

PETITION FOR SURVIVAL OF IT RETAILERS

(please attention and fax to the contact person as stated below upon signing)

TITLE OF DISCUSSION	Survival of IT Retailers
VENUE AND DATE	27th September 2012, 2.30 pm at Sky Room (Level 15) Federal Hotel, Kuala Lumpur.
DETAILS OF DISCUSSION	As stated in Attachment 1.
CONTACT PERSON AND DETAILS	Shirley Lim, Fax No: 03-21163737 <i>For further information please contact Mike Lee, Contact No. 0169200605</i>

We recognize the issues listed in Attachment 1 and are supportive of the gathering as stated above to seek solutions to those issues.

NAME OF COMPANY AND NUMBER/COMPANY CHOP	
CONTACT PERSON & TELEPHONE NUMBER	
DATE	
SIGNATURE	

ATTACHMENT 1

1) LOW MARGIN FOR IT PRODUCTS

- The current profit margin is too low now.
- Now the margin is probably around 5% to 8%. This can barely cover operating expenses such as rental, salaries, and other costs. Therefore our demand for a higher margin is not unreasonable.
- We are not squeezing any parties' margin. We propose increasing the selling price of IT products.
- Laptop sold in Singapore is about a few hundred Ringgit more than Malaysia's IT products.
- The prices for laptops now do not take into account of inflation rate.
- The prices of laptops have been stagnant or reduced over the past 10 years.

2) PRICE PROTECTION/CLAIMING REBATES FROM VENDORS

- The rebate payment from vendors is very slow now and this causes difficulty and strain on retailers' cashflow.

3) STOCKS COMMITMENT

- The market now has excessive supply.
- The vendors/distributors demand too high a commitment from retailers and this causes the retailers to have too many stocks at hand. This causes price dumping to get rid of their stocks.
- During the end of quarter, retailers might buy in a lot of products just to hit their quotas and this also causes price throwing.
- As the market research report states reduced revenue from May 2012 to date, the commitment from the part of retailers should be decreased as well.
- Unfair geographical commitment.

4) LIQUIDITY PROBLEM OF RETAILERS

- Retailers currently face liquidity/financial issues.
- Retailers do not have money to repay their current debt and because they have stocks in hand, they start to dump price to sell their stocks in order to repay their debts.
- Retailers also have difficulty in paying all the accumulated losses incurred to date and these losses have to be managed first.

5) PRICE WAR

- Retailers have too many stocks at hand and they start to dump price in order to clear stocks.
- Unfair project deals floating in the market causing unfair positions between retailers.

6) FREE LAPTOPS AFFECTING SALES

- Government agencies giving out free laptops affects sale.

7) TRADE FAIRS

- There is currently too many IT trade fairs in Malaysia.
- Too many IT trade fairs only benefit the organizers.

8) NO UNION

- There is currently no union/association to 'champion', 'protect' and 'fight' for the survival of the IT retailers in Malaysia.

The rest of this page is intentionally left blank