

PADINI HOLDINGS BERHAD

Registration No: 197901005918 (50202-A)
(Incorporated in Malaysia)

Annual Report & Sustainability Report
2 0 2 1

vision

To Be The
Best Fashion Company
Ever

mission

To Exceed
Customers' Expectations
And
Our Brands' Promise

core value



4	-	6	NOTICE OF ANNUAL GENERAL MEETING
		7	CORPORATE INFORMATION
		8	CORPORATE STRUCTURE
9	-	10	5-YEAR GROUP FINANCIAL HIGHLIGHTS
11	-	12	CHAIRMAN'S STATEMENT
13	-	21	MANAGEMENT DISCUSSION & ANALYSIS
22	-	23	2021 HIGHLIGHTS
24	-	33	CORPORATE GOVERNANCE OVERVIEW STATEMENT
34	-	36	REPORT OF THE AUDIT AND RISK COMMITTEE
37	-	39	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
40	-	44	PROFILE OF DIRECTORS
		45	DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS
46	-	115	FINANCIAL STATEMENTS
		116	DIRECTORS' SHAREHOLDINGS AND INTERESTS
117	-	121	ANALYSIS OF SHAREHOLDINGS
		122	LIST OF GROUP PROPERTIES
			FORM OF PROXY

4 NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be conducted in fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC - D1A282781) on Friday, 26 November 2021 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 30 June 2021 and the Reports of the Directors and Auditors thereon.
2. To approve payment of Directors' fee of RM300,000 in respect of the financial year ended 30 June 2021. *(Ordinary Resolution 1)*
3. To approve 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 to be held in the year 2022. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who are retiring in accordance with Clause 103(1) of the Company's Constitution:-
 - i) Mr Lee Peng Khoon *(Ordinary Resolution 3)*
 - ii) Mr Benjamin Yong Tze Jet *(Ordinary Resolution 4)*
 - iii) Ms Sung Fong Fui *(Ordinary Resolution 5)*
5. To re-elect the following Director who is retiring in accordance with Clause 110 of the Company's Constitution:- *(Ordinary Resolution 6)*
 - i) Ms Tan Shi Wen
6. To re-appoint Messrs BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

Special Business

7. To consider and if thought fit, to pass the following as an ordinary resolution:-

Retention of Independent Director

"That Mr Foo Kee Fatt who has served the Board as an Independent Non-Executive Director for a cumulative term of more than nine years be retained as an Independent Non-Executive Director of the Company." *(Ordinary Resolution 8)*

8. To transact any other business of which due notice shall have been received.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Fortieth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") in accordance with Clause 71 of the Company's Constitution and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 19 November 2021. Only a depositor whose name appears on the Record of Depositors as at 19 November 2021 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his behalf.

Notice of Annual General Meeting 5

(Cont'd)

BY ORDER OF THE BOARD

HO MUN YEE (SSM PC NO. : 201908003292) (MAICSA 0877877)
CHO MEI THO (SSM PC NO. : 201908003284) (MAICSA 7036543)
 Company Secretaries

Selangor
 26 October 2021

Notes:

- (i) *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.*
- (ii) *Members are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 40th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at <https://tiih.online>. Please follow the procedures for RPV in the Administrative Guide on 40th AGM.*
- (iii) *A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.*
- (iv) *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
- (v) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- (vi) *The instrument appointing a proxy must be completed and deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll). Members can also have the option to submit the proxy appointment electronically via TIIH online at website <https://tiih.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.*

Notes:

- A. The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence, this matter will not be put for voting.
- B. The benefits payable to the Directors (excluding Directors' Fees) comprises meeting allowances payable to the Independent Directors. The estimated meeting allowances payable to the Directors from 1 July 2021 until the next Annual General Meeting of the Company in the year 2022, are calculated based on the number of scheduled meetings for Board of Directors, Board Committees and general meetings of the Company.

6 Notice of Annual General Meeting

(Cont'd)

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Retention of Independent Director

The proposed Ordinary Resolution 8, if passed, will enable Mr Foo Kee Fatt who was appointed on 2 January 2009 and has served the Board as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to be retained as an Independent Non-Executive Director of the Company.

The Board of Directors has vide the Nominating and Remuneration Committee conducted an assessment of independence on Mr Foo and recommended him to continue to act as an Independent Non-Executive Director based on the following justifications:-

Justifications

- a) He has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and is therefore able to give independent opinion to the Board;
- b) Being director for more than nine years has enabled him to contribute positively during deliberations/discussions at meetings as he is familiar with the operations of the Company and possess knowledge of the Company's operations;
- c) He has contributed sufficient time and exercised due care during his tenure as an Independent Non-Executive Director;
- d) He has discharged his professional duties in good faith and also in the best interest of the Company and shareholders;
- e) He has the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
- f) He has never compromised on his independent judgement.

STATEMENT ACCOMPANYING THE NOTICE OF THE 40TH ANNUAL GENERAL MEETING

A. Further details of Directors who are standing for re-election as Directors

The details of the Directors who are standing for re-election at the 40th Annual General Meeting are set out in the Directors' Profile of the Company's 2021 Annual Report. No individual other than the retiring Directors are seeking election as Directors at the 40th Annual General Meeting.

The retiring Directors have been assessed by the Nominating and Remuneration Committee and the Board of Directors and are recommended for re-election at the 40th Annual General Meeting.

CORPORATE INFORMATION 7

CHAIRMAN

Chia Swee Yuen

MANAGING DIRECTOR

Yong Pang Chaun

DIRECTORS

Andrew Yong Tze How

Benjamin Yong Tze Jet

Chong Chin Lin

Chew Voon Chyn

Foo Kee Fatt

Lee Peng Khoon

Sung Fong Fui

Tan Shi Wen

*(appointed on 21 September 2021)***COMPANY SECRETARIES**

Ho Mun Yee

(SSM PC NO. : 201908003292)
(MAICSA 0877877)

Cho Mei Tho

(SSM PC NO. : 201908003284)
(MAICSA 7036543)**AUDITORS**

BDO PLT

Chartered Accountants

PRINCIPAL BANKER

OCBC Al-Amin Bank Berhad

REGISTERED OFFICE

3rd Floor

No. 17, Jalan Ipoh Kecil
50350 Kuala Lumpur

Tel : 03 - 4044 3235

Fax : 03 - 4041 3959

**PRINCIPAL PLACE OF
BUSINESS**No. 19, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam

Selangor Darul Ehsan

Tel : 03 - 5021 0500

Fax : 03 - 7805 1066

SHARE REGISTRARTricor Investor & Issuing House
Services Sdn. Bhd.Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03 - 2783 9299

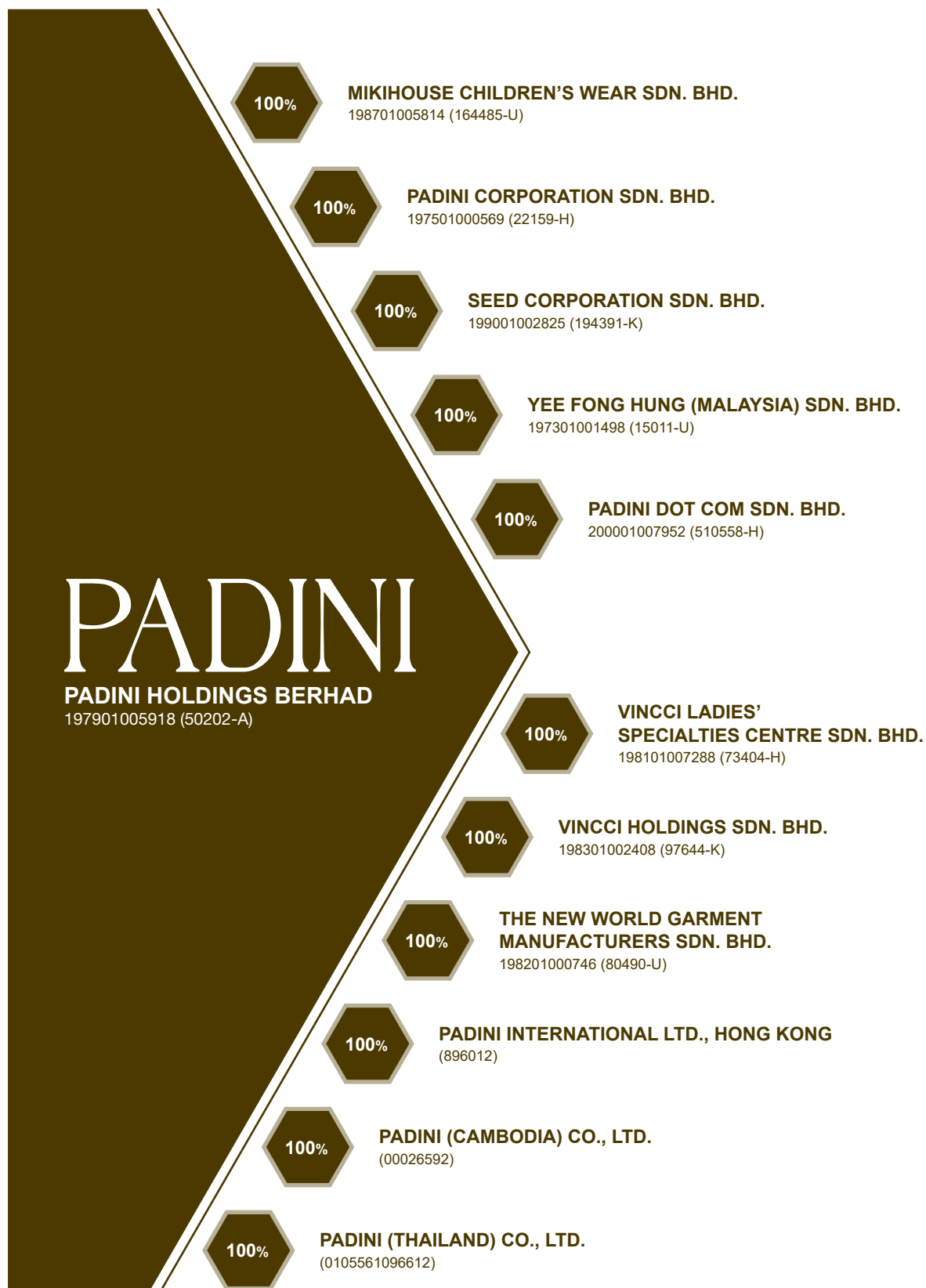
Fax : 03 - 2783 9222

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

8 CORPORATE STRUCTURE



5-YEAR GROUP FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
Amounts in RM thousand unless otherwise stated					
Revenue	1,029,387	1,354,679	1,783,022	1,678,790	1,570,722
Profit before tax	74,146	107,321	219,265	239,696	213,189
Profit attributable to equity holders of the Company	54,057	75,174	160,166	178,174	157,388
Basic earnings per share (sen) based on profit attributable to equity shareholders	8.22	11.43	24.34	27.08	23.92
Net assets	801,786	765,780	740,344	653,200	552,102
Net assets per share (sen)	121.9	116.4	112.5	99.3	83.9
Dividend per share (sen)	2.5	7.5	11.5	11.5	11.5
(Decrease)/Increase in revenue	(325,292)	(428,343)	104,232	108,068	269,529
(Decrease)/Increase in revenue (%)	(24.0)	(24.0)	6.2	6.9	20.7
(Decrease)/Increase in profit before tax	(33,175)	(111,944)	(20,431)	26,507	26,524
(Decrease)/Increase in profit before tax (%)	(30.9)	(51.1)	(8.5)	12.4	14.2
(Decrease)/Increase in profit attributable to equity holders	(21,117)	(84,992)	(18,008)	20,786	20,003
(Decrease)/Increase in profit attributable to equity holders (%)	(28.1)	(53.1)	(10.1)	13.2	14.6
Changes in basic earnings per share (sen)	(3.2)	(12.9)	(2.7)	3.2	3.0
Changes in basic earnings per share (%)	(28.1)	(53.1)	(10.1)	13.2	14.6
Changes in net assets	36,006	25,436	87,144	101,098	83,146
Changes in net assets (%)	4.7	3.4	13.3	18.3	17.7
Changes in net assets per share (sen)	5.5	3.9	13.2	15.4	12.6
Changes in net assets per share (%)	4.7	3.4	13.3	18.3	17.7
Changes in dividend per share (sen)	(5.0)	(4.0)	—	—	—
Changes in dividend per share (%)	(66.7)	(34.8)	—	—	—

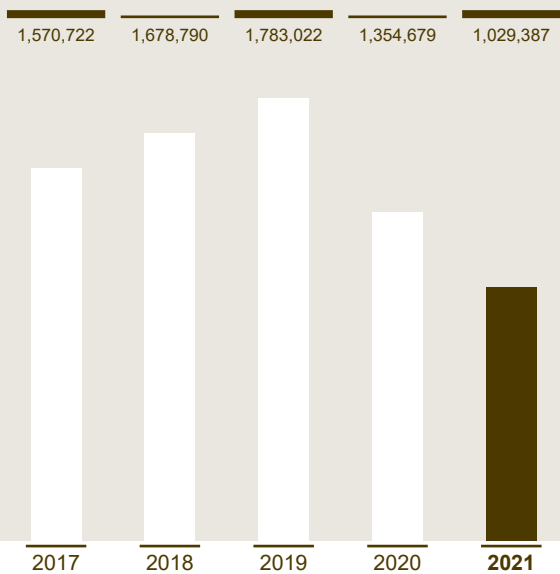
10

5-Year Group Financial Highlights

(Cont'd)

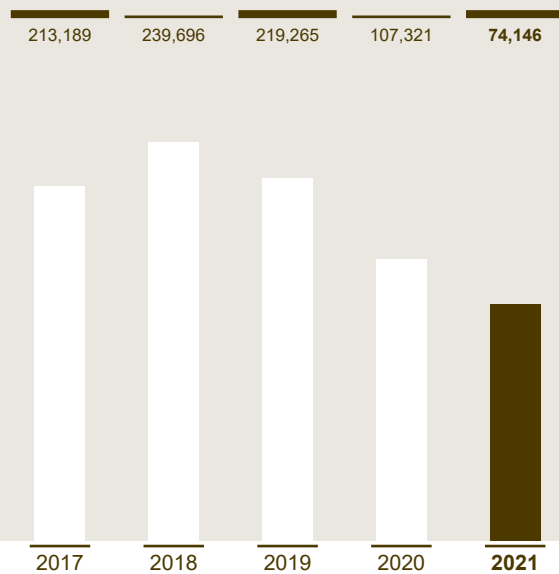
REVENUE

(RM Thousand)



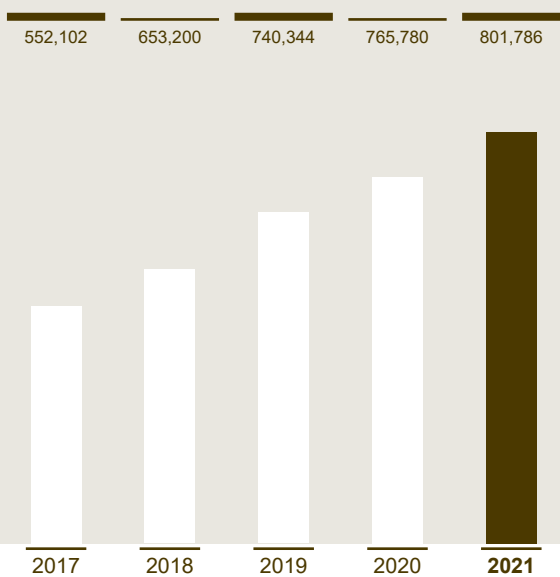
PROFIT BEFORE TAX

(RM Thousand)



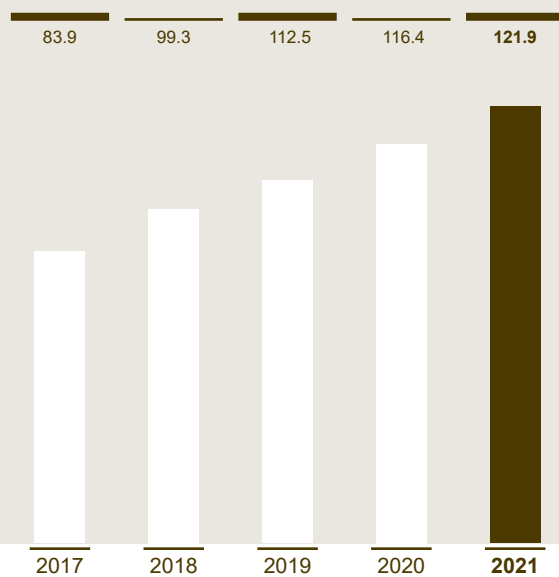
NET ASSETS

(RM Thousand)



NET ASSETS PER SHARE

(sen)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to present the Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiaries (“Padini” or “the Group”) for the financial year ended 30 June 2021.

GROUP PERFORMANCE OVERVIEW

The Group remained profitable in the financial year 2021 despite the challenging business climate arising from the ongoing Covid-19 pandemic. For the financial year under review, the Group recorded a comparatively lower consolidated revenue of RM1.03 billion, which represented a decrease of 24.0% over the previous year's revenue of RM1.35 billion due to the drop in sales resulting from the adverse impact from the Covid-19 pandemic and implementation of the lockdown restrictions. In tandem with the lower revenue, profit before tax fell 30.9% to RM74.1 million from RM107.3 million in the previous financial year.

This is a very commendable performance considering that the fashion retail industry is one of the badly hit economic sectors with shopping mall closures in line with government SOPs, consumers adopting

a more cautious stance towards social/physical distancing and the additional restrictions in mall operations and additional costs of operations, including disinfecting premises on a daily continuous basis for the safety of staff and customers. Supply chain and logistics issues have also adversely affected market players. Guided by capable leadership, Padini has been able to mitigate some of these effects with the sustained efforts of dedicated and flexible staff and long term relationships built with customers, suppliers and other stakeholders.

Meanwhile, the Government continued to provide financial assistance for affected businesses and individuals, including wage subsidies, financial support for businesses and tax incentives to alleviate the adverse impact and support consumer spending with attendant positive impact for the retail industry. Expediting vaccinations to achieving herd immunity has been a major prong to the re-opening of the economy although the evolution of new virulent Covid strains has started to impede the efforts somewhat.

The following section on Management Discussion and Analysis discusses in more detail on Padini's performance and the risks and challenges the Group is exposed to.

FUTURE OUTLOOK

The uncertainties in the extent of control of the spread of Covid-19 and its variants in Malaysia and worldwide, the continuing global economic trade war and the intensifying regional business competition, currency volatility, inflation and interest rate trends have made the operating environment very challenging for businesses.

The ongoing Covid-19 pandemic is continuing to pose unprecedented challenges causing business disruption, economic volatility and employee and public safety and financial issues despite massive stimulus measures and vaccination efforts implemented by governments worldwide. Despite early successes of various countries in containing the pandemic, new wave infections have disrupted business re-openings and caused the re-imposition of lockdowns. Vaccine developments is playing an important role to provide a high degree of protection from the Covid-19 effects. The concerted roll-out of the Covid-19 vaccine program in Malaysia is expected to lift business and consumer sentiments and contribute towards recovery in economic activity.

12 Chairman's Statement

(Cont'd)

Looking inward, the Group's domestic operations continue to be the main driver of revenue and profits. Notwithstanding that the Government is anticipated to continue to implement the necessary measures to support the domestic economy towards full recovery, given the uncertainties from the health crisis and the vaccine roll-out is a medium-term proposition that doesn't resolve the immediate challenge from Covid-19, the Group expects the outlook for the Malaysian economy for the remainder of 2021 and 2022 to be challenging.

The Group will remain vigilant and continue to implement measures to protect the health and safety of our employees and customers, control cost, optimising working capital, preserving cash and streamlining its operations to minimise the adverse impact. In addition, adapting to the new normal post pandemic leads to changes in consumer behaviour, including in-store shopping and digital retailing. Good understanding of consumer needs, ability to deliver value and speed-to-market will continue to be critical success factors. These components have been ingrained into all areas of the marketing, merchandising and supply chain of the Group. We have also placed increased focus on further developing digital retailing to reach out to and extend the purchasing channels for the convenience of our customers and for future growth.

Compared to domestic operations, our overseas operations are relatively small. The Group will continue to monitor the overseas markets for opportunities to increase our market presence in Asia, especially ASEAN countries, although this may not be so imminent currently.

The world is changing and every crisis creates opportunities for those who are ready to accept the challenges. All these come back to the fundamental basics of the Group's strategies which is to manage both the top and bottom lines and customers' expectations. The Group is cautiously optimistic of successfully navigating through the current crisis and deliver long term value to shareholders.

STRENGTHENING THE BOARD

The Board of Directors wishes to extend a very warm welcome to our new independent non-executive director, Tan Shi Wen, who we are confident, will be able to positively contribute her skills, experience and views to further strengthen the bench strength in dealing with the future needs and sustainability of the Group.

APPRECIATION

On behalf of the Board of Directors, I wish to express my deepest appreciation to all our customers, shareholders, suppliers, professional service providers, bankers and all other business associates for their continuous support and trust.

I would also like to thank my fellow Board members for their invaluable guidance and support to the Management.

Last but not least, I also want to acknowledge the hard work, dedication and commitment of employees across the Group, ranging from stores staff to those working in our office and overseas operations. Their continued contributions are key to our future success.

The Group looks forward to being able to create more value for all the various stakeholders. May we continue to work together and forge ahead to achieve sustainable growth and success.

Chia Swee Yuen
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

The following management discussion and analysis is a review of the business and operation, discussion of the financial results and condition, performance of operating segments, risk and uncertainties and future outlook of Padini. This management discussion & analysis should be read in conjunction with the company's audited financial statements and the accompanying notes for the financial year ended 30 June 2021.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION

Padini's vision is to be the best fashion company ever in Malaysia and the region. Our mission is to exceed customers' expectations and our brands' promise. Forward planning, innovation, teamwork, resources and infrastructure development and consistent execution of strategies are required to achieve the aforesaid vision and mission. With the key enablers progressively put in place, the Group has continued to forge ahead notwithstanding the challenging economic environment.

Retail has always been and will continue to be ever changing and evolving. Growing new customer is a good way to grow and getting existing customer to return is the lifeblood of any business. Consumers always have high expectations and have their pick when comes to buying a product. Fashion retailers need to be ever iridescent in the eyes of consumers, to attract and retain their interest and increase the traffic to our retail stores and e-Commerce. As always, a good understanding of consumers' needs and speed of delivery are the utmost importance. The latest fashion trends need to be made available in store in the shortest time possible, at the right price, before it loses its appeal. The question lies in who can execute this and execute it well, every time. Padini is learning every day to improve the lead time in every step by improving the efficiency and processes.

In the aftermath of the Covid-19 pandemic, footfall in the shopping malls is impacted negatively and hence lesser shoppers in our outlets. This pandemic has changed how we live and work. While we are confident on the longer term outlook, the immediate focus is on adapting to the change of shopping behavior and meeting the customers' needs; prudent cost management at all operational levels and provide products that are good in value by increasing the efficiency throughout our value and supply chain.

Economies and societies are rapidly evolving. Moving to digital and finding the right model for the online channel and distribution in the retail industry is a key success factor in digital retailing. This would require keeping sufficient stock, providing fast shipping with minimal shipping errors, creating an easy-to-navigate website and checkout process to stay competitive and keeping our customers happy. In this competitive landscape, having strong and responsive customer service in both retail stores and e-Commerce playing a vital role is essential. In addition, the rise in mobile internet usage has spurred the cashless revolution and digital retailing. A different shopping experience has evolved in Malaysia which had earlier started in other countries. The evolution in digital retailing does not halt at one point and it continues to transform and change. Cognisant of these developments, Padini will continue to leverage technology on our business growth and setting business strategy. However, we believe fashion items appreciate the touch-n-feel and brick and mortar is an important platform to create wonderful customer experience which cannot happen in the digital world. We believe in working towards the direction that brick and mortar model and online retail model complement each other to provide a richer shopping experience for our customers.

We have expanded to a new geographical area, Singapore, via the digital retailing platform during the year. Although the financial impact arising from this area is small during the financial year, we anticipate a positive and long term impact from this new development.

We have also developed and launched our own mobile app before closing of the financial year. There is no financial impact in this financial year, with an increase of approximately 10% of members as at the date of this report.

We anticipate Padini will rebound and even stronger once the pandemic is controlled, supplemented by increasing contribution from the e-Commerce channel in the years ahead which will benefit Padini to stay relevant and appealing to the customers.

14 Management Discussion & Analysis

(Cont'd)

FINANCIAL RESULTS AND BUSINESS REVIEW

Revenue and gross profit

For the financial year under review, considering the challenging business environment which was affected by health crisis and slowing down of the global economy, the Group remained profitable, recorded consolidated revenue of RM1.03 billion, representing a decrease of 24.0% over the previous financial year's amount of RM1.35 billion. Gross profit decreased by 27.6% in the current year under review. In line with the decline in revenue and gross profit, profit before tax decreased by approximately RM33.2 million or 30.9% from the previous financial year's RM107.3 million due to the negative impact of the Covid-19 pandemic and the lockdown restriction. Total comprehensive income for the financial year attributable to the owners of the Company fell approximately 29.9% or RM22.3 million when compared to the amount of RM74.8 million achieved in the previous financial year.

Gross profit margin for the financial year has been maintained within the acceptable range of the Group. The margin moves up and down caused by many reasons including sales mix, type of promotion, type of product offer for sales, varied purchase cost and so on.

Other income

Other income of the Group increased by RM11.2 million or 39.4% from RM28.5 million to RM39.7 million. The increase in other income is partly attributable to rental rebates received of RM16.3 million during current financial year under review as a rent concession resulting from the Covid-19 pandemic.

Operating expenses

Operating expenses before finances costs for the financial year under review of RM333.9 million is RM98.7 million or 22.8% lower as compared to RM432.6 million reported in last financial year. The Group has undertaken certain measures for cost rationalisation to mitigate the adverse impact from Covid-19 pandemic which included better stock handling and management; right-sizing of workforce to optimise the cost efficiency and minimised certain non-essential spending such as moving some processes to paperless which help to reduce printing and stationery spending, postponed some of the advertising activities and reduced travelling activities. In addition, the decrease in operating expenses was also attributable to the lower business volume such as lower utilities expenses, staff commission which is in tandem with the decrease in revenue.

Finance costs

The Group's finance costs decreased to RM21.1 million from RM26.1 million mainly attributable to the reduction in interest expense on lease liabilities, which resulted from the early termination of some of non-performing outlets during the financial year under review.

Tax expense

Tax expense of the Group decreased from RM32.1 million to RM20.1 million which is in line with the lower profit reported in 2021. The Group's effective tax rate in 2021 was 27% which is higher compared to statutory income tax rate of 24% mainly due to adjustments on certain non-deductible expenses.

Management Discussion & Analysis

15

(Cont'd)

FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)**Retailing – Domestic and Abroad**

The Group's domestic operations have continued to be the main driver of its revenues and profits, and garments, shoes and fashion accessories remain the main products of the Group.

In the domestic market, our products are sold through the numerous retail stores, consignment counters and internal and external online portal.

In the multi-brand Padini Concept Stores and single-brand stores, our products are carried under the following brand names; Vincci, Vincci Accessories, Vincci Mini, Padini Authentics, PDI, Padini, Seed, Miki, and P&Co, all of which are owned by the Group. All the aforementioned brands are widely known by Malaysian consumers and are easily available in the major urban shopping malls in Malaysia. In addition to those, the Group also utilises a number of house brands to market the value-for-money merchandise that it offers for sale in its Brands Outlet stores.

For the financial year under review, the individual performance of the five (5) trading subsidiaries are indicated in the table below.

Company	FYE 30.6.2021 (RM'million)	FYE 30.6.2020 (RM'million)	FYE 30.6.2019 (RM'million)
Vincci Ladies' Specialties Centre SB			
Revenue	114.0	169.7	272.0
(Loss)/Profit before Tax	(3.0)	16.1	41.2
Padini Corporation SB			
Revenue	340.0	440.1	575.5
Profit before Tax	25.5	41.4	74.3
Seed Corporation SB			
Revenue	91.1	119.0	145.8
Profit before Tax	5.1	5.9	13.1
Yee Fong Hung (M) SB			
Revenue	430.6	558.1	707.5
Profit before Tax	30.2	32.0	70.0
Mikihouse Children's Wear SB			
Revenue	25.9	30.2	43.9
Profit before Tax	3.3	5.0	7.1

The drop in the performance of the trading subsidiaries are mainly the repercussion of the Covid-19 pandemic and lockdown restriction.

16 Management Discussion & Analysis

(Cont'd)

FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)

Retailing – Domestic and Abroad (Cont'd)

The following table provides a snapshot of the Group's domestic retail network, broken down according to our brands and markets, as at the various dates indicated.

Brands – Domestic Market	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
Vincci, Vincci Accessories, Vincci Mini			
Free-standing stores	12	15	15
Consignment counters	1	1	1
Seed			
Free-standing stores	1	1	1
Consignment counters	3	3	3
Padini Authentics			
Free-standing stores	2	2	2
Consignment counters	3	3	3
PDI			
Free-standing stores	9	9	9
Padini			
Free-standing stores	1	1	1
Consignment counters	2	2	2
Miki			
Consignment counters	1	1	1
Brands Outlet	49	55	55
Padini Concept Stores (Multi-brands)	46	48	48
Total	130	141	141

In the domestic sector, the Group had as at 30 June 2021, a total of one hundred thirty (130) retail stores divided into twenty-five (25) single-brand stores, forty-six (46) Padini Concept Stores, forty-nine (49) Brands Outlet stores and ten (10) consignment counters. Except for six (6) Padini Concept Stores and six (6) Brands Outlet stores which are located in Sabah and Sarawak, the rest of the stores are located throughout Peninsular Malaysia.

During the financial year, there was no new store opening and there were two (2) Padini Concept Stores, six (6) Brands Outlet store and three (3) single-brand stores closed as part of the strategy to maximise return on equity and streamline operation. There were two (2) stores temporarily closed for renovation and relocation purpose as at the financial year end.

As at 30 June 2021, the total gross floor area operated by the Group in Malaysia was about 1,350,000 square feet, of which 719,000 square feet and 587,000 square feet respectively were for the Padini Concept Stores and Brands Outlet stores, whilst the balance reflected the area covered by our single-brand stores.

Management Discussion & Analysis

17

(Cont'd)

FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)**Retailing – Domestic and Abroad (Cont'd)**

For the overseas market, we either managed through licensees or managed by our own management. For own-managed overseas stores, products are sold through retail stores and external online portal.

The following are own-managed overseas stores:-

	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
Cambodia			
Brands Outlet	2	2	1
Padini Concept Stores	2	2	2
Total	4	4	3
Thailand			
VNC	7	7	7

During the financial year, our own-managed overseas outlets have started selling products in Shopee and Facebook live. Revenue generated from own-managed overseas outlets accounted for about 3.0% of the Group's consolidated revenue, decreased by 0.3% as compared to 3.3% in financial year 2020.

Domestic operations accounted for about 95.8% of the Group's consolidated revenue in the financial year 2021, compared to 95.6% in the financial year 2020. Group revenue had decreased by 24.0% or approximately RM325 million. In absolute value terms, sales generated from overseas markets had decreased by approximately RM17 million from that recorded in the financial year 2020, mainly due to the drop in sales of own-managed overseas business.

The following are retail stores managed by licensees (Franchise stores), all these stores are selling shoes and fashion accessories carried under the Vincci (or VNC) label.

Locations	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
ASEAN:			
Brunei	1	1	1
Myanmar	3	3	3
Indonesia	—	8	14
UAE	14	15	16
Oman	3	3	3
Qatar	2	2	2
Bahrain	1	1	1
	24	33	40

The decrease in the number of overseas franchisee stores managed by licensees was mainly due to expiry of contract and management decided not to renew it. Franchisee in Indonesia and Padini have mutually agreed to terminate the franchise agreement amicably by end of September 2020 prior to the expiry of the agreement.

18 Management Discussion & Analysis

(Cont'd)

FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)

Digital platform

We have embarked on the e-Commerce journey since end of 2015 and building from zero base with the objective to have a marketing channel ready to meet our customers' needs at the appropriate time. Lockdown restriction resulted from the catastrophic pandemic has had a profound impact on how customers behave which shaped the business platform to a new era.

In the financial year ended 30 June 2020, the Group had started selling its products via Facebook live and Lazada platform. During the current financial year, the Group continued to engage more channels such as Shopee for both domestic and own-managed overseas business. 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. The introduction of Padini Mobile App, helps the Group to continue to deliver better in-person shopping experience while maintaining social distancing of customers.

We will continue to explore more online portals to sell our products. While the sales contribution to the Group revenue is minimal, this is an essential progression for regional expansion and bringing Padini into another level.

Financial Position Review

Total assets and liabilities of the Group stood at RM1.3 billion (2020: RM1.4 billion) and RM0.5 billion (2020: RM0.6 billion) respectively. Decrease in total assets and liabilities is partly due to derecognition of the right-of-use assets and lease liabilities which is in line with the decrease in number of outlets.

Liquidity Indicators

	As at 30.6.2021	As at 30.6.2020
Liquidity ratio	5.40	4.01
Acid test ratio	3.92	2.58
Interest bearing borrowings	RM0.7 million	RM2.5 million
Shareholders' funds	RM802 million	RM766 million
Gearing ratio	0.08%	0.33%

The Group's capital expenditures and working capital are mainly financed by cash generated from its operation. Liquidity ratio attempts to measure Group's ability to pay off its short-term debt obligations. This is done by comparing Group's current assets with its short-term liabilities. For a healthy and financially sound company, its acid test should exceed one (1). It means that the current assets are not highly dependent on inventories and the Group has the ability to pay its current liabilities as and when needed.

The Group has healthy liquidity indicators for both the financial years under review. Both liquidity ratios and acid test ratios indicate healthy cash reserve position and have improved over the year. The Group has been keeping relatively low level of liabilities for both the financial years under review and the gearing ratio has improved from 0.33% to 0.08% in the current financial year under review.

Capital Management

There was no change in the share capital of the Company during the financial year. There was no major capital investment during the financial year, other than disclosed in Note 5 to the financial statements for the capital expenditure incurred during the financial year.

Management Discussion & Analysis

19

(Cont'd)

RISKS AND UNCERTAINTIES

The Group's business activities, operations, financial results and growth prospects are subject to the risks and uncertainties in the market place that it operates. There are inherent risks arising from unfavorable changes in general economic and business condition and rising costs that could result in outcomes differing from the planned result.

The following risks are not exhaustive and there may be other risks which are not known to the Group. The risks and uncertainties that could potentially have an impact on the information disclosed are difficult to predict.

Economy uncertainty

The world is still undergoing the unpredictable new waves of Covid-19 and frequent lockdowns is inevitable at this point of time, the outlook for the domestic economy is projected to be challenging in 2021 and 2022. There are hopes of life returning to a semblance of normality with the vaccines program. However, the vaccines program does not resolve the issues immediately and depending on the pace of community vaccine and virus variant transmission evolving. It is unpredictable as to when the situation could be stabilised and how long it needs to rebound to market condition pre outbreak of Covid-19. In addition, the impact on consumer spending will very much depend on the delicate balancing act of the Government in supporting the people via financial aids, aside to control the budget deficit versus the aim to put more disposable income into the hands of the rakyat in the face of global uncertainties. Market confidence and employment are the important elements in spending level and spending pattern.

Trading condition is expected to remain uncertain and challenging for retailers for the second half of 2021 and 2022. Downside risks include aftermath of Covid-19, rising trade war tensions, tighter global financial conditions and uncertainty over the government's fiscal situation. There will be lingering concerns over unemployment, recession, rising cost of living and its impact on consumer sentiment as consumers remain cautious and selective in their spending.

The Group seeks to limit these risks through, among others, prudent management policies, continuous review and evaluation of the Group's operation and strategies, close working relationships with the stakeholders, continuous quality customer services, human resource development and technology upgrades.

The direction of our business will continue to focus on offering more value for money clothing and accessories to all levels of income group. We believe affordable clothing will continue to be a necessity.

Competition

Other than local economic and social developments, apparel players in Malaysia are also impacted by penetration of international players, which is the trend of borderless trading that promotes free trade among countries. International players may have greater resources and business models that provide a better shopping experience. Competition emerges in many ways; such as product quality, price comparison, product variety and speed of delivery of trendy apparel to market and product life cycle and distribution channels. This is the era that consumer has higher expectation on what a company is able to deliver, quality, value proposition, convenience, newness and innovation.

Fashion industry is also evolving into an important phase of digital adoption by the consumer, the continuous growth of e-commerce leading to changes in consumer consumption patterns. Incorporating technology into a brand can be a powerful marketing tool in driving consumer habits. The availability of technology and the myriad of choices and information at the consumers' disposal have made it even more challenging for retailers to stay relevant to their customers. With the ease of reaching out information at consumers' fingertips, consumers are becoming less brand loyal. Consumers will switch brands when there are offers with better price and better value.

The country's competitive retail landscape is also witnessing signs of consolidation while at the same time, addition of new retail space as well as continuous transformation and modernisation of retail formats happen. Shopping landscape has changed from heavily on traditional business model, to a complex journey across online and offline touchpoints. Spending habit and purchase decision of consumer have also been greatly affected by new communication channels, especially social media, video streaming and peer reviews.

20 Management Discussion & Analysis

(Cont'd)

RISKS AND UNCERTAINTIES (CONT'D)

Supply Chain Capabilities and Performance

It is very important to have a robust supply chain for the Group to ensure good number of product varieties, good quality of products and speedy supply. Poor management in this area is a big risk to the survival of the Group.

Beside keeping good relationship with existing good suppliers, sourcing new suppliers that are capable of meeting our requirements is also one of the important key performance indicator for our Sourcing department. Basic factors to consider while sourcing new suppliers include pricing, quality, lead time, quality workmanship, production capacity and suppliers' ethical operation. The Group also further evaluate the environment, social and governance footprint of the supplier, such as ethical labour practices, sustainability of material used and production line.

Poor supply chain performance can lead to many problems that deteriorate profit and detrimental to the reputation of the Group. This includes insufficiency and discontinuity of best seller products, keeping excessive inventory, inefficient logistics arrangement and poor sourcing choices. This is a continuous effort and the performance is reviewed on regular basis.

Health crisis uncertainty (Covid-19)

The Covid-19 pandemic has impacted the human life worldwide and presents an unprecedented challenge to public health. Adhering the workplace safety and health practices will be crucial in addressing the employees' health and safety.

Our upmost priorities are to safeguard the health and well-being of our employees as well as our customers. The Group has taken all appropriate measures proactively and adhered strictly to all standard operating procedures as laid out by the government.

DIVIDEND

In respect of the financial year under review, a first interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.11 for the financial year ended 30 June 2021 was declared on 25 May 2021 and paid on 30 June 2021.

The Board does not intend to establish a fixed dividend policy at this point of time. The Board strives to provide consistent dividend streams to shareholders whilst ensuring to retain flexibility of cash flows to meet its business operation needs as well as its expansion plan.

FORWARD- LOOKING STATEMENT

Due to the difficulties in predicting the financial impacts of the risks and uncertainties on the business, the Group undertakes no obligation to publicly update any of the forward-looking statements in the event that any unforeseen circumstances arise which might affect them.

In tandem with the global environment, the year ahead will be an arduous journey riddled with uncertainties in all aspects, as the direction of global economy is uncertain and unpredictable.

Locally, business in Malaysia is expected to be challenging because of the uncertain economic impact arising from the ongoing Covid-19 pandemic. The Group remains optimistic on the long-term sustainability of the business and are focusing our effort to further rationalise the retail business by optimising the working capital and measures to control the operating costs while extending and exploring various sales channels.

Management Discussion & Analysis

21

(Cont'd)

FORWARD- LOOKING STATEMENT (CONT'D)

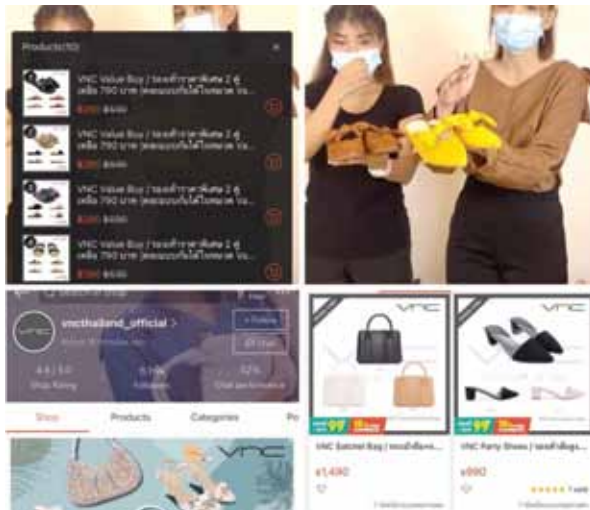
For the new financial year, we have not finalised any plan on new store opening or closures in Malaysia, Cambodia and Thailand. We will actively monitor the market condition and evaluate our business strategy on regular basis to maximise the returns.

To maintain, if not be better than we are now, our merchandising, pricing and promotional strategies will continue to be focused on being relevant to our customers; concentration will still be on design, quality and affordability, where we strive to bring the best value to our customers in the shortest time-to-market possible. The latest fashion trends need to be made available in store in the shortest time possible, at the right price, before it loses its appeal.

Whilst we are still very much centered on the brick and mortar business, a lot of effort has been put in to grow our online business by increasing the awareness of our products in our online channels and improve the infrastructure for e-commerce. Developing new online shopping experience and enhance 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 to the Group both as a complementary business channel and for future growth.

While we are not expecting major contribution from the stores and online platforms in Cambodia and Thailand, online sales to Singapore and our mobile app in the financial year 2022, we envisage the Group will grow stronger and bigger along with the online business in the long term.

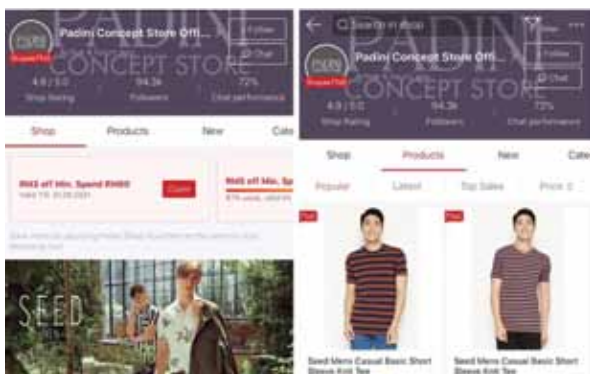
22 2021 HIGHLIGHTS



▶ Padini Thailand started to sell and promote products through Shopee platform in August 2020 which provide customer more platform to enjoy the shopping experience.



▶ Padini Cambodia has started to sell its products online through FB live in May 2021 which provide connection with viewers directly in real time.



▶ Padini Malaysia started to sell through Shopee online platform in October 2020.

▶ Padini App launched in June 2021 offers the latest trends in fashion coupled with an effective and convenient online shopping experience at your fingertips.



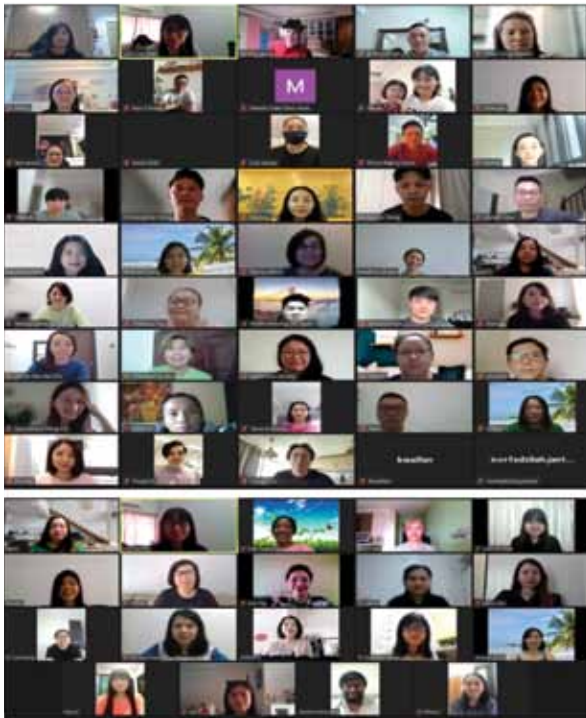
2021 HIGHLIGHTS 23

(Cont'd)



◀ To safeguard the health and well-being of our employees as well as our stakeholders, all employees and visitors are required to check temperature, scan MySejahtera and submit health declaration form which is in line with the government's guideline before entering Padini building. In addition, free masks are provided to all employees.

► Sanitisation and disinfection at office workspace and warehouse to ensure business activities operate safely.



◀ Stay connected while working from home. It is important to foster collaboration in virtual way during pandemic time as many people aren't physically at their workplace. Several trainings and meetings were held in virtual way to ensure employees' ongoing development and business operated without any disruption.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Padini Holdings Berhad has always been committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance (“the Code/MCCG”), and is proactive to ensure Principles and Recommendations are practiced throughout the Group. The Board believes that strong corporate governance is essential in safeguarding and enhancing shareholders’ value and for long-term sustainability and growth.

The Board is pleased to present the Corporate Governance Overview Statement (“this Statement”) which seeks to provide shareholders and investors vital insights into the corporate governance (“CG”) practices of the Group for the financial year of 2021.

The new Malaysian Code on Corporate Governance issued on 28 April 2021 (“MCCG 2021”) supersedes the Malaysian Code on Corporate Governance 2017. MCCG 2021 is effective from 28 April 2021 and companies will have to report adoption of the revised practices for the financial year ending 31 December 2021 onwards. Padini will report the adoption of MCCG 2021 in the next financial year. This statement describes the approaches that the Group has taken with respect to the Principles of the MCCG 2017 and the extent of compliance with the Recommendations of the MCCG 2017, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Corporate Governance Guide (“CG Guide”) issued by Bursa Securities during the financial year under review.

The detailed application for each practice as set out in the MCCG 2017 is disclosed in the CG report which is available in the Group’s website, at <http://corporate.padini.com>.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD OF DIRECTORS

1.1 Board Charter and Code of Conduct of the Board

The Board has established a Board Charter which clearly sets out the principal roles of the Board, and responsibilities of the Board, Board Chairman, Managing Director and Board Committees.

The Board Charter is periodically reviewed by the Board and updated taking into consideration the needs of the Group as well as any development in relevant rules, regulations and laws that may have an impact on the discharge of the Board’s duties and responsibilities.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct and Ethics reinforces the Group’s core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees.

The Board has established the policies and procedures on whistleblowing which provide an avenue for employees of the Group to raise concerns or disclose any improper conduct within the Group.

The Board Charter and Code of Conduct of the Board are made available for reference in the Group website at <http://corporate.padini.com>.

Corporate Governance Overview Statement

25

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1. BOARD OF DIRECTORS (CONT'D)****1.2 Roles and Responsibilities of the Board**

The Board is accountable and responsible for the overall performance and affairs of the Group by overseeing and appraising the Group's strategies and policies in achieving the objectives and long term goals of the Group.

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their roles and responsibilities. The Board's roles and responsibilities include the following:-

1. Establishing and reviewing the Group's long-term direction through formulation of business objectives and strategies.
2. Approving the Group's annual business plans, annual budget and carries out periodic review of the achievements by the various operating divisions against their respective business target.
3. Promoting a sound corporate governance culture which reinforces ethical, business integrity, commitment to values, delivering sustainable values and managing shareholders' and stakeholders' expectations.
4. Ensuring the Group has appropriate business risk management process.
5. Ensuring that there is in place an appropriate succession plan for members of the Board and senior management.
6. To be accountable to its shareholders and stakeholders whom may be affected by the Group's decision.

1.3 Composition, Independence and Diversity of the Board

There are currently Ten (10) members in the Board, comprising Four (4) Independent Non-Executive Directors and Six (6) Non-Independent Executive Directors. The current Board composition complies with the Listing Requirements but departed from MCCG 2017 in which the Board comprises a majority non-independent directors. A brief profile of each Board member is as set out in the Annual Report 2021 "Profile of Directors".

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making. The position of Chairman is held by Chia Swee Yuen, an Independent Non-Executive Director, while the position of Managing Director is held by Yong Pang Chaun. The Chairman is responsible in leading the Board in its collective oversight of Management whilst the Managing Director is responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Group.

In promoting diversity, gender and opportunities, the Board, on the recommendation of the Nominating and Remuneration Committee ("NRC"), has adopted a diversity policy on the Board and workforce of the Group. The Board, via the NRC conducts regular reviews of its composition with the aim to ensure it achieves a diverse Board which is able to unearth a breadth of perspectives. The Group takes into account the benefits of having different facets of diversity including gender, professional background, skills and experience in sourcing for suitable candidates for its Board. In appointing an appropriate individual to the Board, the NRC considers and recommends to the Board the suitable candidate after evaluating the candidate's skills, knowledge, competencies, expertise and experience, time commitment, professionalism, integrity and diversity.

In line with the Government's aspiration to have at least 30% women representation in decision-making positions of Malaysian public companies, the Company currently has four (4) female members on the Board, representing more than 33% of the total Board Members. The Group also ensures diversity in its management level by having strong female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD OF DIRECTORS (CONT'D)

1.3 Composition, Independence and Diversity of the Board (Cont'd)

The Board has upon their assessment on the contributions of Foo Kee Fatt, who has served as an Independent Director of the Group for more than nine (9) years, concluded that the length of service does not in any way interfere with the exercise of independent judgement and recommending him to carry out his professional duties as an Independent Director in the best interest of the Group and shareholders.

The Board is further supported by two (2) qualified and competent Group Secretaries. The Group Secretaries manage the logistics of all Board, Board Committees and the group subsidiaries meetings and ensures accurate and proper records of the proceedings and resolutions passed, are maintained in the statutory records at the registered office of the Group. The Group Secretaries regularly update and appraise the Board on new regulations issued by the regulatory authorities.

1.4 Board Committees

To ensure the effectiveness in discharging its duties and responsibilities, the Board has delegated its power to the relevant Board Committees such as the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC"). Each committee operates its functions within their approved terms of reference by the Board which are reviewed by the Board as and when necessary.

1.5 Nominating and Remuneration Committee Report

During the financial year, the Nominating and Remuneration Committee, carried out the following reviews and discussions in discharging their functions and duties:-

- (1) Trainings attended by Directors to-date and assessed their further training needs and requirements;
- (2) Number of Independent Directors in the light of MCCG's requirement for a majority of Independent Directors on the Board to fulfil this requirement;
- (3) Proposed appointment of Tan Shi Wen to the Board as an Independent Director;
- (4) Deliberated amendments of the MCG as at 28 April 2021 on the Nominating and Remuneration Committee;
- (5) Deliberated the Board Remuneration Policy;
- (6) Reviewed the Nominating and Remuneration Committee Charter;
- (7) Key Performance Indicators ("KPI") for the financial year ended 30 June 2021 and the Proposed KPI for the financial year 2021/2022;
- (8) Performance of the individual Directors and the Board, Audit and Risk Committee and its members including the Assessment of Independent Directors;
- (9) Proposed re-election of Directors retiring at the forthcoming Annual General Meeting in accordance with Clause 103(1) of the Company's Constitution;
- (10) Proposed re-election of Director retiring at the forthcoming Annual General Meeting in accordance with Clause 110 of the Company's Constitution;
- (11) Directors' fee for the financial year ended 30 June 2021;
- (12) Considered retention of the Independent Director;
- (13) Directors' Benefits payable; and
- (14) Extension of the period of service of an Executive Director.

All the above matters were subsequently brought to the attention of the Board of Directors for discussion and approval where necessary.

Corporate Governance Overview Statement

27

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1. BOARD OF DIRECTORS (CONT'D)****1.6 Board Meeting**

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly reports and annual financial statements. Additional meeting would be convened when urgent and important decision needs the Board's review and consideration between scheduled meetings. During the financial year under review, five (5) meetings of the Board were held and all Directors have complied with the requirement in respect of Board Meeting attendance as provided in the Listing Requirements.

Details of the attendance are as follow:-

DIRECTORS		POSITION	BOARD MEETINGS ATTENDED
1	Chia Swee Yuen	Chairman, Independent Non-Executive Director	5/5
2	Yong Pang Chaun	Managing Director	5/5
3	Andrew Yong Tze How	Executive Director	5/5
4	Benjamin Yong Tze Jet	Executive Director	5/5
5	Chong Chin Lin	Executive Director	5/5
6	Chew Voon Chyn	Executive Director	5/5
7	Foo Kee Fatt	Independent Non-Executive Director	5/5
8	Lee Peng Khoon	Independent Non-Executive Director	5/5
9	Sung Fong Fui	Executive Director	5/5
10	Tan Shi Wen	Independent Non-Executive Director	—*

* Tan Shi Wen was appointed to the Board on 21 September 2021

1.7 Directors' Training

The Directors attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as Directors of the Company. Additionally, the Directors kept themselves updated with the changes in the business and regulations through sharing and discussion in official Board meetings and unofficially through small group discussions among the Directors.

The Board had undertaken an assessment of the trainings attended by the Directors and the training needs and requirements. The Board will continue to identify training topics that can further enhance its knowledge in the latest development relevant to the Group.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD OF DIRECTORS (CONT'D)

1.7 Directors' Training (Cont'd)

The training programs attended in financial year 2021 are as follows:-

[illegible]

Corporate Governance Overview Statement

29

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1. BOARD OF DIRECTORS (CONT'D)****1.7 Directors' Training (Cont'd)**

The training programs attended in financial year 2021 are as follows:- (Cont'd)

NO.	TRAINING/ COURSES	Chia Swee Yuen	Yong Pang Chaun	Chong Chin Lin	Foo Kee Fatt	Lee Peng Khoon	Andrew Yong Tze How	Benjamin Yong Tze Jet	Chew Voon Chyn	Sung Fong Fui
13	In House Programme: ESG(Environmental, Social, and Governance)	✓	✓	✓	✓	✓	✓	✓	✓	✓
14	MIA : COSO : Blockchain and Cyber Risk									✓
15	MIA : Practical MPERS for Inventories, Investment Property, PPE and Intangible Assets other than Goodwill									✓
16	MIA : Accounting for Cryptocurrency Assets									✓
17	MIA : Transfer Pricing - What is transfer pricing and its compliance requirements				✓					
18	CTIM : LHDNM - CTIM Tax Forum 2021				✓					
19	MIA : How Compliance with IFRS/ MFRS Influences Obtaining Sufficient and Appropriate Audit Evidence				✓					
20	ASB : Implementing Amendments in the Malaysian Code on Corporate Governance					✓				

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD OF DIRECTORS (CONT'D)

1.8 Directors' Remuneration

The Group has in place a remuneration framework and procedures to determine the remuneration of the Directors which is clear and transparent, designed to attract and retain the right talent in the Board taking into consideration factors such as their fiduciary obligations and responsibilities, time commitment, and the Group's performance and market conditions. Each individual Director abstained from discussion on their own remuneration/fees.

The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and senior management personnel in order for the Group to benefit by attracting and retaining a high quality team.

A summary remuneration of the Directors for the financial year ended 2021 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are set out below in Ringgit Malaysia (RM):

Group

Director	Fees	Salaries & Bonuses	Statutory Contributions	Other Emoluments*	Total
Chia Swee Yuen	110,000	–	–	6,000	116,000
Yong Pang Chaun	–	966,059	38,647	19,787	1,024,493
Chong Chin Lin	–	645,800	25,833	31,150	702,783
Foo Kee Fatt	100,000	–	–	6,000	106,000
Lee Peng Khoon	90,000	–	–	6,000	96,000
Andrew Yong Tze How	–	448,761	53,852	23,950	526,563
Benjamin Yong Tze Jet	–	448,761	53,852	13,700	516,313
Chew Voon Chyn	–	352,761	42,332	12,400	407,493
Sung Fong Fui	–	712,761	88,772	27,000	828,533

Company

Director	Fees	Salaries & Bonuses	Statutory Contributions	Other Emoluments*	Total
Chia Swee Yuen	110,000	–	–	6,000	116,000
Foo Kee Fatt	100,000	–	–	6,000	106,000
Lee Peng Khoon	90,000	–	–	6,000	96,000

* Included in other emoluments are allowances and benefits-in-kind

Corporate Governance Overview Statement

31

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**1. AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee was established by the Board to provide assistance to the Board of Directors in overseeing the financial reporting process, monitoring the accuracy and integrity of the Group's annual and quarterly financial statements. The Audit and Risk Committee also reviews and evaluates the performance of external audit and internal audit in ensuring efficiency and effectiveness of the Group's operation, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process and accountability of financial and management information.

The Group's current Audit and Risk Committee is made up of four (4) independent Non-Executive Directors. The Chairman of the Audit and Risk Committee is Foo Kee Fatt, an Independent Non-Executive Director, and is not the Chairman of the Board so as not to impair the objectivity of the Board's view of the Audit and Risk Committee's findings and recommendations.

Please refer to the Audit and Risk Committee Report for further details.

2. RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that risk management is an integral part of good management practices. The Board has in place risk management and internal control systems which enables Management to identify, assess, prioritise and manage risks on a continuous and systematic basis.

The Group's risk management and internal control systems are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, and to provide information for accurate reporting and ensure compliances with regulatory and statutory requirements. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss. Any major changes to risks or emerging significant risk of the business units in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Management.

In financial year 2018, the Group carried out a major review of the risk management process and introduced a new Enterprise Risk Management ("ERM") framework for the Group. This is an ongoing process and the Audit and Risk Committee has reviewed the updated risk management policy and guidelines, and the risk appetite of the Group at least once a year or when need rises.

For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Group.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

The Board strives to maintain an open and transparent channel of communication with its shareholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of the Group's performance and position as possible. Such information is communicated on a timely basis through the following channels:

- The various private and group meetings with financial analysts, fund managers, private and institutional investors;
- The various disclosures and announcements on Bursa Securities' website including quarterly and annual results;
- The annual report;
- The AGM; and
- The Group's website, <http://corporate.padini.com>

2. CONDUCT OF GENERAL MEETINGS

The Group's General Meetings remain the main channel of communication with the Group's shareholders, in particular private investors. The Board will ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholder's participation in the meetings. Amidst the changes brought by the Covid-19 pandemic, Padini had held its first virtual General Meeting for its last financial reporting. We will be continuing to hold virtual General Meeting for this reporting period in view of prioritising safety and general health of shareholders and staffs, and not depleting the right of shareholders. At each General Meeting, shareholders are given the opportunity to seek clarification on any matter pertaining to the business activities and financial performance of the Group.

Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence. This is in line with the amendments of the Listing Requirements in mandating poll voting for all resolutions set out in the notice of general meetings. The Group shall ensure, through its Polling Agent, that all valid proxy or corporate representatives or attorney appointments are properly received and recorded.

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Securities have been applied. The Directors are responsible for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Governance Overview Statement

33

(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**3. SENIOR MANAGEMENT**

The Group has disclosed the information of the top senior management's remuneration from an alternate perspective which is intended to achieve a similar outcome.

The remuneration package of senior management is established to ensure a good balance between attracting, retaining and motivating staff. The total remuneration package of the top twenty (20) senior management has been disclosed in practice 7.2 of the Corporate Governance Report. Corporate Governance Report is available via an announcement on the website of Bursa Securities. This has excluded the remuneration of Executive Directors which has been declared under the Directors' Remuneration.

Fixed remuneration refers to basic salary and other fixed income which commensurate with the role, position, experience, qualifications and responsibility of an individual. Variable remuneration refers to discretionary bonus which is cash based and does not consist of non-cash instruments. The pool of the variable remuneration is determined by the Group's financial performance, achievement of key performance indicators and overall economic outlook.

34

REPORT OF THE AUDIT AND RISK COMMITTEE

The Board of Directors of Padini Holdings Berhad is pleased to present the Audit and Risk Committee Report of the Board for the financial year ended 30 June 2021.

Composition of the Audit and Risk Committee

The present members of the Audit and Risk Committee of the Company are:

- i. Mr Foo Kee Fatt (Independent Non-Executive Director; Chairman)
- ii. Mr Lee Peng Khoon (Independent Non-Executive Director; Member)
- iii. Mr Chia Swee Yuen (Independent Non-Executive Director; Member)
- iv. Ms Tan Shi Wen (Independent Non-Executive Director; Member) ^{appointed on 21 September 2021}

Terms of Reference

The details of the terms of reference of the Audit and Risk Committee are available for reference at <http://corporate.padini.com>.

Attendance of Audit and Risk Committee Meetings

The details of attendance of each Audit and Risk Committee member in the Audit and Risk Committee meetings held during the financial year ended 30 June 2021 are as follows:-

Directors	Meetings attended by the Directors/ Total Number of Meetings held during the financial year ended 30 June 2021	% of Attendance
Mr Foo Kee Fatt	5/5	100%
Mr Lee Peng Khoon	5/5	100%
Mr Chia Swee Yuen	5/5	100%
Ms Tan Shi Wen	—*	—*

* Tan Shi Wen was appointed as a member of the Audit and Risk Committee on 21 September 2021.

The Group's Consolidated Financial Statements are prepared by finance personnel with the appropriate level of qualifications and expertise. The Committee reviews any published financial information including the Annual Report and quarterly financial reports. The Committee reports its views to the Board to assist in its approval of the results announcements and the Annual Report.

The Committee also reviews reports by the Statutory Auditors on year-end audit procedures which highlight any issues identified from the work undertaken on the audit. The significant issues that the Committee considered in relation to the significant financial issue impacting Financial Statements 2021 are discussed by the Committee during the meeting.

Report of the Audit and Risk Committee

35

(Cont'd)

Summary of the Work of the Audit and Risk Committee

During the financial year, the Audit and Risk Committee carried out the following in discharging their function and duties:

1. Financial Reporting

- Reviewed the quarterly results and annual audited financial statements of the Group and of the Company before recommending to the Board for release to Bursa Securities. The review focused primarily on:
 - i. changes in or implementation of major accounting policy changes;
 - ii. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - iii. compliance with accounting standards and other legal requirements.
- Discussed with Management and the statutory auditors, amongst others, on the quarterly financial results and annual audited financial statements regarding the accounting principles and standards that were applied and their judgement exercised on the items that may affect the financial results and statements; and
- Review for any related party transactions.

2. External Audit

- Reviewed with the statutory auditors, their audit plan for the financial year ended 30 June 2021 to ensure that their scope of work adequately covers the activities of the Group.
- Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their presentation to the Committee.
- Reviewed the statutory auditor's report.
- The Audit and Risk Committee met with the statutory auditors twice during the year, without the presence of management, to review key issues within their sphere of interest and responsibility. During the private session with the statutory auditors, it was noted that there were no major concerns from the statutory auditors.
- Reviewed audit and non-audit fees for services awarded to the statutory auditors. Generally, the Group's statutory auditor is prohibited from providing any services that would conflict with their statutory responsibilities or which would otherwise compromise their objectivity or independence. During the financial year, BDO PLT's audit fee amounted to RM213,600 and BDO PLT's non-audit fees was RM6,500; and
- Reviewed and assessed the performance, suitability and independence of the statutory auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional skepticism. The statutory auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. The Audit and Risk Committee was satisfied with the performance and the audit independence of the statutory auditors. Accordingly, it was recommended to the Board to re-appoint BDO PLT as auditors of the Company. A resolution for their re-appointment will be tabled for approval at the forthcoming Annual General Meeting.

3. Internal Audit

- Reviewed the reports by internal auditors, representations made and corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis. During the financial year, four (4) new reports and four (4) follow-up reports were presented to the Audit and Risk Committee focusing on the following matters:
 - Group Human Capital Management
 - Sourcing and Quality Control Management
 - Corporate Governance Practices and Risk Management Processes
 - Retail Sales Operations for Vincci and Padini Concept Store
 - Finance Management and General Accounting Controls
 - Centralised Warehouse and Security Management

Report of the Audit and Risk Committee

(Cont'd)

Summary of the Work of the Audit and Risk Committee (Cont'd)

During the financial year, the Audit and Risk Committee carried out the following in discharging their function and duties: (Cont'd)

3. Internal Audit (Cont'd)

- Reviewed the follow-up reports from the internal audit and to ensure the issues were appropriately addressed on a timely basis;
- The Audit and Risk Committee met with the internal auditors once during the year, without the presence of management, to review key issues within their sphere of interest and responsibility. During the private session with the internal auditors, it was noted that there were no major concerns from the internal auditors.
- Reviewed the effectiveness of the audit process and assessed the performance of the overall Internal Audit function.
- Reviewed the internal audit plan for the financial years 30 June 2021 and 2022.
- Reviewed the adequacy, scope, function, competency and resources of Internal Audit function.

4. Risk Assessment

- The Group has implemented an Enterprise Risk Management ("ERM") framework for the Group. During this financial year, the Committee continues to review the risk management policy and guidelines, and the risk appetite of the Group.
- Reviewed the report and updated Risk Register from the Risk Management Committee. The Risk Management Committee is responsible for overseeing all risk management activities, reviewing key risks inherent in the organisation, establishing internal controls necessary to manage these risks and reporting its findings to the Audit and Risk Committee. For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Group.

Internal Audit Function

The Group has outsourced its internal audit function to an independent external party, Baker Tilly Monteiro Heng Governance Sdn. Bhd. which reports directly to the Committee. The Committee reviews internal audit and monitors its relationship with the Internal Auditor, including plans and performance. It reviews and assesses the quarterly Internal Audit reports together with management's actions on findings to gain assurance as to the effectiveness of the internal control framework throughout the Group.

The Group's annual professional fee for internal audit services charged by the outsourced internal auditor is RM62,000.

Statutory Auditor

The Committee is responsible to the Board for recommendations on the appointment, re-appointment and removal of the Statutory Auditor. As part of this process the Committee assesses annually the independence and objectivity of the Statutory Auditor taking into account relevant professional and regulatory requirements and the relationship with the Statutory Auditor as a whole, including the provision of any non-audit services. The Committee also assesses the Statutory Auditor's performance and effectiveness during the exercise of their duties.

The Statutory Auditor attended three (3) meetings of the Committee of which the activities are as disclosed under 'Summary of the Work of the Audit and Risk Committee'.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The main features and the adequacy of Padini Group's risk management and internal control system, hereinafter referred to as "the System", are primarily guided by the objective that the System is meant to accomplish, and that is to assure that the achievement of the Group's strategic and operational goals is done within an environment where losses and liabilities arising from risks, uncertainty and random events can be minimised, protected against and even avoided altogether.

The Group has implemented an Enterprise Risk Management ("ERM") system to manage the risks and opportunities related to the achievement of strategic objectives. The ERM framework that the Group adopts consists of six (6) elements, which is in line with globally accepted risk management standards. (i.e.ISO31000:2018). Periodic discussions are held internally with each division and the consolidated risk register and action plans are updated accordingly. The updated consolidated risk register and major matters are then discussed at the Board meetings.

The six (6) elements are:



Leadership and commitment: Top Management and oversight bodies (e.g. Risk Management Committee ("RMC")) should demonstrate leadership and commitment and ensure that risk management is integrated into all organisation activities.

Integration: Risk management should be a part of, and not separate from, the organisational purpose, governance, leadership and commitment, strategy, objectives and operations.

Design: This comprises understanding the Group and its context, articulating risk management commitment, assigning organisational roles, authorities, responsibilities and accountabilities, allocating resources and establishing communication and consultation.

Implementation: This comprises developing a plan, identifying where, when and how different types of decisions are made, modifying decision-making processes where necessary, and ensuring the Group's arrangements for managing risks are understood and practised.

Evaluation: The Group shall periodically measure risk management framework performance against its purpose, implementation plans, indicators and expected behaviour, and determine whether it remains suitable to support achieving the objectives of the Group.

Improvement: The Group shall continually monitor and adapt the risk management framework to address external and internal changes. As relevant gaps or improvement opportunities are identified, the Group shall develop plans and tasks and assign them to those accountable for implementation.

Our risk assessment process is as follows:

- Define processes/ activities/ objectives
- Determine risk parameter
- Identify risk
- Determine cause
- Determine consequences
- Determine likelihood
- Determine gross risk rating
- Identify controls
- Determine control effectiveness
- Challenge/ Revise ratings
- Determine current residual risk rating
- Develop risk profile
- Risk treatment

Statement on Risk Management and Internal Control

(Cont'd)

A Risk Appetite Statement that articulates the levels and types of risk the Group is willing to accept in the pursuit of its value or meet its strategic objectives is then developed and adopted.

The internal audit form an integral part of the risk management process and assists the Board to assess that the system of internal controls is in place and relevant for the Group's business. As such, the internal audit function is involved in reviewing the adequacy and operating effectiveness of the internal control processes and risk practices, and validating the results of these processes/practices.

The internal audit has proposed to the Audit and Risk Committee an audit plan covering the period from 2020 to 2022 in August 2020 and involving eight (8) auditable areas whose risk impact have been assessed as between medium to high. The internal audit plan was subsequently tabled and adopted by the Audit and Risk Committee. The Audit and Risk Committee has subsequently reviewed the audit plan on an annual basis, with changes made where required in line with the current developments.

As a matter of practice, the internal auditor engages with our managers and executives to find out about the policies and practices already in place for a selected process, performs tests, determines the adequacy and effectiveness of existing controls, and then presents a summary of observations requiring remedial measures together with recommendations for improvement to management for their response. Subsequent to management's response, an audit report is prepared and forwarded to the Audit and Risk Committee for consideration and deliberation with the internal auditors in attendance.

Acting on the audit report and the responses and opinions given by the internal auditor and management, the Audit and Risk Committee is then ready to bring the pertinent risk management or internal control issues to the Board for further consideration. Where the internal auditor's recommendations have not been adopted, the Board then seeks to satisfy itself that the alternative policies or processes adopted are appropriate for strategic or practical reasons specific to the business activity in question, and that there is sufficient oversight over the alternatives used so that risks can be minimised. Where management agrees to implement the internal auditor's recommendations, the Audit and Risk Committee and the Board then seeks a time-line for adoption and keeps themselves apprised of the progress of the process of adoption.

On the matter of internal control, especially in relation to risks of financial loss arising from fraud, collusion and/or negligence, currently the activities of the Group, except for the payroll function, are controlled and monitored via an enterprise resource planning ("ERP") solution provided by SAP. Payroll processes are automated and controlled via Bossnet payroll software as a platform to manage payroll transaction such as salary, allowances, EPF, Socso and tax filling. All activities involving the procurement of assets (whether for trade or otherwise), and contracting for services, are all documented and recorded according to the protocols of the said ERP, which in most cases involve various duties performed separately and in rigid sequence by several persons attached to various departments. The underlying principle at work here is that the party that initiates an order for procurement must not be the one who will receive the items later on directly from the suppliers. A disinterested third party is tasked to receive such items, acknowledge the receipt and proceed to record the transaction into the system. In addition to that, where practicable, at least one more other party would be inserted between the one who initiated a procurement and the one who would receive the items procured.

Overall, a review of the system of risk management and internal control already in place showed that it is both adequate and effective in managing the business risks faced as well as the risk of fraudulent behaviours. The internal audit function has always been properly instituted and is progressive in keeping with the developments and changing needs of the Group's business as it grows. The employees, including management, of the Group are subject to the activities of the internal audit function and are aware of the objectives of risk management and the need for the various checks and balances put in place to achieve effective internal control. The Group also has in place a formal code of conduct and whistle-blowing policy, both of which has been widely disseminated to the employees. A summary of the code of conduct and the whistle-blowing policy are posted on Padini's corporate website.

Statement on Risk Management and Internal Control

(Cont'd)

Report from the Internal Auditors

Our internal auditors, Baker Tilly Monterio Heng Governance Sdn Bhd, have carried out and completed the internal audit review based on the Internal Audit Plan approved by the Audit and Risk Committee. The results of the internal audit review were satisfactory, having found no major control weaknesses which may pose significant risk exposures to the Group's operations during the financial year under review. The internal auditors have also carried out subsequent follow up review on the agreed action plans, which has been commented and agreed by the management to address the relevant findings highlighted in the internal audit reports, and noted that most of the agreed action plans have been/are being implemented.

Review of the statement by Statutory Auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Statutory Auditors have reviewed the Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Malaysia Approved Standard on Assurance Engagement, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 ("AAPG3") *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants (MIA) and procedures have been performed to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors have adopted.

AAPG 3 does not require the Statutory Auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group including the assessment and opinion by the Board of Directors and management thereon. Based on their procedures performed, the Statutory Auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

In the Board of Directors' meeting held on 28 September 2021, the Managing Director and Chief Financial Officer have given the assurance to the Board that the risk management and internal control system currently in place is adequate and effective for the Group.

PROFILE OF DIRECTORS

Chia Swee Yuen

64 years of age

Malaysian

Male

*(Chairman of the Board,
Member of the Audit
and Risk Committee,
Member of Nominating
and Remuneration Committee,
Independent Non-Executive Director)*

Mr Chia was appointed to the Board on 2 May 2014.

He graduated from the University of Malaya with a Bachelor of Accounting (1st Class Hons). He is a member of the Malaysian Institute of Accountants ("MIA"). He was formerly a member of the Examination Committee of the Certified Credit Professional (Business) of the Asian Institute of Chartered Bankers ("AICB") (formerly known as Institut Bank-Bank Malaysia). In recognition of his contributions and services rendered to AICB and the banking industry, he was elected by the Council as an Associate Fellow of AICB.

He started his career in 1980 with SGV-Kassim Chan Sdn Bhd, a management consultancy firm, conducting financial feasibility and marketing studies, review of operational processes and financial training.

From 1984 to 1987, he was with Malaysian Resources Corporation Berhad, a diversified listed group with businesses in the manufacturing, trading, credit & leasing, credit card, construction and property development areas, in charge of the corporate planning, accounting and tax, information technology and general administration areas.

Since 1988 up to his retirement in the financial year 2015, he has been with the banking sector, heading varied areas of marketing, branch management, credit evaluation, credit operations and risk management with Overseas Union Bank (M) Bhd and Ambank (M) Bhd. Customer segment handled is mainly in business banking.

Other than his directorship with Padini Holdings Berhad, he is also an independent non-executive director of New Hoong Fatt Holdings Berhad.

For the financial year under review, he has attended all five (5) meetings of the Board of Directors.

Yong Pang Chaun

70 years of age

Malaysian

Male

*(Managing Director and
Key Senior Management)*

Mr Yong was appointed to the Board on 26 March 1992.

An entrepreneur with extensive hands-on experience in the textiles and apparel industry, he has been and still is primarily responsible for the achievements of the Group.

After completing his secondary education, he joined a textile merchant in Singapore where he gained considerable experience in the textile trade. Returning to Malaysia several years later, he set up the Company's first subsidiary in 1971 to manufacture ladies fashion. From there, other businesses were set up and since then he has always set the strategies for the development of the Group. The recent success of the Group's brands

and the presence that the brands command in the domestic market today are attestations to his entrepreneurial skills. His ability to analyse fashion trends and to react quickly to take advantage of changes in market conditions and consumers' preferences, has resulted in the Group being provided with tremendous opportunities for continued growth. Today, he continues to manage the strategies and plans for the Group's future.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all five (5) meetings of the Board of Directors.

Profile of Directors 41

(Cont'd)

Chong Chin Lin

68 years of age

Malaysian

Female

*(Executive Director and
Key Senior Management)*

Madam Chong was appointed to the Board on 29 March 1995.

While still in the second year of her sixth form education, she was called upon to help in the family business which dealt in the wholesale and retail of fashion accessories and costume jewellery. After three years and gaining considerable experience in the trade, she left and joined a boutique retailing ladies fashion. After Vincci Ladies' Specialities Centre Sdn Bhd got incorporated in 1981, she joined the company as a merchandiser for ladies fashion wear and accessories. Since then she has been with the Group and has contributed much to the development of the Group's major brands like Seed, Padini Authentics and Miki.

When she was merchandiser for ladies fashion, she got involved in garment manufacturing operations and was able to later use this experience to oversee the Group's garment manufacturing operations.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any other public companies.

For the financial year under review, she has attended all five (5) meetings of the Board of Directors.

Foo Kee Fatt

55 years of age

Malaysian

Male

*(Chairman of the Audit and
Risk Committee, Member of
Nominating and Remuneration
Committee, Independent
Non-Executive Director)*

Mr Foo was appointed to the Board on 2 January 2009.

He is a member of Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. He is also an approved company auditor under the Malaysian Companies Act 2016.

In 1987, he joined and served his articleship with one of the reputable international accounting firms. From 1993 to 2006, he was with a local accounting firm with international affiliation. He is currently in public practice.

Other than his directorship with Padini Holdings Berhad, he is also an independent non-executive director of MMS Ventures Berhad and Can One Berhad.

For the financial year under review, he has attended all five (5) meetings of the Board of Directors.

Lee Peng Khoon

68 years of age

Malaysian

Male

*(Chairman of Nominating
and Remuneration Committee,
Member of the Audit and
Risk Committee,
Senior Independent
Non-Executive Director)*

Mr Lee was appointed to the Board on 6 January 2014.

He qualified as a Chartered Accountant in 1978 in a London firm of chartered accountants. He is a member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England & Wales.

On his return to Malaysia in 1981, he joined a big four auditing firm as an audit senior and later audit manager. He then held senior management positions in private and public companies that were involved in plantation, property development, credit financing, manufacturing & trading, countertrade and trade financing, investment holding and chartering & engineering in the oil and gas sector.

He is presently a self-employed general consultant.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all five (5) meetings of the Board of Directors.

Profile of Directors

(Cont'd)

Andrew Yong Tze How

40 years of age

Malaysian

Male

*(Executive Director and
Key Senior Management)*

Mr Andrew Yong was appointed to the Board on 3 December 2015.

He graduated from the California State University, Northridge, Los Angeles, California with a Bachelor's Degree in Computer Science. From April 2006 to May 2008, he worked as a AS400 programmer contracted to Patimas PSG and a system operator in Prudential services.

He joined Padini in June 2008 as IT manager in Padini Dot Com Sdn Bhd managing all IT operations, system implementations and IT assets for the Group. He was promoted to General Manager – Operations in August 2015 and oversees, manage and direct overall operations of support departments of the Group.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all five (5) meetings of the Board of Directors.

Benjamin Yong Tze Yet

37 years of age

Malaysian

Male

*(Executive Director and
Key Senior Management)*

Mr Benjamin Yong was appointed to the Board on 15 July 2016.

After graduating with a Bachelor's Degree in Arts, Media & Communication from the University of Melbourne, Victoria, Australia in 2005, Mr Benjamin Yong started his career as a Merchandising Assistant with Padini Merchandising department in September of the same year. He was promoted to the position of Merchandiser in 2007 and appointed as the Brand Manager for Padini Workwear in 2009. He is now the Head of Design, Merchandising and Retail of the Group and is responsible for the overall management, development and organisation of the design, merchandising, retail and branding activities for the brands assigned to him.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all five (5) meetings of the Board of Directors.

Chew Voon Chyn

38 years of age

Malaysian

Female

*(Executive Director and
Key Senior Management)*

Ms Chew Voon Chyn was appointed to the Board on 20 February 2017.

She graduated from Parsons School of Design, New York with a Bachelor's Degree in Business Administration, majoring in Design & Management. She worked as a merchandising assistant in Calvin Klein Jeans, New York in year 2005.

She joined Vincci in August 2005 as Design & Merchandising Executive till July 2007. From August 2007 till June 2009, she was redesignated as Trend Developer cum Merchandiser, who managed the Research & Development department. She was promoted to Brand Manager for Vincci Accessories & Vincci + in July 2009 till December 2013. From January 2014 till present, she is the Brand Manager for the entire Vincci group.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any public companies.

For the financial year under review, she has attended all five (5) meetings of the Board of Directors.

Profile of Directors 43

(Cont'd)

Sung Fong Fui

47 years of age

Malaysian

Female

*(Executive Director and
Key Senior Management)*

Ms Sung Fong Fui was appointed to the Board on 23 May 2018.

She is currently holding the position of Group Chief Financial Officer in Padini Holdings Berhad. She is a member of the Malaysian Institute of Accountants and Fellow of Chartered Certified Accountant, UK.

She has more than eighteen (18) years of experience in audit and assurance, listing and corporate advisory work. Prior joining Padini in May 2017, she was an audit partner in a large international accounting firm and was also the technical partner of the firm. Apart from audit, she has wide range of experience covering due diligence review, business advisory work and technical support to corporate exercises engagements varying from reverse

takeover, initial public offerings and others. Her client portfolio includes local and international companies covering a broad spectrum of industries.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any public companies.

For the financial year under review, she has attended all five (5) meetings of the Board of Directors.

Tan Shi Wen

34 years of age

Malaysian

Female

*(Member of the Audit and
Risk Committee,
Member of Nominating and
Remuneration Committee,
Independent Non-Executive Director)*

Ms Tan Shi Wen was appointed to the Board on 21 September 2021.

She holds a LL.B. (Hons) from the University of Manchester. She also holds a Postgraduate Diploma in EU Competition Law and LL.M (Master of Laws) in International Commercial Law.

She is a practising corporate lawyer at Messrs Skrine, where she commenced legal practice after her admission to both English and Malaysian Bar. She has been a partner of Messrs Skrine since 2018 and has been in practice for over ten (10) years. Throughout her practice, she has been involved in advising on numerous exercises for international and local companies ranging from mergers and acquisitions, to business reorganisations, corporate governance and regulatory compliance. She is also the Co-Head of Skrine's Competition Practice and has in-depth knowledge and experience in this area.

In addition to her legal career, Shi Wen is also the founder and currently a director of SESO Berhad, a public company (a non-profit enterprise which aims to combat food waste and food poverty).

Profile of Directors

(Cont'd)

Other Information

i. **Family Relationship**

Yong Pang Chaun is the spouse of Chong Chin Lin. Andrew Yong Tze How and Benjamin Yong Tze Jet are both sons of Yong Pang Chaun and Chong Chin Lin. Chew Voon Chyn is the niece of Yong Pang Chaun as well as cousin to Andrew Yong Tze How and Benjamin Yong Tze Jet. None of the other Directors above have any family relationship with one another. Yong Pang Chaun and Chong Chin Lin are the major shareholders in the company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 43.74% interest in the shares in the Company as at 30 June 2021.

ii. **Conflict of Interest**

None of the Directors have any conflict of interest with the company.

iii. **Convictions for offences**

None of the Directors have been convicted for offences within the past ten (10) years other than for traffic offences, if any.

iv. **Material Contracts**

No material contracts had been entered into for the financial year under review between the Group and the Directors and/or Major Shareholders.

v. **No. of board meetings held**

Five (5) Board meetings were held during the financial year ended 30 June 2021.

vi. **Non-audit fee**

There was a non-audit fee of RM6,500 paid to BDO PLT during the financial year.

vii. **Key senior management**

The key senior management are also the Executive Directors of the Company and their particulars are disclosed in the Director's Profile.

DIRECTORS' **RESPONSIBILITY STATEMENT** IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

Pursuant to paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as required by Companies Act 2016 in Malaysia, the Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company and its subsidiaries as at the end of the financial year, and of the financial performance and cash flows for the financial year ended.

In ensuring the preparation of these financial statements of Padini Holdings Berhad, the Directors have ensured the following:-

- Adopted suitable accounting policies and apply them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Making of judgments and estimates that are appropriate, reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy the financial position of the Company and ensuring that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud and other such irregularities.

STAFFORD INVESTMENTS FINANCIAL

47	-	51	DIRECTORS' REPORT
		52	STATEMENT BY DIRECTORS
		52	STATUTORY DECLARATION
53	-	56	INDEPENDENT AUDITORS' REPORT
57	-	58	STATEMENTS OF FINANCIAL POSITION
		59	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
		60	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
		61	STATEMENT OF CHANGES IN EQUITY
62	-	65	STATEMENTS OF CASH FLOWS
66	-	115	NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' REPORT 47

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	54,057	2,435

DIVIDEND

Dividend proposed, declared or paid since the end of the previous financial year was as follows:

	Company RM'000
In respect of financial year ended 30 June 2021:	
First interim single tier dividend of 2.5 sen per ordinary share, paid on 30 June 2021	16,448

The Directors do not recommend the payment of final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

Directors' Report

(Cont'd)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Padini Holdings Berhad

Yong Pang Chaun
Chong Chin Lin
Chia Swee Yuen
Foo Kee Fatt
Lee Peng Khoon
Andrew Yong Tze How
Benjamin Yong Tze Jet
Chew Voon Chyn
Sung Fong Fui
Tan Shi Wen (*Appointed on 21 September 2021*)

Subsidiaries of Padini Holdings Berhad

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Yong Pang Chaun
Chong Chin Lin
Andrew Yong Tze How
Benjamin Yong Tze Jet
Christopher Yong Tze Yao
Chew Voon Chyn
Yong Lai Wah (*Resigned on 30 November 2020*)

In accordance with Article 103(1) of the Company's Constitution, Lee Peng Khoon, Benjamin Yong Tze Jet and Sung Fong Fui retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 110 of the Company's Constitution, Tan Shi Wen retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

Directors' Report 49

(Cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Balance as at 1.7.2020	[----- Number of ordinary shares -----]		Balance as at 30.6.2021
		Bought	Sold	
<u>Shares in the Company</u>				
<u>Direct interests</u>				
Yong Pang Chaun	8,191,960	1,500,000	—	9,691,960
Chong Chin Lin	3,219,990	—	—	3,219,990
<u>Indirect interests</u>				
Yong Pang Chaun	290,983,490	—	—	290,983,490
Chong Chin Lin	295,955,460	1,500,000	—	297,455,460
Chew Voon Chyn	5,000	—	—	5,000
Sung Fong Fui	10,000	—	—	10,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Yong Pang Chaun and Chong Chin Lin are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as Directors of the subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 33 to the financial statements.

Directors' Report

(Cont'd)

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company are RM15,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that provision need not be made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for those disclosed in Note 36 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts inadequate to any material extent or necessitate the making of provision for doubtful debts in the financial statements of the Group and of the Company;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent to the end of the reporting period is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2021 are disclosed in Note 28 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Yong Pang Chaun
Director

Kuala Lumpur
28 September 2021

Andrew Yong Tze How
Director

In the opinion of the Directors, the financial statements set out on pages 57 to 115 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Yong Pang Chaun
Director

Andrew Yong Tze How
Director

Kuala Lumpur
28 September 2021

STATUTORY DECLARATION

I, Sung Fong Fui (CA 22177), being the Director primarily responsible for the financial management of Padini Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 115 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
28 September 2021)

Sung Fong Fui

Before me

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PADINI HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Padini Holdings Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Inventories written down and inventories written off*

As at 30 June 2021, inventories of the Group were RM218,565,000. The details of the inventories have been disclosed in Note 13 to the financial statements. During the financial year, there were inventories written down and inventories written off recognised as cost of sales of RM3,200,000 and RM2,384,000 respectively.

Writing down and writing off of slow moving and obsolete inventories to their net realisable values are mainly based on management estimates, which have been derived from expectations on current market prices and future demand of which different expectations would impact the carrying amounts of the inventories and if not accounted for properly, may lead to the valuation of inventories being misstated. We have focused on this area as a key audit matter as this involves significant judgments and high degree of estimation uncertainty.

Independent Auditors' Report To the members of Padini Holdings Berhad (Incorporated in Malaysia)

(Cont'd)

Key Audit Matters (Cont'd)

1. *Inventories written down and inventories written off (Cont'd)*

Audit response

Our audit procedures included the following:

- a. obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the write down of slow moving inventories;
- b. analysed and assessed the inventories ageing by brands, seasons or periods prepared by management in determining slow moving and obsolete inventories, which have been derived from expectations of current market prices and future demand, including the impact arising from the COVID-19 pandemic; if any; and
- c. ascertained inventories were stated at the lower of cost and net realisable value by verifying actual margins and testing the selling prices of inventories sold from sales invoices subsequent to the end of the reporting period.

2. *Recognition of right-of-use assets and lease liabilities*

As at 30 June 2021, the Group had recognised right-of-use assets and lease liabilities for leases of Group with carrying amounts of RM373,591,000 and RM393,536,000 respectively as disclosed in Note 6 to the financial statements. In addition, the Group had also recognised gain on reassessments and modifications of leases amounting to RM2,849,000.

We determined this to be a key audit matter because it requires management to exercise significant judgements to specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

Audit response

Our audit procedures included the following:

- a. assessed the appropriateness of the discount rates applied in determining lease liabilities based on the lease contracts and relevant inputs;
- b. assessed the appropriateness of the assumptions applied in determining the lease terms of the lease liabilities, including renewal and termination options of the leases; and
- c. verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Independent Auditors' Report To the members of Padini Holdings Berhad (Incorporated in Malaysia)

(Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report To the members of Padini Holdings Berhad (Incorporated in Malaysia)

(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
28 September 2021

Ho Kok Khiaw
03412/02/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Group	Company		
Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	
ASSETS					
Non-current assets					
Property, plant and equipment	5	79,458	102,992	45,359	46,805
Right-of-use assets	6	373,591	508,916	—	—
Intangible assets	7	3,805	4,635	—	—
Investment property	8	5,206	4,750	—	—
Investments in subsidiaries	9	—	—	274,677	274,677
Other investments	10	705	705	560	560
Amounts due from subsidiaries	11	—	—	3,978	7,959
Deferred tax assets	12	11,346	8,706	—	—
		474,111	630,704	324,574	330,001
Current assets					
Inventories	13	218,565	273,870	—	—
Trade and other receivables	14	47,634	49,156	126	139
Amounts due from subsidiaries	11	—	—	4,180	4,065
Current tax assets		10,415	2,331	—	—
Cash and bank balances	15	523,758	441,474	53,246	63,441
		800,372	766,831	57,552	67,645
TOTAL ASSETS		1,274,483	1,397,535	382,126	397,646
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	69,563	69,563	69,563	69,563
Reserves	17	732,223	696,217	311,702	325,715
TOTAL EQUITY		801,786	765,780	381,265	395,278

58

Statements of Financial Position as at 30 June 2021

(Cont'd)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	6	317,087	431,686	—	—
Provision for restoration costs	19	6,622	7,814	—	—
Provision for employee benefits	20	47	48	—	—
Deferred tax liabilities	12	600	774	—	—
		324,356	440,322	—	—
Current liabilities					
Trade and other payables	21	61,658	88,452	631	633
Borrowings	18	—	1,619	—	1,619
Contract liabilities	22	7,873	7,002	—	—
Lease liabilities	6	76,449	89,711	—	—
Provision for restoration costs	19	2,102	1,323	—	—
Current tax liabilities		259	3,326	230	116
		148,341	191,433	861	2,368
TOTAL LIABILITIES		472,697	631,755	861	2,368
TOTAL EQUITY AND LIABILITIES		1,274,483	1,397,535	382,126	397,646

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	25	1,029,387	1,354,679	—	—
Cost of sales	26	(639,917)	(817,075)	—	—
Gross profit		389,470	537,604	—	—
Other income		39,681	28,458	7,151	5,667
Selling and distribution costs		(266,034)	(353,655)	—	—
Administrative expenses		(67,871)	(78,977)	(3,448)	(3,449)
Profit from operations		95,246	133,430	3,703	2,218
Finance costs	27	(21,100)	(26,109)	(30)	(128)
Profit before tax	28	74,146	107,321	3,673	2,090
Tax expense	30	(20,089)	(32,147)	(1,238)	(1,239)
Profit for the financial year		54,057	75,174	2,435	851
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	30(d)	(1,603)	(395)	—	—
Total other comprehensive loss, net of tax		(1,603)	(395)	—	—
Total comprehensive income		52,454	74,779	2,435	851
Earnings per ordinary share (sen)					
- Basic and diluted	32	8.22	11.43		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	Note	[----- Non-distributable -----]		Distributable	Total equity RM'000
		Share capital RM'000	Exchange translation differences RM'000	Retained earnings RM'000	
Balance as at 1 July 2019		69,563	6,750	664,031	740,344
Profit for the financial year		—	—	75,174	75,174
Foreign currency translations, net of tax		—	(395)	—	(395)
Total comprehensive income		—	(395)	75,174	74,779
Transactions with owners					
Dividends paid	31	—	—	(49,343)	(49,343)
Total transactions with owners		—	—	(49,343)	(49,343)
Balance as at 30 June 2020		69,563	6,355	689,862	765,780
Group					
Balance as at 1 July 2020		69,563	6,355	689,862	765,780
Profit for the financial year		—	—	54,057	54,057
Foreign currency translations, net of tax		—	(1,603)	—	(1,603)
Total comprehensive income		—	(1,603)	54,057	52,454
Transaction with owners					
Dividend paid	31	—	—	(16,448)	(16,448)
Total transaction with owners		—	—	(16,448)	(16,448)
Balance as at 30 June 2021		69,563	4,752	727,471	801,786

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Company	Note	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2019		69,563	374,207	443,770
Profit for the financial year		–	851	851
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	851	851
Transaction with owners				
Dividends paid	31	–	(49,343)	(49,343)
Total transactions with owners		–	(49,343)	(49,343)
Balance as at 30 June 2020		69,563	325,715	395,278
Profit for the financial year		–	2,435	2,435
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	2,435	2,435
Transaction with owners				
Dividend paid	31	–	(16,448)	(16,448)
Total transaction with owners		–	(16,448)	(16,448)
Balance as at 30 June 2021		69,563	311,702	381,265

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		74,146	107,321	3,673	2,090
Adjustments for:					
Amortisation of intangible assets	7	1,408	1,744	—	—
Bad debts written off	28	14	23	—	—
Deposits written off	28	—	248	—	—
Depreciation of property, plant and equipment	5	25,678	36,088	1,446	1,503
Depreciation of right-of-use assets	6.1	97,244	106,329	—	—
Fair value adjustments on investment property	8	(608)	730	—	—
Net gain on disposals of property, plant and equipment	28	(10)	—	—	—
Intangible assets written off	7	10	5	—	—
Interest expense		21,012	25,921	30	128
Interest income	28	(7,844)	(11,086)	(1,764)	(1,172)
Inventory losses	13	1,768	3,014	—	—
Net inventories written (back)/down		(3,012)	7,859	—	—
Inventories written off	13	2,384	1,963	—	—
Property, plant and equipment written off	5	2,317	110	—	—
(Gain)/Loss on reassessments and modifications of leases		(2,849)	501	—	—
Reversal of provision for restoration costs	19	(3,128)	(1,835)	—	—
Rent concessions	6.1	(16,285)	(8,770)	—	—
Net unrealised loss/(gain) on foreign exchange		1,974	(2,350)	850	870
Operating profit before changes in working capital		194,219	267,815	4,235	3,419
Decrease/(Increase) in inventories		53,701	(8,897)	—	—
Increase in contract liabilities		871	1,553	—	—
Decrease in trade and other receivables		1,296	9,602	13	886
(Decrease)/Increase in trade and other payables		(30,067)	(81,607)	(2)	54
Cash generated from operations		220,020	188,466	4,246	4,359

Statements of Cash Flows for the Financial Year Ended 30 June 2021

(Cont'd)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Cash generated from operations (Cont'd)		220,020	188,466	4,246	4,359
Tax paid		(35,643)	(45,730)	(1,124)	(1,293)
Tax refunded		1,618	1,124	—	—
Net cash from operating activities		185,995	143,860	3,122	3,066
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from subsidiaries		—	—	—	91,305
Interest received		7,844	11,086	1,764	1,172
Proceeds from disposals of:					
- intangible assets		—	2	—	—
- property, plant and equipment		11	—	—	—
Purchase of:					
- intangible assets	7	(605)	(512)	—	—
- property, plant and equipment	5(b)	(5,014)	(11,323)	—	—
- right-of-use assets	6.1	—	(20)	—	—
Repayments from/(Payments made on behalf of) subsidiaries		—	—	3,016	(16,581)
Net cash from/(used in) investing activities		2,236	(767)	4,780	75,896
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	31	(16,448)	(49,343)	(16,448)	(49,343)
Drawdowns of short term bank borrowings		—	16,000	—	—
Interest paid		(30)	(215)	(30)	(128)
Lease interest paid	6.2	(20,121)	(25,023)	—	—
Repayments of:					
- lease liabilities	6.2	(67,992)	(78,560)	—	—
- short term bank borrowings		—	(35,400)	—	—
- term loan		(1,619)	(1,763)	(1,619)	(1,763)
Net cash used in financing activities		(106,210)	(174,304)	(18,097)	(51,234)

64

Statements of Cash Flows for the Financial Year Ended 30 June 2021

(Cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net increase/(decrease) in cash and cash equivalents		82,021	(31,211)	(10,195)	27,728
Effects of exchange rate fluctuations on cash and cash equivalents		263	654	—	—
Cash and cash equivalents at beginning of financial year		441,474	472,031	63,441	35,713
Cash and cash equivalents at end of financial year	15	523,758	441,474	53,246	63,441

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 6) RM'000	Term loan (Note 18) RM'000
At 1 July 2020	521,397	1,619
Cash flows	(88,113)	(1,619)
Non-cash flows:		
- Additions	13,420	—
- Interest expenses	20,121	—
- Lease reassessments and modifications	(56,214)	—
- Rent concessions	(16,285)	—
- Translation adjustments	(790)	—
At 30 June 2021	393,536	—

Statements of Cash Flows for the Financial Year Ended 30 June 2021

(Cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

Group	Lease liabilities (Note 6) RM'000	Term loan (Note 18) RM'000	Banker's acceptances RM'000
At 1 July 2019	599,889	3,382	19,400
Cash flows	(103,583)	(1,763)	(19,400)
Non-cash flows:			
- Additions	8,314	—	—
- Interest expenses	25,023	—	—
- Rent concessions	(8,770)	—	—
- Translation adjustments	524	—	—
At 30 June 2020	521,397	1,619	—

Company	Term loan (Note 18) RM'000
At 1 July 2020	1,619
Cash flows	(1,619)
At 30 June 2021	—

At 1 July 2019	3,382
Cash flows	(1,763)
At 30 June 2020	1,619

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

1. CORPORATE INFORMATION

Padini Holdings Berhad (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 3rd Floor, No. 17, Jalan Ipoh Kecil, 50350 Kuala Lumpur.

The principal place of business of the Company is located at No. 19, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 June 2021 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All the financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 September 2021.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 35.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notes to the Financial Statements

30 June 2021

67

(Cont'd)

4. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the retailing of garments industry.

The Group has arrived at three (3) reportable segments, as described below, which are the strategic business units of the Group. For management purposes, the Group is organised into business units based on their products and services. For each of the strategic business units, the Managing Director and Executive Directors of the Group collectively (the "Chief Operating Decision Maker" or "CODM") of the Group review internal management reports at least on a quarterly basis.

i) Investment holding

Holding of investment in shares of the subsidiaries.

ii) Apparels and footwear

Promoting and marketing fashionable apparels, footwear and accessories.

iii) Management service

Provision of management services.

Other non-reportable segments comprise operations related to café and investment property holding.

The performance of the reportable segments are measured based on segment profit before tax.

The accounting policies of operating segments are the same as those described in the financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

Notes to the Financial Statements
30 June 2021

(Cont'd)

4. OPERATING SEGMENTS (CONT'D)

2021	Investment holding RM'000	Apparels and footwear RM'000	Management service RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
Total revenue	-	1,045,502	82,874	-	-	1,128,376
Inter-segment revenue	-	(16,115)	(82,874)	-	-	(98,989)
Revenue from external customers	-	1,029,387	-	-	-	1,029,387
Interest income	1,764	5,604	1,048	2	(574)	7,844
Finance costs	(30)	(21,608)	(11,219)	(1)	11,758	(21,100)
Net finance income/(expense)	1,734	(16,004)	(10,171)	1	11,184	(13,256)
Depreciation of property, plant and equipment	(1,446)	(21,750)	(2,406)	(311)	235	(25,678)
Depreciation of right-of-use assets	-	(96,658)	(579)	(7)	-	(97,244)
Amortisation of intangible assets	-	(308)	(1,100)	-	-	(1,408)
Segment profit/(loss) before tax	3,673	56,996	7,413	(481)	6,545	74,146
Income tax expense	(1,238)	(16,849)	(1,984)	(21)	3	(20,089)
Other material non-cash items:						
- Inventory losses	-	(1,768)	-	-	-	(1,768)
- Inventories written off	-	(2,384)	-	-	-	(2,384)
- Property, plant and equipment written off	-	(2,160)	(157)	-	-	(2,317)
- Rent concessions	-	16,285	-	-	-	16,285
- Gain on reassessments and modifications of leases	-	2,849	-	-	-	2,849
- Net inventories written back	-	3,012	-	-	-	3,012
- Reversal of provision for restoration costs	-	3,128	-	-	-	3,128
Additions to non-current assets other than financial instruments and deferred tax assets	-	20,198	1,313	42	(6)	21,547
Segment assets	382,126	1,125,625	281,055	32,727	(547,050)	1,274,483
Segment liabilities	861	480,220	236,560	74	(245,018)	472,697

Notes to the Financial Statements
30 June 2021

69

(Cont'd)

4. OPERATING SEGMENTS (CONT'D)

2020	Investment holding RM'000	Apparels and footwear RM'000	Management service RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
Total revenue	–	1,365,967	108,184	384	–	1,474,535
Inter-segment revenue	–	(11,672)	(108,184)	–	–	(119,856)
Revenue from external customers	–	1,354,295	–	384	–	1,354,679
Interest income	1,172	8,283	1,625	6	–	11,086
Finance costs	(128)	(25,917)	(13,449)	(1)	13,386	(26,109)
Net finance income/(expense)	1,044	(17,634)	(11,824)	5	13,386	(15,023)
Depreciation of property, plant and equipment	(1,503)	(31,706)	(2,786)	(330)	237	(36,088)
Depreciation of right-of-use assets	–	(105,815)	(504)	(10)	–	(106,329)
Amortisation of intangible assets	–	(343)	(1,401)	–	–	(1,744)
Segment profit/(loss) before tax	2,090	101,503	9,282	(476)	(5,078)	107,321
Income tax expense	(1,239)	(28,455)	(2,438)	(19)	4	(32,147)
Other material non-cash items:						
- Inventory losses	–	(3,014)	–	–	–	(3,014)
- Inventories written down	–	(7,859)	–	–	–	(7,859)
- Inventories written off	–	(1,963)	–	–	–	(1,963)
- Property, plant and equipment written off	–	(89)	(10)	(11)	–	(110)
- Rent concessions	–	8,770	–	–	–	8,770
- Loss on reassessments and modifications of leases	–	(501)	–	–	–	(501)
- Reversal of provision for restoration costs	–	1,835	–	–	–	1,835
Additions to non-current assets other than financial instruments and deferred tax assets	–	21,286	2,792	–	(2)	24,076
Segment assets	397,646	1,243,289	374,609	33,770	(651,779)	1,397,535
Segment liabilities	2,368	636,764	335,765	57	(343,199)	631,755

Notes to the Financial Statements 30 June 2021

(Cont'd)

4. OPERATING SEGMENTS (CONT'D)

Geographical segments

In presenting on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated and segment assets are based on the geographical location of the assets of the Group.

	Revenue		Non-current assets*	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	986,153	1,294,634	429,935	583,395
Asia (excluding Malaysia)	43,234	60,045	32,125	37,898
	1,029,387	1,354,679	462,060	621,293

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

* The amounts of non-current assets do not include other investments and deferred tax assets.

Notes to the Financial Statements
30 June 2021

(Cont'd)

71

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings on freehold land RM'000	Building on leasehold land RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
At cost							
Balance as at 1 July 2020	12,240	42,861	8,261	2,303	184,150	109,752	359,567
Additions	—	—	—	—	2,958	2,056	5,014
Disposal	—	—	—	(279)	(9)	(2)	(290)
Written off	—	—	—	—	(11,635)	(5,880)	(17,515)
Translation adjustments	—	—	(270)	—	(422)	(239)	(931)
Balance as at 30 June 2021	12,240	42,861	7,991	2,024	175,042	105,687	345,845
Accumulated depreciation							
Balance as at 1 July 2020	—	9,879	2,532	2,224	159,335	82,605	256,575
Charge for the financial year	—	857	294	63	13,684	10,780	25,678
Disposal	—	—	—	(279)	(9)	(1)	(289)
Written off	—	—	—	—	(10,875)	(4,323)	(15,198)
Translation adjustments	—	—	(81)	—	(211)	(87)	(379)
Balance as at 30 June 2021	—	10,736	2,745	2,008	161,924	88,974	266,387
Carrying amount							
Balance as at 30 June 2021	12,240	32,125	5,246	16	13,118	16,713	79,458

Notes to the Financial Statements
30 June 2021

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Buildings on freehold land RM'000	Building on leasehold land RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
At cost							
Balance as at 1 July 2019	12,240	42,861	7,917	2,303	182,956	108,420	356,697
Additions	—	—	—	—	6,560	4,763	11,323
Written off	—	—	—	—	(5,577)	(3,350)	(8,927)
Transfer to intangible assets (Note 7)	—	—	—	—	—	(237)	(237)
Translation adjustments	—	—	344	—	211	156	711
Balance as at 30 June 2020	12,240	42,861	8,261	2,303	184,150	109,752	359,567
Accumulated depreciation							
Balance as at 1 July 2019	—	9,022	2,131	2,156	142,652	73,076	229,037
Charge for the financial year	—	857	301	68	22,108	12,754	36,088
Written off	—	—	—	—	(5,558)	(3,259)	(8,817)
Transfer to intangible assets (Note 7)	—	—	—	—	—	(32)	(32)
Translation adjustments	—	—	100	—	133	66	299
Balance as at 30 June 2020	—	9,879	2,532	2,224	159,335	82,605	256,575
Carrying amount							
Balance as at 30 June 2020	12,240	32,982	5,729	79	24,815	27,147	102,992

Notes to the Financial Statements
30 June 2021

(Cont'd)

73

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Buildings on freehold land RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
At cost					
Balance as at 1 July 2020/30 June 2021	12,240	41,696	3,457	4,699	62,092
Accumulated depreciation					
Balance as at 1 July 2020	–	9,250	3,457	2,580	15,287
Charge for the financial year	–	834	–	612	1,446
Balance as at 30 June 2021	–	10,084	3,457	3,192	16,733
Carrying amount					
Balance as at 30 June 2021	12,240	31,612	–	1,507	45,359

Notes to the Financial Statements
30 June 2021

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Buildings on freehold land RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
At cost					
Balance as at 1 July 2019/30 June 2020	12,240	41,696	3,457	4,699	62,092
Accumulated depreciation					
Balance as at 1 July 2019	–	8,417	3,431	1,936	13,784
Charge for the financial year	–	833	26	644	1,503
Balance as at 30 June 2020	–	9,250	3,457	2,580	15,287
Carrying amount					
Balance as at 30 June 2020	12,240	32,446	–	2,119	46,805

Notes to the Financial Statements 30 June 2021

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation periods are as follows:

Buildings on freehold land	50 years
Building on leasehold land	25 years
Motor vehicles	5 years
Furniture and fixtures	3 - 5 years
Office equipment and tools	4 - 5 years

Freehold land has unlimited useful life and is not depreciated.

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash payments on purchase of property, plant and equipment	5,014	11,323	—	—

- (c) Certain freehold land and buildings on freehold land have been pledged as securities to banks for financing facilities granted to the Group and the Company with carrying amounts as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	4,892	4,892	4,892	4,892
Buildings on freehold land	15,461	16,389	15,461	15,854
	20,353	21,281	20,353	20,746

Notes to the Financial Statements
30 June 2021

(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

6.1 Right-of-use assets

Group	Balance as at 1 July 2020 RM'000	IFRIC 1 adjustments RM'000	Additions RM'000	Depreciation RM'000	Lease reassessments and modifications RM'000	Translation adjustments RM'000	Balance as at 30 June 2021 RM'000
Carrying amounts							
Retail shop, signage and storage spaces	501,150	—	12,969	(93,527)	(52,176)	(631)	367,785
Apartment	537	—	—	(341)	(176)	—	20
Office equipment	1,635	—	451	(785)	54	—	1,355
Renovation cost	4,553	(241)	2,749	(2,274)	(1,067)	(13)	3,707
Motor vehicles	1,041	—	—	(317)	—	—	724
	508,916	(241)	16,169	(97,244)	(53,365)	(644)	373,591
Group							
Carrying amounts							
Retail shop, signage and storage spaces	597,341	—	6,444	(102,999)	—	364	501,150
Apartment	1,056	—	—	(519)	—	—	537
Office equipment	371	—	1,770	(507)	—	1	1,635
Renovation cost	3,090	1,680	2,227	(1,946)	(501)	3	4,553
Motor vehicles	1,279	—	120	(358)	—	—	1,041
	603,137	1,680	10,561	(106,329)	(501)	368	508,916

Notes to the Financial Statements

30 June 2021

77

(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

6.1 Right-of-use assets (Cont'd)

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Retail shop, signage and storage spaces	2 - 12 years
Apartment	1.5 - 3 years
Office equipment	2 - 6 years
Renovation cost	2 - 12 years
Motor vehicles	2 - 5 years

- (b) The Group has certain leases of retail shop, signage and storage spaces with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (c) The following are the amounts recognised in profit or loss:

	2021 RM'000	Group 2020 RM'000
Depreciation charge of right-of-use assets (included in administrative expenses)	324	457
Depreciation charge of right-of-use assets (included in selling and distribution costs)	96,920	105,872
Interest expense on lease liabilities (included in finance costs)	20,121	25,023
Expense relating to short-term leases (included in administration expenses)	30	57
Expense relating to short-term leases (included in selling and distribution costs)	2,184	5,056
Expense relating to leases of low-value assets (included in administrative expenses)	1	23
Expense relating to leases of low-value assets (included in selling and distribution expenses)	1,653	2,154
(Gain)/Loss on reassessments and modifications of leases	(2,849)	501
Variable lease payments:		
- arising from COVID-19 related rent concessions (included in other income)	(16,285)	(8,770)
- others (included in selling and distribution expenses)	17,344	27,350
	119,443	157,723

Notes to the Financial Statements 30 June 2021

(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

6.1 Right-of-use assets (Cont'd)

- (d) Certain lease rentals are subject to variable lease payments, which are determined based on a percentage of sales generated from outlets.

The Group has entered into tenancy agreements for the lease of retail shop, signage and storage spaces, which contain variable lease payments based on predetermined revenue thresholds. The Group has determined that these contingent features are not embedded derivatives to be separately accounted for due to the economic characteristics and risk of these contingent rental features are closely related to the economic characteristics and risk of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

- (e) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2021 RM'000	2020 RM'000
Additions of right-of-use assets	16,169	10,561
Provision for restoration costs capitalised	(2,749)	(2,227)
Lease liabilities	(13,420)	(8,314)
Cash payments on purchase of right-of-use assets	—	20

6.2 Lease liabilities

	Group	
	2021 RM'000	2020 RM'000
Represented by:		
Current liabilities	76,449	89,711
Non-current liabilities	317,087	431,686
	393,536	521,397
Lease liabilities owing to financial institution	653	927
Lease liabilities owing to non-financial institutions	392,883	520,470
	393,536	521,397

- (a) The Group leases a number of retail shop, signage and storage spaces, apartment, office equipment and motor vehicles that run between 1.5 years to 12 years, with an option to renew the lease after that date.

Notes to the Financial Statements
30 June 2021

(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**The Group as lessee (Cont'd)****6.2 Lease liabilities (Cont'd)**

- (b) The movements of lease liabilities during the financial year are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Balance as at 1 July 2020/2019	521,397	599,889
Additions	13,420	8,314
Payments of lease liabilities	(67,992)	(78,560)
Payments of lease interest	(20,121)	(25,023)
Interest expenses	20,121	25,023
Lease reassessments and modifications	(56,214)	—
Rent concessions	(16,285)	(8,770)
Translation adjustments	(790)	524
Balance as at 30 June 2021/2020	393,536	521,397

- (c) The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant option. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.
- (d) The following table sets out the carrying amount, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group:

Group	Weighted average incremental borrowing rate per annum %	Within 1 year RM'000	One to two years RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
30 June 2021						
Lease liabilities						
Fixed rates	3.50 - 9.51	76,449	63,850	164,578	88,659	393,536
30 June 2020						
Lease liabilities						
Fixed rates	4.30 - 9.51	89,711	83,413	202,495	145,778	521,397

Notes to the Financial Statements

30 June 2021

(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

6.2 Lease liabilities (Cont'd)

- (e) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.
- (f) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
30 June 2021				
Lease liabilities	92,328	264,307	95,749	452,384
30 June 2020				
Lease liabilities	111,040	336,756	157,969	605,765

The Group as lessor

The Group has entered into non-cancellable lease agreement on an investment property for terms of between one (1) to two (2) years.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2021 RM'000	2020 RM'000
Less than one (1) year	97	107

Notes to the Financial Statements
30 June 2021

(Cont'd)

7. INTANGIBLE ASSETS

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
At cost			
Balance as at 1 July 2020	7,030	9,506	16,536
Additions	—	605	605
Written off	—	(42)	(42)
Translation adjustments	—	(27)	(27)
Balance as at 30 June 2021	7,030	10,042	17,072
Accumulated amortisation			
Balance as at 1 July 2020	4,727	7,174	11,901
Charge for the financial year	469	939	1,408
Written off	—	(32)	(32)
Translation adjustments	—	(10)	(10)
Balance as at 30 June 2021	5,196	8,071	13,267
Carrying amount			
Balance as at 30 June 2021	1,834	1,971	3,805
At cost			
Balance as at 1 July 2019	7,030	8,773	15,803
Additions	—	512	512
Transfer from property, plant and equipment (Note 5)	—	237	237
Disposal	—	(2)	(2)
Written off	—	(29)	(29)
Translation adjustments	—	15	15
Balance as at 30 June 2020	7,030	9,506	16,536
Accumulated amortisation			
Balance as at 1 July 2019	4,258	5,886	10,144
Charge for the financial year	469	1,275	1,744
Transfer from property, plant and equipment (Note 5)	—	32	32
Written off	—	(24)	(24)
Translation adjustments	—	5	5
Balance as at 30 June 2020	4,727	7,174	11,901
Carrying amount			
Balance as at 30 June 2020	2,303	2,332	4,635

Notes to the Financial Statements

30 June 2021

(Cont'd)

7. INTANGIBLE ASSETS (CONT'D)

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

System, applications and products ("SAP") and computer software that do not form an integral part of the related hardware are treated as intangible assets with finite life and are amortised over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal amortisation periods are as follows:

SAP	15 years
Computer software	5 years

8. INVESTMENT PROPERTY

	2021 RM'000	Group 2020 RM'000
Workshop, at valuation		
Balance as at 1 July 2020/2019	4,750	5,270
Fair value adjustments	608	(730)
Translation adjustments	(152)	210
Balance as at 30 June 2021/2020	5,206	4,750

- (a) Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is measured at fair value, which reflects market conditions at the end of the reporting period and changes in fair value are included in profit or loss.
- (b) Direct operating expenses arising from the investment property generating rental income during the financial year are as follows:

	2021 RM'000	Group 2020 RM'000
Repairs and maintenance	24	25
Quit rent and assessment	4	6

- (c) The fair value of investment property of the Group is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Workshop	—	5,206	—	5,206
2020				
Workshop	—	4,750	—	4,750

- (i) There is no transfer between levels in the hierarchy during the financial year.

Notes to the Financial Statements

30 June 2021

(Cont'd)

8. INVESTMENT PROPERTY (CONT'D)

- (c) The fair value of investment property of the Group is categorised as follows: (cont'd)
- (ii) Investment property at Level 2 fair value was determined by an external and independent property valuer, who is a member of The Hong Kong Institute of Surveyors. The professional valuer has adopted the comparison approach and made reference to relevant comparable transactions in the market. The valuation had resulted in a fair value gain of RM608,000 (2020: fair value loss of RM730,000) to the Group to reflect its fair value of RM5,206,000 or equivalent to HKD9,710,000 (2020: RM4,750,000 or equivalent to HKD8,570,000).
 - (iii) The fair value measurement of the investment property is based on the highest and best use, which does not differ from their actual use.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
At cost:		
- Unquoted shares	275,632	275,632
Less: Impairment losses	(955)	(955)
	274,677	274,677

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' shares of subsequent changes in equity.

- (b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective equity interest		Principal activities
		2021 %	2020 %	
Vincci Ladies' Specialties Centre Sdn. Bhd. ("Vincci")	Malaysia	100	100	Dealers of ladies' shoes and accessories
Padini Corporation Sdn. Bhd. ("Padini Corporation")	Malaysia	100	100	Dealers of garments and ancillary products
Seed Corporation Sdn. Bhd. ("Seed")	Malaysia	100	100	Dealers of garments and ancillary products

Notes to the Financial Statements

30 June 2021

(Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation/ Principal place of business	Effective equity interest		Principal activities
		2021 %	2020 %	
Yee Fong Hung (Malaysia) Sendirian Berhad ("Yee Fong Hung")	Malaysia	100	100	Dealers of garments and ancillary products
Mikihouse Children's Wear Sdn. Bhd. ("Mikihouse")	Malaysia	100	100	Dealers of children's garments and accessories
Padini Dot Com Sdn. Bhd. ("Padini Dot Com")	Malaysia	100	100	Provision of management services and electronic commerce
Padini International Limited ("PIL") #	Hong Kong	100	100	Dealers of ladies' shoes and ancillary products
Vincci Holdings Sdn. Bhd. ("Vincci Holdings")	Malaysia	100	100	Dormant
The New World Garment Manufacturers Sdn. Bhd. ("The New World Garment")	Malaysia	100	100	Dormant
Padini (Cambodia) Co., Ltd. ("Padini Cambodia") *	Cambodia	100	100	Dealers of ladies' shoes, garments and ancillary products
Padini (Thailand) Co., Ltd. ("Padini Thailand") #	Thailand	100	100	Dealers of ladies' shoes, garments and ancillary products
<i>Subsidiary of PIL</i>				
Padini (Thailand) Co., Ltd. ("Padini Thailand") # ^	Thailand	94	94	Dealers of ladies' shoes, garments and ancillary products

* Subsidiary audited by BDO Member Firm

Subsidiaries audited by other firm of auditors

^ The remaining 1% and 5% shareholdings are held by the Company and Padini Dot Com respectively.

(c) Additional investment in a subsidiary

In the previous financial year, on 10 June 2020, the Company subscribed for additional 29,050,638 new shares of PIL at a consideration of RM16,062,500 (equivalent to HK\$29,050,638) by way of capitalising the amount of RM16,062,500 owing by PIL to the Company.

Notes to the Financial Statements
30 June 2021

(Cont'd)

10. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Equity security				
- Unquoted shares in Malaysia	560	560	560	560
Club memberships	145	145	—	—
Total non-current other investments	705	705	560	560

- (a) The equity security is classified as financial asset at fair value through other comprehensive income whereas the club memberships are classified as financial assets at fair value through profit or loss.
- (b) The fair value of unquoted shares in Malaysia is estimated based on the price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of each reporting period.

The fair values for club memberships are estimated based on references to current available counter party quotations of the same investments.

- (c) The fair value of other investments of the Group and of the Company are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Other investments				
- Unquoted shares in Malaysia	—	—	560	560
- Club memberships	—	—	145	145
2020				
Other investments				
- Unquoted shares in Malaysia	—	—	560	560
- Club memberships	—	—	145	145

Notes to the Financial Statements

30 June 2021

(Cont'd)

10. OTHER INVESTMENTS (CONT'D)

- (c) The fair value of other investments of the Group and of the Company are categorised as follows: (Cont'd)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Other investments				
- Unquoted shares in Malaysia	—	—	560	560
2020				
Other investments				
- Unquoted shares in Malaysia	—	—	560	560

There is no transfer between levels in the hierarchy during the financial year.

- (d) The significant unobservable inputs used in determining the fair value measurements of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, were detailed in the table below:

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
<u>Other investments</u> Unquoted shares in Malaysia	Discounted industry price to book ratio (2021: 0.21; 2020: 0.34)	The higher the price to book ratio, the higher the fair value of the unquoted shares would be.
Club memberships	Counter party quotation	The higher the counter party quotation, the higher the fair values of the club memberships would be.

- (e) The following table shows the sensitivity analysis for the Level 3 fair value measurements:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit after tax				
Price to book ratio				
- increase by 0.1	92	94	92	94
- decrease by 0.1	(92)	(94)	(92)	(94)

Notes to the Financial Statements

30 June 2021

(Cont'd)

10. OTHER INVESTMENTS (CONT'D)

- (f) The Group holds a forty percent (40%) interest in Cassardi Corporation Sdn. Bhd. ("Casardi") for which the Group has determined that it does not hold significant influence over Cassardi as:
- (i) The Group does not have any representative on the board of directors of Cassardi, and is therefore unable to participate in policy-making process of Cassardi;
 - (ii) There are no material transactions between the Group and Cassardi; and
 - (iii) There is no interchange of managerial personnel and provision of essential technical information between the Group and Cassardi.

Based on this, the Group considers that it does not have the power to exercise significant influence and has treated its interest in Cassardi as a simple investment in unquoted shares in Malaysia.

11. AMOUNTS DUE FROM SUBSIDIARIES

	Note	Company 2021 RM'000	2020 RM'000
Non-current			
Amount due from a subsidiary	(b)	3,978	7,959
Current			
Amounts due from subsidiaries	(c)	4,180	4,065
Total amounts due from subsidiaries		8,158	12,024

- (a) Amounts due from subsidiaries are classified as financial assets measured at amortised cost.
- (b) Non-current amount due from a subsidiary is unsecured, which bear fixed interest at rate of 6.25% (2020: nil) and has a maturity of 2 (2020: 3) years. The amount due from a subsidiary are not payable within the next twelve (12) months.
- (c) Current amounts due from subsidiaries mainly represent payments made on behalf and advances, which are unsecured, interest-free and repayable within the next twelve (12) months, except for an amount of RM3,735,000, which bear fixed interest at rate of 6.25% (2020: nil).
- (d) Sensitivity analysis for fixed rate instruments as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.
- (e) Foreign currencies exposure of amounts due from subsidiaries of the Company are as follows:

	Company 2021 RM'000	2020 RM'000
Ringgit Malaysia	445	444
United States Dollar	7,713	11,580
	8,158	12,024

Notes to the Financial Statements

30 June 2021

(Cont'd)

11. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

- (f) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Company	
	2021	2020
	RM'000	RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	293	440

- (g) Impairment for amounts due from subsidiaries are recognised based on general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company defined significant increase in credit risk based on the operating performance of the receivables, payment trends and past due information, i.e. overdue amounts more than 120 days.

Credit impaired refers to individually determined debtors who are in significant financial difficulties and to be impaired as at the financial year end.

The Company has identified the gross domestic product ("GDP"), unemployment rate, inflation rate and consumer price index as the key macroeconomic factors of the forward looking information.

The probability of non-payment by the subsidiaries is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve months or lifetime expected credit loss for the subsidiaries.

No expected credit loss is recognised arising from amounts due from subsidiaries as it is negligible.

Notes to the Financial Statements
30 June 2021

(Cont'd)

12. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July 2020/2019	7,932	2,124
Recognised in profit or loss (Note 30)	2,814	5,808
Balance as at 30 June 2021/2020	10,746	7,932
Presented after appropriate offsetting:		
Deferred tax assets, net	11,346	8,706
Deferred tax liabilities, net	(600)	(774)
	10,746	7,932

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Contract liabilities RM'000	Lease liabilities RM'000	Other deductible temporary differences RM'000	Total RM'000
Balance as at 1 July 2020	1,680	4,033	1,063	6,776
Recognised in profit or loss	209	1,548	118	1,875
Balance as at 30 June 2021, prior to offsetting	1,889	5,581	1,181	8,651
Set-off of tax				2,695
Balance as at 30 June 2021				11,346
	Contract liabilities RM'000	Lease liabilities RM'000	Other deductible temporary differences RM'000	Total RM'000
Balance as at 1 July 2019	1,307	–	798	2,105
Recognised in profit or loss	373	4,033	265	4,671
Balance as at 30 June 2020, prior to offsetting	1,680	4,033	1,063	6,776
Set-off of tax				1,930
Balance as at 30 June 2020				8,706

Notes to the Financial Statements

30 June 2021

(Cont'd)

12. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (Cont'd):

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Other (deductible)/ taxable temporary differences RM'000	Total RM'000
Balance as at 1 July 2020	1,412	(256)	1,156
Recognised in profit or loss	415	524	939
Balance as at 30 June 2021, prior to offsetting	1,827	268	2,095
Set-off of tax			(2,695)
Balance as at 30 June 2021			(600)
Balance as at 1 July 2019	294	(275)	19
Recognised in profit or loss	1,118	19	1,137
Balance as at 30 June 2020, prior to offsetting	1,412	(256)	1,156
Set-off of tax			(1,930)
Balance as at 30 June 2020			(774)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2021 RM'000	2020 RM'000
Unabsorbed tax losses		
- No expiry date	8,423	7,579
- Expired by 30 June 2023	43	43
- Expired by 30 June 2024	2,369	2,397
- Expired by 30 June 2025	6,949	6,973
- Expired by 30 June 2026	2,915	—
Unabsorbed capital allowances	1,894	753
	22,593	17,745

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

The unabsorbed capital allowances do not expire under current tax legislation.

Notes to the Financial Statements

30 June 2021

(Cont'd)

13. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost		
Completed garments, shoes and accessories	211,109	267,335
Raw materials and manufacturing accessories	4	4
	211,113	267,339
At net realisable value		
Completed garments, shoes and accessories	7,452	6,531
	218,565	273,870

- (a) Cost of inventories of the Group is determined on a weighted average basis.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM627,867,000 (2020: RM788,319,000). The amounts of write down, write back and write off of inventories and inventory losses recognised as cost of sales during the financial year are as follows:

	Group	
	2021 RM'000	2020 RM'000
Inventory losses	1,768	3,014
Inventories written back	(6,212)	—
Inventories written down	3,200	7,859
Inventories written off	2,384	1,963
	1,140	12,836

- (c) The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling prices. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses future demand when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amounts of inventories.
- (d) During the financial year, the Group wrote back RM6,212,000 (2020: RM nil) in respect of inventories written down and written off in the previous financial year.

Notes to the Financial Statements

30 June 2021

(Cont'd)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables				
Third parties	7,559	8,660	–	–
Other receivables and deposits				
Other receivables	639	1,215	1	1
Deposits	29,244	29,487	71	71
	29,883	30,702	72	72
Total receivables	37,442	39,362	72	72
Prepayments				
Prepayments	10,192	9,794	54	67
	47,634	49,156	126	139

- (a) Trade and other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 2 to 60 days (2020: 2 to 60 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market and geographical segment of the Group to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit losses for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

The Group has identified the gross domestic product ("GDP"), unemployment rate, inflation rate and consumer price index as the key macroeconomic factors of the forward looking information.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information incorporating the impact of the COVID-19 pandemic in assessing the expected credit losses.

No expected credit loss is recognised arising from trade receivables as it is negligible.

Notes to the Financial Statements 30 June 2021

(Cont'd)

14. TRADE AND OTHER RECEIVABLES (CONT'D)

- (d) Impairment for other receivables are recognised based on general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on the operating performance of the receivables, payment trends and past due information, i.e. overdue amounts more than 120 days.

Credit impaired refers to individually determined debtors who are in significant financial difficulties and to be impaired as at the financial year end.

The Group has identified the gross domestic product ("GDP"), unemployment rate, inflation rate and consumer price index as the key macroeconomic factors of the forward looking information.

The probability of non-payment by the other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve months or lifetime expected credit loss for other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

- (e) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2021 RM'000	2020 RM'000
Maximum exposure	7,559	8,660
Collateral obtained	(173)	(220)
Net exposure to credit risk	7,386	8,440

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Notes to the Financial Statements

30 June 2021

(Cont'd)

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) The ageing analysis of trade receivables of the Group is as follows:

Group	Gross carrying amount RM'000	Impairment RM'000	Net balance RM'000
2021			
Current	2,661	—	2,661
Past due			
1 to 30 days	1,373	—	1,373
31 to 60 days	2,998	—	2,998
61 to 90 days	—	—	—
More than 90 days	527	—	527
	4,898	—	4,898
	7,559	—	7,559
2020			
Current	5,935	—	5,935
Past due			
1 to 30 days	153	—	153
31 to 60 days	—	—	—
61 to 90 days	1,982	—	1,982
More than 90 days	590	—	590
	2,725	—	2,725
	8,660	—	8,660

(g) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	31,017	32,533	72	72
United States Dollar	3,941	4,198	—	—
Chinese Renminbi	61	64	—	—
Thailand Baht	2,423	2,567	—	—
	37,442	39,362	72	72

Notes to the Financial Statements

30 June 2021

(Cont'd)

14. TRADE AND OTHER RECEIVABLES (CONT'D)

- (h) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021 RM'000	2020 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	150	160
- Thailand Baht	92	98

The exposure of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

- (i) At the end of each reporting period, approximately ninety-four percent (94%) (2020: eighty-eight percent (88%)) of the trade receivables of the Group were owed by five (5) major customers (2020: five (5) customers).

15. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	523,758	441,474	53,246	63,441

- (a) The weighted average effective interest rate of cash and bank balances as at the end of each reporting period is as follows:

	Group and Company	
	2021 %	2020 %
Weighted average effective interest rate		
- Floating rate	2.12	2.35

- (b) Sensitivity analysis of interest rates for floating rate instruments at the end of the reporting period, assuming all other variable remain constant is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Effects of 50bp changes to profit after tax				
Floating rate instruments	1,990	1,678	202	241

Notes to the Financial Statements

30 June 2021

(Cont'd)

15. CASH AND BANK BALANCES (CONT'D)

(c) The currencies exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	477,433	384,404	53,246	63,441
United States Dollar	41,202	43,964	—	—
Hong Kong Dollar	157	320	—	—
Chinese Renminbi	121	83	—	—
Cambodia Riel	7	7	—	—
Thailand Baht	4,838	12,696	—	—
	523,758	441,474	53,246	63,441

(d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	1,566	1,671
- Thailand Baht	184	482

The exposure of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

(e) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

16. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary shares				
At beginning/end of the financial year	657,910	69,563	657,910	69,563

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

Notes to the Financial Statements
30 June 2021

(Cont'd)

17. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable				
Exchange translation differences	4,752	6,355	–	–
Distributable				
Retained earnings	727,471	689,862	311,702	325,715
	732,223	696,217	311,702	325,715

Exchange translation differences

The exchange translation differences are used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in the foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

18. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities				
<u>Secured</u>				
Term loan	–	1,619	–	1,619
Total borrowings	–	1,619	–	1,619

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) Term loan of the Group and of the Company was secured by way of legal charges over certain property, plant and equipment of the Group and of the Company as disclosed in Note 5(c) to the financial statements.

Notes to the Financial Statements

30 June 2021

(Cont'd)

18. BORROWINGS (CONT'D)

(d) The borrowings are repayable over the following periods:

Group	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
As at 30 June 2020				
Term loan	1,619	—	—	1,619
Company				
As at 30 June 2020				
Term loan	1,619	—	—	1,619

(e) The interest rate profiles of the borrowings as at end of each reporting period are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- Floating rate	—	1,619	—	1,619

(f) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Term loan	—	4.93	-	4.93

(g) Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Effects of 50bp changes to profit after tax				
Floating rate instruments	—	6	—	6

Notes to the Financial Statements

30 June 2021

(Cont'd)

18. BORROWINGS (CONT'D)

- (h) The table below summarises the maturity profile of the borrowings at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2020				
Term loan	1,649	—	—	1,649
Company				
As at 30 June 2020				
Term loan	1,649	—	—	1,649

19. PROVISION FOR RESTORATION COSTS

	Group	
	2021 RM'000	2020 RM'000
Non-current		
Provision for restoration costs	6,622	7,814
Current		
Provision for restoration costs	2,102	1,323
Total	8,724	9,137

- (a) Provision for restoration costs comprise estimates of reinstatement costs for lease outlets upon the expiry of tenancy agreements.
- (b) A reconciliation of the provision for restoration costs is as follows:

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July 2020/2019	9,137	6,499
Recognised in right-of-use assets	2,508	3,907
Recognised in profit or loss (Note 27)	861	683
Reversal of provision for restoration costs	(3,128)	(1,835)
Utilised during the financial year	(638)	(125)
Translation adjustments	(16)	8
Balance as at 30 June 2021/2020	8,724	9,137

Notes to the Financial Statements

30 June 2021

(Cont'd)

20. PROVISION FOR EMPLOYEE BENEFITS

The Group operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees of its wholly-owned subsidiary, Padini (Thailand) Co., Ltd.. Under the Scheme, eligible employees are entitled to retirement benefits of 400 days of final salary upon attainment of the retirement age of 60.

The amounts recognised in the statements of financial position are determined as follows:

	Group	
	2021 RM'000	2020 RM'000
Provision for employee benefits representing net liability	47	48
Analysed as:		
Later than 5 years	47	48
Analysed as:		
Non-current liabilities	47	48

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 July 2020/2019	48	69
Provision/(Reversal) (Note 29)	2	(22)
Translation adjustment	(3)	1
At 30 June 2021/2020	47	48

Certain assumptions are used in the computation of provision for employee benefits and due to the long term nature of this Scheme, such estimates are subject to uncertainty.

The principal assumptions used are as follows:

	Group	
	2021 %	2020 %
Discount rate	5.87	5.87
Price inflation	0.83	0.92
Expected rate of salary increases	5.00	5.00

The discount rate is determined based on the values of Government Bond of Thailand yields with more than 10 years of maturity.

Notes to the Financial Statements 30 June 2021

(Cont'd)

20. PROVISION FOR EMPLOYEE BENEFITS (CONT'D)

Significant assumption for determination of the provision for employee benefits is the discount rate. The sensitivity analysis below has been determined based on changes to significant assumption, with all other assumptions held constant.

Group	2021		2020	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
A 1% increase/decrease in discount rate will decrease/increase the provision for employee benefits	(7)	10	(8)	10

The sensitivity analysis presented above may not be representative of the actual change in provision for employee benefits as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	37,642	57,973	—	—
Other payables				
Other payables	16,918	23,221	277	279
Accruals	7,098	7,258	354	354
	24,016	30,479	631	633
	61,658	88,452	631	633

- Trade and other payables are classified as financial liabilities measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2020: 30 to 90 days) from date of invoices.
- Included in other payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM173,000 (2020: RM220,000).
- In the previous financial year, an amount of RM4,851,000 owing to a bank was included in other payables, which the bank acted as a settlement and paying agent on behalf of the Group before the expiry of the credit terms granted by the trade payables under a trade-related financial services agreement entered into between the bank and the Group. The Group was required to repay the bank no later than the expiry of the credit terms that were originally granted by the trade payables.

Notes to the Financial Statements

30 June 2021

(Cont'd)

21. TRADE AND OTHER PAYABLES (CONT'D)

- (e) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	60,615	86,473	631	633
Singapore Dollar	13	—	—	—
Hong Kong Dollar	40	39	—	—
United States Dollar	606	1,254	—	—
Thailand Baht	384	686	—	—
	61,658	88,452	631	633

- (f) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group	
	2021 RM'000	2020 RM'000
Effects of 5% changes to RM against foreign currency		
Profit after tax		
- United States Dollar	23	48
- Thailand Baht	15	26

The exposure of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

- (g) The maturity profile of the trade and other payables of the Group and of the Company as at the end of the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

22. CONTRACT LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
Deferred revenue from customer loyalty points	7,873	7,002

- (a) The contract liabilities primarily related to the deferred revenue from customer loyalty points outstanding as at the end of each reporting period, which revenue is recognised at a point in time upon redemption or lapsed customer loyalty points. The validity of the customer loyalty points is one (1) year.

Notes to the Financial Statements
30 June 2021

(Cont'd)

22. CONTRACT LIABILITIES (CONT'D)

(b) A reconciliation of the deferred revenue from customer loyalty points is as follows:

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July 2020/2019	7,002	5,449
Additions during the financial year	6,329	4,311
Redemptions	(2,851)	(1,181)
Lapsed rebate vouchers	(2,607)	(1,577)
Balance as at 30 June 2021/2020	7,873	7,002

23. COMMITMENTSCapital commitments

	Group	
	2021 RM'000	2020 RM'000
Contracted but not provided for:		
Capital expenditure in respect of property, plant and equipment	3,240	1,174

24. CONTINGENT LIABILITIES

Group	Limit		Utilisation	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Corporate guarantees given to financial institutions				
- secured	—	10,800	—	—
- unsecured	214,912	277,735	—	—
Corporate guarantees given to landlords for the non-cancellable leases of business premises				
- unsecured	—	—	11,326	13,062
	214,912	288,535	11,326	13,062

Notes to the Financial Statements

30 June 2021

(Cont'd)

24. CONTINGENT LIABILITIES (CONT'D)

Company	Limit		Utilisation	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Corporate guarantees given to financial institutions				
- secured	—	10,800	—	—
- unsecured	94,912	157,735	—	—
Corporate guarantees given to landlords for the non-cancellable leases of business premises				
- unsecured	—	—	299	308
	94,912	168,535	299	308

- (a) The Group designates corporate guarantees given to financial institutions and landlords as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

- (b) The currency exposure profiles of corporate guarantees are as follows:

Group	Limit		Utilisation	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	142,000	192,800	11,027	12,754
United States Dollar	64,418	86,638	299	308
Thailand Baht	8,494	9,097	—	—
	214,912	288,535	11,326	13,062
Company				
Ringgit Malaysia	22,000	72,800	—	—
United States Dollar	64,418	86,638	299	308
Thailand Baht	8,494	9,097	—	—
	94,912	168,535	299	308

Notes to the Financial Statements 30 June 2021

(Cont'd)

24. CONTINGENT LIABILITIES (CONT'D)

- (c) The Directors are of the view that the chances of the financial institutions and landlords to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities and to landlords for non-cancellable leases of business premises are negligible.

25. REVENUE

	Group	
	2021 RM'000	2020 RM'000
<i>Revenue from contracts with customers</i>		
Sales of goods	1,030,256	1,356,229
Commission income	2	3
Deferred revenue from customer loyalty points	(871)	(1,553)
	1,029,387	1,354,679
Timing of revenue recognition:		
Transferred at a point in time	1,029,387	1,354,679

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customers and coincides with the delivery of products and acceptance by customer.

The contracts for the sale of goods provide customers with a right of return the goods within a specified period. No refund liability is recognised arising from the right of return as it is negligible.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Commission income

Commission income is recognised at a point in time at the fair value of the consideration receivable upon the sales of goods.

(c) Revenue from customer loyalty points

The Group's loyalty points programme allows customers to accumulate points that can be redeemed for products.

The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised at a point in time upon redemption or expiry of the customer loyalty points by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a regular basis and any adjustments to the contract liability balance are charged against revenue.

Notes to the Financial Statements

30 June 2021

(Cont'd)

25. REVENUE (CONT'D)

(d) Other income

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(ii) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(iii) Royalty income and master license fee

Royalty income and master license fee are recognised on an accrual basis in accordance with the substance of the relevant agreements.

(iv) Membership fee

Membership fee is recognised on a cash receipt basis.

26. COST OF SALES

	Group	
	2021 RM'000	2020 RM'000
Inventories sold	627,867	788,319
Carriage, freight and handling charges	10,910	15,920
Others	1,140	12,836
	639,917	817,075

Others mainly represent inventory losses, inventories written down, inventories written back and inventories written off.

27. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- Term loans	30	128	30	128
- Banker's acceptances	—	87	—	—
- Lease liabilities (Note 6)	20,121	25,023	—	—
- Unwinding of discount on provision for restoration costs (Note 19)	861	683	—	—
Others	88	188	—	—
	21,100	26,109	30	128

Notes to the Financial Statements
30 June 2021

(Cont'd)

28. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
BDO PLT Malaysia				
- Statutory audits				
- current year	214	214	48	48
- Non-statutory audit	7	7	7	7
Other auditors				
- Statutory audit				
- current year	56	61	—	—
Directors' remuneration:				
- fees payable by the Company	300	300	300	300
- other emoluments paid by the Company	18	18	18	18
- other emoluments paid by the subsidiaries	3,878	5,462	—	—
Loss on foreign exchange:				
- realised	517	87	—	—
- unrealised	1,980	12	850	870
Rental of equipment	12	243	—	—
Rental of premises	21,200	34,397	—	—
Bad debts written off	14	23	—	—
Deposits written off	—	248	—	—
And crediting:				
Net gain on disposal of property, plant and equipment	10	—	—	—
Gain on foreign exchange:				
- realised	458	726	448	174
- unrealised	6	2,362	—	—
Interest income	7,844	11,086	1,764	1,172
Rental income from:				
- investment property	179	184	—	—
- premises	—	—	4,938	4,321
Royalty income	549	661	—	—

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM128,000 (2020: RM88,000).

Notes to the Financial Statements

30 June 2021

(Cont'd)

29. EMPLOYEE BENEFITS

	Group	
	2021 RM'000	2020 RM'000
Salaries, wages, allowances and bonuses	111,456	160,702
Contributions to defined contribution plans	13,005	16,986
Unutilised leaves	826	(544)
Increase/(Decrease) in provision for employee benefits (Note 20)	2	(22)
Other employee benefits	3,781	5,114
	129,070	182,236

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM3,878,000 (2020: RM5,462,000).

30. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income tax	22,723	36,468	1,305	1,169
- Foreign income tax	277	1,183	—	—
	23,000	37,651	1,305	1,169
(Over)/Under provision in prior years:				
- Malaysian income tax	(97)	304	(67)	70
	22,903	37,955	1,238	1,239
Deferred tax (Note 12):				
- Relating to origination and reversal of temporary differences	(2,852)	(5,825)	—	—
- Under provision in prior years	38	17	—	—
	(2,814)	(5,808)	—	—
Total tax expense	20,089	32,147	1,238	1,239

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

Notes to the Financial Statements
30 June 2021

(Cont'd)

30. TAX EXPENSE (CONT'D)

- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	74,146	107,321	3,673	2,090
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	17,795	25,757	882	501
Tax effects in respect of:				
Different tax rates in foreign jurisdiction	50	(218)	—	—
Non-allowable expenses	1,515	6,400	561	668
Non-taxable income	(375)	(631)	(138)	—
Deferred tax assets not recognised	1,163	518	—	—
	20,148	31,826	1,305	1,169
(Over)/Under provision of tax expense in prior years	(97)	304	(67)	70
Under provision of deferred tax in prior years	38	17	—	—
	20,089	32,147	1,238	1,239

- (d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2021 Tax effect RM'000	After tax RM'000	Before tax RM'000	2020 Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	(1,603)	—	(1,603)	(395)	—	(395)

Notes to the Financial Statements
30 June 2021

(Cont'd)

31. DIVIDENDS

	2021 Dividend per ordinary share sen	Group and Company 2021 Amount of dividend RM'000	2020 Dividend per ordinary share sen	2020 Amount of dividend RM'000
First interim dividend	2.5	16,448	2.5	16,448
Second interim dividend	—	—	2.5	16,448
Third interim dividend	—	—	2.5	16,447
	2.5	16,448	7.5	49,343

The Directors do not recommend the payment of final dividend in respect of the current financial year.

32. EARNINGS PER SHARE**(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

	2021	Group 2020
Profit for the financial year (RM'000)	54,057	75,174
Weighted average number of ordinary shares in issue ('000)	657,910	657,910
Basic earnings per ordinary share (sen)	8.22	11.43

(b) Diluted

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

Notes to the Financial Statements
30 June 2021

(Cont'd)

33. RELATED PARTY DISCLOSURES**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationships with its direct and indirect subsidiaries.

The Group also has related party relationship with the following party:

Identity of the related party	Relationship
Yong Pang Chaun Holdings Sdn. Bhd. ("YPCH")	Corporate shareholder of the Company with equity interest of 43.74% (2020: 43.74%) and where the Directors of the Company, namely Yong Pang Chaun and Chong Chin Lin have substantial financial interests. Yong Pang Chaun and Chong Chin Lin are also the directors of YPCH.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2021	2020
	RM'000	RM'000
Transactions with subsidiaries:		
Rental income received and receivable from:		
- Vincci	360	344
- Padini Corporation	309	329
- Seed	90	114
- Yee Fong Hung	2,856	2,461
- Mikihouse	33	37
- Padini Dot Com	1,290	1,036
Interest income received and receivable from:		
- Padini Cambodia	574	—

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2021 is disclosed in Note 11 to the financial statements.

Notes to the Financial Statements

30 June 2021

(Cont'd)

33. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remunerations of Directors, who are the only key management personnel of the Group and of the Company, during the financial year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees	300	300	300	300
Short term employee benefits	3,593	5,079	18	18
Contributions to defined contribution plans	303	401	—	—
	4,196	5,780	318	318

34. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that it maintains a strong capital base in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders.

For capital management purposes, the Group considers equity attributable to owners of the parent as the capital structure of the Group. The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders or issue new share, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2021 and financial year ended 30 June 2020.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 June 2021.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk.

Notes to the Financial Statements 30 June 2021

(Cont'd)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade and other receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for certain export franchisees, where deposits in advance are normally required. The credit period is generally for a period of two (2) days, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk profile has been disclosed in Note 14 to the financial statements.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 6, 18 and 21 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group and of the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate borrowings of the Group are not exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group and of the Company are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge its risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 11, 15 and 18 to the financial statements respectively.

Notes to the Financial Statements

30 June 2021

(Cont'd)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currencies balances amounted to RM46,325,000 (2020: RM57,070,000) for the Group.

The currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 11, 14, 15, 21 and 24 to the financial statements respectively.

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

35. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS

35.1 New MFRSS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

Notes to the Financial Statements 30 June 2021

(Cont'd)

35. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSSs (CONT'D)

35.2 New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective on the same day arising from the COVID-19 pandemic. There have been various phases of lockdown imposed during the financial year and up to the report date.

On 15 August 2021, the Government announced the implementation of the National Recovery Plan ("NRP") and more sector economic activities are allowed to be reopened in states with 50% of adult population which have been fully vaccinated. As a result of the NRP, majority of the outlets and consignment counters, which were closed for certain periods during the various phases of lockdown imposed, were reopened from 18 August 2021 progressively.

Based on the assessment of the Group, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 30 June 2021 have not been impacted significantly by the COVID-19 pandemic. In addition, management will continue to implement measures to control cost, optimising working capital, preserving cash and streamlining the operations to minimise the impact by the COVID-19 pandemic.

DIRECTORS' SHAREHOLDINGS AND INTERESTS

AS AT 17 SEPTEMBER 2021

Shareholdings in the Company

Director	No. of Shares Held			
	Indirect	%	Direct	%
YONG PANG CHAUN	290,983,490 *	44.228	9,691,960	1.473
CHONG CHIN LIN	297,455,460**	45.212	3,219,990	0.489
CHIA SWEE YUEN	NIL	NIL	NIL	NIL
FOO KEE FATT	NIL	NIL	NIL	NIL
LEE PENG KHOON	NIL	NIL	NIL	NIL
ANDREW YONG TZE HOW	NIL	NIL	NIL	NIL
BENJAMIN YONG TZE JET	NIL	NIL	NIL	NIL
CHEW VOON CHYN	5,000 ^^	0.001	NIL	NIL
SUNG FONG FUI	10,000 ##	0.002	NIL	NIL
TAN SHI WEN	NIL	NIL	NIL	NIL

In addition to the direct/indirect interests disclosed above, Yong Pang Chaun and Chong Chin Lin are deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest by virtue of their interests in the shares of the Company.

* Deemed interest by virtue of his substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd. and via his spouse, Mdm. Chong Chin Lin's direct interest.

** Deemed interest by virtue of her husband, Yong Pang Chaun's substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd. and his direct interest in the Company.

^^ Deemed interest by virtue of her husband, Kumarason A/L Chandran's direct interest in the Company.

Deemed interest by virtue of her husband, Ng Yun Vui's direct interest in the Company.

ANALYSIS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2021

Total number of shares issued : 657,909,500 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting rights : One vote per Ordinary share
 No. of shareholders : 7,503

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 17 SEPTEMBER 2021

No. of Holders	Holdings	Total Holdings	%
140	less than 100	3,148	0.000
2,971	100 - 1,000	1,770,124	0.269
3,386	1,001 - 10,000	13,054,497	1.984
787	10,001 - 100,000	23,221,390	3.530
216	100,001 - 32,895,474	249,552,461	37.931
3	32,895,475 and above	370,307,880	56.286
7,503	TOTAL	657,909,500	100.000

Analysis of Shareholdings

(Cont'd)

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 17 SEPTEMBER 2021

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1.	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	–	43.739	–
2.	Yong Pang Chaun **	Malaysian	Yong Pang Chaun Holdings Sdn. Bhd. Chong Chin Lin # Yong Pang Chaun	– – 9,691,960	287,763,500 3,219,990 –	– – 1.473	43.739 0.489 –
3.	Chong Chin Lin **	Malaysian	Yong Pang Chaun Holdings Sdn. Bhd. Yong Pang Chaun * Chong Chin Lin	– – 3,219,990	287,763,500 9,691,960 –	– – 0.489	43.739 1.473 –
4.	Yong Lai Wah **	Malaysian	Yong Pang Chaun Holdings Sdn. Bhd. Yong Lai Wah	– –	287,763,500 –	– –	43.739 –
5.	Yong Lee Peng **	Malaysian	Yong Pang Chaun Holdings Sdn. Bhd. Yong Lee Peng	– 900,000	287,763,500 –	– 0.137	43.739 –
6.	Employees Provident Fund Board	Incorporated in Malaysia	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident FD BD (PHEIM) Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident FD BD (ARIM) Citigroup Nominees (Tempatan) Sdn Bhd - Empls Prvnt FD BD (CPIAM EQ) IC	33,569,280 556,000 1,466,000 869,100	– – – –	5.102 0.085 0.223 0.132	– – – –

Analysis of Shareholdings

119

(Cont'd)

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 17 SEPTEMBER 2021 (CONT'D)

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
7.	Kumpulan Wang Persaraan (Diperbadankan)	Incorporated in Malaysia	Kumpulan Wang Persaraan (Diperbadankan)	48,973,500	–	7.444	–
			Kumpulan Wang Persaraan (Diperbadankan) - Fund Managers	–	1,614,867	–	0.245

Note : All names listed above as substantial shareholders are the beneficial owners even though they may not be the registered holders.

** Those whose names are preceded by a double asterisk are deemed to have an interest in the shares by virtue of Section 8 of the Companies Act, 2016.

Deemed Interest via his spouse, Madam Chong Chin Lin's direct interest.

* Deemed Interest via her spouse, Mr Yong Pang Chaun's direct interest.

Analysis of Shareholdings

(Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 17 SEPTEMBER 2021

(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	YONG PANG CHAUN HOLDINGS SDN. BHD.	287,763,500	43.739
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	48,973,500	7.444
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	33,570,880	5.103
4	LEMBAGA TABUNG HAJI	24,766,500	3.764
5	THIAN MIN YANG	18,824,300	2.861
6	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>ICAPITAL.BIZ BERHAD</i>	17,006,700	2.585
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND</i>	11,173,500	1.698
8	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	10,946,200	1.664
9	YONG PANG CHAUN	9,691,960	1.473
10	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC SMALLCAP FUND</i>	7,301,800	1.110
11	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR NORGES BANK (FI 17)</i>	5,105,252	0.776
12	CITIGROUP NOMINEES (ASING) SDN BHD <i>GSCO LLC FOR TRUFFLE HOUND GLOBAL VALUE LLC</i>	5,000,000	0.760
13	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	4,938,237	0.751
14	AMANAHRAYA TRUSTEES BERHAD <i>AMANA SAHAM MALAYSIA 2 - WAWASAN</i>	4,488,100	0.682
15	CIMB GROUP NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	4,283,200	0.651
16	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC SELECT TREASURES FUND</i>	4,134,200	0.628
17	TAN YU YEH	3,879,500	0.590
18	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	3,839,645	0.584
19	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	3,838,400	0.583
20	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC TREASURES GROWTH FUND</i>	3,566,500	0.542

Analysis of Shareholdings

121

(Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 17 SEPTEMBER 2021

(As per the Record of Depositors)

No.	Name	No. of Shares	%
21	CHONG CHIN LIN	3,219,990	0.489
22	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC STRATEGIC SMALLCAP FUND</i>	3,209,000	0.488
23	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PBTB FOR TAKAFULINK DANA EKUITI</i>	2,922,100	0.444
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)</i>	2,752,800	0.418
25	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC</i>	2,555,209	0.388
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (PRINCIPAL 2)</i>	2,546,400	0.387
27	PERMODALAN NASIONAL BERHAD	2,399,900	0.365
28	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	2,271,200	0.345
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)</i>	2,194,400	0.334
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK DANA UNGGUL</i>	2,031,500	0.309
TOTAL		539,194,373	81.955

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2021

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2021 (RM)
No. 21, Lot 116, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of Acquisition: 11 June 1998	2-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962/ 68,536	Freehold	25.5 years	10,981,120
No. 19, Lot 115, Jalan U1/20 Glenmarie Industrial Park 40150 Shah Alam Date of Acquisition: 08 August 2003	4-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962/ 116,337	Freehold	15 years	12,518,627
No. 15, Lot 112, Jalan U1/20 Glenmarie Industrial Park 40150 Shah Alam Date of Acquisition: 24 March 2006	4-storey Central Warehouse with 1 Basement Car parks	75,003/ 180,070	Freehold	11 years	20,352,487
Lots LG 028 & 044 Lower Ground Floor Sungei Wang Plaza Kuala Lumpur Date of last revaluation: 1982	Retail shoplots: utilised by a subsidiary as a free-standing retail outlet	1,455/ 1,455	Freehold	48 years	9,945,000
Workshop B15 10 th Floor, Block B Hong Kong Industrial Centre 489-491 Castle Peak Road, Kowloon, Hong Kong Date of acquisition: 12 September 2007	Office Lot/ Workshop: Management Office for Padini International Limited, Hong Kong	1,500	Leasehold – 75 years expiring on 30.06.2047	39 years	1,211,226
Workshop B14 10 th Floor, Block B Hong Kong Industrial Centre 489-491 Castle Peak Road, Kowloon, Hong Kong Date of acquisition: 12 September 2007	Office Lot/ Workshop: Rented out	1,424	Leasehold – 75 years expiring on 30.06.2047	39 years	5,206,502
Flat E, 5 th Floor, Block 5, Liberte, No. 833, Lai Chi Kok Road, Kowloon, Hong Kong Date of acquisition: 29 August 2014	Residential Apartment: Staff Hostel	698	Leasehold – 50 years expiring on 16.08.2049	18 years	4,035,597

PADINI HOLDINGS BERHAD(Registration No. 197901005918 (50202-A))
(Incorporated in Malaysia)**PROXY FORM**

CDS Account No.

No. of Shares held

Tel No

I/We, _____
(Full name in Block Letters and NRIC/Passport/Company No.)

of _____
(Address)

being a member(s) of **PADINI HOLDINGS BERHAD**, hereby appoint

Full Name (in Block Letters) and address	NRIC/Passport No.	% of Shareholding

and

Full Name (in Block Letters) and address	NRIC/Passport No.	% of Shareholding

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be 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://tiah.online> on Friday, 26 November 2021 at 10:00 a.m. or at any adjournment thereof.

		FOR	AGAINST
Ordinary Resolution 1	Directors' Fee		
Ordinary Resolution 2	Directors' Benefits		
Ordinary Resolution 3	Re-election of Mr Lee Peng Khoon		
Ordinary Resolution 4	Re-election of Mr Benjamin Yong Tze Jet		
Ordinary Resolution 5	Re-election of Ms Sung Fong Fui		
Ordinary Resolution 6	Re-election of Ms Tan Shi Wen		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Retention of Independent Director – Mr Foo Kee Fatt		

(With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided above how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.)

Dated this _____ day of _____ 2021

Signature of Member / Common Seal

Notes:

- According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 40th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIH Online website at <https://tiah.online>. Please follow the procedures for RPV in the Administrative Guide on 40th AGM.
- A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be completed and deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll). Members can also have the option to submit the proxy appointment electronically via TIH online at website <https://tiah.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.
- Only a depositor whose name appears on the Record of Depositors as at 19 November 2021 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his behalf.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
PADINI HOLDINGS BERHAD
(Registration No. 197901005918 (50202-A))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

1st fold here

corporate.padini.com

PADINI HOLDINGS BERHAD

Registration No: 197901005918 (50202-A)

No. 19, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

T.+603.5021.0500 **F.**+603.7805.1066