

# **PADINI HOLDINGS BERHAD**

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

**INTEGRATED ANNUAL REPORT**

**2 0 2 3**

# INSIDE THIS REPORT

## ABOUT THIS REPORT

### Section 1

#### Who We Are

- 04 Corporate Profile
- 06 Corporate Milestones
- 08 Brands Portfolio
- 10 Corporate Information
- 11 Corporate Structure
- 12 Award and Recognition
- 13 Our Presence

### Section 2

#### FY2023 Highlights & Leadership

- 14 Five Years Group Financial Highlights
- 16 Business Highlights
- 17 Non-Financial Highlights
- 18 Chairman's Statement
- 20 Message from Managing Director
- 22 Profile of Directors
- 30 Directors' Responsibility Statement in Respect of the Annual Audited Financial Statements

### Section 3

#### Management Discussion & Analysis

- 31 Overview of the Group's Business and Operation
- 32 Financial Results and Business Review
- 37 Risks and Uncertainties
- 39 Dividends
- 39 Forward-looking Statement

### Section 4

#### Our Value Creation

- 40 Our Business Model
- 44 Our Value Creation Model
- 48 Our Business Risks and Mitigation
- 50 Our Progress: Sustainability Journey

### Section 5

#### Sustainability Statement

- 53 Sustainability Approach
- 54 Sustainability Governance
- 55 Stakeholder Engagement
- 58 Materiality Assessment
- 61 Economic Responsibility
- 64 Environmental Responsibility
- 70 Social Responsibility

### Section 6

#### Governance

- 83 Corporate Governance Overview Statement
- 94 Report of the Audit and Risk Committee
- 98 Statement on Risk Management and Internal Control

### Section 7

#### Financial Statements

- 102 Directors' Report
- 108 Statement by Directors
- 108 Statutory Declaration
- 109 Independent Auditors' Report
- 114 Statements of Financial Position
- 116 Statements of Profit or Loss and Other Comprehensive Income
- 117 Consolidated Statement of Changes in Equity
- 118 Statement of Changes in Equity
- 119 Statements of Cash Flows
- 122 Notes to Financial Statements

### Section 8

#### Other Information

- 172 Directors' Shareholdings and Interests
- 173 Analysis of Shareholdings
- 178 List of Group Properties
- 179 GRI Content Index
- 183 Notice of Annual General Meeting
- 186 Statement Accompanying the Notice of the 42<sup>nd</sup> Annual General Meeting
- 187 Administrative Guide for Shareholders

Proxy form



# ABOUT THIS REPORT

This is Padini Holdings Berhad's ("Padini" or "the Group") first integrated Annual Report ("IAR") for the financial year ended 30 June 2023.

This Report addresses stakeholder information needs by offering an overview of integration of sustainability in Padini's business operation and performance. It goes beyond traditional financial disclosures to encompass a broader set of data, including non-financial information, with the aim to provide our stakeholders with economic, governance, environmental and social information about the Group. By presenting integrated financial and non-financial disclosures, this Report enables readers to gain insights into Padini's sustainability initiatives, responsible business practices and their implication for the environment, society and corporate governance. It aims to promote transparency, accountability and sustainability in Padini's operations and future endeavors.

We will continuously enhance our reporting disclosures and remain guided by the evolving reporting requirements towards achieving a more transparent corporate reporting in tandem with global reporting standards or frameworks.

## REPORTING FRAMEWORKS

In line with best practices, our report is guided by the following reporting frameworks and principles.

- Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad
- Malaysian Financial Reporting Standards ("MFRSs")
- International Financial Reporting Standards ("IFRSs")
- Companies Act 2016 in Malaysia ("Act")
- Malaysia Code on Corporate Governance 2021 ("MCCG 2021")
- International Integrated Reporting Council ("IIRC") Framework
- Global Reporting Initiative ("GRI") Standards for Sustainability Reporting

## SCOPE AND BOUNDARIES

The report disclosures encompass all business entities in which the Group has full control in Malaysia as well as Group's subsidiaries in Cambodia and Thailand. This report covers information and activities for the reporting period from 1 July 2022 to 30 June 2023, unless otherwise stated.

## ASSURANCE

Financial statements are aligned towards the Malaysian Financial Reporting Standards, International Financial Reporting Standard, and requirement of the Companies Act 2016. BDO PLT was engaged to provide an independent limited assurance opinion.

Padini Group has not obtained any independent assurance of our non-financial report. However, our non-financial report is underpinned by our robust internal controls and the implementation of good corporate governance practices. Continually, we will work to improve our data collection systems and enhance its reporting processes to provide more insight of Padini to our stakeholders.

## MATERIALITY

We assessed our material matters in the financial, economic, environmental, social and governance aspects on a yearly basis through our risk assessment framework to ensure that the matters continued to be applicable and relevant. Our strategic response to these material matters is reflected throughout this report and in our sustainability statement.

# ABOUT THIS REPORT

(Cont'd)

## FORWARD-LOOKING STATEMENT

This report contains forward-looking statements characterised using words and phrases such as “might”, “forecast”, “anticipate”, “may”, “believe”, “predict”, “expect”, “continue”, “will”, “estimate”, “target”, and other similar expressions. As the business environment is constantly changing, all forward-looking statements are subject to uncertainties that could cause actual results to differ from those reflected in them. Therefore, these statements should not be construed as absolute guarantees or predictions of the Group’s future outcomes. Readers of this integrated report are advised not to place undue reliance on them.

## BOARD APPROVAL

The Board acknowledges its responsibility and accountability for the integrity of this Integrated Annual Report and collectively reviewed this report as guided by the IIRC and approved the Integrated Annual Report on 29 September 2023.

## FEEDBACK

In serving our stakeholders better, we are committed to continuous improvements on our disclosures and reporting areas through feedback and comments from our stakeholders.

Feedback, suggestions or enquiries on this report can be directed to:  
Tel: 03-5021 0500  
Fax: 03-7805 1066  
Email: [ir@padini.com](mailto:ir@padini.com)

## 42<sup>nd</sup> Annual General Meeting



Saujana Ballroom  
The Saujana Hotel Kuala Lumpur,  
Jalan Lapangan Terbang Subang,  
40150 Shah Alam,  
Selangor Darul Ehsan



Date: 28 November 2023

Time: 10.00 am



Our Integrated Annual Report 2023 is accessible at [corporate.padini.com](http://corporate.padini.com) or by scanning this QR code.

## NAVIGATION ICONS

### OUR CAPITALS



Natural Capital



Human Capital



Social and Relationship Capital



Financial Capital



Intellectual Capital



Manufactured Capital

### OUR GROWTH STRATEGY



Sustainable Product Differentiation



Strengthening Value Chain



Market Responsive



Empowering Talents



Community Giving

### OUR STAKEHOLDERS



Local Communities and Public



Shareholders and Investors



Government and Regulatory Authorities



Customers



Employees



Suppliers



Shopping Malls

# CORPORATE PROFILE



Founded in 1971, Padini Holdings Berhad (“Padini” or “the Group”) initially established its presence in the apparel industry as a sole proprietorship, primarily catering to departmental stores within Malaysia. Progressively, driven by a vision, we have transformed from manufacturing and wholesaling to distribution and retailing by creating our very own brands catering to specific consumer niches.

We address fashion-conscious consumers of both genders and all ages through our multi-brand labels which are under Padini Concept Stores and Brands Outlet stores. Our products carried are under brand names as Padini, Padini Authentics, PDI, Seed, Miki, P&Co, Vincci, Vincci Mini, Vincci Accessories, BO Accessories, Blitz, Filanto, Gamesters, Garage Inc., Hotshots, Industrie Co., Move, Oceano, Portofino, Ropé and Studio.

Today, we have grown to become one of the country’s prominent fashion companies. Padini is listed on the Main Market of Bursa Malaysia and year-on-year market capitalisation has grown to RM2.6 billion as of 30 June 2023. In total, we have over one hundred thirty-five (135) stores in Malaysia, six (6) stores in Cambodia, seven (7) stores in Thailand and twenty-six (26) franchise

stores in multiple markets around the world such as Brunei, Bahrain, Myanmar, Oman, Qatar and United Arab Emirates. Our brands are also available online via our e-commerce site in Malaysia and Singapore.

Despite our growth in size, we have consistently strived, and will continue to strive, to focus our efforts to have the best valued products, whilst practising responsibility and sustainability.

## QUICK FACTS ABOUT PADINI

**PUBLIC LISTED IN BURSA MALAYSIA SINCE 1998**

**148 OWN STORES GLOBALLY**

**APPROX 3,200 EMPLOYEES GLOBALLY**

**ESTABLISHED COMPANY SINCE 1971**

**>RM222 MILLION IN PROFIT AFTER TAX**

**>RM1.8 BILLION IN SALES**

## CORPORATE PROFILE (Cont'd)

### OUR VISION

To Be The Best Fashion Company Ever

We have to focus our efforts to have the best valued products in the market with the best shopping experience we can offer, whilst practicing responsibility and sustainability.

### OUR MISSION

To Exceed Customers' Expectations and Our Brands' Promise.

Our aim is to go beyond merely meeting customer's expectations and fulfilling our brands' promises by offering fashionable, affordable and high-quality products, accompanied by outstanding service that delivers exceptional value.

### OUR CORE VALUE

"Caring From the Heart" expressing genuine care in our practice in our community and company.



## OUR CULTURE

- Accountable, dare to face challenges, responsible and make best judgement to fulfill brand promise and exceed customer satisfaction



Self-Confidence

- Simplify everything systematically, set priority for optimum efficiency



Simplicity

- Adaptability to change, react swiftly to the dynamic environment and delivery quality work



Speed

- Believe in vision, core purpose and values of Padini and consistently in practising these beliefs



Consistency

- Respect, energise, entrust, recognise and appreciate contributions among team members, across teams and departments



Teamwork

- Always enthusiastic to learn, unlearn, relearn and be open minded and share all issues and knowledge



Learning Culture

- Always remain positive in mind and languages, practice open, patient and respectful communication with appropriate response



Communication



# CORPORATE MILESTONES

**2019** »»»»»

Thailand Market was expanded



**2007** »»»»»

Entered Oman Market

**2009** »»»»»

Entered Syria Market

**2003** »»»»»

Entered Philippines and Saudi Arabia Market

**2004** »»»»»

Entered Main Board of Bursa Malaysia



**2020** »»»»»

Started selling via Lazada, Facebook Live and Shopee

**2021** »»»»»

Padini App was launched and expanded



Expanded e-Commerce in Singapore

**2012** »»»»»

Entered Myanmar Market

**2017** »»»»»

Cambodia Market was expanded



**2005** »»»»»

Entered Indonesia, UAE and Cambodia Market

**2006** »»»»»

**BRANDS OUTLET** was launched



**2023** »»»»»

Sustainability series were launched



## CORPORATE MILESTONES (Cont'd)

**1998** »»»»»

**PADINI HOLDINGS BERHAD** was listed on the Second Board of Kuala Lumpur Stock Exchange

**1990** »»»»»

**SEED** was launched



**1971** »»»»»

Started with Hwayo Garments Manufacturer Company as small ladies garment and wholesaling to departmental stores

**1999** »»»»»

**P&CO** and **PDI** were launched

**PADINI CONCEPT STORE**

The first of the Group's multi brand shops.



**1975** »»»»»

**PADINI** was founded and entered the retail industry



**1992** »»»»»

**PADINI HOLDINGS SDN BHD** was established



First SEED store was opened at Sungei Wang

**1981** »»»»»

**VINCCI** was launched



**2000** »»»»»

Entered Brunei Market

**2001** »»»»»

Entered Thailand Market

**1993** »»»»»

**PADINI AUTHENTICS** was launched



**1987** »»»»»

**MIKI** was launched





# OUR BRANDS PORTFOLIO

Each of these Brands represent a unique fashion philosophy and encompasses a comprehensive range of products that fit into our targeted consumer universe.

## PADINI CONCEPT STORE



Modern and simple work wear essential



Casual wear



Comfort and laidback style campus-wear



Trendy yet comfortable



Fashion forward for girls and ladies



New-born and toddler wear



Children footwear and bags



Ladies' footwear and bags



Ladies' accessories



## OUR BRANDS PORTFOLIO (Cont'd)

# BRANDS OUTLET



BO Accessories



Blitz (Newborn products)



Filanto (Ladies' trendy wear)



Garage Inc. (Adult tee shirts and denim bottom)



Gamesters (Kids Boy)  
Hotshots (Kids girl)



Studio (Men's work wear)



Industrie Co. (Adult polo and Khaki pants)



Move (Ladies' shoe, lounge wear and undies)



Oceano (Men's boardshort)



Portofino (Adult sport and active wear)



Ropé (Adult casual wear)



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Chairman, Independent  
Non-Executive Director:

**Mr Chia Swee Yuen**

Managing Director,  
Executive Director:

**Mr Yong Pang Chaun**

Executive Directors:

**Mr Andrew Yong Tze How**

**Mr Benjamin Yong Tze Jet**

**Ms Chew Voon Chyn**

**Ms Sung Fong Fui**

**Mr Christopher Yong Tze-Yao**

*(Appointed on 1 September 2023)*

**Ms Chong Chin Lin**

*(Resigned on 31 August 2023)*

Independent Non-  
Executive Directors:

**Mr Lee Peng Khoon**

**Ms Tan Shi Wen**

**Ms Tan Poh Ling**

**Datuk Lee Say Tshin**

*(Appointed on 1 July 2023)*

**Mr Timothy Tan Heng Han**

*(Appointed on 1 July 2023)*

**Mr Foo Kee Fatt**

*(Resigned on 31 May 2023)*

### COMPANY SECRETARIES

Ms Ho Mun Yee  
(SSM PC NO. : 201908003292)

(MAICSA 0877877)

Ms Cho Mei Tho  
(SSM PC NO. : 201908003284)

(MAICSA 7036543)

### PRINCIPAL BANKER

OCBC Al-Amin Bank Berhad

### REGISTERED OFFICE

3rd Floor

No. 17, Jalan Ipoh Kecil

50350 Kuala Lumpur

Tel : 03 – 4044 3235

Fax : 03 – 4041 3959

Email : [esprit@espritms.com.my](mailto:esprit@espritms.com.my)

### PRINCIPAL PLACE OF BUSINESS

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

Selangor Darul Ehsan

Tel : 03 – 5021 0500

Fax : 03 – 7805 1066

### SHARE REGISTRAR

Tricor Investor & Issuing House Services  
Sdn. Bhd.

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03 – 2783 9299

Fax : 03 – 2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

### STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

### AUDITORS

BDO PLT

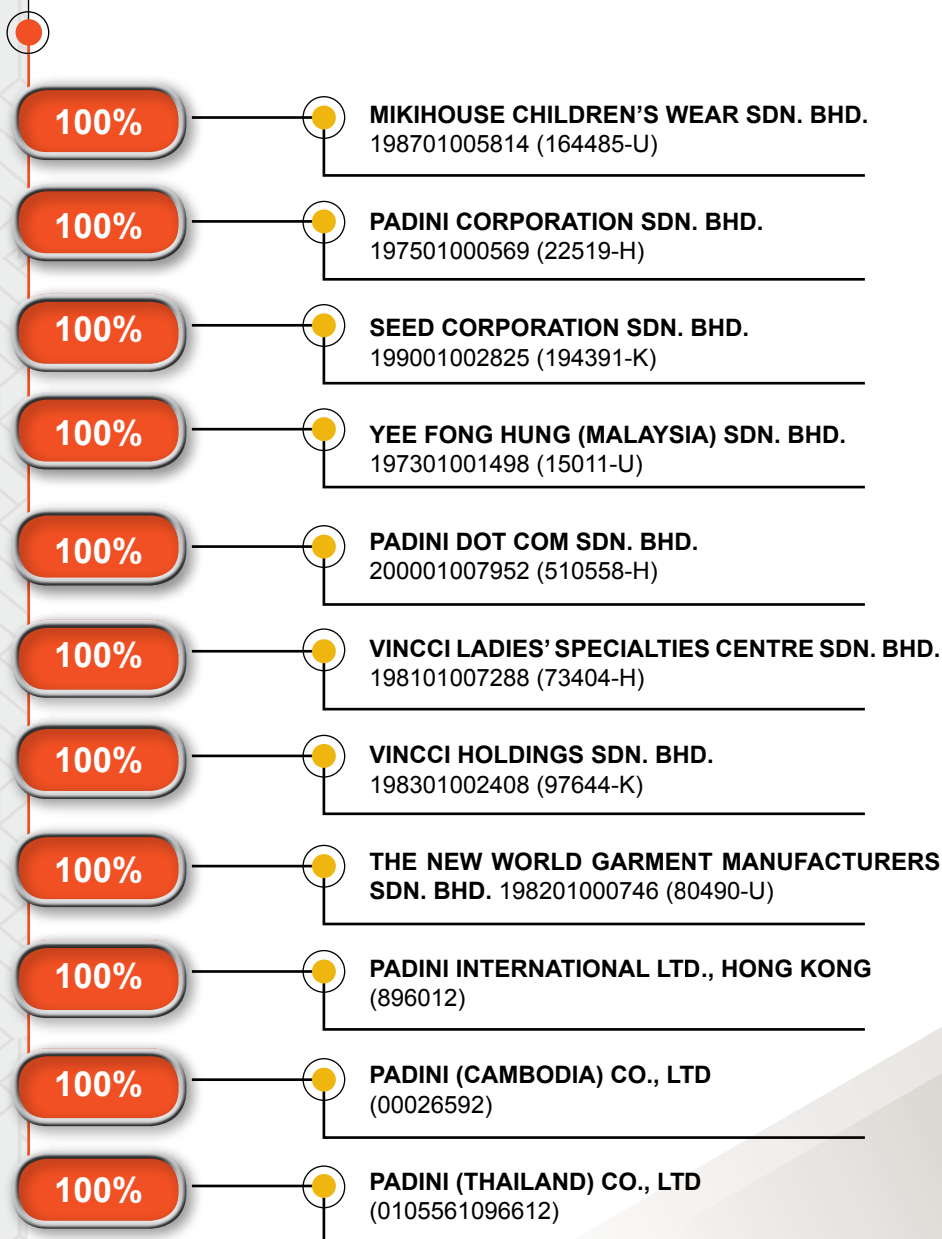
Chartered Accountants



# CORPORATE STRUCTURE

## PADINI HOLDINGS BERHAD

197901005918 (50202-A)



## AWARD AND RECOGNITION

### 2004 (PADINI) & 2005 (VINCCI) Anugerah Nasional Kreativiti & Inovasi by Malaysia Design & Innovation Centre

(For outstanding brand building endeavours that have helped to build Malaysia's international image and reputation for quality)



### 2019 MRCA Billion Dollar Club Award by Malaysia Retail Chain Association



### 2007, 2008 & 2009 (PADINI) Malaysia Most Valuable Brands by Association of Accredited Advertising Agents Malaysia

(Top 30 of Malaysia's most valuable brands)



### 2016 (Padini Concept Store Sunway Putra Mall) & 2022 (Padini Concept Store Mid Valley) Fair Price Shop by Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan



### 2010 (PADINI), 2011 (Vincci and PADINI), 2012 (Vincci) and 2019 (PADINI) Putra Brand Awards by Association of Accredited Advertising Agents Malaysia

(2010, 2011, 2012 - Most promising brand of the year)  
(2019 – Putra brand personality of the year)



### Rewards recognised by Business Partner:

1. 2000 & 2001 Retail Awards of Excellence by Suria KLCC
2. 2007 (Padini Authentics Aeon Cheras Selatan) Retailer of the Year Award by AEON
3. 2008 (Seed) THE CLEO fashion award
4. 2010 (Padini Concept Store) Outstanding Business Partner by Sunway Pyramid
5. 2011 Best Decorated Store by Capital Malls
6. 2013 (Padini Concept Store) Hot Shop Awards by Queensbay Malls
7. 2015 (PDI) Highest Sales Growth Award by AEON
8. 2017 (Vincci) Outstanding Performance Award by 11street
9. 2017 (Padini Concept Store) Highest Sales Growth by Palm Mall
10. 2018 (Brands Outlet) Best Performance by Palm Mall
11. 2022 (PADINI) Green Tenant Awards by IPC Shopping Centre

### 2013, 2017 and 2018 The Edge Billion Ringgit Club by The Edge Malaysia

(Highest returns to shareholders over three years)



## OUR PRESENCE

Since establishment in 1971, Padini has expanded its reach and evolved into a global brand with an international presence across multiple countries. In total, we have one hundred thirty-five (135) stores in Malaysia and various overseas markets including Cambodia, Thailand, Bahrain, Brunei, Myanmar, Oman, Qatar and the United Arab Emirates.

As of 30 June 2023



As our initiative is to build our online presence, we are also available online via our e-commerce site Padini.com. Beside our own website, we have Live Sales on social media – Facebook live, Lazada and Shopee. These online platforms are not restricted to only locals, but also expanded to Singapore. In response to the prevailing endemic situation and with the aim of achieving greater cost efficiency, we have opted to cease our Shopee and Facebook live sales in financial year 2023. We launched Padini mobile application to provide frictionless e-shopping experience to our customers in financial year 2021 and continuous improvement on the application is made from time to time.

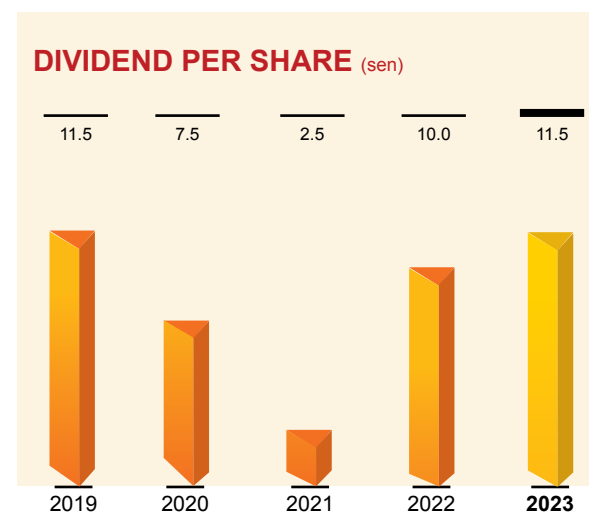
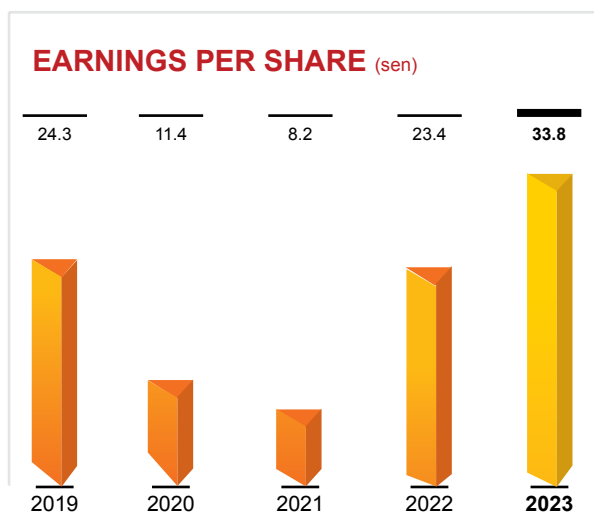
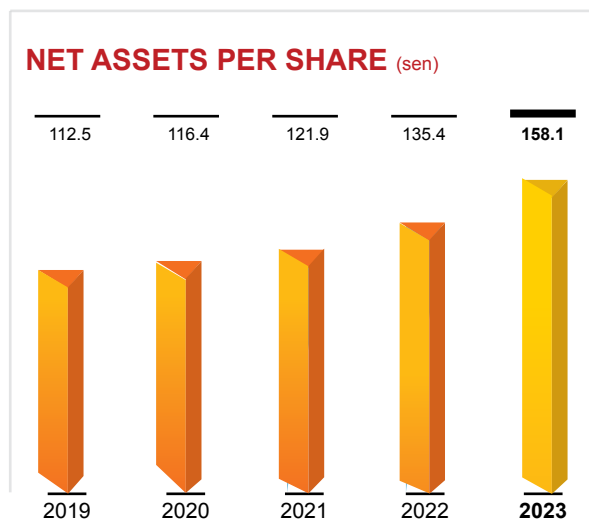
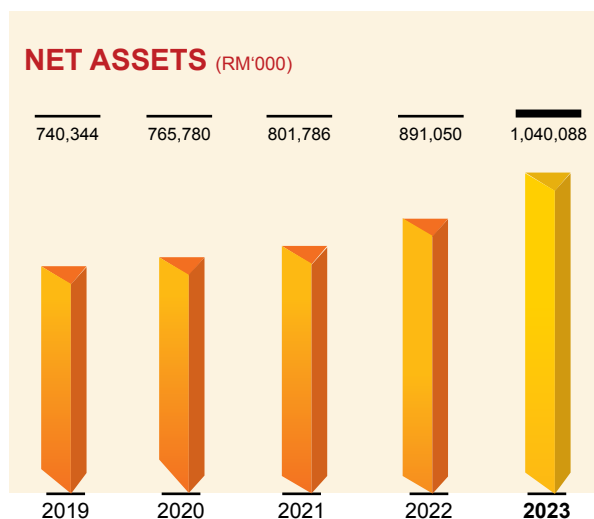
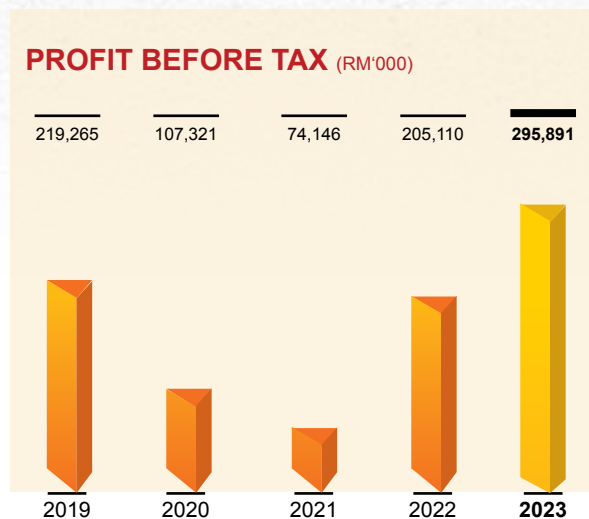
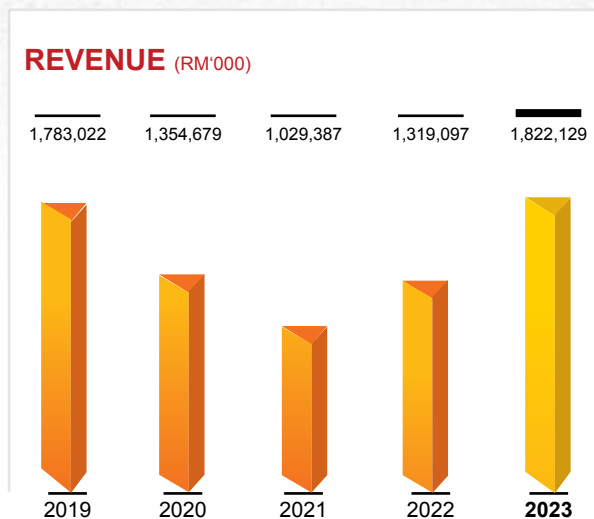


While we may have grown in size we have and will always strive to give the best fashion, quality and value to our customers. Providing fashion with value, we always endeavour to exceed our customers' expectations.

## FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
<b>Amounts in RM thousand (RM'000) unless otherwise stated</b>					
Revenue	<b>1,822,129</b>	1,319,097	1,029,387	1,354,679	1,783,022
Increase/(Decrease) in revenue	<b>503,032</b>	289,710	(325,292)	(428,343)	104,232
Increase/(Decrease) in revenue (%)	<b>38.1%</b>	28.1%	(24.0%)	(24.0%)	6.2%
Profit before tax	<b>295,891</b>	205,110	74,146	107,321	219,265
Increase/(Decrease) in profit before tax	<b>90,781</b>	130,964	(33,175)	(111,944)	(20,431)
Increase/(Decrease) in profit before tax (%)	<b>44.3%</b>	176.6%	(30.9%)	(51.1%)	(8.5%)
Profit attributable to equity holders of the Company	<b>222,691</b>	154,103	54,057	75,174	160,166
Increase/(Decrease) in profit attributable to equity holders	<b>68,588</b>	100,046	(21,117)	(84,992)	(18,008)
Increase/(Decrease) in profit attributable to equity holders (%)	<b>44.5%</b>	185.1%	(28.1%)	(53.1%)	(10.1%)
Net assets	<b>1,040,088</b>	891,050	801,786	765,780	740,344
Changes in net assets	<b>149,038</b>	89,264	36,006	25,436	87,144
Changes in net assets (%)	<b>16.7%</b>	11.1%	4.7%	3.4%	13.3%
Deposits, cash and bank balances	<b>605,315</b>	808,853	523,758	441,474	472,031
Interest bearing borrowings	<b>3,994</b>	379	653	2,546	23,903
Net assets per share (sen)	<b>158.1</b>	135.4	121.9	116.4	112.5
Changes in net assets per share (sen)	<b>22.7</b>	13.5	5.5	3.9	13.2
Changes in net assets per share (%)	<b>16.7%</b>	11.1%	4.7%	3.4%	13.3%
Basic earnings per share (sen)	<b>33.85</b>	23.42	8.22	11.43	24.34
Changes in basic earnings per share (sen)	<b>10.4</b>	15.2	(3.2)	(12.9)	(2.7)
Changes in basic earnings per share (%)	<b>44.5%</b>	185.1%	(28.1%)	(53.1%)	(10.1%)
Dividend per share (sen)	<b>11.5</b>	10.0	2.5	7.5	11.5
Changes in dividend per share (sen)	<b>1.5</b>	7.5	(5.0)	(4.0)	–
Changes in dividend per share (%)	<b>15.0%</b>	300.0%	(66.7%)	(34.8%)	–
Gross Profit Margin (%)	<b>39.4%</b>	38.5%	37.8%	39.7%	39.1%
Net Profit Margin (%)	<b>12.2%</b>	11.7%	5.3%	5.5%	9.0%
Dividend payout ratio (%)	<b>34.0%</b>	42.7%	30.4%	65.6%	47.2%

## FIVE YEARS GROUP FINANCIAL HIGHLIGHTS (Cont'd)





# BUSINESS HIGHLIGHTS

	2023	2022	2021	2020	2019
	(Square feet)	(Square feet)	(Square feet)	(Square feet)	(Square feet)
Floor area operated (Malaysia) **^	1,362,000	1,387,000	1,350,000	1,477,000	1,477,000
Floor area operated (Thailand) **^	12,000	12,000	12,000	11,000	10,000
Floor area operated (Cambodia) **^	65,000	41,000	41,000	41,000	35,000

\* As at 30 June

^ Rounded in thousand

## August 2022



Vincici Ampang Point New Opening

## November 2022



Vincici Shah Alam New Opening

## March 2023



The Mall Ngamwongwan (Thailand) New Opening

## April 2023



Jungceylon (Thailand) Reopening



Vincici Bukit Indah New Opening



Vincici Mid Valley New Opening

## June 2023



Vincici Station 18 Ipoh New Opening






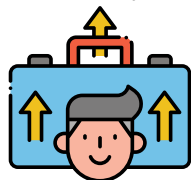



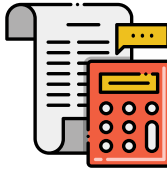




Brands Outlet Aeon Mall Mean Chey (Cambodia) New Opening



Padini Concept Store Aeon Mall Mean Chey (Cambodia) New Opening

# NON-FINANCIAL HIGHLIGHTS



<p>A total of approximately 395,700 eco-friendly footwear and apparel units were procured</p> 	<p>LED lighting solutions offering a reduction in energy consumption of 49% wattage in lighting of each store</p> 	<p>Nearly 148 hours spent by employees on volunteering</p> 
<p>Approximately RM485,000 allocated for training programmes encompassing all employees</p> 	<p>100% Employees participated in training focused on The Whistleblowing Policy and Anti-Bribery And Anti-Corruption Policy</p> 	<p>Approximately RM651,000 (cash and in kind) has been donated which included approximately 1,200 cartons or 28,000 pieces of clothing given as donations.</p> 
<p>Employee Wages &amp; Benefits approximately RM185 million Employee discounts ranging from 20% to 40% of Padini products</p> 	<p>Payment To Governments (Direct Tax) approximately RM70 million</p> 	<p>Total of 13 NGOs Benefited</p> 
<p>Biodegradable Plastics Bags at All Stores. Recycled and sustainable Paper Bags, hand tags and shoe boxes at Vincci Stores</p> 	<p>Approximately 1,900 of Covid-19 tests kit donated</p> 	<p>Total 1.1 gWh Clean Energy Produced from Solar Installation</p> 

(The information presented is derived from the period of 1 July 2022 to 30 June 2023)

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Integrated Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiaries (“Padini” or “the Group”) for the financial year ended 30 June 2023.

## GROUP PERFORMANCE OVERVIEW

The Group achieved a commendable performance in the financial year 2023 despite the challenging business climate. For the financial year under review, the Group achieved a consolidated revenue of RM1.82 billion, marking a 38.1% growth compared to the previous year’s revenue of RM1.32 billion. This growth was attributed to the normalisation of domestic economic activities with a recovery to pre-pandemic levels of activity. In tandem with the top line growth, the Group’s profit before tax surged by 44.3% to RM295.9 million from RM205.1 million in the previous financial year.

Throughout the past year, most countries worldwide transitioned towards COVID-19 endemicity, a defining milestone that brought an end to the era of highly uncertain and disruptive activities. This shift towards endemicity paved the way for the gradual reopening of economies, the easing of travel restrictions and the revival of social interactions. This shift towards endemicity also brought about certain challenges. One notable consequence has been an unprecedented surge in consumer goods demand which surpasses available supply. Supply chain and logistics issues have continued to adversely affect market players. Guided by capable leadership, Padini has been able to mitigate some of these effects with the sustained efforts of dedicated staff and long term relationships built with customers, suppliers and other stakeholders. Overall, the Group’s performance reflects its resilience and ability to thrive amidst challenging circumstances, showcasing its effective strategies and adaptability in an ever-changing economic landscape.

The eruption of the Russian-Ukraine war was a jolt to the then recovering world economy. Resultant effects with significant increases in commodity prices, especially crude oil, gas, metals and food grains and oils, has spurred inflation globally. Malaysia’s Gross Domestic Product (“GDP”) has benefited significantly from the increases in commodity exports but inflationary effects have adversely affected disposable incomes and consumer sentiment and spending, especially on discretionary goods and services. Padini, to a large extent, operates in a segment of the consumer market that is less susceptible to the impact of these developments. Nevertheless, Padini will continue to develop and fine-tune operational strategies that facilitates adaptability to the changing economic conditions to manage potential challenges arising from the global economic situation to ensure sustained growth and profitability.

The following section in the Management Discussion and Analysis provides a more comprehensive view on Padini’s performance, as well as the risks and challenges the Group is exposed to.

## FUTURE OUTLOOK

Continuing geopolitical tensions amongst the global powers have significant adverse effects on global economic growth, trade flows, supply chain disruptions, inflation, interest rates and currency volatility. The central banks of the major G7 countries have clearly demonstrated their resolve to stem inflation with significant interest rate increases to curtail demand for goods and services. Coupled with sustained high energy costs, especially in Europe, it is a major concern that weak, and possibly recessionary, economic conditions are triggered in many countries.

China, the second largest economy in the world, is the latest country to be significantly impacted by the geopolitical-economic tensions. The significant slowdown in their economy will have far reaching impact on its trading partners, especially Asia.

### Revenue

**RM1.82 billion**

FY2022: RM1.32 billion

### Profit before tax

**RM295.9 million**

FY2022: RM205.1 million

### Earnings per share

**RM33.9 per share**

FY2022: RM23.4 per share

Looking inward, the Group's domestic operations continue to be the main driver of revenue and profits. Notwithstanding that the Government is anticipated to continue to implement the necessary measures to support the domestic economy, given the adverse global environment, high interest rates, inflation and rising prices, which affects consumers' purchasing power and lifestyle, the Group expects the outlook for the Malaysian economy for 2024 to be challenging.

The Group will remain vigilant and continue to implement measures to protect the health and safety of our employees and customers, control cost, optimising working capital, preserving cash and streamlining its operations to minimise the adverse impact. A good understanding of consumer needs, ability to deliver value and speed-to-market will continue to be critical success factors. These components have been ingrained into all areas of the marketing, merchandising and supply chain of the Group.

The Group is cautiously optimistic in successfully navigating through the challenging business environment and delivering long term value to shareholders.

**STRENGTHENING THE BOARD**

As part of the Board renewal process, Padini has brought in two (2) new independent non-executive directors, Datuk Lee Say Tshin and Mr Timothy Tan Heng Han, who we are confident, will be able to positively contribute their skills, experience and views to further strengthen the bench strength in dealing with the future needs and sustainability of the Group. The Board of Directors wishes to extend a very warm welcome to Datuk Lee and Mr Tan.

In addition, we take this opportunity to warmly welcome our newly appointed executive director, Mr. Christopher Yong Tze-Yao who has been with the Group for the last fourteen (14) years, starting as a junior staff and working his way up, gaining the relevant operational and business experience.

We look forward to working collaboratively and achieving new milestones together.

**APPRECIATION**

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

I would also like to express my gratitude to my fellow Board members for their invaluable guidance and unwavering support to the Management. The Board extends sincere appreciation and thanks to Ms. Chong Chin Lin and Mr Foo Kee Fatt, who have stepped down from their positions on the Board after years of devoted service, acknowledging their significant past contributions to the Group.

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

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

**Mr Chia Swee Yuen**  
Chairman



## MESSAGE FROM MANAGING DIRECTOR

“We see it as our responsibility to work with integrity, transparency and honesty.

Our journey is not finite. It will continue on as an ever-changing quest for improvement and reduced impact.”

We are honoured to present the first Integrated Annual Report of Padini Holdings Berhad Group for the financial year 2023. As Managing Director and Chairman of Sustainability Committee, I work closely with my team to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.

With the gradual declaration of endemic conditions, Padini is presently recovering from the repercussions of the Covid-19 pandemic. We believe that with continuous sustainable journey ahead, we will sustain through global changes and challenges.

### ETHICAL AND RESPONSIBLE BUSINESS ETHICS

We believe that Padini not only upholds responsibility in accomplishment in business activities, but we are also mindful in focusing on communication with stakeholders in ethical and sustainable ways. With that, we have revisited the fifteen (15) identified sustainability material matters in the previous year which are vital to our business and stakeholders.

As we move forward, we intend to institutionalise our sustainability governance and embed into our day-to-day lives' good sustainability practices within the Group. With this, the Board of Directors have endorsed the Group's sustainability agenda as one of the key priorities and will strive to promote environmental, social and governance (“ESG”) practices in our strategies. We ensure that the Group complies to applicable laws and regulations, and we promote open and transparent discussions, as well as constructive challenge in the Board and across the Group. We continually strive to ensure best practices are being maintained and that governance is integral to our strategy and decision-making processes for the benefit of our shareholders and other stakeholders.

### CARING FROM THE HEART

Padini places great emphasis on being a key part of prosperous communities in which we operate. This includes hiring locally and empowering our talent and sharing happiness and helping vulnerable members of our communities, wherever we can, to make a difference. At the same time, we are glad to share that there are no salary reductions or employee retrenchment conducted to date despite the big challenges that we faced from closure of outlets arising from the lock down in previous years.

I am also pleased to share that we have improved the diversity of our overall company. In the financial year 2020, 'Live to Contribute' was launched as our company's initiative for an Inclusive Society. We continue this meaningful initiative by working closely with Non-Governmental Organisations and government agency such as National Blood Bank and Department for the Development of Persons with Disabilities, we have provided employment opportunities to the Person with Disabilities to demonstrate their full potential, a platform to better display their abilities and thereby encouraging and inspiring others in the society. This certainly would not work without the support of our internal team members, and such trainings were conducted to ensure smooth transition working with our new members. We also continue to encourage our employees to volunteer and contribute to our community through our philanthropy programmes.

During past year, we have contributed RM651,000 in cash and in kind which included up to one thousand two hundred (1,200) cartons (Equivalent to approximately 28,000 pieces) of clothing to charitable organisations. It is reassuring to witness the enthusiasm for Padini's sustainability journey from employees at all levels. Padini's success is built from our own financial performance and long-term profitability is only possible when we protect it through our actions on the environment and society.

## CARING FOR NATURE

During the financial year 2023, Padini has launched eco-friendly products as one of our efforts and step towards mitigating climate change and preserving natural resources. By incorporating eco-friendly products into our brand's portfolio, we strive to inspire and encourage our customers to join us on the journey towards a more sustainable future. We believe that every small step matters, and together, we can make a significant contribution to the preservation of our planet for future generations.

## APPRECIATION

On behalf of the Board of Directors, I would like to thank all of those who form part of the Padini family for their work and effort. Your involvement and commitment are essential in keeping our challenges and dreams alive and in moving forward successfully. We will continue to pursue the sustainable development of society and our company through dialogue and proactive information disclosure to our stakeholders.

The Sustainability Statement section is our invitation to you to learn more about what we have done and what we are striving to do going forward, to bring our philosophy to life. We hope that you will find this Report informative, as we aim to provide a better understanding on how we operate and share information about our long-term impact on society, and how they are fundamental to the creation of our long-term business.

**Mr Yong Pang Chaun**  
Managing Director

## PROFILE OF DIRECTORS

### MR CHIA SWEE YUEN

66 years of age | Malaysian | Male

- Chairman of the Board
- Independent Non-Executive Director

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

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

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

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

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

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

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

### MR YONG PANG CHAUN

72 years of age | Malaysian | Male

- Managing Director
- Key Senior Management

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

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

After completing his secondary education, he joined a textile merchant in Singapore where he gained considerable experience in the textile trade. Returning to Malaysia several years later, he set up the Company’s first subsidiary in 1971 to manufacture ladies fashion. From there, other businesses were set up and since then he has always set the strategies for the development of the Group. The recent success of the Group’s brands and the presence that the brands command in the domestic market today are attestations to his entrepreneurial skills. His ability to analyse fashion trends and to react quickly to take advantage of changes in market conditions and consumers’ preferences, has resulted in the Group being provided with tremendous opportunities for continued growth. Today, he continues to manage the strategies and plans for the Group’s future.

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

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

## PROFILE OF DIRECTORS (Cont'd)

### MR LEE PENG KHOON

70 years of age | Malaysian | Male

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

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

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

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

He is presently a self-employed general consultant.

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

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

### MR ANDREW YONG TZE HOW

42 years of age | Malaysian | Male

- Executive Director
- Key Senior Management

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

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

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

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

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



## PROFILE OF DIRECTORS (Cont'd)

### MR BENJAMIN YONG TZE JET

39 years of age | Malaysian | Male

- Executive Director
- Key Senior Management

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

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

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

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

### MS CHEW VOON CHYN

41 years of age | Malaysian | Female

- Executive Director
- Key Senior Management

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

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

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

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

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

## PROFILE OF DIRECTORS (Cont'd)

### MS SUNG FONG FUI

49 years of age | Malaysian | Female

- Executive Director
- Key Senior Management

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

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

She has more than eighteen (18) years of experience in audit and assurance, listing and corporate advisory work. Prior joining Padini in May 2017, she was an audit partner in a large international accounting firm and was also the technical partner of the firm. Apart from audit, she has wide range of experience covering due diligence review, business advisory work and technical support to corporate exercises engagements varying from reverse takeover, initial public offerings and others. Her client portfolio includes local and international companies covering a broad spectrum of industries. She is currently a member of the ACCA Malaysian Advisory Committee since February 2022.

Other than her directorship with Padini Holdings Berhad, she was also an Independent non-executive director of Supermax Corporation Berhad and resigned on 30 June 2023.

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

### MR CHRISTOPHER YONG TZE-YAO

37 years of age | Malaysian | Male

- Executive Director
- Key Senior Management

Mr Christopher Yong was appointed to the Board on 1 September 2023.

He graduated from Monash University, Victoria Australia in 2009, Mr Christopher Yong started his career in Brands Outlet as an Assistant Merchandiser. He was promoted as a Merchandiser in 2010 and subsequently a Senior Merchandiser in 2011. Mr Christopher Yong took a Managerial role in 2014 in Brands Outlet as an Assistant Merchandising Manager and was then promoted to a Brand Manager for Brands Outlet in 2015. His role as a Brand Manager includes merchandise planning, marketing strategies, outlet operations, outlet design, stock distribution, leasing, advertising and promotions, social media and overall strategic planning.

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

## PROFILE OF DIRECTORS (Cont'd)

### MS TAN SHI WEN

36 years of age | Malaysian | Female

- Member of the Audit and Risk Committee
- Member of Nominating and Remuneration Committee
- Independent Non-Executive Director

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

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

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

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

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

### MS TAN POH LING

53 years of age | Malaysian | Female

- Chairman of Audit and Risk Committee
- Member of Nominating and Remuneration Committee
- Independent Non-Executive Director

Ms Tan was appointed to the Board on 1 July 2022.

She is a member of Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia, ASEAN Federation of Accountants and Financial Planning Association of Malaysia.

She joined one of the Big Four accounting firm in Malaysia in 1990 and obtained her professional qualification there.

Ms Tan has over thirty (30) years in the area of auditing, corporate advisory, accounting, taxation, financial due diligence and mergers and acquisitions. She is currently the Managing Partner of Total International Associates, an audit firm based at Kuala Lumpur. She also serves on the board of Euro Holdings Berhad as Independent Non-Executive Director.

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

## PROFILE OF DIRECTORS (Cont'd)

### DATUK LEE SAY TSHIN

70 years of age | Malaysian | Male

- Member of Audit and Risk Committee
- Member of Nominating and Remuneration Committee
- Independent Non-Executive Director

Datuk Lee was appointed to the Board on 1 July 2023.

Datuk Lee graduated from the University of Malaya with a Bachelor of Economics (Honours) in 1975. He is a Council Member of the Malaysia-China Business Council.

He is an accomplished banker with over forty-eight (48) years of experience in banking industry, having held various positions in HSBC Bank Malaysia Berhad, including Managing Director of Strategic Business Development prior to his retirement in 2013. He is currently the Vice Chairman, Strategic Initiatives for HSBC Bank Malaysia Berhad. Datuk Lee also a Council Member of the Malaysia-China Business Council.

Other than his directorship with Padini Holdings Berhad, he is also the Independent Non-Executive Chairman of CJ Century Logistics Holdings Berhad and Independent Non-Executive Director of Alpha IVF Group Sdn. Bhd.

### MR TIMOTHY TAN HENG HAN

42 years of age | Malaysian | Male

- Member of Audit and Risk Committee
- Member of Nominating and Remuneration Committee
- Independent Non-Executive Director

Mr Timothy Tan was appointed to the Board on 1 July 2023.

He holds a Bachelor of Business from University of Technology Sydney, Australia. He also holds Diploma in Marketing Communication from International Advertising Association and Diploma in Marketing Research from Marketing Research Society of Australia.

Mr Timothy Tan started his career as a Worksite Marketing Executive with Allianz Life Insurance (M) Berhad from 2003 – 2004. In 2004, he Joined Kawan Food Berhad as the Head of Export and he was promoted to the position of Director of International Business of Kawan Food Berhad. In 2015, Mr Timothy was further promoted to the position of the Group Managing Director and he held this position until 2020. He is currently a consultant for International Business.

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

## PROFILE OF DIRECTORS (Cont'd)

### MS CHONG CHIN LIN

(Resigned from Board on 31 August 2023)

70 years of age | Malaysian | Female

- Executive Director
- Key Senior Management

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

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

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

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

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

### MR FOO KEE FATT

(Resigned from Board on 31 May 2023)

57 years of age | Malaysian | Male

- Chairman of the Audit and Risk Committee, re-designated as Member on 1 February 2023
- Member of Nominating and Remuneration Committee
- Independent Non-Executive Director

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

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

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

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

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

## PROFILE OF DIRECTORS (Cont'd)

### Other Information

#### **i. Family Relationship**

Mr Yong Pang Chaun is the spouse of Ms Chong Chin Lin. Mr Andrew Yong Tze How, Mr Benjamin Yong Tze Jet and Mr Christopher Yong Tze-Yao are sons of Mr Yong Pang Chaun and Ms Chong Chin Lin. Ms Chew Voon Chyn is the niece of Mr Yong Pang Chaun as well as cousin to Mr Andrew Yong Tze How, Mr Benjamin Yong Tze Jet and Mr Christopher Yong Tze-Yao. None of the other Directors above have any family relationship with one another. Mr Yong Pang Chaun and Ms Chong Chin Lin are the major shareholders in the company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 43.74% interest in the shares in the Company as at 30 June 2023.

#### **ii. Conflict of Interest**

None of the Directors have any conflict of interest or potential conflict of interests with the Group.

#### **iii. Convictions for offences**

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

#### **iv. Material Contracts**

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

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

Five (5) Board meetings were held during the financial year ended 30 June 2023.

#### **vi. Non-audit fee**

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

#### **vii. Key senior management**

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

#### **viii. Employee Share Option Scheme**

On 26 August 2022, the Company proposed to establish an Employees' Share Option Scheme ("Proposed ESOS") involving up to 15% of the total number of Issued Shares of Padini (excluding Treasury Shares, if any) for eligible Executive Directors and Employees of Padini and its subsidiaries ("Padini Group" or "the Group"). The Proposed ESOS involves the granting of ESOS options to Executive Directors and Employees of the Group who meet the criteria of eligibility. The Proposed ESOS, when implemented, shall be in force for a period of five (5) years from the effective date, with an option to extend another five (5) years.

The proposed Employees' Share Option Scheme ("Proposed ESOS") had been approved at the Annual General Meeting (41st AGM) on 25 November 2022. However, some of the other resolutions relating to the proposed allocations thereto were not carried.

Pursuant to Paragraph 6.42 of the Main Market Listing Requirements of Bursa Securities, the implementation of the ESOS is effective from 3 March 2023.

As of the reporting date, no ESOS has been offered to eligible Executive Directors and employees of the Company and its subsidiaries.

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

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

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

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

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

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

# MANAGEMENT DISCUSSION & ANALYSIS

The following management discussion & analysis is a review of the business and operation, discussion of the financial results and condition, performance of operating segments, risk and uncertainties and future outlook of Padini. This management discussion & analysis should be read in conjunction with the company's audited financial statements and the accompanying notes for the financial year ended 30 June 2023.

## 1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION

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

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

While we are confident on the longer term outlook, the immediate focus is on adapting to the changes of the market conditions, including challenges from cost inflationary pressure, volatile market sentiment, shopping behavior and meeting the customers' needs; prudent cost management at all operational levels and provide products that are good in value by increasing the efficiency throughout our value and supply chain.

While the Covid-19 pandemic in previous years undoubtedly brought significant challenges and disruption to business, it has also created new opportunities on acceleration of the digital transformation. In the post pandemic era, retailers need to continue to leverage the right technology to offer value-for-money products and services that can be purchased conveniently through multiple channels. Moving to digital and finding the right model for the online channel and distribution in the retail industry is a key success factor in digital retailing. However, we believe our customers appreciate the touch-n-feel and brick and mortar is an important platform to create wonderful experience which cannot happen in the digital world. We believe in working towards the direction where the brick and mortar model and online retail model complement each other to provide a richer shopping experience for our customers.

We have expanded to Singapore via the digital retailing platform in the financial year 2021. Although the contribution is relatively small during the year, we are still positive to the long term contribution from Singapore.

Process automation is another by-product arising from digitisation. We are taking steps to improve automation in the warehouse processing. This is one of the key developments for financial years 2023, 2024 and 2025. We have spent approximately RM6.9 million in the financial year 2023 and are expecting to spend a further approximately RM12.5 million in the financial years 2024 and 2025.

In addition, Padini is investing in Radio Frequency Identification ("RFID") for inventory tracking and management system. We are expecting for the project to go live in the financial year 2024. We believe that this investment of approximately RM10.2 million will lead to better efficiency in inventory management, eliminate limitation arising from shortage of workers, reduce human error and inventory losses.

Padini will continue to leverage technology on our business growth and setting business strategy in all aspects.



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 2. FINANCIAL RESULTS AND BUSINESS REVIEW

#### Revenue and gross profit

For the financial year under review, the Group has performed well, despite the challenging business environment. The Group achieved a commendable profit, recorded consolidated revenue of RM1.82 billion, representing an increase of 38.1% over the previous financial year's amount of RM1.32 billion. Gross profit margin increased by 0.9% in the current year under review. In line with the growth in revenue and gross profit, profit before tax increased by approximately RM90.8 million or 44.3% from the previous financial year's RM205.1 million. Total comprehensive income for the financial year attributable to the owners of the Company increased by approximately 44.9% or RM69.6 million when compared to the amount of RM155.1 million achieved in the previous financial year.

Gross profit margin for the financial year has shown improvement and falls within the acceptable range. The margin fluctuates due to various factors, including sales mix, type of promotion, type of product offer for sales, varied purchase cost and other related influences.

#### Other income

The primary factor contributing other income stems from interest income obtained from local financial institutions, constituting RM16.8 million or 63.3% of the total other income during the financial year 2023.

Other income of the Group decreased by RM11.8 million or 30.7% from RM38.4 million to RM26.6 million as compared to financial year 2022, this mainly attribute to the economy recovery along with the transition to Covid-19 endemic phase, rental rebates received has reduced by RM11.7 million during the financial year under review.

#### Operating expenses

Operating expenses before finance cost for the financial year under review amounted to RM426.7 million (2022: RM321.5 million) which is increased by RM105.2 million or 32.7% as compared to last financial year.

The increase is primarily a result of a RM60.4 million rise in salaries and employee incidental expenses due to salary increments and adjustments in the financial year 2023. Furthermore, in contrast to the financial year 2022, where business operations were closed for approximately two (2) months, the financial year 2023 experienced a full resumption of business operations. As a result, rental expenses based on sales increased by RM14.5 million, utilities expenses increased by RM2.1 million, security expenses rose by RM3.7 million and other similar expenses increases were observed.

#### Finance costs

The Group's finance costs increased to RM21.7 million from RM19.3 million mainly attributable to the increase in interest expense on lease liabilities resulting from the increase in borrowing rate. In addition, increase in interest expense on lease liabilities also due to total eight (8) stores that were opened during the financial year 2023 as compared to six (6) stores in the financial year 2022.

#### Tax expense

Tax expense of the Group increased from RM51.0 million to RM73.2 million which is in line with the increase in profit reported in 2023. The Group's effective tax rate in 2023 was 25% which is higher compared to statutory income tax rate of 24% mainly due to adjustments on certain non-deductible expenses.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 2. FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)

#### Retailing – Domestic and Abroad

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

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

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

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

Company	Financial Year Ended				
	30.6.2023 (RM'million)	30.6.2022 (RM'million)	30.6.2021 (RM'million)	30.6.2020 (RM'million)	30.6.2019 (RM'million)
<b>Vincci Ladies' Specialties Centre SB</b>					
Revenue	208.8	120.9	114.0	169.7	272.0
Profit/(Loss) before tax	49.6	19.8	(3.0)	16.1	41.2
<b>Padini Corporation SB</b>					
Revenue	608.1	460.2	340.0	440.1	575.5
Profit before tax	96.1	71.9	25.5	41.4	74.3
<b>Seed Corporation SB</b>					
Revenue	178.8	117.1	91.1	119.0	145.8
Profit before tax	31.4	15.9	5.1	5.9	13.1
<b>Yee Fong Hung (M) SB</b>					
Revenue	740.6	553.0	430.6	558.1	707.5
Profit before tax	95.0	77.2	30.2	32.0	70.0
<b>Mikihouse Children's Wear SB</b>					
Revenue	43.2	28.6	25.9	30.2	43.9
Profit before tax	8.8	6.0	3.3	5.0	7.1

All trading subsidiaries in the domestic market were in profitable position for the financial year 2023.

## MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

### 2. FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)

#### Retailing – Domestic and Abroad (Cont'd)

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

Brands – Domestic Market	As at 30.6.2023	As at 30.6.2022	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
<b>Vincci, Vincci Accessories, Vincci Mini</b>					
Free-standing stores	18	13	12	15	15
Consignment counters	1	1	1	1	1
<b>Seed</b>					
Free-standing stores	1	1	1	1	1
Consignment counters	3	3	3	3	3
<b>Padini Authentics</b>					
Free-standing stores	2	2	2	2	2
Consignment counters	3	3	3	3	3
<b>PDI</b>					
Free-standing stores	8	9	9	9	9
<b>Padini</b>					
Free-standing stores	1	1	1	1	1
Consignment counters	2	2	2	2	2
<b>Miki Kids</b>					
Consignment counters	1	1	1	1	1
<b>P&amp;Co</b>					
Consignment counters	1	–	–	–	–
<b>Brands Outlet</b>	50	52	49	55	55
<b>Padini Concept Stores (Multi-brands)</b>	44	45	46	48	48
<b>Total</b>	<b>135</b>	<b>133</b>	<b>130</b>	<b>141</b>	<b>141</b>

In the domestic sector, the Group had as at 30 June 2023, a total of one hundred thirty-five (135) retail stores divided into thirty (30) single-brand stores, forty-four (44) Padini Concept Stores, fifty (50) Brands Outlet stores and eleven (11) consignment counters. Except for six (6) Padini Concept Stores and six (6) Brands Outlet stores which are located in Sabah and Sarawak, the rest of the stores are located throughout Peninsular Malaysia.

The Group had in the financial year of 2023, opened one (1) Consignment counter and five (5) Free-standing stores. There were one (1) Padini Concept Stores, two (2) Brands Outlet stores and one (1) Free-standing stores closed during the financial year as part of the strategy to maximise return on equity and streamline operation.

During the financial year, five (5) stores were temporarily closed for renovation and relocation for the purpose to optimise the store layout and enhance customers' shopping experience. These five (5) stores have been reopened during the financial year. Additionally, another five (5) stores were temporarily closed as of year-end for renovation, with plans to reopen them in the first quarter of the financial year 2024.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 2. FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)

#### Retailing – Domestic and Abroad (Cont'd)

As at 30 June 2023, the total gross floor area operated by the Group in Malaysia was about 1,362,000 square feet (2022: 1,387,000 square feet), of which 697,000 square feet (2022: 708,000 square feet) and 610,000 square feet (2022: 632,000 square feet) respectively were for the Padini Concept Stores and Brands Outlet stores, whilst the balance reflected the area covered by our single-brand stores.

For the overseas market, our presence is established through either managed by our own management or licensees (Franchise stores) arrangements.

For own-managed overseas stores, products are sold through retail stores and external online portal such as Shopee and Facebook live. The following are own-managed overseas stores:-

	As at 30.6.2023	As at 30.6.2022	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
<b>Cambodia</b>					
Brands Outlet	3	2	2	2	1
Padini Concept Stores	3	2	2	2	2
<b>Total</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
<b>Thailand</b>					
VNC	7	7	7	7	7

Revenue generated from own-managed overseas outlets accounted for 2.4% (2022: 2.8%) of the Group's consolidated revenue, which is increased by RM5.9 million from RM37.1 million to RM43.0 million as compared to the financial year 2022.

As at 30 June 2023, the total gross floor area operated by the own-managed overseas was about 77,000 square feet (2022: 53,000 square feet). In the financial year, there were one (1) Padini Concept Store and one (1) Brands Outlet store opened in Cambodia. Additionally, in Thailand, one (1) Free-standing store was opened, while another one (1) Free-standing store was closed during the same financial year under review.

Domestic operations accounted for about 96.8% of the Group's consolidated revenue in the financial year 2023, compared to 96.0% in the financial year 2022. Group revenue had increased by 38.1% or approximately RM503.0 million. In absolute value terms, sales generated from overseas markets had increased by approximately RM4.9 million from that recorded in the financial year 2022, mainly due to the increase in sales of own-managed overseas business.

The Group's consolidated revenue derived from licensees amounted to 0.8% (2022: 1.2%). The following are retail stores managed by licensees (Franchise stores), all these stores are selling shoes and fashion accessories carried under the Vincci (or VNC) label.

Locations	As at 30.6.2023	As at 30.6.2022	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
<b>ASEAN:</b>					
Brunei	1	1	1	1	1
Myanmar	3	3	3	3	3
Indonesia	–	–	–	8	14
UAE	15	15	14	15	16
Oman	4	4	3	3	3
Qatar	1	1	2	2	2
Bahrain	2	1	1	1	1
<b>Total</b>	<b>26</b>	<b>25</b>	<b>24</b>	<b>33</b>	<b>40</b>

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 2. FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)










#### Digital platform

We have embarked on the e-Commerce journey since end of 2015 and building from zero base with the objective to have a marketing channel ready to meet our customers' needs at the appropriate time. We initiated this journey with the development of a user-friendly online shopping website called Padini.com, offering a convenient platform for customers to browse and purchase fashion products.

Lockdown restriction resulted from the catastrophic pandemic has had a profound impact on how customers behave which shaped the business platform to a new era. In the financial year 2020 and 2021, the Group had started selling its products via Facebook live, Lazada and Shopee platform for both domestic and own-managed overseas business. With the aim of achieving greater cost efficiency, we have made the decision to discontinue our Shopee and Facebook live sales for Malaysia operation during the financial year 2023. Online shopping has experienced a growth, but technology or digital is more than just shopping online, it is important to find a balance between reaching out to existing customers and attaining new customers by creating brand awareness. The introduction of Padini Mobile App helps the Group to continue to deliver better in-person shopping experience while maintaining social distancing of customers. In addition, the Group had been involved in different social media channels for brand awareness such as Facebook, TikTok and Instagram.

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

Social media followers: (Number of followers as at 16 August 2023, unless otherwise stated)

	Malaysia 	Cambodia 	Thailand 
	N/A	N/A	53,800
	162,682	N/A	N/A
	975,686	47,620	104,571
	504,387	N/A	4,346
	N/A	N/A	6,401
	101,919	N/A	1,816
PADINI.COM	703,874 <sup>#</sup>	N/A	N/A

<sup>#</sup> as at 30 June 2023

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 2. FINANCIAL RESULTS AND BUSINESS REVIEW (CONT'D)

#### Financial Position Review

Total assets and liabilities of the Group stood at RM1.7 billion (2022: RM1.5 billion) and RM0.6 billion (2022: RM0.6 billion) respectively. The increase in total assets is primarily driven by the rise in inventories levels to meet the growing demand resulting from higher sales with the aim of maintaining a balance between supply and demand. Total liabilities showed a marginal increase, primarily because of higher provisions made for restoration costs due to the rise in dismantling expenses caused by inflation.

#### Liquidity Indicators

	As at 30.6.2023	As at 30.6.2022	As at 30.6.2021	As at 30.6.2020	As at 30.6.2019
Liquidity ratio	4.47	3.62	5.40	4.01	3.92
Acid test ratio	2.72	3.13	3.92	2.58	2.58
Interest bearing borrowings (RM million)	4.0	0.4	0.7	2.5	23.9
Shareholders' funds (RM million)	1,040	891	802	766	740
Gearing ratio (%)	0.38	0.04	0.08	0.33	3.23

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

The Group has healthy liquidity indicators for both the financial years under review. Both liquidity ratios and acid test ratios indicate healthy cash reserve position and have improved over the year. The Group has been keeping relatively low level of liabilities for both the financial years under review. The gearing ratio has risen from 0.04% to 0.38% primarily attributed to the inclusion of hire purchase borrowings in Malaysia and bank overdraft utilisation in Cambodia operation during the financial year under review.

#### Capital Management

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

### 3. RISKS AND UNCERTAINTIES

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

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

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 3. RISKS AND UNCERTAINTIES (CONT'D)

#### Economy uncertainty

The outlook for the domestic economy is projected to be challenging in 2023 and 2024. The impact on consumer spending will very much depend on the delicate balancing act of the Government in supporting the people via financial aids, tax system, aside to control the budget deficit versus the aim to put more disposable income into the hands of the rakyat in the face of global uncertainties. Market confidence and sentiment and employment are the important elements in spending level and spending pattern.

Trading condition is expected to remain uncertain and challenging for retailers for the second half of 2023 and 2024. Downside risks include inflation, political stability, tighter global financial conditions and uncertainty over the government's fiscal situation. There will be lingering concerns over unemployment, recession, rising cost of living and its impact on consumer sentiment as consumers remain cautious and selective in their spending.

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

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

#### Competition

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

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

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

#### Supply Chain Capabilities and Performance

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

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

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

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### 4. DIVIDENDS

In respect of the financial year under review, the following dividends were declared and paid:

- a first interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.05 for the financial year ended 30 June 2023 that was declared on 26 August 2022 and was paid on 30 September 2022.
- a second interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,736.98 for the financial year ended 30 June 2023 that was declared on 29 November 2022 and was paid on 30 December 2022.
- a third interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,736.97 for the financial year ended 30 June 2023 that was declared on 24 February 2023 and was paid on 31 March 2023.
- a fourth interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,736.81 for the financial year ended 30 June 2023 that was declared on 29 May 2022 and was paid on 30 June 2023.
- a special dividend of 1.5 sen per ordinary share (single tier) amounting to RM9,868,642.09 for the financial year ended 30 June 2023 that was declared on 29 May 2023 and was paid on 30 June 2023.

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

### 5. FORWARD-LOOKING STATEMENT

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

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

Locally, business in Malaysia is expected to be challenging because of the inflation affecting consumer purchasing power. The Group remains optimistic on the long-term sustainability of the business and are focusing our effort to further rationalise the retail business by optimising the working capital and measures to control the operating costs while extending and exploring various sales channels.

For the forthcoming financial year, we have not finalised the number of stores to be opened or closed in Malaysia, Cambodia and Thailand. As for current plan, we will be having eleven (11) stores to be refurbished and nine (9) new stores to be opened in Malaysia. For overseas market, we are planning to open a new store in Thailand. We will actively monitor the market condition and evaluate our business strategy on a regular basis to maximise the returns.

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

Whilst we are still very much centered on the brick and mortar business, a lot of effort has been put in to grow our online business by increasing the awareness of our products in our online channels and improve the infrastructure for e-commerce. Developing new online shopping experience and enhance shopping convenience to our consumer is a continuous effort of the e-commerce division. We believe digital retailing of the Group will bring positive impact to the Group both as a complementary business channel and for future growth.

While we are not expecting major contributions from the stores and online platforms in Cambodia and Thailand, online sales to Singapore and our mobile app in the financial year 2024, we envisage the Group will continue to grow with improving our product quality and enhancing the buying experience of our customers.



# OUR BUSINESS MODEL

We operate within the buy and sell business model, wherein we engage in designing and purchase a diverse range of our own brand products including apparel, accessories, and footwear from our various suppliers or manufacturers. At present, our third-party manufacturers are based in China, India, Malaysia, Thailand and Bangladesh. Subsequently, we sell these products through our retail channels, including physical stores and online platforms. Our business strategically offers our products to cater to diverse customer preferences and market demands, while continuously monitoring trends to stay relevant in the fashion industry.

As a buy and sell retailer, we take charge of designing and managing inventory, supply chain logistics, as well as retail operations to ensure a seamless shopping experience for our customers. By sourcing products from different suppliers, we can maintain a diverse product portfolio, providing customers with ample choices in terms of styles, designs, ages, gender at affordable price points.



Key Activities	Key Partner	Value proposition	Customer relationship	Customer segment
Design and Merchandising	Suppliers (3rd party Manufacturer, warehouse, logistic partner)	Product assortment	Social media	End customers
Sourcing and Quality Control		Fast trend products at ideal location	Exchange of goods	
Logistics, Warehouse, and Inventory Management	Shopping malls (Landlord)	Shopping conveniences	Loyalty programme	
Marketing	Key Resources	People development	Feedback	
Sales and Operations	Brands	Corporate social responsibilities	Channels	
e-Commerce	Human		Retail stores	
Customer Service and Relationship	Natural resources		Consignment	
			e-Commerce	
			Mobile app	
			Export	

## PLANNING

### 1. Design and Merchandising

Our Design and Merchandising department plays a crucial role in the success and growth of the Group by aligning products with market demands, enhancing customer satisfaction, and ensuring a competitive edge in the industry. They are responsible for researching and designing products. They conduct market research and analyse current market and demand trends for top-selling products. This helps them understand market conditions and customer preferences.

### 2. Sourcing

The Sourcing department team sources product and material suppliers, negotiates pricing, and request products samples. They procure materials from an approved list of vendors, negotiates the best price and terms, and present recommendations to the Management for new products planning. The Sourcing department is important because it is responsible for finding reliable suppliers, negotiating favorable terms, and securing cost-effective materials, which directly impact product quality, availability and overall business profitability.

## OUR BUSINESS MODEL (Cont'd)

### PRODUCTION

#### 3. Quality Control (“QC”)

QC team works with suppliers to ensure the products meet the quality standards and conducts inspection on manufactured products before delivering them to the customers.

### SALES

#### 4. Logistic and Warehouse Management

Our Logistic department collaborates closely with the Design and Merchandising department, Sales and Operations department, Sourcing department and third-party logistic companies. They coordinate stock purchase, stock keeping, returns and collection from stores as well as packing and preparing shipments for timely delivery to Padini stores. They play a vital role in streamlining operations, reducing costs, meeting customer demand, and seeks third-party transportation services providers to deliver goods from warehouse to stores, all of which are essential for the success and growth of Padini.

The warehouse department of Padini Group manages stock movement and oversees third-party warehouses. They inspect incoming goods to ensure they match the purchase order. Warehouse department efficient management of stock movement, quality control and collaboration with other departments play an important role in optimising costs.

#### 5. Marketing

Our Marketing and Advertising & Promotion teams are responsible for executing advertising, promotion and publicity plans for products and services. This includes organising campaigns, product price promotions, discounts, and customer engagement programme in shopping malls. Furthermore, the Marketing department ensures the corporate image of Padini Group is consistent through corporate identity guidelines. This involves maintaining uniformity in brand logos, signboards, fonts, and displays across all retail outlets to project a cohesive brand image.



#### 6. Sales and Operations

Our Sales and Operations team ensures the efficient operation of Padini stores. They manage staffing, sales, cost control and order placement. They work to align the Company's budget to individual stores and region based on historical sales and market demand. In addition, the Team also collaborates closely with Design and Merchandising to set sales targets and plan product volumes. Regular store visits are conducted to monitor efficiency of stores and provide recommendations for improvements. Furthermore, the department conducts quality checks on garment, footwear and accessories to ensure they meet the required standards. They also handle customer complaints and provide feedback.

## OUR BUSINESS MODEL (Cont'd)

### SALES (CONT'D)

#### 7. e-Commerce

Our e-Commerce started since 2015 and manages the Group's online shopping website. They upload website content, process sales orders and handle customer queries. The Department collaborates with the Merchandising department to obtain products sample for online sales and conduct product photoshoots for display on the webpage. This department is important to maintain the Group's online presence and is one of the business component to thrive in the digital age. Our sales from e-Commerce contributed approximately 1% of total Group's revenue in the financial year 2023.



#### 8. Customer Service and Relationship

Our customer relationship team handles customers complaints and queries to ensure customers' needs are addressed. This department plays an important role for building strong customer relationships, enhancing brand reputation by keeping customers satisfied and engaged.

Furthermore, our loyalty programme membership was established with the goal of enhancing customer satisfaction and encourage continued engagement with our valued customers.





# OUR VALUE CREATION MODEL

## **VISION:** To Be The Best Fashion Company Ever

We have to focus our efforts to have the best valued products in the market with the best shopping experience we can offer, whilst practising responsibility and sustainability.

### INPUTS



#### **FINANCIAL CAPITAL (as of 30 June 2022)**

- Market capitalisation: RM2.1 billion
- Shareholder equity: RM0.9 billion
- Cash and bank balances: RM0.8 billion
- Total assets: RM1.5 billion



#### **INTELLECTUAL CAPITAL**

- Brands differentiation and values
- Garments industry knowledge and experiences
- Industry best practices such as business market focus strategy



#### **NATURAL CAPITAL**

- We use cotton, water, energy for garments production
- Trees for product packaging
- Energy for logistics, warehouse and premises



#### **MANUFACTURED CAPITAL**

- Market's reach of one hundred thirty-five (135) stores in Malaysia and thirteen (13) stores in Thailand and Cambodia
- We have three (3) inhouse and three (3) outsourced warehouses' facilities dedicated to storing our inventory



#### **HUMAN CAPITAL**

- Approximately 3,200 of employees worldwide
- Diverse and equivalent team
- Training, development programmes implementation



#### **SOCIAL AND RELATIONSHIP CAPITAL**

- Long-term relationship with suppliers
- Collaboration and involvement in community

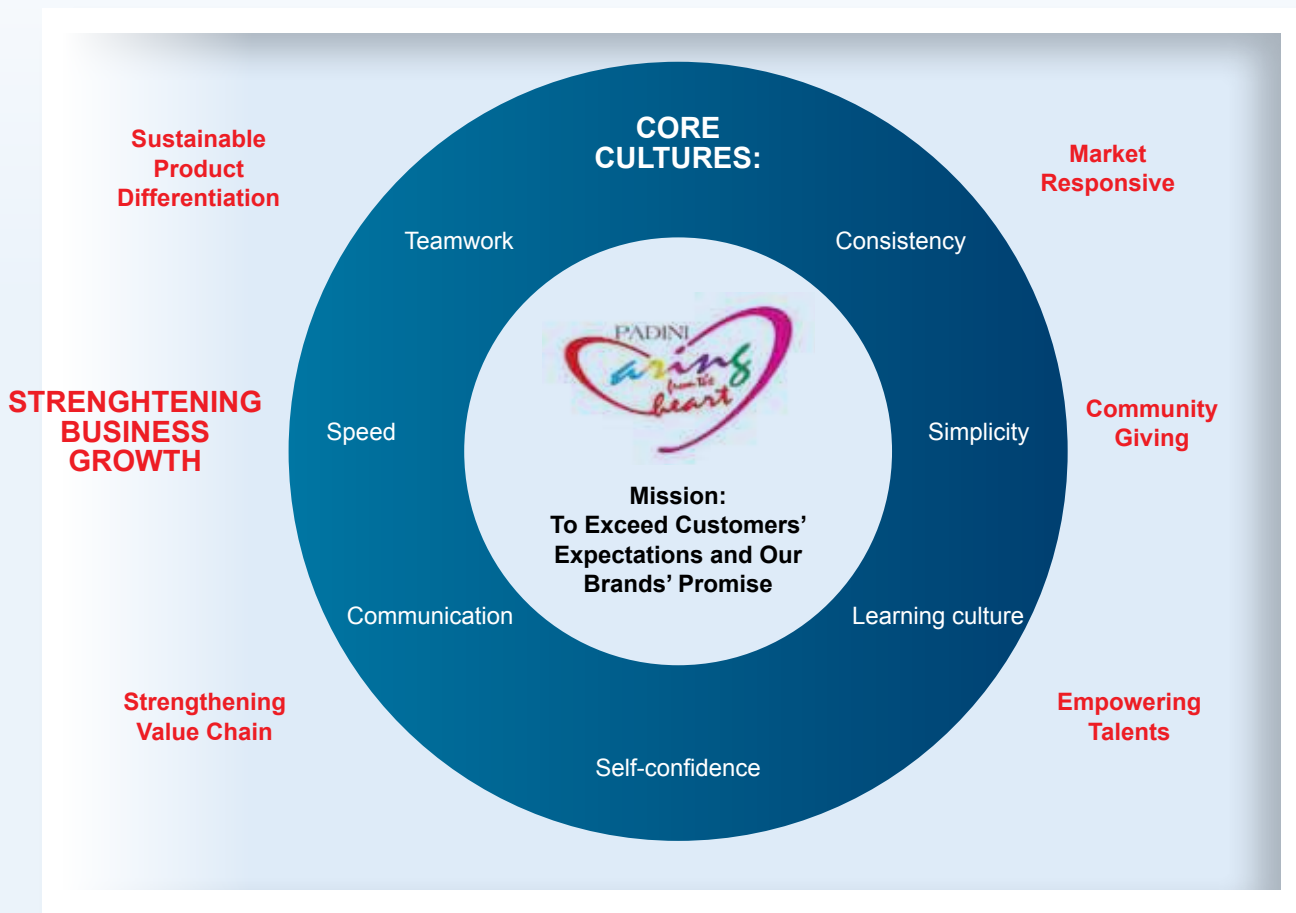
OUR VALUE CREATION MODEL  
(Cont'd)

VALUE CREATION PLAN

PLANNING

PRODUCTION

SALES



**MATERIAL MATTERS**

- 1. ECONOMIC
  - 2. ENVIRONMENTAL
  - 3. SOCIAL
- (Refer to pages 58-60 for further detail)

**RISKS AND MITIGATION**

(Refer to pages 48-49 for further detail)

**GOVERNANCE**

(Refer to pages 83-100 for further detail)

**STAKEHOLDER ENGAGEMENT**

(Refer to pages 55-56 for further detail)

## OUR VALUE CREATION MODEL (Cont'd)

### OUTPUTS



#### FINANCIAL CAPITAL (for the financial year ended 30 June 2023)

- Revenue: RM1.8 billion
- Net profit: RM0.2 billion
- Earnings per share: 33.9 sen
- Dividend per share: 11.5 sen
- Strong cash flow: RM419 million generated before working capital
- Market capitalisation: RM2.6 billion



#### INTELLECTUAL CAPITAL

- Developed diverse brands portfolio that cater fashion-conscious consumers of both genders and all ages including Padini, Seed, Padini Authentics, PDI, P&Co, Miki, Vincci, Vincci Mini, Vincci Accessories and Brands Outlet.



#### NATURAL CAPITAL

- 395,700 apparel and footwear units procured to minimise environment impact
- LED lighting installation with energy consumption saving of 49% wattage
- 1.1gWh clean energy produced



#### MANUFACTURED CAPITAL

- Two (2) stores newly opened in Cambodia
- Six (6) stores newly opened in Malaysia



#### HUMAN CAPITAL

- Well trained employees with high retention rate of 97.4%
- Strong female representation in team and leadership
- Healthy succession pipeline
- Invested RM0.5 million towards training for all employees
- Invested RM1.7 million staff welfare



#### SOCIAL AND RELATIONSHIP CAPITAL

- Continuous long-term relationship with suppliers
- Fostered community collaboration by engaging with 13 NGOs

## OUR VALUE CREATION MODEL (Cont'd)

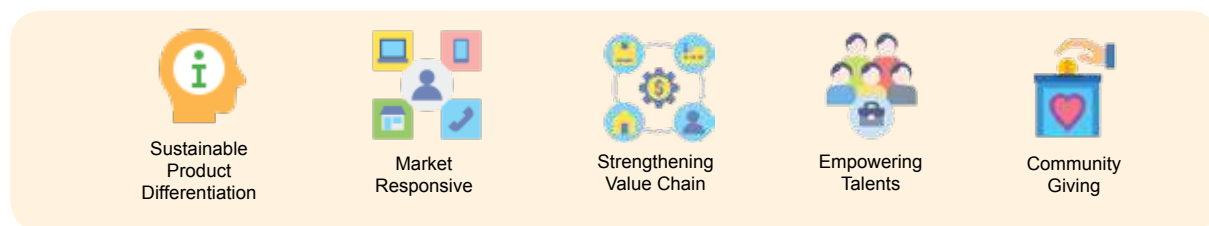
### OUTCOMES

 <p><b>SHAREHOLDERS AND INVESTORS</b></p> <ul style="list-style-type: none"> <li>Business growth and profitability with shareholder returns</li> </ul>	
 <p><b>LOCAL COMMUNITIES AND PUBLIC</b></p> <ul style="list-style-type: none"> <li>Mitigated negative environmental impacts through responsible resource and management</li> <li>Accelerated digitalisation</li> </ul>	
 <p><b>GOVERNMENT AND REGULATORY AUTHORITIES</b></p> <ul style="list-style-type: none"> <li>Responsible tax payments for country's development and economic growth</li> <li>Transparency in corporate reporting and government</li> </ul>	
 <p><b>CUSTOMERS</b></p> <ul style="list-style-type: none"> <li>Undisrupted supply and after sales service</li> <li>Shopping conveniences with different type of payment mode</li> <li>Wide range of product choices</li> </ul>	
 <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>Safe and inclusive working environment which priorities team's well being</li> <li>Opportunities and development</li> </ul>	
 <p><b>SUPPLIERS</b></p> <ul style="list-style-type: none"> <li>Knowledge sharing to enhance sustainability of the value chain</li> </ul>	
 <p><b>SHOPPING MALLS</b></p> <ul style="list-style-type: none"> <li>Profitability to help business growth</li> </ul>	



## OUR BUSINESS RISKS AND MITIGATION

The Group's business activities and operations are susceptible to the risks and uncertainties prevailing in the marketplace where it operates which may arise from adverse changes in general economic and business conditions, as well as increasing costs, which could lead to outcomes different from what was originally planned. The Group aims to mitigate these risks by implementing prudent management policies, conducting ongoing reviews and evaluations of its operations and strategies, fostering strong relationships with stakeholders, providing continuous quality customer services, investing in human resources development, and staying up to date with technology upgrades.



Material Matters	Our concerns	Our efforts
<b>ECONOMIC</b>		
<ul style="list-style-type: none"> <li>• Business performance</li> <li>• Sustainability of the business strategy</li> <li>• Market presence</li> </ul>	<ul style="list-style-type: none"> <li>• Financial losses resulting in reduction of consumer spending and overall economic instability.</li> <li>• Inflation that impacted on price level of materials.</li> <li>• Change in consumer preferences and demand pattern influenced in business sales.</li> <li>• Erosion of competitive advantage.</li> <li>• Political upheavals.</li> </ul>	<ul style="list-style-type: none"> <li>• Established a risks management committee to review and assess the risk areas.</li> <li>• Resources from various source of suppliers to reduce reliance on specific sources.</li> <li>• Brand differentiation offering through more competitive pricing, services, and quality.</li> <li>• Prudent capital management</li> <li>• Conduct market research and survey and implement various marketing strategy to stay relevant in market.</li> <li>• Bulk purchase to take advantage of economies of scale.</li> </ul>
<b>ENVIRONMENTAL</b>		
<ul style="list-style-type: none"> <li>• Responsible sourcing</li> <li>• Energy consumption</li> <li>• Responsible design and creativity</li> </ul>	<ul style="list-style-type: none"> <li>• Natural disasters or climate-related events may affect the business's ability to operate sustainably.</li> <li>• A negative perception of the business sustainability can impact brand reputation and customer loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>• We have engaged our suppliers to promote responsible sourcing practices such as using organic cotton and recycled polyesters to minimise environmental impact.</li> <li>• We have embraced LED lighting in our store operation with the aim to have better energy saving.</li> <li>• We have launched sustainable series product by using materials that are environmentally friendly such as organic cotton, recycled polyester, recycled cotton.</li> <li>• Solar installation in office and warehouse</li> </ul>

## OUR BUSINESS RISKS AND MITIGATION (Cont'd)

Material Matters	Our concerns	Our efforts
<b>SOCIAL</b>		
<ul style="list-style-type: none"> <li>Data privacy</li> </ul>	<ul style="list-style-type: none"> <li>Financial impact caused by leaking of confidential information or group data.</li> </ul>	<ul style="list-style-type: none"> <li>Introduce implementation of Information Technology security and protection.</li> </ul>
<ul style="list-style-type: none"> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Substantial loss due to fraud and bribery.</li> <li>Significant penalties and fines resulting from regulatory violations and lawsuits.</li> </ul>	<ul style="list-style-type: none"> <li>Zero tolerance for internal fraud and bribery activities.</li> <li>Practicing transparent reporting on sustainability performance and progress toward goals.</li> </ul>
<ul style="list-style-type: none"> <li>Relationship with supplier</li> <li>Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain disruption and sub-standard product quality</li> <li>Customer satisfaction on product quality</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings with suppliers to have better understanding of requirements and needs.</li> <li>Performed Quality control at factories and visit factories periodically.</li> <li>Closely monitor international shipping information</li> </ul>
<ul style="list-style-type: none"> <li>Local communities</li> </ul>	<ul style="list-style-type: none"> <li>Negative perception on business activities</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration with stakeholders including suppliers, NGOs to collectively address sustainability challenges.</li> </ul>
<ul style="list-style-type: none"> <li>Employee development</li> <li>Attracting and developing talents</li> <li>Diversity and equality</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate succession planning and high staff turnover rate</li> <li>Employees well-being and safety</li> </ul>	<ul style="list-style-type: none"> <li>Structure training and development programmes.</li> <li>Offer competitive compensation and benefit package.</li> </ul>
<ul style="list-style-type: none"> <li>Responsible marketing</li> </ul>	<ul style="list-style-type: none"> <li>Ineffective messaging and incorrect pricing strategies lead to confusion and fail to attract customers.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct market research, monitor market trends and customer feedback and maintain open communication with customers.</li> </ul>

## OUR PROGRESS: SUSTAINABILITY JOURNEY

We have to focus our efforts to have the best valued products in the market with the best shopping experience we can offer, whilst practising responsibility and sustainability. To achieve this, we have developed three (3) strategic pillars towards sustainability, “Earth Consciousness”, “Caring from the Heart” and “Integrity in action”.

**a. Earth Consciousness**

Accountable to environmental, contributing to the preservation of natural resources and biodiversity while fostering a more sustainable and resilient fashion industry.


**b. Caring from the Heart**

Aims to make a positive difference in the lives of people and the communities we serve.


**c. Integrity in action**

Responsible to ethical behavior, governance and compliance.


We has embarked on our sustainability journey, with a responsibility to further explore and implement sustainable practices.

Sustainability Strategic Pillar	2030 Target	2023 Performance
<b>Earth Consciousness</b> 	1. Reduce greenhouse gas (GHG) emissions	<p>Padini has contributed to reduction of GHG emission through few methods as below:</p> <ol style="list-style-type: none"> <li>1. Solar System Installation               <ul style="list-style-type: none"> <li>– offset 866 tonnes equivalent of carbon dioxide (tCO<sub>2</sub>e) emissions.</li> </ul> </li> <li>2. Procured eco-friendly products and packaging.</li> <li>3. Promoting Recycling Campaign at our outlets.</li> <li>4. Outsource logistics to third party to maximise effectiveness and efficiency.</li> </ol> <p>At the meantime, Padini is actively looking for sourcing on data collection of GHG emission. Padini is in the progress to gain comprehensive insights in quantifying environmental impact in terms of carbon emissions and set realistic targets to align with our sustainability goals.</p>

## OUR PROGRESS: SUSTAINABILITY JOURNEY (Cont'd)

Sustainability Strategic Pillar	2030 Target	2023 Performance
	2. Source garment materials which are environment friendly	In FY2023, Padini procured approximately 395,700 units of eco-friendly garments and footwears to be sold, which mix up to 0.6% of total purchase in FY2023. This usage of eco-friendly materials reduces water consumption in the production process. Padini will launch more environmental friendly products in the upcoming year with dedication to responsible production and continuous journey towards sustainability.
	3. Reduce water consumption in the supply chain	
	4. Reduce electricity consumption by 20%	
	5. Achieve zero environmental legal non-compliance	Achieved and to be maintained.
	6. Reduce waste generated	In FY2023, we have recycled approximately 3,400kg of used paper, plastic and paper products. In progress.
<b>Caring from the Heart</b>	1. Establish sustainability-related learning in employees' competence development (Minimum of two training hours in sustainability topic)	One (1) training hour achieved. In progress.
	2. Achieve zero workplace accidents	A total of thirteen (13) minor workplace accidents during the year. To be monitored.
	3. Conduct annual sustainability-focused engagements and community programmes	During this financial year, Padini has collaborated with The Glad PJ for the event of KKPSH Fun-Tastic Art day, involving underprivileged kids from Rumah Juara. Several activities carried out with interaction with the kids, there is art drawing activity, where the kids' creativity and imagination will be turned into the T-shirt designs and the funds raised through this T-shirt sale will be dedicated to more other community programmes. The T-shirts' designs have been chosen from the kid's creation, while T-shirt sales will be carried out subsequently.

## OUR PROGRESS: SUSTAINABILITY JOURNEY (Cont'd)

Sustainability Strategic Pillar	2030 Target	2023 Performance						
	4. Recruit underserved communities such as other marginalised groups	During the year, we have hired fifteen (15) employees with disabilities to join our workforce. At the same time, Padini has been engaging with Orang Kurang Upaya (OKU) as caterers for in-house training food and beverages, in hope to promote inclusivity and provide meaningful opportunities for individuals with disabilities.						
	5. To reduce customer complaints	Below are the number of complaint on customer service and merchandise: <table border="1"> <thead> <tr> <th></th> <th>FY2023</th> <th>FY2022</th> </tr> </thead> <tbody> <tr> <td>Services</td> <td>94</td> <td>60</td> </tr> </tbody> </table> <p>Efforts are currently underway to reduce complaints.</p>		FY2023	FY2022	Services	94	60
	FY2023	FY2022						
Services	94	60						
<b>Integrity in action</b>	1. Increase locally procured products/services	Approximate 13% of Padini's products are locally procured. In progress.						
	2. All suppliers completed supplier environmental and social risk assessments	Achieved and to be maintained						
	3. No cases of bribery, corruption and fraud	Achieved and to be maintained						
	4. Whistleblowing; Anti-Bribery and Anti-Corruption training for all employees annually	Achieved and to be maintained						

## OUR SUSTAINABILITY APPROACH

“ To provide products that are good in value whilst improving on our sustainability goals ”



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Sustainability is embedded in our culture at Padini. We strive to ensure that the people who make our products work in safe, fair and legal conditions. We are committed to minimising our environmental footprint and are dedicated to supporting the communities where we operate. We do this by collaborating throughout our value chain and across the supply chain, business and civil society to address systemic challenges. We also seek to engage our employees and customers across all our brands in our effort to build a more sustainable world. Our commitment to sustainable practices enables us to balance our business opportunities and risks in the economic, environmental and social realms.

This vision is not only necessary from a social and environmental perspective, but it also makes good business sense. Long-term investments in sustainability provide us with long-term business opportunities that will keep Padini Group relevant and successful in our rapidly changing world.

We know that achieving our vision will not be easy, but our openness to tackling challenges keeps us alert to opportunity. We are strongly positioned to make a positive impact, in part because of our continuing partnership with stakeholders who help set and shape our sustainability work.

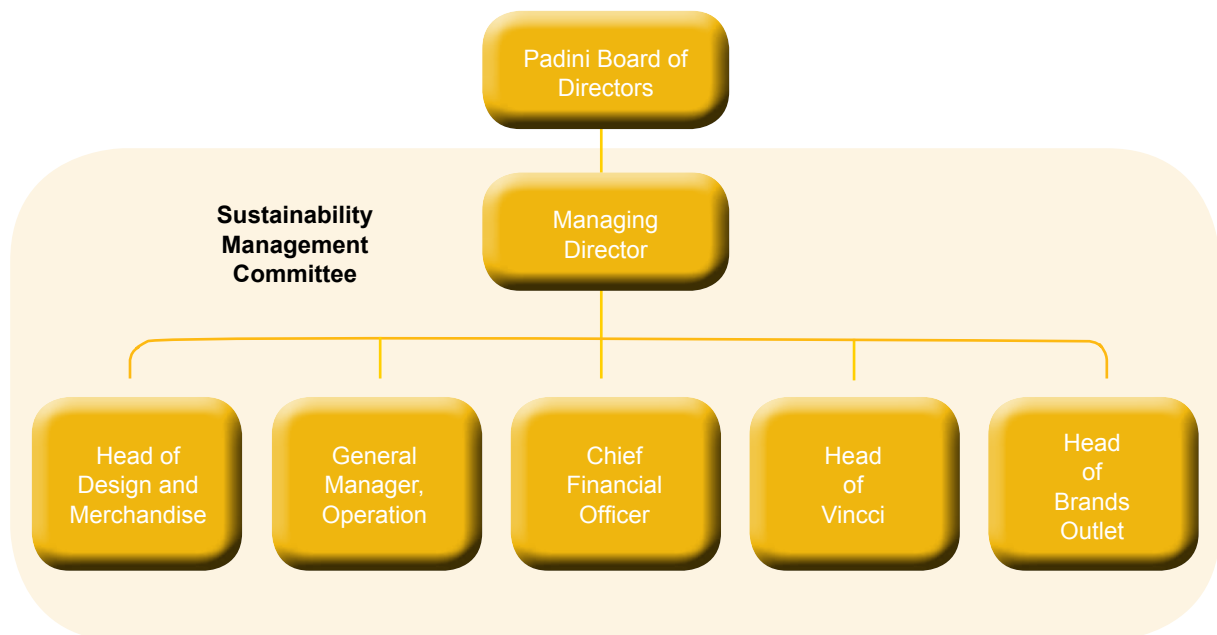
# SUSTAINABILITY GOVERNANCE

We have implemented a governance structure to ensure that our Global Sustainability programme both meets our company's social and environmental goals to support our business.

Our sustainability programme is chaired by the Managing Director along with the support of the Sustainability Committee members, where committee members are made up of management representatives from various key functions. While the Sustainability Committee is responsible for the formulation of sustainability policies, it also develops action plans in relation to these policies. In addition, the Sustainability Committee also monitors the implementation of sustainability initiatives in Padini and recommending the approach to manage material matters for approval by the Board of Directors ("BOD").

## SUSTAINABILITY GOVERNANCE STRUCTURE




Good corporate governance means having structures and processes in place to ensure that decisions and actions are in the best interests of stakeholders. The Board of Directors, supported by the Sustainability Management Committee, is accountable for all sustainability matters in Padini Group. This committee comprises members of senior management who oversee the formulation and implementation of sustainability strategy and related matters. The Board of Directors reviews and assesses the strategic directions required to achieve the Group's goals for long-term sustainable growth. The Managing Director with the help of the Sustainability Management Committee oversees the activities executed by the various divisions of the Group to ensure conformity to the strategies and objectives.



# STAKEHOLDER ENGAGEMENT

We have a long history of stakeholder engagement and are committed to engaging in constructive and meaningful dialogue with stakeholders. Effective communication helps us build trust, leverage on their expertise and gain insights into the most pressing issues. Stakeholder engagement helps us reaffirm the most material issues and devise ways to address them within the Group.





We engage with a diverse group of stakeholders comprising employees, customers, shareholders, NGOs, suppliers, industry groups and local communities. Positive, bilateral dialogue builds informed relationships that promote transparency and accountability. Stakeholders' views on a wide range of topics are useful and have influenced our sustainability strategy in several key areas. Stakeholders also help us test new ideas while solving industry-wide challenges. We also share our perspective on key issues, highlight areas of importance and help them understand the Group's journey more clearly. The salient issues for each stakeholder group and our engagement with each during 2023 are presented below:

Stakeholder Group	Key Areas of Interest	Addressing Their Interests
<b>Shareholders and Investors</b> 	<ul style="list-style-type: none"> <li>• Padini's business direction</li> <li>• Key corporate developments</li> <li>• Corporate governance</li> <li>• Company performance</li> </ul>	<ul style="list-style-type: none"> <li>• Announcements on Bursa Malaysia</li> <li>• Investor updates and result briefings for fund analysts and shareholders</li> <li>• Annual general meeting</li> <li>• Annual reports</li> <li>• Corporate website</li> <li>• Media release</li> <li>• Shariah Compliant</li> </ul>
<b>Local Communities and Public</b> 	<ul style="list-style-type: none"> <li>• Transparent and quality products and services</li> <li>• Community development and enrichment</li> <li>• Reaching out to the community</li> <li>• Employment opportunities to the Person with disabilities</li> <li>• Features, promotion and launching of our products</li> <li>• Latest events products and news updates</li> <li>• Company performance</li> </ul>	<ul style="list-style-type: none"> <li>• Community programmes</li> <li>• Donations and other philanthropic contributions</li> <li>• Employee volunteerism</li> <li>• Local sourcing</li> <li>• Engagement with sources for interested OKU to work with Padini</li> <li>• Sales of our products</li> <li>• Media release, interview</li> <li>• Advertisement</li> <li>• Website and social media</li> </ul>
<b>Government and regulatory authorities</b> 	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Public-private interaction</li> <li>• Annual reporting</li> <li>• Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Attended dialogue / seminar organised by Bursa Malaysia</li> <li>• Participated in Survey conducted by authorities</li> </ul>



## STAKEHOLDER ENGAGEMENT

(Cont'd)

Stakeholder Group	Key Areas of Interest	Addressing Their Interests
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Service satisfaction</li> <li>• Quality management</li> <li>• Customer appreciation</li> <li>• Online shopping</li> <li>• User convenience</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible clothing design</li> <li>• Marketing Campaigns/ Promotions</li> <li>• Customer Satisfaction Survey</li> <li>• Customer feedback channel</li> <li>• Social Media</li> <li>• Online purchase and delivery services</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Competitive remuneration</li> <li>• Work-life balance</li> <li>• Value diversity and equal opportunity</li> <li>• Ensure occupational health and safety</li> <li>• Appreciation and recognition</li> <li>• Job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Employees Appreciation Awards</li> <li>• Open communication</li> <li>• Teamwork</li> <li>• Events and functions</li> <li>• Provide skills development and training opportunities</li> <li>• Internal newsletter</li> <li>• Teambuilding activities</li> <li>• Job performance assessment</li> <li>• New employee induction programme</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Fair procurement</li> <li>• Transparency</li> <li>• Suppliers' development</li> <li>• Speedy payment</li> </ul>	<ul style="list-style-type: none"> <li>• Group procurement policy and procurement system</li> <li>• Yearly supplier evaluation</li> <li>• Inspection to Suppliers Factories/ Plants</li> <li>• Financial supply chain management</li> </ul>
<b>Shopping Malls</b> 	<ul style="list-style-type: none"> <li>• Speedy payment</li> <li>• Long term tenancy</li> <li>• Sales performance</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation on corporate social responsibilities events or activities</li> <li>• Marketing Campaigns/Promotions at the shopping mall</li> <li>• Business meetings</li> </ul>

## SUPPORT FOR UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As one of the leading apparel retailers, we recognise that we need to contribute to address systemic social and environmental challenges. That is why we have aligned our sustainability strategy with the United Nations (“UN”) Global Sustainable Development Agenda.

The United Nations Sustainable Development Goals (“SDGs”) is an internationally recognised framework that aims to address the three (3) elements of economic growth, social inclusion, and environmental protection as part of a broader attempt to eradicate poverty and strengthen peace and freedom.

There are seventeen (17) goals, accompanied by one hundred sixty-nine (169) specific targets. Businesses, alongside governments, are encouraged to implement actions in support of these goals to achieve the framework’s ambitious goals by 2030. We kept all seventeen (17) SDGs in mind, whenever practicable when it comes to determining our approach and strategy so that we could align our activities with the broader global sustainability agenda:



Source: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

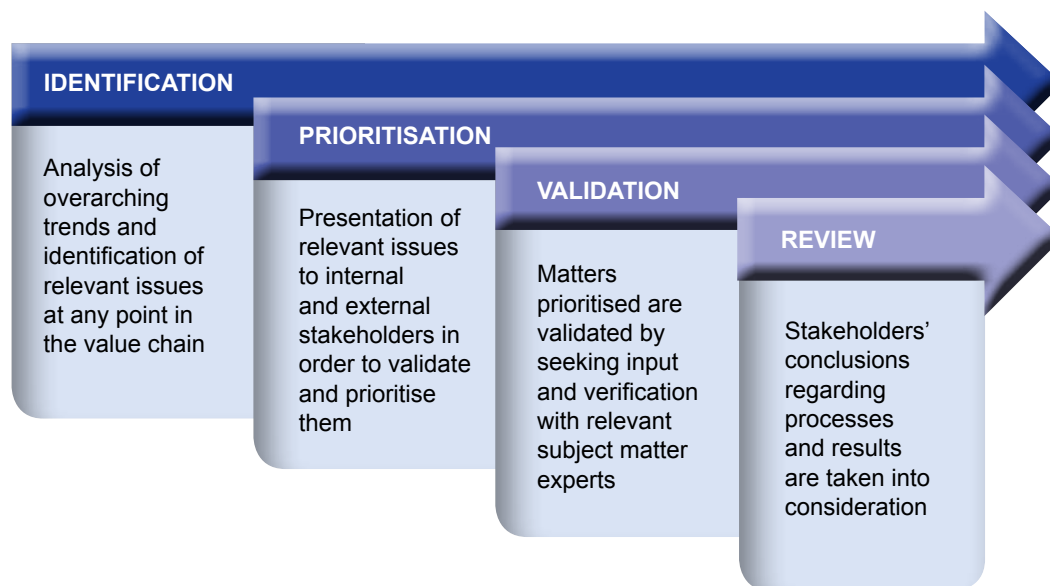
# MATERIALITY ASSESSMENT

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our organisation but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the guidelines provided by Bursa Malaysia where material issues are defined as such if they:

1. reflect an organisation's significant economic, environment, and social ("EES") impacts; or
2. substantively influence the assessment and decisions of stakeholders.

We aim to acknowledge the needs and interests of our communities. We have identified six (6) key stakeholder groups in the past. We have decided to have shopping malls as a separate stakeholder other than our employees, shareholders, business partners, external interest groups and customers. Our goal is to understand and address the different needs of each group to build a sustainable and successful business. One way which we have done is by including our stakeholders while conducting our materiality analysis. Through the materiality assessment process, we have identified fifteen (15) issues material to us. Each of these initiatives has been grouped under the relevant sustainability prongs that manage our EES impact.

## PROCESS OF PREPARING THE PADINI MATERIALITY MATRIX



The materiality assessment will be used in the following ways:

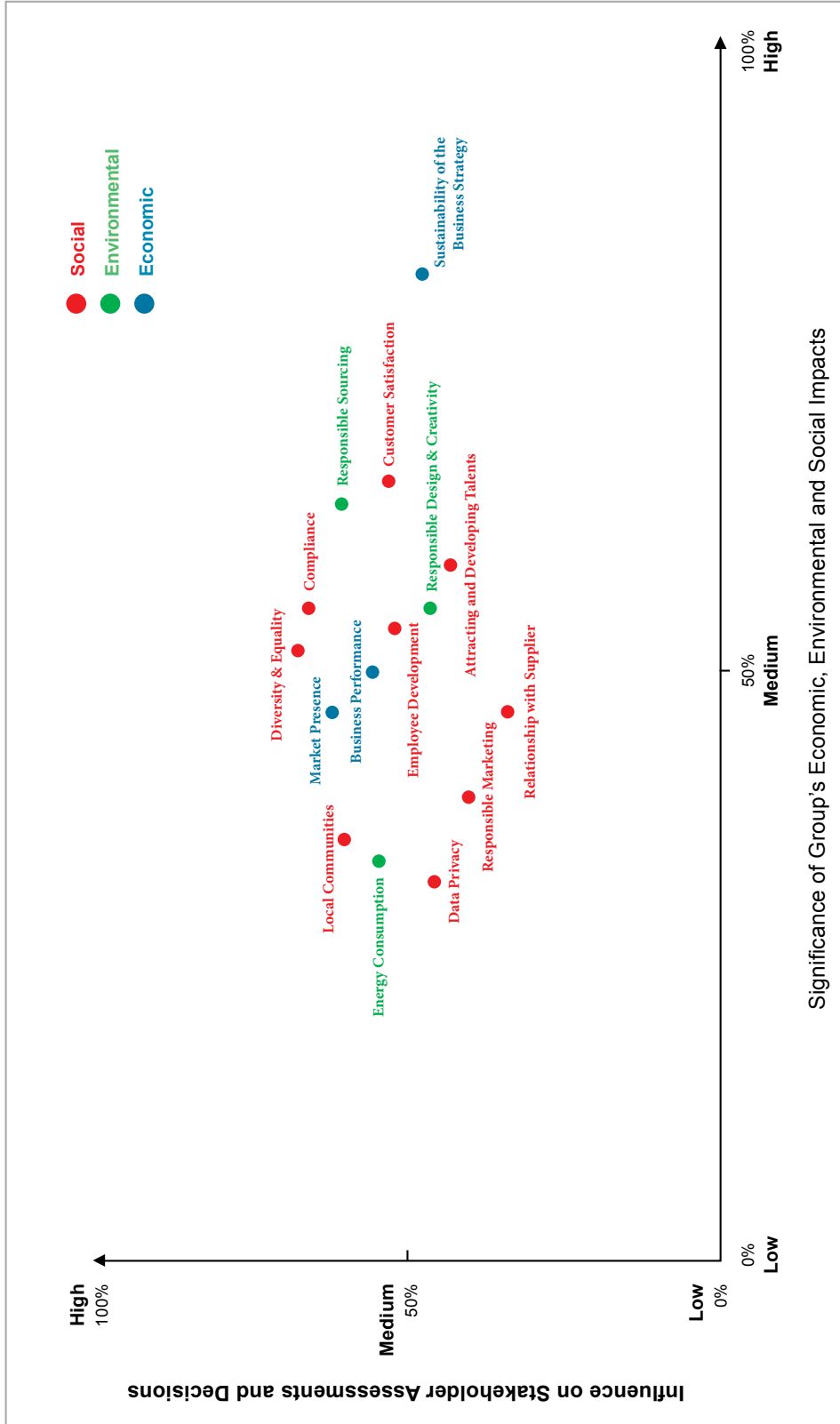
1. To identify the most material sustainability issues for Padini in terms of business value, risks and opportunities for long-term planning.
2. To understand how sustainability and key business issues intersect.
3. To inform future sustainability commitments and resource allocation.
4. To support Padini's engagement with external stakeholders.

## MATERIALITY ASSESSMENT (Cont'd)

The identification of material matters is as follows:

MATERIALITY MATTERS	DESCRIPTION
 <b>Economic</b>	
1. <b>Business Performance</b>	Financial performance meets the expectation.
2. <b>Sustainability of the Business Strategy</b>	Continuous value creation to the stakeholders while generating healthy returns.
3. <b>Market Presence</b>	Maintaining market share in the industry.
 <b>Environmental</b>	
4. <b>Responsible Sourcing</b>	Managing the Group's supply chain addressing social and environmental issues.
5. <b>Energy Consumption</b>	To optimise energy consumption of the Group.
6. <b>Responsible Design and Creativity</b>	Design products with creativity using eco-friendly raw materials.
 <b>Social</b>	
7. <b>Data Privacy</b>	To ensure data security of customers, employees and stakeholders.
8. <b>Customer Satisfaction</b>	Commitment to customer satisfaction.
9. <b>Compliance</b>	Adherence to applicable governing law or standards.
10. <b>Relationship with Supplier</b>	Management of supply chain to meet the product's quality of the Group.
11. <b>Local Communities</b>	Corporate social responsibilities activities or events.
12. <b>Employee Development</b>	Supportive on continuous learning progress of employee.
13. <b>Attracting and Developing Talents</b>	Providing attractive benefit and remunerations and organise activities to maintain their loyalty.
14. <b>Diversity and Equality</b>	Employee diversity and equality between ethics, races and gender.
15. <b>Responsible Marketing</b>	Building trust between the Group and customers.

# MATERIALITY MATRIX

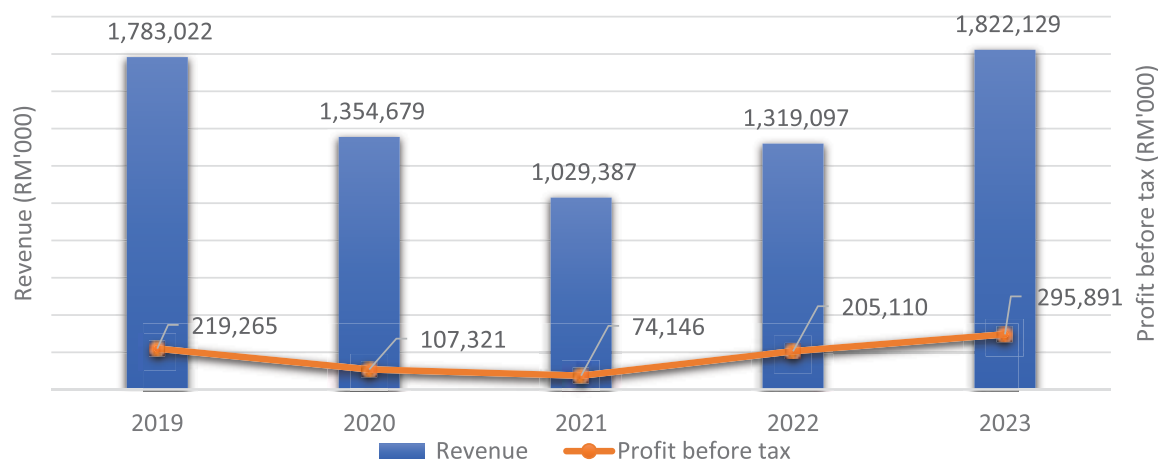


# ECONOMIC

## BUSINESS PERFORMANCE AND REGULATORY COMPLIANCE

At Padini, our economic performance is defined as the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Our economic performance is a testament to the effectiveness of our assets and capital management. It is how we translate our fiduciary accountability to our investors and moral responsibility to our stakeholders into tangible value. We strive towards long-term profitability, combining a visionary strategy with prudent asset and capital management.

### GROUP PERFORMANCE OVERVIEW



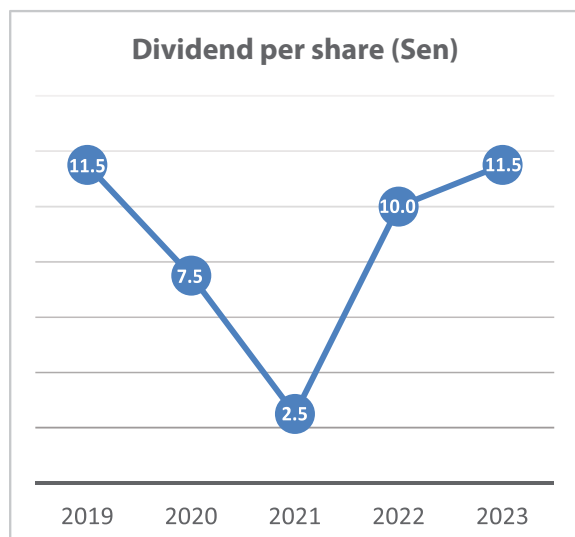
The performance of the Group in the first half of FY2022 was affected by Covid-19 pandemic, there was approximately two (2) months where our outlets were not allowed to open for business. However, as relaxing from lockdown and endemic approaching, the results rebounded from second half of FY2022 onwards.

Padini has demonstrated a continuous upward trend for revenue from FY2021 to FY2022 from RM1.0 billion to RM1.3 billion with an increase of 28.1% year on year. This trend continues from FY2022 to FY2023 with an upsurge from RM1.3 billion to RM1.8 billion, an increase of 38.1% year on year.

Profitability had increased in tandem with the increased in revenue and gross profit margin, from RM74.1 million to RM205.1 million from FY2021 to FY2022, follow up with another increase from RM205.1 million to RM295.9 million, with a surge of approximately 176.6% and 44.3% respectively.

## ECONOMIC : BUSINESS PERFORMANCE AND REGULATORY COMPLIANCE

(Cont'd)



In the financial year 2019 due to the healthy financial growth, Padini had declared dividend per share of 11.5 sen. In the financial year 2020, dividend declared was at 7.5 sen per share. In the financial year 2021, the dividend declared was lowered to 2.5 sen per share as the Company would like to preserve the cash reserve to respond to the unpredictable impacts from Covid-19 pandemic and to ensure no disruption in business operation. As the financial performance has improved compared to financial year 2020 and 2021, Padini has declared a dividend of 10.0 sen per share in FY2022. In financial year 2023, Padini has experienced a rather strong recovery, achieving healthy financial growth, thus declared dividend of 11.5 sen. Padini always keeps in mind to enhance the returns to our shareholders at the right time.

A strong financial position and net cash position allow the Group to embrace opportunities and address unforeseen market challenges, maintaining a good balance between

growth and stability. Padini Group will continue strengthening its business fundamentals, operationally and financially, and deliver a steady and sustainable performance over the long term. For more information about our financial performance please refer to Padini Integrated Annual Reports at <https://corporate.padini.com>

### IPC Green Tenant Awards 2022

In financial year 2023, Padini is honoured to receive the award of gold winner of IPC Green Tenants Award 2022. The mechanics of the award is based on the percentage of recyclable waste over total waste produced by each Tenant. Padini achieved a recycling rate of 96% and a total of 5,800kg recyclable waste for the year. This gives recognition to Padini for the continuous effort on waste sorting procedures and our contribution to a more eco-friendly community.



### REGULATORY COMPLIANCE

Our business practices are governed by integrity, honesty and full compliance with applicable laws. Our group stands for lawful and ethical business practices and zero tolerance for unethical or illegal conduct. To ensure our behaviour and communications are aligned with our values, we have developed clear compliance policies that are captured in our Code of Conduct which must be signed by all our employees before they start work at Padini.

Padini has also complied with the new requirements on Corporate Liability Section 17(A) of MACC Amendment Act 2018 which took effect on 1 June 2020. We have communicated Padini's corporate integrity pledge and our bribery policy with our vendors and our employees prior to the effective date and it is posted in our corporate website.

## ECONOMIC : BUSINESS PERFORMANCE AND REGULATORY COMPLIANCE

(Cont'd)

### WHISTLEBLOWING POLICY ANTI-BRIBERY POLICY ANTI-CORRUPTION POLICY



All Padini employees

Annually, it is compulsory for all Padini employees to attend training on the Whistleblowing Policy and Anti-Bribery and Anti-Corruption policy, whereby a quiz will be done at the end of training session.

We encourage employees, suppliers and stakeholders to report any illegal or unacceptable behaviour or noncompliance. Whistleblowing practice is encouraged and is open to any employee, supplier or third-party, with the assurance that any report will be properly investigated and treated with confidentiality.

In financial year 2023, Padini has complied with the following:

- i. Laws and regulations in the social and economic area
- ii. Regulations and voluntary codes on health and safety impacts of products and services
- iii. Law concerning product and service information and labelling
- iv. Environmental laws and regulations
- v. Any reporting requirements

Some non-exhaustive examples of key regulations that were applicable include Listing Requirements, Capital Markets and Services Act, Companies Act 2016, Malaysian Anti-Corruption Commission (Amendment) Act 2018, Employment Act 1955, Personal Data Protection Act 2010, and Occupational Safety and Health Act 1994.

Except for the following incident which consists of penalty or fine of more than RM10,000 or equivalent in each incidence (nearest thousand):

Padini Cambodia due to late payment of Billboard tax	RM23,000
Padini Cambodia due to late payment of withholding tax	RM35,000
Padini Malaysia due to under-estimated of tax payable	RM28,000

The above situations have been carefully assessed and analysed to avoid repetitive issues in the future.

In every country, the lowest paid employee category earns at least the minimum wage. In Padini, our salary package is set with the consideration of the basic living standard in each city apart from meeting the statutorily required minimum wage. This is so that our employees are able to afford the basics (food, water, healthcare, clothing, electricity, and education) for themselves and their dependents. Following by the Amendment in Employment Act on salary adjustment threshold which took effective from 1 January 2023, Padini has reviewed existing employment contracts and policies to ensure the compliance of the Employment Act amendments.



# ENVIRONMENTAL

## CARING FOR NATURE

### 1. SUSTAINABLE PROCUREMENT



#### 1.1 Supplier Code of Conduct

At Padini, we focus on long-lasting relationships with our external suppliers and working with them collaboratively and transparently, while setting clear objectives for addressing social and environmental issues. In each partnership, we take a long-term view, evaluate technological and manufacturing expertise while committing to a shared vision of making the world a better place through our business. We expect our partners and their factories to apply best practices in quality control, labour management, worker safety and environmental impact reduction.

We are gradually improving our supply chain management. Our supplier code of conduct continues to provide a solid foundation for our work and is an integral part of our company risk and human rights due diligence framework. The guidelines ensure our requirements are met, drives continuous improvement and informs our core social sustainability strategy. We believe that by having long-term cooperation with our business partners, it will also lead to better efficiency when it comes to streamlining our operational processes and hence shortened production lead time.



#### 1.2 Periodic Visits to Suppliers' Factories

Padini Group respects human rights at every stage of its supply chain and works to procure materials responsibly with regard to communities and the environment. Accordingly, the Group is teaming up with our partner factories to create guidelines for promoting responsible procurement. Our sourcing team vets and monitors suppliers to ensure that suppliers do not employ child labour or operate under sweatshop conditions. While we do not conduct official audits to verify these, our team conducts regular visits to our supply chain periodically to verify quality control systems, manufacturing conditions, environmental initiatives and other activities.

During the visits, the teams hold meetings to discuss solutions to various issues and work with factory management to review the volume and schedules of production orders in consideration of available production capacity to help ensure that certain ethical requirements are maintained. We conveyed our messages to our suppliers on certain matters, for instance, we do not accept child or forced labour; we would like to see safe and hygienic condition in the manufacturing floors; we would like our suppliers to have fair pay and work hours; no discrimination in the employment and some other ethical requirements. We constantly encourage automation and other innovation to improve workplace conditions and elevate the productivity of our suppliers.

Each one of our suppliers is at a different stage of their sustainability journey, with some just beginning the process and a handful at the other end showing real innovation and leadership. We have a set of code of conduct which most of our core suppliers have acknowledged and signed. For any areas of non-compliance or areas for improvement, our approach is to work with our suppliers on improving their processes, and to provide the best outcome for workers and the environment.

We understand that production methods that are more sustainable may cost slightly more, but they can also spark innovation and protect businesses from supply-chain shocks and reputation risks, resulting in greater resilience and profitability in the long term. A balance needs to be struck between the cost of compliance and sustainability practice versus the financial performance of the Group. We believe that as the new generation gains purchasing power, their high expectations that businesses will operate in a sustainable manner could have an influence on the future shopping trends.

## ENVIRONMENTAL : CARING FOR NATURE (Cont'd)

### 2. SUSTAINABLE PRODUCT

At Padini, we are aware of the environmental problems caused by the fashion industry. We aim to work towards sustainable production processes and to reduce negative environmental impact, through continuous improvement of the supply chain. In FY2023, Padini has successfully launched eco-friendly products featuring materials like organic cotton, recycled cotton, sustainable cotton and recycled polyester.



#### 2.1 Organic cotton

The usage of conventional cotton being one of the most chemical intensive crops will be reduced as we will release products using organic cotton. Organic cotton, which is grown without harmful chemicals as compared to conventional grown cotton reducing the usage of water, energy and toxic chemicals which help to reduce impact on land, air and water.

**100% Organic cotton**  
approximately  
**99,900 units of apparels**

**95%-96% Organic cotton**  
approximately  
**53,100 units of apparels**

#### 2.2 Recycled cotton

Recycled cotton is an eco-friendly alternative than conventional cotton, where it uses post-consumer or post-industrial cotton waste and reprocessed into new yarns or fabric. This not only helps to divert textile waste from landfills, at the same time reducing water and electricity usage compared to producing conventional cotton.

**60% Recycled cotton**  
approximately  
**50,500 units of apparels**

**50% Recycled cotton**  
approximately  
**4,200 units of apparels**

#### 2.3 Sustainable cotton

Sustainable cotton refers to cotton that is produced and sourced in a manner that minimises its environmental and social impact. It focuses on reducing water consumption, promote ecological balance and conserve biodiversity.

**70% Sustainable cotton**  
approximately  
**900 units of apparels**

## ENVIRONMENTAL : CARING FOR NATURE (Cont'd)



### 2.4 Recycle polyester

Compared to virgin polyester, recycled polyester fabric can reduce energy consumption and generates fewer carbon dioxide (“CO<sub>2</sub>”) emissions in the manufacturing process. Recycled polyester which is made from recycled plastic provide a better way to divert the plastic from our landfills as well as reducing the extraction of crude oil and natural gas if compared to using the virgin plastic.

#### Apparel:

approximately

**19,800 units with 92%-100% recycled polyester**

**14,000 units with 79%-86% recycled polyester**

**38,300 units 40%-43% recycled polyester**

**9,800 units 36% recycled polyester**

**58,400 units 20% recycled polyester**



#### 58% Recycled Polyester

approximately

**46,800 units of footwears**

In financial year 2023, there is a total of approximately 395,700 units of eco-friendly footwears and garments being procured and launched into the market. This is approximately 0.6% out of total quantity purchased during the year. We will continue our efforts for sourcing products or materials that conform to environmental sustainability.

## 3. SUSTAINABLE OPERATION

A dedication to reducing the impacts of our owned and operated stores, distribution centres and offices means reducing our operational greenhouse gas emissions and waste production and working with our logistics and procurement partners to identify practices that are more efficient and have lower environmental impact.

### 3.1 Logistics

Our logistic is fully outsourced to third party to achieve maximum efficiency and effectiveness in terms of company resources. Noting that logistics is a significant source of environmental stress, especially in the form of carbon emissions, we aim to better plan out the routes of our distribution trucks to improve our transportation efficiency while reducing our carbon emissions in the long run.

## ENVIRONMENTAL : CARING FOR NATURE (Cont'd)

### 3.2 In-Stores



**Biodegradable plastics bags at all stores**  
**Recycled and sustainable paper bags, hang tag and shoe box at Vincci stores**

Packaging plays an important role in protecting our product during transport and reducing product waste through damage. We recognise it has a major impact on our environment. We are working hard to minimise this impact by reducing and reusing packaging where possible and increasing and investing in using materials that are renewable, recycled, recyclable, compostable and sustainably certified. With 99% of in-store waste coming from product packaging, reusing or recycling pose challenges given that our stores are located in shopping malls and large buildings. “No plastic bag” campaign for in-store purchases is implemented in-store to raise awareness among our customers while minimising the use of plastic bags.

To further provide a sustainable solution to reduce plastic waste pollution, all plastic bags used in-stores are Oxo-Biodegradable as certified by SIRIM ECO 001. When discarded in the natural environment, the presence of heat and oxygen will trigger a chemical reaction causing molecular breakdown into lower molecular mass, drastically shortening the degradation period from centuries to months. While at Vincci stores, we have already started using recycled and sustainable paper bags and recycled shoe boxes for our customers. The recycled paper bag and recycled shoe box are made of recycled wasted paper and SGS tested to ensure its environmentally friendly and safe to be used by our customers. In the financial year 2023, we have initiated the use of recycled paper bag which is responsibly sourced to protect forests and using water-based ink which is free from harmful additives and chemical toxins.



**Recycling campaign**

Padini has launched recycling campaign in both Padini Concept stores and Brands Outlet stores where there is recycle bin for old apparels and footwears. Customers are encouraged to donate any apparel and footwear from any brands and all the items will be given second chance.



## ENVIRONMENTAL : CARING FOR NATURE (Cont'd)






### Implementation of LED lighting in stores

In the financial year 2023, Padini made strides in enhancing some of the store's lighting by transitioning from Compact Discharge Metal Halide Technology ("CDMT") to energy-efficient LED technology. This strategic move aimed to improve energy efficiency, reducing maintenance costs and embrace a more sustainable and advanced lighting solution for the stores.

LED lighting offers greater energy efficiency and longer lifespan compared to CDMT lighting. This dual advantage benefits both company and environment, as it leads to lower energy consumption, reduce electricity costs and decrease maintenance costs.


During the financial year 2023, we have upgraded thirteen (13) of our store's lighting fixtures with LED lighting solutions, resulting in energy saving in term of 49% wattage of lighting's usage for each store. Up to the financial year ended 2023, there were fifty-nine (59) or 47.5% of our stores in Malaysia have successfully transitioned to energy-efficient LED lighting.

### 3.3 OFFICE & WAREHOUSE

 <p><b>Recycle Bin Setup in Office</b></p>	<p>Recycling programmes of the 3R practice of Reduce, Reuse &amp; Recycle has been embedded and remains strong in the culture of Padini Group. Office waste recycling programme is implemented at our office whereby bins for the segregation of wastes (Glass, Plastic and Paper) are provided on every floor for easy access. The collected recyclables are then sold to recycling centres, all generated funds used to support our company's CSR activities.</p>
 <p><b>'Turn off before you take off' Campaign</b></p>	<p>For our office buildings, a 'Turn off before you take off' campaign has been implemented to encourage our employees to turn off their computers, laptops and monitors if they are going to be away from their desk for a break or a long period of time. Majority of the office lighting that are not in used will also be switched off during lunch hours and past business hours. On top of that, regular maintenance is also conducted on all office equipment to keep them running efficiently.</p>
 <p><b>Hybrid/Electrical Vehicle Charging Station</b></p>	<p>To reward our staff who choose eco-friendly cars such as hybrid or electric vehicles, parking spots that are near the office lift lobbies were set aside to provide greater convenience. The electric car parking spaces are also equipped with eight (8) units of charging stations.</p>

## ENVIRONMENTAL : CARING FOR NATURE (Cont'd)


### 3.3 OFFICE & WAREHOUSE (CONT'D)



**Solar systems installations in Office and Warehouse**

In the financial year 2023, there is an increase of approximately 59% electricity cost comparing year on year to financial year 2022. In previous years, work from home (“WFH”) practice at Padini Office had reduced the net electricity consumption, more people returning to offices and business resume normal activity likely led to increase energy demand in both office and warehouses, leading to increase in electricity expenses.

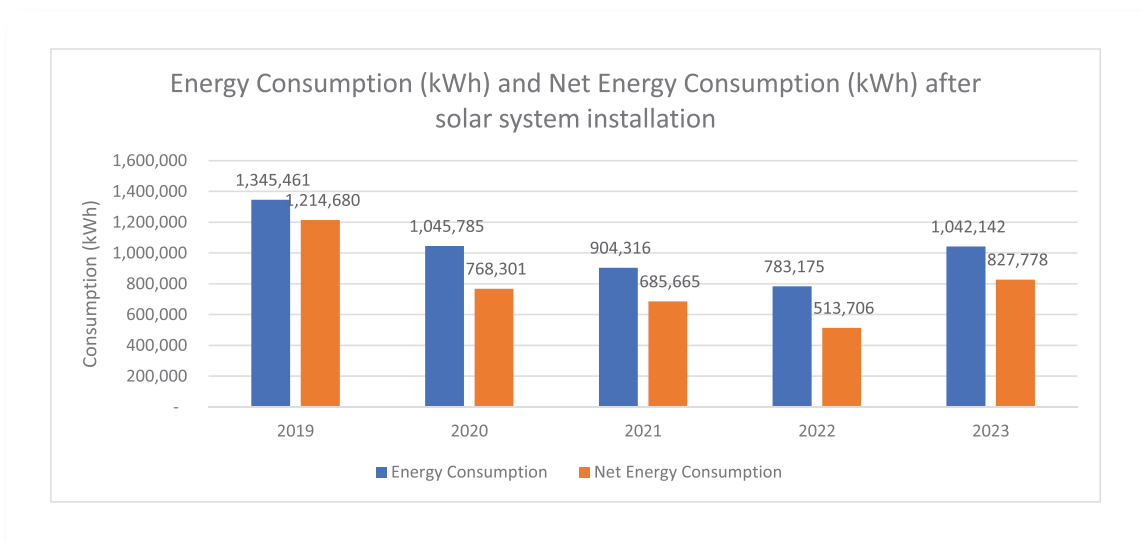
Year	Electricity Cost (RM)			Increase/(Decrease) in electricity cost		
	Padini Office	Padini Warehouse	Total	Padini Office	Padini Warehouse	Total
2021	310,502	26,337	336,839	(19%)	(61%)	(26%)
2022	288,894	350	289,244	(7%)	(99%)	(14%)
2023	430,359	29,177	459,536	49%	>100%	59%



**Total 1.1 gWh Clean Energy Produced from Solar Installation**

Since the installation of solar system, a total of 1.1gWh clean power has been produced and it's estimated to offset eight hundred sixty-six (866) tonnes equivalent of carbon dioxide (tCO<sub>2</sub>e) emissions.

The graph below illustrates the energy consumption of Padini office and warehouse in Malaysia, comparing it to the net energy consumption after the solar installation, which generates clean energy.



# SOCIAL

## CARING FROM THE HEART

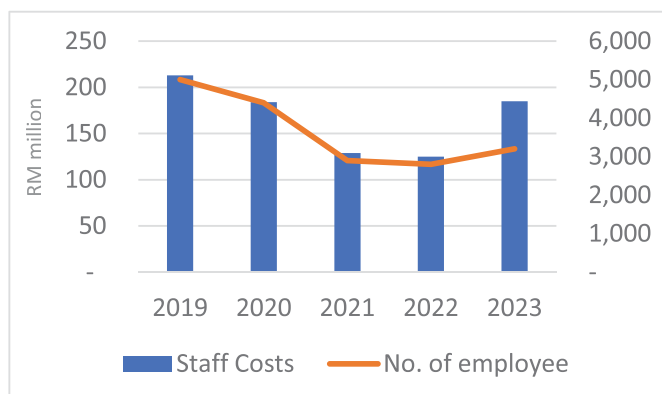
### “GOOD PEOPLE MAKE GOOD BUSINESS.”

People are at the heart of everything we do. From our employees, customers, our suppliers and manufacturers, we endeavour to have a positive impact on every person who has contact with Padini.

#### 1. OUR EMPLOYEES

We have cultivated a work environment in which our employees are constantly challenged to do their best. We have a strong brand identity that we've built through a creative approach. In return, we provide our employees with a unique work culture that is open and friendly and promotes a happy workplace.

Operating openly, respectfully and honestly ensures everyone can be instrumental in helping steer the business towards future opportunities and growth. We live, create and work in a world surrounded by like-minded people and by peers that inspire us.



We could not succeed as a company without the support of our most prized asset – our employees. In line with the overarching goals set out by the United Nations as part of its Sustainable Development Goals, Padini has created stable and quality jobs in line with its sustained financial growth in recent years. By having close to approximately three thousand two hundred (3,200) full time and part time employees under our umbrella, Padini has focused its energy on giving its employees stable and quality jobs that keep the business running smoothly.

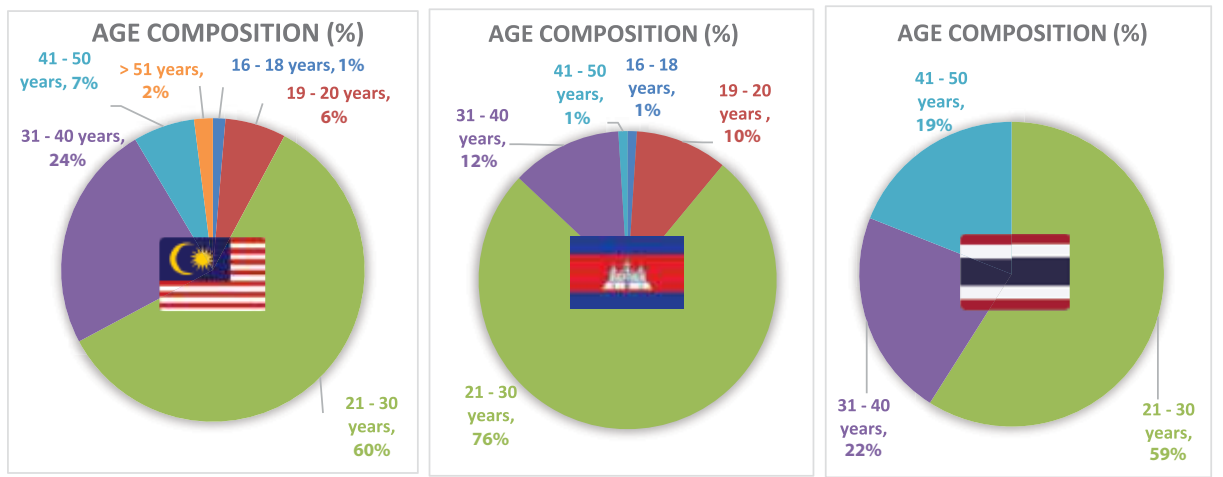
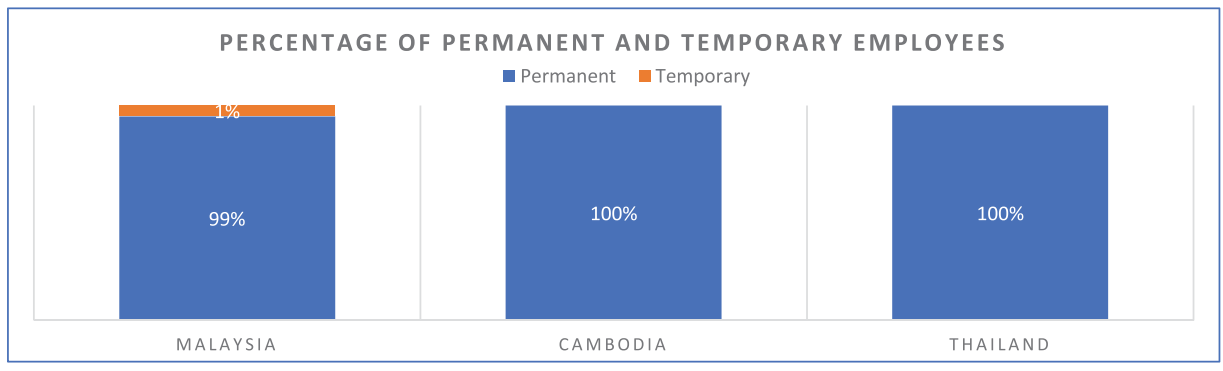
#### VALUING DIVERSITY AND EQUAL OPPORTUNITY

At Padini, people are the key to our success. We believe that our people play a vital role in our customers' experience. This year, to make our Core Value – 'Live to Contribute' alive, we encourage equal participation by including a diverse Group of people to be part of our team. Employment opportunities are provided to the Person with Disabilities to demonstrate their full potential, a platform to better display their abilities and thereby encouraging and inspiring others in the society.

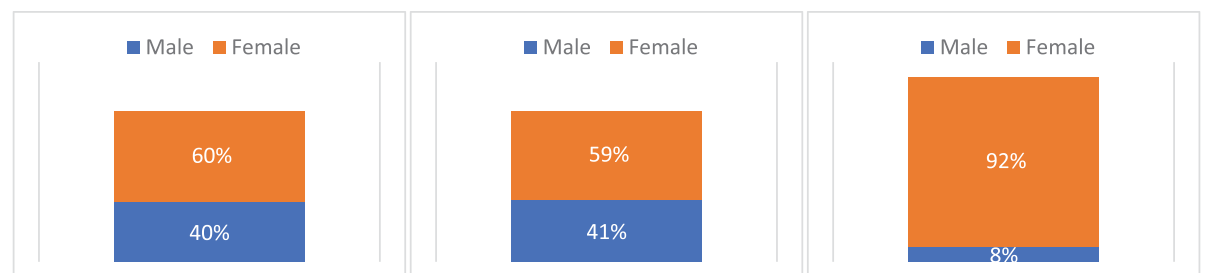
Apart from that, our Kelab Kebajikan Syarikat Padini Holdings ("KKSPH") and our Human Resources & Training Team are collaborating in recruiting the disabled to be part of our team. With the support from the Ministry of Women, Family & Community Development, we have managed to engage with the Department for the Development of Persons with Disabilities ("DDPWDs") to work on the hiring programme. An assessment has also been done to our office compound to ensure that it is disabled-friendly.

We strongly believe both employees, with and without disabilities benefit equally from a diverse work setting. As a result, employees are more likely to feel comfortable and happy in an environment where inclusivity is a priority.

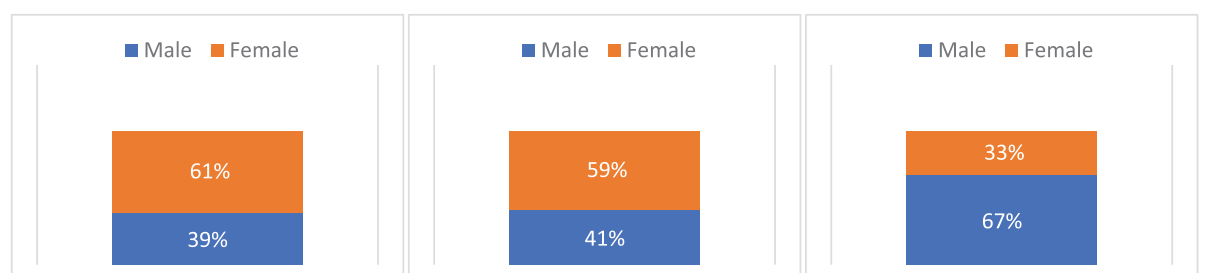
## SOCIAL : CARING FROM THE HEART (Cont'd)



Age Composition of Padini Employees by region



Gender Composition of Padini Employees in region



Salary Composition of Padini Employees in region



## SOCIAL : CARING FROM THE HEART (Cont'd)



### EMPOWERING LOCAL TALENTS

Approximate to 100% employees locally hired

It is also one of Padini's priorities to hire and train competent local employees to work in the offices and facilities that we operate. As a homegrown Malaysian company, recruiting and developing local talent with local knowledge first has always been our strategy. We seek to develop local resources and content to benefit the community by increasing the availability of talent, competence and capability of the local workforce going forward, with approximate to 100% of our total employees being local hires and two (2) Malaysians seconded to Cambodia.



### EMPLOYEES DEVELOPMENT AND GROWTH

As a responsible organisation, we believe in caring and training our people to be the best that they can be. We recognise that a comfortable workplace which provides all the necessary opportunities and incentives is critical for our people to grow professionally and personally so that they can contribute both to the company and to the society as a whole.

To achieve that, we carry out training and internal promotions as a means of developing and maximising our human capital, strengthening teamwork and building loyalty among our employees. Regular and structured training is provided to all levels of employees, from incoming recruits to frontline service employees, supervisors, right up to top management levels. Annually, we allocate a portion of our budget to employee training and development. In financial year 2023, Padini has invested a total of approximately RM485,000 for all trainings, including in-house education, training programmes and external trainings for its employees. Training mostly covered job-specific topics such as effective communication, coaching skills, leadership, etc.

In addition to in-house training programmes, we provide support to our employees to seek external courses and certifications to upgrade their skills. For those wishing to upgrade their skills and competencies, grants, loans, paid study leaves, time off for examinations as well as numerous in-house training programmes are provided. In financial year 2023, approximately RM134,000 was spent on external training and certification. Over the year and across the Group, a total of one hundred and eleven (111) internal and external trainings have been organised.

#### **Employee Internal Training Programmes - throughout financial year 2023:**

##### **Target Group: All Employees**

1. Good Etiquettes and Behaviours
2. Effective Performance Management
3. Positive Working Attitude
4. Retail Service in Action
5. Customer Focused Mindset
6. New Staff Orientation
7. Hiring & Interviewing
8. Employment Manual
9. Coaching for Performance
10. Communication Skills
11. Customer Focused Mindset @ Outlet
12. Managing People
13. Leadership And Influencing Others
14. Customer Service Essential

## SOCIAL : CARING FROM THE HEART (Cont'd)

### **Employee External Training Programmes - throughout financial year 2023:**

1. Safety In Handling Forklift
2. Emergency Response Plan & Preparedness Combined Drill Training
3. GCPCIN - Google Cloud Fundamentals: Core Infrastructure
4. Occupational First Aid Certification with AED & CPR Skill Training
5. Hiring Solution Workshop
6. SiVA Recruitment Centre Training
7. Forklift Safe Handling Course
8. Employer Intervention Programme ("EIP")
9. Leadership Skills Training (The Best Of Me Using Personality Test)
10. Training Needs Analysis For Organisation
11. Human Resources Key Performance Indicator Performance Measurement And Appraisal For Organisation
12. Employment (Amendment) Act 2022
13. Monthly Tax Deduction Calculation And Employee Benefits
14. HR Seminar 2023 & Guidelines For HR Policies
15. BDO Tax Webinar On Budget 2023
16. Tax Seminar On Budget 2023
17. ESG Series : Introduction To Carbon Emission & Net Zero
18. SiVA Recruitment Centre Live Webinar (The Comprehensive Training About Recruitment)
19. MEF Tax Seminar 2023

#### July 2022



Customer Focused Mindset



New Staff Orientation



Safety In Handling Forklift

#### August 2022



Customer Focused Mindset



Communication Skill



Emergency Response Plan



First Aid Training

#### September 2022



Communication Skill



Employer Intervention Program



- Forklift Safe Handling Course  
- New Staff Orientation  
- First Aid Training

## SOCIAL : CARING FROM THE HEART (Cont'd)

### October 2022

Communication Skill

New Staff Orientation

First Aid Training



Preparedness Combined Drill Training



Employment Manual



Retail Service in Action

### November 2022

Communication Skill

New Staff Orientation

First Aid Training

Team building



Employment (Amendment) Act 2022



Hiring Solution Workshop



Leadership Skills Training

### December 2022

Communication Skill

New Staff Orientation

Leadership Skills Training



Customer Focused Mindset



Good Etiquettes and Behaviours

### January 2023



New Staff Orientation



-Positive Working Attitude  
-Effective Performance Management

### February 2023

New Staff Orientation

Mindset Mastery Retreat

Customer Focused Mindset



Team building

### March 2023



New Staff Orientation



Mindset Mastery Retreat

## SOCIAL : CARING FROM THE HEART (Cont'd)

### April 2023



New Staff Orientation

### May 2023

- Mindset Mastery Retreat
- Positive Working Attitude



English class



Customer Focused Mindset



New Staff Orientation

### June 2023



Customer Focused Mindset



Mindset Mastery Retreat



MEF Tax Seminar



Customer Focused Mindset

## SOCIAL : CARING FROM THE HEART (Cont'd)



### REWARDING AND RECOGNISING OUR EMPLOYEES

Our policies relating to recruitment, career prospects and rewards are merit-based.

Events such as festive dinners were conducted to recognise the efforts and hard work of our people, as well as foster family spirit and a sense of belonging to the company. During the year, awards presented to our employees included Best Employee Award, Medical Reward, Outstanding Team Award and Perfect Attendance Award. Apart from certifications, cash and gift vouchers were also rewarded as a token of appreciation to our employees' contribution to the company. Each and every contribution from our employees are recognised and rewarded with career progression opportunities.

Apart from that, all our confirmed employees are also entitled to generous employee discounts, ranging from 20% to 40% for the purchase of Padini's products, or up to RM2,000 per quarter.

At Padini, other than only supporting professional growth, we also embrace our employee's individual aspirations and accomplishments. Our staff member, Mohd Firdaus Bin Mohamad has participated in the fifth (5th) World Deaf Ten-Pin Bowling Tournament in Munich, Germany and won a few prizes from the tournament as below:

1. Champion in the Men's Trio,
2. Fourth (4th) place in the Men's Single; and
3. Fifth (5th) place in the Men's Double.

Offering leave throughout the whole training and tournament period demonstrates our dedication to their passions beyond work. The bowling bag gift signifies our appreciation for his achievement. At Padini, we celebrate individual successes that contribute.



### EMPLOYEES WELLNESS AND ENGAGEMENT

We firmly believe that a healthy workforce is a motivated and productive one. We always prioritise our employees' health and continuously implement a range of projects and actions to support and protect their well-being. This includes addressing health-related issues, promoting manageable workloads and providing comfortable working environments designed to maximise productivity, creativity and collaboration.

All our full-time employees are provided at the Group's costs, with Personal Accident, Hospitalisation & Surgery and Term Life insurance coverage. The purpose of these insurance coverage is to ensure that in the event of illnesses, injury, disablement, or even death, a reasonably sized financial cushion is made available to the affected employee or their families to help reduce the trauma of the unforeseen situations.

During the financial year 2023, the following programmes were conducted for the benefit and bonding of the employees:

1. Padini Bowling Tournament
2. Badminton
3. Yoga
4. Zumba
5. Mental Health Campaign
6. Corporate Wellness Package From Evolution Wellness (Fitness First, Celebrity Fitness & Chi Fitness)
7. On-site Influenza Vaccine
8. On-site Health Screening by Pathlab
9. VitaHealth Supplement Sale
10. Great Eastern Roadshow
11. Padini Management Trip
12. Blood Donation Campaign

## SOCIAL : CARING FROM THE HEART (Cont'd)



Zumba Class



Yoga Class



VitaHealth Supplement Sale



Padini Bowling Tournament



Badminton



Mental Health Campaign



Corporate Wellness Package  
From Evolution Wellness



On-site Influenza Vaccine



Oral Health Day



Padini Management Trip

## SOCIAL : CARING FROM THE HEART (Cont'd)



### SUPPORTING NEW MUMS AT WORK

**Nursing Room**  
**Flexible Lactation Breaks**  
**Maternity Parking**

We are proud to have a strong representation of female employees through every level of our company. To ensure smooth transitions back to work for our new mums, we have refurbished a dedicated nursery room. Flexible lactation breaks are also allocated to allow our new mums to schedule lactations around their work duties. We believe that by having a supportive work environment, where new mums feel comfortable and encouraged to breastfeed and express during the workday, can reduce some of the stress inherent to juggling work and motherhood, and therefore increase productivity at work. We have also provided designated parking locations for expectant mothers to gain access to the office or warehouse through parking closer to the entrance.



### OPEN WORKFORCE COMMUNICATIONS

**Practice open communication**

At Padini, we value transparency and take our employees' feedback into consideration to make Padini a better place to work. We therefore promote and practice open communication across all levels of employees and departments through various regular interactive sessions between employees and senior management. All employees are encouraged to bring up their work-related concern directly to the attention of the senior management. Padini's Human Resource and Training Department is tasked with ensuring that our labour practices are in compliance with the latest statutes and legislations. By identifying and understanding our employees' needs, we are able to improve their well-being.

### WELFARE PROVISIONS FOR EMPLOYEES IN TIMES OF EMERGENCY AND CRISIS

We also believe in the adage, "charity begins at home". The care that we demonstrate to employees extends to their families in times of crisis. The management is always sympathetic to employees in their time of need, and we provide financial aid in the event of passing of staff or a staff's family member, and those who require funding for medical treatment. We have provided the above through our Employees Assistance Programme.



### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

**Reduced accident rates**

The Safety and Health Committee in Padini functions to assist Padini to formulate safety measures, guidelines, rules and safety systems of works. In case of any occupational accidents or dangerous occurrence, committee member will take part in investigating and recommend corrective actions.

In 2023, we have recorded thirty-three (33) minor injuries in Malaysia and zero accident case in both Cambodia and Thailand. Most of the accidents were non-work related road accident, except for thirteen (13) at Malaysia's outlet. These happened when employees used stepladder to organise stocks in stores. In an effort to decrease the number of accidents, we have provided more efficient equipment such as trolleys and instructions training, and internal memo has been issued to keep staff alert on safety issues.

Accident Type	FY 2023	FY 2022	FY 2021
Workplace	13	1	1
Road	20	11	21
Total	33	12	22

*Number of Accident Cases*

## SOCIAL : CARING FROM THE HEART (Cont'd)



### RAISING TOMORROW'S LEADERS

#### Sponsorships for study and training programmes

As a company, we represent a significant fraction of the local apparel industry. Knowing that we can make a difference in creating positive impact, we aim to utilise our platform to create opportunities for our employees, for young adults seeking to begin their career, and to nurture our local talents in reaching their goals and fulfil their greatest potential. Believing that 'Today's youth will lead us tomorrow', education and practical training become one of our priorities in Padini.

Besides internal training programmes, we also encourage our employees to improve their personal skills through sponsorships for study and training programmes.

Sponsorships for work related study/ training	
Management Level	Up to RM10,000 per annum without bond
Executive Level	Up to RM5,000 per annum without bond
Non-Executive Level	Up to RM2,500 per annum without bond



### TRAINING PROGRAMMES FOR GRADUATES

Since financial year 2009, Padini had, on an annual basis conducted training programmes for graduates. The programmes had initially targeted graduates interested in pursuing management career opportunities in the retail apparel industry as well as graduates who are keen to obtain some practical working experience by serving as interns. The programmes were modified later to focus more exclusively on preparing participants for careers in the apparel retail trade, with details as follows:

#### **National Dual Training System / Sistem Latihan Dual Nasional ("SLDN")**

Introduced in August of 2022, SLDN is an industry-oriented programme that merges workplace and institutional training. Collaboration with Department of Skills Development ("DSD") from Human Resource Ministry and Vision Diagnostic Sdn Bhd. Conducted over approximately one (1) year period, this programme comprised both classroom and on-the-job training at our stores and learning included retail operation such as stock arrangement, customer services, cashiering etc. Upon completion of both designated hands-on training and final test conducted at the end of training programme, DSD will award successful apprentices with national skills qualification.



### FACILITATING CAREER ADVANCEMENT

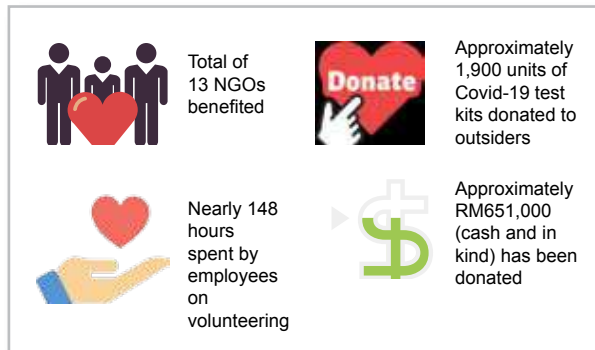
#### Encourage transfer of stores or department

As part of our effort to help employees advance their careers, we allow employees to directly inform human resources about their career ambitions, as well as an internal recruitment system that lets employees apply for a transfer to another store or head office department. We made it our priority to first look internally for staffing before opting out for external recruitment as we strongly believe that this results in lifting the morale, induce motivation and better retention among our employees.



## SOCIAL : CARING FROM THE HEART (Cont'd)

### 2. OUR COMMUNITY



As part of our philosophy to ensure our business has a positive social impact, we have partnered with some inspirational local and international organisations. The charities we work with support women, children, families, communities, and the environment.

We embrace causes that most affect people's lives every day, such as the environment, community development, healthcare, culture, sports, and education. These programmes deliver both social and business benefits: our communities' benefit from the long-term impact

of our employee volunteer efforts, and our business is rewarded with more engaged employees who are passionate about making a difference in the world.

#### STRENGTHENING VULNERABLE GROUPS

Donations of both monetary and in kind were made from proceeds derived from a variety of fund-raising activities conducted by the Kelab Kebajikan Syarikat Padini Holdings Berhad (formerly Caring From The Heart), a group consisting of employee volunteers from Padini. A total of approximately RM651,000 in cash and in kind were donated to the vulnerable group. Padini has been engaging with Orang Kurang Upaya (OKU) as caterers for inhouse training food and beverages, in hope to promote inclusivity and provide meaningful opportunities for individuals with disabilities.

#### SUPPORTING THE HUMANITARIAN CAUSES

In financial year 2023, Padini has been active in making positive impacts to the community through a variety of philanthropic initiatives. Approximately one thousand two hundred (1,200) cartons or equivalent to approximately twenty-eight thousand (28,000) pieces of assorted Padini merchandises were donated in financial year 2023. A total of thirteen (13) NGOs has benefited from the donation of assorted Padini Merchandises, and donation in cash and kind. The thirteen (13) NGOs are as follows:

1. Life Line Clothing Malaysia (LLCM)
2. GLAD PJ Shop
3. The Inclusive Outdoor Classroom
4. Persatuan Kebajikan Kanak-Kanak Terencat Akal Malaysia
5. Pusat Kebajikan Kanak-Kanak Yatim dan Cacat Ceria Klang
6. House of Love
7. Embassy of Turkey
8. Pusat Jagaan Cahaya Kasih Bestari
9. Pusat Jagaan Anak-Anak Istimewa Sayang
10. Rumah Amal Al-Firdaus
11. My Kasih Foundation (SK SG DUA Bentong and Charity Golf)
12. Persatuan Insan Istimewa Cheras (Home for Special People, Cheras)
13. Pusat Jagaan Rumah Juara

## SOCIAL : CARING FROM THE HEART (Cont'd)



Donation to House of Love



Donation to Pusat Jagaan Anak-Anak Istimewa Sayang



Donation to Pusat Kebajikan Kanak-Kanak Yatim dan Cacat Ceria



Donation to Rumah Amal Al Firdaus



Donation to The Glad Shop



Donation to Pusat Jagaan Cahaya Kasih Bestari



Glad Tidings Church PJ (KKSPH Fun-Tastic Art Day)



Donation to Pusat Kebajikan House of Love



Donation to Pusat Kebajikan Kanak-Kanak Yatim dan Cacat Ceria Klang



Donation to Break the Stigma on Disability by The Inclusive Outdoor Classroom

### COMMUNITY ENVIRONMENTAL PROJECT

During financial year 2023, we had collected and sold for recycling, a total of approximately 3,400kg of used paper, plastic and paper products with the proceeds amounting to nearly RM1,000. While negligible, the sum was utilised in part to fund Padini's philanthropic activities.

## SOCIAL : CARING FROM THE HEART (Cont'd)

### 3. OUR CUSTOMER



#### CONSUMER PRIVACY

We aim to respond to evolving consumer expectations, security threats and regulation concerning data privacy. Padini treats personal data of our consumers, employees and other stakeholders with utmost respect and transparency. We respect consumers' right to privacy when they use our websites, sign up for our Loyalty Programme (Padini Membership Card) and communicate electronically with us. Padini complies with the Personal Data Protection Act 2010 ("PDPA"). We have put in place all necessary measures to keep any personal information provided securely. Further information on our Privacy Policy is available on our website.



#### CONSTANT IMPROVEMENT ON CUSTOMER SERVICE

To stay on top of consumer needs as they change with the times, Padini has set up various customer service platforms as follows:

Customer Service Platforms	
1	Official Website Feedback Form
2	Customer Service Hotline
3	Email
4	Social Media Pages

The feedback from customers is relayed to relevant stores and departments to ensure a timely response, ensuring that customer feedback is reflected to improve products and services. Recognising that complaints are especially valuable feedback, all personnel involved promptly share details with relevant stores and departments so that their root causes and solutions can be determined to prevent any recurrence.

Reports on product defects and measures for improvements are compiled every month based on customers' opinions and requests collected by customer service centres and customers' complaints handled. These reports are made known to all personnel of the company's production offices around the world, where they are useful for improving quality.



#### Mystery Shoppers

In addition, to improve customer service, on an annual basis, we will chose minimum twelve (12) outlets to have mystery shopping visits. For FY2023, there is a total of thirty-one (31) outlets being chosen as part of our commitment to improving our customer experience. After conducting the mystery shopping visits, the mystery shoppers will then write a detailed report on a pre-defined and agreed-upon form, and the result will then be further analysed. Thereafter specific training will be given to those chosen outlets based on the reports of the mystery shopper on areas for improvement. Mystery shoppers will visit for another round in order to gauge the effectiveness of the training given and thus used as a benchmark in employees training and planning our future business policy.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is pleased to present the Corporate Governance Overview Statement (“this Statement”) which seeks to provide shareholders and investors vital insights into the corporate governance (“CG”) practices of the Group to the investors for the financial year of 2023.

The revised Malaysian Code on Corporate Governance issued on 28 April 2021 (“MCCG 2021”) supersedes the Malaysian Code on Corporate Governance 2017. This statement describes the approaches that the Group has taken with respect to the principles or practices of the MCCG 2021 and the extent of compliance with the Recommendations of the MCCG 2021, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Corporate Governance Guide (“CG Guide”) issued by Bursa Securities during the financial year under review.

The detailed application for each practice as set out in the MCCG 2021 is disclosed in the CG report which is available in the Group’s website, at <https://corporate.padini.com>

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### 1. BOARD OF DIRECTORS

#### 1.1 Board Charter and Code of Conduct of the Board

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

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

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

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

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

#### Governance of Sustainability

The Board reviewed the practices under MCCG 2021 and to continuously ensures that there is an effective governance framework for Group’s sustainability. Group’s sustainability works to address Group’s material sustainability risks and opportunities are still ongoing. To kept abreast on sustainability issues which are relevant to the Group’s business operations, several training programmes had been organised for the Board as well as employees during the financial year under review.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.2 Roles and Responsibilities of the Board

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

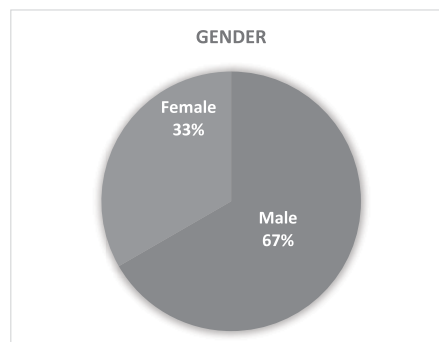
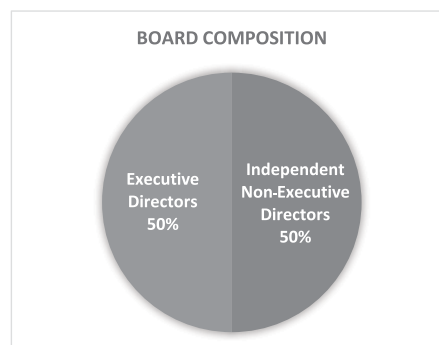
In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their roles and responsibilities. The Board's roles and responsibilities include the following:-

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

##### 1.3 Composition, Independence and Diversity of the Board

There are currently twelve (12) members in the Board, comprising six (6) Independent Non-Executive Directors and six (6) Non-Independent Executive Directors. The current Board composition complies with the Listing Requirements but departed from MCCG 2021 in which the Board comprises a majority non-independent directors. A brief profile of each Board member is as set out in the Integrated Annual Report 2023 "Profile of Directors".

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

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

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

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

On 31 May 2023, Mr Foo Kee Fatt had resigned from the Board after having served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. On 1 July 2023, two (2) additional Independent Non-Executive Directors, Datuk Lee Say Tshin and Mr Timothy Tan Heng Han, had been appointed. This is in line with Board's refresh practice undertaken upon review of the current board composition which ensure appropriate representation and robust deliberation and decision making by the Board.

As of 31 August 2023, Ms. Chong Chin Lin has opted to step down from her role as an Executive Director of the Group, marking the conclusion of her extensive tenure. Mr. Christopher Yong Tze-Yao was appointed as the new Executive Director on 1 September 2023.

Mr Lee Peng Khoon and Mr Chia Swee Yuen, who were appointed on 6 January 2014 and 2 May 2014, respectively, have completed their tenure of nine (9) years on 5 January 2023 and 1 May 2023, respectively. The Board has upon its assessment recommended the reappointment of Mr Lee Peng Khoon and Mr Chia Swee Yuen as Independent Non-Executive Directors for the shareholders' approval through a two-tier voting process at the forthcoming Annual General Meeting of the Company.

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

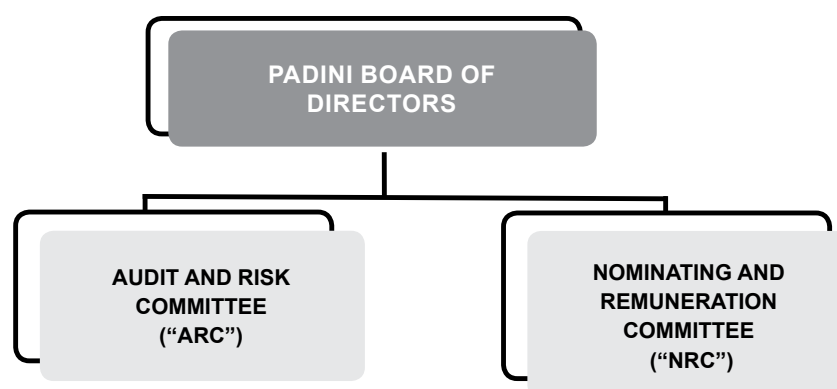
## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.4 Board Committees

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



##### 1.5 Nominating and Remuneration Committee Report

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

- (1) Framework for remuneration of the Board and senior management personnel;
- (2) The results of the performance and evaluation of (i) the Directors and the Board and (ii) the Audit Committee and its members, for the year ended 30 June 2022;
- (3) Proposed re-election of Directors retiring at the Annual General Meeting in accordance with Clause 103(1) and Clause 110 of the Company's Constitution;
- (4) Retention of Independent Directors;
- (5) Proposed Directors' fee for the financial years ended 30 June 2022 and 2023 and for the financial year ending 30 June 2024;
- (6) Proposed Directors' Benefits payable for the financial year ended 30 June 2023 and for the financial year ending 30 June 2024;
- (7) The results of the Key Performance Indications (“KPI”) for the year ended 30 June 2022, the detailed KPI for the financial year 2022/2023 and the Mid Year Report on KPI for the financial year 2022/2023;
- (8) Trainings attended by Directors to-date and their further training needs and requirements;
- (9) Extension of the period of service of an Executive Director;
- (10) Proposed appointments of Independent Directors ; and
- (11) Proposed revision of the remuneration package of the Executive Directors.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.6 Board Meeting

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

Details of the attendance are as follow:-

	DIRECTORS	POSITION	BOARD MEETINGS ATTENDED
1	Mr Chia Swee Yuen	Chairman, Independent Non-Executive Director	5/5
2	Mr Yong Pang Chaun	Managing Director	5/5
3	Mr Andrew Yong Tze How	Executive Director	5/5
4	Mr Benjamin Yong Tze Jet	Executive Director	5/5
5	Ms Chew Voon Chyn	Executive Director	5/5
6	Mr Lee Peng Khoon	Independent Non-Executive Director	5/5
7	Ms Sung Fong Fui	Executive Director	5/5
8	Ms Tan Shi Wen	Independent Non-Executive Director	5/5
9	Ms Tan Poh Ling	Independent Non-Executive Director	5/5
10	Mr Christopher Yong Tze-Yao	Executive Director	— <sup>#</sup>
11	Datuk Lee Say Tshin	Independent Non-Executive Director	— <sup>*</sup>
12	Mr Timothy Tan Heng Han	Independent Non-Executive Director	— <sup>*</sup>
13	Ms Chong Chin Lin	Executive Director	5/5 <sup>^</sup>
14	Mr Foo Kee Fatt	Independent Non-Executive Director	5/5 <sup>+</sup>

<sup>#</sup> Mr Christopher Yong Tze-Yao was appointed to the Board on 1 September 2023

<sup>\*</sup> Datuk Lee Say Tshin and Mr Timothy Tan Heng Han were appointed to the Board on 1 July 2023

<sup>^</sup> Ms Chong Chin Lin resigned from the Board on 31 August 2023.

<sup>+</sup> Mr Foo Kee Fatt resigned from the Board on 31 May 2023

##### 1.7 Directors' Training

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

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.7 Directors' Training (Cont'd)

The training programmes attended in financial year 2023 are as follows:-

No.	TRAINING/ COURSES	Mr Chia Swee Yuen	Mr Yong Pang Chaun	Mr Lee Peng Khoon	Mr Andrew Yong Tze How	Mr Benjamin Yong Tze Jet	Ms Chew Voon Chyn	Ms Sung Fong Fui	Ms Tan Shi Wen	Ms Tan Poh Ling	Ms Chong Chin Lin	Mr Foo Kee Fatt
1	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers			√								
2	Complimentary Webinar on ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement			√								
3	Corporate Governance & Remuneration Practices For The ESG World			√								
4	MIA Annual General Meeting (AGM)									√		
5	Understanding & Implementing The International Standard Of Quality Management									√		

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.7 Directors' Training (Cont'd)

The training programmes attended in financial year 2023 are as follows:- (Cont'd)

No.	TRAINING/ COURSES	Mr Chia Swee Yuen	Mr Yong Pang Chaun	Mr Lee Peng Khoon	Mr Andrew Yong Tze How	Mr Benjamin Yong Tze Jet	Ms Chew Voon Chyn	Ms Sung Fong Fui	Ms Tan Shi Wen	Ms Tan Poh Ling	Ms Chong Chin Lin	Mr Foo Kee Fatt
6	Filled Implication for Auditing and Accounting				√			√				
7	ESG (Introduction to Carbon Emission & Net Zero)	√	√	√	√	√	√	√	√	√	√	√
8	Institute of Chartered Accountants in England & Wales (ICAEW) Code of Ethics			√								
9	CTIM 2023 Budget Seminar											√
10	MICPA-Workshop on ISQM1 Guide and Illustrative Manual (IGIM)											√
11	Audit Oversight Board Conversation with Audit Committees			√				√				√
12	LHDN Seminar Percukai Kebangsaan 2022											√

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.7 Directors' Training (Cont'd)

The training programmes attended in financial year 2023 are as follows:- (Cont'd)

No.	TRAINING/ COURSES	Mr Chia Swee Yuen	Mr Yong Pang Chaun	Mr Lee Peng Khoon	Mr Andrew Yong Tze How	Mr Benjamin Yong Tze Jet	Ms Chew Voon Chyn	Ms Sung Fong Fui	Ms Tan Shi Wen	Ms Tan Poh Ling	Ms Chong Chin Lin	Mr Foo Kee Fatt
13	Tax Seminar on Budget 2023							√				
14	MIA webinar series - Going concern indicators & managing impairment of Assets and Restructuring Provisions							√				
15	Climate Bonds Initiative - GSS+ Bonds Training									√		

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.8 Directors' Remuneration

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

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

A summary remuneration of the Directors for the financial year ended 2023 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are set out below in Ringgit Malaysia ("RM"):

##### Group

			Fees	Salaries & Bonuses	Statutory Contributions	Other Emoluments*	Total
1	Mr Chia Swee Yuen	Independent Non-Executive Director	118,000	–	–	6,000	124,000
2	Mr Yong Pang Chaun	Executive Director	–	1,455,419	58,222	19,500	1,533,141
3	Mr Andrew Yong Tze How	Executive Director	–	769,257	92,311	22,237	883,805
4	Mr Benjamin Yong Tze Jet	Executive Director	–	769,257	92,311	13,700	875,268
5	Ms Chong Chin Lin	Executive Director	–	1,008,874	40,355	25,837	1,075,066
6	Ms Chew Voon Chyn	Executive Director	–	685,257	82,231	12,500	779,988
7	Mr Foo Kee Fatt	Independent Non-Executive Director	90,167	–	–	6,000	96,167
8	Mr Lee Peng Khoon	Independent Non-Executive Director	96,000	–	–	6,000	102,000
9	Ms Sung Fong Fui	Executive Director	–	1,015,257	123,991	33,574	1,172,822
10	Ms Tan Shi Wen	Independent Non-Executive Director	80,000	–	–	6,000	86,000
11	Ms Tan Poh Ling	Independent Non-Executive Director	88,333	–	–	6,000	94,333

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. BOARD OF DIRECTORS (Cont'd)

##### 1.8 Directors' Remuneration (Cont'd)

###### Company

			Fees	Salaries & Bonuses	Statutory Contributions	Other Emoluments*	Total
1	Mr Chia Swee Yuen	Independent Non-Executive Director	118,000	–	–	6,000	124,000
2	Mr Foo Kee Fatt	Independent Non-Executive Director	90,167	–	–	6,000	96,167
3	Mr Lee Peng Khoon	Independent Non-Executive Director	96,000	–	–	6,000	102,000
4	Ms Tan Shi Wen	Independent Non-Executive Director	80,000	–	–	6,000	86,000
5	Ms Tan Poh Ling	Independent Non-Executive Director	88,333	–	–	6,000	94,333

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

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. AUDIT AND RISK COMMITTEE

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

The Group's current Audit and Risk Committee is made up of five (5) independent Non-Executive Directors. The Chairman of the Audit and Risk Committee is Ms Tan Poh Ling, an Independent Non-Executive Director, and is not the Chairman of the Board so as not to impair the objectivity of the Board's view of the Audit and Risk Committee's findings and recommendations.

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

#### 2. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### 1. COMMUNICATION WITH STAKEHOLDERS

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

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

#### 2. CONDUCT OF GENERAL MEETINGS

The Group's General Meetings remain the main channel of communication with the Group's shareholders, in particular private investors. The Board will ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholder's participation in the meetings. In view of new normal practice brought by Covid-19 pandemic, Padini had held its virtual General Meeting in the previous financial years. As the country has entered the endemic phase of Covid-19 pandemic, the Board has decided to shift back to physical platform which facilitates two-way communication flow during general meeting. At each General Meeting, shareholders are given the opportunity to seek clarification on any matter pertaining to the business activities and financial performance of the Group.

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

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

#### 3. SENIOR MANAGEMENT

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

The remuneration package of senior management is established to ensure a good balance between attracting, retaining and motivating staff. The total remuneration package of the top ten (10) senior management has been disclosed in practice 8.2 of the Corporate Governance Report. Corporate Governance Report is available via an announcement on the website of Bursa Securities. This has excluded the remuneration of Executive Directors which has been declared under the Directors' Remuneration.

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

# REPORT OF THE AUDIT AND RISK COMMITTEE

The Board of Directors of Padini Holdings Berhad is pleased to present the Audit and Risk Committee Report of the Board for the financial year ended 30 June 2023.

## COMPOSITION OF THE AUDIT AND RISK COMMITTEE

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

Chairman
Ms Tan Poh Ling (Independent Non-Executive Director) <i>appointed as Chairman on 1 February 2023</i>
Members
Mr Lee Peng Khoon (Independent Non-Executive Director)
Ms Tan Shi Wen (Independent Non-Executive Director)
Datuk Lee Say Tshin (Independent Non-Executive Director) <i>appointed on 1 July 2023</i>
Mr Timothy Tan Heng Han (Independent Non-Executive Director) <i>appointed on 1 July 2023</i>
Mr Foo Kee Fatt (Independent Non-Executive Director) <i>resigned as Chairman and re-designated as Member on 1 February 2023. Resigned as Member on 31 May 2023</i>

## TERMS OF REFERENCE

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

## ATTENDANCE OF AUDIT AND RISK COMMITTEE MEETINGS

The details of attendance of each Audit and Risk Committee member in the Audit and Risk Committee meetings held during the financial year ended 30 June 2023 are as follows:-

	DIRECTORS	Meetings attended by the Directors/ Total Number of Meetings held during the financial year ended 30 June 2023	% of Attendance
1	Ms Tan Poh Ling	5/5 <sup>a</sup>	100% <sup>a</sup>
2	Mr Lee Peng Khoon	5/5	100%
3	Ms Tan Shi Wen	5/5	100%
4	Datuk Lee Say Tshin	—*	—*
5	Mr Timothy Tan Heng Han	—*	—*
6	Mr Foo Kee Fatt	5/5 <sup>^</sup>	100% <sup>^</sup>

<sup>a</sup> Ms Tan Poh Ling was appointed as Chairman of the Audit and Risk Committee on 1 February 2023

\* Datuk Lee Say Tshin and Mr Timothy Tan Heng Han were appointed as a member of the Audit and Risk Committee on 1 July 2023

<sup>^</sup> Mr Foo Kee Fatt resigned as Chairman on 1 February 2023 and as a member of the Audit and Risk Committee on 31 May 2023

## REPORT OF THE AUDIT AND RISK COMMITTEE (Cont'd)

### ATTENDANCE OF AUDIT AND RISK COMMITTEE MEETINGS (CONT'D)

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

The Committee also reviews reports by the Statutory Auditors on year-end audit procedures which highlight any issues identified from the work undertaken on the audit. The significant issues that the Committee considered in relation to the significant financial issue impacting Financial Statements 2023 are discussed by the Committee during the meeting.

### SUMMARY OF THE WORK OF THE AUDIT AND RISK COMMITTEE

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

#### 1. Financial Reporting

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

#### 2. External Audit

- Reviewed with the statutory auditors, their audit plan for the financial year ended 30 June 2023 to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their presentation to the Committee;
- Reviewed the statutory auditor's report;
- The Audit and Risk Committee met with the statutory auditors once during the year, without the presence of management, to review key issues within their sphere of interest and responsibility. During the private session with the statutory auditors, it was noted that there were no major concerns from the statutory auditors;
- Reviewed audit and non-audit fees for services awarded to the statutory auditors. Generally, the Group's statutory auditor is prohibited from providing any services that would conflict with their statutory responsibilities or which would otherwise compromise their objectivity or independence. During the financial year, BDO PLT's audit fee amounted to RM245,000 and BDO PLT's non-audit fees was RM6,500; and
- Reviewed and assessed the performance, suitability and independence of the statutory auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional skepticism. The statutory auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. The Audit and Risk Committee was satisfied with the performance and the audit independence of the statutory auditors. Accordingly, it was recommended to the Board to re-appoint BDO PLT as auditors of the Company. A resolution for their re-appointment will be tabled for approval at the forthcoming Annual General Meeting.



## REPORT OF THE AUDIT AND RISK COMMITTEE (Cont'd)

### SUMMARY OF THE WORK OF THE AUDIT AND RISK COMMITTEE (CONT'D)

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

#### 3. Internal Audit

- Reviewed the reports by internal auditors, representations made and corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis. During the financial year, four (4) new reports and four (4) follow-up reports were presented to the Audit and Risk Committee focusing on the following matters:
  - Merchandising Function for Padini, Padini Authentics, PDI, MIKI, P&Co and Seed
  - Retail Sales Operations for Brands Outlet
  - Merchandising Function for Vincci
  - Group Human Resource Management
  - Sourcing and Quality Control Management
  - Project Development and Implementation for Information Technology Projects
- Reviewed the follow-up reports from the internal audit and to ensure the issues were appropriately addressed on a timely basis;
- The Audit and Risk Committee met with the internal auditors once during the year, without the presence of management, to review key issues within their sphere of interest and responsibility. During the private session with the internal auditors, it was noted that there were no major concerns from the internal auditors;
- Reviewed the effectiveness of the audit process and assessed the performance of the overall Internal Audit function;
- Reviewed the internal audit plan for the financial years ended 30 June 2023 and 2024; and
- Reviewed the adequacy, scope, function, competency and resources of Internal Audit function.

#### 4. Risk Assessment

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

## REPORT OF THE AUDIT AND RISK COMMITTEE (Cont'd)

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### **INTERNAL AUDIT FUNCTION**

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

The Group's annual professional fee for internal audit services charged by the outsourced internal auditor is RM64,500.

### **STATUTORY AUDITOR**

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The Group has implemented an Enterprise Risk Management ("ERM") system to manage the risks and opportunities related to the achievement of strategic objectives. The ERM framework that the Group adopts consists of six (6) elements. Periodic discussions are held internally with each division and the consolidated risk register and action plans are updated accordingly. The updated consolidated risk register and major matters are then discussed at the Board meetings.

The six (6) elements are:



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

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

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

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

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

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

Our risk assessment process is as follows:

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

A Risk Appetite Statement that articulates the levels and types of risk the Group is willing to accept in the pursuit of its value or meet its strategic objectives is then developed and adopted. Major potential risks have been discussed and reviewed by the Audit & Risk Committee and reported to the Board of Directors on a quarterly basis.

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

The internal audit has proposed to the Audit and Risk Committee an audit plan covering the period from 2022 to 2024 in August 2022 and involving eight (8) auditable areas whose risk impact have been assessed as between medium to high. The internal audit plan was subsequently tabled and adopted by the Audit and Risk Committee. The Audit and Risk Committee has subsequently reviewed the audit plan on an annual basis, with changes made where required in line with the current developments.

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

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

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

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### REPORT FROM THE INTERNAL AUDITORS

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

### REVIEW OF THE STATEMENT BY STATUTORY AUDITORS

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

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

### ANTI-CORRUPTION AND BRIBERY PRACTICES

The Group has put in place the Anti-Corruption and Bribery practices to manage the risk elements in relation to bribery and corruption in the Group.

The Corporate Integrity Pledge and Bribery Policy are published on the Group's website at <https://corporate.padini.com>.

### CONCLUSION

In the Board of Directors' meeting held on 29 September 2023, the Managing Director and Chief Financial Officer have given the assurance to the Board that the risk management and internal control system currently in place is adequate and effective for the Group.

# FINANCIAL **STATEMENTS**

<b>102</b>	DIRECTORS' REPORT
<b>108</b>	STATEMENT BY DIRECTORS
<b>108</b>	STATUTORY DECLARATION
<b>109</b>	INDEPENDENT AUDITORS' REPORT
<b>114</b>	STATEMENTS OF FINANCIAL POSITION
<b>116</b>	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
<b>117</b>	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
<b>118</b>	STATEMENT OF CHANGES IN EQUITY
<b>119</b>	STATEMENTS OF CASH FLOWS
<b>122</b>	NOTES TO THE FINANCIAL STATEMENTS

# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly dealers in garments, ancillary products, ladies' shoes and accessories as well as provision of management services and electronic commerce. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	222,691	75,350

## DIVIDENDS

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

	Company RM'000
In respect of financial year ended 30 June 2023:	
First interim single tier dividend of 2.50 sen per ordinary share, paid on 30 September 2022	16,448
Second interim single tier dividend of 2.50 sen per ordinary share, paid on 30 December 2022	16,448
Third interim single tier dividend of 2.50 sen per ordinary share, paid on 31 March 2023	16,448
Fourth interim single tier dividend of 2.50 sen per ordinary share, paid on 30 June 2023	16,448
Special single tier dividend of 1.50 sen per ordinary share, paid on 30 June 2023	9,868
	75,660

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

On 25 August 2023, the Board of Directors declared a first interim single tier dividend of 2.50 sen per ordinary share of approximately RM16,448,000 in respect of the financial year ending 30 June 2024 and will be paid to the shareholders on 29 September 2023, whose names appeared on the Record of Depositors of the Company at the close of business on 15 September 2023. The financial statements for the current financial year do not reflect this declared dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year.

## RESERVES AND PROVISIONS

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

## DIRECTORS' REPORT

(Cont'd)

### ISSUE OF SHARES AND DEBENTURES

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

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

#### Padini Holdings Berhad

Yong Pang Chaun	
Chia Swee Yuen	
Lee Peng Khoo	
Andrew Yong Tze How	
Benjamin Yong Tze Jet	
Chew Voon Chyn	
Sung Fong Fui	
Tan Shi Wen	
Tan Poh Ling	
Timothy Tan Heng Han	(Appointed on 1 July 2023)
Datuk Lee Say Tshin	(Appointed on 1 July 2023)
Christopher Yong Tze-Yao	(Appointed on 1 September 2023)
Foo Kee Fatt	(Resigned on 31 May 2023)
Chong Chin Lin	(Resigned on 31 August 2023)

#### Subsidiaries of Padini Holdings Berhad

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

Yong Pang Chaun  
Chong Chin Lin  
Andrew Yong Tze How  
Benjamin Yong Tze Jet  
Christopher Yong Tze-Yao  
Chew Voon Chyn

In accordance with Article 103(1) of the Company's Constitution, Yong Pang Chaun, Chew Voon Chyn and Tan Shi Wen retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 110 of the Company's Constitution, Datuk Lee Say Tshin, Timothy Tan Heng Han and Christopher Yong Tze-Yao retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.



## DIRECTORS' REPORT

(Cont'd)

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Balance as at 1.7.2022	[----- Number of ordinary shares -----]		Balance as at 30.6.2023
		Bought	Sold	
<u>Shares in the Company</u>				
<b><u>Direct interests</u></b>				
Yong Pang Chaun	9,691,960	–	–	9,691,960
Chong Chin Lin	3,219,990	–	–	3,219,990
Benjamin Yong Tze Jet	112,800	31,500	–	144,300
Andrew Yong Tze How	20,000	12,000	–	32,000
<b><u>Indirect interests</u></b>				
Yong Pang Chaun	291,126,790	84,900	–	291,211,690
Chong Chin Lin	297,598,760	84,900	–	297,683,660
Chew Voon Chyn	5,000	–	–	5,000
Sung Fong Fui	35,000	–	–	35,000

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

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

### DIRECTORS' BENEFITS

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

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

## DIRECTORS' REPORT

(Cont'd)

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

	Group RM'000	Company RM'000
Fees	473	473
Short term employee benefits	5,733	30
Contributions to defined contribution plans	489	–
	6,695	503

### INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

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

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company are RM14,865.

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

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

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

## DIRECTORS' REPORT

(Cont'd)

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

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

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

#### (III) AS AT THE DATE OF THIS REPORT

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

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

#### Employee Share Option Scheme ("ESOS")

On 26 August 2022, the Company proposed to establish and implement an ESOS of up to 15% of the total number of issued ordinary shares of the Company (excluding treasury share, if any) for eligible Executive Directors and employees of the Company and its subsidiaries. The ESOS shall be in force for a duration of five (5) years from the date on which the ESOS shall take effect.

Detailed information of the significant event during the financial year is disclosed in Note 35 to the financial statements.

## DIRECTORS' REPORT

(Cont'd)

### AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

	Group RM'000	Company RM'000
<b>Statutory audit</b>		
- BDO PLT	246	53
- Other auditors	55	–
<b>Non-statutory audit</b>		
- BDO PLT	7	7
	308	60

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

**Andrew Yong Tze How**  
Director

**Benjamin Yong Tze Jet**  
Director

Kuala Lumpur  
29 September 2023

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 114 to 171 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Andrew Yong Tze How**  
Director

**Benjamin Yong Tze Jet**  
Director

Kuala Lumpur  
29 September 2023

## STATUTORY DECLARATION

I, Sung Fong Fui (CA22177), being the Director primarily responsible for the financial management of Padini Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 114 to 171 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
29 September 2023 )

.....  
**Sung Fong Fui**

Before me

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PADINI HOLDINGS BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Padini Holdings Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 171.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

#### **1. Inventories written down and inventories written off**

As at 30 June 2023, inventories of the Group were RM433,232,000. The details of the inventories have been disclosed in Note 13 to the financial statements. During the financial year, there were inventories written down and inventories written off recognised as cost of sales of RM1,842,000 and RM1,434,000 respectively.

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

## INDEPENDENT AUDITORS' REPORT (Cont'd)

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### Key Audit Matters (Cont'd)

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

##### *Audit response*

Our audit procedures included the following:

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

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

As at 30 June 2023, the Group had recognised right-of-use assets and lease liabilities for leases of the Group with carrying amounts of RM421,993,000 and RM458,209,000 respectively as disclosed in Note 6 to the financial statements. In addition, the Group had also recognised loss on reassessments and modifications of leases amounting to RM94,000.

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

##### *Audit response*

Our audit procedures included the following:

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

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

## INDEPENDENT AUDITORS' REPORT (Cont'd)

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### **INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON**

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

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

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

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

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS**

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

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



## INDEPENDENT AUDITORS' REPORT (Cont'd)

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## INDEPENDENT AUDITORS' REPORT (Cont'd)

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### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

### OTHER MATTERS

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

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

Kuala Lumpur  
29 September 2023

**Ho Kok Khiaw**  
03412/02/2025 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	[----- Group -----]		[----- Company -----]	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	86,253	76,126	42,484	43,919
Right-of-use assets	6	421,993	362,693	–	–
Intangible assets	7	3,943	3,271	–	–
Investment property	8	5,539	5,428	–	–
Investments in subsidiaries	9	–	–	277,381	274,677
Other investments	10	30,624	30,624	560	560
Deferred tax assets	12	13,268	11,963	–	–
		561,620	490,105	320,425	319,156
<b>Current assets</b>					
Inventories	13	433,232	137,302	–	–
Trade and other receivables	14	65,952	56,460	165	144
Amounts due from subsidiaries	11	–	–	71,039	69,471
Current tax assets		–	1,311	–	–
Cash and bank balances	15	605,315	808,853	23,709	26,977
		1,104,499	1,003,926	94,913	96,592
<b>TOTAL ASSETS</b>		<b>1,666,119</b>	<b>1,494,031</b>	<b>415,338</b>	<b>415,748</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	69,563	69,563	69,563	69,563
Reserves	17	970,525	821,487	345,003	345,313
<b>TOTAL EQUITY</b>		<b>1,040,088</b>	<b>891,050</b>	<b>414,566</b>	<b>414,876</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	6	366,917	317,510	–	–
Provision for restoration costs	19	11,450	7,826	–	–
Provision for employee benefits	20	58	53	–	–
Deferred tax liabilities	12	623	530	–	–
		379,048	325,919	–	–

STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2023  
(Cont'd)

	Note	[----- Group -----]		[----- Company -----]	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current liabilities</b>					
Borrowing	18	3,192	–	–	–
Trade and other payables	21	125,228	178,283	482	748
Contract liabilities	22	7,829	7,727	–	–
Lease liabilities	6	91,292	73,735	–	–
Provision for restoration costs	19	1,848	1,864	–	–
Current tax liabilities		17,594	15,453	290	124
		246,983	277,062	772	872
<b>TOTAL LIABILITIES</b>		626,031	602,981	772	872
<b>TOTAL EQUITY AND LIABILITIES</b>		1,666,119	1,494,031	415,338	415,748

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	25	1,822,129	1,319,097	73,450	96,800
Cost of sales	26	(1,104,374)	(811,584)	–	–
Gross profit		717,755	507,513	73,450	96,800
Other income		26,624	38,395	6,694	6,411
Selling and distribution costs		(344,449)	(259,629)	–	–
Administrative expenses		(82,294)	(61,826)	(3,417)	(2,674)
Profit from operations		317,636	224,453	76,727	100,537
Finance costs	27	(21,745)	(19,343)	–	–
Profit before tax	28	295,891	205,110	76,727	100,537
Tax expense	30	(73,200)	(51,007)	(1,377)	(1,135)
Profit for the financial year		222,691	154,103	75,350	99,402
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations	30(d)	2,007	952	–	–
Total other comprehensive income, net of tax		2,007	952	–	–
Total comprehensive income		224,698	155,055	75,350	99,402
<b>Earnings per ordinary share (sen)</b>					
- Basic and diluted	32	33.85	23.42		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	Note	[----- Non-distributable -----]		Distributable	Total equity RM'000
		Share capital RM'000	Exchange translation differences RM'000	Retained earnings RM'000	
Balance as at 1 July 2021		69,563	4,752	727,471	801,786
Profit for the financial year		-	-	154,103	154,103
Foreign currency translations, net of tax		-	952	-	952
Total comprehensive income		-	952	154,103	155,055
<b>Transaction with owners</b>					
Dividends paid	31	-	-	(65,791)	(65,791)
Total transaction with owners		-	-	(65,791)	(65,791)
Balance as at 30 June 2022		69,563	5,704	815,783	891,050
Balance as at 1 July 2022		69,563	5,704	815,783	891,050
Profit for the financial year		-	-	222,691	222,691
Foreign currency translations, net of tax		-	2,007	-	2,007
Total comprehensive income		-	2,007	222,691	224,698
<b>Transaction with owners</b>					
Dividends paid	31	-	-	(75,660)	(75,660)
Total transaction with owners		-	-	(75,660)	(75,660)
Balance as at 30 June 2023		69,563	7,711	962,814	1,040,088

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Company	Note	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2021		69,563	311,702	381,265
Profit for the financial year		–	99,402	99,402
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	99,402	99,402
<b>Transaction with owners</b>				
Dividends paid	31	–	(65,791)	(65,791)
Total transactions with owners		–	(65,791)	(65,791)
Balance as at 30 June 2022		69,563	345,313	414,876
Profit for the financial year		–	75,350	75,350
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	75,350	75,350
<b>Transaction with owners</b>				
Dividends paid	31	–	(75,660)	(75,660)
Total transaction with owners		–	(75,660)	(75,660)
Balance as at 30 June 2023		69,563	345,003	414,566

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		295,891	205,110	76,727	100,537
Adjustments for:					
Amortisation of intangible assets	7	1,462	1,326	–	–
Bad debts written off	28	2	9	–	–
Deposits written off	28	–	12	–	–
Depreciation of property, plant and equipment	5	16,518	19,198	1,435	1,440
Depreciation of right-of-use assets	6	98,074	95,994	–	–
Dividend income	25	–	–	(73,450)	(96,800)
Fair value adjustments on investment property	8	236	32	–	–
Gain on disposals of property, plant and equipment, net	28	(23)	(133)	–	–
Loss/(Gain) on reassessments and modifications of leases	6.1	94	(168)	–	–
Interest expense		21,551	19,210	–	–
Interest income	28	(16,845)	(10,956)	(320)	(1,177)
Inventory losses	13	5,747	2,652	–	–
Inventories written off	13	1,434	2,134	–	–
Inventories written down/ (back), net		1,753	(3,641)	–	–
Other investment written off	28	–	81	–	–
Property, plant and equipment written off		124	118	–	–
Reversal of provision for restoration costs	19(b)	(3,474)	(2,536)	–	–
Rent concessions	6.1	–	(11,681)	–	–
Unrealised (gain)/loss on foreign exchange, net		(3,471)	(3,085)	554	(255)
Operating profit before changes in working capital		419,073	313,676	4,946	3,745
(Increase)/Decrease in inventories		(304,480)	80,481	–	–
Increase/(Decrease) in contract liabilities		102	(146)	–	–
Increase in trade and other receivables		(9,188)	(8,814)	(21)	(18)
(Decrease)/Increase in trade and other payables		(53,805)	116,107	(266)	117
Cash generated from operations		51,702	501,304	4,659	3,844
Tax paid		(70,943)	(28,320)	(1,211)	(1,241)
Tax refunded		–	1,000	–	–
Net cash (used in)/from operating activities		(19,241)	473,984	3,448	2,603



**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023  
(Cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividends received from subsidiaries		–	–	31,380	32,000
Interest received		16,845	10,956	320	1,177
Placement of investment in structured product investment		–	(30,000)	–	–
Proceeds from disposal of:					
- property, plant and equipment		23	135	–	–
Purchase of:					
- intangible assets	7	(2,128)	(789)	–	–
- property, plant and equipment	5(b)	(26,352)	(15,691)	–	–
- right-of-use assets	6.1	(116)	–	–	–
Repayments from subsidiaries		–	–	39,948	3,742
Subscription of additional shares in a subsidiary		–	–	(2,704)	–
Net cash (used in)/from investing activities		(11,728)	(35,389)	68,944	36,919
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	31	(75,660)	(65,791)	(75,660)	(65,791)
Interest paid		(6)	–	–	–
Lease interest paid	6.2	(20,190)	(18,078)	–	–
Repayments of lease liabilities	6.2	(84,492)	(72,688)	–	–
Net cash used in financing activities		(180,348)	(156,557)	(75,660)	(65,791)
Net (decrease)/increase in cash and cash equivalents		(211,317)	282,038	(3,268)	(26,269)
Effects of exchange rate fluctuations on cash and cash equivalents		4,587	3,057	–	–
Cash and cash equivalents at beginning of financial year		808,853	523,758	26,977	53,246
Cash and cash equivalents at end of financial year	15(f)	602,123	808,853	23,709	26,977

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**  
(Cont'd)

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

<b>Group</b>	<b>Lease liabilities (Note 6) RM'000</b>
At 1 July 2022	391,245
Cash flows	
- Lease interest paid	(20,190)
- Repayments of lease liabilities	(84,492)
Non-cash flows:	
- Additions	37,533
- Interest expenses	20,190
- Lease reassessments and modifications	113,113
- Translation adjustments	810
At 30 June 2023	458,209
At 1 July 2021	393,536
Cash flows	
- Lease interest paid	(18,078)
- Repayments of lease liabilities	(72,688)
Non-cash flows:	
- Additions	45,688
- Interest expenses	18,078
- Lease reassessments and modifications	35,876
- Rent concessions	(11,681)
- Translation adjustments	514
At 30 June 2022	391,245

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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## 1. CORPORATE INFORMATION

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

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

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

The consolidated financial statements for the financial year ended 30 June 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All the financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 September 2023.

## 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly dealers in garments, ancillary products, ladies’ shoes and accessories as well as provision of management services and electronic commerce. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

## 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36.1 to the financial statements.

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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### 4. OPERATING SEGMENTS

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

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

(i) Investment holding

Holding of investment in shares of the subsidiaries.

(ii) Apparels and footwear

Promoting and marketing fashionable apparels, footwear and accessories.

(iii) Management service

Provision of management services.

Other non-reportable segments comprise operation related to investment property holding.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

**4. OPERATING SEGMENTS (CONT'D)**

2023	Investment holding RM'000	Apparels and footwear RM'000	Management service RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>						
Total revenue	73,450	1,830,576	130,725	-	-	2,034,751
Inter-segment revenue	(73,450)	(8,447)	(130,725)	-	-	(212,622)
<b>Revenue from external customers</b>	-	1,822,129	-	-	-	1,822,129
Interest income	320	13,904	2,729	16	(124)	16,845
Finance costs	-	(21,821)	(11,808)	(3)	11,887	(21,745)
<b>Net finance income/(expense)</b>	320	(7,917)	(9,079)	13	11,763	(4,900)
Depreciation of property, plant and equipment	(1,435)	(13,534)	(1,459)	(327)	237	(16,518)
Depreciation of right-of-use assets	-	(97,411)	(627)	(36)	-	(98,074)
Amortisation of intangible assets	-	(154)	(1,308)	-	-	(1,462)
<b>Segment profit/(loss) before tax</b>	76,727	281,196	11,800	(629)	(73,203)	295,891
Income tax expense	(1,377)	(69,084)	(2,729)	(14)	4	(73,200)
Other material non-cash items:						
- Inventory losses	-	(5,747)	-	-	-	(5,747)
- Inventories written off	-	(1,434)	-	-	-	(1,434)
- Property, plant and equipment written off	-	(121)	(3)	-	-	(124)
- Loss on reassessments and modifications of leases	-	(94)	-	-	-	(94)
- Net inventories written down	-	(1,753)	-	-	-	(1,753)
- Reversal of provision for restoration costs	-	3,474	-	-	-	3,474
Additions to non-current assets other than financial instruments and deferred tax assets	-	67,215	4,860	85	(8)	72,152
<b>Segment assets</b>	415,338	1,530,748	383,914	32,921	(696,802)	1,666,119
<b>Segment liabilities</b>	772	693,312	324,532	106	(392,691)	626,031

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

**4. OPERATING SEGMENTS (CONT'D)**

2022	Investment holding RM'000	Apparels and footwear RM'000	Management service RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>						
Total revenue	96,800	1,331,788	84,358	-	-	1,512,946
Inter-segment revenue	(96,800)	(12,691)	(84,358)	-	-	(193,849)
<b>Revenue from external customers</b>	-	1,319,097	-	-	-	1,319,097
Interest income	1,177	8,877	1,258	3	(359)	10,956
Finance costs	-	(19,672)	(10,220)	(1)	10,550	(19,343)
<b>Net finance income/(expense)</b>	1,177	(10,795)	(8,962)	2	10,191	(8,387)
Depreciation of property, plant and equipment	(1,440)	(15,841)	(1,842)	(312)	237	(19,198)
Depreciation of right-of-use assets	-	(95,448)	(541)	(5)	-	(95,994)
Amortisation of intangible assets	-	(199)	(1,127)	-	-	(1,326)
<b>Segment profit/(loss) before tax</b>	100,537	192,195	9,723	(921)	(96,424)	205,110
Income tax expense	(1,135)	(47,641)	(2,224)	(10)	3	(51,007)
Other material non-cash items:						
- Inventory losses	-	(2,652)	-	-	-	(2,652)
- Inventories written off	-	(2,134)	-	-	-	(2,134)
- Property, plant and equipment written off	-	(93)	(25)	-	-	(118)
- Rent concessions	-	11,681	-	-	-	11,681
- Gain on reassessments and modifications of leases	-	164	4	-	-	168
- Net inventories written back	-	3,641	-	-	-	3,641
- Reversal of provision for restoration costs	-	2,536	-	-	-	2,536
Additions to non-current assets other than financial instruments and deferred tax assets	-	62,903	2,158	-	(3)	65,058
<b>Segment assets</b>	415,748	1,353,550	337,823	32,528	(645,618)	1,494,031
<b>Segment liabilities</b>	872	660,850	285,156	66	(343,963)	602,981

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 4. OPERATING SEGMENTS (CONT'D)

#### Geographical segments

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

	Revenue		Non-current assets*	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	1,763,741	1,265,631	473,286	420,206
Asia (excluding Malaysia)	58,388	53,466	44,442	27,312
	1,822,129	1,319,097	517,728	447,518

#### Major customers

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings on freehold land RM'000	Building on leasehold land RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
<b>At cost</b>							
Balance as at 1 July 2022	12,240	42,861	8,383	1,328	177,566	108,802	351,180
Additions	–	–	–	–	16,201	10,151	26,352
Disposal	–	–	–	–	(77)	(2)	(79)
Written off	–	–	–	(2)	(15,017)	(8,400)	(23,419)
Translation adjustments	–	–	551	–	606	398	1,555
Balance as at 30 June 2023	12,240	42,861	8,934	1,326	179,279	110,949	355,589
<b>Accumulated depreciation</b>							
Balance as at 1 July 2022	–	11,593	3,189	1,102	164,672	94,498	275,054
Charge for the financial year	–	857	317	55	8,029	7,260	16,518
Disposal	–	–	–	–	(77)	(2)	(79)
Written off	–	–	–	(2)	(15,013)	(8,280)	(23,295)
Translation adjustments	–	–	223	–	568	347	1,138
Balance as at 30 June 2023	–	12,450	3,729	1,155	158,179	93,823	269,336
<b>Carrying amount</b>							
Balance as at 30 June 2023	12,240	30,411	5,205	171	21,100	17,126	86,253



NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

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

Group	Freehold land RM'000	Buildings on freehold land RM'000	Building on leasehold land RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
<b>At cost</b>							
Balance as at 1 July 2021	12,240	42,861	7,991	2,024	175,042	105,687	345,845
Additions	-	-	-	277	9,005	6,409	15,691
Disposal	-	-	-	(973)	(2)	(7)	(982)
Written off	-	-	-	-	(6,757)	(3,534)	(10,291)
Translation adjustments	-	-	392	-	278	247	917
Balance as at 30 June 2022	12,240	42,861	8,383	1,328	177,566	108,802	351,180
<b>Accumulated depreciation</b>							
Balance as at 1 July 2021	-	10,736	2,745	2,008	161,924	88,974	266,387
Charge for the financial year	-	857	299	67	9,215	8,760	19,198
Disposal	-	-	-	(973)	(2)	(5)	(980)
Written off	-	-	-	-	(6,742)	(3,431)	(10,173)
Translation adjustments	-	-	145	-	277	200	622
Balance as at 30 June 2022	-	11,593	3,189	1,102	164,672	94,498	275,054
<b>Carrying amount</b>							
Balance as at 30 June 2022	12,240	31,268	5,194	226	12,894	14,304	76,126

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

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

Company	Freehold land RM'000	Buildings on freehold land RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
<b>At cost</b>					
Balance as at 1 July 2022/ 30 June 2023	12,240	41,696	3,457	4,699	62,092
<b>Accumulated depreciation</b>					
Balance as at 1 July 2022	–	10,918	3,457	3,798	18,173
Charge for the financial year	–	835	–	600	1,435
Balance as at 30 June 2023	–	11,753	3,457	4,398	19,608
<b>Carrying amount</b>					
Balance as at 30 June 2023	12,240	29,943	–	301	42,484
<b>At cost</b>					
Balance as at 1 July 2021/ 30 June 2022	12,240	41,696	3,457	4,699	62,092
<b>Accumulated depreciation</b>					
Balance as at 1 July 2021	–	10,084	3,457	3,192	16,733
Charge for the financial year	–	834	–	606	1,440
Balance as at 30 June 2022	–	10,918	3,457	3,798	18,173
<b>Carrying amount</b>					
Balance as at 30 June 2022	12,240	30,778	–	901	43,919

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

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

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

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

Freehold land has unlimited useful life and is not depreciated.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash payments on purchase of property, plant and equipment	26,352	15,691	–	–

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Group as lessee

**6.1 Right-of-use assets**

Group	Balance as at 1 July 2022 RM'000	IFRIC 1 adjustments RM'000	Additions RM'000	Depreciation RM'000	Lease reassessments and modifications RM'000	Translation adjustments RM'000	Balance as at 30 June 2023 RM'000
<b>Carrying amounts</b>							
Retail shop, signage and storage spaces	357,734	–	33,875	(94,017)	113,604	665	411,861
Office equipment	612	–	2,938	(924)	48	–	2,674
Renovation cost	3,924	2,155	3,868	(2,814)	(633)	18	6,518
Motor vehicles	423	–	836	(319)	–	–	940
	362,693	2,155	41,517	(98,074)	113,019	683	421,993
Group	Balance as at 1 July 2021 RM'000	IFRIC 1 adjustments RM'000	Additions RM'000	Depreciation RM'000	Lease reassessments and modifications RM'000	Translation adjustments RM'000	Balance as at 30 June 2022 RM'000
<b>Carrying amounts</b>							
Retail shop, signage and storage spaces	367,785	–	45,688	(92,632)	36,427	466	357,734
Apartment	20	–	–	(20)	–	–	–
Office equipment	1,355	–	–	(745)	1	1	612
Renovation cost	3,707	311	2,579	(2,296)	(384)	7	3,924
Motor vehicles	724	–	–	(301)	–	–	423
	373,591	311	48,267	(95,994)	36,044	474	362,693

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

#### The Group as lessee (Cont'd)

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

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

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

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

Retail shop, signage and storage spaces	1 - 14 years
Apartment	Nil (2022: 1.5 - 3 years)
Office equipment	3 - 6 years
Renovation cost	1 - 14 years
Motor vehicles	5 years

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

- (c) The following are the amounts recognised in profit or loss:

	2023 RM'000	Group 2022 RM'000
Depreciation charge of right-of-use assets (included in administrative expenses)	355	306
Depreciation charge of right-of-use assets (included in selling and distribution costs)	97,719	95,688
Interest expense on lease liabilities (included in finance costs)	20,190	18,078
Expense relating to short-term leases (included in administrative expenses)	25	69
Expense relating to short-term leases (included in selling and distribution costs)	261	128
Expense relating to leases of low-value assets (included in administrative expenses)	2	1
Expense relating to leases of low-value assets (included in selling and distribution costs)	68	49
Loss/(Gain) on reassessments and modifications of leases	94	(168)
Variable lease payments:		
- arising from COVID-19 related rent concessions (included in other income)	-	(11,681)
- others (included in administrative expenses)	1	-
- others (included in selling and distribution expenses)	48,921	29,670
	167,636	132,140

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

#### The Group as lessee (Cont'd)

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

(d) The following are total cash outflows for leases of the Group are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Included in net cash from operating activities:		
Payment relating to short-term leases	286	197
Payment relating to low value assets	70	50
Payment relating to variable lease payments not included in the measurement of lease liabilities	48,922	29,670
	49,278	29,917
Included in net cash from financing activities:		
Interest paid in relation to lease liabilities	20,190	18,078
Payment of lease liabilities	84,492	72,688
	104,682	90,766
	153,960	120,683

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

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

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Additions of right-of-use assets	41,517	48,267
Provision for restoration costs capitalised	(3,868)	(2,579)
Lease liabilities	(37,533)	(45,688)
	116	–

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

#### The Group as lessee (Cont'd)

#### 6.2 Lease liabilities

	2023 RM'000	Group 2022 RM'000
Represented by:		
Current liabilities	91,292	73,735
Non-current liabilities	366,917	317,510
	458,209	391,245
Lease liabilities owing to financial institution	802	379
Lease liabilities owing to non-financial institutions	457,407	390,866
	458,209	391,245

(a) The Group leases a number of retail shop, signage and storage spaces, apartment, office equipment, renovation cost and motor vehicles that run between 1 year to 14 years, with an option to renew the lease after that date.

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

	2023 RM'000	Group 2022 RM'000
Balance as at 1 July 2022/2021	391,245	393,536
Additions	37,533	45,688
Payments of lease liabilities	(84,492)	(72,688)
Payments of lease interest	(20,190)	(18,078)
Interest expenses	20,190	18,078
Lease reassessments and modifications	113,113	35,876
Rent concessions	-	(11,681)
Translation adjustments	810	514
Balance as at 30 June 2023/2022	458,209	391,245

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

#### The Group as lessee (Cont'd)

#### 6.2 Lease liabilities

- (d) The following table sets out the carrying amount, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group:

Group	Weighted average incremental borrowing rate per annum %	Within 1 year RM'000	One to two years RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
<b>30 June 2023</b>						
<b>Lease liabilities</b>						
Fixed rates	3.50 - 9.51	91,292	88,808	179,597	98,512	458,209
<b>30 June 2022</b>						
<b>Lease liabilities</b>						
Fixed rates	3.50 - 9.51	73,735	72,292	176,534	68,684	391,245

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

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>30 June 2023</b>				
Lease liabilities	109,490	309,326	107,624	526,440
<b>30 June 2022</b>				
Lease liabilities	88,931	280,140	73,391	442,462



NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

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

**The Group as lessor**

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

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

	Group	
	2023 RM'000	2022 RM'000
Less than one (1) year	176	101
One (1) to two (2) years	65	–
	241	101

**7. INTANGIBLE ASSETS**

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
<b>At cost</b>			
Balance as at 1 July 2022	7,030	10,841	17,871
Additions	–	2,128	2,128
Written off	–	(37)	(37)
Translation adjustments	–	34	34
Balance as at 30 June 2023	7,030	12,966	19,996
<b>Accumulated amortisation</b>			
Balance as at 1 July 2022	5,665	8,935	14,600
Charge for the financial year	469	993	1,462
Written off	–	(37)	(37)
Translation adjustments	–	28	28
Balance as at 30 June 2023	6,134	9,919	16,053
<b>Carrying amount</b>			
Balance as at 30 June 2023	896	3,047	3,943

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 7. INTANGIBLE ASSETS (CONT'D)

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
<b>At cost</b>			
Balance as at 1 July 2021	7,030	10,042	17,072
Additions	–	789	789
Translation adjustments	–	10	10
Balance as at 30 June 2022	7,030	10,841	17,871
<b>Accumulated amortisation</b>			
Balance as at 1 July 2021	5,196	8,071	13,267
Charge for the financial year	469	857	1,326
Translation adjustments	–	7	7
Balance as at 30 June 2022	5,665	8,935	14,600
<b>Carrying amount</b>			
Balance as at 30 June 2022	1,365	1,906	3,271

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

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

SAP	15 years
Computer software	5 years

### 8. INVESTMENT PROPERTY

	2023 RM'000	Group 2022 RM'000
<b>Workshop, at valuation</b>		
Balance as at 1 July 2022/2021	5,428	5,206
Fair value adjustments	(236)	(32)
Translation adjustments	347	254
Balance as at 30 June 2023/2022	5,539	5,428

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 8. INVESTMENT PROPERTY (CONT'D)

- (a) Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is measured at fair value, which reflects market conditions at the end of the reporting period and changes in fair value are included in profit or loss.
- (b) Rental income generated from the rental of investment property of the Group during the financial year amounted to RM182,000 (2022: RM180,000).
- (c) Direct operating expenses arising from the investment property generating rental income during the financial year are as follows:

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM'000</b>		<b>RM'000</b>
Repairs and maintenance	29		27
Quit rent and assessment	7		5

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2023</b>				
Workshop	–	–	5,539	5,539
<b>2022</b>				
Workshop	–	–	5,428	5,428

- (i) There is no transfer between levels in the hierarchy during the financial year.
- (ii) Investment property at Level 3 fair value was determined by an external and independent property valuer, who is a member of The Hong Kong Institute of Surveyors. The professional valuer has adopted the comparison approach and made reference to relevant comparable transactions in the market. The valuation had resulted in a fair value loss of RM236,000 (2022: fair value loss of RM32,000) to the Group to reflect its fair value of RM5,539,000 or equivalent to HKD9,240,000 (2022: RM5,428,000 or equivalent to HKD9,650,000).
- (iii) Investment property of the Group is mainly used to generate rental income. However, the fair value of the investment property reflects the highest and best use of the said property should the investment property be disposed.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 9. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
- Unquoted shares	278,336	275,632
Less: Impairment losses	(955)	(955)
	277,381	274,677

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

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

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

<b>Name of company</b>	<b>Country of incorporation/ Principal place of business</b>	<b>Effective equity interest</b>		<b>Principal activities</b>
		<b>2023</b>	<b>2022</b>	
		<b>%</b>	<b>%</b>	
Vincci Ladies' Specialties Centre Sdn. Bhd. ("Vincci")	Malaysia	100	100	Dealers of ladies' shoes and accessories
Padini Corporation Sdn. Bhd. ("Padini Corporation")	Malaysia	100	100	Dealers of garments and ancillary products
Seed Corporation Sdn. Bhd. ("Seed")	Malaysia	100	100	Dealers of garments and ancillary products
Yee Fong Hung (Malaysia) Sendirian Berhad ("Yee Fong Hung")	Malaysia	100	100	Dealers of garments and ancillary products
Mikihouse Children's Wear Sdn. Bhd. ("Mikihouse")	Malaysia	100	100	Dealers of children's garments and accessories
Padini Dot Com Sdn. Bhd. ("Padini Dot Com")	Malaysia	100	100	Provision of management services and electronic commerce
Padini International Limited ("PIL") #	Hong Kong	100	100	Dealers of ladies' shoes and ancillary products
Vincci Holdings Sdn. Bhd. ("Vincci Holdings")	Malaysia	100	100	Dormant
The New World Garment Manufacturers Sdn. Bhd. ("The New World Garment")	Malaysia	100	100	Dormant
Padini (Cambodia) Co., Ltd. ("Padini Cambodia") #	Cambodia	100	100	Dealers of ladies' shoes, garments and ancillary products

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Country of incorporation/ Principal place of business	Effective equity interest		Principal activities
		2023 %	2022 %	
Padini (Thailand) Co., Ltd. ("Padini Thailand") #	Thailand	100	100	Dealers of ladies' shoes, garments and ancillary products
<i>Subsidiary of PIL</i>				
Padini (Thailand) Co., Ltd. ("Padini Thailand") # ^	Thailand	82.2	94	Dealers of ladies' shoes, garments and ancillary products

# Subsidiaries audited by other firm of auditors

^ The remaining 13.4% and 4.4% (2022: 1% and 5%) shareholdings are held by the Company and Padini Dot Com respectively.

(c) On 20 June 2023, the Company had subscribed for additional 20,000 ordinary shares in the share capital of Padini (Thailand) for a total cash consideration of RM2,704,000. The Group's effective equity interest in Padini Thailand remained at 100%.

### 10. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
Equity security				
- Unquoted shares in Malaysia	560	560	560	560
Club memberships	64	64	–	–
Investments in structured product investment	30,000	30,000	–	–
<b>Total non-current other investments</b>	<b>30,624</b>	<b>30,624</b>	<b>560</b>	<b>560</b>

(a) The equity security is classified as financial asset at fair value through other comprehensive income whereas the club memberships and investments in structured product investment are classified as financial assets at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 10. OTHER INVESTMENTS (CONT'D)

- (b) The fair value of unquoted shares in Malaysia is estimated based on the price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of each reporting period.

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

The fair values of investments in structured product investment are estimated based on the future cash flows that are estimated based on expected applicable yield of the investments in structured product investment and discounted at rates that reflect the credit risk of the financial institution.

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2023</b>				
<b>Other investments</b>				
- Unquoted shares in Malaysia	–	–	560	560
- Club memberships	–	–	64	64
- Investments in structured product investment	–	–	30,000	30,000
<b>2022</b>				
<b>Other investments</b>				
- Unquoted shares in Malaysia	–	–	560	560
- Club memberships	–	–	64	64
- Investments in structured product investment	–	–	30,000	30,000
<b>Company</b>				
<b>2023</b>				
<b>Other investments</b>				
- Unquoted shares in Malaysia	–	–	560	560
<b>2022</b>				
<b>Other investments</b>				
- Unquoted shares in Malaysia	–	–	560	560

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 10. OTHER INVESTMENTS (CONT'D)

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

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
<u>Other investments</u>		
Unquoted shares in Malaysia	Discounted industry price to book ratio (2023: 0.35; 2022: 0.22)	The higher the price to book ratio, the higher the fair value of the unquoted shares would be.
Club memberships	Counter party quotation	The higher the counter party quotation, the higher the fair values of the club memberships would be.
Investments in structured product investment	Comparable market interest rate	The lower the comparable market interest rate, the higher the fair value of the investments in structured product investment would be.

- (e) Sensitivities for Level 3 fair value measurements of the other investments are not disclosed as they are not material to the Group and to the Company.
- (f) The Group holds a forty percent (40%) interest in Cassardi Corporation Sdn. Bhd. ("Casardi") for which the Group has determined that it does not hold significant influence over Cassardi as:
- (i) The Group does not have any representative on the board of directors of Cassardi, and is therefore unable to participate in policy-making process of Cassardi;
  - (ii) There are no material transactions between the Group and Cassardi; and
  - (iii) There is no interchange of managerial personnel and provision of essential technical information between the Group and Cassardi.

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 11. AMOUNTS DUE FROM SUBSIDIARIES

	Note	Company	
		2023 RM'000	2022 RM'000
<b>Current</b>			
Amounts due from subsidiaries	(b)	71,039	69,471

- (a) Amounts due from subsidiaries are classified as financial assets measured at amortised cost.
- (b) Current amounts due from subsidiaries mainly represent dividends receivables, payments made on behalf and advances, which are unsecured, interest-free and repayable within the next twelve (12) months, except for an amount of RM Nil (2022: RM4,218,000), which bore fixed interest rate at the rate of Nil (2022: 6.25%) in the financial year.
- (c) Sensitivity analysis for fixed rate instruments as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.
- (d) Foreign currencies exposure of amounts due from subsidiaries of the Company are as follows:

	Company	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	71,039	65,253
United States Dollar	–	4,218
	71,039	69,471

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

	Company	
	2023 RM'000	2022 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
Profit after tax		
- United States Dollar	–	160



## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 11. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

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

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

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

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

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

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

### 12. DEFERRED TAX

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 July 2022/2021	11,433	10,746
Recognised in profit or loss (Note 30)	1,165	646
Translation adjustments	47	41
Balance as at 30 June 2023/2022	12,645	11,433
Presented after appropriate offsetting:		
Deferred tax assets, net	13,268	11,963
Deferred tax liabilities, net	(623)	(530)
	12,645	11,433

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 12. DEFERRED TAX (CONT'D)

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

Deferred tax assets of the Group

	<b>Contract liabilities RM'000</b>	<b>Lease liabilities RM'000</b>	<b>Other deductible temporary differences RM'000</b>	<b>Total RM'000</b>
Balance as at 1 July 2022	1,854	7,702	1,349	10,905
Recognised in profit or loss	25	2,407	239	2,671
Translation adjustments	–	26	5	31
Balance as at 30 June 2023, prior to offsetting	1,879	10,135	1,593	13,607
Set-off of tax				(339)
Balance as at 30 June 2023				13,268
Balance as at 1 July 2021	1,889	5,581	1,181	8,651
Recognised in profit or loss	(35)	2,105	158	2,228
Translation adjustments	–	16	10	26
Balance as at 30 June 2022, prior to offsetting	1,854	7,702	1,349	10,905
Set-off of tax				1,058
Balance as at 30 June 2022				11,963

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

**12. DEFERRED TAX (CONT'D)**

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Other (deductible)/ taxable temporary differences RM'000	Total RM'000
Balance as at 1 July 2022	1,200	(672)	528
Recognised in profit or loss	(1,224)	(282)	(1,506)
Translation adjustments	16	–	16
Balance as at 30 June 2023, prior to offsetting	(8)	(954)	(962)
Set-off of tax			339
Balance as at 30 June 2023			(623)
Balance as at 1 July 2021	1,827	268	2,095
Recognised in profit or loss	(642)	(940)	(1,582)
Translation adjustments	15	–	15
Balance as at 30 June 2022, prior to offsetting	1,200	(672)	528
Set-off of tax			(1,058)
Balance as at 30 June 2022			(530)

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

	2023 RM'000	Group 2022 RM'000
Unutilised tax losses:		
- No expiry date	10,063	9,296
- Expired by 30 June 2023	41	40
- Expired by 30 June 2024	2,260	2,245
- Expired by 30 June 2025	1,936	1,923
- Expired by 30 June 2026	2,857	2,837
- Expired by 30 June 2027	2,721	2,702
- Expired by 30 June 2028	6,060	4,919
Unabsorbed capital allowances	781	774
	26,719	24,736

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 12. DEFERRED TAX (CONT'D)

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

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

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

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

### 13. INVENTORIES

	2023 RM'000	Group 2022 RM'000
<b>At cost</b>		
Completed garments, shoes and accessories	428,161	137,051
Raw materials and manufacturing accessories	–	6
	428,161	137,057
<b>At net realisable value</b>		
Completed garments, shoes and accessories	5,071	245
	433,232	137,302

- (a) Cost of inventories of the Group is determined on a weighted average basis.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,073,800,000 (2022: RM799,878,000). The amounts of write down, write back and write off of inventories and inventory losses recognised as cost of sales during the financial year are as follows:

	2023 RM'000	Group 2022 RM'000
Inventory losses	5,747	2,652
Inventories written back	(89)	(3,718)
Inventories written down	1,842	77
Inventories written off	1,434	2,134
	8,934	1,145

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 13. INVENTORIES (CONT'D)

- (c) The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling prices. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses future demand when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amounts of inventories.
- (d) During the financial year, the Group wrote back RM89,000 (2022: RM3,718,000) in respect of inventories written down in the previous financial year.

### 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Trade receivables</b>				
Third parties	9,654	10,064	–	–
<b>Other receivables and deposits</b>				
Other receivables	1,475	1,102	–	1
Deposits	29,149	27,965	71	71
	30,624	29,067	71	72
<b>Total receivables</b>	40,278	39,131	71	72
<b>Prepayments</b>				
Prepayments	25,674	17,329	94	72
	65,952	56,460	165	144

- (a) Trade and other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 2 to 60 days (2022: 2 to 60 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

- (c) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	<b>2023</b>	<b>Group</b>
	<b>RM'000</b>	<b>2022</b>
		<b>RM'000</b>
Maximum exposure	9,654	10,064
Collateral obtained	(4)	(190)
<b>Net exposure to credit risk</b>	<b>9,650</b>	<b>9,874</b>

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

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

	<b>Gross carrying amount</b>	<b>Impairment</b>	<b>Net balance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
<b>2023</b>			
Current	7,761	–	7,761
Past due			
1 to 30 days	1,673	–	1,673
31 to 60 days	192	–	192
61 to 90 days	2	–	2
More than 90 days	26	–	26
	1,893	–	1,893
	9,654	–	9,654
<b>2022</b>			
Current	8,972	–	8,972
Past due			
1 to 30 days	108	–	108
31 to 60 days	8	–	8
61 to 90 days	270	–	270
More than 90 days	706	–	706
	1,092	–	1,092
	10,064	–	10,064

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	33,135	30,136	71	72
United States Dollar	5,078	6,817	–	–
Chinese Renminbi	40	65	–	–
Thailand Baht	2,002	2,112	–	–
Hong Kong Dollar	23	1	–	–
	40,278	39,131	71	72

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

	Group	
	2023 RM'000	2022 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- United States Dollar	193	259
- Thailand Baht	76	80

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

(i) At the end of each reporting period, approximately eighty-eight percent (88%) (2022: ninety percent (90%)) of the trade receivables of the Group were owed by five (5) major customers (2022: five (5) customers).

### 15. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	605,315	808,853	23,709	26,977



## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 15. CASH AND BANK BALANCES (CONT'D)

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

	<b>Group and Company</b>	
	<b>2023</b>	<b>2022</b>
	%	%
Weighted average effective interest rate		
- Floating rate	2.14	1.62

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	RM'000	RM'000	RM'000	RM'000
<b>Effects of 50bp changes to profit after tax</b>				
Floating rate instruments	2,300	3,074	90	103

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	538,480	741,646	23,709	26,977
United States Dollar	59,806	62,472	-	-
Hong Kong Dollar	280	325	-	-
Chinese Renminbi	159	90	-	-
Cambodia Riel	19	7	-	-
Thailand Baht	6,571	4,313	-	-
	605,315	808,853	23,709	26,977

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	RM'000	RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- United States Dollar	2,273	2,374
- Thailand Baht	250	164

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 15. CASH AND BANK BALANCES (CONT'D)

- (e) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances, as reported in statements of financial position	605,315	808,853	23,709	26,977
Bank overdraft (Note 18)	(3,192)	–	–	–
As reported in statements of cash flows	602,123	808,853	23,709	26,977

### 16. SHARE CAPITAL

	Group and Company		2022	
	2023 Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Issued and fully paid up ordinary shares</b>				
At beginning/end of the financial year	657,910	69,563	657,910	69,563

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

### 17. RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-distributable</b>				
Exchange translation differences	7,711	5,704	–	–
<b>Distributable</b>				
Retained earnings	962,814	815,783	345,003	345,313
	970,525	821,487	345,003	345,313

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 17. RESERVES (CONT'D)

#### Exchange translation differences

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

### 18. BORROWING

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liability</b>		
Bank overdraft	3,192	–

- (a) Borrowing is classified as a financial liability measured at amortised cost.
- (b) Borrowing is denominated in USD and guaranteed by way of corporate guarantee by the Company.
- (c) The borrowing is repayable over the following periods:

	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
<b>As at 30 June 2023</b>				
Bank overdraft	3,192	–	–	3,192

- (d) The interest rate profile of the borrowing as at end of each reporting period is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Floating rate	3,192	–

- (e) The weighted average effective interest rate of the borrowing as at the end of each reporting period is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Bank overdraft	6.25	–

- (f) Sensitivity analysis of interest rate for the floating rate instrument is not presented as it is not material to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 18. BORROWING (CONT'D)

- (g) Sensitivity analysis of RM against foreign currency for borrowing is not presented as it is not material to the Group.
- (h) The table below summarises the maturity profile of the borrowing at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand Or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>As at 30 June 2023</b>				
Bank overdraft	3,392	–	–	3,392

### 19. PROVISION FOR RESTORATION COSTS

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current</b>		
Provision for restoration costs	11,450	7,826
<b>Current</b>		
Provision for restoration costs	1,848	1,864
<b>Total</b>	<b>13,298</b>	<b>9,690</b>

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

	Group	
	2023 RM'000	2022 RM'000
Balance as at 1 July 2022/2021	9,690	8,724
Recognised in right-of-use assets	6,023	2,890
Recognised in profit or loss (Note 27)	1,355	1,132
Reversal of provision for restoration costs	(3,474)	(2,536)
Utilised during the financial year	(340)	(539)
Translation adjustments	44	19
<b>Balance as at 30 June 2023/2022</b>	<b>13,298</b>	<b>9,690</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 20. PROVISION FOR EMPLOYEE BENEFITS

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

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

	Group	
	2023 RM'000	2022 RM'000
Provision for employee benefits representing net liability	58	53
Analysed as:		
Later than 5 years	58	53
Analysed as:		
Non-current liabilities	58	53

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

	Group	
	2023 RM'000	2022 RM'000
At 1 July 2022/2021	53	47
Provision (Note 29)	2	8
Translation adjustment	3	(2)
At 30 June 2023/2022	58	53

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

The principal assumptions used are as follows:

	Group	
	2023 %	2022 %
Discount rate	7.30	5.87
Price inflation	2.97	5.20
Expected rate of salary increases	5.00	5.00

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 20. PROVISION FOR EMPLOYEE BENEFITS (CONT'D)

	2023		2022	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
<b>Group</b>				
A 1% increase/decrease in discount rate will decrease/ increase the provision for employee benefits	(2)	19	41	78

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

### 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Trade payables</b>				
Third parties	92,333	127,143	–	–
<b>Other payables</b>				
Other payables	23,311	37,562	419	293
Accruals	9,584	13,578	63	455
	32,895	51,140	482	748
	125,228	178,283	482	748

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days) from date of invoices.
- (c) Included in other payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM4,000 (2022: RM190,000).
- (d) An amount of RM Nil (2022: RM16,368,000) owing to a bank was included in other payables, which the bank acted as a settlement and paying agent on behalf of the Group before the expiry of the credit terms granted by the trade payables under a trade-related financial services agreement entered into between the bank and the Group. The Group was required to repay the bank no later than the expiry of the credit terms that were originally granted by the trade payables.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 21. TRADE AND OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	120,984	175,213	482	748
Singapore Dollar	49	10	–	–
Hong Kong Dollar	40	40	–	–
United States Dollar	3,578	2,505	–	–
Thailand Baht	577	515	–	–
	125,228	178,283	482	748

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

	Group	
	2023 RM'000	2022 RM'000
<b>Effects of 5% changes to RM against foreign currency</b>		
<b>Profit after tax</b>		
- United States Dollar	136	95
- Thailand Baht	22	20

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

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

### 22. CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Deferred revenue from customer loyalty points	7,829	7,727

(a) The contract liabilities primarily related to the deferred revenue from customer loyalty points outstanding as at the end of each reporting period, which revenue is recognised at a point in time upon redemption or lapsed customer loyalty points. The validity of the customer loyalty points is six (6) months to one (1) year (2022: one (1) year).

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 22. CONTRACT LIABILITIES (CONT'D)

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

	Group	
	2023 RM'000	2022 RM'000
Balance as at 1 July 2022/2021	7,727	7,873
Additions during the financial year	1,927	2,122
Redemptions	(1,734)	–
Reversal on expiration of loyalty points	(61)	(2,268)
Lapsed rebate vouchers	(30)	–
Balance as at 30 June 2023/2022	7,829	7,727

### 23. COMMITMENTS

#### Capital commitments

	Group	
	2023 RM'000	2022 RM'000
Contracted but not provided for:		
Capital expenditure in respect of property, plant and equipment	21,588	37
Capital expenditure in respect of intangible assets	1,862	1,374
	23,450	1,411

### 24. CONTINGENT LIABILITIES

	Limit		Utilisation	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Group</b>				
Corporate guarantees given to financial institutions				
- unsecured	225,688	216,295	3,192	–
Corporate guarantees given to landlords for the non-cancellable leases of business premises				
- unsecured	–	–	15,879	13,285
	225,688	216,295	19,071	13,285



NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

**24. CONTINGENT LIABILITIES (CONT'D)**

	Limit		Utilisation	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Company</b>				
Corporate guarantees given to financial institutions				
- unsecured	105,688	96,295	3,192	–
Corporate guarantees given to landlords for the non-cancellable leases of business premises				
- unsecured	–	–	519	317
	105,688	96,295	3,711	317

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

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

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

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

	Limit		Utilisation	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Group</b>				
Ringgit Malaysia	142,000	142,000	15,360	12,968
United States Dollar	75,072	66,105	3,711	317
Thailand Baht	8,616	8,190	–	–
	225,688	216,295	19,071	13,285
<b>Company</b>				
Ringgit Malaysia	22,000	22,000	–	–
United States Dollar	75,072	66,105	3,711	317
Thailand Baht	8,616	8,190	–	–
	105,688	96,295	3,711	317

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 24. CONTINGENT LIABILITIES (CONT'D)

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

### 25. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Revenue from contracts with customers</i>				
Sales of goods	1,822,231	1,318,950	–	–
Commission income	–	1	–	–
Deferred revenue from customer loyalty points	(102)	146	–	–
<i>Other revenue</i>				
Dividend income	–	–	73,450	96,800
	1,822,129	1,319,097	73,450	96,800
Timing of revenue recognition:				
Transferred at a point in time	1,822,129	1,319,097	–	–

- (a) Sale of goods

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

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

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

- (b) Commission income

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

- (c) Revenue from customer loyalty points

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 25. REVENUE (CONT'D)

(c) Revenue from customer loyalty points (Cont'd)

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

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Disaggregation of revenue from contracts with customers has been presented in the operating segments as disclosed in Note 4 to the financial statements, which has been presented based on geographical location and business units based on their products and services from which the sales transactions originated.

### 26. COST OF SALES

	Group	
	2023 RM'000	2022 RM'000
Inventories sold	1,073,800	799,878
Carriage, freight and handling charges	21,640	10,561
Others	8,934	1,145
	1,104,374	811,584

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

### 27. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
- Bank overdrafts	6	-	-	-
- Lease liabilities (Note 6)	20,190	18,078	-	-
- Unwinding of discount on provision for restoration costs (Note 19)	1,355	1,132	-	-
- Others	194	133	-	-
	21,745	19,343	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 28. PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:				
Auditors' remuneration:				
BDO PLT Malaysia				
- Statutory audits				
- current year	246	225	53	50
- Non-statutory audit	7	7	7	7
Other auditors				
- Statutory audits				
- current year	55	56	-	-
Loss on foreign exchange:				
- realised	261	279	-	-
- unrealised	566	4	554	-
Rental of equipment	243	64	-	-
Rental of premises	49,035	29,853	-	-
Bad debts written off	2	9	-	-
Deposits written off	-	12	-	-
Other investment written off	-	81	-	-
And crediting:				
Net gain on disposal of property, plant and equipment	23	133	-	-
Gain on foreign exchange:				
- realised	646	45	620	41
- unrealised	4,037	3,089	-	255
Interest income	16,845	10,956	320	1,177
Rental income from:				
- investment property	182	180	-	-
- premises	-	-	5,753	4,938
Royalty income	651	914	-	-

- (a) Interest income is recognised as it accrues, using the effective interest method.
- (b) Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.
- (c) Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

NOTES TO THE FINANCIAL STATEMENTS  
(Cont'd)

**29. EMPLOYEE BENEFITS**

	Group	
	2023 RM'000	2022 RM'000
Salaries, wages, allowances and bonuses	161,116	107,431
Contributions to defined contribution plans	16,581	12,076
Unutilised leaves	(524)	(616)
Increase in provision for employee benefits (Note 20)	2	8
Other employee benefits	5,700	3,844
	182,875	122,743

- (a) Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM6,192,000 (2022: RM3,522,000).
- (b) The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM127,000 (2022: RM131,000).

**30. TAX EXPENSE**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income tax	73,511	51,043	1,230	1,143
- Foreign income tax	699	936	-	-
	74,210	51,979	1,230	1,143
Under/(Over) provision in prior years:				
- Malaysian income tax	155	(326)	147	(8)
	74,365	51,653	1,377	1,135
Deferred tax (Note 12):				
- Relating to origination and reversal of temporary differences	(1,172)	(785)	-	-
- Under provision in prior years	7	139	-	-
	(1,165)	(646)	-	-
Total tax expense	73,200	51,007	1,377	1,135

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expenses for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 30. TAX EXPENSE (CONT'D)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	295,891	205,110	76,727	100,537
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	71,014	49,226	18,414	24,129
Tax effects in respect of:				
Different tax rates in foreign jurisdiction	(262)	(58)	–	–
Non-allowable expenses	2,934	2,257	591	332
Non-taxable income	(1,124)	(331)	(17,775)	(23,318)
Deferred tax assets not recognised	476	763	–	–
Utilisation of previously unabsorbed capital allowances	–	(663)	–	–
	73,038	51,194	1,230	1,143
Under/(Over) provision of Tax expense in prior years	155	(326)	147	(8)
Under provision of deferred tax in prior years	7	139	–	–
	73,200	51,007	1,377	1,135

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

	Group					
	Before tax RM'000	2023 Tax effect RM'000	After tax RM'000	Before tax RM'000	2022 Tax effect RM'000	After tax RM'000
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translations	2,007	–	2,007	952	–	952

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 31. DIVIDENDS

	Group and Company			
	2023		2022	
	Dividend per ordinary share sen	Amount of dividend RM'000	Dividend per ordinary share sen	Amount of dividend RM'000
First interim dividend	2.5	16,448	2.5	16,448
Second interim dividend	2.5	16,448	2.5	16,448
Third interim dividend	2.5	16,448	5.0	32,895
Fourth interim dividend	2.5	16,448	–	–
Special dividend	1.5	9,868	–	–
	11.5	75,660	10.0	65,791

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

### 32. EARNINGS PER SHARE

#### (a) Basic

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

	Group	
	2023	2022
Profit for the financial year (RM'000)	222,691	154,103
Weighted average number of ordinary shares in issue ('000)	657,910	657,910
Basic earnings per ordinary share (sen)	33.85	23.42

#### (b) Diluted

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

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

Identity of the related party	Relationship
Yong Pang Chaun Holdings Sdn. Bhd. ("YPCH")	Corporate shareholder of the Company with equity interest of 43.74% (2022: 43.74%) and where the Directors of the Company, namely Yong Pang Chaun and Chong Chin Lin have substantial financial interests. Yong Pang Chaun and Chong Chin Lin are also the directors of YPCH.

(b) Significant related party transactions

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

	Company	
	2023 RM'000	2022 RM'000
Transactions with subsidiaries:		
Dividend income received and receivable from:		
- Vincci	4,830	6,440
- Padini Corporation	29,220	38,960
- Seed	3,400	3,400
- Yee Fong Hung	36,000	48,000
Rental income received and receivable from:		
- Vincci	326	315
- Padini Corporation	470	325
- Seed	103	96
- Yee Fong Hung	3,233	2,811
- Mikihouse	44	35
- Padini Dot Com	1,577	1,356
Interest income received and receivable from:		
- Padini Cambodia	124	359

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

Information regarding outstanding balances arising from related party transactions as at 30 June 2023 is disclosed in Note 11 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 33. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

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

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-executive Directors</b>				
Fees	473	362	473	362
Short term employee benefits	30	19	30	19
	503	381	503	381
<b>Executive Directors</b>				
Short term employee benefits	5,703	3,241	–	–
Contributions to defined contribution plans	489	281	–	–
	6,192	3,522	–	–
	6,695	3,903	503	381

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM127,000 (2022: RM131,000).

### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

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

For capital management purposes, the Group considers equity attributable to owners of the parent as the capital structure of the Group. The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders or issue new share, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2023 and financial year ended 30 June 2022.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 June 2023.

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

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

#### (b) Financial risk management

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

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

#### (i) Credit risk

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

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

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

#### (ii) Liquidity and cash flow risk

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

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

#### (iii) Interest rate risk

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(b) Financial risk management (Cont'd)

(iv) Foreign currency risk

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

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

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currencies balances amounted to RM66,835,000 (2022: RM67,207,000) for the Group.

The currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 11, 14, 15, 18, 21 and 24 to the financial statements respectively.

(v) Market risk

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

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

### 35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Employee Share Option Scheme ("ESOS")

On 26 August 2022, the Company proposed to establish and implement an ESOS of up to 15% of the total number of issued ordinary shares of the Company (excluding treasury share, if any) for eligible Executive Directors and employees of the Company and its subsidiaries. The ESOS shall be in force for a duration of five (5) years from the date on which the ESOS shall take effect.

On 25 October 2022, Bursa Malaysia Securities Berhad approved the listing and quotation for such number of new ordinary shares in the Company, representing up to 15% of the total numbers of issued shares in the Company (excluding treasury shares, if any), to be issued pursuant to the exercise of option under the ESOS, subject to fulfilment of certain conditions.

At the Annual General Meeting held on 25 November 2022, the shareholders approved the establishment of ESOS of up to 15% of the total number of issued ordinary shares of the Company.

The implementation of the ESOS is effective from 3 March 2023, pursuant to the submission of the final copy of the By-Laws of ESOS to Bursa Malaysia Securities Berhad and the receipt of all approvals and the compliance with the requirements pertaining to the ESOS by the Company.

As at the reporting date, no ESOS has been offered to eligible Executive Directors and employees of the Company and its subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

### 36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 36.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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

#### 36.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
<i>International Tax Reform - Pillar Two Model Rules</i> (Amendments to MFRS 112 <i>Income Taxes</i> )	Refer paragraph 98M of MFRS 112
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

# DIRECTORS' SHAREHOLDINGS AND INTERESTS

AS AT 22 SEPTEMBER 2023

## SHAREHOLDINGS IN THE COMPANY

Director	No. of Shares Held			
	Indirect	%	Direct	%
YONG PANG CHAUN	291,211,690 *	44.26	9,691,960	1.47
CHIA SWEE YUEN	NIL	NIL	NIL	NIL
LEE PENG KHOON	NIL	NIL	NIL	NIL
ANDREW YONG TZE HOW	NIL	NIL	32,000	0.00 ^
BENJAMIN YONG TZE JET	NIL	NIL	144,300	0.02
CHRISTOPHER YONG TZE-YAO	NIL	NIL	51,900	0.00 ^
CHEW VOON CHYN	5,000 ^^	0.00 ^	NIL	NIL
SUNG FONG FUI	35,000 ##	0.00 ^	NIL	NIL
TAN SHI WEN	NIL	NIL	NIL	NIL
TAN POH LING	NIL	NIL	NIL	NIL
DATUK LEE SAY TSHIN	NIL	NIL	NIL	NIL
TIMOTHY TAN HENG HAN	NIL	NIL	NIL	NIL

In addition to the direct/indirect interests disclosed above, Yong Pang Chaun is deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest by virtue of his interests in the shares of the Company.

\* Indirect interests via his spouse, Chong Chin Lin's and sons' (Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze-Yao) shareholdings in the Company.

^^ Indirect interest via her spouse, Kumarason A/L Chandran's shareholdings in the Company.

## Indirect interest via her spouse, Ng Yun Vui's shareholdings in the Company.

^ Negligible

# ANALYSIS OF SHAREHOLDINGS

AS AT 22 SEPTEMBER 2023

Total number of shares issued	:	657,909,500 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per Ordinary Share
No. of shareholders	:	6,278

## DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 22 SEPTEMBER 2023

No. of Holders	Holdings	Total Holdings	%
181	less than 100	3,443	0.00
2,534	100 - 1,000	1,480,209	0.23
2,621	1,001 - 10,000	10,068,963	1.53
722	10,001 - 100,000	21,988,051	3.34
218	100,001 - 32,895,474	286,845,567	43.60
2	32,895,475 and above	337,523,267	51.30
<b>6,278</b>	<b>TOTAL</b>	<b>657,909,500</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 22 SEPTEMBER 2023

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	–	43.74	–
2	Yong Pang Chaun **	Malaysian	Yong Pang Chaun Holdings Sdn. Bhd.	–	287,763,500	–	43.74
			Chong Chin Lin #	–	3,219,990	–	0.49
			Andrew Yong Tze How #	–	32,000	–	0.00 ^
			Benjamin Yong Tze Jet #	–	144,300	–	0.02
			Christopher Yong Tze-Yao #	–	51,900	–	0.00 ^
			Yong Pang Chaun	9,691,960	–	1.47	–
3	Chong Chin Lin **	Malaysian	Yong Pang Chaun Holdings Sdn. Bhd.	–	287,763,500	–	43.74
			Yong Pang Chaun *	–	9,691,960	–	1.47
			Andrew Yong Tze How *	–	32,000	–	0.00 ^
			Benjamin Yong Tze Jet *	–	144,300	–	0.02
			Christopher Yong Tze-Yao *	–	51,900	–	0.00 ^
			Chong Chin Lin	3,219,990	–	0.49	–

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 22 SEPTEMBER 2023 (CONT'D)

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
4	Employees Provident Fund Board	Incorporated in Malaysia	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	29,171,926	-	4.43	-
			Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident FD BD (NOMJURA)	3,000,000	-	0.46	-
			Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident FD BD (ARIM)	1,992,100	-	0.30	-
			Citigroup Nominees (Tempatan) Sdn Bhd - EMPLOYERS PRVNT FD BD (CGS CIMB-SBL)	1,644,774	-	0.25	-
5	Kumpulan Wang Persaraan (Diperbadankan)	Incorporated in Malaysia	Kumpulan Wang Persaraan (Diperbadankan)	49,759,767	-	7.56	-
			Kumpulan Wang Persaraan (Diperbadankan) - Fund Managers	-	1,391,700	-	0.21

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

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

# Indirect interests via his spouse, Chong Chin Lin's and sons' (Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze-Yao) shareholdings in the Company.

\* Indirect interests via her spouse, Yong Pang Chau's and sons' (Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze-Yao) shareholdings in the Company.

^ Negligible



## ANALYSIS OF SHAREHOLDINGS (Cont'd)

### LIST OF TOP 30 SHAREHOLDERS AS AT 22 SEPTEMBER 2023

(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	YONG PANG CHAUN HOLDINGS SDN. BHD.	287,763,500	43.74
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	49,759,767	7.56
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	29,165,126	4.43
4	LEMBAGA TABUNG HAJI	21,105,200	3.21
5	THIAN MIN YANG	18,824,300	2.86
6	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	17,006,700	2.58
7	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	11,991,400	1.82
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	11,173,500	1.70
9	YONG PANG CHAUN	9,691,960	1.47
10	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGE BANK (FI 17)	8,837,652	1.34
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,301,800	1.11
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	5,785,200	0.88
13	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	5,185,800	0.79
14	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,938,237	0.75
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	4,905,600	0.75

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

### LIST OF TOP 30 SHAREHOLDERS AS AT 22 SEPTEMBER 2023 (CONT'D)

(As per the Record of Depositors) (Cont'd)

No.	Name	No. of Shares	%
16	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,213,045	0.64
17	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	4,200,000	0.64
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	4,134,200	0.63
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	3,981,800	0.61
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	3,970,400	0.61
21	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	3,445,600	0.52
22	CHONG CHIN LIN	3,219,990	0.49
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	3,179,000	0.48
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	3,059,800	0.47
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	3,000,000	0.46
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	2,922,100	0.44
27	AMANAHA RAYA BERHAD KUMPULAN WANG BERSAMA	2,400,000	0.36
28	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH GROWTH FUND	2,385,000	0.36
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,350,448	0.36
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	2,271,200	0.35
<b>TOTAL</b>		<b>542,168,325</b>	<b>82.41</b>

# LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2023

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2023 (RM)
No. 21, Lot 116, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of Acquisition: 11 June 1998	2-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962 / 68,536	Freehold	27.5 years	10,544,702
No. 19, Lot 115, Jalan U1/20 Glenmarie Industrial Park 40150 Shah Alam Date of Acquisition: 08 August 2003	4-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962 / 116,337	Freehold	17 years	12,073,229
No. 15, Lot 112, Jalan U1/20 Glenmarie Industrial Park 40150 Shah Alam Date of Acquisition: 24 March 2006	4-storey Central Warehouse with 1 Basement Car park	75,003 / 180,070	Freehold	13 years	19,566,430
Lots LG 028 & 044 Lower Ground Floor Sungei Wang Plaza Kuala Lumpur Date of last revaluation: 1982	Retail shoplots: utilised by a subsidiary as a free-standing retail outlet	1455 / 1455	Freehold	50 years	9,425,000
Workshop B15 10th Floor, Block B Hong Kong Industrial Centre 489-491 Castle Peak Road, Kowloon, Hong Kong Date of acquisition : 12 September 2007	Office Lot/ Workshop: Management Office for Padini International Limited, Hong Kong	1,500	Leasehold – 75 years expiring on 30.06.2047	41 years	1,192,215
Workshop B14 10th Floor, Block B Hong Kong Industrial Centre 489-491 Castle Peak Road, Kowloon, Hong Kong Date of acquisition: 12 September 2007	Office Lot/ Workshop: Rented out	1,424	Leasehold – 75 years expiring on 30.06.2047	41 years	5,539,380
Flat E, 5th Floor, Block 5, Liberte, No. 833, Lai Chi Kok Road, Kowloon. Date of acquisition: 29 August 2014	Residential Apartment: Staff Hostel	698	Leasehold – 50 years expiring on 16.08.2049	20 years	4,012,987

# GRI

## CONTENT INDEX

This report has been prepared with reference to GRI standards for the period of 1 July 2022 – 30 June 2023.

GRI Standard	Section	Title	Page Number
<b>GRI 2 General Disclosures 2021</b>			
<b>1.</b>	<b>The Organisation and its reporting practices</b>		
<b>2-1</b>	<b>Organisational details</b>	Who We Are	Corporate Profile Corporate Information 04 - 05 10 - 11
<b>2-2</b>	<b>Entities included in sustainability reporting</b>	About This Report Sustainability Statement	About This Report Sustainability Approach 02 - 03 53
<b>2-3</b>	<b>Reporting period, frequency and contact point</b>	About This Report	About This Report 02 - 03
<b>2-4</b>	<b>Restatement of information</b>	No restatement of information reported from previous reporting period	
<b>2.</b>	<b>Activities and workers</b>		
<b>2-6</b>	<b>Activities, value chain and other business relationships</b>	Our Value Creation	Our Business Model Our Value Creation Model 40 - 42 44 - 47
<b>2-7</b>	<b>Employees</b>	Sustainability Statement	Our Employees 70 - 71
<b>3.</b>	<b>Governance</b>		
<b>2-9</b>	<b>Governance structure and composition</b>	Governance Sustainability Statement	CGOS: Board of Directors Sustainability Governance 83 - 86 54
<b>2-10</b>	<b>Nomination and selection of the highest governance body</b>	Governance Sustainability Statement	CGOS: Board of Directors Sustainability Governance 83 - 86 54
<b>2-11</b>	<b>Chair of the highest governance body</b>	Governance Sustainability Statement	CGOS: Board of Directors Sustainability Governance 83 - 86 54
<b>2-12</b>	<b>Role of the highest governance body in overseeing the management of impacts</b>	Governance Sustainability Statement	CGOS: Board of Directors Sustainability Governance Stakeholder Engagement Materiality Assessment 83 - 86 54 55 - 56 58 - 60
<b>2-13</b>	<b>Delegation of responsibility for managing impact</b>	Governance Sustainability Statement	CGOS: Board of Directors Sustainability Governance 83 - 86 54
<b>2-14</b>	<b>Role of highest governance body in sustainability reporting</b>	Sustainability Statement	Sustainability Governance 54
<b>2-15</b>	<b>Conflicts of interest</b>	FY2023 Highlights & Leadership Sustainability Statement Governance	Profile of Directors Sustainability Governance CGOS: Board of Directors 22 - 29 54 83 - 86
<b>2-16</b>	<b>Communication of critical concern</b>	Governance	Communication with Stakeholders 93
<b>2-17</b>	<b>Collective knowledge of the highest governance body</b>	Governance	CGOS: Board of Directors 87 - 90
<b>2-18</b>	<b>Evaluation knowledge of the highest governance body</b>	Governance	CGOS: Board of Directors 83 - 90

## GRI CONTENT INDEX

(Cont'd)

This report has been prepared with reference to GRI standards for the period of 1 July 2022 – 30 June 2023. (Cont'd)

<b>GRI Standard</b>	<b>Section</b>	<b>Title</b>	<b>Page Number</b>
<b>GRI 2 General Disclosures 2021</b>			
<b>3.</b>	<b>Governance (Cont'd)</b>		
<b>2-19</b>	<b>Remuneration policies</b>	Governance	CGOS: Board of Directors 91 - 92
<b>2-20</b>	<b>Process to determine remuneration</b>	Governance	CGOS: Board of Directors 83 - 92
<b>4.</b>	<b>Strategy, policies and practices</b>		
<b>2-22</b>	<b>Statement on sustainable development strategy</b>	Sustainability Statement	Our Sustainability Approach Our Progress: Sustainability Journey 53 50 - 52
<b>2-23</b>	<b>Policy commitments</b>	Governance	CGOS: Board of Directors 83 - 86
<b>2-24</b>	<b>Embedding policy commitments</b>	Governance	CGOS: Board of Directors 83 - 86
<b>2-25</b>	<b>Process to remediate negative impacts</b>	Our Value Creation	Our Value Creation Model Our Business Risks and Mitigation 44 - 47 48 - 49
<b>2-26</b>	<b>Mechanisms for seeking advice and raising concerns</b>	Sustainability Statement  Governance	Our Progress: Sustainability Journey Stakeholders Engagement Communication with Stakeholders 50 - 52 55 - 56 93
<b>2-27</b>	<b>Compliance with laws and regulations</b>	Sustainability Statement	Regulatory Compliance 62 - 63
<b>5.</b>	<b>Stakeholder engagement</b>		
<b>2-29</b>	<b>Approach to stakeholder engagement</b>	Sustainability Statement	Stakeholder Engagement 55 - 56
<b>GRI 3 Material Topics</b>			
<b>3-1</b>	<b>Process to determine material topics</b>	Sustainability Statement	Materiality Assessment 58 - 60
<b>3-2</b>	<b>List of material topics</b>	Sustainability Statement	Materiality Assessment 58 - 60
<b>3-3</b>	<b>Management of material topics</b>	Sustainability Statement	Materiality Assessment 58 - 60
<b>GRI 201: Economic Performance 2016</b>			
<b>201-1</b>	<b>Direct economic value generated and distributed</b>	Sustainability Statement	Group Performance Overview 61 - 62
<b>GRI 202: Market Presence 2016</b>			
<b>202-2</b>	<b>Proportion of senior management hired from the local community</b>	Sustainability Statement Governance	Our Employees CGOS: Board of Directors 70 - 71 84 - 86

## GRI CONTENT INDEX

(Cont'd)

This report has been prepared with reference to GRI standards for the period of 1 July 2022 – 30 June 2023. (Cont'd)

<b>GRI Standard</b>	<b>Section</b>	<b>Title</b>	<b>Page Number</b>
<b>GRI 204: Procurement Practice 2016</b>			
<b>204-1</b>	<b>Proportion of spending on local supplier</b>	Our Value Creation	Our Progress: Sustainability Journey 52
<b>GRI 205: Anti-corruption 2016</b>			
<b>205-1</b>	<b>Operations assessed for risks related to corruption</b>	Sustainability Statement Governance	Regulatory Compliance Report of the Audit and Risk Committee 63 95 -96
<b>205-2</b>	<b>Communication and training about anti-corruption policies and procedures</b>	Sustainability Statement Governance	Regulatory Compliance Anti-Corruption and Bribery Practices 63 100
<b>GRI 302: Energy 2016</b>			
<b>302-1</b>	<b>Energy consumption within the organisation</b>	Sustainability Statement	Sustainable Operation 66 - 69
<b>GRI 303: Water and Effluents 2018</b>			
<b>303-5</b>	<b>Water consumption</b>	Sustainability Statement	Sustainable Product 65 - 66
<b>GRI 305: Emissions 2016</b>			
<b>305-5</b>	<b>Reduction of GHG emissions</b>	Our Value Creation Sustainability Statement	Our Progress: Sustainability Journey Sustainable Operation 50 - 52 69
<b>GRI 401: Employment 2016</b>			
<b>401-1</b>	<b>New employee hires and employee turnover</b>	How we create value Sustainability Statement	Our Value Creation Model Our Employees 46 70 - 72
<b>401-2</b>	<b>Benefits provided to full-time employees that are not provided to temporary or part-time employees</b>	Sustainability Statement	Our Employees 70 - 79
<b>GRI 403: Occupational Health and Safety 2018</b>			
<b>403-1</b>	<b>Occupational health and safety management system</b>	Sustainability Statement	Our Employees 72 - 75, 78
<b>403-2</b>	<b>Hazard identification, risk assessment, and incident investigation</b>	Sustainability Statement	Our Employees 78
<b>403-3</b>	<b>Occupational health services</b>	Sustainability Statement	Our Employees 78
<b>403-5</b>	<b>Working training on occupational health and safety</b>	Sustainability Statement	Our Employees 72 - 75
<b>403-9</b>	<b>Work-related injuries</b>	Sustainability Statement	Our Employees 78

## GRI CONTENT INDEX (Cont'd)

This report has been prepared with reference to GRI standards for the period of 1 July 2022 – 30 June 2023. (Cont'd)

<b>GRI Standard</b>	<b>Section</b>	<b>Title</b>	<b>Page Number</b>	
<b>GRI 404: Training and Education 2016</b>				
<b>404-2</b>	<b>Programs for upgrading employee skills and transition assistance programs</b>	Sustainability Statement	Our Employees	72 - 77, 79
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
<b>405-1</b>	<b>Diversity of governance bodies and employees</b>	Sustainability Statement	Our Employees	70 - 71
<b>405-2</b>	<b>Ratio of basic salary and remuneration of women to men</b>	Sustainability Statement	Our Employees	70 - 71
<b>GRI 406: Non-discrimination 2016</b>				
<b>406-1</b>	<b>Incidents of discrimination and corrective action taken</b>	Sustainability Statement	Our Employees	70 - 72
<b>GRI 408: Child Labor 2016</b>				
<b>408-1</b>	<b>Operations and suppliers at significant risk for incidents of child labor</b>	Sustainability Statement	Sustainable Procurement	64
<b>GRI 413: Local Communities 2016</b>				
<b>413-1</b>	<b>Operations with local community engagement, impact assessments, and development programs</b>	Sustainability Statement	Our Community	80 - 81

\* CGOS refer to Corporate Governance Overview Statement

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty Second Annual General Meeting (“42nd AGM”) of the Company will be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 November 2023 at 10:00 a.m. for the following purposes:-

## AGENDA

### Ordinary Business

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 30 June 2023 and the Reports of the Directors and Auditors thereon.
2. To approve payment of Directors’ fee of RM623,000 in respect of the financial year ending 30 June 2024. *(Ordinary Resolution 1)*
3. To approve the payment of Directors’ benefits (excluding Directors’ Fees) up to an amount of RM50,000 payable to the Independent Directors from 1 July 2023 until the next Annual General Meeting of the Company to be held in the year 2024. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who are retiring in accordance with Clause 103(1) of the Company’s Constitution:-
  - i) Mr Yong Pang Chaun *(Ordinary Resolution 3)*
  - ii) Ms Chew Voon Chyn *(Ordinary Resolution 4)*
  - iii) Ms Tan Shi Wen *(Ordinary Resolution 5)*
5. To re-elect the following Directors who are retiring in accordance with Clause 110 of the Company’s Constitution:-
  - i) Datuk Lee Say Tshin *(Ordinary Resolution 6)*
  - ii) Mr Timothy Tan Heng Han *(Ordinary Resolution 7)*
  - iii) Mr Christopher Yong Tze-Yao *(Ordinary Resolution 8)*
6. To re-appoint Messrs BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 9)*



## Notice of Annual General Meeting (Cont'd)

### Special Business

7. To consider and if thought fit, to pass the following as an ordinary resolution, with or without modification :-

#### Retention of Independent Director

“That Mr Lee Peng Khoon, who has served the Board as an Independent Non-Executive Director for a cumulative term of more than nine years be retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.” *(Ordinary Resolution 10)*

8. To consider and if thought fit, to pass the following as an ordinary resolution, with or without modification :-

#### Retention of Independent Director

“That Mr Chia Swee Yuen, who has served the Board as an Independent Non-Executive Director for a cumulative term of more than nine years be retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.” *(Ordinary Resolution 11)*

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 42nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. (“Bursa Depository”) in accordance with Clause 71 of the Company’s Constitution and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 21 November 2023. Only a depositor whose name appears on the Record of Depositors as at 21 November 2023 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

### BY ORDER OF THE BOARD

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

Company Secretaries

Selangor  
27 October 2023

## Notice of Annual General Meeting (Cont'd)

### Notes:

- (i) A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
- (ii) Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be completed and deposited at the office of the Poll Administrator, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll). Members can also have the option to submit the proxy appointment electronically via Securities Services ePortal at website <https://sshsb.net.my> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

### Notes:

- A. The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence, this matter will not be put for voting.
- B. The benefits payable to the Directors (excluding Directors' Fees) comprises meeting allowances payable to the Independent Directors. The estimated meeting allowances payable to the Directors from 1 July 2023 until the next Annual General Meeting of the Company to be held in the year 2024, are calculated based on the number of scheduled meetings for Board of Directors, Board Committees and general meetings of the Company.

## EXPLANATORY NOTE ON SPECIAL BUSINESS

### 1. Retention of Independent Directors

Ordinary Resolutions 10 and 11, if passed, will enable Mr Lee Peng Khoon and Mr Chia Swee Yuen who were appointed on 6 January 2014 and 2 May 2014, respectively, and have served the Board as Independent Non-Executive Directors for a cumulative term of more than nine (9) years, to be retained as Independent Non-Executive Directors of the Company.

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

#### Justifications

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

## Notice of Annual General Meeting (Cont'd)

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### STATEMENT ACCOMPANYING THE NOTICE OF THE 42ND ANNUAL GENERAL MEETING

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

The details of the Directors who are standing for re-election at the 42nd AGM are set out in the Directors' Profile of the Company's 2023 Integrated Annual Report. No individual other than the retiring Directors are seeking election as Directors at the 42nd AGM.

The retiring Directors have been assessed by the Nominating and Remuneration Committee and the Board of Directors. The Directors recommended the retiring Directors for re-election at the 42nd AGM after considering their experience, integrity, competence, performance and commitment in discharging their roles as Directors of the Company.

#### Personal Data Privacy

By registering for the meeting and/or submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at this AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for this AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to this AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"); (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of the proxy(ies) and/or representative(s) personal data by the Company for the Purpose; and (iii) agrees that the member will indemnify the Company (or its agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note : The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

ADMINISTRATIVE DETAILS FOR THE 42ND ANNUAL GENERAL MEETING (“42ND AGM”) OF PADINI HOLDINGS BERHAD TO BE HELD AT SAUJANA BALLROOM, THE SAUJANA HOTEL KUALA LUMPUR, JALAN LAPANGAN TERBANG SUBANG, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA ON TUESDAY, 28 NOVEMBER 2023 AT 10.00 AM.

## PARKING

- Parking is complimentary at the open car park of The Saujana Hotel Kuala Lumpur.

## REGISTRATION

- Registration will start at 8.30 am and will remain open until the Chairman of the Meeting announces that the registration will be closed to facilitate the commencement of the poll or such time as may be determined by the Chairman of the Meeting.
- Please read the signage placed around Saujana Ballroom as to where you should register yourself for the Meeting and join the queue accordingly.
- Please produce your original Identity Card (IC) or Passport (for foreigners) to the registration staff for verification. No photocopy of IC or Passport will be accepted. Please make sure you collect your IC or Passport thereafter.
- You will be given an identification wristband printed with passcode upon registration and will only be allowed to enter the meeting hall if you are wearing the identification wristband. Please retain the identification wristband for voting. There will be no replacement in the event you lose or misplace the identification wristband.
- You will also be given one (1) food coupon upon registration. This food coupon entitles you to a meal box at the Foyer of the meeting hall. Each shareholder/ proxy will be given ONE (1) coupon only. There will be no replacement in the event you lose or misplace the food coupon.
- No person will be allowed to register on behalf of another person even with the original IC or passport of that other person.
- The registration counter will only handle verification of identity and registration.

## HELP DESK

- Please proceed to the Help Desk for any clarification or queries.
- The Help Desk will also handle revocation of proxy's appointment.

## ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (Cont'd)

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### PROXY

- A member entitled to attend and vote is entitled to appoint proxy/proxies, to attend and vote on his/her behalf. If you are unable to attend the 42nd AGM and wish to appoint a proxy to vote on your behalf, please submit your proxy form in accordance with the notes and instructions printed therein.
- If you wish to attend the 42nd AGM yourself, please do not submit any proxy form. You will not be allowed to attend the 42nd AGM together with a proxy appointed by you.
- If you wish to submit your Proxy Form by facsimile, please lodge the proxy form to the office of our Poll Administrator, Securities Services (Holdings) Sdn Bhd (“SSH”) no later than 26 November 2023 at 10.00 a.m. The proxy appointment may also be lodged electronically via Securities Services ePortal at website <https://sshsb.net.my> no later than 26 November 2023 at 10.00 a.m. For further information on the electronic lodgement of Proxy Form, kindly refer to the Notes of Proxy Form.
- If you have submitted your proxy form prior to the 42nd AGM and subsequently decided to attend the 42nd AGM yourself, please proceed to the Help Desk to revoke the appointment of your proxy.

### CORPORATE MEMBER

- Any corporate member who wishes to appoint a representative instead of a proxy to attend the 42nd AGM should submit the original certificate of appointment under the seal of the corporation to the Office of the Poll Administrator at any time before the time appointed for holding the 42nd AGM or to the registration staff on the Meeting day for the Company’s records.

### VOTING AT THE MEETING

- The voting at the 42nd AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed SSH as Poll Administrator to conduct the poll by way of electronic voting (e voting) and a scrutineer has been appointed to verify the poll results.
- E-voting for each of the resolutions as set out in the Notice of 42nd AGM will take place only upon the conclusion of the deliberations of all the businesses to be transacted at the 42nd AGM. The registration for attendance will be closed, to facilitate commencement of the poll.
- Each shareholder/proxy will be directed to the e-voting kiosk for voting using laptop where he/she must produce the identification wristband issued to him/her during registration for the 42nd AGM.

### GENERAL MEETING RECORD OF DEPOSITORS

- Only shareholders whose names appear in the General Meeting Record of Depositors as at 21 November, 2023 shall be entitled to attend, speak and vote at the 42nd AGM or appoint a proxy(ies) on his/her behalf.

### REFRESHMENT AND DOOR GIFT

- Coffee and tea will be served.
- No door gift will be given.

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

**PROXY FORM**

CDS Account No.

No. of Shares held

Tel No.

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

of \_\_\_\_\_  
(Address)

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

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

and

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

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the Forty Second Annual General Meeting ("42nd AGM") of the Company to be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 November 2023 at 10:00 a.m. or at any adjournment thereof.

		FOR	AGAINST
Ordinary Resolution 1	Directors' Fee for the year ending 30 June 2024		
Ordinary Resolution 2	Directors' Benefits		
Ordinary Resolution 3	Re-election of Mr Yong Pang Chaun		
Ordinary Resolution 4	Re-election of Ms Chew Voon Chyn		
Ordinary Resolution 5	Re-election of Ms Tan Shi Wen		
Ordinary Resolution 6	Re-election of Datuk Lee Say Tshin		
Ordinary Resolution 7	Re-election of Mr Timothy Tan Heng Han		
Ordinary Resolution 8	Re-election of Mr Christopher Yong Tze-Yao		
Ordinary Resolution 9	Re-appointment of Auditors		
Ordinary Resolution 10	Retention of Independent Director – Mr Lee Peng Khoo		
Ordinary Resolution 11	Retention of Independent Director – Mr Chia Swee Yuen		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Member / Common Seal

**Notes:**

- (i) A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
- (ii) Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be completed and deposited at the office of the Poll Administrator, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll). Members can also have the option to submit the proxy appointment electronically via Securities Services ePortal at website <https://sshshb.net.my> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 October 2023.



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**PADINI HOLDINGS BERHAD**  
(Registration No. 197901005918 (50202-A))  
C/O The Poll Administrator

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur, Malaysia

AFFIX  
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**corporate.padini.com**

**PADINI HOLDINGS BERHAD**

**Registration No: 197901005918 (50202-A)**

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

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