PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

Extract of Minutes of the Twenty-Fourth (24th) Annual General Meeting ("AGM") of Pensonic Holdings Berhad ("the Company" or "Pensonic") held at 1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang, on Thursday, 25 October 2018 at 2.30 pm.

1.1 Dato' Seri Chairman noted that there were no questions from the floor pertaining to the AFS for FY2018. He added that the Board has received a Query Letter dated 17 October 2018 from Minority Shareholder Watchdog Group ("MSWG") and invited Mr Vincent Chew to read out the Board's response to the queries from MSWG as appended to these minutes as Appendix II. The said response was also projected on screen for ease of reading by all present.

Appendix II

Strategic & Financial Matters

1. We note on page 14 of the Annual Report that the management has plans to invest more next year in information technology.

   What is the budget allocated for the Company's investment in information technology for the financial year ending 2019?

   The budget allocation for the Company's investment in information technology for the financial year ending 31 May 2019 ("FY2019") is about RM500,000.00. The investment would focus on upgrading and deploying new software, as applicable, for more efficient and effective internal human resource management, sales process simplification and integration with various e-commerce platforms as well as enhancing customer experience.

2. Please explain the reason for the huge increase in inventories written down amounting to RM1.3 million (2017: RM0.5 million), as shown under Note 9 on page 76 of the Annual Report.

   During the financial year under review, Management standardised the implementation of the Inventory Ageing Policy across the Group which resulted in higher quantum of inventories written down compared to the last financial year. Ultimately, the write-off would be better reflect the valuation of inventory and enhance control over aged inventory on hand.

3. On page 94 of the Annual Report, we note that the impairment loss written off has increased to RM1,058,608 (2017 : RM30,166).

   (i) What is the nature of these impairment losses that were written off?

   (ii) What is the reason for the significant increase in the amount of impairment losses written off?

   These impairment losses that were written off were all trade in nature as these were transactions with our customers.

   The amounts have been long overdue and outstanding from certain recalcitrant receivables. Management has pursued the necessary actions, including but not limited to Letter and or Notice of Demand and Summons for Bankruptcy, to recover these debts. Whilst debt recovery efforts were ongoing, Management has made the needful provisions for doubtful debts in the accounting records in respect of these amounts in the relevant financial years when these amounts became due and payable. Some of these receivables had been due and outstanding since FY2011 through FY2016, as the case may apply.

   The impairment write-off exercise was carried out as part of ongoing house-keeping of our trade receivables record and has no impact on to Income Statement (Profit & Loss).

Corporate Governance Matter

1. Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements requires companies to publish the summary of Key Matters Discussed at the previous AGM onto the companies' website.

   As at 16 October 2017, the summary of Key Matters Discussed at Pensonic's AGM held on 2017 was not uploaded onto the Company's website.

   Please explain.

   The summary of Key Matters Discussed at Pensonic's AGM held in 2017 is now made available in our website.

1.2 Mr Lee Chee Meng from MSWG thanked the Board for answering queries by MSWG and posed 3 more questions as follows:

(a) The Government of Malaysia is strongly promoting Industry 4.0 for production or manufacturing based industries digitalisation transformation, driven by connected technologies. Industry 4.0 introduced what is referred to as "smart factory" in which cyber physical systems monitor real time physical progress of the factory and are able to make decentralized decisions. It was noted that in the AFS, IT expenditure amounted to RM500K. However, this expenditure was earmarked for operation instead of manufacturing. Please explain.

Mr Vincent Chew stated that the Group has considered Industry 4.0 vis a vis the Group's range of products. The products that are manufactured presently were small domestic appliances which do not require much automation.

He added that digitalising operations is the first step towards digitalisation. He added that in the near future, Pensonic would be looking at collaborating with strategic partners to improve manufacturing and move towards Industry 4.0.

(b) It is noted that the industry (of which Pensonic is part of) is experiencing a challenging period. In order to ensure growth, automation is important to bring down cost. What is the Group's stand on this?

Beyond manufacturing, Mr Vincent Chew stressed that Pensonic is a brand builder and sustaining of customers' sales is very important. This was the primary reason for digitalising the operations, which would, in turn, bring down operational costs.

The Group is also investing into digitalisation of product usage through applications (Apps) and to develop more gadget related appliances.

The digitalisation is also part of the move to capture a bigger and young consumer market as statistics indicated that the most digital savvy consumers are aged below 37. The usage of Apps and gadgets to control and manage appliances would appeal to them.

(c) What is the budget for research and development (R&D)?

Mr Vincent Chew shared that the R&D team currently consists of 20 to 30 personnel focussed on appliances development. He added that the Group is currently in talks with potential strategic partners that would, amongst others, bring additional commitment to R&D going forward.