

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

Minutes of the Thirty Sixth 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 Thursday, 16 November 2017 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)*
- Mdm Yong Lai Wah  
*(Executive Director)*
- Mr Foo Kee Fatt  
*(Independent Non-Executive Director)*
- Mr Lee Peng Khoo  
*(Independent Non-Executive Director)*
- Mr Andrew Yong Tze How  
*(Executive Director)*
- Mr Benjamin Yong Tze Jet  
*(Executive Director)*
- Ms Chew Voon Chyn  
*(Executive Director)*

**IN ATTENDANCE**

- ☺ Ms Adelyn Ho – Company Secretary

**BY INVITATION**

- ☺ Ms Sharon Sung – Chief Financial Officer
- Mr Tang Seng Choon – External Auditor
- Ms Thiang Kar Xian – External Auditor

**SHAREHOLDERS & PROXIES** : As per attendance list

**CHAIRMAN OF THE MEETING**

Mr Chia Swee Yuen took the Chair and called the Thirty Sixth Annual General Meeting (“AGM”) to order at 10 a.m.

He welcomed the Shareholders to the meeting and informed that the quorum requirement of more than 2 shareholders and proxies present, pursuant to Article 74 of the Company’s Constitution, had been satisfied. He also informed that the Company had received 113 proxy forms appointing him as the proxy and the votes represented amounted to 17.7%.

The Chairman also informed that all the resolutions set out in the Notice of the 36<sup>th</sup> 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) Messrs YF. Ng 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 Ms Cheah Sook Mei, 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 as set out in **Appendix I**.

### **1. FINANCIAL STATEMENTS**

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 2017 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 as 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 Directors’ fees of RM260,000.00 in respect of the financial year ended 30 June 2017 remained the same as per last financial year.

Ordinary resolution 1 was proposed by Ms Teow Meow Lang and seconded by Mr Yong Miao Sern.

### **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 2017 until the next Annual General Meeting of the Company in 2018, pursuant to the Companies Act 2016.

Ordinary resolution 2 was proposed by Ms Wong One Sun and seconded by Ms Phang Sau Lan.

### **4. RE-ELECTION OF THE DIRECTORS WHO RETIRE BY ROTATION IN ACCORDANCE WITH ARTICLE 102(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, Mr Yong Pang Chaun, Mr Chia Swee Yuen and Mdm Yong Lai Wah retired under Article 102(1) and being eligible, offered themselves for re-election under Ordinary Resolution 3, 4 and 5 respectively.

Ordinary Resolution 3 on the re-election of Mr Yong Pang Chaun was duly proposed by Mr Lee Yit How and seconded by Ms Chong Yuet Ming.

Ordinary Resolution 4 on the re-election of Mr Chia Swee Yuen was duly proposed by Ms Lee Fee Chu and seconded by Ms Chong Mei Foong.

Ordinary Resolution 5 on the re-election of Mdm Yong Lai Wah was duly proposed by Ms Ng Siew Khan and seconded by Ms Ooi Shu Har.

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

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 Chew Voon Chyn retired under Article 109 and being eligible, offered herself for re-election under Ordinary Resolution 6.

The Board noted the comment from Mr James Hay, as set out in **Appendix II**.

Ms Chong Mei Foong proposed and Ms Teow Meow Lang seconded Ordinary Resolution 6.

6. **AUDITORS**

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

Ordinary Resolution 7 on the re-appointment of Messrs BDO as the Auditors of the Company was duly proposed by Mr Wan Heng Wah and seconded by Mr Yong Miao Sern.

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 Lim Choon Li proposed and Mr Yong Miao Sern seconded Ordinary Resolution 8.

8. **ANY OTHER MATTERS**

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

## 9. 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 11.00 a.m. and the Meeting was adjourned for the polling to take place.

## 10. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:35 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	420,930,702	99.9999	500	0.0001

The Chairman declared that Ordinary Resolution 1 was duly passed as follows:-

"That the payment of Directors' fees of RM260,000.00 in respect of the financial year ended 30 June 2017 be and is hereby approved."

### 10.2 Payment of Directors' Benefits

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 2	420,930,702	99.9999	500	0.0001

The Chairman declared that Ordinary Resolution 2 was duly passed as follows:-

"That the payment of Directors' benefits (excluding Directors' Fees) up to an amount of RM30,000 payable to the Independent Directors from 1 July 2017 until the next Annual General Meeting of the Company in 2018 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 Yong Pang Chaun

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 3	388,594,196	92.3177	32,337,006	7.6823

The Chairman declared that Ordinary Resolution 3 was duly passed as follows:-

"That Mr Yong Pang Chaun 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 Chia Swee Yuen

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 4	420,348,902	99.8617	582,300	0.1383

The Chairman declared that Ordinary Resolution 4 was duly passed as follows:-

"That Mr Chia Swee Yuen 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."

#### 10.3.3 Mdm Yong Lai Wah

	FOR		AGAINST	
	Number of votes	%	Number of votes	%
Ordinary Resolution 5	406,542,302	96.5817	14,388,900	3.4183

The Chairman declared that Ordinary Resolution 5 was duly passed as follows:-

"That Mdm Yong Lai Wah 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 6	407,075,702	96.7084	13,855,500	3.2916

The Chairman declared that Ordinary Resolution 6 was duly passed as follows:-

"That Ms Chew Voon Chyn 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 7	420,930,702	99.9999	500	0.0001

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

“That Messrs BDO, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 June 2018 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 8	420,191,402	99.9852	62,200	0.0148

The Chairman declared that Ordinary Resolution 8 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 audited retained profits of the Company of RM270.495 million, as at 30 June 2017;
- (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 authority be and is hereby given to the Board 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."

The Chairman then announced that all the resolutions as stated in the Notice of the 36<sup>th</sup> 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	420,930,702	99.9999	500	0.0001
Ordinary Resolution 2	420,930,702	99.9999	500	0.0001
Ordinary Resolution 3	388,594,196	92.3177	32,337,006	7.6823
Ordinary Resolution 4	420,348,902	99.8617	582,300	0.1383
Ordinary Resolution 5	406,542,302	96.5817	14,388,900	3.4183
Ordinary Resolution 6	407,075,702	96.7084	13,855,500	3.2916
Ordinary Resolution 7	420,930,702	99.9999	500	0.0001
Ordinary Resolution 8	420,191,402	99.9852	62,200	0.0148

## 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,

  
\_\_\_\_\_  
CHAIRMAN

# PADINI

13 November 2017

**Attn.: Mr LYA Rahman**

**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 Lya,

**Re: Thirty Sixth (36<sup>th</sup>) Annual General Meeting (AGM) of Padini Holdings Berhad on 16 November 2017**

---

Your letter dated 9 November 2017 (Ref: LR/QBA/ECYL/PADINI/AGM2017) refers.

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

**Strategy/Financial Matters**

**Question 1**

We noted on page 14 of the Annual Report, the increase in the cost of sales was due to the increase of inventories written off, inventories written down and inventory losses.

- (i) What is the nature of the inventories written off, inventories written down and inventory losses?
- (ii) Would there be further increase of inventories written off and inventories written down for the financial year ending 2018?

**Answer for Question 1:**

- (i) Inventories written off, inventories written down and inventory losses arose from all trading subsidiaries of Padini Group. These inventories consist of aged inventories, slow moving items and out of fashion items.
- (ii) We strongly believe that monitoring inventories turnover is a continuous effort and stock loss is common to the Group which is in fast-moving fashion business. We would not be able to conclude the inventories condition for the financial year ending 2018. However, we don't expect major impact going forward as it should be regularized after this exercise in financial year ended 2017.



**Question 2**

On the group's expansion strategy, the group has incorporated a subsidiary company in Cambodia in 2017 and embarked on some plans to open Padini Concept Store and Brand Outlets stores.

- (i) What is the estimated number of stores to be opened in Cambodia for next 3 years?
- (ii) What is the estimated capital expenditure for Cambodia's investment and the local refurbishment exercise?

**Answer for Question 2:**

- (i) Padini planned to open two (2) Padini Concept Stores and one (1) Brand's outlet with a total gross floor area of approximately 35,000 square feet for the financial year ending 2018 in Cambodia. We do not have concrete plans for next 3 years at this moment but we will be monitoring the market situation for opportunities.
- (ii) The estimated capital expenditure for Cambodia's investment is approximately RM20 million. No plan for refurbishment yet as it is not applicable for new stores.

**Question 3**

Could the Board share with the shareholders whether Padini's Malaysian experience of 'brick & mortar' business model would be effective in Cambodia?

**Answer for Question 3:**

Based on our observation, we feel that the concept of brick and mortar is currently still relevant in the Cambodian retail landscape and especially when location and brand reputation are strong.

The Group will cater to the needs of the market and renewing itself continually to meet the changes in the demographics of the local economy. Padini's wide range of products will cater to the market needs for affordable fashion whereas Padini Concept stores will provide a unique shopping experience by consolidating multiple brands into one concept store. We believe we will be able to reach out to the customers and make ourselves useful and of value to them.

Thank you.

Yours sincerely,



.....  
The Board of Directors  
Padini Holdings Berhad

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

36th AGM – 16/11/2017

Appendix II

Page 1

<b>Questions raised by Shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
<p><b><u>Financial Statements</u></b></p> <p>A shareholder, Mr Wan Heng Wah, congratulated the Company for the top line and bottom line growth achieved for the financial year ended 30 June 2017. He enquired whether the growth will be sustainable and the strategies adopted by the Group going forward, to further improve the top and bottom line results. He noted a compression in the Group's gross profit margin and enquired on the impact of the inventory losses to the gross profit margin. He also asked the Group on the strategies taken to monitor the inventories to reduce/manage future losses. Mr Wan also noted the Group's initiatives in the online store and enquired on the strategies taken by the Management to remain relevant in its physical stores.</p>	<p>The Chairman informed that the Management is putting in effort to increase the number of stores to improve the top line performance of the Group. As for the bottom line growth, measures will be put in to control the costs incurred. However he mentioned that sustainability of the growth recorded will also largely depend on the macroeconomic factors which were beyond the Group's control.</p> <p>The Chairman informed that the Group has to take action to remain competitive and relevant in the market and the compression of the gross profit margin reflected the Management's reaction to the market forces. The Chairman informed that inventory losses and the stricter write down estimates during the financial year ended 30 June 2017 has already been explained in the Annual Report. As for the online stores, the Chairman informed that embarking on e-commerce provided the Group with an online marketing channel. The Management will continue to monitor the changing trends and needs of the consumers and react accordingly.</p>
<p>Mr Khaw Yee Hui enquired on the reason for choosing Cambodia as the first country for the Group's overseas expansion, and not neighboring countries like Indonesia.</p>	<p>Mr Benjamin Yong informed that the Management have to consider many factors in their decision for the expansion, which included amongst others, the location and size of the outlet, the area's population, customers' income and risk exposure. He informed that Aeon Cambodia had offered the terms and conditions which were favourable to the Group. He added that Cambodia was chosen as the conditions were right, the risk exposure was comparatively lower and the Group had more autonomy in making decisions or actions.</p>
<p>Mr Khaw enquired whether the new outlets opened during the financial year ended 30 June 2017 were all located in Malaysia.</p>	<p>The Chairman replied affirmatively.</p>

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

36th AGM – 16/11/2017

Appendix II

Page 2

<b>Questions raised by Shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
<p>Mr Lit Kok Wai asked on the synergies between the physical stores and the online stores operated by the Group. He noted that there were no difference in the pricing of the items in both the stores. He also commented that other online stores such as Taobao offered significantly lower prices compared to the Group and enquired on the Group's position on this. He added that Taobao, which previously catered mainly to Chinese-speaking customers, has started providing English translation on its website to cater for English-speaking customers as well. This measure would also increase the competition faced by the Group in the online store environment.</p>	<p>Mr Benjamin Yong informed that at the moment, the online stores complemented the physical stores and offered convenience to the Group's customers. He further informed that the Management believed that fashion depended on trust and familiarity and these factors would provide the Group an advantage in facing its competitors. He added that Management is aware and are looking into the challenges from the competitors.</p> <p>The Chairman added that at present, the Group's strength is mainly in the physical stores in the domestic market. The purpose of the online stores is more for creating awareness and a marketing tool for the Group's products. The competition on the online market is not of immediate concern but the Group will continuously monitor the situation.</p>
<p>Mr Yap Wei Hong commented that the Group did not provide a breakdown of the contribution from the online stores in the Annual Report. He said that the information would enable the shareholders to monitor and compare the Group's progress in this sector.</p>	<p>The Chairman informed that as mentioned earlier, the online store provided another channel for the marketing of the Group's products and currently, the contribution from the online stores was not significant.</p>
<p>Mr Teong Jia Wei enquired on the reason for the same-store growth.</p>	<p>Ms Sharon Sung informed that the growth was a result of product merchandising and product growth.</p>
<p>Mr Teong noted the improvement in Vincci's results and enquired whether Vincci's performance growth is sustainable.</p>	<p>Ms Chew Voon Chyn informed that the improved results was due to the continuous effort by the Management in strengthening its supply chain and improving its product range. She informed that macroeconomics would also affect the future performance of the brand.</p>
<p>Mr Teong noted that payables has been increasing over the years.</p>	<p>Ms Sharon Sung informed that the increase in payables was consistent with increased sales. She further informed that in relative terms, payables had actually decreased over the years. The Chairman added that the Group's payables will also fluctuate according to the festive seasons.</p>

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

36th AGM – 16/11/2017

Appendix II

Page 3

<b>Questions raised by Shareholders / proxies</b>	<b>Board of Directors / Management's response</b>
Mr Poh Chung Wee commented that fashion depended on the perception of the brand. He noted that Brands Outlet had gone through a recent rebranding of its design and commented that the Management may want to consider the perception that changes to the design "BO" may be giving to the public.	The Management noted his comments.
Mr Yong Miao Sern enquired on the estimated capital expenditure for the Malaysian operations for the next financial year, purpose of the short term borrowings taken by Group and the reason for the purchase of property during the financial year 2017.	Ms Sharon Sung informed that the estimated capital expenditure is approximately RM40 million, the short term borrowings were trade lines such as bankers' acceptance and revolving credits taken by the Group and the property acquired was the warehouse located next to the headquarters in Shah Alam.
Mr Yong further enquired whether the Group was affected by the fluctuations in the prices of raw materials such as cotton.	Ms Sharon Sung replied that the Group is not involved in the manufacturing process of its articles and thus the pricing of raw materials has no direct impact to the Group. Nevertheless, the price fluctuations are being monitored.
Mr Poh Chung Wee requested the Management to provide a financial briefing of the Group's performance at the next AGM.	The Board noted his request.
<b><u>Re-election of Director</u></b>	
Mr James Hay commented that the Board of Directors consisted mainly family members and highlighted for the Board to take into consideration board balance for good corporate governance.	The Board noted his comments.
<b><u>Proposed Share Buy-back</u></b>	
A shareholder enquired on whether the Board have any plans to buy-back its shares and the estimated price.	The Chairman informed that the Board has no immediate plan to buy-back the Company's shares and no price is fixed. 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.
Mr James Hay noted that the Group has unit trust funds and remarked that the Group is carrying out a form of fund management.	Ms Sharon Sung informed that the unit trust were money market instruments and were highly liquid assets.
Mr James Hay added that the Company should concentrate in managing the business and should not be buying its own shares.	The Board noted his comments.