

**PENSONIC HOLDINGS BERHAD**  
Registration No. 199401014746 (300426-P)  
(Incorporated in Malaysia)

Extract on key discussion matters from the Minutes of the Twenty-Seventh Annual General Meeting (“27<sup>th</sup> AGM”) of Pensonic Holdings Berhad (“PENSONIC” or “the Company”) conducted on a fully virtual basis via online meeting platform at <https://agm.digerati.com.my/pasb-online> on Thursday, 28 October 2021 at 2.30 pm

**Response from PHB to the written queries from MSWG:**

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**OPERATIONS & FINANCIAL MATTERS**

1. **On 5 August 2020, a fire incident occurred at the office cum service center belonging to the Company’s subsidiary, Pensonic Sales & Service Sdn. Bhd. in Petaling Jaya, Selangor (“PJ Office”). Sales operations were able to continue as usual but there were some hiccups with the after sales service due to shortage of some spare parts. This issue was rectified quickly. The incident did not cause any harm to persons or result in any known uncontrolled emissions. (Page 6 of AR 2021).**

**The fire incident has resulted in the Company writing off RM2.6 million in the property, plant and equipment and RM0.5 million of inventory and spare parts.**

**The Company had since received insurance compensation for the fire. What was the amount received as compensation from the insurance company?**

The amount received from the insurance company was RM3,256,243.

2. **The Company recorded a stellar performance in FYE 2021 when its net profit rose more than 504% from RM2.6 million in FYE 2020 to RM15.5 million. The increase was mainly due to the pandemic which had caused people to stay indoors and this resulted in a huge spike in the demand for electrical appliances.**

**(a) What are the Company’s plans to increase the sales of its products amid the ‘the new normal’?**

**(b) Does the Company plan to close any of its physical outlets as demand has shifted to the on-line platforms?**

We are in the distribution business and do not operate physical retail outlets. Most sales are concluded through our appointed dealers.

Under the new normal, consumers buying behavior has shifted to online especially during the pandemic as we see a shift away from brick-and-mortar outlets and towards more online shopping.

As of to-date, we have set up official stores at major marketplaces such as Shopee and Lazada. Marketing activities are maintained on other online platforms as well. More online exclusive products or models are introduced, mainly to avoid price conflicts with our offline market. While online purchase has been trending, with the recent opening up of the local economy, we expect crowds to flow back to the retail outlets.

**3. In a move to complement the consolidation of its brands, Pensonic introduced the 'Circlez App'. The Circlez App unites all the brands under one platform to provide effortless warranty registrations, seamless warranty information tracing, timely customer and service support, easy online shopping, and access to ample shopping rewards and updates on latest deals. (Page 9 of AR 2021)**

- (a) How has the response been from customers towards this App?**
- (b) How much sales were derived from through this App in FYE2021?**
- (c) What was the cost to develop this App?**

Our response are as follows:

- (a) We have around 150K registered users as at today.
- (b) Total sales flowing from this App to our official e-store is about RM766K in FYE 2021.
- (c) The cost to develop the App is below RM100K. This App is a new feature developed under Digital CRM App introduced in 2019. We have few enhancements over the years mainly to integrate with our CRM data to enable data-driven customers relationship for re-targeting and re-marketing on different e-commerce platforms other than our own e-store in the App.

**4. The Government has become more stringent in the hiring of foreign labour for establishments in Malaysia. The Company has a reliance on foreign labour to run its operations.**

- (a) What is the ratio of foreign labour to the total workforce in FYE 2021?**
- (b) What are the Company's plans to reduce its dependence on foreign labour in the wake of stricter Government policies on hiring them?**

Our response is as follow:

- (a) Foreign labour is around 13% of our total workforce in Malaysia.
- (b) In the long run, we would prefer to have local workforce. Under our talent recruitment initiative, we offer attractive remuneration package with benefits to qualified Malaysians. Notwithstanding that we are not in the 3D (Dirty, Dangerous & Demeaning) sectors, we still face recruitment challenges from more attractive industries.

## CORPORATE GOVERNANCE

- 1. Practice 4.1 of the Malaysian Code on Corporate Governance stipulates that at least half of the Board members have to be made up of Independent Directors. For FYE 2021, only 3 out of 7 (43%) of the Board members were Independent Directors.**

**Does the Company plan to apply this Practice and if yes, by when?**

The current composition of the Board Committees, made up of only Independent Non-Executive Directors (“INEDs”) affirmed the Board’s commitment towards independence in Board leadership and provide strong check and balance in the Board’s governance function. Therefore, the lack of the necessary ratio of INEDs has not jeopardized the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group.

### **Response from PHB to the written queries from CHIN LIT CHAN:**

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- 1. What's Current Sales Mix & Profit Margin for both Online and Offline Sales through Distributor?**

The direct online sales with only our own estore and Official stores at marketplaces is rather small at around 5% of the total sales for FYE2021. Online sales profit margin is generally higher than offline sales through distributors or dealers as we do not need to spend on the yearly target rebates and incentives.

- 2. What's status of Oversea New Market Venture such as Indonesia etc and elaborate more about its Next Growth Engine & Key Market?**

We ventured into oversea new markets in stages since 2017. Country like Indonesia took up some times for the setup with complexed business registration requirement and procedures. We are still at the early stage of strengthening our brand presence focusing in Jakarta, as brand building is a long term journey. Indonesia is the 4<sup>th</sup> most populated country in the world with almost 40% are below the age of 25. They are one of the strongest economy relying on domestic demand among the Asian countries. We will continue to tap on this emerging market in penetrating more channels and expanding into other cities beside Jakarta.

- 3. Company past 8 years Revenue hovering MYR 280 - 388m, NP between -MYR3.5m to 17.6m. What's company target sales & profit in next 2 years and how company plan to do to achieve the target because both Sales and Profit are stagnant for quite a long time?**

We take a conservative position and are looking at a single digit growth in revenue in this challenging economic environment.

Concurrent with the opening of the local economy, we are strengthening our presence throughout our distribution network. At the same time, we are aggressively expanding our online marketing initiative to improve and secure bigger share of the virtual sales.

**4. What's company IR strategy to attract long term investor especially Institution Investor because 30 Largest Shareholders majority are Family Owner and Retailers, hardly see any foreign & local institution?**

We are comfortable with the current equity structure. Nonetheless, we are open to discussion to any interest from institution investors, if any.

**Response from PHB to the written queries from WAN MOHD RUSHDI BIN W.A.LAH:**

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**1. How Pensonic will sustain revenue and its business operation effect during MCO? What is the main business strategy for PENSONIC to increase profit during pandemic covid 19?**

One of our key strategies during lockdown is to increase and strengthen our presence on e-commerce platforms. As such, the Group can continue to generate revenue even under full lockdown condition.

**2. I hope PENSONIC will give e-voucher or some gift to all shareholder who join this AGM.**

Management is pleased to share that e-vouchers will be provided to participants at this 27<sup>th</sup> AGM. Please follow the procedure on how to redeem the e-voucher later.

**Response from PHB to the written queries from STEPHEN LYE TUCK MENG:**

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**1. Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times.**

Management is pleased to share that e-vouchers will be provided to participants at this 27<sup>th</sup> AGM. Please follow the procedure on how to redeem the e-voucher later.

**Response from PHB to the queries from LAU CHUAN HOOI:**

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**1. May I know, what is the company's future Outlook?**

During MCO, the focus was on online sales. However, retail sales (hypermarket and chain stores) have started to pick up after the MCO was lifted. If this persists, the future outlook for PHB's business is positive.

**2. How much is the impact due to MCO?**

The MCO was proven to be quite advantageous to the electrical business and improvement can be seen in the topline and bottom-line.

**3. How much is cost saving of this virtual AGM as compare to physical one?**

Cost for virtual AGM is slightly higher than that of a physical AGM but is done in the interest of all participants.

**4. Will the Board consider giving door gift such e-voucher or e-wallets for those participated in this AGM?**

Yes, e-voucher is provided. Please follow the procedure on how to redeem the e-voucher later.

**Response from PHB to the written queries from LIM YEE KHAU:**

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**1. If you look into GooglePlay store, Circlez get rating only 1.8, which is relatively low and many customers commented that facing many problem while using the App. This is good Apps and idea for data gathering and after sales service, but when customer look at the rating, they will lack confident to the brand, and thus affect the branding. How management going to improve on this?**

Noted the response from users and working with PENSONIC's team to update the App. There was also a decision to consolidate the e-store into this App and will be doing more branding exposure later.

**2. Tough brand considered new, selling at competitive price and having attractive feature, but it lack of brand awareness to public. What is management plan to improve this?**

Tough brand was launched just before the MCO and there has been delay in product development. Mid-last year, development has speed up and new ideas have been hatched. The branding and products are new, and the Group will need more time to promote and re-visit strategies to strengthen the brand.

**3. What are the future product that Tough is targeting?**

Targets would include products that are able to support property developers. Collaboration with 3 projects in Klang Valley was underway.