

# Questions raised by MSWG and Management's Response

<Questions addressed in order of presenter>

Presented by:-

Ms. Siew Pui Leng

Ms. Kwan Wai Yue

## Panasonic

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

### 58<sup>TH</sup> ANNUAL GENERAL MEETING

WEDNESDAY, 30 AUGUST 2023

10.00 a.m.

Live Your Best



SHAPING A  
THRIVING FUTURE

*SHAPING A THRIVING FUTURE*

*An edgy and dynamic design that emanates power and confidence. The bold arcs show movement to reflect change and transformation. From raw shapes, icons develop to indicate how continuous improvements in products are continuously being deployed to reinvent new possibilities.*

Question 1

PMMA - Siew

The Company is strategically broadening core business offerings through new products and export markets, while actively pursuing new business investments, in response to the loss in contribution from the termination of the rice cooker and small kitchen appliances segments (page 6 of AR2023).

What is the Company's anticipated timeline or target for recuperating the lost revenue resulting from the termination of the rice cooker and small kitchen appliances segments?

Answer 1

Our company's projection to recover the loss revenue of these two products within next Mid-term Plan by focusing the following 3 major growth strategic plans.

1. Focus on new product lines and expand existing core businesses.
2. Develop "collaboration partners" for expand new channels.
3. Build new water-based business as next "Profit Pillar".

Our goal is not focusing only the total revenue loss but to restore profitability through potential sales expansion.

Question 2

PMMA - Siew

The Company has identified certain water related products which is currently under the stage of product development; details of launching will be announced at a later date (page 9 of AR2023).

Please shed light on the nature of the water-related products. Are there any particular market trends or consumer needs that these products aim to address? What is the anticipated market potential for the products?

Answer 2

We develop these products mainly to meet consumers' needs for health and environmental protection through our research and strategic planning.

As you may know, Panasonic Japan already has a wide range of water solution products, and we have the expertise and experience to develop these new products to meet customer needs.

Due to the indispensable needs in life, water-related products have great prospects in fulfilling consumer demands and market potential.

Our target strategic markets are Asia and the Middle East, which remain unchanged.

Question 3

PMMA - Siew

The HVAC segment witnessed a significant increase in revenue, especially from export sales of fan products (page 12 of AR2023).

- a) Please elaborate on the factors that drove this growth in export sales, particularly to Hong Kong, Singapore and the Middle East markets in FY2023.

Answer

- Due to various movement restrictions and capacity restrictions in place in 2022, sales will resume after the market fully reopens and resumes. And the fulfillment of backlog of orders due to flooding incident
- b) In 1Q FY2024, there was a decrease in revenue for the HVAC products segment compared to the same quarter in the previous year, primarily attributed to lower export sales in fan products to the Middle East and certain Asean countries. What were the specific market dynamics that contributed to this decline?

Answer

- Comparing the first quarter with the fourth quarter of last year, the main markets sales decreased are Vietnam and Iraq, due to the economic crisis resulting in high inventory and low demand.

Question 4

PMMA - Siew

The Company will provide value to its customers in residential spaces like bathroom, living room and bedroom by developing local fit products especially for key home appliances which have high market growth potential (page 9 of AR2023).

To better understand the impact of 'local fit' product development, please share instances where creating products tailored to specific residential spaces has opened up new growth opportunities for the Company, particularly in the segments of ceiling fans, home showers, and vacuum cleaners. How have these products been received in the market?

Answer 4

Despite the economic challenges and uncertainties in the market situation brought about by the global epidemic, PMMA has developed the following "Local-fit" products based on the research results of product planning to meet the needs of Asians to improve their health awareness and lifestyle through clean technology and energy saving.

- a) 1st nanoeX Ceiling Fan F-M15ME : **nanoe™ X Technology for hygiene air cleaning experiences**
- b) Entry DC model – F-M14FE : **For Environment friendly & Energy Saving**
- c) New U series Instant Home Shower : **Unique features for refresh & relax Shower experiences**

The market responded of these products are well accepted since launched and consumer like our design and unique features.

Question 5

PMMA - Kwan

The Company's objective is to achieve an automation rate of 50% in the mid-term, up from the current rate of 30% (page 15 of AR2023). What is the projected level of financial commitment required to reach this goal?

Answer 5

The investments are made strategically, prioritizing automation projects spend based on business requirements. Based on the current plan, projected RM20 mil will be required to achieve automation rate of 50%. These investments will be rolled out in the next 3 to 5 years.

Question 1

PMMA - Kwan

Practice 5.2 of the Malaysian Code of Corporate Governance (MCCG) stipulates that at least half of the board comprises independent directors.

According to the Company's 2023 CG Report (on page 20), the Board had, during its meeting in May 2018, agreed to increase the ratio of independent directors to non-independent directors from 4:7 to 4:5 by FY2020. This goal was achieved, and the ratio of 4:5 is currently maintained. However, does the Board have any plans aimed at fully aligning with Practice 5.2? If yes, please elaborate.

Answer 1

The Company has reviewed the need to apply Practice 5.2 at its recent meeting in May 2023 and considering that the Board has been effective in managing the Company as evidenced by the improved results, the Board has decided to retain the current Board ratio of 4:5 as it satisfies the intended outcome of objective board decision. The Board will re-assess the need to align with Practice 5.2 next year.

Please take note that the current ratio of Independent directors to Non-Independent Directors is 4:5 where the Chairman is an Independent Director and there are only 3 Executive Directors. The Board views that the current composition sufficiently allows independent directors to have effective oversight of management. Currently, five (5) of the Directors on the Company's Board are representatives of Panasonic Corporation, to enable the latter to implement its policy and strategy for the Panasonic Corporation Group ("PC Group") as a whole.

Question 2

PMMA - Kwan

Practice 5.3 of the MCCG stipulates that the tenure of an independent director should not exceed a cumulative term limit of nine years. If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

One of the Company's independent directors has served for more than nine years. Please explain why a two-tier voting process was not adopted?

Answer 2

According to Practice 5.3, the extension of an independent director's tenure beyond the stipulated nine-year term limit warrants a comprehensive assessment to ascertain the continuity of the director's "independence." The findings of this rigorous evaluation are to be presented to shareholders, enabling them to make well-informed determinations.

In this context, the Company has substantiated the rationale for its decision in the notes accompanying the 57th Annual General Meeting (AGM) notice, when the proposal to extend Tan Sri Hasmah's tenure as an Independent Non-Executive Director was presented.

The Board put forth a strong endorsement for the extension of her directorship at the 57th AGM, aligning with aspects of Practice 5.3. The variance in the voting procedure was a decision taken by the Board, with the perspective that the single-tier voting mechanism still aligns with the core objective (which was impartial board decisions that promote the company's best interests by capitalizing on diverse viewpoints). The resolution received 97.2% of shareholders' approval, demonstrating shareholders' strong concurrence with her retention.