MARCO HOLDINGS BERHAD

(Company No. 8985-P) (Incorporated in Malaysia)

Summary of Key matters discussed at the 48th Annual General Meeting of the shareholders of the Company held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1st Floor, Sports Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Friday, 8 June 2018 at 10.30 a.m.

AGENDA ITEM 1
DIRECTORS' REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER, 2017 AND THE AUDITORS' REPORT THEREON

Key issues raised by shareholders in relation to Agenda item 1 at the 48th Annual General Meeting of the shareholders of the Company and the corresponding responses from the Directors on this item were as follows :

Question : Reason for the drop in the Company's revenue to RM6 million in 2017 compared to RM15.849 million in 2016.

Response : The Company's revenue was in relation to dividend income received from a subsidiary of the Company, Marco Corporation (M) Sdn Bhd ("Marco Corp"). The lower revenue was due to lower dividend income franked by Marco Corp in 2017 compared to 2016.

Question : What would be the future outlook of the Group in consideration of the current business environment which was quite challenging and the change of Government under the new ruling party ?

Response : The retailing market within which the Group operated had been quite challenging since 2 years ago and the retail business environment was expected to be still challenging moving forward. The implementation of any new government policy by the new ruling Government may affect the retail market sentiment and the consumer's demands. The Group will look into measures to mitigate the negative impact, if any, therefrom on the Group's sales performance.

Question : How was the consumers' reaction towards the abolishment of Goods and Services Tax ("GST") ? Would that bring about stronger consumer demand ?

Response : Outwardly, the demand sentiment for the retail market was expected to be stronger without the GST. However, the retail market demand would still be very much dependent on the consumers' disposal income or purchasing power. Overall, given the uncertainties of the economic condition and the current retail market lethargy, the abolishment of GST is not expected to bring significant improvement to the Group's sales.

Question : Was there any significant improvement in the Group's sales from June pursuant to the abolishment of GST and what would be the Group's future prospects ?

Response : There were some sales improvements seen in the 1st week of June and the Group hope that the market sentiment could sustain through to keep consumer demand in momentum. The Group had taken step to reach out to a larger group of consumers by engaging the Group in e-commerce business through several online platforms.

To a further question on the consumers' response towards the Group's e-commerce business and the e-commerce business performance, Mr Ong responded that there were platform traffic on the Group's e-commerce products. However, at the moment it was difficult for the Group to assess the performance of the e-commerce business as it was still at the very early stage since its implementation.

To a shareholder's remark on the size of the Board, the Directors responded that the composition of the Board which comprises 4 Executive Directors and 5 Non-Executive Directors, 3 of whom are independent directors, is commensurate with the Group's annual turnover of about RM155 million in 2017 and RM181 million in 2016. The size of the Board is deemed optimum for the Directors to discharge their respective duties and responsibilities. It also complies with the ratio of independent directors required by Bursa Malaysia.

Question : Please elaborate on the Group's other income and other expenses as set out in page 41 of the Annual Report 2017.

Response : The "other income" comprised dividend income generated from short term money market fund placement while the "other expenses" were direct expenses related to sales.

Question : Any plan on the Group's 2 pieces of land ?

Response : The Group has yet to commence any development activities on the land in view of the current slow property market demand. The Board will continue to observe the property market condition and economic environment before making any proposal regarding the land.

Question : Reason for the increase in allowance for impairment of receivables from RM11,651 in 2016 to RM386,637 in 2017.

Response : The receivables were mainly in relation to collections from dealers of digital camera. The increase in allowance for impairment of receivables were mainly due to slower payments by a few of the digital camera dealers in 2017. However, the outstanding amount had since been fully recovered in early 2018 and as such, the entire allowance amount had been reversed out accordingly.

Question : The reasons for the increase in bad debts written off and inventories written off in 2017.

Response : The writing off of bad debts and inventories were usual business risk carried by any organization. The amounts of bad debts written off of RM21,945 and inventories written off of RM41,656 recorded by the Group in 2017 were at their normal risk level and were not significant considering the Group's turnover of about RM155 million. The Group's financial position was at a manageable and healthy level.

There was no issue raised on other items of the Agenda and all the resolutions tabled at the 48th Annual General Meeting of the Company were carried.