

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

Extract on key discussion matters from Minutes of the Twenty-Eighth Annual General Meeting (“28th AGM”) of PENSONIC HOLDINGS BERHAD (“PENSONIC” or “the Company”) held at 1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang, on Thursday, 27 October 2022 at 2.30 pm

1. To receive the Audited Financial Statements for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon

- 1.1 Dato’ Seri Chairman informed that the first item on the meeting agenda was to receive the Audited Financial Statements of the Company and the Group for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon (“AFS FYE2022”).
- 1.2 He informed that the AFS FYE2022 is meant for discussion only and does not require a formal approval from shareholder and hence, will not be put for voting.
- 1.3 He informed that the Board had received a Query Letter dated 20 October 2022 from Minority Shareholders Watch Group (“MSWG”) and invited Vincent Chew Chuon Ghee (“Mr Vincent Chew”), Group Managing Director to read out the Board’s response to the queries from MSWG. The said response was also projected on screen for ease of reading by all present.

Operations & Financial Matters

(1) The pandemic has catalyzed the boom of digitalization, particularly e-commerce and online shopping. PENSONIC made online shopping seamless through Circlez, a platform where all Pensonic brands are readily available for customers’ convenience. (page 7 of Annual Report (AR) 2022)

(a) How much was the revenue contribution from e-commerce platform in FY2022 vs FY2021?

As a percentage of revenue, contribution from e-commerce channel was 25% upside from its contribution in FY2021.

(b) What is the targeted revenue growth for e-commerce platform in FY2023?

Given the intense competitive e-commerce landscape, the Group is allowing e-commerce sales to grow organically.

We continue to maintain a strong presence on key e-commerce platforms and work with our partners to sustain interest and drive sales. Partnerships enable the Group to maintain optimum pricing strategy that reflect our commitment to grow our presence in the virtual arena.

Of late, we noted a gradual decline in e-commerce sales with the return to the norm post Covid-19 pandemic. As such, we have shifted gear and pivot back to the traditional offline sales. Circlez estore and app will continue to be actively participating at the online platform as it is seamlessly combining sales avenue, eWarranty, eService and loyalty program.

(2) During the year, PENSONIC has increased the selling prices of its products amidst rising shipping costs and material costs coupled with the depreciation of Ringgit Malaysia. (Page 9 of AR 2022)

(a) How much were the increase in selling prices for your products in FY2022? Do you have plans to further increase selling prices and if yes, by how much?

Management continues to monitor the strengthening of United States Dollar (“USD”) and would review product pricing strategy, on a need basis, to ensure that costs are addressed with margin sufficient to attract and maintain our distribution network to prioritise our product lines.

(b) How much of the Group’s purchases were in USD and RMB in FY2022 vs FY2021?

The Group’s supply chain is primarily denominated in the United States Dollar (“USD”) and Renminbi (“RMB”). Over the most recent 2 financial years, two third of the Group’s purchases are denominated in the USD whilst we are shifting more to the RMB.

(3) The Group intends to enhance the efficiency of its existing manufacturing activities and increase its manufacturing capacity to cater for future business growth. (Page 10 of AR 2022)

(a) What is the planned capex for this expansion plan? How much will be the increase in production capacity?

It is almost to the final stage of planning and management is evaluating the planning and viability vis-à-vis present economic conditions and business prospects.

(b) What was the manufacturing capacity and utilization rate in FY2022? What is the targeted utilization rate in FY2023?

Our manufacturing utilisation rate in FY2022 was satisfactory although it was affected by continued supply chain disruptions. Nonetheless, we were able to deliver to meet demands.

The proposed expansion plan is to enable the Group to build up additional capacity to meet our targeted increase in revenue.

(4) Other income increased significantly from RM4.07 million in FY2021 to RM12.01 million in FY2022. (Page 58 of AR 2022)

What were the reasons for the sharp increase in other income in FY2022?

There was a gain from the disposal of certain investment properties of RM10.5 million in FY2022.

- (5) The Group recognized impairment losses of RM0.72 million on amount due from an associate and RM1.48 million on other receivables in FY2022 (page 105 of AR 2022).**

Please explain the nature of these impairment losses.

Following a routine operational review on the performance of its subsidiaries and associates during the financial year, management was of the view that it is prudent for the Company to recognize an impairment loss for amount spent for operating expenses in their initial years of operations in certain subsidiaries and associates which are beyond the investment amount.

Corporate Governance

- (6) Practice 5.9 of the Malaysian Code on Corporate Governance stipulates that 30% of the Board should comprise women. As of FYE2022, there was only one female director out of 7 directors on the Board. Does the Company intend to apply Practice 5.9, and if yes, by when?**

The Independent Non-Executive Director, Madam Ong Huey Min, Lindy is the sole female Director on board. Her presence ensures compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which mandates presence of at least one (1) female director on board.

Whilst the Board is cognisant of the Malaysian Code of Corporate Governance, compliance is voluntary and the Board would review the need as part of its annual evaluation of, among others, board composition, skills set and expertise.

- 1.4 Dato' Seri Chairman then invited question from the floor pertaining to the AFS FY2022.
- 1.5 Mr Wan Mohd Rushdi Bin W.A.Lah ("Mohd Rushdi"), a shareholder of the Company went on to query on the Group's strategy to sustain revenue for the next year, in light of economic and political instability stemming from the war in Ukraine and political tussle in Malaysia.
- 1.6 Mr Vincent Chew replied that the Group is a seasoned player in the electrical appliances industry and have been assessing new channels to ensure sustainability.
- 1.7 Mr Mohd Rushdi thanked Mr Vincent Chew for the explanation.
- 1.8 As there were no further questions, Dato' Seri Chairman declared that AFS FY2022 were duly tabled and received by the shareholders and proceeded to the next meeting agenda.