

# MARCO HOLDINGS BERHAD

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

**Summary of Key matters discussed at the 47<sup>th</sup> Annual General Meeting of the shareholders of the Company held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1<sup>st</sup> Floor, Sports Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 31 May 2017 at 11.00 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, 2016 AND THE AUDITORS' REPORT THEREON**

Key issues raised by shareholders in relation to Agenda item 1 at the 47<sup>th</sup> Annual General Meeting of the shareholders of the Company and the corresponding responses from the Directors on this item are as follows :

Question : Please elaborate on the Group's business model.

Answer : The Group is in the distribution business and has been holding the sole distributorship of the Casio brand for timepiece products and calculators since 1972. Besides Casio, the Group also represented and marketed several other brands of timepiece products. Through its wide distribution network and the strong marketing skills, the Group was able to remain competitive in the retailing market.

Question : Was there any contract between the Company and the brand owner and if yes, whether it is subjected to yearly renewal ?

Answer : There was a distribution agreement signed between both parties. The Board took note of the shareholder's remarks on the Group's distribution business risk.

Question : Any plan for the Group to develop the 2 pieces of lands as listed in page 84 of the Annual Report 2016 ?

Response : The 2 pieces of lands were inherited from the old management. A few years back, the Board had considered to develop the lands. However, in view that it was not a good timing for the Group to embark on development, the Board had put the development plan on hold. Lately, the Board had started to re-look into the plan to develop the land in Setapak.

- Question : Any plan for the Group to diversify its business and what are the Group's prospects for 2017 ?
- Response : The Group has always been on the look out for diversification opportunity so as to further enhance the Group's revenue stream. On the Group's prospect for 2017, it would be very challenging as the domestic retail market had been slowing down noticeably since the past few months.
- Question : Are the increased short term funds of RM58 million as stated in page 41 of the Annual Report 2016 comprised of money market fund placement and if yes, is the interest earned taxable ?
- Response : The short term funds are short term money market funds placed with Maybank with tax exempt dividends.
- Question : Why was the fund not used by the Company to pay off the short term borrowings and can the Company consider paying higher dividend out of the interest income from the money market investment ?
- Response : The short term borrowings were basically Letters of Credit used by the Group for trade purchases for its day to day business transactions and will be settled after shipment arrival upon bank's advice. The Group needed to reserve some funds for the intended development business for the land in Setapak.
- Question : How does the Group utilize its share premium account ? Can the Company consider issuing Bonus Shares to the shareholders out of the share premium account ?
- Response : Based on the new Companies Act 2016 ("the Act"), the amount standing to the credit of a company's share premium account and capital redemption reserve will become part of the Company's share capital. At present, the Company has no plan to issue any Bonus Shares out of the share premium account.

Question : Please share some details on the proposed development for the land in Setapak.

Response : The Company has initiated a study on the suitable type of development and the market demand surrounding Setapak area. Commencement of development might take another 2 years after obtaining the relevant authorities' approval. As to the suggestion for the Company to consider keeping the land for industrial use in view of the location of the land, the Board was of the view that for the enhancement of value of the property, it would be more suitable for the Company to look into condominium project in view that Setapak was quite a well established area with other completed condominium projects and a well known college in the vicinity.

To a shareholder's request for the Company to consider paying higher dividend out of the available reserve fund. The Board replied that the Group needed large amount of cash to fund the property development business if that takes place, in addition to the working capital needs of the current distribution business.

Question : Would the Group consider acquiring other business of similar nature to expedite its business expansion ?

Response : The Board will consider suitable related business for the Group's business expansion.

To a shareholder's suggestion for the Company to look into establishing and marketing its own brand, the Board informed that it has taken that into consideration in relation to the Group's business expansion plan.

There was no issue raised on other items of the Agenda and all the resolutions tabled at the 47<sup>th</sup> Annual General Meeting of the Company were carried.