

# **PETERLABS HOLDINGS BERHAD**

**Registration No. 201001025806 (909720-W)**

**(Incorporated in Malaysia)**

## **SUMMARY OF KEY MATTERS DISCUSSED AT THE ELEVENTH ANNUAL GENERAL MEETING (“11TH AGM” OR THE “MEETING”) OF PETERLABS HOLDINGS BERHAD (“PETERLABS” OR THE “COMPANY”) HELD ON A FULLY VIRTUAL BASIS VIA ONLINE MEETING PLATFORM OF WWW.SWSB.COM.MY PROVIDED BY SHAREWORKS SDN. BHD. IN MALAYSIA ON WEDNESDAY, 29 SEPTEMBER 2021 AT 10.00 A.M.**

Dato’ Hon Choon Kim, the Chairman chaired the 11th AGM of the Company. The Chairman called the Meeting to order at 10.00 a.m. and the Company Secretary confirmed the presence of a requisite quorum for the meeting.

The Chairman then proceeded to the Agenda for the Meeting.

Subsequent to the above, the Chairman proceeded to address the relevant questions in respect of the Meeting’s Agenda.

The Board of Directors (“Board”) and Management dealt with the questions that had been submitted by the shareholders as follow:

(1) Question:

What went well in 2020 and what didn’t go well? What is being done to address matters that didn’t go well?

Reply by the Board and Management:

In year 2020, the market situation was slow because of the Covid-19 pandemic. Hence, demand was low and the costs in respect of the supply chains, raw materials and transportation were increasing. PeterLabs and its Group of Companies (“PeterLabs Group”) was able to mitigate the impact and cover the increase in the costs.

(2) Question:

How does the acquisition of Thye On Tong Trading Sdn. Bhd. (“TOT”) fits into PeterLabs’ vision, mission and strategic objectives? From the financial perspective, what is the impact of TOT to PeterLabs’ existing low single digit net margins and declining single digit returns on capital?

Reply by the Board and Management:

The acquisition of 60% in the equity of TOT was in line with PeterLabs Group’s diversification plans and the acquisition was completed on 15 January 2021.

As the nature of business of TOT is dealing with essential consumers products, the revenue is voluminous but with low margins.

(3) Question:

What is the expected return on investment (ROI) from TOT?

Reply by the Board and Management:

Based on the acquisition agreement, TOT is committed to provide the PeterLabs Group with a profit guarantee of RM2.7 million cumulative for years 2021 and 2022. The results so far have shown that it can meet the targets.

(4) Question:

Based on current financial, Company have cash on bank RM26 million and retain earning RM27 million. As a shareholder, would like to request Board to propose bonus shares either on mother shares or warrant shares as a reward to all the PeterLabs shareholder's support.

Reply by the Board and Management:

The Company noted the suggestion and will bring it to the Board for deliberation and consideration.

(5) Question:

Why the Management did not do any shares buyback activity to sustain its shares price even though PeterLabs was drop below its fair value? The Board should have the mandate to preserve the shareholder's interest.

Reply by the Board and Management:

The Company noted this suggestion and will bring it to the Board for deliberation and consideration.

(6) Question:

May I know the borrowing stated in the 1st Quarterly Result 2021 of current liabilities, in terms of its form of that borrowings and its purpose?

Reply by the Board and Management:

It is for the subsidiary's day-to-day working capital purpose.

(7) Question:

The last quarter's financial results show a huge increase of revenue by 145% as compared to the preceding quarter last year, but the net earnings margin has dropped from 4.8% (2020 financial year net margin) to 2.7%. Would the Management foresee such similar performance in which the net profit margin will be similar in the lower range in the coming quarters and next financial year as compared to last financial year?

Reply by the Board and Management:

The acquisition of TOT was consolidated into account of PeterLabs Group with effective from 1 January 2021. This has resulted an increase in revenue and the net margin has dropped

as the nature of TOT's business is dealing with essential consumer products, the revenue is voluminous but with a low margin.

(8) Question:

What is the Management forecast on the bottom line growth in 2021 and 2022?

Reply by the Board and Management:

Under the prevailing uncertainties and challenges posed by Covid-19 pandemic, the Board remain alert and continue to work hard to sustain and subsequently grow the bottom line in the financial years 2021 and 2022.

(9) Question:

Based on the latest financial quarter, the revenue of PeterLabs spike an additional RM30 million contributes by TOT but the profit from this contribution is approximately RM0.4 million only. The profit margin for TOT was pity disappointed less than 0.5%. How the BOD to overcome the income of underperform business TOT due to this TOT performance will impact badly to overall company financial and company share price.

Reply by the Board and Management:

The nature of TOT's business is dealing with essential consumer products, the revenue is voluminous but with a low margin. The Board has taken some measures in order to improve TOT's contribution to the Group.

(10) Question:

Would appreciate BOD to consider rewarding shareholders who attend and support today's meeting.

Reply by the Board and Management:

As stated in our Administrative Guide to the shareholders on 27 August 2021, the Company will not give door gifts or e-vouchers for this AGM.

However, we noted this suggestion and will bring it to the Board for consideration for the forthcoming AGM.

(11) Question:

Due to the current pandemic in our country, did the Management consider expanding business to the overseas customers to offset the impact on the local market? If yes, any actual action done now?

Reply by the Board and Management:

Yes, the Company currently has penetrated various overseas countries and will continue to penetrate to other countries.

(12) Question:

Can Management provide some updates on the Company as a business and operations?

Reply by the Board and Management:

PeterLabs Group will continue to focus on the health and safety of its employees and customers alike while ensuring the sustainability of its operations in the short term as well as the long-term.

(13) Question:

Will the Management consider diversifying the other businesses which have higher profit margin business without solely depending on underperforming TOT business?

Reply by the Board and Management:

The Group will continue to look for expansion and growth opportunities.

(14) Question:

Can the BOD consider to give e-voucher for those attended this AGM?

Reply by the Board and Management:

As stated in our Administrative Guide to the shareholders on 27 August 2021, the Company will not give door gifts or e-vouchers for this AGM.

However, we noted this suggestion and will bring it to the Board for consideration for the forthcoming AGM.

(15) Question:

As a shareholder, we request the Company to set up an investor relation email on the PeterLabs homepage.

Reply by the Board and Management:

Please be informed that the investor relation email has already been set up in the Investor Relation section of PeterLabs website: <https://peterlabs.com.my/investor-relations/ir-home/>

(16) Question:

Why profit didn't improve after acquisition?

Reply by the Board and Management:

The Management would like to clarify that for the 1st quarter of the financial year 2021, the Group's profit after tax was RM1.4 million against RM0.9 million reported in the previous period's corresponding quarter. In conclusion, the profit after tax was improved by 55.5%.

**PeterLabs Holdings Berhad**

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Summary of key matters discussed at the 11th Annual General Meeting held on 29 September 2021

With that, the Chairman concluded the questions and answers session for Agenda of the Meeting. All the resolutions tabled at the 11th AGM of the Company and voted upon by poll were duly passed by the shareholders.

There being no other business, the Meeting terminated at 10.55 a.m. with a vote of thanks to the Chairman.