

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

Minutes of the Thirty Eighth 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, 19 November 2019 at 10:00 a.m.

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- 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 Yeong Tat – Statutory Auditors  
Mr Pang Yi How – Statutory Auditors  
Mr Christopher Yong Tze Yao  
Ms Jong Shaw Jin  
Ms Loh Lee Mei  
Ms Vivian Tan Cheng Suat  
Ms Cindy Koh Mei Xin  
En Mohamad Zulkhairie Bin Azuan  
En Saiful Idris  
Mr Jason Beh  
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 Eighth 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 16.32%.

The Chairman also informed that all the resolutions set out in the Notice of the 38th 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 Mr Low Yat Seow and seconded by Ms Phang Sau Lan, the Notice convening the meeting was taken as read.

The Chairman informed that the Company has received a letter from the Minority Shareholder Watch Group (“MSWG”) raising several queries in relation to the strategy of the Group as well as financial 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 2019 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 2019 and the Reports of the Directors and Auditors.

Ms Sung Fong Fui briefed the shareholders on the Group’s financial performance.

The Chairman then 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 and the Directors 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 2019.

There were no questions from the floor and the Chairman proceeded with the next item on the agenda.

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 2019 until the next Annual General Meeting of the Company in 2020, pursuant to the Companies Act 2016.

There were no questions from the floor and the Chairman proceeded with the next item on the agenda.

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

Mr Lee Peng Khoon took over as Chair of the Meeting at this juncture.

Mr Lee informed that at this meeting, Mdm Chong Chin Lin, Mr Andrew Yong Tze How and Mr Chia Swee Yuen, retired under Clause 103(1) and being eligible, offered themselves for re-election under Ordinary Resolution 3, 4 and 5, respectively.

There were no questions from the floor.

Mr Lee then handed over the Chair back to Mr Chia Swee Yuen.

The Chairman proceeded with the next item on the agenda

5. **AUDITORS**

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

There were no questions from the floor and the Chairman proceeded with the next item on the agenda.

6. **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 5 of the Annual Report.

The Board noted the comments from Ms Kok Chiew Sia and Ms Lim Cian Yai, as set out in **Appendix II**.

There were no further questions from the floor and the Chairman proceeded with the next item on the agenda.

7. **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 38th AGM be closed at that juncture to facilitate the conduct of the poll.

## 8. CONDUCT OF POLL

The Chairman then invited the representative of Tricor Investor & Issuing House Services Sdn Bhd, 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 11.15 a.m. and the Meeting was adjourned for the polling to take place.

## 9. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:40 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:-

### 9.1 Payment of Directors' Fees

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 1	507,700,687	99.999	4,000	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 2019 be and is hereby approved."

### 9.2 Payment of Directors' Benefits

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 2	507,690,687	99.997	14,000	0.003

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 2019 until the next Annual General Meeting of the Company in 2020 be and is hereby approved."

### 9.3 Re-election of Directors retiring in accordance with Clause 103(1) of the Company's Constitution

#### 9.3.1 Mdm Chong Chin Lin

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 3	498,480,149	98.183	9,224,538	1.817

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

“That Mdm Chong Chin Lin hoon who retires in accordance with Clause 103(1) of the Company’s Constitution be and is hereby re-elected as a Director of the Company.”

### 9.3.2 Mr Andrew Yong Tze How

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 4	498,478,149	98.183	9,226,538	1.817

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

“That Mr Andrew Yong Tze How who retires in accordance with Clause 103(1) of the Company’s Constitution be and is hereby re-elected as a Director of the Company.”

### 9.3.3 Mr Chia Swee Yuen

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 5	504,388,726	99.347	3,315,961	0.653

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

“That Mr Chia Swee Yuen who retires in accordance with Clause 103(1) of the Company’s Constitution be and is hereby re-elected as a Director of the Company.”

## 9.4 Re-appointment of Auditors

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 6	507,664,287	99.992	40,400	0.008

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

“That Messrs BDO PLT, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 June 2020 and that the Directors be and are hereby authorised to fix their remuneration.”

## 9.5 Retention of Independent Director

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 7	471,754,263	92.919	35,950,424	7.081

The Chairman declared that the following Ordinary Resolution 7 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.”

The Chairman then announced that all the resolutions as stated in the Notice of the 38th 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	507,700,687	99.999	4,000	0.001
Ordinary Resolution 2	507,690,687	99.997	14,000	0.003
Ordinary Resolution 3	498,480,149	98.183	9,224,538	1.817
Ordinary Resolution 4	498,478,149	98.183	9,226,538	1.817
Ordinary Resolution 5	504,388,726	99.347	3,315,961	0.653
Ordinary Resolution 6	507,664,287	99.992	40,400	0.008
Ordinary Resolution 7	471,754,263	92.919	35,950,424	7.081

#### TERMINATION

There being no further business, the meeting terminated at 11:45 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record,

  
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CHAIRMAN

PADINI

15 November 2019

**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: 38<sup>th</sup> Annual General Meeting (AGM) of Padini Holdings Berhad (“Padini” or “the Company” or “the Group”) on 19 November 2019**

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You letter dated 12 November 2019 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**

**As stated on page 14 of Annual Report 2019, all the subsidiaries recorded lower pre-tax profit margins for the financial period under review. What is the Company’s view on overall profitability in FY2020?**

**Answer for Question 1:**

The Group prospects to have another profitable year in FY2020. Budget 2020 turned out to be positive for consumer, the Group should be able to gain indirectly from the government’s initiative to boost employment and extra goodies to lower income groups and special payments to those in the public sector, which would increase disposable income of the medium-low income group. We expect this brings positive impact to the retail industry.

**Question 2**

**The renminbi against the ringgit has been weakening since April 2019 to early September, from 1RMB: RM0.618 to 1RMB: RM0.586, before it rebounded to about 1RMB: RM0.59 on 11 November (-4.53% since April 2019). Given that Padini sources most of its products from China, how will this impact the Company’s profitability?**

**Answer for Question 2:**

Depreciation of the Renminbi would have a positive impact on our purchase costs. However, the cost saving arising from the forex has been eliminated by the implementation of SST since September 2018. Hence, the overall purchase costs have been increased despite lower import cost. Please refer to Note 22 to the Financial Statements for other foreign currency exposure.

**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 5**

**The fashion industry is considered by the UN Conference on Trade and Development (UNCTAD) as the second most polluting industry on earth with the environment impact it inflicts during the production process.**

**With the growing awareness to shop sustainably, to buy less and spend prudently, how will such awareness shape Padini's business direction going forward?**

**Answer for Question 5:**

In long run, the Group continues to work towards sustainable production processes and hope to reduce the negative environmental impact, through continuous improvement on the supply chain. Other than supply chain, we have started some initiatives that are good for environment. For instances, waste separation and disposal, solar power and power saving, tree planting and so on. We are creating environmental awareness in our society and our workplace.

Thank you.

Yours sincerely,



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**Padini Holdings Berhad**



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Appendix II

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Questions raised by Shareholders / proxies	Board of Directors / Management's response
<b><u>Financial Statements</u></b>	
Mr Ong Lek Ping noted that the gross profit margin has been decreasing and enquired whether this trend will continue.	Mr Chia Swee Yuen informed that the Group's targeted gross profit margin is within the range of 38% to 40% and will fluctuate depending on how the Group responds to market changes. The Group needs to be nimble in monitoring and responding to those changes. More importantly, the Group needs to be able to maintain its brand advantage and ensure that its products remain relevant to the consumers.
He further noted that capital expenditure has also been decreasing and enquired whether the Board viewed that the amount allocated for capital expenditure is sufficient or is it a sign that the growth is slowing down.	Mr Chia commented that the Management constantly reviews the number of stores and will make a decision to open or close stores if it made business sense. He added that despite the lower number of stores, the Group has managed to report a commendable topline result.
He also commented that the dividend rate has remained constant for the past 5 years and enquired whether the Board has any plans to review the rate.	Mr Chia informed that the Company does not have a fixed dividend policy and have consistently maintained the dividend paid. He added that the Board took cognisance of the interests of long term investors when determining the dividend to be paid.
Mr Khaw Kim Huat (Alex) commended the Management for a job well done, He commented that the Group's growth has been phenomenal over a 5 year period, as sales and profits had doubled over the said period. He added that the earnings per share had also increased from 12 sen to the 24 sen. However, he commented that the dividends had only increased by 0.5 sen and said that he appreciate an insight on why the Management are not rewarding the investors accordingly.	Mr Chia commented that besides the dividend, shareholders should also be looking at the capital appreciation of the shares and the stability of the Company. He added that a strong and healthy balance sheet will give the Company more negotiating power.
He further enquired on the sales strategies in ensuring the phenomenal growth is continued.	Mr Chia informed that the Management planned carefully and constantly evaluate and review the market for opportunities.
Mr Chong, a shareholder, enquired whether the Group intends to expand into Indonesia.	Mr Chia replied that the Group already has a presence in Indonesia via its partnership with FJ Benjamin.

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<b>Questions raised by Shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
<p>Ms Kok Chiew Sia noted that the Management had in their reply to the Minority Shareholders' Watch Group ("MSWG") mentioned about new product range. As development of new products will require investments, she enquired whether gross profit margins will be affected.</p>	<p>Mr Benjamin Yong informed that the Group intends to maintain a competitive selling price for its new products without sacrificing product quality. He added that the Group's supply chain is able to support the Group's pricing strategies.</p>
<p>Ms Kok commented that the Group has been performing well despite the tough retail industry. She asked Mr Yong Pang Chaun, the Managing Director ("MD") whether the Group will be taking a breather for the next 2 years and will there be more profits for the next 5 years?</p>	<p>The MD replied that he was not able to provide the expected numbers on the Group's performance for the next 5 years. He informed that the Group must always to be ready and continuously improve themselves to take on any expansion opportunities that may arise. He added that in order for the Group to be able to adapt to market changes, the Group will also need to be financially ready and have employees with the right mind set. He further added that the Group's mission is to look after and create value for its customers and he believes that this would eventually lead to profit for the investors.</p>
<p>Ms Lim Cian Yai enquired on the impact of the adoption of MFRS 16 to the Group.</p>	<p>Ms Sharon Sung informed that the Management has assessed the impact and will announce the figures in the quarterly results for the period ended 30 September 2019, which is targeted to be released in the last week of November 2019.</p>
<p>She noted that the Audit Committee had reviewed 4 new internal audit reports and 4 follow-up reports during the financial year. She asked Mr Foo Kee Fatt, the Audit Committee Chairman, on the outcome from those reports.</p>	<p>Mr Foo informed that the Internal Auditors had highlighted areas for improvement and follow-up audits were carried out on those areas. He added that the issues highlighted had no significant impact to the Group's operations.</p>
<p>She also enquired whether the Group gained any insights from the liquidation of the top players in the garment industry such as Topshop and Forever 21.</p>	<p>Mr Benjamin Yong informed that the Management was aware and will learn from the mistakes made by those companies.</p>
<p>A shareholder commented that things are getting more expensive in China and enquired whether the Group's cost will increase as the Group's products are mainly sourced from China.</p>	<p>Mr Benjamin Yong informed that although costs of products sourced from China are increasing, the Group will continue to source from China as China has the infrastructure to supply the products required by the Group. However, he mentioned that the Group also sourced from other countries such as Bangladesh, India and Vietnam.</p>
<p>He also enquired on how the Group keeps up with the latest fashion trends.</p>	<p>Mr Benjamin Yong informed that the design team will refer to the leading brands for the latest trends.</p>
<p>Mr Chua Song Yun enquired on performance of the stores in Cambodia and whether the profit margins were similar to Malaysia.</p>	<p>Ms Sharon Sung informed that the 3 stores in Cambodia were profitable. The gross profit margin was the same in Malaysia but the net profit margin was slightly lower but still within the Group's acceptable range.</p>

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<b>Questions raised by Shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
He also enquired whether the Group planned to open more stores in Cambodia.	Ms Sung informed that a 4 <sup>th</sup> store (Brands Outlet) will be opened.
He further enquired on meaning of fit-out contributions as stated in the Chairman's Statement.	Ms Sung explained that fit-out contributions were subsidies received from the malls on the capital expenditure spent on the renovation of the outlets located in the malls.
He also enquired on the profit contributions from the outlets / stores located at the tier 2 cities in Malaysia.	Ms Sung informed that the profits from tier 2 cities amounted to about 20% of the total profits.
Mr Chin Yee Chong enquired on the percentage of contribution from the overseas market.	Ms Sung informed that the total contribution from the overseas market was 5%, of which 2.4% is from own managed stores.
He also enquired on the contribution from the collaboration with Shopee and Lazada.	Mr Andrew Yong clarified that the Group's products are available on Zalora only and the contribution is insignificant.
Mr Ng Fu Zin enquired on the performance of the online business.	Mr Chia informed that the Group is cognizant of this business segment and has always been monitoring it. Besides collaborating with Zalora, the Group also has its own online store as an alternative channel for the online business segment. However, he added the Group's strength is still in the bricks and mortar business. Nevertheless, the collaboration with Zalora is a learning curve for the Group.
Mr Low Kah Leong enquired on the Group's target for the online business in the next 5 years.	Mr Chia informed that no targets have been set and the contributions from this segment will depend on consumers' preference. He added that as explained earlier, the Group will continue to monitor the trends and learn so that the Group will be ready when the time comes.
Mr Low also enquired on the impact of Industry 4.0 on the Group.	Mr Andrew Yong informed that the Group is not impacted by Industry 4.0 as it will generally affect the manufacturing industry. However, he informed that the Group will use the ideas such as cloud computing (already in place), IOT, robotics and RFID to be incorporated into the Group's processes.
Mr Chan Chee How enquired on the reason that the Group has trade receivables since customers mainly pay in cash.	Ms Sung informed that the trade receivables were amounts owing by franchisees.

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<b>Questions raised by Shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
Mr Ho Yueh Weng, enquired whether the Group has any intentions to invest in factories that does manufacturing of garments.	Mr Benjamin Yong informed that there is no such intention.
Mr Ho further enquired on the amount spent on branding / advertisement.	Mr Benjamin Yong informed that a fixed annual budget is allocated for advertising and promotions and the amount fluctuates from year to year. Nevertheless, the fixed budget will be adjusted if the need arises. He added that the Group advertises through radio, billboards and newspaper and moving forward will focus also on social media.
Mr Ho asked whether the Group utilize data analytics to analyse their customers' preferences and also to track tourists spending.	Mr Benjamin Yong informed that the data is available in the Group's system.
Mr Ho then asked whether the Group has a research and development department for fashion.	Mr Benjamin Yong informed that the Group has its own design team. The team will look at international fashion trends and adjust it for the Malaysian market.
<b><u>Re-appointment of Independent Director</u></b>	
Ms Kok Chiew Sia was of the view that 10 years on the Board is sufficient time for an Independent Director and a new Independent Director should be appointed to allow for a new pair of eyes on the Board of Directors for check and balance.	Mr Chia noted Ms Kok's comments. He informed that the Malaysian Code on Corporate Governance provides clear guidelines on the continued service of an independent director and hence his re-appointment is put to the shareholders for consideration. He added that Mr Foo's re-appointment has been reviewed and recommended by the Nominating and Remuneration Committee.
Ms Lim Cian Yai noted that the Company had indicated in its Corporate Governance Report (Practice 4.1) that it will meet the recommended number of independent directors within 2 to 4 years. She enquired whether the board size will be reduced or the number of independent directors will be increased.	Mr Chia informed that the Board together with the Nominating and Remuneration Committee are still carefully assessing the right mix and has not finalized the composition.