

HARRISONS HOLDINGS (MALAYSIA) BERHAD
(REGISTRATION NO. 199001003108 (194675-H))
(INCORPORATED IN MALAYSIA)

MINUTES OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING HELD ON A FULLY VIRTUAL BASIS THROUGH LIVE STREAMING AND ONLINE REMOTE MEETING PLATFORM PROVIDED BY DVOTE SERVICES SDN. BHD. VIA [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON THURSDAY, 20 JUNE 2024 AT 10:30 A.M.

PRESENT

SHAREHOLDERS

As per attendance list

DIRECTORS

Mr. Pandjijono Adijanto	- <i>Non-Independent Non-Executive Chairman</i>
Mr. Clement Chang Kon Sang	- <i>Executive Director cum Chief Executive Officer</i>
Ms. Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	- <i>Non-Independent Non-Executive Director</i>
Mr. Wong Yoke Kong	- <i>Non-Independent Non-Executive Director</i>
Mr. Felix Leong	- <i>Senior Independent Non-Executive Director</i>
Datuk Lim Tong Lee	- <i>Independent Non-Executive Director</i>

IN ATTENDANCE

Mr. Low Kong Choon	- Chief Financial Officer/ Group Company Secretary
Ms. Tan Bee Hwa	- Company Secretary

BY INVITATION

As per attendance list

SHAREHOLDERS AND PROXIES

As per attendance list

CHAIRMAN

Mr. Wong Yoke Kong presided as the Chairman of the Meeting and welcomed all present virtually at the Thirty-Fourth Annual General Meeting ("34th AGM") of the Company.

The Chairman informed the Meeting that the meeting was conducted on a fully virtual basis through live streaming and online remote meeting platform provided by Dvote Services Sdn. Bhd. via <https://www.dvote.my> (Domain Registration Number with MYNIC: D6A434007), as the safety of members, Directors, staff and other stakeholders who would attend the AGM is of paramount importance to the Company.

Thereafter, the Chairman proceeded to introduce the members of the Board, Management, Company Secretary, and Auditors, who were in attendance to the shareholders.

QUORUM

The Company Secretary confirmed that a quorum was present pursuant to the Constitution of the Company.

With the requisite quorum being present in accordance with the Constitution of the Company, the Chairman called the Meeting to order at 10:30 a.m.

NOTICE OF MEETING

The Chairman informed the shareholders that the Annual Report of the Company was issued to shareholders via electronic means and the same could be downloaded from the Company's websites. The shareholders may request the hard copy of the Annual Report by completing the Request Form which was sent to all the shareholders together with the Notice of 34th AGM on 30 April 2023. In addition, the Annual Report together with the Notice of Meeting had been announced to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Notice of Meeting was also advertised in The News Straits Times within the prescribed period.

There being no objection, the Notice convening the Meeting was taken as read.

VOTING PROCEDURES

Before proceeding to the agenda of the Meeting, the Chairman informed that in accordance with the Main Market Listing Requirements, it was mandatory for all listed issuers to conduct poll voting on all proposed resolution set out in the notice of any general meeting.

Shareholders and/or proxies registered for this meeting may have the rights to speak and ask questions, and to vote remotely via the remote participation and voting facilities. All the relevant questions would be responded by the Board of Directors after going through all the items on the Agenda.

The Meeting noted that Dvote Services Sdn. Bhd. was appointed as the Poll Administrator and would brief the shareholders on the conduct of the poll. Meanwhile, TMF Global Services (Malaysia) Sdn. Bhd. was appointed as the scrutineer to validate the votes cast at the Meeting. The results of the votes would be announced at the conclusion of the 34th AGM, stating the total number of votes cast on the poll together with the percentage in favour of and against each and every resolution.

The Poll Administrator was then invited to brief the shareholders and proxies on the procedures of polling.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements together with the Reports of the Directors and Auditors for the financial year ended 31 December 2023 ("AFS"), having been circulated to all the shareholders of the Company within the statutory period, were tabled before the Meeting for discussion.

The Chairman informed the Meeting that the AFS was meant for discussion only, as no shareholders' approval was required in accordance with Section 248(1) and

Section 340(1) of the Companies Act 2016. Hence, this Agenda item would not put for voting.

The Chairman then declared the AFS of the Company for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon, be received and proceeded to the next item on the Agenda.

2. ORDINARY RESOLUTION 1

- RE-ELECTION OF DIRECTOR – MS. TAN PHWE LENG (TAN PHE LIN @ MARIANA ADIJANTO)

The Chairman informed the Meeting that Ms. Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto) was subject to retirement by rotation under Clause 97 of the Company's Constitution and being eligible, had offered herself for re-election accordingly.

The Chairman added that the profile of Ms. Tan could be found on page 3 of the 2023 Annual Report.

3. ORDINARY RESOLUTION 2

- RE-ELECTION OF DIRECTOR – MR. WONG YOKE KONG

The Chairman informed the Meeting that Mr. Wong Yoke Kong was subject to retirement by rotation under Clause 97 of the Company's Constitution and being eligible, had offered himself for re-election accordingly.

The Chairman added that the profile of Mr. Wong Yoke Kong be found on page 3 of the 2023 Annual Report.

4. ORDINARY RESOLUTION 3

- PAYMENT OF DIRECTORS' FEES

The Chairman informed the Meeting that a sum of RM508,953.00 was recommended for payment as Directors' fees for the financial year ended 31 December 2023.

5. ORDINARY RESOLUTION 4

- PAYMENT OF DIRECTORS' BENEFIT PAYABLE TO NON-EXECUTIVE DIRECTORS OF THE COMPANY

The Meeting noted that the next proposed resolution was to approve the Directors' Benefit payable to the Non-Executive Directors of the Company amounting of RM12,500.00 for the period from 21 June 2024 until the next Annual General Meeting.

6. ORDINARY RESOLUTION 5

- RE-APPOINTMENT OF AUDITORS

The Meeting then proceeded to consider the re-appointment of Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

It was noted that Messrs. PricewaterhouseCoopers PLT had indicated their willingness to continue in office.

7. ORDINARY RESOLUTION 6
- FINAL SINGLE-TIER DIVIDEND

The Meeting proceeded to consider the declaration of final single-tier dividend of 50 sen per ordinary share for the financial year ended 31 December 2023. The final dividend, if approved, would be paid on 19 August 2024 to the shareholders whose names registered in the Record of Depositors on 22 July 2024.

8. ORDINARY RESOLUTION 7
- AUTHORITY TO ISSUE AND ALLOT SHARES

The Meeting proceeded to consider the Proposed Ordinary Resolution 7 on the Authority to Issue and Allot Shares ("General Mandate").

The Chairman informed that the motion, if passed, would authorise the Directors of the Company issue and allot an aggregate number of shares of not more than ten per centum (10%) of the total number of issued shares.

It was noted that the General Mandate was to eliminate the need to convene a separate general meeting to obtain shareholders' approval as and when the Company issues new shares for future business opportunities, thereby reducing the administrative time and cost associated with the convening of such meeting.

Further, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 to be first offered any new shares ranking equally to the existing issued shares of the Company which will result in a dilution of their shareholding percentage in the Company.

9. ANY OTHER BUSINESS

The Meeting noted that the Company had not received any notice for transaction of any other business.

10. QUESTION AND ANSWER ("Q&A") SESSION
- RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP ("MSWG")

After tabling all the proposed resolutions on the Agenda, the Chairman informed the Meeting that the Company had received a letter from the MSWG and the Board would like to address the questions raised by the MSWG as set out in their letter dated 18 June 2024 before proceeding to open the floor for the Q&A Session.

The Chairman passed the chair to Mr. Clement Chang Kon Sang ("Mr. Clement Chang") to lead through the questions and responses of the Company.

Mr. Clement Chang, the Executive Director cum Chief Executive Officer and Mr. Low Kong Choon ("Mr. Low"), the Chief Financial Officer cum Group Company Secretary had responded to MSWG's questions during the meeting, which was annexed and marked as "**Appendix I**".

11. Q&A SESSION
- RAISED DURING THE MEETING

Mr. Clement Chang then passed the Meeting to the Chairman to continue with the Q&A Session.

The Chairman then opened the floor for the Q&A Session.

The Shareholders and/or Proxies had raised the following questions which were responded accordingly by the members of the Board and the Management:

Question 1 by Teo Chen Fui (Shareholder)

- (i) Any impact of floating diesel price policy on Harrison's cost?
- (ii) Harrison's is not doing Coca-Cola and F&N anymore. Any plan to sign new major beverage contracts?
- (iii) Are you aware of losing/winning any major agency contract?
- (iv) When will the new warehouse in KKIP be completed?
- (vi) Last year CEO Mr. Chang mentioned Harrison's was planning to import new products directly from overseas and acts as the "brand owner" in Malaysia. Can you update?
- (vii) How was the sales performance of Nestle in East Malaysia from 2nd quarter onwards? Was it still affected by the boycott movement?

Respond to Question 1

Mr. Clement Chang replied that:-

- (i) In East Malaysia, the Floating Diesel Price Policy has not been implemented yet. In West Malaysia, around 80% of the deliveries were direct from the manufacturers to the customers, with about 10% of the customers collecting their orders from the warehouse, and the remaining 10% being delivered to the dealers. As such, the rise in the diesel price has not significantly impacted the costs for Harrison's Holdings (Malaysia) Berhad and its subsidiaries ("Harrison's Group").
- (ii) Harrison's Group had opted to cease its distribution agency with both Coca-Cola and F&N. The decision was made despite a counter-offer from Coca-Cola, as the margins proposed by Coca-Cola was not satisfactory.

Further, F&N had committed to providing distributorship in Ranau and Keningau, with assurance of extending this offer to more branches. However, Harrison's Group decided to relinquish this opportunity due to no response thereafter.

HARRISONS HOLDINGS (MALAYSIA) BERHAD [REGISTRATION NO. 199001003108 (194675-H)]
- MINUTES OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING HELD ON 20 JUNE 2024

Harrisons Group prioritizes the distribution margin when considering all agencies not only limited to beverage agencies.

- (iii) Harrisons Group did not lose or win any major agencies in 2023.

In 2024, Harrisons Sarawak discontinued its distribution agency with Old Town White Coffee, resulting in an annual loss in sales of RM8.7 million. This action was likely influenced by Harrisons Group's engagement with various other coffee brands. Concurrently, in 2024, Harrisons Sarawak Sdn. Bhd. secured a new distribution agency with Kapal Api Coffee.

- (iv) The construction of the new warehouse in Kota Kinabalu Industries Park ("KKIP") is expected to take approximately one and a half years to complete.
- (v) In 2024, a major brand owner offered Harrisons Group to import their products into Sabah. After thorough consideration, Harrisons Group decided not to accept the offer.

Harrisons Group had established an internal committee in Sabah and Sarawak with the ongoing mission to develop its own brands or to import overseas brands. The Group's commitment to this endeavor was unwavering.

- (vi) The boycott movement towards Nestle Malaysia impacted Harrison Group's distribution of fast-moving consumer goods ("FMCG") products in East Malaysia but the impact was not as significant as in West Malaysia.

Question 2 by Ng Pek Kheong (Shareholders)

- (i) Indonesia's Nusantara will be developed, will Harrisons Group participate?
- (ii) Will we establish a dividend policy?

Respond to Question 2

- (i) Mr. Clement Chang replied that Harrisons Group has no plans to participate in the development of Indonesia's new capital, Nusantara.
- (ii) Mr. Low replied that the Company had not established a formal dividend policy due to the nature of the business, which required high cash flow. Typically, the Board would deliberate on the dividend payout at the end of the year based on the Company's financial performance and cash flow, and this practice would continue.

Despite the absence of a formal dividend policy, the dividend paid out in the past few years has been more than satisfactory. This commitment to maintaining a satisfactory dividend payout should instill confidence in our shareholders.

Question 3 by Lau Chuan Hooi (Shareholder)

How was the Company future outlook?

Respond to Question 3

Mr. Clement Chang stated that the Company's focus would be on FMCG in East Malaysia and building materials in West Malaysia. He also emphasised the Company's commitment to seeking new opportunities for business growth.

Furthermore, Harrisons Group expressed its intention to seek new agencies, particularly those related to FMCG, to expand its business operations. The Company aims to develop its own brands or import foreign brands to complement the distribution of existing brand owners.

Question 4 by Lim Chen Keong (Shareholder)

- (i) FMCG becoming more challenging as more distribution player emerge in East Malaysia per latest Annual Report.

What are Harrisons competitive edge over your competitors?

- (ii) And who is your strong competitor in East Malaysia? DKSH or Kim Teck Cheong?

Respond to Question 4

Mr. Clement Chang replied that:-

- (i) Harrisons Group held a prominent position in East Malaysia, boasting a total of nine branches in Sabah and four branches in Sarawak. The infrastructure of each branch encompassed a resident branch manager, a salesforce, a town warehouse, and a delivery contractors, all functioning together to oversee the day-to-day business operations.

Harrisons Group is currently assessing multiple FMCG principals who have expressed interest in working with them. The company is hopeful about the possibility of establishing mutually beneficial relationships that could lead to profitable sales and competitive distribution margins.

- (ii) In East Malaysia, Kim Tech Cheong Consolidated Berhad would be the major competitor as compared to DKSH, for Harrisons Group.

Question 5 by Lee Eng Shan (Shareholder)

- (i) How does Pan Borneo highway elevate our efficiency? What should shareholders expect on efficiency improvement?
- (ii) How does e-commerce affect our business in the East Malaysia market?
- (iii) Out of curiosity, why didn't we secure the Gardenia concession, but Kim Teck Cheong did? How did the opportunity slip away given our dominant presence in the East Malaysia market?

- (iv) What is the minimum cash requirement for the business' daily operation? Should shareholders expect higher dividend payouts going forward?
- (v) How many live participants during the AGM?

Respond to Question 5

Mr. Clement Chang replied:-

- (i) The Pan Borneo Highway (connecting Sabah and Sarawak) were relatively low for the Company because its products especially FMCG were shipped from Peninsular Malaysia and mostly direct to the branches.
- (ii) The impact of e-commerce on Harrisons Group's FMCG business was minimal, as the majority of consumers favored in-person retail experiences over online transactions.
- (iii) Harrisons Group was not aware that Gardenia intends to sell its bakery business. In contrast, Kim Teck Cheong Consolidated Berhad has its own bakery business and brand, which Harrisons Group does not have.

Mr. Low replied that:-

- (iv) The cash flow requirement would vary depending on the business's geographical location and nature of business. The West Malaysia which is involved in Building Materials have a much longer credit period than the FMCG business in East Malaysia.

In determining the dividend payout, the Company takes a comprehensive approach, considering factors such as solvency, ability to meet debts post-dividend declaration, overall performance, and capital requirements for sustainability. At the time of consideration, the Company has a healthy net current assets position of over RM350 million.

- (v) There were approximately 55 participants attending the meeting.

Question 6 by Ho Yueh Weng (Shareholder)

What's the impact on our Company's bottom line earnings due to fuel subsidy removal by our Government? Are we able to pass all such costs to our customers?

Respond to Question 6

Mr. Low emphasized that the Company has seen minimal impact from the removal of fuel subsidies in West Malaysia. Furthermore, he noted that the Government has not yet implemented this measure in East Malaysia.

The Company had combined the reply to the following questions to avoid repetition:-

Question in relation to request a hard copy of Annual Report

Mr. Low replied that all the enquiry to obtaining a hard copy of Annual Report made by the shareholders during the meeting would be delivered to them within a reasonable time.

Question in relation to provide door gift as return to the shareholders

The Chairman expressed regret for not having a door gift policy for shareholders. He emphasised that the Board's commitment to focus on declaring high dividends to shareholders.

He further extended his gratitude to the shareholders for their unwavering support.

12. POLLING PROCESS

There being no further questions from the shareholders, the Meeting proceeded with the casting of votes for all resolutions.

The Chairman announced that the time allowed for the casting of votes would be 5 minutes and would automatically end as per the countdown shown on the screen. Meanwhile, the counting of votes by the Poll Administrator and validation of the votes casted by the Independent Scrutineers of the would take approximately 30 minutes and the Chairman adjourned the Meeting after the conclusion of the voting session.

13. ANNOUNCEMENT OF POLL RESULTS

After the counting of the votes cast, the Chairman called the Meeting to order and for the declaration of the poll voting results.

The Chairman informed that he had received the poll results from the Scrutineer and the results of the poll annexed hereto as "**Appendix II**" was announcement by him.

The Chairman then declared that Resolutions Nos. 1 to 7 were all CARRIED and the Meeting RESOLVED:-

ORDINARY RESOLUTION 1

RE-ELECTION OF DIRECTOR – MS. TAN PHWE LENG (TAN PHE LIN @ MARIANA ADIJANTO)

"THAT Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto) being retiring pursuant to Clause 97 of the Company's Constitution, be hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 2

RE-ELECTION OF DIRECTOR – MR. WONG YOKE KONG

"THAT Mr. Wong Yoke Kong being retiring pursuant to Clause 97 of the Company's Constitution, be hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 3
PAYMENT OF DIRECTORS' FEES

"THAT the payment of Directors' fees of RM508,953.00 for the financial year ended 31 December 2023 be hereby approved."

ORDINARY RESOLUTION 4
PAYMENT OF DIRECTORS' BENEFIT PAYABLE TO NON-EXECUTIVE DIRECTORS OF THE COMPANY

"THAT the payment of Directors' benefit amounting to RM12,500.00 payable to the Non-Executive Directors of the Company for the period from 21 June 2024 until the next Annual General Meeting be hereby approved."

ORDINARY RESOLUTION 5
RE-APPOINTMENT OF AUDITORS

"THAT Messrs. PricewaterhouseCoopers PLT be hereby re-appointed as the Company's Auditors for the ensuing year AND THAT the Board of Directors be hereby authorised to fix their remuneration."

ORDINARY RESOLUTION 6
FINAL SINGLE-TIER DIVIDEND

"THAT a final single-tier dividend of 50 sen per ordinary share for the financial year ended 31 December 2023 be hereby approved for payment on 19 August 2024."

ORDINARY RESOLUTION 7
AUTHORITY TO ISSUE AND ALLOT SHARES

"THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval was in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act 2016.

THAT the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016, to be read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

14. CONCLUSION

There being no other business, the Meeting was concluded at 11:56 a.m. with a vote of thanks to the Chair.

CONFIRMED AS CORRECT RECORD

WONG YOKE KONG
Chairman of Meeting

**REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024**

OPERATIONAL & FINANCIAL MATTERS

Question 1 (a)

With a strong recovery in construction activities in Peninsular Malaysia, which would likely spur demand for building materials, does the Group expect this to trickle down to the Building Materials and Engineering Products segment in the years ahead?

Reply to Question 1(a)

Sales have grown by 10% for May to-date 2024 over 2023. We expect sales of Building Material to remain strong for 2024.

Question 1(b)(i)

How will the FMCG division perform financially in FY2024?

Reply to Question 1(b)(i)

We noted for year 2024 over 2023, consumer sales registered a minor single digit dip, but we were told by two of our major FMCG Principals that Harrisons still performed better than the other distributors in West Malaysia.

The consumer market in East Malaysia is affected by consumer behavior. The main concerns are rising inflation and increase in household expenses. This inflation squeeze results in people having less spending power and they cut back on unnecessary expenses and buy cheaper brands.

Consequently, retailers do not hold high stock levels which tie down their working capital. Noteworthy all the modern supermarket and hypermarket chained groups are ordering optimal stocks guided by the computer indenting systems and technology.

Question 1(b)(ii)

Were there any major agency contract wins or losses in FY2023? How many parties are Harrisons currently engaged in to secure new agencies and brands? When will the outcome of the discussions be known?

Reply to Question 1(b)(ii)

There was no loss of major principal in 2023. Currently we are negotiating for three to four agencies. Agencies are keen to appoint Harrisons subject to our agreement to the distribution margins.

REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024

Question 1(b)(iii)

Do the new players have the compatible capabilities to compete with Harrisons? Please explain the current market dynamics for the distribution of FMCG in East Malaysia, especially in Sabah.

Reply to Question 1(b)(ii)

Harrisons has the most comprehensive distribution centers in East Malaysia, 9 in Sabah and 4 in Sarawak. Each branch has its own Branch Managers, local sales forces, local warehouses, and local delivery contractors. Harrisons has the most comprehensive distribution network in East Malaysia which our competitors do not have.

New players may focus on certain of localities only.

There is growing trends by distributors and big retail chains to import their own brands or foreign brands but only sold in their own outlets.

Question 2

How does the removal of diesel subsidies in Peninsular Malaysia, effective from 10 June 2024, affect Harrisons, especially on the two key subsidiaries - Harrisons Peninsular S/B and Harrisons Marketing & Services S/B? What is the extent of the impact on the companies?

Have the companies adjusted pricing for products to reflect the higher logistics costs? On average, what is the quantum of price adjustments made on goods sold?

Reply to Question 2

Of our Building Material sales, 80%are delivered direct from our manufacturers to our customers. 10% are collected by our customers from our warehouses, and 10% are delivered by us to our customers.

Our manufacturers would include the delivery charges in their invoices to our customers. Of the 10% delivered by us to our customers we recover the delivery charges in our invoices to our customers.

There is minimal impact on our companies operating in Peninsular Malaysia in respect of the removal of diesel subsidies.

**REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024**

Question 3

Considering external factors such as higher transportation costs and inflationary pressure, how will Harrisons' bottom-line perform in FY2024?

Reply to Question 3

Yes, the bottom line is likely to be affected by inflationary pressure from higher transportation costs and wage increments. The management will continue to monitor the increases closely.

Question 4(a)

What types of inventories recorded the reversal in net realisable value? To which business segment does the reversal of inventories relate to? What prompted the Company to make such an adjustment?

Reply to Question 4(a)

The reversal in net realisable value is in FMCG inventories. It is mainly reflected under the Trade and Distribution Segment. There was a reduction in our provision for obsolescence for one of our agency inventories in FY2023 due to the revision in provisioning of the expiry period of the product.

Question 4(b)

Among the variety of goods distributed by Harrisons, what types of inventories have higher and lower probability of recovering their realisable value even after their value is written down?

Reply to Question 4(b)

Once stocks are written off, they are disposed from the warehouse and there is no chance of recovery. However, for stocks where there is a provision for obsolescence, generally the FMCG stocks have higher probability of recovering their realizable value when more discounts are given for stocks nearer but before the expiry date.

Question 5

Which business does the loss allowance on trade receivables relate to? What is the profile and credit history of the customers? Were the impaired trade receivables concentrated on a few customers? What action was taken to recover the said amount?

**REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024**

Reply to Question 5

More than 60% of the allowance of trade receivables comes from our FMCG Division. In East Malaysia subsidiaries, 50% of the allowances on trade receivables of FMCG Division come from the supermarket chains which have been our customers for years. The allowance on trade receivables is made due to the accounts being in dispute/yet to be reconciled. More than 35% of the total allowance for trade receivables were recovered subsequently in the first quarter 2024.

For Sarawak, about 70% of our allowances for trade receivables were related to chain group or modern trade supermarket. The remaining consists of overdue debts by traditional trade outlets. For Sabah, 48% of our allowances for trade receivables are from chain supermarkets or modern trade.

The action taken to recover the said amount are the customers will be initially blacklisted in CTOS and subsequently legal action will be taken to recover the loss.

SUSTAINABILITY

Question 1(a)

What were the reasons for the higher Scope 2 emissions generated in FY2023? Does the Group have any targets to lower the Scope 2 emissions? What are the areas/opportunities to enhance energy efficiency, reduce energy consumption and lower carbon footprints?

Reply to Question 1(a)

The increase of 128 tCO₂e is due to warehouses expansion in Sabah with an additional of over 20,000 sq. ft.

Currently, the group do not set any target as its not yet a requirement by Bursa Malaysia.

To enhance energy efficiency, we will monitor closely all 3 subsidiaries including our subsidiaries in Singapore will have to submit the electricity bill data to Head office monthly to keep track of the electricity usage.

**REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024**

Question 1(b)

Will the Group consider green energy, such as solar, to diversify energy sources and offset the greenhouse gas emissions generated?

Reply to Question 1(b)

At the moment, the Group is studying the cost benefits of respective part of energy and the Group will make necessary decision in due course.

Question 1(c)

How effective are these measures in saving energy consumption?

Reply to Question 1(c)

This energy saving measures is implemented in our branch offices. Most importantly we want our staff to have the habit and awareness towards saving energy consumption to achieve the desired savings in long-term.

Question 2(a)

Has the Company started the groundwork e.g. business/activities to be covered, collection and conversion of data, for the reporting of Scope 1 and 3 emissions?

Reply to Question 2(a)

Yes, the Group has started to collect all the information for the reporting of Scope 1 and 3 emissions monthly from all subsidiary companies. The Group Risk Management & Sustainability Officer of our subsidiary Companies have implemented "ESG Tabulation Data Policy".

Question 2(b)

Does the Group have adequate and relevant resources to comply with these requirements? If not, how does the Group plan to obtain/ allocate the resources required?

Reply to Question 2(b)

Yes, the Group have adequate and relevant resources to comply with these requirements and will continue to keep track with Bursa Malaysia latest requirements on Sustainability reporting standards.

REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024

Question 2(c)

How well prepared is the Company to report the required information in the Sustainability Statements of the next annual report?

Reply to Question 2(c)

The Company has set up the framework to capture the relevant information for reporting purpose.

Question 3

How much was the total waste directed to disposal across the same period?

Reply to Question 3

As we are in trading business, we have minimal waste directed to dispose.

CORPORATE GOVERNANCE MATTERS

Question 1

Thus, the board chairman is advised not to be involved in board committees to ensure checks and balance as well as objective review by the Board.

Reply to Question 1

The Board is aware of the requirement of MCCG's guidance raised above by MSWG. Pandijono Adijanto, our Chairman, brings a frame of a well of expertise and experience, and has been contributing to the functions and duties of the RC and NC. We are keeping our eyes open for a suitable candidate with the necessary experience and human resource background to fill the position of the member for RC and NC. Further we wish to inform that our Senior Independent Director sits on the Board Committee including RC chaired by our Chairman and NC in which our Chairman is a member.

Question 2(a)

Referring to the four sustainability-related areas included in the Board Effectiveness Evaluation (BEE) exercise In FY2023 (Practice 4.4 of the MCCG), page 22 of Corporate Governance Report 2023), how did the Board perform vis-a-vis these areas?

**REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024**

Reply to Question 2(a)

Overall, we believe our Board has performed well as nothing seriously unfavourable was disclosed in our Sustainability Report (AR 2023).

Besides that, the board had formed a Risk Management & Sustainability Committee to oversee and monitor risk and sustainability targets every quarter.

Question 2(b)

What are the sustainability-related considerations incorporated into the performance evaluation of senior management?

Reply to Question 2(b)

The performance evaluation of Senior Management and their rewards is tied to key performance indicators which among others include behaviors in accordance with the company's Code of Conduct and Ethics, management of risk and meritocracy and long-term value creation.

Question 3(a)

Will the Board prioritise the appointment of female directors when a vacancy arises?

Reply to Question 3(a)

The Board is mindful of the target of at least 30% women directors. In future when sourcing for suitable candidates to fill up any Board vacant positions, the Board will give priority to identify suitably qualified women candidates, in line with the recommendation of MCCG.

Question 3(b)

What benefits has the board experienced from the participation of female director in the boardroom? How has the board's performance been impacted in relation to these benefits?

Reply to Question 3(b)

Harrisons' female director has substantial management experience in the distribution and retail sector and has provided meaningful insights, strategies, and positive contributions to the Board. The Group distribute a large area of household and feminine products, as such our female director has contributed her view points from a different perspective as a woman, which has contributed positively during Board deliberation.

Overall, the Board has benefited from her input through her rational and strategic thinking especially towards the goals and direction of the Company.

**REPLY TO QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") AS SET OUT IN THEIR LETTER DATED 18 JUNE 2024**

Question 4

Three out of six directors attended the Mandatory Accreditation Programme Part II (MAP II): Leading for Impact (page 40 of AR2023). When will the other directors attend MAP II as required by Bursa Malaysia?

Reply to Question 4

The other directors will attend the MAP II as soon as possible within the deadline imposed by the Bursa which is in August 2025.

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HARRISONS HOLDINGS (MALAYSIA) BERHAD
(REGISTRATION NO. 199001003108 (194675-H))
(INCORPORATED IN MALAYSIA)

RESOLUTIONS PROPOSED AND DULY PASSED AT THE THIRTY-FOURTH ANNUAL GENERAL MEETING HELD ON A FULLY VIRTUAL BASIS THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING PLATFORM PROVIDED BY DVOTE SERVICES SDN. BHD. AT <https://www.dvote.my> ON THURSDAY, 20 JUNE 2024 AT 10:30 A.M.

Resolutions	FOR			AGAINST		
	No. of Share-holders	No. of Votes	%	No. of Share-holders	No. of Votes	%
<u>Ordinary Resolution 1</u> To re-elect Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto), the Director who is retiring by rotation in accordance with Clause 97 of the Constitution of the Company and being eligible, have offered herself for re-election.	60	34,390,687	99.9990	7	319	0.0009
<u>Ordinary Resolution 2</u> To re-elect Mr Wong Yoke Kong, the Director who is retiring by rotation in accordance with Clause 104 of the Constitution of the Company and being eligible, have offered himself for re-election.	60	34,390,687	99.9990	7	319	0.0009
<u>Ordinary Resolution 3</u> To approve the payment of Directors' Fees of RM508,953.00 for the financial year ended 31 December 2023.	58	34,388,685	99.9932	9	2,321	0.0067
<u>Ordinary Resolution 4</u> To approve the payment of Directors' benefit payable to the Non-Executive Directors of the Company amounting to RM12,500.00 for the period from 21 June 2024 until the next Annual General Meeting.	54	34,358,584	99.9057	13	32,422	0.0942

HARRISONS HOLDINGS (MALAYSIA) BERHAD [REGISTRATION NO. 199001003108 (194675-H)]
- MINUTES OF THE THIRTY-THIRD ANNUAL GENERAL MEETING HELD ON 20 JUNE 2023

Resolutions	FOR			AGAINST		
	No. of Share-holders	No. of Votes	%	No. of Share-holders	No. of Votes	%
<u>Ordinary Resolution 5</u> To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	63	34,390,693	99.9990	4	313	0.0009
<u>Ordinary Resolution 6</u> To approve the payment of a final single-tier dividend of 50 sen per ordinary share in respect of the financial year ended 31 December 2023.	64	34,390,705	99.9991	3	301	0.0008
<u>Ordinary Resolution 7</u> To approve the authority to Issue and Allot Shares.	58	34,009,090	98.8894	9	381,916	1.1105