 June 2021.

### **3. DIRECTORS’ BENEFITS**

The Chairman proceeded to item 3 on the Agenda which was to table the resolution on the payment of Directors’ benefits (excluding Directors’ fees) up to an amount of RM30,000 payable to the Independent Directors from 1 July 2021 until the next Annual General Meeting of the Company in 2022.

### **4. RE-ELECTION OF THE DIRECTORS WHO RETIRE BY ROTATION IN ACCORDANCE WITH CLAUSE 103(1) OF THE COMPANY’S CONSTITUTION**

The Chairman informed that at this meeting, Mr Lee Peng Khoo, Mr Benjamin Yong Tze Jet and Ms Sung Fong Fui, retired under Clause 103(1) of the Company’s Constitution, and being eligible, offered themselves for re-election under Ordinary Resolution 3, 4 and 5, respectively.

### **5. RE-ELECTION OF THE DIRECTOR WHO RETIRES BY ROTATION IN ACCORDANCE WITH CLAUSE 110 OF THE COMPANY’S CONSTITUTION**

The Chairman informed that at this meeting, Ms Tan Shi Wen retired under Clause 110 and being eligible, offered herself for re-election under Ordinary Resolution 6.

**6. AUDITORS**

The Chairman informed that item 6 on the Agenda was on the reappointment of Auditors. He informed that the Auditors, Messrs BDO PLT, has signified their willingness to continue in office.

**7. RETENTION OF INDEPENDENT DIRECTOR**

The next item on the Agenda was on the retention of Mr Foo Kee Fatt as an Independent Director. The Chairman informed that he has served as an Independent Non-Executive Director for a cumulative term of more than nine years and the justifications for him to continue to act as an Independent Non-Executive Director were set out on page 6 of the Annual Report.

The Chairman also informed that any matters or questions relating to this resolution will be chaired by Mr Lee Peng Khoon.

**8. ANY OTHER MATTERS**

The Chairman informed that no notice had been received for the transaction of any other business at this Meeting.

**9. QUESTIONS AND ANSWERS**

The following presentations were then projected on the screen to be shared with the shareholders:

- Presentation of the Group's financial performance (Appendix I);
- Questions and answers to the letter from MSWG (Appendix II);
- Questions and answers to the pre-submitted questions from the shareholders (Appendix III).

The Chairman informed that the Company has also received some questions from the shareholders/proxies during the meeting. A summary of the questions raised by the shareholders/proxies together with the corresponding responses are set out in Appendix IV of the minutes.

**10. CONDUCT OF POLL**

The poll voting session was carried out for 5 minutes after the tabling and deliberations of all the items on the Agenda for the Meeting.

The Meeting was also informed that the results of the polling would be announced after validation by the Scrutineer.

The polling process commenced at 10:58 a.m. and the Meeting was adjourned for the polling to take place.

The polling process was declared closed by the Chairman at 11:03 a.m. and the meeting was adjourned for the counting and verification of the poll results.

## 11. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:37 a.m. for the declaration of poll results as the Chairman had received the said results from the Scrutineer.

The poll results (Appendix V) were projected onto the screen. The Chairman then announced that all the resolutions as stated in the Notice of the 40th AGM of the Company were duly carried as follows.

### 11.1 Ordinary Resolution 1 - Payment of Directors' Fees

"That the payment of Directors' fees of RM300,000.00 in respect of the financial year ended 30 June 2021 be and is hereby approved."

### 11.2 Ordinary Resolution 2 - Payment of Directors' Benefits

"That the payment of Directors' benefits (excluding Directors' Fees) up to an amount of RM30,000 payable to the Independent Directors from 1 July 2021 until the next Annual General Meeting of the Company in 2022 be and is hereby approved."

### 11.3 Ordinary Resolution 3 - Re-election of Director retiring in accordance with Clause 103(1) of the Company's Constitution

"That Mr Lee Peng Khoon who retires in accordance with Clause 103(1) of the Company's Constitution be and is hereby re-elected as a Director of the Company."

### 11.4 Ordinary Resolution 4 - Re-election of Director retiring in accordance with Clause 103(1) of the Company's Constitution

"That Mr Benjamin Yong Tze Jet who retires in accordance with Clause 103(1) of the Company's Constitution be and is hereby re-elected as a Director of the Company."

### 11.5 Ordinary Resolution 5 - Re-election of Director retiring in accordance with Clause 103(1) of the Company's Constitution

"That Ms Sung Fong Fui who retires in accordance with Clause 103(1) of the Company's Constitution be and is hereby re-elected as a Director of the Company."

### 11.6 Ordinary Resolution 6 - Re-election of Director retiring in accordance with Clause 110 of the Company's Constitution

"That Ms Tan Shi Wen who retires in accordance with Clause 110 of the Company's Constitution be and is hereby re-elected as a Director of the Company."

### 11.7 Ordinary Resolution 7 - Re-appointment of Auditors

"That Messrs BDO PLT, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 June 2022 and that the Directors be and are hereby authorised to fix their remuneration."


### 11.8 Ordinary Resolution 8 - Retention of Independent Director

"That Mr Foo Kee Fatt who has served the Board for more than nine years be retained as Independent Non-Executive Director of the Company."

## **TERMINATION**

There being no further business, the meeting terminated at 11:39 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record,

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CHAIRMAN

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**40<sup>th</sup> Annual General Meeting**  
**30 June 2021**

PADINI  
HOLDINGS BHD



**Covid-19**

**Padini**

**Membership**

**FY21**

**Highlights**

**Market**

**Presence**

**Brands**

**About**

**Padini**

Covid-19

Padini

Membership

FY21

Highlights

Market

Presence

Brands

START

1971



1998

Publicly Listed



2000

Embarked into  
overseas market



ONLINE

2015



141 stores

>RM1b Revenue

2,900 employees



About  
Padini

# HISTORY

Padini Brands

PADINI ] 1975

VINCCI ] 1981

MIKI ] 1987

SEED ] 1990

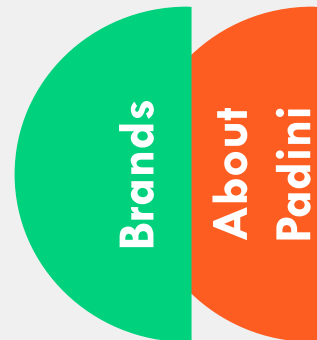
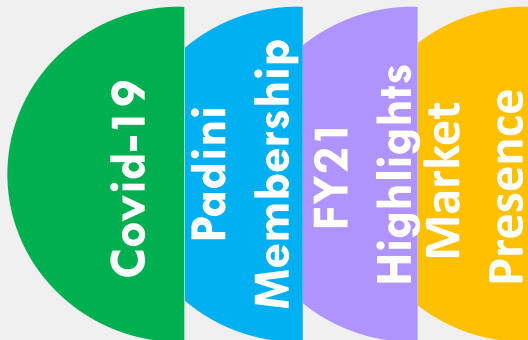
PADINI AUTHENTICS ] 1993

1999

P&Co  
PDI

BO  
BRANDS OUTLET

2006



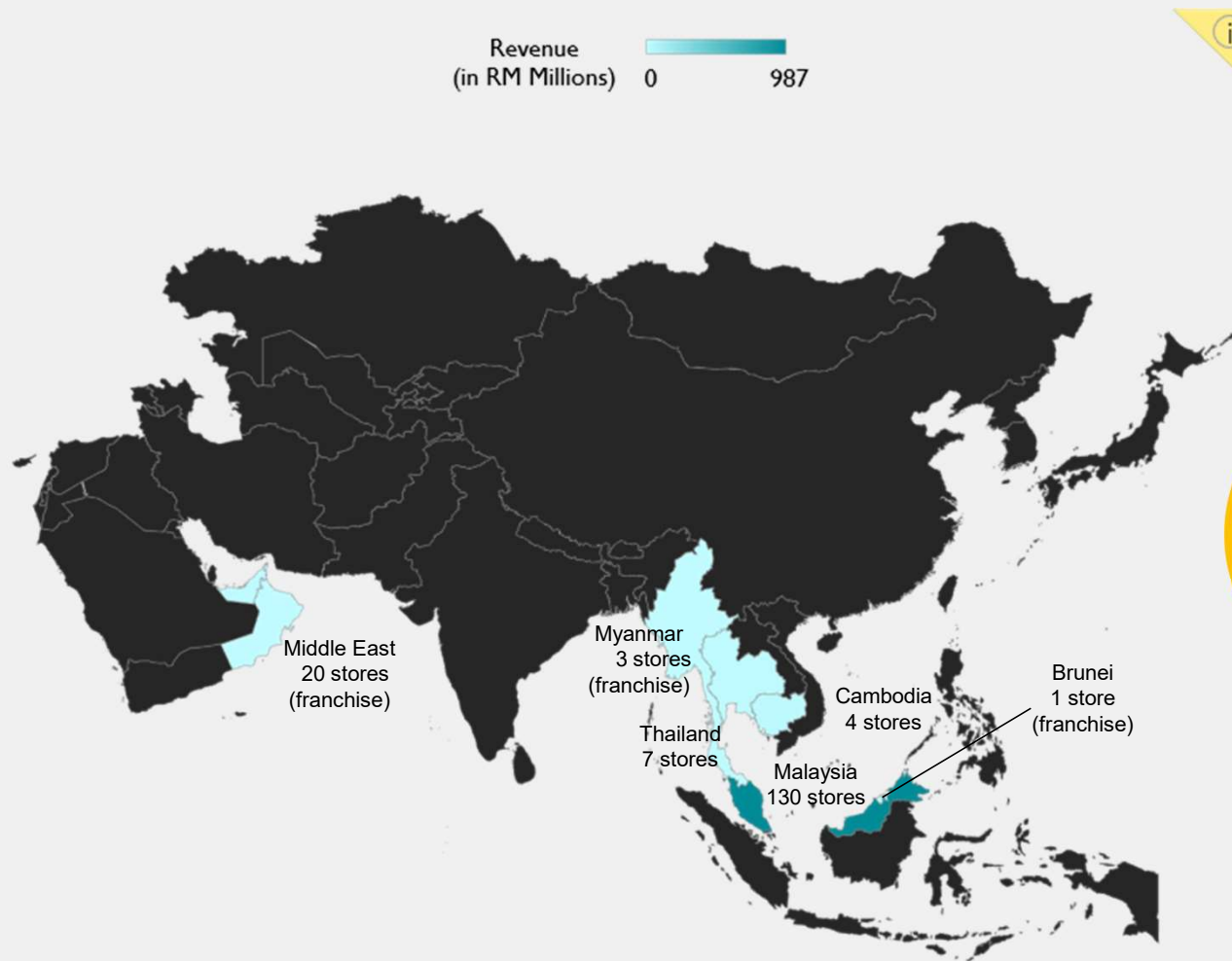
Covid-19

Padini

Membership

FY21

Highlights



Market  
Presence

Brands

About  
Padini



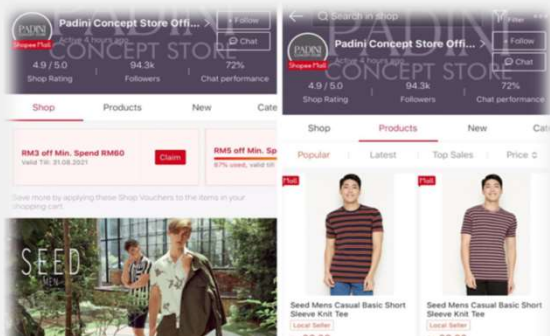
Covid-19

Padini

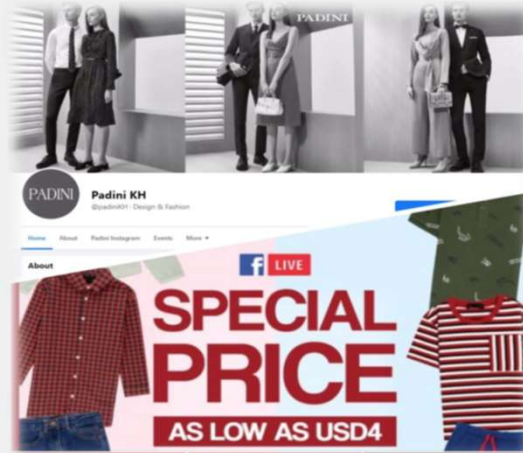
Membership



Thailand – Shopee in August 2020



Malaysia – Shopee in October 2020



Cambodia – FB Live in May 2021



Malaysia – PADINI APP in June 2021

FY21

Highlights

Market

Presence

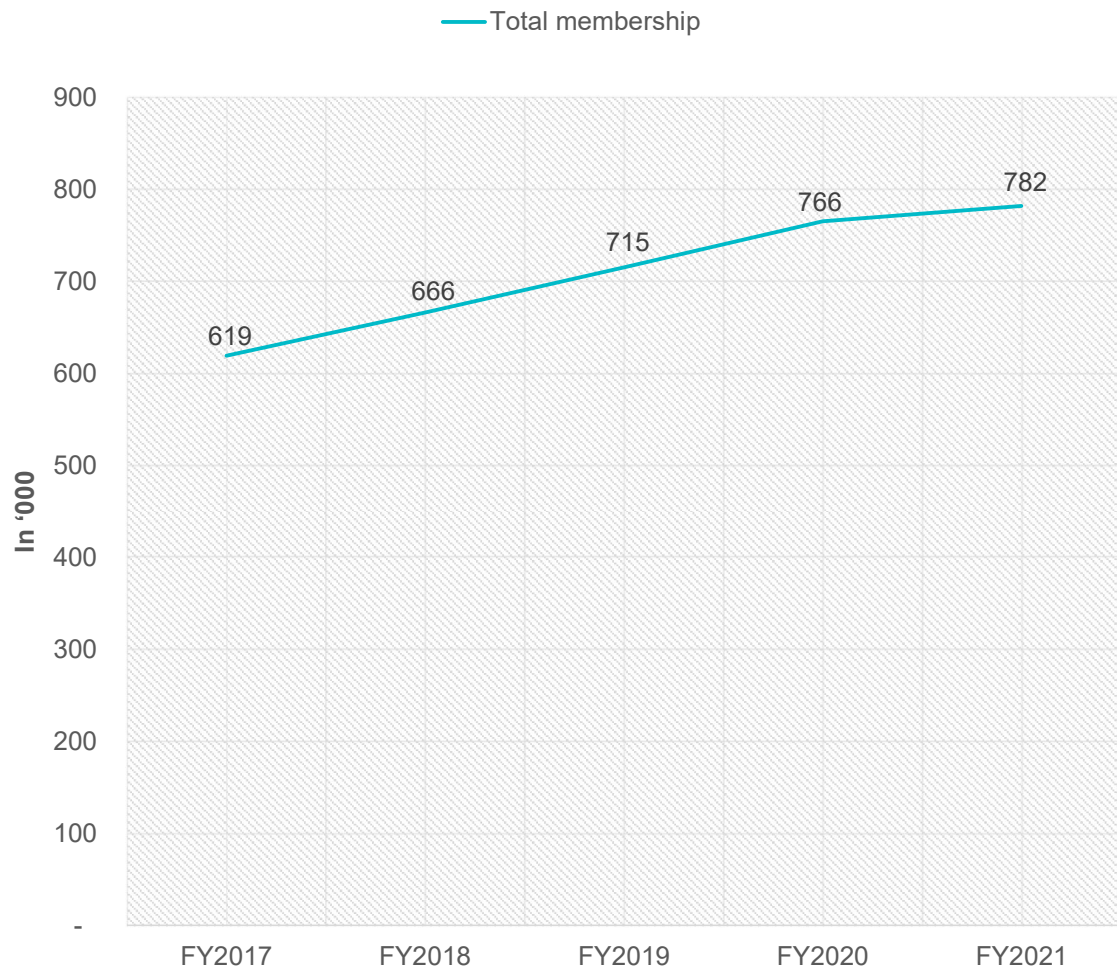
Brands

About

Padini



## Covid-19



**Padini  
Membership**

**FY21  
Highlights**

**Market  
Presence**

**Brands**

**About  
Padini**

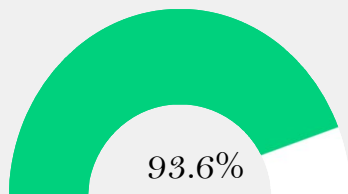
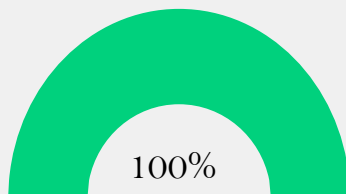
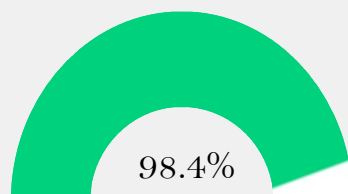




2,654 employees

106 employees

31 employees



Covid-19

Padini  
Membership

FY21  
Highlights

Market  
Presence

Brands

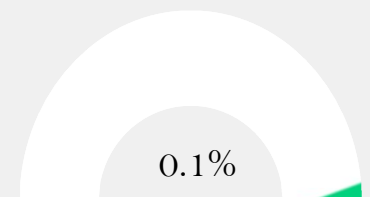
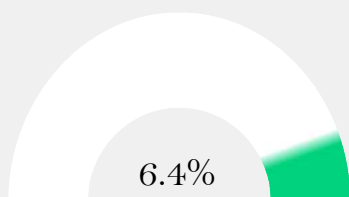
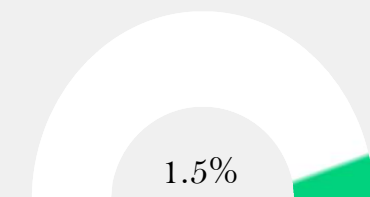
About  
Padini



2<sup>nd</sup> Dose



1<sup>st</sup> Dose



Status updated as at 18 November 2021



**Financial Results Review  
for the Financial Year Ended  
30 June 2021**



**Profit or Loss overview**



**Financial position overview**



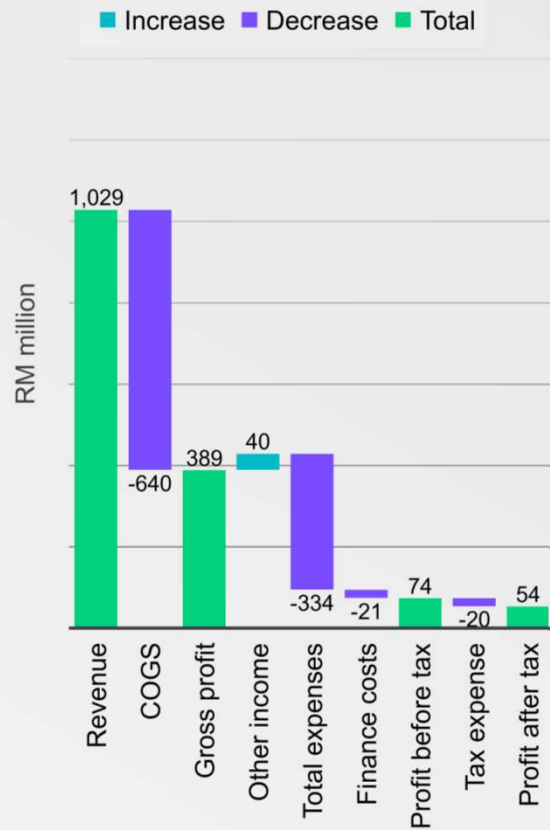
**Other key ratio indicators**



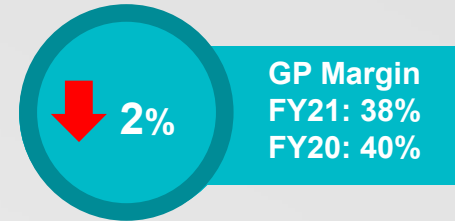
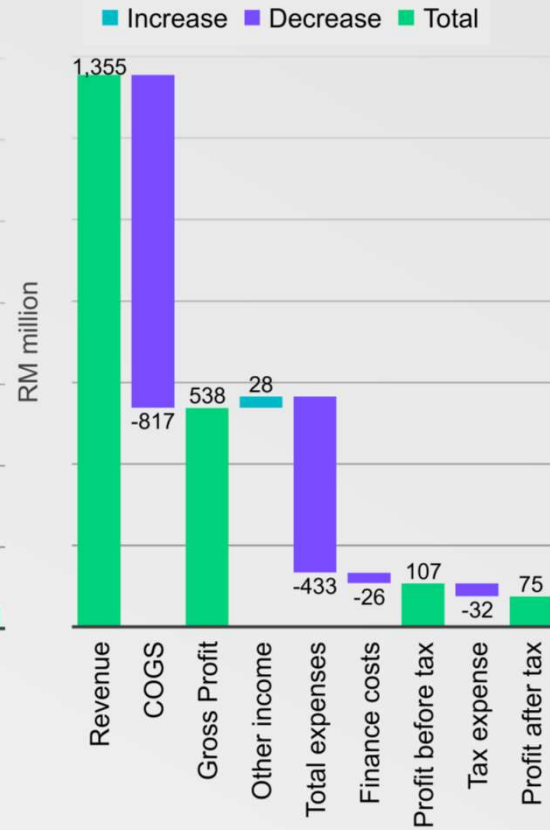
**Same Stores Sales Growth**



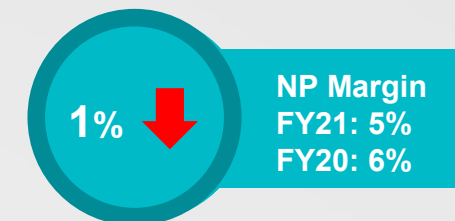
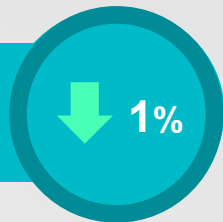
## FY2021

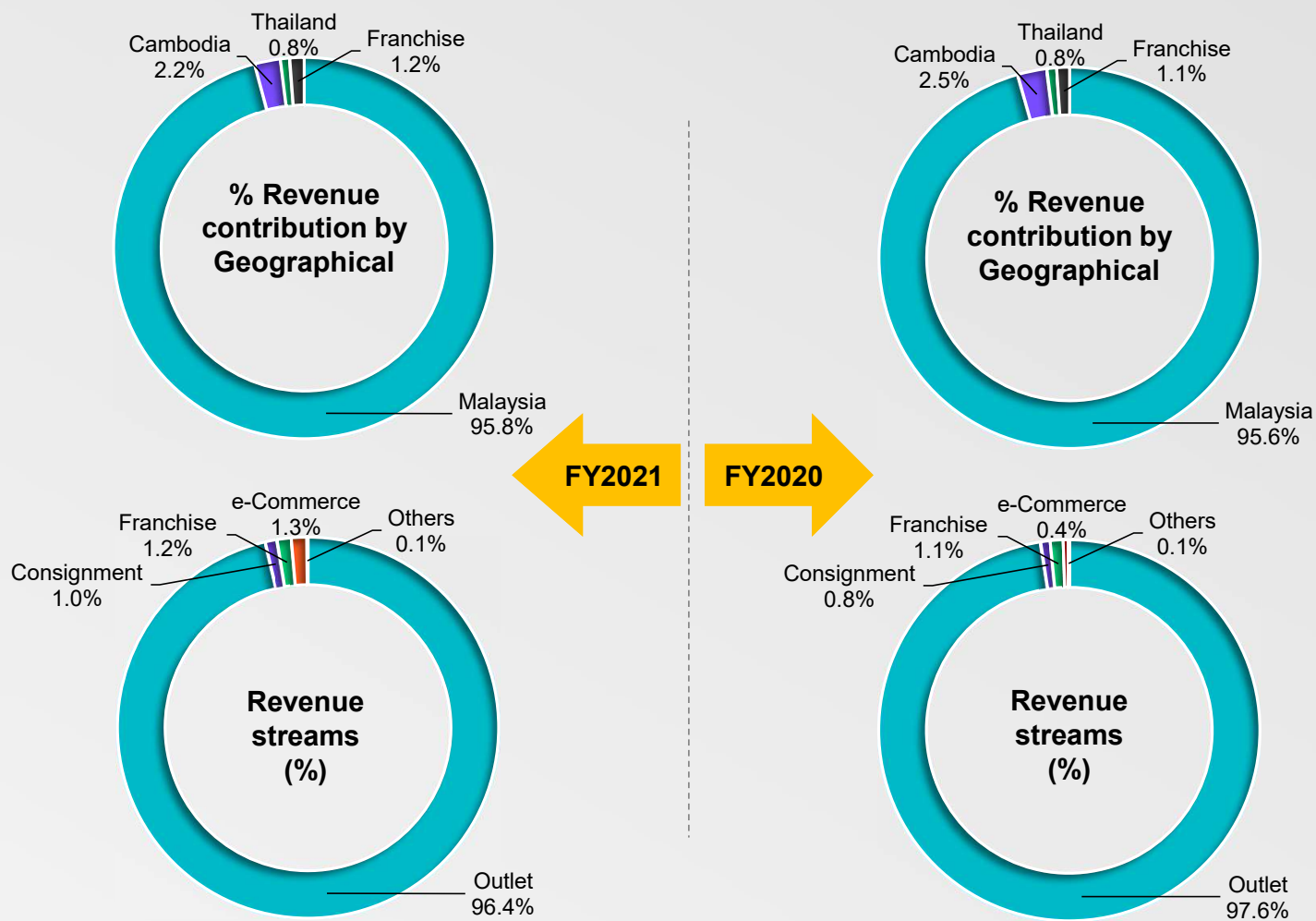


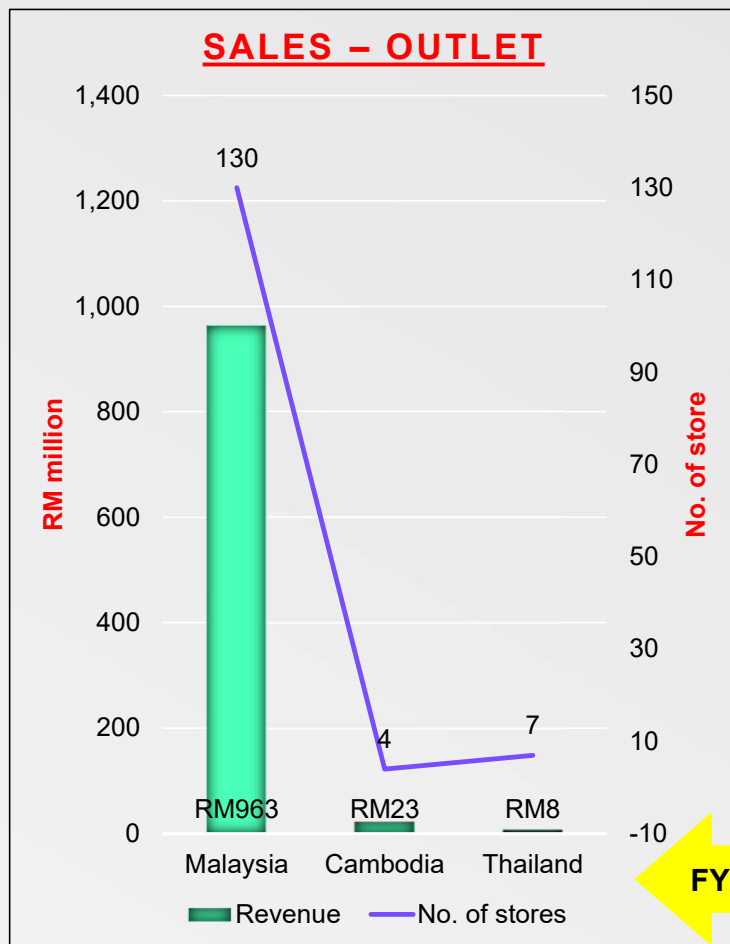
## FY2020



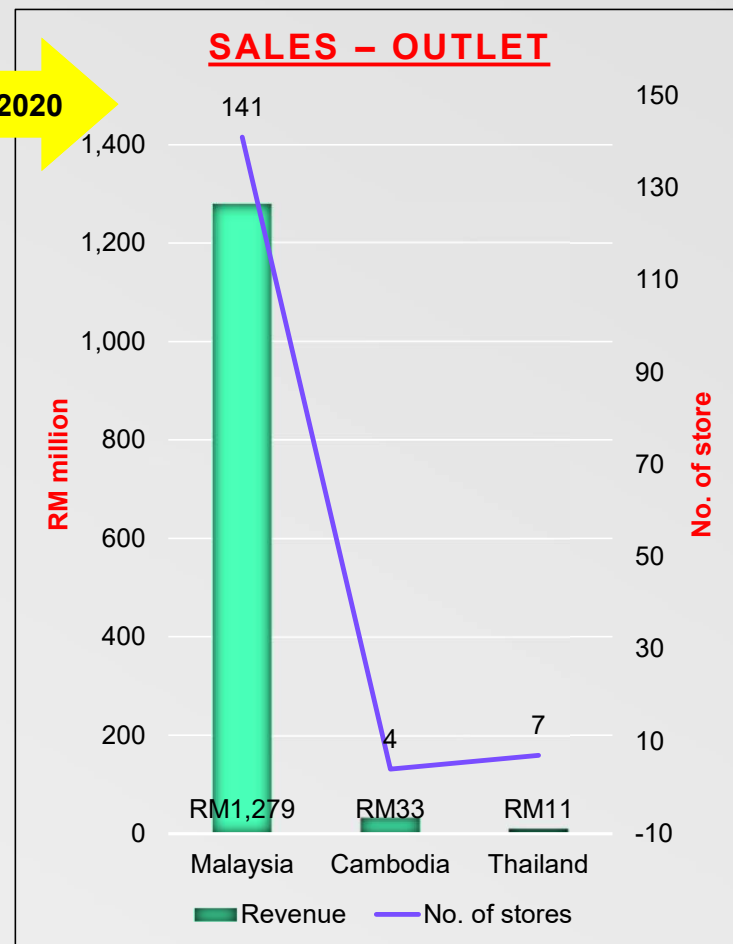
Net total expenses  
and other income  
over revenue  
FY21: 31%  
FY20: 32%



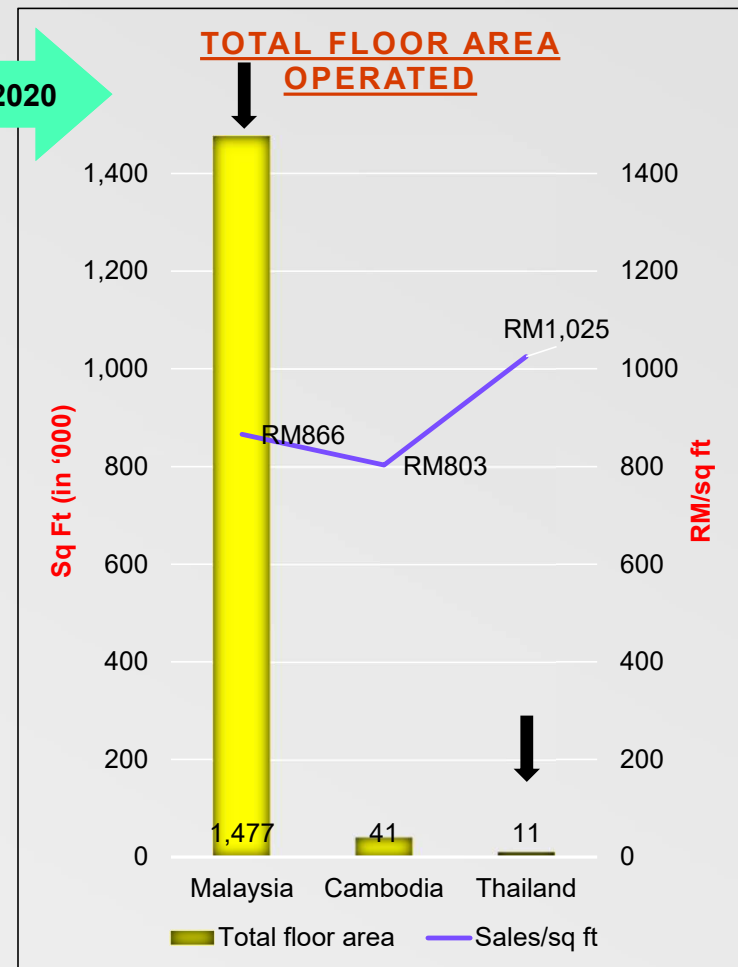
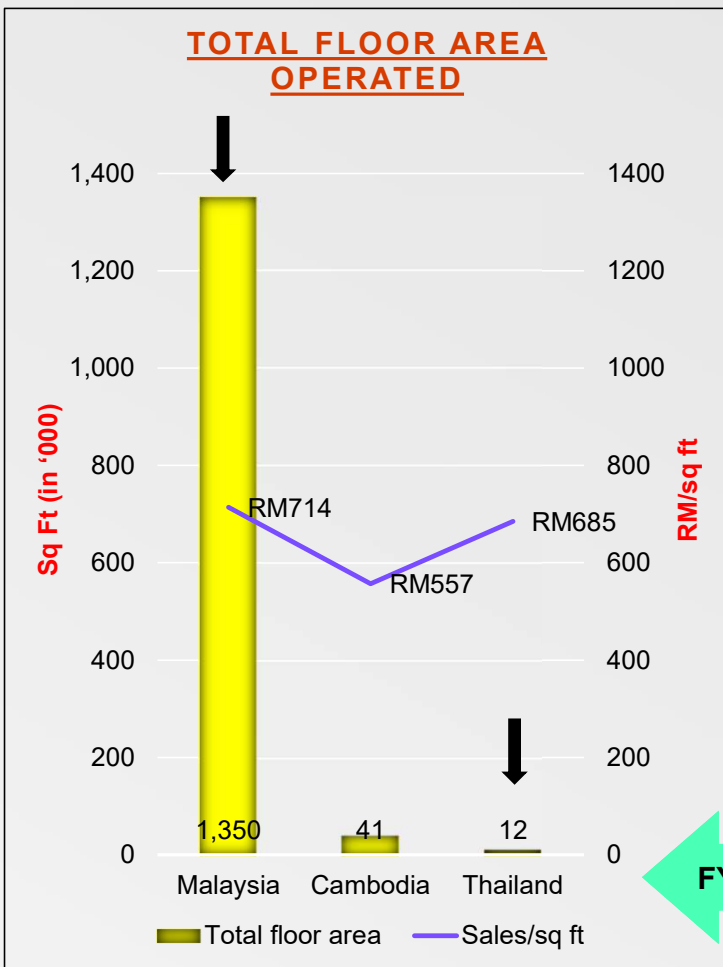




FY2020



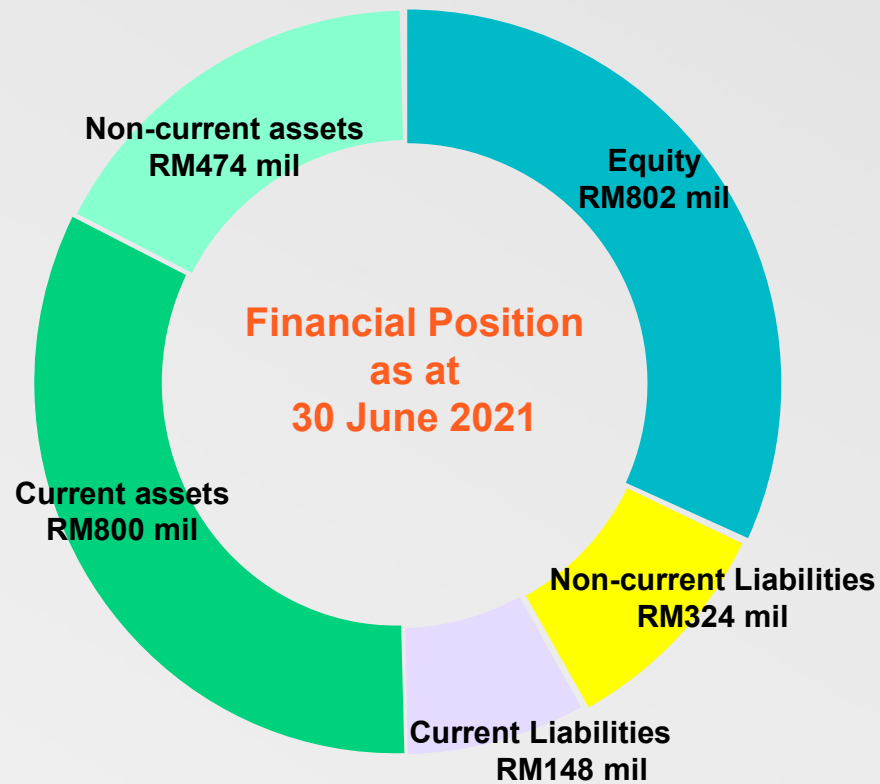
Profit or Loss Overview (Revenue - Outlet)

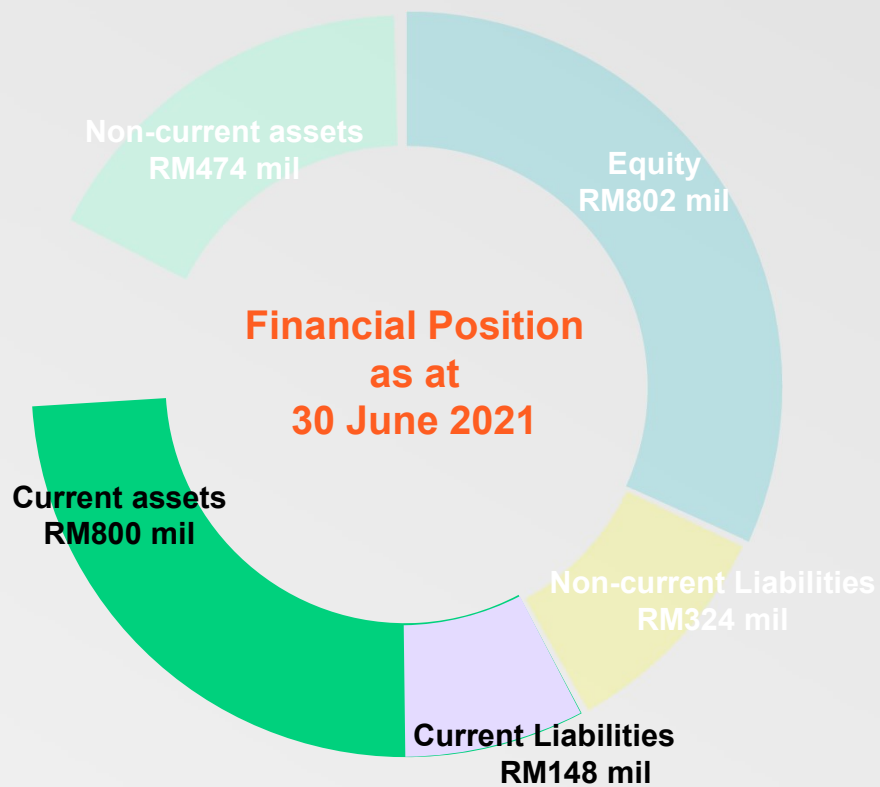


MFRS 16 impact on P&L (Rental portion)	FY2021 RM million	FY2020 RM million
Finance costs (Leases liabilities)	(20)	(25)
Depreciation (ROU)	(95)	(104)
Gain from Leases modification	4	-
Rental (Utilisation)	104	112
Net impact to P&L (Before tax)	(7) ←	(17)

Profit or Loss Overview (MFRS 16 impact on total expenses)







**Current ratio**  
(Current assets/current liabilities)

**FY2021: 5.4**

FY2020: 4.0

FY2019: 3.9



The business able to meet its payment obligations as they fall due



### Inventory turnover

(Stock average/COGS)

**FY2021: 143 days** ↻

FY2020: 125 days

FY2019: 92 days

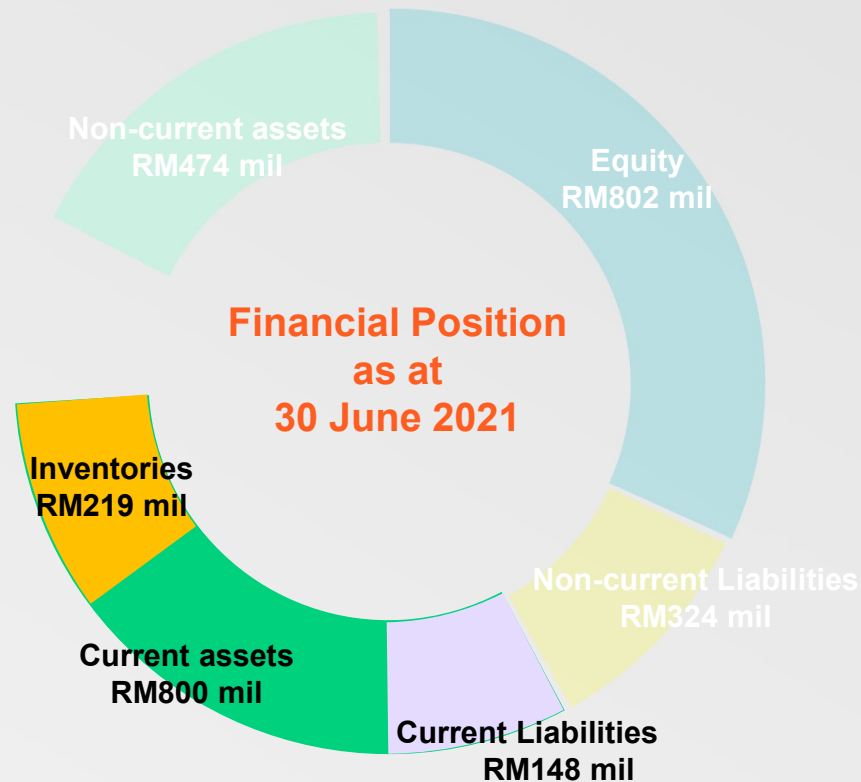
### Quick ratio

(Current assets -  
Inventories)/current liabilities

**FY2021: 3.9** ↻

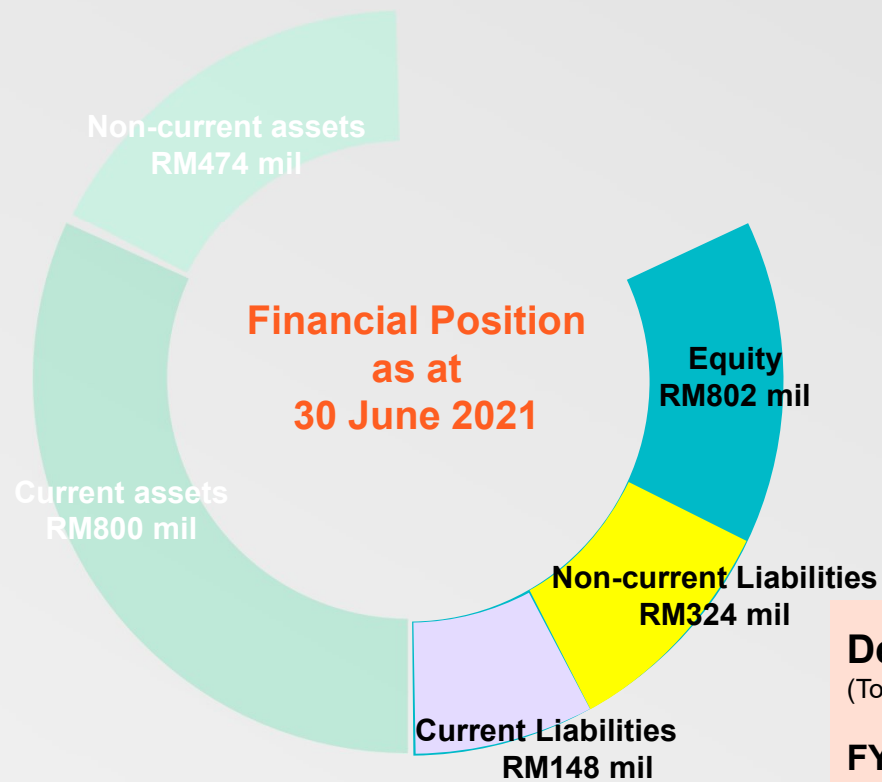
FY2020: 2.6

FY2019: 2.6



The business able to use its quick assets to meet its short-term payment obligations





The business is not heavily dependent on debt to finance its growth.

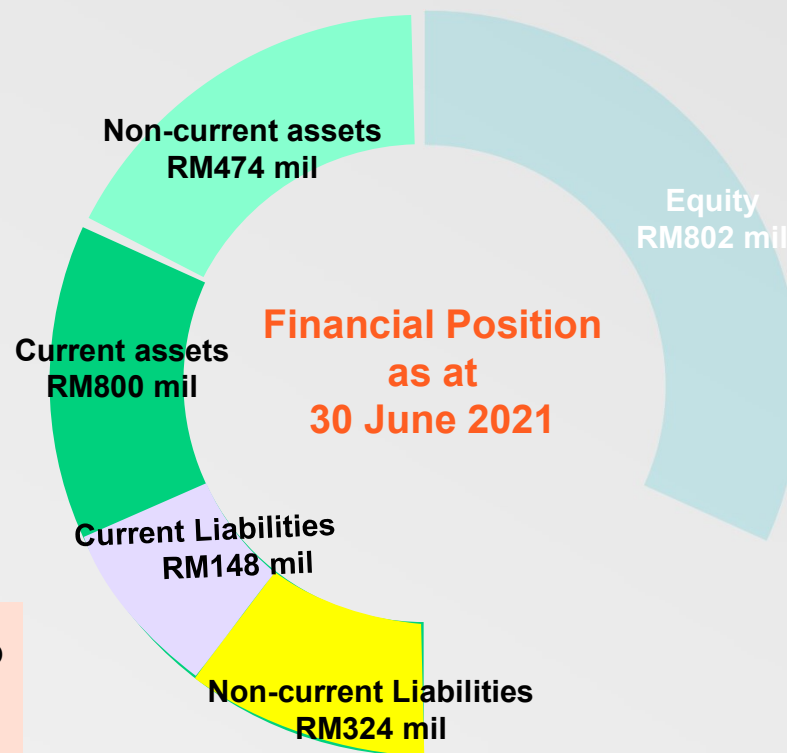
**Debt to Equity ratio**  
(Total liabilities/Equity)

**FY2021: 0.6**


FY2020: 0.8

FY2019: 0.3





**Debt to Assets ratio**  
(Total liabilities/Total assets)

**FY2021: 0.4**   
FY2020: 0.5  
FY2019: 0.2

The business is not heavily dependent on debt to finance its assets.



**Return on Equity**  
(Net profit/Equity)

**Return on Assets**  
(Net profit/Assets)

**EPS**  
(Net profit/Shares)

**Price/Earning ratio**  
(Share price/EPS)

**Profitability  
ratio**

**Market Value  
ratio**



### Year on Year



Same Stores Sales Growth



THANK YOU!





# *Letter from MSWG*

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## **Operational & Financial Matters**

### **Question 1**

Padini group recorded revenue of RM1.03 billion in FY2021, a decline of 24.0% compared to RM1.35 billion in FY2020. As a result, profit attributable to equity holders of the Company also fell by 28.1% to RM54.1 million in FY2021 mainly due to the negative impact of the Covid-19 pandemic and the lockdown restriction (page 14 of Annual Report (AR) 2021).

- (a) What are the structural/permanent changes in the fashion retail industry as a result of the pandemic?
- (b) How has Padini group adapted to the new operating environment?



## **Answer to Question 1 (a)**

Fashion retail industry is one of the badly hit economic sectors because of the pandemic. Pandemic has shaped the way on consumers sentiment and behavior as well as the way how business is operated. While the physical outlets were not allowed to open, consumers move to online and adopting a more cautious stance towards social distancing.

While for business, it is important to safeguard the well-being of employees as well as customers. Business needs to take into consideration the additional cost incurred and additional restrictions adopted in operations. No one can predict what the next “Normal” will be like, Padini believes that the retail industry changes are inevitable and will be required to take continual action in response to changes in market, consumer behavior as well as to achieve the well-being of other stakeholders.



## **Answer to Question 1 (b)**

Our upmost priorities are to safeguard the health and well-being of our employees as well as our customers. Padini has taken all appropriate measures proactively and adhered strictly to all standard operating procedures as laid out by the government. In addition, it is also important to maintain connections with consumers. Digital space playing a fundamental role in not only maintaining engagement but also provide more shopping experiences option for consumers. Padini has enhanced its digital presence not only in its own website but also Padini apps, social media channels such as Facebook and Instagram and marketplace such as Lazada and Shopee.



## **Question 2**

Padini's online shopping has experienced a growth, but technology is for more than just shopping online, it is important to find a balance between reaching out to existing customers and attracting new customers. Due to various lockdowns, the Company has placed increased focus on further developing digital retailing to reach out to and extend the purchasing channels for the convenience of its customers and for future growth (page 12 & 18 of AR 2021).

- (a) How successful is the Group's e-Commerce business such as online stores on Shopee, Lazada, Facebook Live, Padini Mobile App and brand awareness online? How much e-Commerce sales accounted for the group's total revenue for FY2021?
- (b) What are the metrics used by the board to track the Group's progress in e-Commerce?
- (c) In addition, has the board set any mid-term targets for management in terms of growing its e-Commerce business?



## **Answer to Question 2 (a)**

We are not expecting major contribution from online platform at the moment, and we envisage the group will grow stronger and bigger along with the online business in the long term.

Group retail sales derived from E-commerce accounted less than 2% of the Group's consolidated revenue for FY2021.

## **Answer to Question 2 (b)**

Padini monitors regularly and closely on e-commerce key performance indicators (KPIs) which includes financial performance as well as users' experiences such as return rate and payment method. Continuous efforts will be put in to grow our online business by increasing the awareness of our products in our online channels and improving the infrastructure for e-commerce.



## **Answer to Question 2 (c)**

Developing new online shopping experience and enhancing shopping convenience to our consumer is a continuous effort of the e-commerce division. We believe digital retailing of the group will bring positive impact and complement our existing bricks and mortar business for future growth.



### **Question 3**

In the aftermath of the Covid-19 pandemic, footfall in the shopping malls is impacted negatively and hence lesser shoppers in Padini outlets (page 13 of AR 2021).

(a) What is the recovery in footfall and in sales since the easing of Covid-19 restrictions since August 2021 and under phase 4 of the national recovery plan?

(b) The Group has 130 retail stores in Malaysia. 2 Padini Concept Stores, 6 Brands Outlet store and 3 single-brand stores were closed in FY2021 (page 16 of AR 2021). Given the prolonged pandemic, are any more Padini's stores expected to be close-down moving forward?



### **Answer to Question 3 (a)**

With the easing of restrictions under national recovery plan, major of our stores are reopened from 18 August 2021 progressively and Q1FY2022 results will be announced in coming quarterly announcement on 26 November 2021.

Business condition required some time to rebound as the years-long pandemic left a lasting impact on the industry. The Group remains optimistic on the long-term sustainability of business and are focusing our effort to further rationalise the business by optimising the working capital and exploring various sales channels.

### **Answer to Question 3 (b)**

We have not finalised any plan on store closures in Malaysia, Cambodia and Thailand. Due to the dynamic nature of the retail business, we will monitor the market condition and evaluate our business strategy on regular basis to maximise the returns.



## **Question 4**

The Group recorded a realised loss on foreign exchange of RM517,000 in FY2021 (FY2020: loss RM87,000) (Note 28, page 107 of AR 2021).

- (a) What were the reasons for the increase in realised loss on foreign exchange?
- (b) The Group purchases most of its products from China which is denominated in Renminbi. Given the large swing in foreign exchange loss/gain, how does the Group plan to better manage its currency exposure? What is the current hedging policy of the Group?



### **Answer to Question 4 (a)**

Realised loss on foreign exchange mainly derived from trade transaction in foreign currency with overseas franchisees and intercompany sales. The reason for the increase in realised loss is due to the weaker USD and THB currency against MYR as a result of pandemic which causes foreign exchange fluctuation on the forex translation.

### **Answer to Question 4 (b)**

The Group does not practice currency hedging. As you may see from the note to accounts, the forex exposure is not significant to us.



## **Corporate Governance Matters**

### **Question 5**

Paragraph 9.21(2) of the Main Market Listing Requirements requires companies to publish a summary of the key matters discussed at the AGM onto the Company's website soon after the conclusion of the AGM.

As of 17 November 2021, summary of the key matters discussed at the 39th AGM held on 24 November 2020 was not available on the Company's website - <https://corporate.padini.com/investor-relations/minutes-of-general-meetings/>  
Why was the summary of the key matters discussed not uploaded onto Padini's corporate website?



## **Answer to Question 5**

Noted on your comment. There was an unexpected communication issue and we have rectified it immediately.



## **Question 6**

Practice 4.2 of Malaysian Code of Corporate Governance (“MCCG”) states that two-tier voting process should be adopted for the re-election of independent directors if their tenure has exceeded 12 years.

Padini in its Corporate Governance (CG) Report 2021 (page 20) states that as of year 2021, it is the 13th year Mr. Foo Kee Fatt has served as an Independent Director of Padini. The Company takes note of the recommendation of MCCG to seek shareholder approval via a two-tier voting process. However, Padini is of the view that, the two-tier voting is not consistent with the provisions of Section 291 of the Companies Act 2016. In this regard, it has opted not to adopt the two-tier voting for the time being.

The Securities Commission Malaysia has issued a Frequently Asked Questions on the MCCG on 26 April 2017, and revised on 30 April 2021 (“MCCG FAQ”) where the abovementioned provisions of Section 291 of the Companies Act 2016 was clarified as follows:



## **Question 6 (continued)**

“Section 291 of Companies Act 2016 defines the application of ordinary resolution of members or a class of members of a company; that an ordinary resolution is passed by a simple majority of more than half of such members. It does not specifically deal with the appointment or re-appointment of directors.

Section 202(2) of Companies Act 2016 states that the appointment of any subsequent director may be appointed by an ordinary resolution. In this section, the term ‘may’ is used and it is well settled that the use of the word ‘may’ in a statutory provision would not by itself show that the provision is directory in nature. Therefore, companies are allowed to determine the manner in which shareholders will exercise their rights in relation to the appointment or re-appointment of directors.

The two-tier voting process is also consistent with the rights and powers attached to shares as accorded in the Companies Act 2016. In exercising the votes under two tier voting process, each shareholder continues to have only one vote for each shares held.”

Hence, two-tier voting for Mr. Foo Kee Fatt whose tenure has exceeded 12 years should be adopted as per the MCCG.



## **Answer to Question 6**

Noted on your comment. This matter will be deliberated again in the board meetings.



## **Sustainability Matters**

### **Question 7**

Padini presented its fourth Sustainability Report for FY2021, and the Group has identified 15 material issues through its materiality assessment process.

Target-setting is a key component of the Group's sustainability efforts and best practice as guided under the Bursa Malaysia Sustainability Reporting Guide. What are the key targets and the performance indicators for each material issue?



## **Answer to Question 7**

The Group identified its material issues into three (3) aspects which are economic, environmental, and social. The Group measures these performances through its financial indicators as well as non-financial indicators.

Financial indicators involving profitability and cost efficiency measures where the Group regularly review the detail profit or loss and with this data, it helps to understand how well the business is performed.

On the other hand, non-financial indicators included compliance of standards, rules, and regulations; mystery shopping survey and understand the complaint from customers; regular meeting with stakeholders etc. All of these pose a very clear sense of what are the concern or development to keep track on business progress.



*Thank you!*



The background of the slide is a dark, textured surface covered with numerous question marks. Some question marks are in a light, metallic gold color, while others are in a dark, charcoal grey color. The lighting is soft, creating a sense of depth and focus on the question marks.

# *Questions from Shareholders*

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### **Question 1:**

**Padini's vision is To be the best fashion company ever. This sounds great but what does it mean? And what does it mean for shareholders?**

### **Answer:**

It represents our company motto, to keep improving, adjusting and adapting to the situation or changes with the aim to create value to our stakeholders including employees, customers, investors, business partners and communities it operates in.



**Question 2:**

- (a) To what extent would the record-breaking cotton price adversely affect the company? Is company able to pass-on surging costs to customers? Any hedging in place?**
- (b) How severe is the impact of supply chain, logistic issues?**
- (c) Please share insights on the progress of business recovery after MCO lifted, how many % compared to pre-Covid.**
- (d) In regards to online business, Padini opt for own website, Shopee, Lazada etc. To clarify, why not listing in more fashion-focused platform i.e. Zalora?**

**Answer:**

- (a)** Cotton is one of the materials used in the fashion. There are many other factors that affecting the cost, pricing and hence profitability of the Company. Due to the massive stocks we are offering, we are unable to estimate the current financial impact. We do not practice hedging instead we are working closely with our supplier through forward plan our orders to secure the best prices.
- (b)** Logistic issues may happen from time to time but problems can be mitigated with advance planning. We have long and good business relationship with our suppliers and working with them collaboratively by having consistent and regular communication on our situation and our needs. This enables us to manage and mitigate the impact of supply chain issues.
- (c)** Q1FY22 results will be announced in the coming quarterly announcement on 26 November 2021. As usual, businesses need some time to rebound back to pre-covid sales level. Nevertheless, it is encouraging to see the footfall in the outlets after MCO was lifted. However, we are remained vigilant and will continue to implement measures to safeguard our employees as well as customers.
- (d)** We have engaged with Zalora since year 2013 for our brand, Vincci. We will consider to expand it to our other brands when it is feasible.

### **Question 3:**

**Chinese retailer Shein was US\$10 billion revenue last year and expects to double again this year. In Malaysian free shipping starts at RM100 purchase.**

**Given Malaysian consumers are now used to online purchase, did the Group has an idea roughly how much sales have already been lost to such online competitors? Given these competitors enjoy economy of scale and can easily expand digitally, how the Group respond.**

**What is the Group's differentiation?**

### **Answer:**

The Group's revenue from outlet dropped by 24% as compared to FY2020 due to lockdowns and temporary closure of outlets.

The Group is of the view that understanding what customers' wants provides competitive edge in the dynamic market. The Group continues enhancing its products value within the brands and exploring new product range such as, collaborating with Disney and other intellectual properties to create cross branding value; Creating functional textile and garments that adds value and newness to the brands. The Group also proactively developing new online shopping experience to our customers. We believe we will be able to reach out to the customers and make ourselves useful and of value to them.

The Group's own brands create brand differentiation that is important to sustain in long term. Padini's wide range of products cater to the market needs for affordable and value for money fashion, whereas Padini Concept stores and Brands Outlet provide a unique shopping experience by consolidating multiple brands into one concept store.

#### **Question 4:**

**During the pandemic some physical retailers have closed down or scaled back? Given the Group strong balance sheet, will it take opportunity to pursue aggressive store expansion and fill their place?**

#### **Answer:**



**We will continue to monitor the market situation for more opportunities which will take into consideration of the location, rates, terms and etc.**



### **Question 5:**

**Moving forward, what is the expected annual Capex? What are the priority areas for investment?**

### **Answer:**



Budgeted Capex for next financial year is approx. RM20 million. IT and hardware Infrastructure are the priority areas.



### **Question 6:**

**Page 13 of Annual Report mentions “brick and mortar model and online retail model complement each other”.**

**Many companies including Walmart and Alibaba are still experimenting with their omnichannel approach. What is the Group’s experience so far? Can Management share some examples that have gained acceptance?**



### **Answer:**

Transforming the way of working which is not only limited to the application development, which includes other divisions such as merchandising, inventory management, supply chain, marketing and etc. We will continue to improve on our omnichannel journey.



### **Question 7:**

**What is the revenue contribution from digital platform in FY2021? What is the breakdown between own platform versus third party platforms like Lazada and Shopee.**



### **Answer:**

Group retail sales derived from E-commerce accounted less than 2% of the Group's consolidated revenue for FY2021. Significant part of the E-commerce revenue is derived from own platform.



**Question 8:**

**Dear BOD, kindly give us e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ**



**Answer:**

We will be giving out e-vouchers and will announce the details in our corporate website soon. Please register your details in the link provided in the corporate website when the link is available by end of November 2021.



*Thank you!*



**PADINI HOLDINGS BERHAD (50202-A)**

40th AGM – 26/11/2021

Appendix IV

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Questions raised by shareholders / proxies	Board of Directors / Management's response
I wish to commend the Management of Padini for the excellent management of Company's Inventories where it was reduced by RM56.226 million which improved the Net Cash Flow from Operations despite the lower Revenue due to the Covid-19 pandemic. In view of the phased opening up of the economy, will Management be increasing its inventories to take advantage of any "pent-up" demand in FY2022?	Mr Benjamin Yong informed that the Group has the capability to increase the inventories. Nevertheless, the Management is very cautious and will need to monitor the market situation and the pandemic numbers. The Management will react to the situation accordingly and avoid being placed in a disadvantaged situation should there be another lockdown.
Can the Board/Management confirm that Padini will not be affected by the Cukai Makmur proposed by the Government at the recent Budget since all the individual operating subsidiaries of Padini are not reporting profits of more than RM100 Million?	Ms Sharon Sung informed that if the chargeable income is more than RM100 million, then the entity will be subject to the Cukai Makmur. However, the Management is unable to confirm whether any subsidiaries will be affected at the moment, as it would depend on the Group's performance in the subsequent months.
Padini Group managed to obtain rent concessions for its rentals of retail operations amounting to RM16.285 million in FY2021. Will Padini continue to receive these rent concessions in FY2022 and if yes, will the figure be similar or lower than what was obtained in FY2021.	Ms Sung informed that the Management is unable to confirm on the rent concessions for financial year 2022 as this will depend on the market situation. The Management will communicate with the mall managements as and when needed.
Can you explain the function of Padini International Hong Kong? What is this subsidiary used for?	Mr Benjamin Yong informed that Padini International Limited is used for sourcing and quality control.
If MCO is implemented again, what are the strategies to overcome? Any idea to explore new market?	<p>Mr Benjamin Yong informed that the Management will maintain its current strategies of maintaining a healthy inventory and cash flow.</p> <p>As for new markets, he informed that the Management's focus will be on its core business at the moment until the pandemic is over.</p>
<ul style="list-style-type: none"><li>• What is the company's future Outlook?</li><li>• How much is the impact due to MCO?</li><li>• How much is cost saving of this virtual AGM as compare to physical one?</li><li>• Will the Board consider giving door gift such e-voucher or e-wallets for those participated in this AGM?</li></ul>	Ms Sung informed that the first, second and fourth questions have been answered in the earlier presentations. As for the third question, she informed that there is a cost savings of approximately RM13,000.
Can we know how much does 11.11 sales and 12.12 sales this year contribute to the Group's revenue and net profit?	Mr Benjamin Yong informed that he did not have the figures at that time. He informed that the contribution from those sales will be small as the total Revenue from e-commerce amounted to less than 2% of the total Group Revenue.

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Questions raised by shareholders / proxies	Board of Directors / Management's response
Some of the success factors of Padini is to be able to understand customers' taste, bring the latest fashion trends to the store in the shortest time possible, at the right price, and execute it well (page 13 of the annual report). However, with the supply chain disruption, logistic delay, and rising products costs, does Padini still able to maintain these strengths?	Mr Benjamin Yong informed that the Management will continue to maintain its current strategies. The supply chain disruption will be mitigated by better forward planning. The Management will also try to maintain the price of its products to remain competitive in the market.
As we can see, the online sales still account for a very small portion to total sales, what is the plan to improve e-commerce business?	Mr Andrew Yong informed that the Management is focusing on omnichannel to increase convenience to customers such as offering customers who buy online the ability to exchange the products in its physical stores. This would help the Group in totality rather than specifically for e-commerce purposes.
Could you elaborate in terms of the membership numbers? How do you define members and how many of these are active and how many transact?	Mr Andrew Yong informed that there were approximately 780,000 members currently. Sales were about RM50 million, which is considered low, mainly due to the lockdown. He informed that he did not have the information on the active members because they had just migrated to a new system.
Regarding on the resolution on Director fees and benefits, what values shall shareholders expect from the BOD in terms of this challenging times in the coming years eg, double net profits, increased dividends, reconsider door gift as token, bonus issue etc. If BOD unable to achieve this values, will the BOD take pay cut or VSS ? Shareholders need some confidence from BOD as times are challenging and employees have been retrenched, pay cut or early retirement.	Mr Chia Swee Yuen informed that the Group has reported good profits in these challenging times, compared to other retailers. The Group also has a strong cashflow despite the effects of the pandemic. He was of the view that this was a reflection of the Board of Directors and staff's contributions as well as support from the various stakeholders especially its customers and suppliers. As for the other various matters raised by the shareholder, he informed that the Directors will consider these matters from time to time and will take the appropriate steps as the Group's financial performance progresses over time.
<ul style="list-style-type: none"><li>What is the target for next 5 year to increase the portion of e-commerce sales? For example, grow from 2% in FY2021 to 5% in FY2023?</li><li>Omni channels has become the trend and growth engine for the world's most successful fashion retailers like Lulu &amp; Nike. Despite Padini started to venture into online retail since 2015, but after 6 years of efforts, there is still not showing good growth with online sales of less than 2%. What is Padini plan to speed up your online sales? Are you having the right expertise to grow your online retailing?</li></ul>	Mr Andrew Yong informed that there is no specific growth target for e-commerce. As informed earlier, the Management's current focus is on omnichannel, to improve the convenience for its customers in both the e-commerce platform as well as the physical stores, which will contribute to the growth in e-commerce and the Group as a whole.

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<b>Questions raised by shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
The dividend payout has drop from 11.5 cents during pre-pandemic era to 2.5 cents now. Will you increase your dividend payout in new FY since the economy has reopen? Are you seeing an increase in your business in new FY to support more dividend payout?	Ms Sung informed that the business environment remains uncertain. The Directors will continue to monitor the Company's performance in the coming months to decide the dividend payout in the coming quarters.
With the store closures, when will Padini be able to return to pre-pandemic level of profit of around RM160m?	Mr Benjamin Yong informed that it will depend on the market recovery and the pandemic situation in Malaysia. The Management would be able to have a better indication once the pandemic situation has recovered and the shops are operating in full capacity.
What is Padini's branding strategy i.e. increase A&P spending to strengthen the Padini brand in Malaysia and other operating countries	Mr Benjamin Yong informed that currently, the strategy is to focus on social media and omnichannel, shifting away from older media such as magazines, billboards and physical printing. The new branding platforms allows more contents, is faster to create and cheaper.
What does it mean by improving convenience to customers (omnichannel)? Would you please elaborate thank you	Mr Benjamin Yong informed the concept is to create a seamless experience for the customers regardless whether they buy online or at the physical stores. For example, an online purchase can be exchanged in the store. Any promotions can be assessed both physical and via online.

**PADINI HOLDINGS BERHAD**

(50202-A)

**Fortieth Annual General Meeting**TIH Online website at <https://tth.online>

On 26-November-2021 at 10:00AM

**Result On Voting By Poll**

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Ordinary Resolution 1	524,903,793	99.9914	306	89.4737	45,126	0.0086	36	10.5263	524,948,919	100.0000	342	100.0000
Ordinary Resolution 2	524,898,688	99.9905	301	88.0117	49,831	0.0095	41	11.9883	524,948,519	100.0000	342	100.0000
Ordinary Resolution 3	487,529,268	92.8714	315	91.3043	37,421,754	7.1286	30	8.6957	524,951,022	100.0000	345	100.0000
Ordinary Resolution 4	513,229,547	97.7671	303	87.8261	11,721,475	2.2329	42	12.1739	524,951,022	100.0000	345	100.0000
Ordinary Resolution 5	513,230,251	97.7683	305	88.6628	11,715,471	2.2317	39	11.3372	524,945,722	100.0000	344	100.0000
Ordinary Resolution 6	524,945,103	99.9989	326	94.4928	5,919	0.0011	19	5.5072	524,951,022	100.0000	345	100.0000
Ordinary Resolution 7	513,122,796	97.7468	322	93.3333	11,828,226	2.2532	23	6.6667	524,951,022	100.0000	345	100.0000
Ordinary Resolution 8	360,451,163	68.6909	268	79.0560	164,292,859	31.3091	71	20.9440	524,744,022	100.0000	339	100.0000

