



20 November 2024

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By Email

The Board of Directors
TEO GUAN LEE CORPORATION BERHAD
Plot 28 Lorong Perusahaan Maju 4
Prai Industrial Estate
13600 Prai
Pulau Pinang

Attention: **Lim Choo Tan and Chew Siew Cheng**
Company Secretaries

Dear Directors,

31st ANNUAL GENERAL MEETING ("AGM") OF TEO GUAN LEE CORPORATION BERHAD ("THE GROUP") TO BE HELD ON WEDNESDAY, 27 NOVEMBER 2024

In consideration of the interest of minority shareholders and all other stakeholders of the Group, we would like to raise the following questions: -

A. OPERATIONAL AND FINANCIAL MATTERS

1. At the 30th AGM, the board and management mentioned that Kiki Lala, Cuddles and Pronic contributed 66.12% of total revenue for FYE2023 as compared to 65.94% of total revenue for FYE2022.
 - (a) What is the contribution of Kikilala, Cuddles, Pronic and Kiko (Home Brands) to the Group's revenue for the FYE2024, in terms of percentage?
 - (b) Specifically, did Kiko meet its profitability target for the first 23 months? If not, what were the reasons?
 - (c) What is the expected payback period for the RM5.48 million investment in Kiko, which was acquired in December 2022?

Minority Shareholders Watch Group

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- (d) Did the licensed brands contribute to the remaining balance of the revenue for FYE2024?
- (e) For the licensed brands, the Group pays a royalty sum based on total revenue. Please clarify where this royalty payment is recorded in the financial statements?
2. In the prior AGM, the board and management mentioned their strong believe that the local retail environment will stay strong as Malaysians enjoy shopping and spending weekends in malls. The Group is also working with service providers to boost brand awareness on social media and expand their online shopping platforms.
- (a) Did the sales increase on Lazada and Shopee from RM1.13 million to RM1.25 million meet the sales' expectations in FYE2024?
- (b) How does the Group plan to measure success in brand awareness on social media?
3. During the 30th AGM, the board and management reported that the Group's investments in industrial lots contributed the highest rental income.
- (a) What percentage of the total rental income is contributed by the industrial lots?
- (b) Given the consistent increase in rental income, are there any upcoming contract expirations that could significantly impact rental income from the industrial lots in FYE2025?
4. The Group wrote down inventories to net realizable value of RM5.04 million compared to RM3.45 million last year to ensure that stocks that are obsolete are fully provided for. (Source: Page 60 of the Annual Report (AR) 2024).

This exceeds the expected annual markdown range of RM3.0 million to RM4.0 million. What unusual factors contributed to this higher markdown?

B. SUSTAINABILITY MATTERS

1. For FYE on or after December 31, 2024, main market listed issuers must provide enhanced quantitative information, including at least three financial years' data for each reported indicator.

Has the Group started its initiative to gather data for the enhanced sustainability reporting requirements despite not falling within this reporting cycle?

2. Regarding environment and energy conservation, what are the Group's plan and targets for carbon neutrality, reducing greenhouse gas emissions, and using renewable energy? Are there plans to install solar photovoltaic (PV) on the Group's buildings?

C. CORPORATE GOVERNANCE MATTERS

1. The Group is departed from Practice 5.9 of the Malaysian Code on Corporate Governance 2021 (MCCG) which advocates that the Board comprises at least 30% women directors.

Currently, the Board has one (1) female director out of six (6) Directors which equivalent to 16.7% women director, i.e. Madam Toh Kian Beng. (Source: Page 26 of the Corporate Governance (CG) Report 2024)

While the Group have fulfilled the minimum requirement of Main Market Listing Requirement of having one female Director on the Board, the Group has yet reached the 30% benchmark recommended by MCCG.

We would like to call upon the Company to adopt this practice and recommend to source female candidates from organisations such as the 30% Club Malaysia and the Institute of Corporate Directors Malaysia (ICDM).

2. The Group is departed from Practice 5.10 of the MCCG which states that the board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Currently, the Board lacks a formal gender diversity policy and claims to practice non-discrimination based on gender, race, age, or religion, ensuring fair and equal opportunities for all candidates (Source: Page 27 of the CG Report 2024)

While this claim is commendable, it is unlikely to improve gender diversity without concrete actions, numerical targets, and mechanisms to track progress. Guidance 5.10 of the MCCG suggests that gender diversity should extend beyond board positions to include senior management, as the benefits are similar.

We would like to call upon the Company to establish gender diversity policies to support women's participation at both the board and senior management levels.

We look forward to your reply. Additionally, please present the questions raised and the related answers to the shareholders present at the forthcoming AGM.

Thank you.

Yours sincerely

A handwritten signature in black ink, appearing to be 'MSWG', written in a cursive style.

MINORITY SHAREHOLDERS WATCH GROUP