

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions before its issuance as it is an exempt Circular that does not require Bursa Securities perusal pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

# **Panasonic**

**Panasonic Manufacturing Malaysia Berhad**  
Registration No. 196501000304 (6100-K)  
(Incorporated in Malaysia)

## **CIRCULAR TO SHAREHOLDERS**

**In relation to**

### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE**

The resolutions in respect of the above will be tabled as Special Business at the 57th Annual General Meeting of Panasonic Manufacturing Malaysia Berhad which will be held fully virtual at the broadcast venue at Auditorium, Panasonic Manufacturing Malaysia Berhad, No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan on Monday, 29 August 2022 at 2.30 p.m. Shareholders are advised to refer to the Notice of 57th Annual General Meeting and the Form of Proxy which are included in the Annual Report 2022.

The Form of Proxy must be completed and lodged at Boardroom Share Registrars Sdn Bhd, 11th Floor Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not later than 48 hours before the time set for holding the meeting should you be unable to attend the meeting. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the 57th AGM should you subsequently wish to do so.

The last day and time for lodgement of the Form of Proxy is **Saturday, 27 August 2022 at 2.30 p.m.**

**This Circular is dated 29 July 2022.**

## DEFINITIONS

In this Circular and the accompanying appendix, the following abbreviations shall have the following meanings unless otherwise stated:

- “Act” : The Companies Act 2016 as amended from time to time and any re-enactment thereof.
- “AGM” : Annual General Meeting.
- “Annual Report 2022” : Annual Report of the Company issued in respect of the financial year ended 31 March 2022.
- “Board” : The Board of Directors of the Company
- “Bursa Securities” : Bursa Malaysia Securities Berhad.
- “Director” : Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or a Chief Executive Officer of the Company, its subsidiary or holding company.
- “Listing Requirements” : The Main Market Listing Requirements of Bursa Securities.
- “Major Shareholder” : A person who has an interest or interests in one or more voting shares in a company and the number, or the aggregate number of such shares, is:-
- (a) equal to or more than 10% of the total number of all the voting shares in the company; or
  - (b) equal to or more than 5% of the total number of all the voting shares in the company where such person is the largest shareholder of the company.
- For the purpose of this definition, “Interest in shares” shall have the meaning given in Section 8 of the Act. A Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other company which is its subsidiary or holding company.
- “PA” : Panasonic Asia Pacific Pte Ltd, a company incorporated in Singapore and is a wholly owned subsidiary of PHN. PA holds 100% equity interest in PMAM.
- “PHC” : Panasonic Holdings Corporation (formerly known as Panasonic Corporation), a company incorporated in Japan, the ultimate holding company of PMMA. PHC indirectly holds 47.45% equity interest in PMMA through PMAM.
- “PHC Group Companies” : Companies worldwide wherein PHC has direct or indirect shareholdings, excluding PMMA.
- “PFI(MY)” : Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and is a wholly owned subsidiary of PHC
- “PHN” : Panasonic Holding (Netherlands) B.V., a company incorporated in Netherlands and is a wholly owned subsidiary of PHC.
- “PMAM” : Panasonic Management Malaysia Sdn, Bhd., a company incorporated in Malaysia and is a wholly owned subsidiary of PA.

“PMMA” or “the Company”	: Panasonic Manufacturing Malaysia Berhad (Registration No. 196501000304 (6100-K).
“Proposed Shareholders’ Mandate”	: The proposed renewal of shareholders’ mandate for PMMA to enter into Recurrent Transactions of a Revenue or Trading Nature with related parties.
“Recurrent Transactions” or “RRPTs”	: Recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and are in the ordinary course of business of PMMA.
“Related Party/(ies)”	: A Director, major shareholder or person connected with such Director or major shareholder, including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director or a major shareholder of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company.
“Related Transacting Parties”	: The parties transacting with PMMA pursuant to the RRPTs for which the Proposed Shareholders’ Mandate is being sought
“RM and sen”	: Ringgit Malaysia and sen respectively.
“Shareholders”	: Shareholders of PMMA.
“Shareholders’ Mandate 2021”	: The shareholders’ mandate obtained at the AGM held on 30 August 2021 for PMMA to enter into Recurrent Transactions of a Revenue or Trading Nature with related parties for the period from 30 August 2021 to 29 August 2021.
“2022 Mandate Period”	: The period from 29 August 2022 to 30 September 2023, being the estimated date of the next AGM.

(Rest of the page intentionally left blank)

## CONTENTS

### Letter to shareholders of PMMA containing:

#### Page

1.	Introduction.....	1
2.	Details of the Proposed Shareholders' Mandate.....	2
2.1	Principal Activities of PMMA, its Ultimate Holding Company and Related Companies	
	(a) PMMA .....	2
	(b) Class of Related Parties .....	3
2.2	Nature of RRPT under the Proposed Shareholders' Mandate and their Transaction Values.....	6
2.3	Amounts due and owing by Related Parties.....	9
2.4	Review Procedures for RRPT .....	10
3.	Rationale and benefits for the Proposed Shareholders' Mandate .....	11
4.	Financial Effects of the Proposed Shareholders' Mandate .....	11
5.	Statement from Audit Committee .....	12
6.	Directors' and Major Shareholders' Interests .....	12
7.	Approval Required .....	13
8.	Directors' Statement and Recommendation .....	13
9.	Special Business of the 57th AGM .....	13
10.	Further Information .....	13

**Panasonic Manufacturing Malaysia Berhad**  
Registration No. 196501000304 (6100-K)  
(Incorporated in Malaysia)

**Registered Office:**  
No. 3, Jalan Sesiku 15/2  
Section 15  
Shah Alam Industrial Site  
40200 Shah Alam  
Selangor Darul Ehsan

29 July 2022

**The Board of Directors:**

Dato' Azman bin Mahmud	(Chairman, Independent Non-Executive Director)
Kenji Kamada	(Managing Director)
Siew Pui Ling	(Executive Director)
Kwan Wai Yue	(Executive Director)
Keisuke Nishida	(Non-Independent Non-Executive Director)
Michikazu Matsushita	(Non-Independent Non-Executive Director)
Tan Sri Hasmah binti Abdullah	(Independent Non-Executive Director)
Raja Anuar bin Raja Abu Hassan	(Independent Non-Executive Director)
Dato' Kaziah binti Abd Kadir	(Independent Non-Executive Director)

**To the Shareholders of Panasonic Manufacturing Malaysia Berhad**

Dear Sirs/Madam

**PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

---

**1. INTRODUCTION**

On 30 August 2021, PMMA obtained a general mandate from its shareholders for PMMA to enter into RRPT with the Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public, which are necessary for PMMA's day-to-day operations.

The Shareholders' Mandate 2021 shall, in accordance with the Listing Requirements, lapse at the conclusion of the 57th AGM, unless the authority for its renewal is obtained from the shareholders of PMMA at the forthcoming AGM.

On 29 July 2022, PMMA announced its intention to seek the shareholders' approval on the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with information on the Proposed Shareholders' Mandate and to seek your approval for the Ordinary Resolutions proposed under special business as set out in the Notice of 57th AGM which is to be tabled at the forthcoming AGM. The Notice of AGM is enclosed in the Annual Report 2022 which is sent to you together with this Circular.

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

In compliance with the Chapter 10 of the Main Market Listing Requirements and Practice Note 12, PMMA proposes to seek the shareholders' approval on the Proposed Shareholders' Mandate to allow PMMA to enter into RRPT from time to time with the Related Parties which are necessary for PMMA's day-to-day operations, based on commercial terms which are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the minority shareholders.

The Proposed Shareholders' Mandate, if approved by the shareholders, will take effect from the date of passing the Ordinary Resolutions proposed at the forthcoming AGM under the special business and will continue to be in force until the conclusion of the next AGM of PMMA in year 2023, unless a resolution for renewal is passed; or the expiration of the period within which the next AGM of PMMA is required to be held pursuant to Section 340(2) of the Companies Act 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; revoked or varied by a resolution passed by the shareholders in general meeting, whichever is earlier.

### **2.1 Principal Activities of PMMA, its Ultimate Holding Company and Related Companies**

#### **(a) PMMA**

The principal activities of PMMA consist of the manufacture and sales of electrical home appliances and related components under the brand name of Panasonic. The products include dish dryer, bidet, electric fan, ceiling fan, ventilating fan, vacuum cleaner, electric dry iron, slow cooker, blender, juicer, food processor and home shower. There have been no significant changes in the nature of these activities.

PMMA does not have any subsidiary company. The Directors of PMMA regard Panasonic Holdings Corporation as its ultimate holding company. The principal activities of Panasonic Holdings Corporation and the related transacting parties are set out in items 2.1(b)(i) to 2.1(b)(ii) respectively.

(rest of page intentionally left blank)

**(b) Class of Related Parties**

**(i) Ultimate Holding Company**

No.	Name of Company	Interest in Equity held in PMMA	Principal Activities
1.	Panasonic Holdings Corporation ("PHC")	PHC has 47.45% equity interest in PMMA held via PMAM	Producer of electronic and electric products. PHC currently offers a comprehensive range of products, systems and components for consumer, business and industrial use based on sophisticated electronics and precision technology, expanding to building materials and equipment and housing business.

**(ii) Related Transacting Parties**

No.	Name of Company	Interested Major Shareholder	Principal Activities
1.	Panasonic Financial Centre (Malaysia) Sdn. Bhd. ("PFI(MY)")	PHC	Provision of financial and treasury services such as deposits and hedging instruments for Panasonic Group of Companies in the Asia Pacific region.
2.	PHC Group Companies	PHC	Manufacturer or dealer of products, raw material and component parts, tools, equipment or machinery
3.	PHC Group Companies	PHC	Marketing, sales promotion and distribution of Panasonic brand products
4.	PHC Group Companies	PHC	Owners of trademarks, brand patents, including research & development, information technology agency and shared services

**(iii) Companies in PHC Group that may be transacting with the Company**

No.	Name of Company	Effective Interest in Equity held by PHC	Principal Activities
1.	Panasonic Malaysia Sdn. Bhd. ("PM")	70%	Sales of consumer electronic products, home appliances, batteries, office automation, project systems and room air-conditioners under the brand name of Panasonic.

No.	Name of Company	Effective Interest in Equity held by PHC	Principal Activities
2.	Panasonic Management Malaysia Sdn. Bhd. ("PMAM")	100%	Investment holding
3.	Panasonic Procurement Malaysia Sdn. Bhd. ("PPMY")	100%	Center for logistics and procurement services in Malaysia.
4.	KDK Fans (M) Sdn. Bhd. ("KDK")	100%	Sales of electric fan under KDK brand.
5.	Panasonic Industrial Devices Malaysia Sdn. Bhd. ("PIDMY")	100%	Manufacture and sales of capacitors, resistors, tuners and switches.
6.	Panasonic Asia Pacific Pte. Ltd. ("PA")	100%	Sales of electrical and electronic consumer products such as thermal cut-off fuse, steel sheet, eflon, zinc ingot, carbon black, motor protect, compressor, polypropylene resin, etc and management support center.
7.	Panasonic Logistic Asia Pacific. ("PLAP")	100%	Center for logistics and procurement services in Singapore.
8.	Panasonic Industrial Devices Semiconductor Sales Asia. ("PIDSCSA")	100%	Manufacture and sales of diodes, transistors, etc.
9.	Panasonic Industrial Devices Singapore Pte. Ltd. ("PIDSG")	100%	Manufacture and sales of electronic components such as carbon resistor, varistor, transformer, metal film resistor, carbon film resistor, fixed resistor, etc.
10.	Panasonic Life Solutions Asia Pacific. ("PLSAP")	100%	Wholesales trading in general import and export.
11.	Panasonic Industrial Devices Automation Controls Sales Asia Pacific. ("PIDACSAP")	84%	Wholesales trading in general import and export.
12.	Panasonic Ecology Systems Co. Ltd. ("PES")	100%	Development, manufacture and sales of environmental equipment and systems and related services and engineering.
13.	Panasonic Life Solutions (Hong Kong) Co., Ltd. ("PLSHK")	100%	Manufacture and sales of electric fans and related components.



No.	Name of Company	Effective Interest in Equity held by PHC	Principal Activities
14.	Panasonic Ecology Systems (Thailand) Co., Ltd. ("PESTH")	100%	Manufacture and sales of fan.
15.	P.T. Panasonic Manufacturing Indonesia ("PMI")	60%	Sales of electrical and electronic consumer products.
16.	Panasonic Appliances (Thailand) Co. Ltd. ("PAPTH")	100%	Manufacture and sales of home appliances products such as washing machine, rice cooker and jar pot.
17.	Panasonic A. P. Sales (Thailand) Co. Ltd. ("PAT")	49%	Sales company for home appliance products.
18.	Panasonic Appliance India Co. Ltd. ("PAPIN")	100%	Manufacture and sale of electric rice cookers and mixer grinders.
19.	Panasonic Vietnam Co. Ltd. ("PV")	100%	Providing integrated marketing, sales and after-sales services.
20.	Panasonic Appliances R&D Centre Asia Pacific Sdn Bhd ("PAPRADAP")	100%	Providing corporate research and development services in support of Panasonic Group of companies.
21.	Panasonic Insurance Service Malaysia Sdn Bhd ("PISM")	100%	General insurance agent.
22.	Panasonic Hong Kong Co. Ltd. ("PHK")	100%	Logistics, procurement and general management of group companies in Hong Kong.
23.	Panasonic System Networks Malaysia Sdn Bhd ("PSNM")	100%	Manufacture office and communication products, hearing aids, home network products and configuration & repair service of Panasonic Toughbook & Toughpad as well as providing business solutions.

PHC has controlling interest in numerous private companies and entities that are in diverse businesses worldwide. As the list of these private companies and entities are constantly changing, PMMA is unable to list all of these private companies and entities that it may enter into transactions with and has identified them as "PHC Group Companies" for the Proposed Shareholders' Mandate.

## 2.2 Nature of RRPT under the Proposed Shareholders' Mandate and their Transaction Values

The RRPT for which the mandate of the shareholders is sought are in respect of transactions entered or to be entered into by PMMA with its ultimate holding company and related companies as stated above. The RRPT in which the Directors, major shareholders and/or persons connected with the Directors or major shareholders of PMMA have interests are as follows:

### (a) Recurrent Transactions of a Trading or Revenue Nature

No.	Nature of Transaction	Transacting Party – Customer	Estimated value as per Shareholders Mandate 2021 (RM'000)	*Actual value transacted from 31.08.2021 to 30.06.2022 (RM'000)	#Estimated value of RRPT for 2022 Mandate Period (RM'000)
<b>SALES OF PRODUCTS, TOOLS OR EQUIPMENT</b>					
1.	Sales of fan and consumer products <sup>1</sup> and service parts.	PHC Group Companies	1,422,200	795,954	1,085,950
2.	Sale of tools or equipment	PHC Group Companies	3,000	-	3,000
<b>PURCHASE OF RAW MATERIAL, PARTS, TOOLS OR EQUIPMENT</b>					
3.	Purchase of raw material and component parts	PHC Group Companies	412,300	218,255	315,490
4.	Purchase of tools, equipment or machinery	PHC Group Companies	5,000	689	2,000
<b>PAYMENT OF FEES</b>					
5.	Payment of sales promotion expenses, warranty claims / service expenses	PHC Group Companies	26,900	6,822	13,400
6.	Payment of fees for use of trademarks and brand names	PHC Group Companies	43,300	26,844	34,300
7.	Payment of fees for research and development and IT-related and other management and services fees	PHC Group Companies	43,400	28,590	43,100
8.	Payment for rental for bonded warehouse at Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor. <sup>2</sup>	Panasonic Procurement Malaysia Sdn. Bhd. ("PPMY")	950	369	950

No.	Nature of Transaction	Transacting Party – Customer	Estimated value as per Shareholders Mandate 2021 (RM'000)	*Actual value transacted from 31.08.2021 to 30.06.2022 (RM'000)	#Estimated value of RRPT for 2022 Mandate Period (RM'000)
<b>RECEIPT OF FEES</b>					
9.	Receipt of fees for provision of manufacturing innovation services for PHC's Global Manufacturing Division	PHC	2,800	2,325	2,800
10.	Receipt of rental of office premises at No. 3, Jalan Sesiku 15/2, Sek 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor <sup>3</sup>	Panasonic Insurance Service Malaysia Sdn Bhd ("PISM")	30	22	30
11.	Receipt of rental for the lease of office space, work stations, and office equipment at No. 3, Jalan Sesiku 15/2, Sek 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor <sup>4</sup>	Panasonic Appliances R&D Centre Asia Pacific Sdn Bhd ("PAPRADAP")	3,300	2,391	3,500
12.	Receipt of rental of office premises at No. 3, Jalan Sesiku 15/2, Sek 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor <sup>5</sup>	Panasonic Financial Centre (Malaysia) Sdn. Bhd. ("PFI(MY)")	-	35	250
13.	Receipt of service fees for Accounting & Treasury, HR services, and IT support	Panasonic Appliances R&D Centre Asia Pacific Sdn Bhd ("PAPRADAP")	200	188	250

Note: <sup>1</sup> Consumer products includes blender, slow cooker, iron, home shower, blender home shower, bidet, dish dryer, vacuum cleaner, etc.

<sup>2</sup> the size of the rented bonded warehouse is 32,000 square feet and the rental is paid monthly.

<sup>3</sup> the size of the rented office premise is 868 square feet and the rental is paid monthly.

<sup>4</sup> the size of the rented office premise is 64,070 square feet and the rental is paid monthly.

<sup>5</sup> the size of the rented office premise is 2,840 square feet and the rental is paid monthly.

**(b) Recurrent Transactions of a Trading or Revenue Nature - Placement of Cash Deposits and other Treasury Services**

PFI(MY) is a legal entity incorporated in Malaysia approved by Bank Negara Malaysia to manage a pool of funds from PHC's Group of Companies in Malaysia ("Panasonic Malaysia Group") and renders centralised treasury management functions for the Panasonic Malaysia Group using the same financial IT application system called Panasonic Treasury System ("PATRES").

The Company is seeking its Shareholders' approval on the following treasury services that were and will be rendered by PFI(MY) to PMMA:

**PLACEMENT OF CASH AND DEPOSIT (\*)**



*(\*) Funds are substantially in local currencies*

- (a) The placement of cash deposits and sweeping of funds to PFI(MY), where PFI(MY) then places with Tier 1 financial institutions and the interest income earned from the placement are higher compared with commercial banks. The estimated value of placement of cash deposits and sweeping of funds to PFI(MY) for the 2022 Mandate Period should not exceed RM700 million (Shareholders' Mandate 2021: RM700 million) at interest rates, ranging from 0.1% to 4.0% per annum depending on the type of placement. The actual amounts of placement of cash deposits and sweeping of funds were between RM393 million to RM447 million as at end of each month from 31 August 2021 to 30 June 2022 (being the latest practicable date) and this translates to additional interest income earned of approximately RM1.3 million.
- (b) The fund collection and settlement services which PFI(MY) provides at no additional cost to PMMA to settle inter-company trade and non-trade transactions within Panasonic Group of Companies worldwide, on the predetermined monthly global settlement day and supplementary settlement day via PATRES System. The estimated values of fund collection and settlement through PFI(MY) for the 2022 Mandate Period are approximately RM1.2 billion and RM400 million per annum respectively (Shareholders' Mandate 2021: RM1.2 billion and RM400 million per annum respectively) depending on the level of activity. The actual value of the fund collection and settlement transacted for the period from 31 August 2021 to 30 June 2022 (being the latest practicable date) was about RM754 million and RM254 million respectively and this translates to cost savings of approximately RM1.96 million.
- (c) The foreign exchange management services which PFI(MY) provides at no additional cost to PMMA. PFI(MY) arranges the foreign exchange forward or hedging contracts based on the Company's submission of estimated forecasts of transactions for the next 3 to 6 months, in currencies other than Ringgit Malaysia for highly probable forecasted transactions to manage the exposure to fluctuations in foreign currency exchange rates. This translates to cost savings of approximately RM0.93 million for the transactions entered for the period from 31 August 2021 to 30 June 2022 (being the latest practicable date).
- (d) The telegraphic transfer (TT) transaction services which PFI(MY) arranges at lower charges compared with commercial banks. The estimated value of payment to PMMA's third party suppliers and certain related companies through TT transactions with PFI(MY) for 2022 Mandate Period is approximately RM750 million (Shareholders' Mandate 2021: RM450 million) depending on the level of activity. The actual value of the TT transaction for the period from 31 August 2021 to 30 June 2022 (being the latest practicable date) was RM595 million and this translates to a cost savings of approximately RM24,120.

The comparative terms offered by PFI(MY) and other commercial banks for the financial year ended 31 March 2022 are shown below:

	<b>Type of Service</b>	<b>PFI(MY) Terms</b>	<b>Normal Banking Terms</b>
1.	Average interest rate for placement of fund in Ringgit Malaysia with average 3 months rollover tenure	<ul style="list-style-type: none"> <li>• 2.08% per annum</li> </ul>	<ul style="list-style-type: none"> <li>• 1.70% per annum</li> </ul>
2.	Fund collection and settlement services	<ul style="list-style-type: none"> <li>• No charge by PFI(MY)</li> </ul>	<ul style="list-style-type: none"> <li>• For collection, bank charges of RM7.00 per transaction is imposed by the receiving bank for any amount received from its client.</li> <li>• For settlement, bank charge of RM7.00 per local TT and RM10.00 to RM25.00 per overseas TT depending on type of currencies, will be imposed by the Bank.</li> </ul>
3.	Foreign exchange management service	<ul style="list-style-type: none"> <li>• No charge by PFI(MY)</li> <li>• Negotiable for better rates of 1% to 2% from prevailing foreign currency exchange rate.</li> </ul>	<ul style="list-style-type: none"> <li>• At prevailing foreign currency exchange rate.</li> </ul>
4.	TT transaction service	<ul style="list-style-type: none"> <li>• Bank charges of RM3.00 per local TT.</li> <li>• Flat rate of USD5.00 (equivalent to RM19.41) per overseas TT.</li> <li>• Commission charges of RM0.50 per transaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Bank charge of RM7.00 per local TT.</li> <li>• RM10.00 to RM25.00 per overseas TT depending on the payee's destination.</li> </ul>

The total savings for the period 31 August 2021 to 30 June 2022 is approximately RM2.92 million.

Notes:

- \* None of the actual value of RRPT has exceeded the estimated value of the Shareholders' Mandate 2021 by 10% or more.
- # The estimated values were derived based on the statutory financial statements for the financial year ended 31 March 2022 and projected sales growth, commodity prices and foreign exchange rates as per business plan for the next financial year ending 31 March 2023. The actual values transacted may vary from the estimated values above depending on the prevailing economic and competitive environment.

### 2.3 Amounts due and owing by Related Parties

As at the end of the financial year ended 31 March 2022, none of the sums due and owing by the Related Parties, have exceeded the credit terms.

## 2.4 Review Procedures for RRPT

To monitor the RRPT, the following review procedures for RRPT will continue to be implemented:

- (a) The Management will ensure that the RRPT will be entered into after taking into account the pricing, availability of resources or expertise required and other related factors. Records will be maintained to capture all RRPT which are entered into pursuant to the Proposed Shareholders' Mandate.
- (b) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison to determine whether the prices and terms offered to/by Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained as the products or services are proprietary in nature or where there are certain requirements for PMMA to source from Related Parties, then PMMA will rely on the most recent available quotations or purchase prices for comparison or rely on market knowledge of prevailing industry norms and taking into consideration the urgency and efficiency of the delivery of product/services to be provided to ensure that the RRPT are not detrimental to PMMA.
- (c) The Audit Committee and Board will ensure that the RRPT are conducted at arm's length basis and on normal commercial terms consistent with PMMA's usual business practices and policies, which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.
- (d) All RRPT shall be tabled to the Audit Committee on quarterly basis for their review and recommendation to the Board for approval and/or ratification. The Audit Committee shall have the right to access to information on the Related Parties and is entitled to the services of an independent adviser, if required, in the discharge of their duties.
- (e) Where any Director(s) has an interest in the transactions to be reviewed, such Director(s) shall abstain from deliberation and decision making in respect of that transactions.
- (f) The Audit Committee shall review the terms of RRPT and appropriateness of the procedures to ascertain that the procedures established to monitor RRPT have been complied with. The review of the procedures for RRPT shall be conducted by the Audit Committee Meeting at least once a year or as and when required.
- (g) When the actual value of RRPT entered into by PMMA exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more, PMMA will make an immediate announcement to Bursa Securities.
- (h) The RRPT are reviewed and authorised by the following parties:

No.	Threshold for RPT for each single project or transaction with a related party	Approval / Ratification
1.	RM1 million and below	Immediate approval of Audit Committee is not required, provided that the aggregate value of the related party transactions (RPTs) does not exceed RM5 million per quarter. A summary of such RPTs made each quarter shall be tabled to the Audit Committee and Board for ratification.
2.	Above RM1 million but less than RM5 million	The Audit Committee and Board's ratification is required after the usual approval process established under the capital expenditure policy, sanction rule and/or Business Plan.

No.	Threshold for RPT for each single project or transaction with a related party	Approval / Ratification
3.	RM5 million and above	Prior consideration of the Audit Committee and approval of the Board is required before the transaction is procured.
4.	RRPT contemplated in the Circular to Shareholders	Annual review of the approval procedures to be undertaken by the Audit Committee and Board. Approval of the shareholders to be sought at the annual general meeting for renewal of existing RRPT mandate or new RRPT mandate.

None of the Audit Committee Members of PMMA have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

### 3. RATIONALE AND BENEFITS FOR THE PROPOSED SHAREHOLDERS' MANDATE

The RRPT entered or to be entered into by PMMA are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and may arise at any time, and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into them.

The RRPT to be undertaken will be entered into at arm's length basis and on normal commercial terms, and on terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders. By obtaining the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur can be avoided. This would reduce substantially administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of PMMA or adversely affecting the business opportunities available to PMMA.

PHC Group has been involved in the production and sales of a vast array of electronic and electrical products and maintains a high level of competitive edge in global markets, mainly under the brand name of "Panasonic". PHC holds numerous Japanese and foreign patents for its products and also provides technical assistance or licensing to other manufacturers. PHC Group's research and development centres continuously provide the latest, most innovative product design and technical know-how to PMMA. Coupled with PHC's worldwide marketing support, PMMA is able to ensure its products remain competitive and worldwide.

PHC Group has substantial knowledge of business similar and complimentary to PMMA's business. It would be to PMMA's interest to leverage on such experience and knowledge. PMMA benefits from the related parties through the synergies that are derived from the related parties' global network and expertise. Such network can enhance the ability of PMMA to explore business opportunities which bring about mutual benefits in terms of stability forged by the mutual support and closed working relationship fostered over the years. PMMA will also gain operational benefits in terms of global support to its marketing, distribution and manufacturing functions. As such, the Proposed Shareholders' Mandate is of paramount importance for the continued success and long term sustainability of PMMA.

### 4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate does not have any effect on the share capital of PMMA and will have financial effects on the earnings or the net assets of PMMA to the extent PMMA is allowed to transact with the related parties.

## 5. STATEMENT FROM AUDIT COMMITTEE

The Audit Committee has reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the Company has in place adequate procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner and that the review procedures are sufficient to ensure that the RRPT will be made at arm's length basis and in accordance with PMMA's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and will not be to the detriment of the minority shareholders, and hence, will not be prejudicial to the shareholders or disadvantageous to PMMA.

## 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other major shareholders, Directors and/or persons connected with them have any interest, direct or indirect, in the Proposed Shareholders' Mandate as at 20 July 2022:

Name	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
<b>Directors:</b>				
Kenji Kamada <sup>#</sup>	-	-	-	-
Siew Pui Ling <sup>+</sup>	100	0.00	-	-
Keisuke Nishida <sup>+</sup>	-	-	-	-
Kwan Wai Yue <sup>+</sup>	-	-	-	-
Michikazu Matsushita <sup>+</sup>	-	-	-	-
<b>Major Shareholders:</b>				
PMAM	28,823,871	47.45	-	-
PHC	-	-	28,823,871*	47.45
PHN	-	-	28,823,871*	47.45
PA	-	-	28,823,771*	47.45

### Notes:

+ Persons connected with PHC.

# Holds 1,178 common shares in PHC

\* Deemed interested by virtue of its 47.45% indirect equity interest held in PMMA through PMAM.

The Directors, Kenji Kamada, Siew Pui Ling, Keisuke Nishida, Kwan Wai Yue and Michikazu Matsushita being persons connected with PHC have abstained and/or will continue to abstain from deliberation and voting at the Board Meeting and/or voting in respect of their direct and indirect shareholdings on the Ordinary Resolutions, deliberating or pertaining to the Proposed Shareholders' Mandate. The abovenamed Directors have undertaken to ensure that person connected to them will abstain from voting on the Ordinary Resolutions approving the Proposed Shareholders' Mandate.

PA, PMAM, PHN and PHC are interested in the Proposed Shareholders' Mandate by virtue of their respective direct and indirect shareholdings in PMMA. Thus, PA, PMAM, PHN and PHC shall accordingly abstain and will continue to abstain from voting in respect of their respective direct and indirect shareholdings on the Ordinary Resolutions, deliberating or pertaining to the Proposed Shareholders' Mandate and will also ensure that the persons connected with them will abstain from voting in respect of their direct and indirect shareholdings, on the Ordinary Resolutions approving the Proposed Shareholders' Mandate.



## **7. APPROVAL REQUIRED**

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of PMMA at the forthcoming AGM.

## **8. DIRECTORS' STATEMENT AND RECOMMENDATION**

Having considered the rationale for the Proposed Shareholders' Mandate, the Directors, save for Kenji Kamada, Siew Pui Ling, Keisuke Nishida, Kwan Wai Yue and Michikazu Matsushita, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of PMMA and is necessary for PMMA's day-to-day operations and recommend that you vote in favour of the Ordinary Resolutions on the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM. The said Ordinary Resolutions are set out in the Notice of AGM which is included in the Annual Report 2022.

## **9. SPECIAL BUSINESS OF THE 57TH AGM**

The 57th AGM, the notice of which is enclosed in the Annual Report 2022 will be held fully virtual at the broadcast venue at Auditorium, Panasonic Manufacturing Malaysia Berhad, No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan on Monday, 29 August 2022 at 2.30 p.m., for the purpose of considering and if thought fit, passing the resolutions so as to give effect to the Proposed Shareholders' Mandate under special business in the Notice of 57th AGM.

## **10. FURTHER INFORMATION**

### **(a) Directors' Responsibility Statement**

This Circular has been seen and approved by the Directors of PMMA and they collectively and individually accept full responsibility for the accuracy and correctness of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

### **(b) Material Contracts**

Save as disclosed, there are no material contracts, other than those entered into in the ordinary course of business by PMMA, within 2 years immediately preceding the date of this Circular.

PMMA had on 27 September 2019 issued the letter of award and purchase order for the purchase and installation of 4,872 pieces of 325 Watt/pc solar panels with solar capacity of 1,583.4 kilowatt peak (KWp) for the Company's rooftop solar panel project at its Shah Alam Plant ("SA2 Plant") for a total cash consideration of RM7,950,000 from the Panasonic Life Solutions Malaysia Sdn Bhd ("Rooftop Solar Project").

The Rooftop Solar Project was completed on 27 July 2020.

### **(c) Material Litigation**

Reference is made to the announcement dated 22 February 2021 in relation to the Originating Summons filed by Crestronics (M) Sdn. Bhd ("Crestronics") against the Company on 18 December 2020.

For the hearing of Crestronics' application for leave to appeal, the Federal Court at its hearing on 24 May 2022 dismissed Crestronics' application and awarded costs of RM 30,000 in favour of Panasonic.

During the Case Management dated 29 June 2022, the Court has fixed 10 May 2023 for the Hearing of Crestronics' Judicial Review Application at the Court of Appeal and maintained 16 August 2022 to hear the Appeal by Crestronics against the decision of High Court in striking out Crestronics' suit against Panasonic.

**(d) Documents Available for Inspection**

The following documents will be available for inspection at the Registered Office of PMMA at No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan, during the normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) Constitution of PMMA; and
- (ii) Audited statutory financial statements of PMMA for the past 2 financial years ended 31 March 2021 and 31 March 2022;
- (iii) The letter of award and the purchase order issued to PLSMY as mentioned in item 10(b); and
- (iv) The relevant cause papers in respect of the material litigation mention in item 10(c).

Yours faithfully

For and on behalf of the Board

Panasonic Manufacturing Malaysia Berhad (Registration No. 196501000304 (6100-K))

**Dato' Azman Mahmud**

Chairman