

# MARCO HOLDINGS BERHAD

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

**Summary of Key matters discussed at the 51<sup>st</sup> Annual General Meeting (“AGM”) of the shareholders of the Company conducted in a fully virtual manner and entirely via remote participation from the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online> on Wednesday, 23 June 2021 at 10.30 a.m.**

Key questions/issues raised by the members/proxies who participated the 51<sup>st</sup> AGM and the corresponding responses from the Chairman of the Company were as follows:-

Mr Peter Ling Hau Meng asked about the reason for Marco not declaring dividend for some time to which the Chairman replied that Marco has consistently been declaring dividend in the past 5 financial years before financial year ended 31 December 2020.

To the question raised by Mr Chow Tai Hee as to whether the Company has a dividend policy and if none, the reason for not having it, the Chairman responded that the Company does not have dividend policy. In the past, the dividends of the Company were proposed and declared by the Board if the Board was of the opinion that the Group has excess reserve fund to meet its operations and expansion growth objectives of the Group. The Chairman informed that he would convey the shareholder’s request to the Board.

To the requests by several shareholders/proxies for e-vouchers/free gifts as token of appreciation for participating the meeting, the Chairman informed that the Company had in the past, given discount vouchers to shareholders who were present at the general meetings. The response towards the discount redemption was however not encouraging.

Nonetheless, the Chairman said he would convey the request from shareholders/proxies to the Board for further consideration.

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Nonetheless, the Chairman said he would relay the request from shareholders/proxies to the Board for further consideration. As to the free gift, the shareholders were informed that it was not a practice for the Company to distribute free gifts for shareholders/proxies attending the general meetings.

To Mr Teh Peng Tin’s request for a printed copy of the Company’s annual report, the Chairman answered that the annual report could be downloaded from the Company’s website or by scanning the QR code in the Notification to Shareholders which had been dispatched to the shareholders on 12 May 2021.

Mr Chan Fung Han posed the following questions which were responded to by Chairman as below :

Question : Reference : page 43 of 2020 Annual Report  
Key Audit Matters – Inventories”

Please provide details as to how much of the inventories was stated at cost and, how much of that had been written down to net realizable value. In future, please do not aggregate the inventories into one lump sum.

Response : Of the total inventories, RM22.471 million is stated at cost whilst RM1.117 million is recognized at net realizable value which cost value was RM4.209 million. The inventories set out in the financial statement is a standard presentation format for financial statements.

Question : Reference : Note 16 to the Financial Statements for FY2020  
– Associate Companies

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Why did the Group receive more dividend income of RM14.5 million than its share of post-acquisition profits of RM4.5 million ?

Response : The Dividends were declared from the associated company's retained earnings which comprised pre and post acquisition profits whereas post acquisition profits were the Group's share of profit post acquisition.

Question : Reference was made to page 15 of the 2020 Annual Report – "Financial Review" wherein it was stated that the Group continued to rationalize the operations to ensure cost efficiency with reduced operating expenses in FY2020.

What were the measures being taken to contain the operating expenses ?

Response : Since a few years back, the Group had started moving towards digitalizing its business operations as part of its ongoing efforts to reduce the operating expenses. In addition to that, in 2020, the Management had implemented a pay cut measure across the Group to curb the softening performance of the Group which resulted from the negative impact from the movement control order by the Malaysian government due to the Covid-19 pandemic.

Mr Wee Tee Fatt posed the following question which was responded to by the Chairman as below :

Question : Will the Board consider declaring bonus shares in future ?

Response : As at todate, the Board has not considered any proposal in relation to Bonus Issue.

The Board will make the necessary announcement to Bursa Malaysia Securities Berhad as required by the Listing Requirements when there is such a corporate proposal.

The following question raised by Chow Tai Hee was responded to by the Chairman as below :

Question : Todate Marco is still a one brand company. Is the Company taking any action to expand the brand and product range to improve the Company's performance ? Do you know the demographics of your customers and have you found any other segment that you can cater to or are you satisfied with the status quo ?

Response : The Management is constantly in search of potential brands which are suitable for the Group. The Group had in the past, launched a number of other product brands but the response and achievement therefrom was not encouraging. Nevertheless, the Group would continue to look for other new brand/new products to broaden its product range base.

Besides, the Group had also been engaging the Customer Relationship Management to gather more information as part of the Group's continuing efforts to reach out to more customers in enhancing its sales. The Group customers' demographic varies in characteristics in terms of gender, age, ethnicity, income, etc.

Mr Chan Fung Han drew reference to Note 33 of the Financial Statements for FY2020 (page 95), wherein it was stated that there was a digital road map put in place by the Group, and that the Group has made efforts and investments in digital technologies to compete in the e-commerce market segment. He posed the following question which was responded to by the Chairman as below :

Question : Could the Management explain in more details regarding the digital strategies/plans moving forward ?

Response : The Management recognized and acknowledged the importance of digitalization of business operations of the Group and as such, had started the e-commerce business. The Group was satisfied that the e-commerce business was a successful move as the online business had generated sales of more than 10 folds compared to the initial year of online business.

The Group had also developed a dealer portal which aimed to facilitate and ease the placing of orders online by the Group's dealers in times of movement control order by the Malaysian Government due to Covid-19 pandemic or, whenever the sales personnel was unable to visit the dealers who are located out of Klang Valley in particular. Internally, the Management is also looking into digitalization of document management system to move towards the paperless environment.

The following question was raised by Mr Ooi Choon Ann and which was responded to by the Chairman as follow :

Question : There is a lot of "pirated" Casio watches, calculators on the online platforms like Shopee etc. What are the actions that have been taken by the Company to overcome the issue ?

Response : As far as imitation products are concerned, it is an issue that the particular e-commerce platform operator and/or the relevant Government authority will have to deal with too. With regards to the "pirated" Casio brand of products in the market, the Management has brought the matter to the attention of the Casio Principal, the brand owner, and has been engaging with the brand owner how to address the issue. We understand that legal action has been initiated by the Principal towards that.

Mr Peter Ling Hau Meng posed a question whether the Group would venture into property development on its land. The Chairman replied that in view of the current uncertainty of the economy due to the significant negative impact from the outbreak of COVID-19 pandemic which had lasted more than a year, the Board has decided to defer the consideration of exploring the development plan on the Group's two pieces of lands, until such time when the economic situation improves.

Based on the poll results, the Chairman declared that all the resolutions tabled at 51<sup>st</sup> AGM were carried.