

21 November 2025

Reference: MSWG-CM-07-47/25  
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**  
**Lee Ling**  
*Company Secretaries*

Dear Directors,

**32<sup>nd</sup> ANNUAL GENERAL MEETING ("AGM") OF TEO GUAN LEE CORPORATION BERHAD  
("THE COMPANY" OR "THE GROUP") TO BE HELD ON WEDNESDAY, 26 NOVEMBER 2025**

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

**OPERATIONAL AND FINANCIAL MATTERS**

1. With profit before tax declining 28.4% from RM13.59 million in the financial year ended 30 June 2024 (FYE2024) to RM9.73 million in financial year ended 30 June 2025 (FYE2025), and gross margins were lower at 35% as compared to 39% in FYE2024 due to more aggressive promotional strategies to generate sales in view of subdued demand and competitive retail landscape (Page 15 of the Annual Report (AR) 2025), what specific and measurable initiatives, beyond price promotions, will management implement within the next two financial years to restore sustainable pre-tax earnings and strengthen the Group's competitive positioning?

2. Given the 1.91% revenue decline to RM130.71 million in FYE2025 (FYE2024: RM133.25 million), despite the Group's aggressive promotional strategies (Page 15 of AR 2025), what quantifiable market share data and competitive benchmarking metrics does the Group track against key rivals, and how has the Group's market position evolved over the past three years?
3. The Group's inventories written down to net realisable value increased to RM5.22 million, representing 12.46% of total from RM5.04 million (10.25% of total inventory) last year, despite a 14.80% reduction in total inventory. (Note 12, page 85 of AR 2025)
  - a) The Group ensures that slow-moving and obsolete stocks are fully provided for and written down to net realisable value (Page 16 of AR 2025). What is the breakdown of the RM5.22 million write-down between slow-moving and obsolete stock?
  - b) What specific inventory management measures will the Group implement to address the rising inventory write-down rate and safeguard working capital efficiency going forward?
4. The decrease in revenue is due to decline in sales of existing outlets. As at financial year ended 30 June 2025, the Group has a total of 670 consignment outlets (Page 16 of AR 2025).
  - a) In relation to consignment outlets and operational effectiveness, what specific key performance indicators are used to evaluate the performance of individual outlets?
  - b) How many outlets are currently underperforming, and is the Group considering exiting underperforming locations, or reallocate to stronger retail partners in view of the decline in sales from existing outlets? If so, what is the expected timeline for implementing these measures?
5. To cater to the growing shift towards online shopping, the Group has also expanded its e-commerce to TikTok and have allocated resources and personnel to enhance its e-commerce capabilities by defining its digital marketing strategies to increase brand visibility and customer engagement (Page 16 of AR 2025).
  - a) How much in terms of financial and manpower resources has been allocated to this initiative to date, and what is the projected budget requirement for FYE2026?
  - b) What are the experience levels and relevant skill sets of the personnel involved, and to what extent have these contributed to enhancing the Group's e-commerce capabilities to an optimal level?
  - c) What is the current performance of the Group's e-commerce operations?

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 stylized, handwritten signature in black ink, consisting of the letters 'MSWG' in a cursive, flowing script.

**MINORITY SHAREHOLDERS WATCH GROUP**



潮源利機構有限公司  
TEO GUAN LEE CORPORATION BERHAD (283710-A)

Plot 28, Lorong Perusahaan Maju 4, Prai Industrial Estate, 13600 Prai, Penang, Malaysia. \* Tel: 04-5076228 \* Fax: 04-5079228

Your Ref: .....

Our Ref: .....

25 November 2025  
MINORITY SHAREHOLDERS WATCH GROUP  
LEVEL 23-2, MENARA AIA SENTRAL  
NO.30, JALAN SULTAN ISMAIL,  
50250 KUALA LUMOUR.

Dear Sir,

**Teo Guan Lee Corporation Bhd 32<sup>nd</sup> Annual General Meeting (“AGM”) to be held on 26<sup>th</sup> November 2025.**

We refer to your letter dated 21 November 2025 and append below our replies to your questions:-

1) Management is working on improving our sourcing of our merchandise for more cost efficient, better value products and bulk quantity purchase. We also work on selective products to cater for certain customers, in order that our products /brands can cater to different segment of customers. In view of the strengthening of the Malaysia Ringgit, we expect our gross margins will improve in the coming financial year.

2) We do not have quantifiable market share data. However, we track our performance from our sales performance rankings provided by the retailers (i.e. our customers). We have been consistently maintaining our rankings in the baby & children apparel segment in the retail market.

3) The Group has written down RM5.22M of inventories which is slightly higher than RM5.04M last year.  
This is partly due to higher stock holding in the last financial year and management maintained a more prudent position to ensure slow moving stocks are provided for. There are minimal obsolete stocks as the group's products are very basic and generally do not go obsolete easily.

We expect a lower inventory mark downs in the coming financial year as we have set measures to control and monitor our purchases and ensure minimal over stocking position that would affect our working capital efficiency.

4. a) We monitor the performance of our consignment outlets from the rankings and sales figures provided by our retailers (i.e. our customers) versus our own performance in the previous year.

We evaluate the sales performance and profitability of the outlets by considering the gross commission given to retailers, retailer's strength and prospect and operating cost of promoters at the outlets.

b) About 5 % of current outlets are underperforming and we are maintaining them to clear slow moving stocks at aggressive pricing and may consider exiting if aggressive promotions do not generate positive results.

5) We have engaged a third party service provider to assist us in developing contents and advertisement to promote our brands and products in addition to our existing sales team personnels. We spent about RM200, 000 in total and project the same budget for FYE2026.

Our e-commerce is still very much in development and learning stage and we also send our own team to courses and seminars on e-commerce.

E-commerce operations contribute about 1% of our revenue.

Thank you,

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Toh Kian Beng', written over a horizontal line.

TOH KIAN BENG  
Executive Chairman