



**PNE PCB BERHAD**  
Registration No: 198801000741 (168098-V)  
(Incorporated in Malaysia)

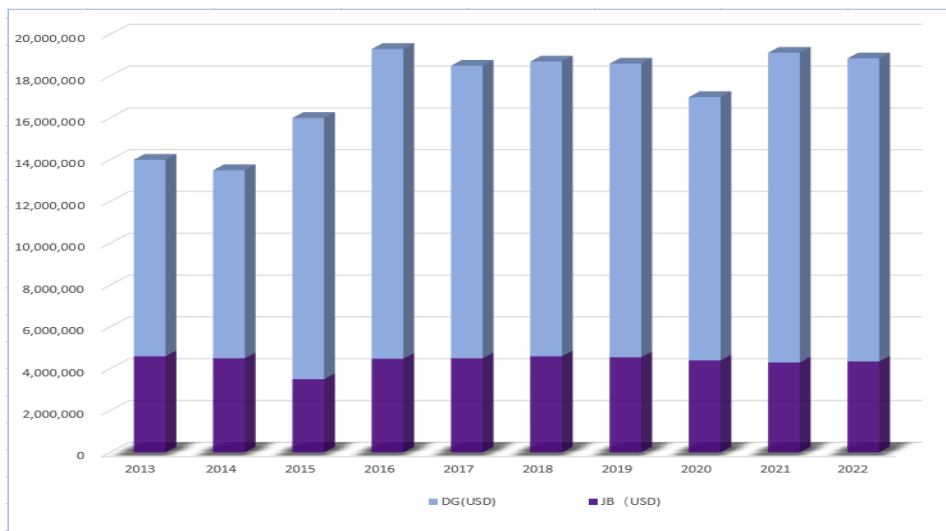
**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-FIFTH ANNUAL GENERAL MEETING OF PNE PCB BERHAD HELD ON FULLY VIRTUAL AND ENTIRELY VIA REMOTE PARTICIPATION AND ELECTRONIC VOTING VIA ONLINE MEETING PLATFORM AT <https://rebrand.ly/PNE-AGM> PROVIDED BY INSHUB SDN. BHD. FROM THE MAIN VENUE AT LOT 4.1, 4<sup>TH</sup> FLOOR, MENARA LIEN HOE, NO. 8, PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 24 AUGUST 2023 AT 1:00 P.M.**

Questions received from the Minority Shareholders Watch Group prior to the Meeting

### Operational and Financial Matters

**Q1. For the last five financial years, the Group's revenue remained stagnant hovering around the region of RM80 million and losses continued to recur. (Page 10 of Annual Report 2023)**

***The continued poor financial performance has been raised previously and it is concerning. What concrete measures have or would be taken to significantly increase the Group revenue and turn the Group profitable?***



The above chart illustrates a noteworthy upsurge in revenue starting from the year 2016, which was consistently maintained at a minimum of USD 18 million per annum, except for the disruptive year 2020 due to the COVID-19 pandemic. Despite the challenging global economic scenario stemming from the pandemic, the Group has been diligently working to amplify revenue and sustain this growth trend throughout the years 2021, 2022, and 2023 respectively.

During this period, limitations on Business Development and Marketing activities have hindered the Group's ability to approach and cultivate new customers. Additionally, the

Group embarked on diversification efforts by venturing into new business segments, namely the manufacturing and sales of Medical Face Masks and Hand Gloves. However, these endeavors did not yield the anticipated outcomes.

The demand for face masks diminished from the year 2022 onwards, causing a gradual reduction in their average market selling prices. Consequently, profit margins were adversely affected, leading to the Group's decision to halt face mask production. The prospects for the Hand Glove business initiative were also put on hold due to lackluster global demand and unfavorable market conditions since the middle of the year 2022.

Nonetheless, the Group is resolute in its commitment to diligently monitor potential business opportunities to steer the company towards profitability.

**Q2. *Some of the Group's customers include consumer electronic brands such as Panasonic, Canon, Sony, LG, Samsung and Vtech. In recent years, its products have been sold within Malaysia, Singapore, Vietnam and the People's Republic of China ("China"). (Page 36 of Annual Report 2023)***

***Why are the Group's products not sold in other ASEAN countries and other parts of Asia? Are there plans to market the products to more countries?***

The Group engages in the manufacturing of PCB (Printed Circuit Board) production, which does not constitute a direct end product for general consumer sale. Instead, PNE's products are procured by manufacturers of electronic appliances, who integrate them into their final products. Consequently, our delivery operations are strategically coordinated to meet the specifications of each customer's designated factory location. As a result, the decision regarding which countries our products are delivered to is contingent upon our customers' preferences, not a discretionary choice made by the Company.

**Q3. *Copper clad laminate cost represents more than 70% of the Group's cost of sales. As such, an increase in the cost of copper clad laminate cost will lead to an increase in its cost of production and affect its GP margin. In this respect, the Group has entered into agreements with its customers to adjust on the selling price based on the prevailing market price. (Page 38 of Annual Report 2023)***

***To what extent can the Group adjust the market price or pass on the increase in cost to its customers? What would be the lag period in price adjustment or cost pass on?***

The Group is committed to promptly accommodating any fluctuations in CCL by making necessary adjustments, up to 100%, to the customers. The specific duration of the adjustment period will be influenced by the available inventory and the expeditiousness of obtaining approval from customers for the updated quotations.

**Q4. *For its venture in Glove Business, the Group has yet to commence the manufacture and sale of rubber gloves in view of the decline in the average selling price of gloves. The Group will continue to monitor the demand and supply conditions***

***(including the average selling price) for gloves prior to making any decision concerning this business. (Page 39 of Annual Report 2023)***

***(a) To what extent has the Group committed itself to investing in the Glove Business?***

***(b) What would be the Group's options or alternative plans if the rubber glove overcapacity and unfavourable average selling price continue to drag on for a long time?***

- (a) Initially, the Group was fully dedicated to invest in the Glove Manufacturing business. However, in light of the recent decline in the global average selling price of Hand Gloves over the past year, the Group has put the plan on hold and reevaluate its feasibility.
- (b) The Group has the option to reallocate the current investment funds towards enhancing and modernising the existing PCB manufacturing facilities. This reallocation aims to enhance productivity, ensure consistent product quality, expand production capacity, and ultimately improve overall profitability. Additionally, another avenue under consideration is directing investment towards a related business module within the scope of the existing PCB operations, specifically PCBA manufacturing and box-built assembly.

***Q5. Amortisation of intangible assets increased significantly from RM15,405 in FY 2022 to RM1,741,954 in FY 2023. (Page 84 of Annual Report 2023)***

***What was the reason for such a high increase? What is the probability of further increase in amortization in FY 2024?***

The increase in amortisation is due to the investment in the WEB Platform by Dynamic Land Development Sdn. Bhd., a wholly-owned subsidiary of the Company. The External Auditors have applied a 5-year amortization period, which amounts to 20% of RM 8,633,000.00.

***Q6. Impairment loss on property, plant and equipment amounted to RM4,880,210 in FY 2023 (FY 2022: Nil). (Page 84 of Annual Report 2023)***

***What was the reason for the impairment loss? What is the probability of further impairment or reversal in FY 2024?***

Subsequent to the discussions with the External Auditors, the impairment loss was due to the consistent annual net losses incurred by the Group in the previous years' performance. At this point, the Group cannot foresee any additional impairments or reversals in the next financial year ending 31 March 2024, given that the Group is still within the initial stages of the current fiscal year. Nevertheless, the Management of PNE will closely monitor the situation in consultation with the External Auditors.

**Corporate Governance Matters**

**Q1. *The total fee incurred for the internal audit function of the Group during the financial year ended 31 March 2023 was RM14,900.00. (Page 28 of Annual Report 2023). The low internal audit fees were also raised last year.***

***Considering that the amount is rather small (approximately RM1,200 per month), is the Board and Audit Committee satisfied that the internal audit function can provide the required assurance? What are the areas audited during the financial year? How many reports were issued during the financial year?***

For the financial year ended 31 March 2023, the Group's internal audit focused on assessing the Quality Assurance aspects of the manufacturing operations. One (1) Internal Audit Report was issued and presented to the Audit Committee and Board of Directors of PNE during the financial year.

As previously mentioned, the Group has assessed the costs of Internal Audits and has maintained the annual fees at a consistent level. PNE is a well-established organisation for over three decades and has been engaged in the same business during this period. The Group holds ISO certification for a considerable duration. Through risk audit assessments, significant areas are identified and subsequently addressed in the internal audit activities. The Audit Committee, guided by periodic risk audit evaluations and yearly internal audit reviews, found that it is not necessary to escalate the Internal Audit activities. Nevertheless, the Audit Committee annually evaluates the Group's internal audit cycle in collaboration with outsourced internal Auditors to ensure thorough coverage of critical business processes and risk domains in the audit plan.

There were several questions raised by the Shareholders of the Company during the live streaming which were duly responded to by Mr. Ben Kua. The Q&A provided, where relevant are summarised below:-

**Q1. Will the Company provide door gifts to the Shareholders in recognition of their attendance at the Meeting?**

The Board will consider the suggestion for providing door gifts to shareholders as a token of appreciation for their participation in future meetings.

**Q2. When will the Company become profitable again?**

The Board believes that the information presented by Mr. Ben Kua earlier, addressing the questions raised by MSWG, should adequately address the inquiry regarding the Company's return to profitability.

**Q3. How many Shareholders participating in the Meeting?**

A total of 9 shareholders participated in the Meeting.