HARRISONS HOLDINGS (MALAYSIA) BERHAD
(COMPANY NO. 194675-H)
(INCORPORATED IN MALAYSIA)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-NINTH ANNUAL GENERAL MEETING HELD AT DEWAN RAJA LAUT, SUMMIT HOTEL KL CITY CENTRE, NO. 12, JALAN RAJA LAUT, 50750 KUALA LUMPUR ON WEDNESDAY, 19 JUNE 2019 AT 10:30 A.M.

ITEM 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Mr Leo Ann Puat, a shareholder enquired on the following:-

- The reason for the increase in the administration cost.
- The reason for the increase in the inventories.
- The reason for the increase in the trade receivables.
- The reason for the loss in the Shipping and Others segment as compared to the profit recorded in the last financial year.
- Whether Harrisons Holdings (Malaysia) Berhad ("HHMB") would perform better in the future.
- The Group's mid to long-term outlook.
- The plans to increase the presence of HHMB in Peninsular Malaysia and to venture into related sector.
- The liquidity of share price and whether the Group would issue bonus shares.

Mr Low Kong Choon, the Chief Financial Officer ("CFO") replied that:

- The increase in the administration cost was due to the acquisition of new subsidiaries and the increase in wages and number of warehouses owned.
- The Group had been monitoring the inventories, but was pressured by the principals to take up more inventories to achieve their sales targets towards the year end.
- The increase in the trade receivables was due to the increase in sales during the financial year. The new subsidiaries were operating on cash businesses and hence, not the cause of increase in the trade receivables.
- The reason for the loss in the Shipping and Others segment was mainly due to the outlook on the investment in equity which was caused by the declined in global equities market. The accounting policy required the Group to adopt the fair value through Profit and Loss model to provide for losses on equity investment when compared to their market value. However, the global market had recovered since March 2019.

Mr Chan Poh Kim, the Group Managing Director ("Group MD") added that:

- 2018 was a challenging year for the Group, especially the distribution business was highly competitive. Moving forward, the Group would endeavour to deliver a better performance.

- On the mid to long-term outlook, the Group would focus on increasing revenue to fuel growth and enhance profitability and would continue to expand the sales of fast-moving consumer goods by securing agencies of good quality products. The Group had declined some agencies since the last twelve (12) months as the Group recognised the need to be prudent. Nonetheless, the Group had been progressing as the quarterly results had shown a good start in 2019.

- Peninsular Malaysia had a slower market growth as compared to East Malaysia, due to the slowdown in the construction industry. Major cement Company had made huge losses due to the downturn in the construction industry. The Group would continue to manage risk and explore for new business opportunities.

- There was not much movement in share price due to the market sentiment.

Mr Gan Wei Seng, a proxy, raised the following enquiries:-

- The development to the vacant land in Labuan and the plan to revalue the properties of the Group, as the last revaluation for most of the properties was done in 1990. He opined that the revaluation would increase the Net Tangible Asset ("NTA") of the Company and in turn, influence the share price of HHMB.

- The issuance of bonus shares, undertaking of share split and formalisation of Dividend Policy in the Group.

The Group MD replied that:-

- There were no development plans for the vacant land in Labuan presently. However, the Group had been receiving offers for Joint Ventures to develop the land, but the proposals were not attractive. Nevertheless, the Group is open for good proposals to develop the vacant land to increase the NTA of the Group as well as the share prices of the Group. The Group would assess the need for revaluation of land.

- The Group had no plan to issue bonus share or share split as it would dilute the Earnings Per Share. The Group had not adopted any dividend policy, but was committed to increase its dividend pay-out gradually every year. As the business of the Group has been very dynamic lately, the Group has been declaring dividends for the last five (5) years consecutively. However, such declaration of dividend would only be made if the Directors were satisfied that the Group was solvent immediately after the distribution of dividend. The Group was regarded as solvent if the Company was able to pay its debts as and when the debts became due within twelve months immediately after the distribution was made.

Ms Lai Pooi Leng, a proxy enquired on the reason for investing RM20 million in the unit trust instead of declaring as dividend or keeping in the bank.

The Group MD replied that the investment in a unit trust would generate a higher return within a short amount of time, which could then be used for working capital purposes.

The CFO further added that unit trust is a short-term money market investment which is tax exempted and generate higher returns to the Group.