

MARCO HOLDINGS BERHAD

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

Minutes of the 54th Annual General Meeting of the shareholders of the Company conducted in a fully virtual manner through live streaming from the Broadcast Venue at 29th Floor, Menara JKG, No. 282, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia on Friday, 7 June 2024 at 10.30 a.m.

Present at Broadcast Venue	: <u>Board of Directors of Marco Group</u>	
	Mr Siau Hock Cheng	<i>(Executive Deputy Chairman)</i>
	Dato' Ismail Bin Hamzah	<i>(Independent Non-Executive Director)</i>
	Dato' Wong Hok Yim	<i>(Executive Director)</i>
	Mr Ong Sim Jeng	<i>(Executive Director)</i>
	Ms Siew Cheau Sheang	<i>(Finance Director)</i>
	Mr Teh Kay Yeong	<i>((Independent Non-Executive Director)</i>
	Dato' Thor Poh Seng	<i>(Director of subsidiary company)</i>
Attended via video conferencing	: Mr Woo Hin Weng En Minhat Bin Mion	<i>(Non-Independent Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i>
By invitation	: <u>Auditors</u> Ms Tan Li Lee Ms Chai Yee Wan	<i>(Messrs PCCO)</i> <i>(Messrs PCCO)</i>
	: <u>Poll Administrator</u> Ms Lee Siew Li En Zulhafri Bin Abdul Rahman	<i>(Tricor Investor & Issuing House Sdn Bhd)</i> <i>(Tricor Investor & Issuing House Sdn Bhd)</i>
	: <u>Scrutineer</u> Mr Pang Harn Jiunn	
	: <u>Representatives of Secretary</u> Ms Lim Lai Sam Ms Tan Shien Yin	
Shareholders/ Proxies attended via Tricor's TIIH online website	: As per Attendant List	
Absent with apology	: Tan Sri Dato' Tan Hua Choon	<i>(Chairman, Non-independent Non-Executive Director)</i>

CHAIRMAN OF MEETING

In the absence of the Chairman of the Board, Mr Ong Sim Jeng was unanimously elected by the other members of the Board to chair the Meeting.

The Meeting began with a welcome address from Mr Ong Sim Jeng who also extended apology on behalf of Tan Sri Dato' Tan Hua Choon for not being able to attend the meeting due to other prior official engagements.

The shareholders/proxies were informed that to facilitate greater shareholders' participation, the Board had decided that the 54th AGM ("the Meeting") of the shareholders of the Company be conducted in a fully virtual manner through live streaming from the Broadcast Venue using Remote Participation Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website.

The Chairman further informed that the attendance of the 54th AGM was restricted to shareholders, proxies and authorised representatives of corporate shareholders who have registered to join the meeting remotely.

QUORUM

Having confirmed the sufficiency of quorum, the Chairman proceeded to call the Meeting to order.

NOTICE OF MEETING

The notice convening the Meeting, which had been despatched to all shareholders and published in a local newspaper on 30 April 2024, was taken as read.

VOTING

The shareholders/proxies were informed that in accordance with the Main Market Listing Requirements of Bursa Malaysia, any resolution set out in the notice of any general meeting was required to be voted by poll. For that, the Company had appointed Tricor Investor & Issuing House Sdn Bhd (“Tricor”) as the Poll Administrator whilst, Mr. Pang Harn Jiunn, an Associate member of Institute of Internal Audit Malaysia, was the Independent Scrutineer to scrutinise the polling process and to validate votes cast at the 54th Annual General Meeting.

The shareholders/proxies were briefed on the flow of the meeting whereat the Chairman would first go through all the eight (8) ordinary resolutions in the Notice of 54th AGM, followed by Question and Answer session (“Q&A session”) and subsequently, putting all the Resolutions for voting remotely using the Remote Participation Voting (“RPV”) facilities.

Shareholders/proxies were informed that they could raise their questions/concern in relation to the proposed eight (8) ordinary resolutions in the query box and the Board would respond to them during the Q&A session.

Prior to commencing with the Agenda items of the Meeting, the Chairman invited the representative from Tricor to explain the voting procedures and the way to raise questions through the RPV application.

DIRECTORS’ REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER, 2023 AND THE AUDITORS’ REPORT THEREON

The Chairman informed the shareholders/proxies that the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2023, together with the Reports of the Directors and Auditors thereon, were tabled for discussion and shareholders’ clarification only and would not be put forward for voting as the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements.

Shareholders/proxies who joined the meeting were informed that they could raise questions by typing them in the query box and the Board would address the questions during the Q&A session.

The Chairman then declared the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon received by the shareholders and proxies present.

ORDINARY RESOLUTION 1
- FINAL SINGLE-TIER DIVIDEND OF 2 SEN PER ORDINARY SHARE

The Chairman informed that, the Board had proposed for a final single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2023 for the shareholders' approval. The proposed dividend if approved by the shareholders, would be paid on 23 July 2024 to depositors registered in the Record of Depositors of the Company as at 28 June 2024.

The following motion was put to the meeting for consideration :

“**THAT** a final single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December, 2023 be hereby approved for payment.”

ORDINARY RESOLUTION 2
- PAYMENT OF DIRECTORS' FEES OF UP TO RM102,000 FROM 1 JULY 2024 UNTIL THE NEXT ANNUAL GENERAL MEETING

The Chairman informed that the proposed Ordinary Resolution 2 was to approve the payment of Directors' fees of up to RM102,000 to the Non-Executive Directors of the Company for a 12-month period commencing from 1 July 2024 until the next Annual General Meeting (“AGM”) of the Company, to facilitate the payment of Directors' fees to the Non-Executive Directors after each month of their completed service from July 2024 until the next AGM of the Company, assuming that the Non-Executive Directors will hold office until the next AGM expected to be held latest by June 2025.

The Chairman then put the following motion to the Meeting for consideration :

“**THAT** the payment of Directors' fees of up to RM102,000 from 1 July 2024 until the next AGM of the Company be approved.”

ORDINARY RESOLUTION 3
- RE-ELECTION OF TAN SRI DATO' TAN HUA CHOON

The following motion was put to the meeting for consideration : -

“**THAT** Tan Sri Dato' Tan Hua Choon, retiring pursuant to Article 98 of the Company's Constitution, be re-elected as a Director of the Company.”

ORDINARY RESOLUTION 4
- RE-ELECTION OF MR WOO HIN WENG

The following motion was put to the meeting for consideration :-

“**THAT** Mr Woo Hin Weng, retiring pursuant to Article 98 of the Company's Constitution, be re-elected as a Director of the Company.”

ORDINARY RESOLUTION 5
- RE-ELECTION OF MR ONG SIM JENG

The Chairman informed that the proposed Ordinary Resolution 5 was for the re-election of himself as Director of the Company and since he was an interested party in the proposed resolution, he vacated the chair for his fellow Board member, Mr Siau Hock Cheng, to proceed with the meeting.

Mr Siau took the Chair at the meeting and put the following motion for consideration of the Shareholders/proxies : -

“**THAT** Mr Ong Sim Jeng, retiring pursuant to Article 98 of the Company’s Constitution, be re-elected as a Director of the Company”

Pursuant to the tabling of the Resolution, Mr Ong was invited to proceed with the rest of the Meeting.

ORDINARY RESOLUTION 6
- RE-ELECTION OF MR TEH KAY YEONG

The following motion was put to the meeting for consideration : -

“**THAT** Mr Teh Kay Yeong, retiring pursuant to Article 105 of the Company’s Constitution, be re-elected as a Director of the Company”

ORDINARY RESOLUTION 7
- RE-APPOINTMENT OF MESSRS PCCO PLT AS AUDITORS OF THE COMPANY

The shareholders/proxies were informed that Messrs PCCO PLT had indicated their willingness to seek re-appointment as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors.

The following motion was put to the meeting for consideration : -

“**THAT** Messrs. PCCO PLT be re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and the Directors be authorized to fix their remuneration.”

SPECIAL BUSINESS
ORDINARY RESOLUTION 8
RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The shareholders/proxies were informed that the Independent Non-Executive Director who would have completed 9 years of service as an Independent Non-Executive Director of the Company was En Minhat Bin Mion and the explanations and justifications for the proposed retention of En Minhat as Independent Non-Executive Director were given on page 51 of the Company’s 2023 Annual Report.

The proposed Ordinary Resolution 8 below was put forward to the meeting for consideration :-

“**THAT** En Minhat Bin Mion be and is hereby retained as an Independent Non-Executive Director of the Company.”

QUESTIONS AND ANSWERS SESSION

Having tabled all the eight (8) Ordinary Resolutions for the consideration of the shareholders/proxies, the Chairman and other Board members proceeded to address the questions posed by shareholders/ proxies.

The following questions were raised by Mr Chan Fung Han and were responded to by the Chairman as below:

Question	Response
What were the new brand of products introduced by the Group during the FY2023?	The Group introduced a few new product brands namely, Electricianz, Instinc and Alto to the market in 2023.
How did the Group optimize its operational cost and efficiency ?	Part of the continuous cost optimization efforts of the Group included the processes of digitalization and consolidation of some functions of the Group, which had resulted in RM4.1 million or 31% of significant reduction in the Group’s operational expenses.
What were the efforts made in enhancing the digital sales and marketing capabilities of the Group?	The Group had tapped on the global development of the e-commerce business model and made its presence on a few major e-commerce platforms. In this respect, the Group had also taken steps to enhance its digital sales and marketing capabilities through various channels and means like search engine optimisation; content marketing; social media marketing; email marketing; influencer marketing; retargeting efforts; online events; and mobile marketing.
Please further explain on the implementation of the Group’s Green Computing (Digitalisation) .	The Group had taken the following measures in the digitalization of some functions of the Group’s business/operational processes : <ul style="list-style-type: none"> - introducing Dealers Portal to facilitate placement of order online by Dealers; - promoting M-Club membership - using energy-efficient computer hardware like solid state drive instead of hard disk drive; - moving to cloud computing for lesser physical servers to reduce energy consumption; and - encouraging recycling and e-waste management through proper disposal of e-waste.

Question	Response
How could the Electrical Musical Instrument (EMI) Division improved its profit by 42% on the back of 25% of declined Revenue ?	The improvement on profit was attributed to better profit margin from new EMI model introduced by the Group coupled with promotional sales support from the supplier.
For two years in a row, the Dividends paid by the Company was more than the profit generated. Why did the Board declare a total dividend that was more than the profit generated during the current financial which represented a dividend pay out rate of 266%. Is this dividend pay out ratio sustainable?	The Board aimed to reward shareholders who had given their long term support to the Company by way of distribution of dividend. Prior to each proposal for declaration of dividend, the Board would have considered the Company's overall financial health and reserves. Despite the lower profit in the past two years, the Company maintained a healthy Balance Sheet. The available reserves had enabled the Company to support higher dividend pay outs without compromising on the Company's long-term financial stability. While the high dividend pay out ratio reflected the Board's confidence in the Company's financial position, the Board was also mindful of the Company's long term financial strategies and would strike a balance between rewarding shareholders and reinvesting in growth opportunities. The Board would also continuously review the Company's financial performance, market conditions, and future prospects.
Why did the External Auditors not considering the impairment assessment of goodwill as a key audit matters?	Based on the forecast projection and the impairment assessments furnished to the External Auditor, they were satisfied that there was no indication of impairment of goodwill arising from the acquisition of additional equity interest of Time Galerie (M) Sdn Bhd which was completed on 29 December 2023. For the Shareholders' information, the Inventories with total value of RM55.6 million were the most significant assets of the Company as at 31 December 2023 and as such was a key audit matter for the financial year.
What was the annual growth rate of revenue used for the impairment assessment of goodwill for the newly acquired Subsidiary (previously an Associate) given that its revenue decreased from RM49 million in FY2022 to RM39 million in FY2023?	The annual growth rate of the subsidiary was ranging and the forecast of revenue also included the expansion of additional outlets and e-commerce businesses.
Reference is made to page 77 of the Annual Report. Is the RM50,829,517 a withdrawal or placement of fixed deposit ?	It was a placement of fixed deposit for 2023 and for 2022, it was a withdrawal.

Question	Response
What were the types of goods in transit which amounted to RM9.3 million as at end of FY2023?	The goods in transit were mainly made up of Casio brand products namely, timepiece, calculator and digital musical instrument.
Why was there a significant increase in the electronic calculators and timepieces inventories from RM25.5 million in FY2022 to RM44.7 million in FY2023? Any risk of slow-moving and obsolete inventories, in addition to the Net Realisable Value inventories issue ?	The increase in the inventories for electronic calculator and timepiece arose from the complete acquisition of Time Galerie (M) Sdn Bhd as subsidiary of the Company (“Acquisition”). The inventories of the Marco Group prior to the Acquisition was RM22 million, about RM3.5 million or 13% lower than that for FY2022. The Group conducts regular review on inventories to identify slow-moving and obsolete items to mitigate the risk of having high inventory stocks.
Any plan for the Group to develop the two pieces of vacant industrial and development lands?	Currently, Marco Group has no plan to proceed with the development of the lands. Land development is a complex process that requires careful planning with sufficient resources and favorable market conditions.

To Mr Keh Yeow Hwee’s question as to why was the Chairman of the Board not present at the past annual general meetings, the Chairman informed that the Chairman of the Board was present at the Company’s AGM in 2022 and that his absence from this AGM was due to prior arranged official engagement.

In addressing Mr Cheng Mun Foong’s suggestion for the Board to consider holding physical Annual General Meeting (“AGM”) next year, the Chairman informed that the Board would monitor and consider the situation next year before deciding a suitable mode of holding AGM of the Company.

The following questions posed by Mr Teoh Kensen were responded to by the Chairman as below :

Question	Response
Kindly update on the recent marketing activities to drive the sales of the Group’s products especially G Shock. Any recent collaborations and crossovers with other brands and companies to drive the sales? Any other products other than watches, calculators and camera that can be tapped from Casio Japan	<p>The Group had its most recent collaboration with “AGAINST LAB, a local street wear fashion retailer that G SHOCK is aligned to promote the DNA of G SHOCK. The other was EDIFICE brand where collaborations were surrounding car tuning such as MUGEN, HONDA RACING.</p> <p>Marco Group currently focus on trading of Casio brand of timepieces, calculators and the digital musical instruments. The Group had ceased it Camera division operations in 2018.</p>

Question	Response
<p>G-Shock has recently launched many series namely, GMW-B5000D-2 and GM-B2100AD-2A, G-SHOCK Multi Fluorescent Accents, GMA-P2100SG — Summer Sunset Series and GA-2300 — Compact OAK Case. Any of the series are available in Malaysia? With the 15% increment in the civil servants' salaries & and introduction of Account 3 by the EPF, it is envisaged that the retail sales would be going to recover strongly. Hence, please provide any guidance for its sales going forward, especially 1H (first half) of 2024 and ensuing years.</p>	<p>Thank you for being well versed of G-Shock's new series of timepieces. There were many exclusive brand collaborations happening worldwide with some of the saleable models were made available in Malaysia. Certain limited edition of the brand's timepiece could be from overseas market. The Group looks positive towards the announcement of the 15% increment for the civil servants' salaries and hope that could bring some improvement to the consumer sentiment of the retail market. The Management team would closely monitor the retail market condition and continue to promote the new series and drive the business growth of the Group going forward. In fact, it was observed that there was a slight improvement in the recent retail market in April and the Group hope for the sustainability of the upward trend of the retail market's sentiment.</p>
<p>With the acquisition of the remaining 59.6% of stake in Time Galerie (M) Sdn Bhd ("TG") and full consolidation of the Company in Group, there was still no improvement in the bottom-line figures of the Group. Any headwinds from TG i.e. higher operating costs from its rentals, weak sales and competitions. I walked into a few of TG's outlets but I can see a weak footfall. How was the online sales of TG and any new exclusive brands that have been introduced in FY 2023 and FY2024 ?</p>	<p>The weaker results were due to persistent high inflation which had eroded the real incomes of consumers, leading to a rising cost of living and weakened spending power. There was no additional exclusive brands introduced by TG in FY2023 and FY2024. The operating cost of rental for TG's retail outlets was under control. The Group would continue to work towards further improving the performance of its retail business sector.</p>
<p>With the full consolidation of Time Galerie (M) Sdn Bhd, hope that the fixed overhead of the company could continue to be monitored especially now when the Group needs to handle many outlets and staff. Ensure that rentals would be reasonable. Ensure sustainability and predictability of the sales and costs so that the Group could continue to generate a healthy cash flow for to continue with good distribution of return back to the shareholders.</p>	<p>The rental rates for retail outlet is always the top consideration and would continue to remain as the main factor to be considered as far as retail outlet's operational cost is concerned.</p>

The following questions were raised by Mr Keh Yeow Hwee and were responded to by the Chairman as below:

Question	Response
There is increasing trend of smart watches in the market with more features compare to conventional watches. Will this be a threat to the Company as the Company is selling mostly conventional watches? Any plan for the Company to venture into new businesses ?	The Casio and Reebok brands carried by the Group do have their own smart watches series which had been introduced to the market.
The inventories as at 31 December 2023 stood at RM56 million, which was about 4 months of the revenue recorded in 2023. Why was the inventory stood at the high level ?	There was a consolidation of RM24.4 million of inventory from Time Galerie (M) Sdn Bhd (“TG”) subsequent to the full ownership of TG obtained by the Group. The inventory level was viewed as reasonable considering there were a total of 56 retail outlets under TG. The retail industry generally has a higher level of inventory.
Thank you for the high dividends paid for the past two years. As the dividend rate was much higher than earning per share, did the Company plan to exhaust all retained profit by paying dividend? Is the current business sustainable? Is acquisition of Time Galerie (M) Sdn Bhd a good and wise decision?	<p>In proposing the dividend to shareholders, the Board had considered the Group’s overall financial health and reserves. Despite the lower profit figures in the past two years, the Company maintained healthy reserves as reflected in the balance sheets. These reserves had enabled the Group to support higher dividend pay outs without compromising on the Company's long-term financial stability.</p> <p>As for the acquisition of the remaining equity interest in Time Galerie (M) Sdn Bhd (“TG”), the Board was of the view that the acquisition was in the best interest of the Group as since becoming an associate company of Marco, TG had consistently generated healthy net profits which had contributed positively to the Group’s overall performance.</p>

The following questions were raised by Mr Teh Peng Tin and were responded to by the Chairman as below:

Question	Response
How much does the Company spend on this virtual AGM ?	The cost for holding the AGM in virtual manner is RM10,000.

Question	Response
What's the future outlook and prospects of the Company ? Please advise.	We would address the current market needs and leverage our core competencies into new markets. The Management team was also in discussion with potential partners on introducing suitable new products to the market. The Group has invested in the digital transformation to enhance operational efficiency and better cost control. Besides, the Group would also continue to emphasise on its e-commerce business model which had delivered positive results to the Group's overall performance.

To Mr Tan Kim Huat and Mr Teh Peng Tin, who requested for a printed copy of the Company's Annual Report, the Chairman informed that the requisition of Annual Report could be made by logging on to Tricor's TIIH Online website at <https://tiah.online> . The Annual Report could also be downloaded by scanning the QR code in the Notification to Shareholders which had been sent to Shareholders on 30 April 2024.

Having addressed all the questions posed by the shareholders/proxies, the Chairman announced the close of Question and Answer session.

In response to the requests for door gifts/e-wallet/e-vouchers from shareholders/proxies, the Chairman responded that as a token of appreciation, the Board had decided to give each shareholder who made time to join the AGM, a coupon code which would enable the shareholder to enjoy discount as high as 50% storewide when purchasing at Marco's e-Store.

VOTING SESSION

There was no notice of other business received by the Secretary. All the eight (8) Ordinary Resolutions were put for voting by the members/proxies by poll via Remote Participation and Voting facilities.

After the close of voting session, the meeting was then recessed at about 11.27 a.m. for the counting of votes to take place.

POLL RESULTS

The Meeting resumed at about 11.47 a.m. and the tabulation of the votes for all the six ordinary resolutions, duly verified by the Independent Scrutineer, were projected on the screen for the shareholders' notation as below:

Resolution	Vote "For"		Vote "Against"		Total Votes	
	No. of shares	%	No. of shares	%	No. of shares	%
Ordinary Resolution 1	566,800,949	99.9208	448,980	0.0792	567,249,929	100.00
Ordinary Resolution 2	429,461,133	99.8757	534,536	0.1243	429,995,669	100.00
Ordinary Resolution 3	429,476,339	99.8792	519,330	0.1208	429,995,669	100.00
Ordinary Resolution 4	566,800,599	99.9208	449,330	0.0792	567,249,929	100.00
Ordinary Resolution 5	566,800,599	99.9208	449,330	0.0792	567,249,929	100.00
Ordinary Resolution 6	566,800,449	99.9208	449,480	0.0792	567,249,929	100.00
Ordinary Resolution 7	566,799,849	99.9208	449,080	0.0792	567,248,929	100.00
Special Business						
Ordinary Resolution 8						
Tier 1	270,294,260	100.0000	0	0.0000	270,294,260	100.00
Tier 2	296,530,189	99.8571	424,480	0.1429	296,954,669	100.00

Based on the poll results, the Chairman declared all the resolutions tabled at 54th AGM carried.

CONCLUSION

The Chairman thanked all the shareholders/proxies for their participation and ended the meeting at 11.54 a.m.

CONFIRMED AS TRUE AND
CORRECT RECORD

ONG SIM JENG
Chairman of Meeting

16 July 2024