

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

Minutes of the Thirty Seventh Annual General Meeting of the Company held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 13 November 2018 at 10:00 a.m.

- PRESENT** :
- Mr Chia Swee Yuen
(Independent Non-Executive Chairman)
 - Mr Yong Pang Chaun
(Managing Director)
 - Mdm Chong Chin Lin
(Executive Director)
 - Mr Foo Kee Fatt
(Independent Non-Executive Director)
 - Mr Lee Peng Khoon
(Independent Non-Executive Director)
 - Mr Andrew Yong Tze How
(Executive Director)
 - Mr Benjamin Yong Tze Jet
(Executive Director)
 - Ms Chew Voon Chyn
(Executive Director)
 - Ms Sung Fong Fui
(Executive Director)
- IN ATTENDANCE** :
- Ms Adelyn Ho – Company Secretary
 - Ms Samantha Goh – Share Registrar
 - Ms Tam Kit Wai - Scrutineer
- BY INVITATION**
- Mr Tan Seong Yuh – Statutory Auditors
 - Ms Sow Huey Yee – Statutory Auditors
 - Mr Tiong Chiong Jee – Statutory Auditors
 - Mr Christopher Yong Tze Yao
 - Ms Jong Shaw Jin
 - Ms Loh Lee Mei
 - Ms Vivian Tang Cheng Suat
 - Ms Cindy Koh Mei Xin
 - En Mohamad Zulkhairie Bin Azuan
 - En Saiful Idris
 - Ms Tan Lu Tjia
 - Mr Clifford Chu
- } Padini Group
- SHAREHOLDERS & PROXIES** : As per attendance list

CHAIRMAN OF THE MEETING

Mr Chia Swee Yuen took the Chair and called the Thirty Seventh Annual General Meeting ("AGM") to order at 10:00 a.m.

He welcomed the Shareholders to the meeting and informed that the quorum requirement had been satisfied as there were more than 2 shareholders and proxies present. He also informed that the Company had received proxy forms appointing him as the proxy and the votes represented amounted to 20.23%.

The Chairman also informed that all the resolutions set out in the Notice of the 37th AGM will be voted by poll. He added that the poll voting will be carried out after the tabling and deliberations of all the items on the agenda for the Meeting.

For the purpose of the poll voting, the Company had appointed:-

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

NOTICE

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

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

1. DELIBERATION ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman then proceeded with the first item on the Agenda which was to lay the Audited Financial Statements for the year ended 30 June 2018 and the Reports of the Directors and Auditors, and invited questions from the floor.

The Shareholders and proxies deliberated at length on item 1. A summary of the questions raised by the Shareholders/proxies together with the corresponding responses are set out in **Appendix II** of the minutes.

The Chairman conducted the questions and answers session for item 1 and then proceeded to the next item on the Agenda.

2. DIRECTORS' FEES

The Chairman informed that the Board has recommended the Directors' fees of RM300,000.00 in respect of the financial year ended 30 June 2018.

Ordinary Resolution 1 was proposed by En Shulhameed Bin K.E. Kappa and seconded by Ms Lim Choon Li.

3. **DIRECTORS' BENEFITS**

The next item on the Agenda was to table the resolution on the payment of Directors' benefits (excluding Directors' Fees) up to an amount of RM30,000 payable to the Independent Directors from 1 July 2018 until the next Annual General Meeting of the Company in 2019, pursuant to the Companies Act 2016.

Ordinary Resolution 2 was proposed by Ms Teow Meow Lang and seconded by Ms Lee Fee Chu.

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

The Chairman informed that at this meeting, Mr Lee Peng Khoon and Mr Benjamin Yong Tze Jet retired under Article 102(1) and being eligible, offered themselves for re-election under Ordinary Resolution 3 and 4, respectively.

Ordinary Resolution 3 on the re-election of Mr Lee Peng Khoon was duly proposed by Ms Chong Mei Foong and seconded by Ms Cheah Sook Mei.

Ordinary Resolution 4 on the re-election of Mr Benjamin Yong Tze Jet was duly proposed by Ms Chong Yuet Ming and seconded by Mr Lee Yit How.

5. **RE-ELECTION OF THE DIRECTOR WHO RETIRES BY ROTATION IN ACCORDANCE WITH ARTICLE 109 OF THE COMPANY'S CONSTITUTION**

The Chairman informed that at this meeting, Ms Sung Fong Fui retired under Article 109 and being eligible, offered herself for re-election under Ordinary Resolution 5.

Ms Wong One Sun proposed and Ms Ng Siew Khan seconded Ordinary Resolution 5.

6. **AUDITORS**

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

The Board noted the comments from En Shulhameed and En Mr James Hay, as set out in **Appendix II**.

Ordinary Resolution 6 on the re-appointment of Messrs BDO as the Auditors of the Company was duly proposed by Ms Phang Sau Lan and seconded by Ms Teow Meow Lang.

7. **PROPOSED RENEWAL OF THE AUTHORITY FOR PADINI TO PURCHASE UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES**

The next item on the Agenda was to seek the mandate from the shareholders on the proposed share buy-back.

Questions and comments raised by the shareholders were as set out in **Appendix II**.

Ms Cheah Sook Mei proposed and Ms Chong Mei Foong seconded Ordinary Resolution 7.

8. RETENTION OF INDEPENDENT DIRECTOR

The Chairman informed that Mr Foo Kee Fatt has served as an Independent Non-Executive Director for a cumulative term of more than nine years and the justifications for him to continue to act as an Independent Non-Executive Director are set out on page 7 of the Annual Report.

Ms Lee Fee Chu proposed and Mr Tan Lee Seng seconded Ordinary Resolution 8.

9. SPECIAL RESOLUTION – PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY

The next item on the Agenda was to seek the shareholders' approval on the proposed adoption of a new Constitution of the Company.

Ms Lim Choon Li proposed and Ms Phang Sau Lan seconded Special Resolution 1.

10. ANY OTHER MATTERS

The Chairman informed that no notice had been received for the transaction of any other business at this Meeting. The Chairman also informed that the registration for attending the 37th AGM be closed at that juncture to facilitate the conduct of the poll.

11. CONDUCT OF POLL

The Chairman then invited the representative of Tricor Investor & Issuing House Services SdnBhd, the Polling Administrator, to brief the shareholders/proxies on the e-polling process.

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

The e-polling process commenced at 11.30 a.m. and the Meeting was adjourned for the polling to take place.

10. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:55 a.m. for the declaration of poll results as the Chairman had received the said results from the Scrutineer.

The poll results were projected onto the screen and also read out by the Chairman to the shareholders and proxies present, as follows:-

10.1 Payment of Directors' Fees

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 1	495,892,179	99.9999	3,000	0.001

The Chairman declared that the following Ordinary Resolution 1 was duly passed:-

"That the payment of Directors' fees of RM300,000.00 in respect of the financial year ended 30 June 2018 be and is hereby approved."

10.2 Payment of Directors' Benefits

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 2	495,892,179	99.9999	3,000	0.001

The Chairman declared that the following Ordinary Resolution 2 was duly passed :-

"That the payment of Directors' benefits (excluding Directors' Fees) up to an amount of RM30,000 payable to the Independent Directors from 1 July 2018 until the next Annual General Meeting of the Company in 2019 be and is hereby approved."

10.3 Re-election of Directors retiring in accordance with Article 102(1) of the Company's Constitution

10.3.1 Mr Lee Peng Khoon

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 3	483,880,732	97.577	12,017,247	2.423

The Chairman declared that the following Ordinary Resolution 3 was duly passed :-

"That Mr Lee Peng Khoon who retires in accordance with Article 102(1) of the Company's Constitution be and is hereby re-elected as a Director of the Company."

10.3.2 Mr Benjamin Yong Tze Jet

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 4	480,175,820	96.830	15,722,159	3.170

The Chairman declared that the following Ordinary Resolution 4 was duly passed :-

"That Mr Benjamin Yong Tze Jet who retires in accordance with Article 102(1) of the Company's Constitution be and is hereby re-elected as a Director of the Company."

10.4 Re-election of Director retiring in accordance with Article 109 of the Company's Constitution

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 5	480,175,820	96.830	15,722,159	3.170

The Chairman declared that the following Ordinary Resolution 5 was duly passed :-

"That Ms Sung Fong Fui who retires in accordance with Article 109 of the Company's Constitution be and is hereby re-elected as a Director of the Company."

10.5 Re-appointment of Auditors

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 6	488,153,579	98.429	7,789,100	1.571

The Chairman declared that the following Ordinary Resolution 6 was duly passed :-

"That Messrs BDO, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 June 2019 and that the Directors be and are hereby authorised to fix their remuneration."

10.6 Proposed Share Buy-back

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 7	486,561,084	98.210	8,865,795	1.790

The Chairman declared that the following Ordinary Resolution 7 was duly passed as follows :-

"THAT, subject to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares ("Shares") on the Bursa Malaysia ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that :-

- (a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the prevailing total number of issued shares of the Company at the time of purchase and the compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the Listing Requirements or such other requirements as may be determined by Bursa Malaysia from time to time;
- (b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profit of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of purchase(s);
- (c) The authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

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

whichever occurs first; and

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

- (i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or
- (ii) retain all or part of the Purchased Shares as treasury shares; and/or
- (iii) distribute the treasury shares as share dividends to the Company's shareholders for the time being; and/or
- (iv) resell all or part of the treasury shares on Bursa Malaysia; and/or
- (v) transfer all or part of the treasury shares for the purposes of or under an employees' share scheme; and/or
- (vi) transfer all or part of the treasury shares as purchase consideration; and/or
- (vii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

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

10.7 Retention of Independent Director

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 8	476,618,379	96.112	19,279,600	3.888

The Chairman declared that the following Ordinary Resolution 8 was duly passed :-

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

10.8 Proposed Adoption of a new Constitution of the Company

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Special Resolution 1	495,897,979	100.000	0	0.000

The Chairman declared that the following Special Resolution 1 was duly passed :-

"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Appendix IV of the Circular to Shareholders dated 22 October 2018, be and is hereby adopted as the Constitution of the Company.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

The Chairman then announced that all the resolutions as stated in the Notice of the 37th AGM of the Company were duly carried.

The summary of the poll results were as follows:

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 1	495,892,179	99.9999	3,000	0.001
Ordinary Resolution 2	495,892,179	99.9999	3,000	0.001
Ordinary Resolution 3	483,880,732	97.577	12,017,247	2.423
Ordinary Resolution 4	480,175,820	96.830	15,722,159	3.170
Ordinary Resolution 5	480,175,820	96.830	15,722,159	3.170
Ordinary Resolution 6	488,153,579	98.429	7,789,100	1.571
Ordinary Resolution 7	486,561,084	98.210	8,865,795	1.790
Ordinary Resolution 8	476,618,379	96.112	19,279,600	3.888
Special Resolution 1	495,897,979	100.000	0	0.000

TERMINATION

There being no further business, the meeting terminated at 12 noon with a vote of thanks to the Chair.

Confirmed as a correct record



 CHAIRMAN

PADINI

13 November 2018

APPENDIX I

Attn.: Mr. Devanesan Evanson

Badan Pengawas Pemegang Saham Minoriti Berhad

Tingkat 11, Bangunan KWSP,
No. 3, Jalan Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur,
Malaysia.

Dear Mr. Devanesan,

Re: 37th Annual General Meeting (AGM) of Padini Holdings Berhad ("PAD" or "the Company" or "the Group" on 13 November 2018

Your letter dated 9 November 2018 refers.

Please find appended below our replies to your letter which we will also present the following in the coming Annual General Meeting:

Strategy and Financial Matters

Question 1

Will the trade war between US and China, in any way, affect the business of the Group?

If so, what would be the impact and is the Group taking any measures to address the matter?

Answer for Question 1:

Currently, the direct impact of the trade war on the business remains minimal to the Group where the sales from the local market remains dominant to the Group revenue. However, prolonged depreciation of the Ringgit Malaysia could have a negative impact on purchase cost. We are monitoring the situation closely. Please refer to Note 31 to the Financial Statements for other foreign currency exposure.

Question 2

With the outlook for the domestic economy forecasted to moderate for 2018 and to weaken further in 2019, as stated in the Chairman's Statement on Page 12 of the Annual Report and with the recent release of the nation's 2019 Budget, does the Board foresee continuous growth in the top and bottom lines in FY2019?

Answer for Question 2:

We are positive on our business model and business segments that the Group involves. We expect the business momentum to be sustained at the current level, pending the gestation period of online business and overseas operations in Cambodia and Thailand.

PADINI HOLDINGS BERHAD (50202-A)

NO. 19, JALAN JURUNILAI U1/20, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA.
TEL: 603-5123 3633. FAX: 603-7805 1066. www.padini.com

Question 3

As stated on Page 12 of the Annual Report, digital retailing has been added as a component to extend the purchasing channels for consumers and for future growth.

- (a) What is the percentage of the Group retail sales derived from digital retailing?
- (b) What are the Group's plans in increasing digital retailing?

Answer for Question 3:

- (a) Group retail sales derived from digital retailing accounted for less than 1% of the Group consolidated revenue.
- (b) The Group has been actively creating brand awareness in the social media, online portal and digital channels. The online store currently only serves the Malaysian market. The Group plans to have greater geographical coverage as well as the product coverage in digital business in the near term.

Question 4

- (a) What is the Group's plan in regard to its foray into overseas markets, in terms of locations, and its own outlets vis-a-vis franchisees?
- (b) For the overseas market, why is the Group not involved in garments but only in stores selling shoes and fashion accessories carried under the Vincci (or VNC) label?
- (c) Why is the Group not aggressively growing its overseas market as export sales increased by only 4% or RM2 million from that recorded in FY2017?

Answer for Question 4:

- (a) Own-managed multi-product stores have been established in Cambodia in the financial year 2018. 7 own-managed VNC stores have started operations in Thailand in the current financial year. With the operation of own-managed stores in these two countries, we do not have any franchisees in Cambodia and Thailand.

We do not have plan to open own-managed stores in other ASEAN countries at the moment.

- (b) The three own-managed stores in Cambodia are selling full range of products that include garments, shoes, bags and accessories.
- (c) We were focusing on local expansion in the past few years. We have just started own-managed stores in foreign country in the financial year ended 2018.

Question 5

- (a) As reported on Page 12 of the Annual Report, for financial year 2018, the Group has established a presence in Cambodia. However, in the Management Discussion and Analysis (MD&A) on Page 17 of the Annual Report, it is stated that all 3 franchise outlets in Cambodia were closed subsequent to the financial year ended 2018.

Please explain the reason why and what are the future plans for Cambodia?

- (b) As stated on Page 17 of the Annual Report, the increase in exports to stores that were managed by licensees was mainly contributed from Indonesia where Padini benefited from higher demand in the local market. The franchise outlets in Indonesia has increased from 10 in FY 2016 to 15 in FY2018.

What are the Group's plans in setting up more outlets in Indonesia?

Answer for Question 5:

- (a) All three franchise outlets in Cambodia have been closed during the financial year 2018 upon the expiry of the franchisee contracts. Three own-managed stores in Cambodia with two (2) Padini Concept Stores and one (1) Brand's Outlet have been opened in the financial year 2018.
- (b) We will continue to explore the viability and feasibility of other locations within Indonesia with our franchise partner in Indonesia who are familiar with the local market.

Corporate Governance Matters

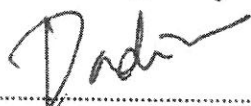
The Company in its CG report had stated that it has applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing a platform for shareholders to vote remotely without being physically present at the Company's AGM. Based on the Company's explanation on the application of Practice 12.3, the Company has not applied the Practice.

Please take note.

Your view is noted. Practice 12.3 requires listed entity to facility remote voting if the general meeting is held at remote location or large number of shareholders. As explained in the CG report, notice of AGM together with proxy form are sent to Shareholders and the AGM always being held at easily accessible centred locations in Selangor. Shareholders who are unable to attend the meetings can always appoint a proxy, including the Chairman, to vote on their behalf. Our AGM is not held at remote location. Padini does not have large number of shareholders. We have indicated as "Applied" in that context.

Thank you.

Yours sincerely,



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Padini Holdings Berhad

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37th AGM – 13/11/2018

Appendix II

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Questions raised by Shareholders / proxies	Board of Directors / Management's response
<u>Financial Statements</u>	
<p>Mr Wan Heng Wah, congratulated the Company for the top line and bottom line growth achieved for the financial year ended 30 June 2018. He enquired whether the growth was driven by same store sales or contribution from new stores.</p>	<p>Ms Sung Fong Fui replied that the growth was mainly driven by new stores. Same store sales dropped by 2% compared to last year.</p>
<p>Mr Wan noted from the Annual Report that some stores were closed during the financial year. He enquired on location of those closed stores and the reasons for the closure.</p>	<p>Mr Benjamin Yong informed that the stores closed were those located at The Curve, Alpha Angle and Aeon Maluri. The store at The Curve was closed and was replaced by a new store in Ikano Power Centre ("IPC") which had been newly renovated. He added that due to the increase in the number of malls in that area, the market had become saturated. He further added that there were more potential in newer malls due to better traffic and better infrastructure. The Management will need to rationalise the Group's resources when considering the location of the Group's stores in the same area so that the stores will not be competing amongst themselves.</p> <p>He also informed that the Management will focus on renovating the older stores.</p>
<p>He further enquired whether the Group has reached its saturation point for the Middle East market and will there be any potential for further growth in the franchise business there.</p>	<p>Ms Chew Voon Chyn informed that it is challenging operating in the Middle East market. Thus to manage the risk, the Management is cautious in the expansion in this region. The growth in the Middle East is mainly dependent on same stores sales and that is the Management's focus at the moment. However she informed that the Management is continuously looking for ideal and strategic location for any potential expansion in this market.</p>
<p>Mr Poh Chung Wee commented that the competition in the local retail market is getting stiff and noted that the pricing of the Group's products is getting less competitive. He enquired on the Board's strategy in managing the competition. He also noted that there was not much traction on the Group's digital initiative.</p>	<p>The Chairman informed that the Board and the Management constantly monitors the market and consumers' sentiments and will react accordingly.</p> <p>Mr Benjamin Yong added that the Board and Management are aware of the new entries in the market and the Group's strategy in managing the competition will not be entirely on the pricing but more towards the value of the products and the speed in reacting to what the market needs.</p>
<p>Mr Poh enquired whether the Group intends to acquire other brands or companies as one of the growth strategy.</p>	<p>Mr Benjamin Yong informed that the Management has no such intention at the moment.</p>

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Appendix II

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Questions raised by Shareholders / proxies	Board of Directors / Management's response
Mr Poh also requested the Management to provide a financial briefing of the Group's performance at the next AGM.	The Board noted his request.
Ms Kok Chiew Sia enquired whether the investment in Cassardi Corporation Sdn Bhd ("Cassardi") is new.	Ms Sung informed that it is not a new investment. The acquisition was done more than 10 years ago. She added that Cassardi is dormant and the shares are unquoted.
Ms Kok also enquired on the reversal of inventories during the financial year.	Ms Sung informed that those inventories were impaired during the previous financial year but remained in the books of the Group. The financial impact of the impairment had already been reflected in the previous financial year.
Ms Kok commented that the Group's future outlook for 2019 disclosed in the Management Discussion and Analysis implied that less focus is being given on new stores. She enquired whether the growth in 2019 will be more subdued. She also noted that the Group's growth strategy has always been prudent and localized. She enquired on the reason for the Group's decision to move into the Thailand and Cambodia markets.	Mr Yong Pang Chaun, the Managing Director ("MD") informed that 5 years ago, the Group's plan was to aggressively expand the local market. The Management was of the view that the time is now right for the Group to move out of the local market and target the ASEAN market. He added that the Group remained cautious in its regional expansion as there were many factors that need be considered in such expansion, such as local law and resources. Having a strong team and the right product as well as understanding of the market is also important. The MD added venturing into the regional market is a learning curve for the Group.
<p>A shareholder commented that the Board should consider giving out vouchers or carry bags with the Group's brand names for future AGMs to further enhance the Group's brand. He also commented that the Directors' profile in the Annual Report should include the Directors' photos.</p> <p>He commented that the response to his request for a hard copy of the Annual Report was very slow.</p>	The Board noted his comments.
Mr Phang Yu Shang commented that the Group's brands were not listed on online shopping platform such as Shopee and Lazada.	Mr Andrew Yong Tze How informed that currently the Group's products, mainly Vincci shoes, are available on Zalora. The Group is in discussion with other online shopping platforms but no concrete conclusion has been achieved yet.
Mr Phang enquired whether the Group plans to enter the Vietnam market as well.	Mr Benjamin Yong informed that the Group will move into the Vietnam market if there is opportunity provided that the terms and conditions are suitable for the Group. The Group is not rushing into expansion into the Vietnam market. Factors such as the right location, partner and timing would have to be considered.

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Appendix II

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Questions raised by Shareholders / proxies	Board of Directors / Management's response
Mr Phang also enquired whether the Group faced any problems in sourcing materials and the proportion of the supplier from China and Vietnam.	Mr Benjamin Yong informed that the Group sourced its materials mainly from China. The Group does not face any problems with its sourcing as the Group works with reliable suppliers. He added that a lot of suppliers are happy working with the Group.
Mr Phang enquired whether the Group is considering introducing new brands to the market.	Mr Benjamin Yong informed this is a continuous strategy and would depend on the market expectation.
Mr James Hay enquired on the status of Group's partnership with FJ Benjamin ("FJ") in Indonesia.	The MD informed that the Group had partnered with FJ based on their good knowledge of the local market a few years back. The MD informed that the partnership is still ongoing and the Group is continuously monitoring the market in Indonesia.
Mr Ho Yueh Weng noted that the Group has reduced the provision for restoration cost in the current financial year and enquired on the reason.	Ms Sung informed that the provision of the restoration cost is reviewed annually and needs to take into account factors such as inflation and actual cost, amongst other. The calculated cost had dropped this year, resulting in the reduction in the provision.
Mr Ho further noted the increase in the numbers of stores that were closed for the financial year 2016/2017 and 2017/2018, and noted that these mainly consisted of consignment counters and enquired on the reasons.	Ms Sung informed that the closure of the consignment counters improved the profit margin.
Mr Ho enquired whether the other income earned by the Group in the current financial year derived from the interest from investment in unit trust.	Ms Sung informed that there were no more unit trusts for the current financial year. The unit trusts have been converted to fixed deposits with the banks.
En Shulhameed Bin K.E. Kappa questioned the reason for the Company's profit to be higher than its revenue.	Ms Sung informed that the Company received interest income as its revenue. The higher profit was due to the passive income (other income) received by the Company and the relatively lower expenses/costs incurred compared to the passive income received.

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Appendix II

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Questions raised by Shareholders / proxies	Board of Directors / Management's response
<p>En Shulhameed noted that the Board of Directors consisted of 7 family members and enquired whether this would have any impact on Board decisions. He added that the Company should look into sourcing externally for qualified independent persons to be the Directors of the Company. He also suggested that the Company should also look into ethnic diversity on the Board.</p>	<p>The Board noted En Shulhameed's comments on the Board composition.</p> <p>The Chairman informed that only 5 Directors are family-related. There are 3 Independent Directors and 1 Executive Director who is not related to the Yong family. He added that historically, the Board also had Executive Directors who are not related to the family. He informed that the decisions of the Directors are always made for the best interest of the Company and its shareholders.</p> <p>The Chairman informed that the Company is looking into the composition of the Board of Directors to meet the requirements of the Malaysian Code on Corporate Governance on the number of Independent Directors.</p> <p>The MD added that the current Board composition is part of the Company's succession planning strategy.</p>
<p>Mr Lam Hsien Jin was of the opinion that the youth perceived Padini's brand as middle class and as a lower tier brand and enquired how the Group intends to change that perception.</p>	<p>Mr Benjamin Yong commented that fashion is very personal and Padini endeavours to capture a wider market. He believes that the Group's products appeal to a broader demographic market and the challenge will be to achieve the right balance. Nevertheless, the Group is aggressively pursuing the younger market via social media such as Facebook and Instagram.</p>
<p>Mr Lam also enquired whether the Group hedges cotton prices.</p>	<p>Mr Benjamin Yong informed that the Group is not a manufacturer and does not hedge cotton prices. The hedging is done by the manufacturers.</p>
<p><u>Re-appointment of Auditors</u></p> <p>En Shulhameed enquired on the number of years since the Auditors' appointment. He was of the opinion that for good corporate governance, the Auditors should be changed every 5 years.</p>	<p>The Board noted his comments.</p> <p>The Chairman informed that the Auditors have been appointed for 6 years. He added that the audit engagement partners are rotated every five years.</p>
<p>Mr James Hay was of the same opinion as En Shulhameed. He enquired whether the rotation of the audit engagement partner was sufficient.</p>	<p>Ms Sung informed that the rotation of the audit engagement partner was a requirement under the International Standard on Quality Control 1.</p>

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<p><u>Proposed Share Buy-back</u></p> <p>Mr Ho Yueh Weng enquired whether the Company has bought back any shares prior to this. He also enquired on the Director's plans to exercise the mandate given and the funds allocated for the buy-back.</p>	<p>The Chairman informed the Directors have not bought back any shares under the mandate and there is no immediate plan to buy-back the Company's shares. The mandate sought is to allow the Directors to buy-back the shares if there is a need to do so. He added that any buy-back will only be carried out if it is for the benefit of the shareholders.</p>
<p>Mr Ho also enquired on the Company's strategy in maintaining the fund managers' interest to buy and retain the Company's shares.</p>	<p>The Chairman informed that the Company's focus is on the business and there is no active engagement with the fund managers nor roadshows conducted. Maintenance of fund managers' interest in the Company's shares was beyond the Company's control.</p>
<p>Mr James Hay commented that the Company should concentrate in managing the business and should not be buying its own shares. Both Mr James Hay and En Shulhameed commented that the share price should be determined by the market.</p>	<p>The Board noted their comments.</p>