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## PANASONIC MANUFACTURING MALAYSIA BERHAD

REGISTRATION NO. : 196501000304 (6100-K)

MINUTES OF THE FIFTY-FIFTH ANNUAL GENERAL MEETING (55<sup>TH</sup> AGM) OF THE COMPANY HELD AT THE BROADCAST VENUE AT AUDITORIUM, PANASONIC MANUFACTURING MALAYSIA BERHAD, NO. 3, JALAN SESIKU 15/2, SHAH ALAM INDUSTRIAL SITE, SECTION 15, 40200 SHAH ALAM, SELANGOR, MALAYSIA ON WEDNESDAY, 26 AUGUST 2020 AT 10.00AM.

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Present:

### **Directors**

YBhg Tan Sri Asmat Bin Kamaludin (Chairman)  
Mr Toyokatsu Okamoto (Managing Director)  
YBhg Tan Sri Hasmah Binti Abdullah  
YM Raja Anuar Bin Raja Abu Hassan  
YBhg Dato' Kaziah Binti Abd Kadir  
Ms Siew Pui Ling  
Ms Kwan Wai Yue  
Mr Shigeru Dono (by remote participation)

### **Shareholders**

As per participant list

In Attendance:

Ms Leong Oi Wah (Company Secretary)

By Invitation:

Mr Shu Sumitani  
Mr Junji Kojima  
Mr Fumiaki Tanaka – Panasonic Malaysia Sdn Bhd (by remote participation)

### **AGM55/1 PRELIMINARY**

YBhg Tan Sri Asmat Bin Kamaludin, the Chairman of the Company, welcomed everyone present at the Meeting.

### **AGM55/2 QUORUM**

The requisite quorum being present pursuant to Article 65 of the Company's Constitution, the Chairman declared the Meeting duly convened at 10.00 a.m.

### **AGM55/3 NOTICE**

The notice having been circulated to the members and advertised in the Star newspaper on 28 July 2020 was taken as read.

### **AGM55/4 POLL ADMINISTRATOR AND SCRUTINEER**

The Chairman informed the shareholders participating online that Boardroom Share Registrars Sdn Bhd was appointed as the Poll Administrator and Boardroom Corporate Services Sdn Bhd was appointed as Independent Scrutineer to verify the poll results today. The Chairman then invited the representative of Boardroom Share Registrars Sdn Bhd to explain the voting procedure and how to raise questions at this virtual meeting.

The Chairman then informed that the online remote voting for resolutions 1 to 12 was open and would be accessible until announced otherwise.

**AGM55/5 KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS**

The Chairman invited Mr Toyokatsu Okamoto to present the Company's performance, key financial and operational highlights for the financial year ended 31 March 2020, new products, share price performance, together with prospects and outlook for the new financial year. <refer ANNEXURE 1>

This was followed by Ms Kwan Wai Yue's presentation on the Company's replies to the questions raised by the Minority Shareholder Watch Group. <refer ANNEXURE 2>

**AGM55/6 RECEIPT OF STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS THEREON**

The Statutory Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon which had been circulated to all shareholders within the prescribed period, were tabled for discussion.

The Chairman informed that the Company had received a number of questions submitted prior to the meeting and invited the Executive Directors, Ms Kwan Wai Yue and Ms Siew Pui Ling to address the questions raised by the Shareholders. He requested participants to post other questions in the query box.

The questions raised by the Shareholders of the Company were attended to by the Chairman, Ms Kwan Wai Yue and Ms Siew Pui Ling. There being no further questions raised, the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon was considered received by the Meeting.

The Chairman informed the participants that all resolutions tabled would be voted on by poll in accordance with the requirement of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

**AGM55/7 DECLARATION OF A FINAL SINGLE TIER DIVIDEND OF 183 SEN PER ORDINARY SHARE**

The Chairman informed that the Board of Directors had recommended for the shareholders' approval, a final single tier dividend of 183 sen per ordinary share for the financial year ended 31 March 2020.

The Chairman then proposed the motion for Resolution 1 to declare a final single tier dividend of 183 sen per ordinary share for the financial year ended 31 March 2020 and he put the motion to vote by poll. He then invited the participants to cast their votes.

**AGM55/8 RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 100 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that the Directors retiring under Article 100 of the Company's Constitution were YBhg Tan Sri Hasmah Binti Abdullah, Mr Toyokatsu Okamoto and YM Raja Anuar Bin Raja Abu Hassan. Being eligible, they have offered themselves for re-election

The Meeting was informed that YBhg Tan Sri Hasmah Binti Abdullah has served as Independent Director of the Company since 2013 and the Board recommended her re-election. The Chairman then proposed the motion for Resolution 2 to re-elect YBhg Tan Sri Hasmah Binti Abdullah who is retiring in accordance with Article 100 of the Company's Constitution and he put the motion to vote by poll. He then invited the participants to cast their votes.

The Chairman then informed the meeting that Mr Toyokatsu Okamoto has been the Managing Director of the Company for the last 4 years and the Board recommended his re-election. The Chairman then proposed the motion for Resolution 3 to re-elect Mr Toyokatsu Okamoto who is retiring in accordance with Article 100 of the Company's Constitution and he put the motion to vote by poll. He then invited the participants to cast their votes.

The Chairman informed the meeting that YM Raja Anuar Bin Raja Abu Hassan has served as Independent Director of the Company since January 2017 and the Board recommended his re-election. The Chairman then proposed the motion for Resolution 4 to re-elect YM Raja Anuar Bin Raja Abu Hassan who is retiring in accordance with Article 100 of the Company's Constitution and he put the motion to vote by poll. He then invited the participants to cast their votes.

**AGM55/9 RE-ELECTION OF DIRECTOR PURSUANT TO ARTICLE 105 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that the Director retiring under Article 105 of the Company's Constitution was Dato' Kaziah Binti Abd Kadir as she was appointed to the Board on 3 September 2019 after the 2019 Annual General Meeting and being eligible, she had offered herself for re-election.

The Chairman then proposed the motion for Resolution 5 to re-elect YBhg Dato' Kaziah Binti Abd Kadir who is retiring in accordance with Article 105 of the Company's Constitution and he put the motion to vote by poll. He then invited the participants to cast their votes.

**AGM55/10 DIRECTORS' FEES AND MEETING ATTENDANCE ALLOWANCE FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020**

The Chairman then tabled the motion to approve the payment of Directors' fees not exceeding RM600,000 in respect of the financial year ending 31 March 2021. He clarified that the Directors' fees and meeting attendance allowances were payable only to the Independent Directors and will be paid on a quarterly basis after the Directors have served their term of office.

The Chairman then proposed the motion for Resolution 6 to approve the payment of Directors' fees and meeting allowances not exceeding RM600,000 in respect of the financial year ending 31 March 2021 and he put the motion to vote by poll. He then invited the participants to cast their votes.

**AGM55/11 RE-APPOINTMENT OF AUDITORS**

The Chairman then tabled the next motion, which was to consider the re-appointment of KPMG PLT, who have expressed their willingness to continue in office. He added that the Board had recommended for the re-appointment of KPMG PLT and seek the Shareholders' approval to authorised the Directors to fix their remuneration.

The Chairman then proposed the motion for Resolution 7 to re-appoint KPMG PLT as Auditors of the Company and to authorised the Directors to fix their remuneration and he put the motion to vote by poll. He then invited the participants to cast their votes.

**AGM55/12 CONTINUATION IN OFFICE OF TAN SRI ASMAT BIN KAMALUDIN AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

As the next motion relates to his continuation in office as Independent Director and he was interested in the resolution, the Chairman handed the control of the meeting proceedings to YBhg Tan Sri Hasmah Binti Abdullah to chair.

YBhg Tan Sri Hasmah Binti Abdullah informed the meeting that YBhg Tan Sri Asmat Bin Kamaludin has served as an Independent Non-Executive Director of the Company since 29 August 2001, She informed the participants that the Board takes cognisance that the Best Practice of the Malaysian Code on Corporate Governance was to limit the tenure of Independent Directors to no more than 9 years. As set out in the Corporate Governance Statement, the Board has agreed to set a limit for the tenure of independent directors to 12 years for implementation after the Annual General Meeting next year to allow time for the Board to find suitable candidates for appointment as Independent Directors.

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YBhg Tan Sri Hasmah Binti Abdullah said that the Board has assessed the independence of YBhg Tan Sri Asmat Bin Kamaludin and noted that he met the independence criteria as set out in the Listing Requirements of Bursa Securities. YBhg Tan Sri Asmat Bin Kamaludin continued to be independent in his thinking and in his effectiveness as a constructive challenger of the Management. YBhg Tan Sri Hasmah Binti Abdullah informed the shareholders that the Board seek their approval to allow YBhg Tan Sri Asmat Bin Kamaludin to continue to act as Independent Non-Executive Director of the Company for another term till the next Annual General Meeting in 2021. This will be the last term that YBhg Tan Sri Asmat Bin Kamaludin can serve as an Independent Director of the Company. She added that the Company has received a letter of support from Panasonic Corporation to vote in favour of the retention of YBhg Tan Sri Asmat Bin Kamaludin as Independent Director.

YBhg Tan Sri Hasmah Binti Abdullah then proposed the motion for Resolution 8 to approve for the continuation in office of Tan Sri Asmat Bin Kamaludin as Independent Directors and she put the motion to vote by poll. She then invited the participants to cast their votes and handed the control back to the Chairman.

### AGM55/13 SPECIAL BUSINESS

#### ORDINARY RESOLUTION

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

The Meeting was informed that the next four resolutions were to consider the proposed renewal of existing Shareholders' mandate for the recurrent related party transactions ("RRPT") of a revenue or trading nature ("Proposed Shareholders' Mandate") as stated in the Circular to Shareholders dated 28 July 2020. The interested major Shareholders and persons connected with them were reminded to abstain from voting on the relevant resolutions that they are interested in.

**(i) Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools**

The Chairman informed the Shareholders that Resolution 9 was to approve the RRPT on the sales of products, sales of tools and equipment, purchase of parts, components, raw materials, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools with those related parties as specified in the Circular to Shareholders dated 28 July 2020.

The Chairman then proposed the motion for Resolution 9 to approve the RRPT on sales of products, sales of tools and equipment, purchase of parts, components, raw materials, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools and he put the motion to vote by poll. He then invited the participants to cast their votes.

**(ii) Payment and receipt of fees**

The Chairman informed the Shareholders that Resolution 10 was to approve the payment of fees to those related parties as specified in Section 2.2(a)(iv) and receipt of fees from those related parties as specified in Section 2.2(a)(iv) of the Circular to Shareholders dated 28 July 2020.

The Chairman then proposed the motion for Resolution 10 to approve the RRPT on payment and receipt of fees and he put the motion to vote by poll. He then invited the participants to cast their votes.

**(iii) Placement of cash deposits**

The Chairman informed the Shareholders that Resolution 11 was to approve the placement of cash deposits with Panasonic Financial Centre (Malaysia) Sdn Bhd ("PFI"). He added that the placement with related party has enabled the Company to earn higher interest income of approximately RM5.8 million than from the placement with commercial banks.

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The Chairman then proposed the motion for Resolution 11 to approve the RRPT on placement of cash deposits with PFI and he put the motion to vote by poll. He then invited the participants to cast their votes.

**(iv) Other financial transaction services**

The Chairman informed the Shareholders that the last resolution is to approve the other financial transaction services with PFI.

The Chairman then proposed the motion for Resolution 12 to approve the RRPT on other treasury services with PFI and he put the motion to vote by poll. He then invited the participants to cast their votes.

**AGM55/14 REMOTE ELECTRONIC VOTING**

The Chairman informed the Shareholders that he has been appointed to act as proxy for a number of Shareholders and would vote in accordance with the instructions given. Having dealt with all the resolutions of the Meeting, the Chairman informed that the polling session would be open for another 3 minutes and request the shareholders to cast their votes. He declared the polling closed at 11.15 a.m. and with the consent of shareholders the meeting was adjourned at 11.18 a.m. for the counting and verification of votes.

**AGM55/15 POLL RESULTS**

The meeting resumed at 11.32 a.m.

The Chairman informed the participants that he has been advised by the Independent Scrutineers that the results of the poll for the 12 ordinary resolutions were as follows:

Resolution No.	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
1	39,165,378	99.9992	331	0.0008
2	39,147,053	99.9810	7,443	0.0190
3	39,151,583	99.9926	2,913	0.0074
4	39,147,054	99.9810	7,430	0.0190
5	39,139,561	99.9619	14,922	0.0381
6	39,148,051	99.9836	6,432	0.0164
7	39,163,120	99.9934	2,584	0.0066
8	29,954,360	76.5032	9,200,052	23.4968
9	10,327,519	99.9759	2,493	0.0241
10	10,325,903	99.9602	4,110	0.0398
11	10,327,452	99.9752	2,561	0.0248
12	10,327,501	99.9757	2,512	0.0243

The Chairman then declared that all the resolutions tabled were carried and it was RESOLVED:

Resolution 1	<i>"THAT the declaration of a final single tier dividend of 183 sen per ordinary share for the financial year ended 31 March 2020, payable to Shareholders on 25 September 2020 be hereby approved."</i>
Resolution 2	<i>"THAT the retiring Director, YBhg Tan Sri Hasmah Binti Abdullah be re-elected to the Board."</i>

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Resolution 3	<i>"THAT the retiring Director, Mr Toyokatsu Okamoto be re-elected to the Board."</i>
Resolution 4	<i>"THAT the retiring Director, YM Raja Anuar Bin Raja Abu Hassan be re-elected to the Board."</i>
Resolution 5	<i>"THAT the retiring Director, Dato' Kaziah Binti Abd Kadir be re-elected to the Board."</i>
Resolution 6	<i>"THAT the payment of Directors' Fees and meeting attendance allowance not exceeding RM600,000 in respect of the financial year ending 31 March 2021 be and is hereby approved."</i>
Resolution 7	<i>"That KPMG PLT be and are hereby appointed as auditors of the Company for the ensuing year at a remuneration to be determined by the Board of Directors."</i>
Resolution 8	<i>"THAT Tan Sri Asmat Bin Kamaludin be retained as Independent Director of the Company."</i>
Resolution 9-12	<p><i>"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company to renew the existing Shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") for the Company to enter into the following recurrent related party transactions:</i></p> <p><i>(i) Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools with those related parties as specified in Sections 2.2(a)(i) to 2.2(a)(iv) and Section 2.2(a)(vii) of the Circular to Shareholders dated 28 July 2020.</i></p> <p><i>(ii) Payment of fees to those related parties as specified in Section 2.2(a)(v) and receipt of fees from those related parties as specified in Sections 2.2(a)(vi) of the Circular to Shareholders dated 28 July 2020.</i></p> <p><i>(iii) Placement of cash deposits with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(viii)(a) of the Circular to Shareholders dated 28 July 2020.</i></p>

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	<p>(iv) <i>Other financial transaction services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(vii)(b) to 2.2(a)(viii)(d) of the Circular to Shareholders dated 28 July 2020.</i></p> <p><i>THAT the Proposed Shareholders' Mandate is subject to the following:</i></p> <p>(a) <i>the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;</i></p> <p>(b) <i>disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under the Listing Requirements and/or the relevant Practice Notes; and</i></p> <p>(c) <i>annual renewal and such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340 of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Companies Act 2016), whichever is earlier.</i></p> <p><i>AND THAT the Directors be and are hereby authorised to complete and execute all such acts and things (including such documents as may be required) to give effect to the transactions contemplated and/or authorised by these Ordinary Resolutions."</i></p>
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**AGM55/16 CONCLUSION**

There being no other matters to be transacted, the Meeting concluded at 11.47 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN



**Panasonic**

Panasonic Manufacturing Malaysia Berhad

(Company No. : 196501000304)

# ANNEXURE 1

**Panasonic**

Panasonic Manufacturing Malaysia Berhad

(Company No. : 196501000304)

**55<sup>th</sup>**  
**ANNUAL GENERAL  
MEETING**

*via Virtual Live Telecast*

Date : 26 August 2020

Time : 10:00am

**1**

**FINANCIAL RESULTS**

**2**

**OPERATION REVIEW &  
INDUSTRIAL OUTLOOK**

**3**

**MANAGING COVID-19**

Panasonic

2020  
PMMA AGM

① FINANCIAL RESULTS

## GLOBAL OVERVIEW



- The on-going **trade war between the US and China** has affected the business sentiments globally resulting in cautious consumer spending in both the domestic market and other regions of which the Company trades in.

- Towards the end of the financial year under review, global growth experienced a sharp slowdown due to the rapid spread of the **Coronavirus Disease-19 (COVID-19)** which resulted in lockdown and social distancing measures.

## REVENUE BY SEGMENT AND GEOGRAPHICAL DISTRIBUTION

### REVENUE

FY2020  
**RM1,051,980**

FY2019  
**RM1,127,886**

Growth  
**-7%**

### ANALYSED BY SEGMENT

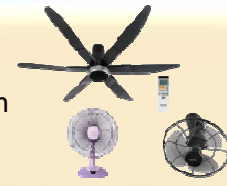
HOME APPLIANCES  
**RM508,099**

Growth  
**-9%**



FAN  
**RM543,881**

Growth  
**-4%**



### ANALYSED BY GEOGRAPHICAL DISTRIBUTION

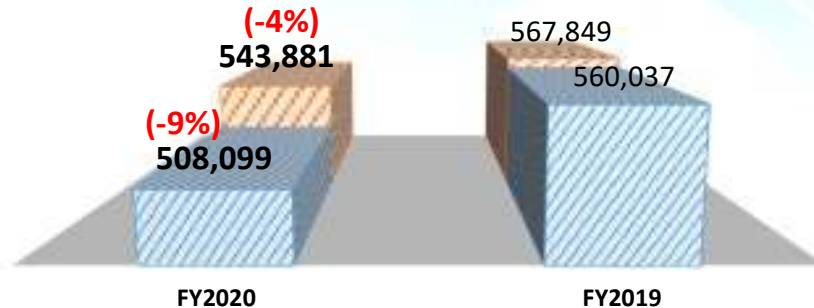
DOMESTIC  
**RM426,569**

Growth  
**-11%**



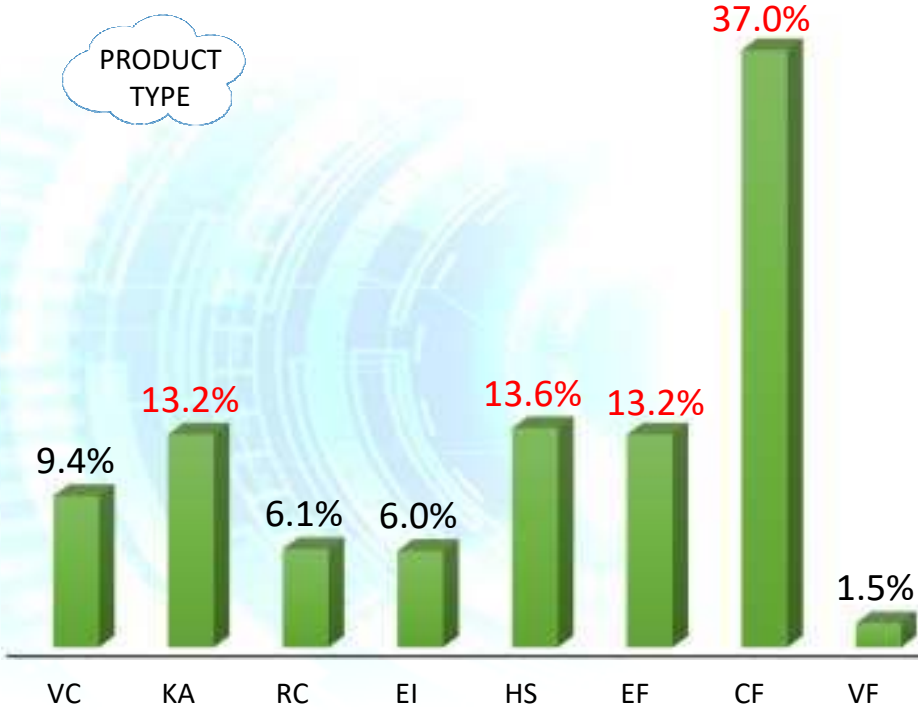
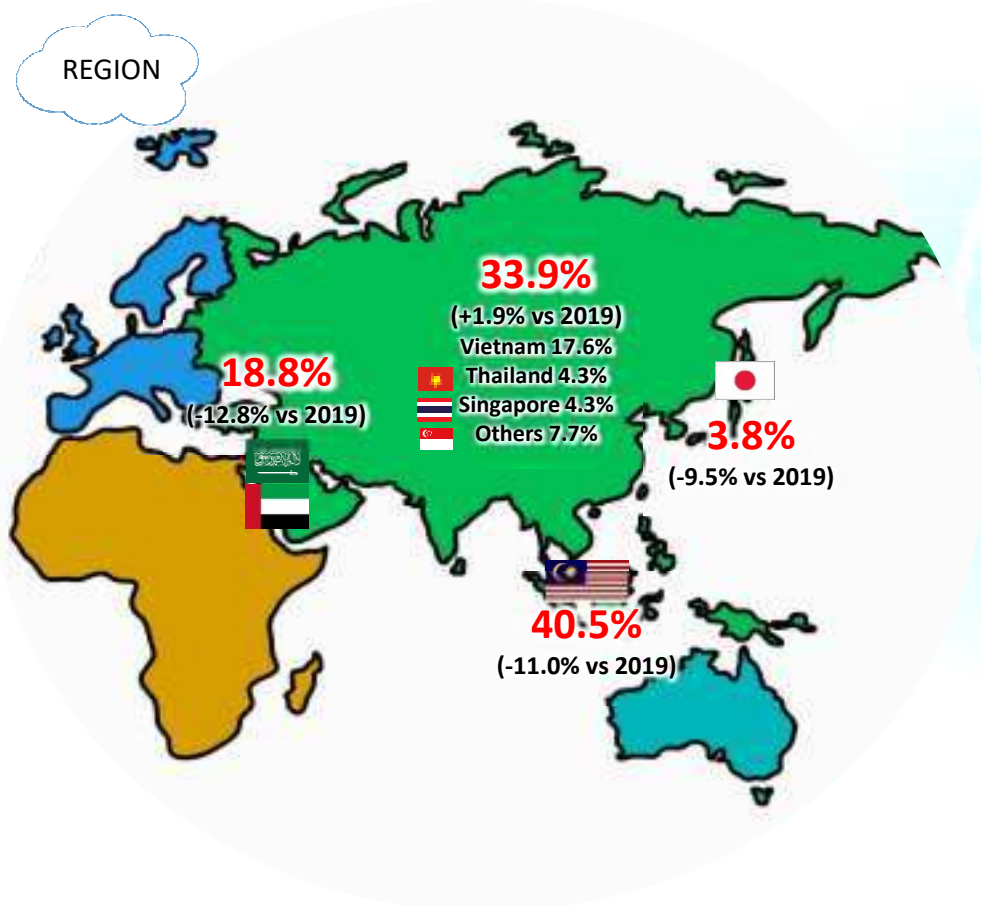
EXPORT  
**RM625,411**

Growth  
**-4%**



■ Home Appliances ■ Fan & others

# REVENUE DISTRIBUTION BY PRODUCT TYPE AND REGION



KEYS			
VC	Vacuum Cleaner	HS	Home Shower
KA	Kitchen Appliances	EF	Electric Fan
RC	Rice Cooker	CF	Ceiling Fan
EI	Electric Iron	VF	Ventilating Fan

## STATEMENT OF PROFIT AND LOSS (COMBINED)

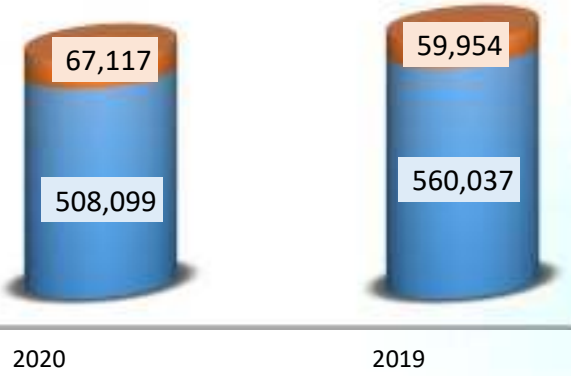
	FY2020 (RM'000)	FY2019 (RM'000)	Diff Amount	
Revenue	<b>1,051,980</b>	1,127,886	(75,906)	(7%)
Operating expenses	<b>(942,837)</b>	(1,023,484)	(80,648)	(8%)
Other operating income	<b>14,116</b>	8,542	5,574	66%
Other operating expenses: - fair value losses on derivative financial instruments	<b>(1,849)</b>	(7,106)	(5,256)	(73%)
Results from operating activities	<b>121,410</b>	105,838	15,572	15%
Finance cost	<b>(9)</b>	-	(9)	N/A
Finance income	<b>20,119</b>	23,854	(3,735)	(16%)
Share of results of associated company (net of tax)	<b>(293)</b>	1,618	(1,911)	(119%)
Profit before taxation	<b>141,227</b>	131,310	(9,917)	(8%)

INCREASE IN PROFIT BEFORE TAXATION mainly due to :-

1. Lower cost of materials.
2. Lower operating expenses incurred.
3. Higher foreign exchange gain.

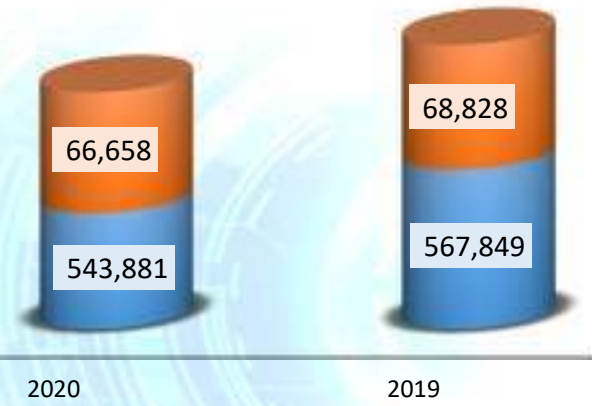
## REVENUE & PROFIT BY SEGMENT

### Home Appliances Products



■ Revenue ■ PBT

### Fan Products



■ Revenue ■ PBT

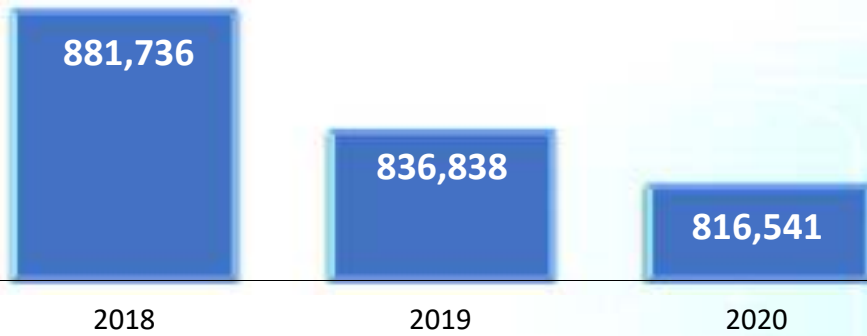
	Home Appliance Products		Fan Products	
	2020	2019	2020	2019
Revenue	<b>508,099</b>	560,037	<b>543,881</b>	567,849
Profit before tax	<b>67,117</b>	59,954	<b>66,658</b>	68,828
Profit / Sales (%)	<b>13%</b>	11%	<b>12%</b>	12%



## KEY FINANCIAL DATA

### STRONG FINANCIAL POSITION

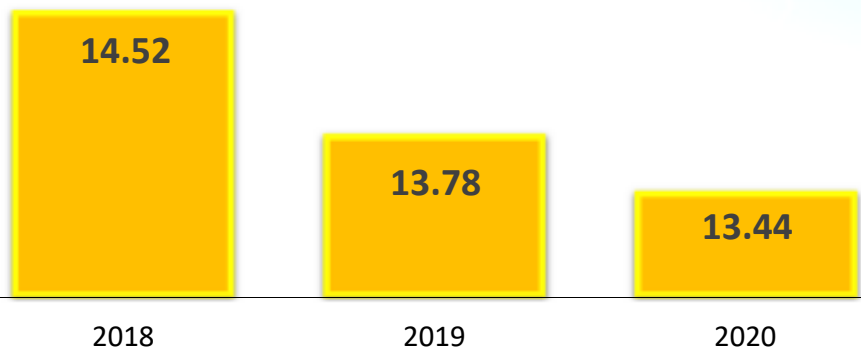
#### SHAREHOLDERS' EQUITY (RM'000)



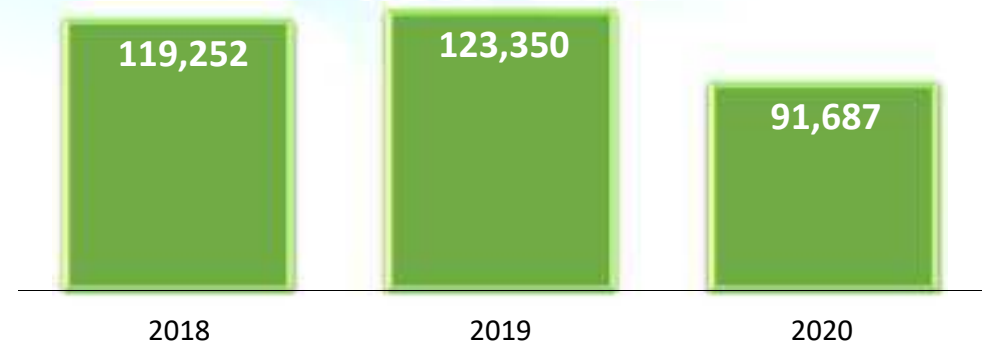
#### EARNINGS PER SHARE (SEN)



#### NET ASSETS PER SHARE (RM)



#### FREE CASH FLOW (RM'000)



## DIVIDENDS



	2017	2018	2019	2020
Special / Anniversary		100		
Final	102	133	211	183
Interim	15	15	15	15
<b>Total Dividends</b>	<b>117</b>	<b>248</b>	<b>226</b>	<b>198</b>
Total payout ratio (*)	56%	100%	100%	100%
Payout ratio without Special / Anniversary	56%	60%	100%	100%

**2020**  
**PMMA AGM**

SIDE HE  
DESIGN  
Fast food distribution

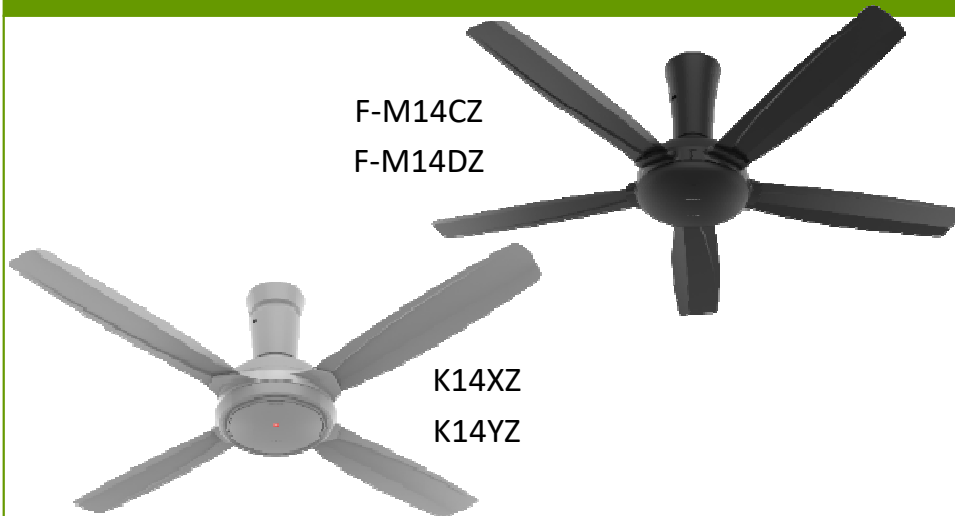
**② OPERATION REVIEW &  
INDUSTRIAL OUTLOOK**



## PRODUCTS LAUNCHED DURING THE YEAR

### FAN PRODUCTS

#### CEILING FAN



F-M14CZ  
F-M14DZ

K14XZ  
K14YZ

**Unique Selling Point:**

1. **Safety Features** → Safety Wire, Safety Switch, Safety plate
2. **Energy Saving** → MEPS Rating 5 Star
3. **Basic human centric features** → Timer, Sleep Mode

Mar'20

**Target Market:** Malaysia

**Strategy:** Various color and blade number for different market segment

#### VENTILATING FAN



FV-15TGQZ



15TGUZ

**Unique Selling Point:**

1. **Compact and High Performance** → Low noise
2. **Easy to Install and Maintain** → Propeller type without duct, Durable & good quality
3. **Energy Saving** → Economical, Low energy consumption

Jun'19

**Target Market:** Malaysia

**Strategy:** Modern and Simple design with suitable air volume for small space

## PRODUCTS LAUNCHED DURING THE YEAR

# APPLIANCE PRODUCTS

### VACUUM CLEANER

MC-YL778, MC-YL788,  
MC-YL798



#### Unique Selling Point

1. User Friendly @ Easy to throw dust and wash the tank
2. Durable and stylish frame with detachable function
3. Cord rewind for smart cord storage

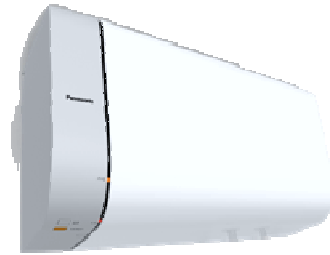
#### Target Market

Middle East, Asia

#### Strategy

Strengthen Tank line up through value added features

### STORAGE HOME SHOWER



Capacity (15L, 20L, 30L)

#### Unique Selling Point

1. Compact and light weight design
2. Space saving
3. Safety features (Built in ELB, IPX4)
4. Easy to view LED indication panel

#### Target Market

Vietnam

#### Strategy

To expand the line up for increase the market share and sales.

### RICE COOKER



SR-RX189 (1.8L)

#### Good heat conductivity

Stainless steel inner pan gives a good heat conductivity.

#### Dual-function

Beside RICE cooking, SR-RX189 can also STEAM, cook PORRIDGE and SOUPS.

#### Easy to wash

Steam vent & inner lid are detachable, can be easily remove for cleaning purpose.

Dec'19

### BLENDER

MX-M Series  
Jug Capacity 1.0L



#### Easy & Fast Blending

- Blend easily with sharp micro-serrated cutter.
- Maximum 450W and 11,000 rpm, blend speedily.

#### Transparent Clear Jug

Transparent clear plastic jug for premium look & light weight for easy handling.

(\*\*M100/M200/M210 only)

Jul'19

#### Glass Jug & Dry Mill

- Glass jug with no colour stain, no retain smell and easy to wash. (\*\*M300)
- Dry grinding function.

#### Uniformed New Design

Soft Square Concept for Panasonic Originality, uniformed design with V series blender.

### TOWARDS GREEN TECHNOLOGY

SAVE EARTH

*“The Company committed to the use of green technology which minimize the degradation of environment & reduce negative impact of human activities.”*

- *The new factory building incorporated with green technology features such as;*
  - ✓ *ACMV Energy Efficient Ventilation System*
  - ✓ *LED Lighting System to reduce energy consumption and to improve the Company’s manufacturing capability.*
- *Expands Fan Segment production area by 35%.*
- *Increase in-house injection moulding activities; reduce reliance on outsourced supply*

### NEW BUILDING AT SA2 PLANT

Illustration image only

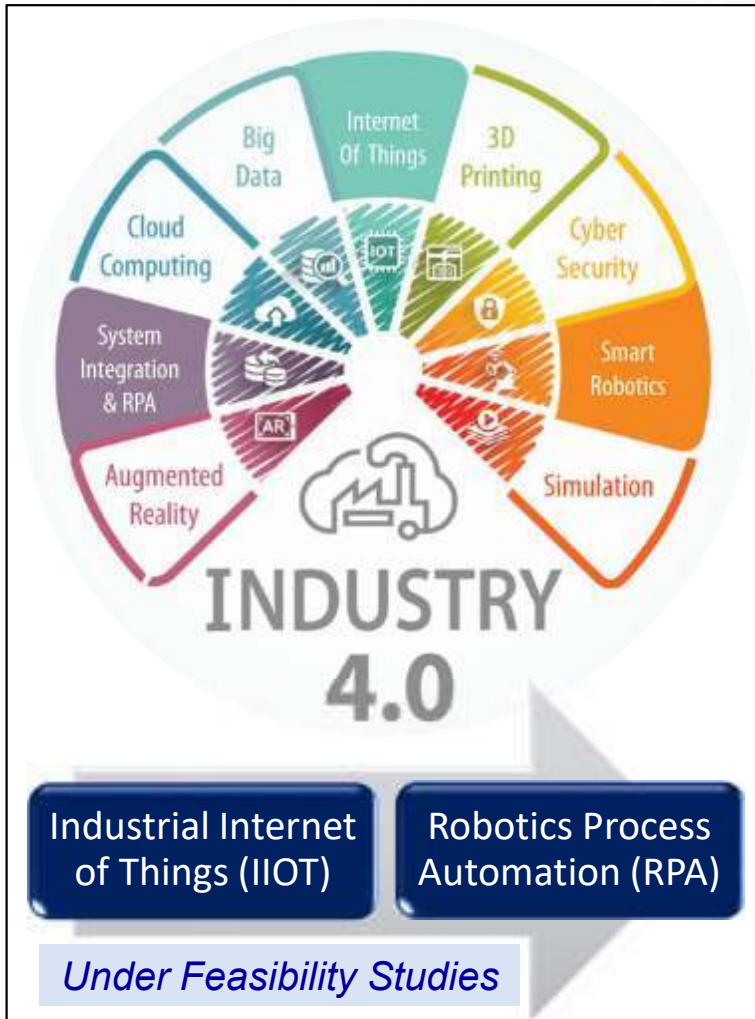


### SOLAR PANELS – SA2 Plant

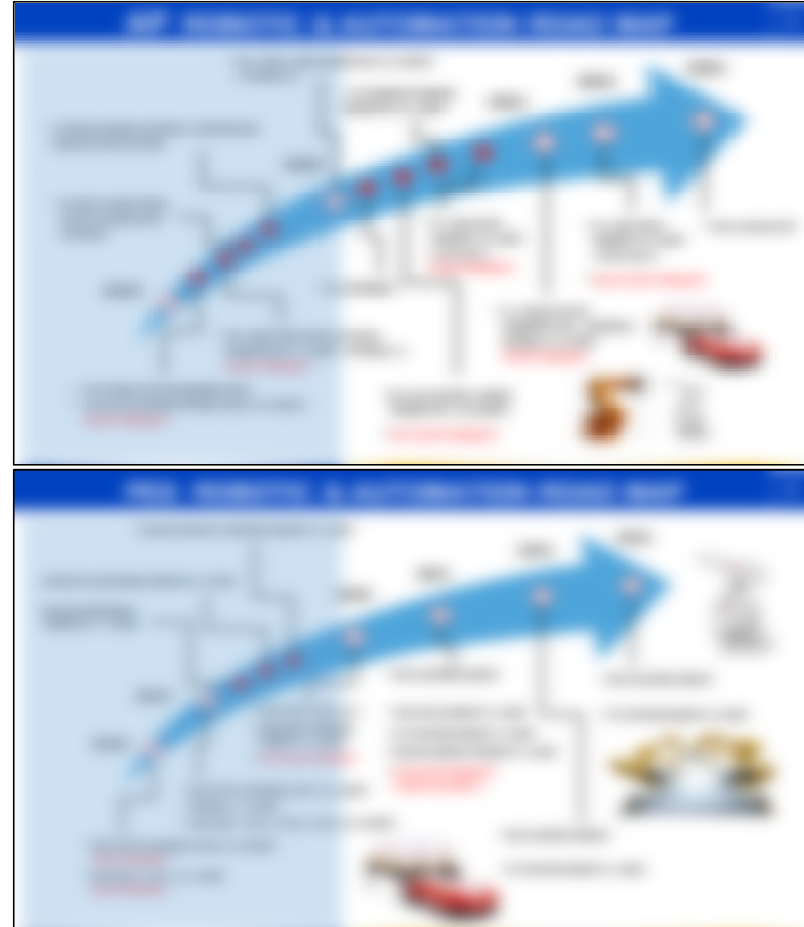
- *Generate approximately 2,044 MWh of solar energy per year.*
- *Save energy consumption by 14% whilst reduce emission of Co2.*
- *Expected ROI within six years.*
- *Tax savings and reduction in electricity cost.*
- *Further utilization of solar panels under consideration*



## OPERATION REVIEW

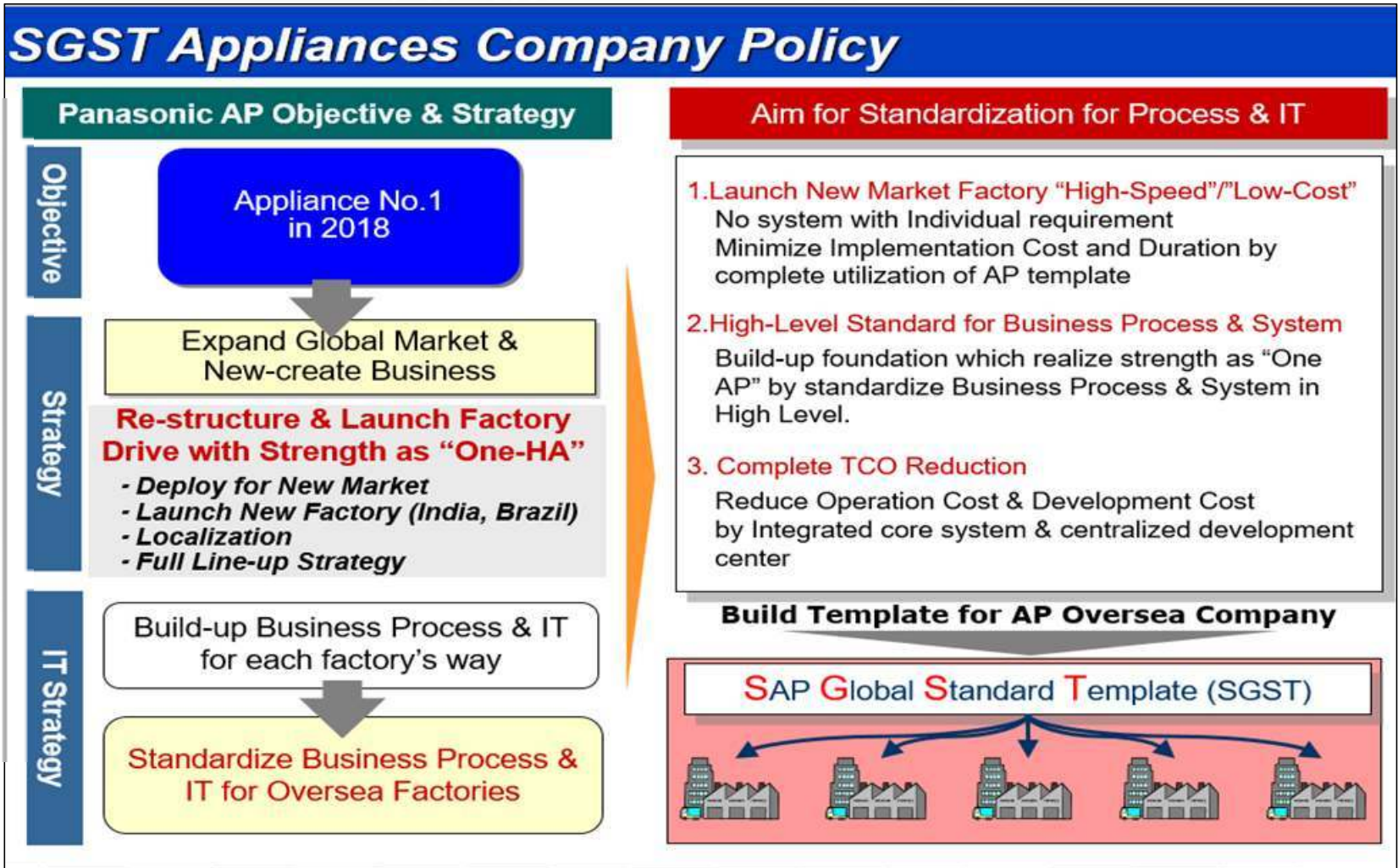


## TOWARDS INDUSTRY 4.0 REVOLUTION





**NEW INTEGRATED SYSTEM  
IMPLEMENTATION**



## OUTLOOK AND PROSPECTS FOR 2020

OUTLOOK

- The COVID-19 pandemic is unprecedented and its impact on the global economy is severe.
- Malaysia's economy contracted by 17.1% in the second quarter of 2020.
- The stimulus packages announced by the Malaysian Government are also positive factors to improve the economic outlook in the country.

OUTLOOK

COMMITMENT BY  
COMPANY

- Sales will continue to improve and return to normalcy soon.
- Development of products suited to market
- Meet out digitalization and automation plan.

The background of the slide is a blurred photograph of a kitchen. In the foreground, there is a table with a meal consisting of a plate of food, a glass of yellow juice, and a blue bowl. In the background, several blenders are lined up on a counter. The overall scene is brightly lit and has a clean, modern aesthetic.

**2020**  
PMMA AGM

**③ MANAGING COVID-19**

# MANAGING COVID-19

Temperature check and recording for all employees



Social distancing at office, production line, meeting rooms & canteen



Hand sanitizer at common areas



Daily disinfection at common and work areas



## DISCLAIMER

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The Panasonic logo is displayed in a bold, blue, sans-serif font. The background of the slide features a futuristic, blue-toned digital interface with various circular and linear patterns, suggesting a high-tech or manufacturing environment.

**Panasonic**

Panasonic Manufacturing Malaysia Berhad

(Company No. : 196501000304)

# **ANNUAL GENERAL MEETING**

26 August 2020

**ANNEXURE 2**

Questions from MSWG

**Strategy & Financial Matters**

- 1) The Company's new factory building at its SA2 plant is estimated to be completed by early 2021 (page 12, AR 2020).
- a) By how much will this factory increase the production capacity?

***Production capacity increased by 35% for Fan Segment.***

- b) What was the CAPEX incurred and to be incurred for the building?

***Capital Expenditure incurred in FYE 31.3.2020 was RM12.7mil; remaining RM39mil to be incurred in stages in FYE 31.3.2021 and FYE 31.3.2022.***

- 2) To date, approximately 6% of the production floor workforce has been replaced with automation and the Company targets to replace up to 20% of the production floor labour force by 2023.

- a) What have been the cost savings thus far (page 13, AR 2020)?

***The total cost reduction to date amounted to RM 3 million; for next 3 years target to achieve RM 6.6 million***

Year	AP		LS			TOTAL			
	Investment Amount (mil)	Headcount Reduction	Cost Reduction (mil)	Investment Amount (mil)	Headcount Reduction	Cost Reduction (mil)	Investment Amount (mil)	Headcount Reduction	Cost Reduction (mil)
2018 ~ 2019	3.5	40	1.2	5.3	62	1.8	8.8	102	3.0
2020 ~ 2023	7.0	80	2.5	13.0	112	4.1	20.0	192	6.6
TOTAL	10.5	120	3.7	18.3	174	5.9	28.8	294	9.6

The total cost reduction to date amounted to RM 3 mil; for next 3 years target to achieve RM 6.6 mil

- b) What are the steps taken by the company to reduce its dependence on foreign labour since the Government has become more stringent in allowing foreign workers into the country?

***Steps taken to reduce dependence on foreign labor:-***

- Accelerate in automation to reduce reliance on foreign labor; target reduce 294 persons by 2023***
- Recruit local workers (temporary, outsourced service providers) to replace Foreign workers***
- Performing temporary workers will be converted to permanent workforce after expiry of contract***

## PANASONIC MANUFACTURING MALAYSIA BERHAD

REGISTRATION NO. : 196501000304 (6100-K)

- 3) For FYE March 31, 2020, there is a significant rise in the inventory level of the Company by 47.6% to RM73.2 million compared to the previous financial year.

What are the reasons for the substantial rise in inventories for 2020 especially since sales has gone down from RM1.13 billion in 2019 to RM1.05 billion in 2020?

	2019 RM'000	2020 RM'000	Diff RM'000
Finished goods	12,653	17,465	+4,812
Work in progress ("WIP")	2,488	7,024	+4,536
Raw material	34,417	48,627	+14,210
Consumable stores	22	48	+26
	<b>49,580</b>	<b>73,164</b>	<b>+23,584</b>

- (1) **Higher inventories mainly comes from Raw Material attributable to:-**  
*Resourcing of parts when pandemic started in China; additional orders were placed from other countries (Europe) to secure production; especially for parts with long lead time. Sudden MCO announced in March caused disruption in product plan; parts delivered were not fully utilized.*
- (2) **Increase in Finished Goods** due to certain export cargos were halted due to shipment period was after MCO. These shipments were arranged in early April due to special concession by Ministry of Transport.
- (3) **Increase in WIP** due to sudden MCO announcement; insufficient time to complete finished units.

### Corporate Governance Matters

- 1) The Board has agreed to set a limit for the tenure of independent directors at 12 years, for implementation after the financial year ending 31 March 2021. (Practice 4.2, CG Report 2020)

In the meantime, will the company carry out a two-tier voting system in the upcoming AGM to retain the Chairman (independent non-executive director) who has served the Board for more than 12 years?

**The resolution on the retention of Tan Sri Asmat as Independent Director will be tabled for voting on a single-tier basis. This will be the final term which the Company is seeking shareholders' approval to allow Tan Sri Asmat to continue to serve as an Independent Director. After the 2021 Annual General Meeting, all Independent Directors can only serve up to a maximum term of 12 years.**

- 2) On 19 February 2020, the Audit Committee had recommended the change of the Company's internal auditor – Deloitte Risk Advisory Sdn Bhd (Deloitte) for FYE 31 March 2021 onwards.

What are the reasons for the change (page 67, AR 2020)?

**The reason for the change in the internal audit service providers was due to the repeated delays in deliverables by Deloitte.**



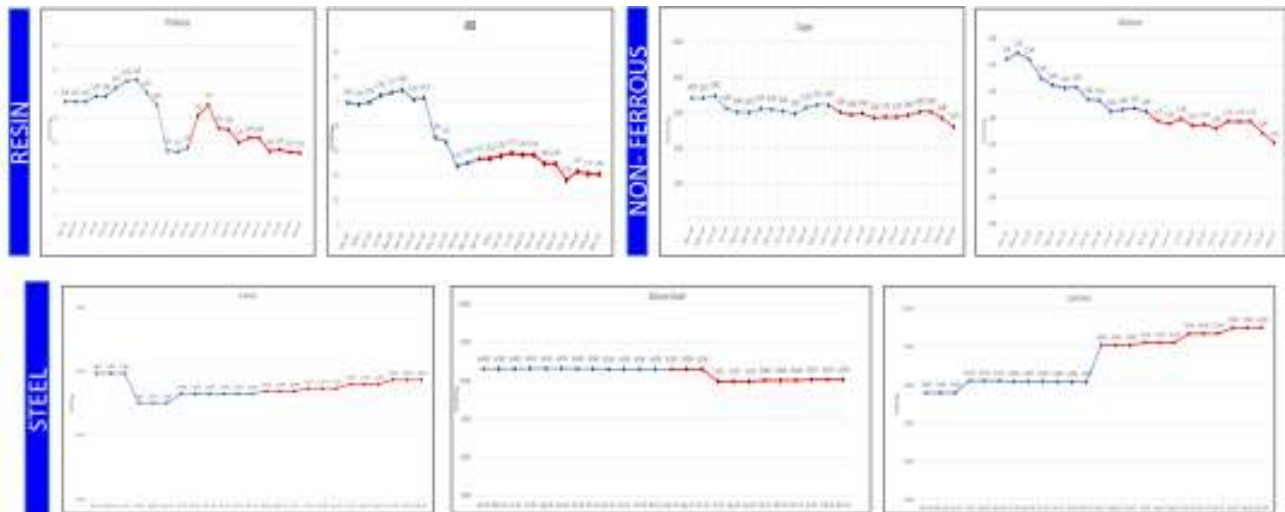
**ANNEXURE 3**

Questions from Shareholders - pre-submitted

Question 1

What is the current raw materials price trend and its impact to the company's profit margins?

**Major raw materials comprise resin (74%), aluminium (15%), steel (6%) and copper (5%). As you can see from slide below showing 2 years trend, the material price is generally trending down. Therefore, despite lower sales, higher profitability was achieved for FYE 31.3.2020.**



Question 2

We are several months into since the pandemic become global. Does the company foresee an increase of cost in terms of transportation, operating costs due to the need of sanitisation or much slower sales moving forward?

**The operational costs relating to COVID-19 such as sanitization, disinfecting, provision of face masks to all workers etc. has certainly increased; approximately RM20K per month.**

**As for transportation and logistics costs, so far there's no significant spike in costs.**

Question 3

Moving towards industry 4.0, noticed that the total number of employees has also been on a downtrend from 2016 to 2020, any future automation project planned in future in order to be more cost efficient? Especially as the government has frozen the hiring of foreign worker.

**This question has been addressed in our reply to MSWG.**

Question 4

In cashflow statement, dividends received in 2019 is much higher than 2020. What caused the sudden drop?

**The Company is maintaining a payout ratio of 100% based on its Profit After Taxation.**

**The dividend amount payable is lower due to a lower profit after taxation <FY2020 – RM 120 million; FY2019: RM 137 million>**

## PANASONIC MANUFACTURING MALAYSIA BERHAD

REGISTRATION NO. : 196501000304 (6100-K)

### Question 5

Over the last three years, the company's dividend payout ratio has always been above 100%. Does the company plan to conserve cash this year or will continue to be generous with its dividend?

***Despite the current challenging environment, the Board has decided to maintain the dividend payout ratio at 100% of the Company's Profit After Taxation.***

### Question 6

Being a net cash company with lots of reserve, any expansion, merger and acquisition activities the company are looking at in order to capture higher market share or position the company better for growth in future?

***There is no plan for merger and acquisition at this moment. There are no other expansion plans in the pipeline apart from the new building in SA2 which is currently under construction. However, capital expenditure will continue to be incurred in the area of robotics and automation.***

### Question 7

Any plan to increase production line in the new factory scheduled to be completed in 2021?

***The new factory in SA2 plant will be installed with additional 8 injection machines and plastic recycle machine to strengthen in house production and improve material flow. Currently we are only producing approximately 11% of plastic parts required. With these new investments, we will increase in-house production of plastic parts to 30% for Fan Segment.***

### Question 8

On the collection side, does the company foresees any collection issue like bad debt from customers?

***We are dealing directly with Panasonic Malaysia and other Panasonic Group with 30 days collection period. Therefore, we do not have any issue with collection.***

### Question 9

As one of the company long term investors/shareholders and as a reasonable person, I do expect the Q1Y21 results should be not so good due to the adverse impact of the MCO lockdown but definitely NOT a loss. This has clearly demonstrated that the Board of Directors has not been able or not doing enough to introduce effective measure to reduce the severe impact of the Covid-19 lockdown.

At my end, I hope the company subsequent quarters can do better to reduce the impact of the first quarter loss.

***As the manufacturing of home appliances was not categorized as "essential goods", therefore, the manufacturing activities of the Company came to a complete halt from 18 March to early May 2020 due to MCO announced by the government. Details as explained in the following table:-***

MCO <1 <sup>st</sup> Phase> 18 Mar to 31 Mar	MCO <2 <sup>nd</sup> Phase> 1 Apr to 14 Apr	MCO <3 <sup>rd</sup> Phase> 15 Apr to 28 Apr	CMCO <4 <sup>th</sup> Phase> 29 Apr to 9 Jun
Factory closure	<b>9 Apr : 144 pax approved</b> - Financial Year End closing proceed	<b>26 Apr : 42 pax approved</b> <ul style="list-style-type: none"><li>Comprised mainly Directors / GM's Group</li><li>Strategy on commencement of factory operations</li></ul>	<b>4 May</b> <ul style="list-style-type: none"><li>Government declare economic sectors to be opened</li><li>Factory operations commence at 50% level</li></ul> <b>12 May</b> <ul style="list-style-type: none"><li>Factory operations at full 100%</li></ul>
<b>Operational Issues Faced:-</b> <b>① Supply disruptions faced during MCO</b> <ul style="list-style-type: none"><li>As at 4 May; though suppliers commenced operations but at only 50% level</li><li>Certain critical suppliers under EMCO lockdown, only commence operations after 16 May</li></ul> <b>② Factory Operations Constraint</b> <ul style="list-style-type: none"><li>Implement safe distancing measures in both production and general areas</li><li>Production workers attendance issue (child care arrangement, travel restrictions etc.)</li></ul> <b>③ Disruption in Sales Order Demand</b> <ul style="list-style-type: none"><li>Faced cancellation in orders which has changed during MCO period</li><li>New orders unable to supply due to parts delivery lead time (90 days, 120 days)</li></ul>			

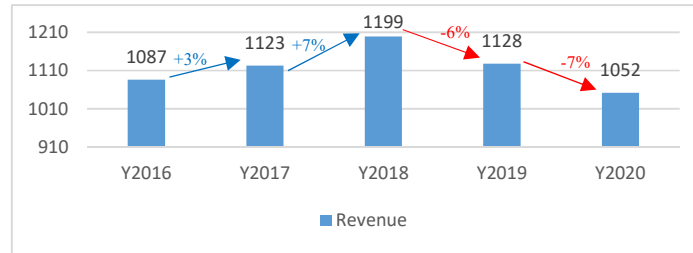
***Due to the challenges highlighted above, and disruption in supply chain, we incurred losses for 1<sup>st</sup> Quarter 2020. However, operation has returned to normalcy in 2<sup>nd</sup> Quarter 2020 and we should be able to deliver satisfactory results from now on.***

## PANASONIC MANUFACTURING MALAYSIA BERHAD

REGISTRATION NO. : 196501000304 (6100-K)

### Question 10

Revenue is on downtrend from 2016 to 2020, even before the pandemic, any action plans the company will undertake in 2021 in order to mitigate the impacts of COVID-19 and weak consumer sentiment?



*Above is the Revenue trend from Y2016 to Y2020*

*The downtrend started from Y2019 and Y2020 mainly due to sales exports to the Middle East market has been affected by trade sanctions imposed by the US government on certain Middle East countries; coupled with liquidity issues faced by a major distributor in a certain country within this region.*

*As mitigation plan for Y2021:-*

*With increasing pressure from cost competitive manufacturers and an unpredictable economy due to the Covid-19 outbreak, we are aware that it is becoming increasingly difficult to sustain growth and profitability with just our current business and operations.*

*Therefore, in the aim to achieve 3% annual average growth, we are focusing on operation restructuring activities & variety category products / projects that will bring cost competitiveness and sustainable sales growth for the future.*

### Question 11

Any particular product benefits from Covid-19 and enjoy a surge in sales number, like air purifier?

*<Reply from Panasonic Malaysia – associate company>*

*Due to COVID-19, people will be more concerned about hygiene and products that can eliminate or deactivate virus will interest them. As such, we foresee our products (air conditioners and air purifiers) which are equipped with Nanoe technology that can inhibit viruses, will grow in sales. Likewise, other health related products sales like water purifiers is expected to rise too.*

*With people staying home more due to the pandemic, we also expect home entertainment products like TV, sound bar, earphones, cooking and food preparation products like MWO, rice cookers, blenders, fans and other living products to garner better demand.*

**Note:**

*Some of the products mentioned above are manufactured by Panasonic Manufacturing Malaysia Berhad*

### Question 12

Sales from both Malaysia and Middle East region drop the most this year, any targeted or tailored plan to boost sales in these regions?

*With Covid-19 Pandemic, the company finds it difficult to raise sales, we forecast to only achieve below 80% vs last year in 1<sup>st</sup> half. However, we challenge for sales recovery in 2<sup>nd</sup> half, with most products forecasted to hit more than last year's level.*

*For 2<sup>nd</sup> half, we aim to achieve 105% vs last year and our short term management goal is to achieve at least breakeven point.*

*Under current severe global situation, our target now is to creating new variety product category to boost sales in these regions.*

**PANASONIC MANUFACTURING MALAYSIA BERHAD**

REGISTRATION NO. : 196501000304 (6100-K)

Question 13

Does the company foresees an erosion of margin as slow sales may trigger a price war in the market?

*Slow sales is mainly due to drop in consumer demand and the shift of demand towards cheaper price segment and entry models in which Panasonic is not focusing on. Whereas Panasonic is focusing on the Mid/High end customers. Due to lower sales, profits may be eroded.*

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## **ANNEXURE 4**

### Questions from Shareholders - Live

#### Question 1

Would the board kindly consider giving e-Voucher as reward to shareholders who had taken interest to participate in this RPV, as the company had been giving vouchers in the past year? Thank you.

***Thank you for all the suggestions. The Board took note of the requests made during the AGM and has subsequently agreed to reward all participating shareholders with an e-voucher valued at RM50. Concerned shareholders will be notified by management in due course.***

#### Question 2

Dear Directors I am a great support of Panasonic. Recently my house renovation and I want to buy your products air conditioner the latest Nano-E and inverter and your Panasonic fridge but everywhere no stocks. Can let us know when got stocks.

***Please do send your contact to the management at <http://www.panasonic.com/my>. Panasonic Malaysia customer service will contact you directly.***

#### Question 3

How much does the company spend on this virtual AGM?

***The cost for this virtual AGM is approximately RM100k.***

#### Question 4

Will the Company revert to physical AGM next year?

***We will monitor the situation next year and consider the best approach to hold the AGM.***

#### Question 5

I would like to request a hard copy of the company annual report. Thank you

***Please share your address, the management will arrange accordingly.***

#### Question 6

Research expenses was reduced by RM2.3 million in 2020 from 2019. What is the reason for this? Moving forward how committed is management to pursuing R&D and should we expect bigger spending on research, given IR4.0, automation etc.?

***The R&D expenditure differs year to year based on development projects – for example, a new product such as the storage tank will cost significantly higher than modifications to existing products. Our commitment is still to deliver products with valued features suited to customers every year. As for IR automation cost, it is capital expenditure rather than R&D in nature.***

#### Question 7

Based on the latest Quarterly Results as at 30 June 2020, the Inventories of the Group increased further to RM78.716 million. Similarly, the Trade and Other Receivables also increased substantially from RM74.927 million to RM121.388 million as at 30 June 2020. What are steps/action taken by the management to reduce the inventories and to improve collection for its receivables?

***This question has been addressed earlier (MSWG Question 3 - Strategy & Financial Matters)***

## PANASONIC MANUFACTURING MALAYSIA BERHAD

REGISTRATION NO. : 196501000304 (6100-K)

### Question 8

The Associated Company, Panasonic Malaysia Sdn Bhd's performance in FY2020 was very poor recording a loss before tax of RM2.591 million compared with a PBT of RM13.706 million in FY2019. What are the reasons for such poor performance and will Panasonic Malaysia be able to return back to profitability in FY2021?

*(\* reply by representative from Panasonic Malaysia)*

***FY2019, the main reason not to achieve BP sales are;***

- 1) Marketing demand decreasing against LY (CE TTL: 90%, HA:95%, AV:82%)***
- 2) Tough competition (Korean + Chinese brand) especially for Large appliances***

***FY2021, Sales & Profit forecast;***

- Sales] 1.4BIL (82% vs BP & LY)***
- Profit] PBT => Target to realize Break even (by CR of FIXED & Activity cost)***

### Question 9

In 1<sup>ST</sup> Quarter 2020 report, it was mentioned PANAMY is restoring the depleted stock level, may you elaborate more what are the appliances running with stock level and how is the current situation.

***The depleted stock level referred to in 1<sup>st</sup> Quarter 2020 report referred to stocks availability in the market. During the MCO, certain household appliances such as rice cooker, variety of kitchen appliances and electric table fans were very saleable through the e-commerce channels. Therefore, the sales of such products had been high in June and followed through to the 2<sup>nd</sup> Quarter 2020.***

### Question 10

Company targets to replace up to 20% of the production floor labour force by 2023. Please share the cost implications - how much of decrease in labour costs (in %) can we expect?

***This question has been addressed earlier (MSWG Question 2 - Strategy & Financial Matters)***

### Question 11

Is the current dividend payout sustainable? Given that dividend per share exceeded earnings per share in the past few years.

***We do not have a written dividend policy, but the Company is maintaining a payout ratio of 100% based on its Profit After Taxation.***

### Question 12

New Building at SA 2 plant. Solar panels installed at plant buildings supposed to be completed by July 20. Is it completed now? What is the total cost? How much annual saving?

***The solar panels are completed now. Cost about RM7 million; and the return of investment including savings of electricity and tax is 6 years.***

### Question 13

What will be the expected full year financial result considering the loss in the 1st Quarter 2020 due to the drop in Revenue?

***We will expect to be profitable from now onwards.***

## **PANASONIC MANUFACTURING MALAYSIA BERHAD**

REGISTRATION NO. : 196501000304 (6100-K)

### Question 14

In 1<sup>st</sup> Quarter 2020 report, there is revenue growth in Middle East from RM45 million to RM46 million, but revenue drop in Malaysia is very significant from RM142 million to RM32 million, why the production order during the month in May and Jun-20 went to Middle East instead Malaysia.

*Sales orders for 1<sup>st</sup> Quarter could not be met due to the shutdown of the plant from 18 March 2020 till early May 2020 on the Malaysia Government's implementation of the Movement Control Order (MCO). Domestic sales was most impacted, contributing only 21% of total revenue in this quarter as compared to previous year's contribution of 49%.*

### Sales projection next year

*With the on-going COVID-19 global pandemic outbreak which to a certain extent, has been limited in its spread in this country, will still remain a threat until a vaccine has been developed. Therefore, the Company recognizes that the slowing down of global economy, escalating trade tensions as well as geo political risks, if unresolved, will have a material impact on global trade and investments. Targeted recovery market mainly focus on Asia-Vietnam and Middle East – UAE. Vietnam sales 103% vs BP and 101% vs LY for Q2. UAE sales 106% vs BP and 132% vs LY for Q2.*

### Question 15

I'd like to know, the product concentration on "fan" product. Is there any plan to diversify the concentration of product manufacturing?

*We are diversified in Appliance and Fan products. However, based on market demand, sometimes certain products perform better. We are constantly considering how to increase sales in all segments.*

### Question 16

Is the company going to further strengthen its position in ASEAN region? Sales in this region represents 74% of total company revenue - is this expected to increase or decrease moving forward?

*Yes, we will continued to strengthen this Asian region. Our targeted recovery market mainly focus on Asian and Middle East. The company is currently experiencing growth in Asian with our Small Kitchen Appliances, Fans and Home Shower. Despite the global uncertain condition, we will continued to develop and deliver good quality products that meet the market needs.*

### Question 17

During the financial year the company had launched new stainless pan rice cooker, new blender M series, extreme series tank, vacuum cleaner & storage water tank.

1. Are these products exported?
2. If so to which countries? How is the respond, anymore new products to be launch?

### Small Kitchen Appliances

- *Introduction of Blender New M-Series, to Asia market to increase the brand awareness and competitiveness in the market.*
- *Introduce new Micom C series rice cooker into Vietnam market, well accepted in market due to nice and compact design*

### Vacuum Cleaner

- *A series of Tank type Vacuum Cleaner were launched for Middle East Market and Asia market. It comes with a durable, stylish and detachable frame to provide consumer a hassle free experiences.*
- *Introduce bagless model of Vacuum Cleaner into New Zealand market to cater demand of customer preference changed from canister type to bagless.*

### Home Shower

- *PMMA also developed our first storage water heater with a compact and light weight design. The storage water heater was designed with safety features and easy to view LED indication panel for Vietnam markets.*

**PANASONIC MANUFACTURING MALAYSIA BERHAD**

REGISTRATION NO. : 196501000304 (6100-K)

*New product line up contributed 3% sales from total PMMA sales in FY2019.*

*Our target is to develop local fit products and expand the product line up to existing market by creating the demand for variety category product such as mid Fan, commercial wall fan and storage water heater.*

Question 18

- What are the cost savings estimated by in molding 30% of plastic parts on our own going to bring? When can the ROI be recouped back? In three years like the solar panel project?
- The new SA2 plant added 30% to fan production capacity. Does the Board see sales of fan coming down as property segment cools down as well? What about appliances product? Which seems to be enjoying a higher profit margin as of now.
- *Total cost reduction is RM7 million and return of investment is 2 years*
- *We consider to expand our business by new product and another Asian market such as Vietnam.*

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