

MARCO HOLDINGS BERHAD

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

Summary of Key matters discussed at the 49th 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, 21 June 2019 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, 2018 AND THE AUDITORS' REPORT THEREON

Key issues raised by shareholders in relation to Agenda item 1 at the 49th Annual General Meeting of the shareholders of the Company and the corresponding responses from the Directors on this item were as follows :

Question : Revenue of the Group was quite consistent over the past few years but the profit was on a reducing trend. Does the Group has any business diversification plan to venture into other business segment to improve the margin ? Dividend payment rate was also on a reducing trend as reflected on page 6 of the Annual Report, will the Company consider paying higher rate of dividend in future ?

Response : The current softening economy environment has posed a big challenge to retail business which attributed to the lower margins. The Group is looking into bringing in additional products to broaden its existing product range with the aim of enhancing the revenue income to counter the challenging environment. As to the dividend, the Board viewed that the current dividend payout was reasonable, given the unfavourable market condition and the need for the Group to preserve some cash for future business diversification/expansion. Going forward, the Board might consider paying higher dividend if the Group's performance improves.

Question : What is the reason for the Company not paying higher dividend to the shareholders.

Response : The Group had during the financial year acquired a 40.39% of an associate company as part of the Group's diversification plan to downstream its business to retailing from distribution, with the aim of widening the income stream of the Group. The Group had also ventured into e-commerce business to reach out to the end consumers for stronger earnings base. Having considered the additional working capital needed, and the need to preserve some cash for other future business plan when the right opportunity arise, the Board was of the view that the current proposed dividend rate was reasonable. The Board might consider paying a higher dividend if the Group achieves more stable and better return in the years ahead.

Question : The Group has placed funds as fixed deposit with licenced banks. Can the Company consider to pay higher dividend out of the fixed deposits ?

Response : The Group's excess funds are placed in fixed deposits from time to time, however, these are needed for future business diversification plan to enhance the performance of the Group. The Board took note of the remark and would consider paying higher dividend in future if the Group records better results.

There was no issue raised on other items of the Agenda and all the resolutions tabled at the 49th Annual General Meeting of the Company were carried.