

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

Minutes of the Thirty Fifth Annual General Meeting of the Company held at The Glenmarie Ballroom, Lobby Level, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 26 October 2016 at 10:00 a.m.

PRESENT : As per attendance list

IN ATTENDANCE : Ms Adelyn Ho – Secretary

CHAIRMAN : Mr Chia Swee Yuen

The Chairman welcomed the Shareholders to the Thirty Fifth Annual General Meeting (“AGM”) and proceeded to inform that the Company has received 192 proxy forms appointing him as the proxy and the votes represented amounted to 21.8%.

The Chairman also informed that in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), all the resolutions set out in the notice of any general meeting must be voted by poll. As such, all the agenda to be tabled and deliberated at the 35th AGM of the Company will be voted by poll. He added that the polling process will be carried out after deliberations of all the items on the agenda for the Meeting. He informed that Messrs YF. Ng has been appointed as the scrutineer to validate the votes casted at the meeting.

NOTICE

On the proposal of Ms Yip Chew Ling @ Yip Yak Yen and seconded by Mr Tan Lee Seng, 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 (“Appendix I”).

1. FINANCIAL STATEMENTS

On the proposal of Ms Lim Choon Li and seconded by Ms Cheong Yuet Mei, the Report of the Auditors for the financial year ended 30 June 2016 was taken as read.

A shareholder, Mr Lew Tuck Wai, informed the meeting that he noted the reduction in the number of free standing stores and the increase in the number of Padini Concept Stores (“PCS”) and Brands Outlets (“BO”) over the years. He requested the Board to provide a broad overview of the Group’s business expansion as well as the growth rate (based on square feet).

Ms Yeo Sok Hiang informed that PCS and BO usually occupied premises which measured approximately 15,000 square feet and above, as compared to the free standing stores which occupied approximately 1,000 square feet per store. She further informed that same store growth rate (comparing financial years ended 30 June 2015 and 2016) was about 23%.

Mr Lew further enquired whether PCS generated more sales than the free standing stores. Ms Yeo informed that the sales generated by PCS will be more as a PCS outlet is equivalent to about 18 to 20 free standing stores.

Mr Lew noted that the number of Tizio stores has reduced to 2 in the year ended 30 June 2016 and enquired about the Group's plans for this brand. Ms Yeo informed that the Group had taken a stand to reduce the number of Tizio stores and consolidate its resources to concentrate on the main brands which are income generating such as Vincci which, she added, has started to turnaround its results.

Mr Khong Seng Kin enquired whether the Company planned to increase its dividend payout given that it is in a strong cashflow position. Ms Yeo informed that the Directors do not plan ahead on the dividend and the payment of dividends is deliberated and decided on a quarter-to-quarter basis. She added that despite the strong cash position, the Group needs to maintain a large sum of cash for operation purposes such as payments for purchases of inventories and expenses related to the opening of new outlets.

Mr Khong also enquired on the progress of the undergarment segment offered by the Group. He noted that this issue was brought up at the previous AGM and he commented that he has not seen undergarments being sold in the Group's outlets.

Mr Benjamin Yong Tze Jet informed that men and kids' underwear were already being sold in the stores. To Mr Khong's further question on the progress for ladies undergarments, Mr Benjamin Yong informed that the Group does not have the specialisation in that area at the moment. He added that there were no plans in the pipeline for the development of this segment. The Management also did not aggressively pursue this area as a lot of time and focus will be required in the marketing and research.

Mr Khong commented that there was no segmental reporting on BO's performance in the Annual Report. Ms Yeo informed that BO's performance was reported under Yee Fong Hung (Malaysia) Sdn. Bhd. ("YFH"). She informed that there are two brands under YFH, namely BO and P & Co. She added that the majority of YFH's revenue was from BO.

Mr Khong also commented on Mr Chan Kwai Heng's resignation and enquired the reason he left the Group. The Chairman informed that Mr Chan has retired and had prior to his retirement, groomed his staff to take over his position.

Mr Khong commented that no door gifts were given to the shareholders at this AGM and enquired whether there will be discount vouchers given, consistent with prior years' practice. The Chairman replied that there will be no discount voucher given.

Mr Lau Boon Leong noted that the Group's borrowings have increased from RM26 million (approximately) for the year ended 30 June 2015 to RM60 million (approximately) for the year ended 30 June 2016. Given the Group's strong cash position, he enquired the reason for the increase in the borrowings. Ms Yeo informed that the Group utilised the Bankers' Acceptance and Revolving Credit facilities offered by the banks for cash flow management and tax purposes.

Mr Lau further noted the increase in the Inventories and sought clarification on the cause. Ms Yeo informed that the increase in the Inventories was in line with the increase in the sales and also to cater for the opening of new outlets. The increase in the Inventories also contributed to the increase in borrowings .

Mr Lau also noted that the rental paid by the of the Group amounted to approximately RM106 million annually. He enquired about the average rental rate, the price range as well as the trend. He also enquired whether there were discounts or incentives offered by the landlords due to an oversupply of space in the shopping malls.

Ms Yeo informed that the tenancies are usually for a 3-year term and there will be incremental revisions to the rental rates upon renewal. She added that the Management will select locations with high traffic for their stores and the rental rates will depend on the location. For those shopping malls with good location, there was no issue on the oversupply of space, hence the subject of landlords giving special discounts and incentives will not apply.

Ms Kok Chiew Sia commented that the retail strategy adopted by the Group such as the bundling of items has been copied by other retailers. She enquired on the Group's plan in handling the matter. The Chairman replied that the strategy may be copied by others but their results achieved may not be as desired or planned. He added that the Group is not unduly worried about competitors copying its strategy as the overall execution and management of the strategy was more important.

Mr Wong Pin Siong commentated that he anticipated that the coming year will be challenging. He enquired on the growth strategies adopted by the Group in light of the declining economy and whether the Group will be able to perform better than the year ended 30 June 2016. The Chairman commented that on a macro view, the unemployment level will have an effect on consumers' spending powers and the strategy that needs to be adopted will have to take into account consumers' needs and how the products offered can be packaged to give value to consumers. The Group will take continue gather feedback from its customers and consider what is appealing to its customers and the price range that they are willing to pay. The Chairman added that the recent results shows that the Group can still perform well despite difficult times.

Mr Benjamin Yong added that the Group had already prepared for the economy slowdown 3 years ago. He said that there will not be any major changes nor shift to the strategies currently adopted by the Group. The Group will focus on enhancing customer's shopping experience and will continue to leverage on the Group's strength.

Mr Chua Song Yun wanted to find out which brand generated the most revenue and profit and whether the margin for PCS and BO are the same. Ms Yeo informed that the Group monitored the performance based on stores rather than brands. She added that the performance of PCS and BO were on par. The Chairman informed that the margins for every brand are not similar.

On Mr Chua's enquiry on whether the Group manufactured its own products, the Chairman replied that the Group does not but purchase the products from local and overseas suppliers. Ms Yeo added that a majority of the products were imported from China. Mr Chua then enquired whether the imported products were subject to import tariff. Ms Yeo replied that although the products are manufactured in China, the Group purchases from local suppliers and payment is made in Ringgit Malaysia.

Mr Ng Ah Hai enquired whether the Group had plans to add more brand to its stores. He also enquired whether the Group had any intent to acquire weaker competitors as well as its plans to expand regionally. The Chairman informed that for mergers and acquisitions, it is vital to consider the potential synergies of the merged entity. Careful consideration will have to be given before making any decisions on this matter. Mr Yong Pang Chaun informed that there were no plans for the Group to take such steps at the moment. He added that he expected the years 2017 to 2019 will be tough for the Group. The Group will continue to focus and build on its strength to make the Group stronger in Malaysia. He informed that the Management is working hard to execute the planned strategies.

Mr Khaw Yee Hui made a reference to Page 12 of the Annual Report whereby it was mentioned that the Group had put in a lot of effort to increase awareness of the online store among customers and enquired on the methods used. He also noted that the Group's foreign investment was decreasing and enquired whether this was part of the Group's strategy.

Mr Andrew Yong Tze How informed that awareness of the online store were made through google ads, social media and advertisement at the PCS and BO outlets.

Ms Yeo clarified that the Group does not have foreign investment. The stores in the foreign markets are franchisees.

Ordinary Resolution 1, as follows, was duly proposed by Mr Khong Seng Kin and seconded by Ms Tong Mee Ling:

"That the Audited Financial Statements of the Company for the year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon be and are hereby received."

2. **DIRECTORS' FEES**

The next item on the agenda was to table the following Ordinary Resolution 2:-

"That the payment of Directors' fees of RM260,000.00 in respect of the financial year ended 30 June 2016 be and is hereby approved."

Ordinary resolution 2 was duly proposed by Mr Khong Seng Kin and seconded by Mr Ng Kok Hoe.

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

The Meeting was informed that at this meeting, Mdm Chong Chin Lin and Mr Lee Peng Khoon retired under Article 102(1) and being eligible, offered themselves for re-election.

Ordinary Resolution 3, as follows, was duly proposed by Ms Cheong Mei Foong and seconded by Mr Ng Kok Hoe:

"That Mdm. Chong Chin Lin who retires in accordance with Article 102(1) of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

Ordinary Resolution 4, as follows, was duly proposed by Mr Ng Kok Hoe and seconded by Ms Lim Choon Li.

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

4. **RE-ELECTION OF THE DIRECTORS WHO RETIRE BY ROTATION IN ACCORDANCE WITH ARTICLE 109 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

The Meeting was informed that at this meeting, Mr Andrew Yong Tze How and Mr Benjamin Yong Tze Jet retired under Article 109 and being eligible, offered themselves for re-election.

Mr Lee Yit How proposed and Ms Phang Sau Lan seconded the following Ordinary Resolution 5:

"That Mr Andrew Yong Tze How who retires in accordance with Article 109 of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

Ordinary Resolution 6, as follows, was duly proposed by Ms Chong Yuet Ming and seconded by Ms Chew Voon Chyn.

"That Mr Benjamin Yong Tze Jet who retires in accordance with Article 109 of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

5. **AUDITORS**

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

Ordinary Resolution 7, as follows, was duly proposed by Ms Lee Fee Chu and seconded by Mr Chan Choong Yeong:

"That Messrs BDO, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 June 2017 and that the Directors be and are hereby authorised to fix their remuneration."

6. **PROPOSED RENEWAL OF THE AUTHORITY FOR PADINI TO PURCHASE UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL**

Ms Kok Chiew Sia, conveyed a message on behalf of Mr James Hay (representing Deutsche Bank AG Singapore for Pangolin Asia Fund) who was unable to attend the meeting. He commented that the cash in the Company should be used for business and payment of dividend to its shareholders. He questioned the need for a mandate for the buy-back to be given. He added that the Company should concentrate in managing the business and leave the fund management to the fund managers.

Mr James Hay's comments was duly noted by the Directors.

Mr Ng Kok Hoe proposed and Ms Chew Voon Chyn seconded the following ordinary Resolution 8:

"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares of RM0.10 each ("Shares") on the Bursa Securities ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

- (a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the prevailing issued and paid-up share capital of the Company at the time of purchase and the compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the Listing Requirements or such other requirements as may be determined by Bursa Securities from time to time;
- (b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the audited retained profits and/or share premium accounts of the Company of RM266.648 million and RM3.772 million, respectively as at 30 June 2016;
- (c) The authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;whichever occurs first; and
- (d) Upon the purchase by the Company of its own Shares, the Board of Directors ("Board") be and is hereby authorised to:-
 - (i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or
 - (ii) retain all or part of the Purchased Shares as Treasury Shares; and/or
 - (iii) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being; and/or
 - (iv) resell the Treasury Shares on Bursa Securities.

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

7. POLLING AND RESULTS

As there were no notice received for the transaction of any other business, the Meeting was adjourned at 10.55 a.m. for the polling process to be conducted and resumed at 11:45 a.m. after the results were tabulated.

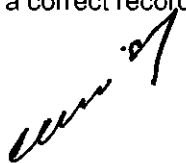
The Chairman announced that all the resolutions as stated in the Notice of the 35th AGM of the Company were duly carried. The results of the polling were as follows:

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 1	452,535,601	99.996	16,990	0.004
Ordinary Resolution 2	453,772,301	99.989	51,290	0.011
Ordinary Resolution 3	431,163,391	97.035	13,174,900	2.965
Ordinary Resolution 4	434,705,232	97.832	9,633,159	2.168
Ordinary Resolution 5	421,905,432	94.951	22,433,059	5.049
Ordinary Resolution 6	421,905,432	94.951	22,433,059	5.049
Ordinary Resolution 7	453,786,291	99.992	37,300	0.008
Ordinary Resolution 8	449,016,751	98.941	4,806,840	1.059

TERMINATION

There being no further business, the meeting terminated at 11.50 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record,



CHAIRMAN