

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

**MINUTES OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING HELD AT IDEAS
KUALA LUMPUR HOTEL, 12 JALAN RAJA LAUT, 50350 KUALA LUMPUR, W.P.
KUALA LUMPUR ON FRIDAY, 20 JUNE 2025 AT 10:30 A.M.**

PRESENT

SHAREHOLDERS

As per attendance list

DIRECTORS

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>

ABSENT WITH APOLOGIES

Mr. Pandijono Adijanto	- <i>Non-Independent Non-Executive Chairman</i>
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IN ATTENDANCE

Mr. Low Kong Choon	-	Chief Financial Officer/ Group Company Secretary
Ms. Qwik Tsae Yng	-	Company Secretary
Ms. Soh Yee Leng	-	Representative of TMF Administrative Services Malaysia Sdn. Bhd.

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 at the Thirty-Fifth Annual General Meeting ("35th AGM") of the Company.

The Chairman informed that Mr. Pandijono Adijanto had extended his sincere apologies for being unable to attend the 35th AGM due to a prior personal commitment.

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 distributed to shareholders via electronic means on 30 April 2025 and was available for download from the website of the Company and/or Bursa Malaysia Securities Berhad ("Bursa Securities"). The shareholders who wish to receive a hard copy of the Annual Report may do so by completing the Request Form which was sent together with the Notice of 35th AGM on 30 April 2025. 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 six (6) Ordinary Resolutions would be tabled for shareholders' approval. The Ordinary Resolutions required a simple majority vote of the members or their proxies present. All resolutions will be voted on by way of poll. Each member present in person, by proxy, by attorney or through a duly authorised representative shall entitled to one (1) vote for each share held.

The Meeting noted that Dvote Services Sdn. Bhd. had been appointed as the Poll Administrator and would provide a briefing to shareholders on the polling procedures. Additionally, TMF Global Services (Malaysia) Sdn. Bhd. was appointed as the Independent Scrutineer to verify and validate the votes cast. The results of the poll will be announced at the conclusion of the 35th AGM and subsequently released to Bursa Securities.

It was noted that for each resolution tabled at the Meeting, a proposer and a seconder would be invited to formally propose and second the resolution. All proposed resolutions would be set aside for e-polling which would be conducted towards the end of the 35th AGM after all resolutions had been tabled and Questions and Answers ("Q&A") session. Questions relating to the resolutions would be addressed during the Q&A session.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 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 2024 ("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 2024 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 MR. FELIX LEONG AS A DIRECTOR OF THE COMPANY**

The Chairman proceeded to the agenda on the re-election of Mr. Felix Leong as a Director of the Company, who was retiring pursuant to 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. Felix Leong could be found on page 4 of the 2024 Annual Report.

The Ordinary Resolution 1 was proposed by Mr. Teo Chen Fui and seconded by Mr. Bay Boon Hong, both of whom were shareholders of the Company.

The Chairman informed the Meeting that Mr. Panjijono Adijanto who was also retiring by rotation in accordance with Clause 97 of the Company's Constitution, had expressed his intention not to seek for re-election at this 35th AGM. Hence, he would retain office until the conclusion of this Meeting.

On behalf of the Board, the Chairman took the opportunity to express sincere appreciation to Mr. Pandjijono Adijanto for his invaluable contributions and dedicated service to the Company over the years.

**3. ORDINARY RESOLUTION 2
- PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM508,953.00 FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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 2024.

The Ordinary Resolution 2 was proposed by Mr. Chee Keng Zui and seconded by Mr. Tee Chee Chiang, both of whom were shareholders of the Company.

**4. ORDINARY RESOLUTION 3
- PAYMENT OF DIRECTORS' BENEFITS PAYABLE TO THE NON-EXECUTIVE
DIRECTORS OF THE COMPANY FOR THE PERIOD FROM 21 JUNE 2025
UNTIL THE NEXT ANNUAL GENERAL MEETING**

The Meeting noted that the next proposed resolution was to approve the Directors' Benefit payable to the Non-Executive Directors of the Company amounting to RM12,500.00 for the period from 21 June 2025 until the next AGM of the Company.

The Ordinary Resolution 3 was proposed by Mr. Teo Chen Fui and seconded by Mr. Chee Keng Zui, both of whom were shareholders of the Company.

**5. ORDINARY RESOLUTION 4
- RE-APPOINTMENT OF AUDITORS**

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

It was noted that PwC had indicated their willingness to continue in office.

The Ordinary Resolution 4 was proposed by Mr. Teo Chen Fui and seconded by Mr. Koay Swee Peng, both of whom were shareholders of the Company.

**6. ORDINARY RESOLUTION 5
- FINAL SINGLE-TIER DIVIDEND**

The next agenda was to consider the declaration of final single-tier dividend of 6.5 sen per ordinary share for the financial year ended 31 December 2024. The final dividend, if approved, would be paid on 18 August 2025 to the shareholders whose names registered in the Record of Depositors on 18 July 2025.

The Ordinary Resolution 5 was proposed by Mr. Lee Poh Woh, a shareholder of the Company and seconded by Mr. Tan Hock Beng, acting as proxy for Mr. Tan Loo Beng, a shareholder of the Company.

**7. ORDINARY RESOLUTION 6
- AUTHORITY TO ISSUE AND ALLOT SHARES**

The Meeting proceeded to consider the Proposed Ordinary Resolution 6 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.

The Ordinary Resolution 6 was proposed by Mr. Koh Hai Pin and seconded by Mr. Koay Swee Peng, both of whom were shareholders of the Company.

8. ANY OTHER BUSINESS

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

9. LETTER RECEIVED FROM THE MINORITY SHAREHOLDERS WATCH GROUP

After tabling all the proposed resolutions on the Agenda, the Chairman informed the Meeting that the Company had received a letter from the Minority Shareholders Watch Group ("MSWG") and the Board would like to address the questions raised by the MSWG as set out in their letter dated 13 June 2025 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, Mr. Low Kong Choon ("Mr. Low"), the Chief Financial Officer cum Group Company Secretary and Mr. Nicholas Chua Min Her, the Group Risk Management and Sustainability Officer had responded to MSWG's questions during the meeting, which was annexed and marked as "**Appendix I**".

**10. Q&A SESSION
- RAISED DURING THE MEETING**

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

Questions raised by the Shareholders and/or Proxies were addressed by the Board of Directors and the Management. The responses have been compiled and annexed as "**Appendix II**".

11. POLLING PROCESS

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

Following the briefing by the Poll Administrator, Dvote Services Sdn. Bhd. on the polling procedures, the Chairman announced that shareholders and proxies would be given 10 minutes to cast their votes. Upon the conclusion of the voting session, the results were submitted to the Independent Scrutineers for verification and validation, a process expected to take approximately 30 minutes. The Chairman adjourned the Meeting after the conclusion of the voting session.

12. ANNOUNCEMENT OF POLL VOTING RESULTS

The Chairman called the Meeting to order at 12.50 p.m. to announce results of the poll voting. He informed the shareholders that the poll voting results, which had been verified by the Independent Scrutineers, TMF Global Services (Malaysia) Sdn. Bhd. had been received. The verified poll voting results were then projected on the screen in the meeting room and appended to the minutes as "Appendix III".

Based on the poll voting results, the Chairman then declared that Ordinary Resolutions No. 1 to 6 were all **CARRIED** and the Meeting RESOLVED:-

**ORDINARY RESOLUTION 1
RE-ELECTION OF MR. FELIX LEONG AS DIRECTOR OF THE COMPANY**

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

**ORDINARY RESOLUTION 2
PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM508,953 FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2024**

" THAT the payment of Directors' fees of RM508,953 for the financial year ended 31

December 2024 be hereby approved."

**ORDINARY RESOLUTION 3
PAYMENT OF DIRECTORS' BENEFITS PAYABLE TO THE NON-EXECUTIVE
DIRECTORS OF THE COMPANY AMOUNTING TO RM12,500 FOR THE PERIOD
FROM 21 JUNE 2025 UNTIL THE CONCLUSION OF ANNUAL GENERAL
MEETING**

"THAT the payment of Directors' benefits amounting to RM12,500.00 payable to the Non-Executive Directors of the Company for the period from 21 June 2025 until the conclusion of Annual General Meeting hereby approved."

**ORDINARY RESOLUTION 4
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 5
FINAL SINGLE-TIER DIVIDEND**

"THAT a final single-tier dividend of 6.5 sen per ordinary share for the financial year ended 31 December 2024 be hereby approved for payment on 18 August 2024."

**ORDINARY RESOLUTION 6
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.”

13. CONCLUSION

There being no other business, the Meeting was concluded at 1.00 p.m. with a vote of thanks to the Chair.

CONFIRMED AS CORRECT RECORD

**WONG YOKE KONG
CHAIRMAN OF MEETING**

**HARRISONS HOLDINGS (MALAYSIA) BERHAD (“the Company” or “Harrisons”)
(REGISTRATION NO. 199001003108 (194675-H))
QUESTIONS RAISED BY THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) AS
SET OUT IN THEIR LETTER DATED 13 JUNE 2025**

OPERATIONAL & FINANCIAL MATTERS

Question 1 (a)

Which specific brands or products categories are most affected by parallel imports?

Reply to Question 1(a)

- ~ Noodles (both Sabah & Sarawak) – parallel import from West Malaysia.
- ~ Chocolate powder was also impacted (both Sabah & Sarawak) – parallel import from West Malaysia.
- ~ Dental Cream (Sabah only as Sarawak is not dental cream distributor) – parallel import from Indonesia.
- ~ Baby diapers – Open and Pants too - parallel import from West Malaysia.

Question 1(b)

Who are the key new entrants in East Malaysia? Given their significant impact, what strategies or competitive strengths are they employing to penetrate the market?

Reply to Question 1(b)

To be more exact, a big convenience chain store wanted a major brand owner to sell to them direct (as they do in Peninsular Malaysia). One of our major FMCG Principal started to sell direct to them for the Sabah market as from July 2023.

This convenience chain store based on their sheer size in Sabah and Peninsular are able to obtain attractive trading terms from brand owners and offer competitive price to the outlets in East Malaysia.

Question 2(a)

What specific actions are being taken to tighten customer credit terms, improve collections, and reduce exposure to high-risk accounts?

Reply to Question 2(a)

- ~ Hold supply to customers who has exceeded credit terms.
- ~ Frequent follow-up by salesmen for customers with high exposures.
- ~ Regular credit control meeting with sales team to negotiate with the customers to reduce the credit terms and settlement of long overdue outstanding account to improve collection.
- ~ Daily and Monthly Credit Management Reviews are conducted to review credit limits/periods.
- ~ Prompt payment discounts may be offered to selected customers to reduce the credit periods and limits exposure.

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- ~ Reduce supply to high-risk accounts by selling based on Cash-On-Delivery basis.
- ~ To send reminder letters, letter of demand on slow payment customers.
- ~ Monitor slow payment customers with CTOS search and to take necessary legal action against long overdue account.
- ~ Request for bank/personal guarantee with any exemption from management.

Question 2(b)(i)

Are any of the doubtful debts recoverable?

Reply to Question 2(b)(i)

Yes.

Question 2(b)(ii)

How much of the doubtful debts have been recovered, and what is the probability of recovering the balance?

Reply to Question 2(b)(ii)

As at-to-date, around RM1.6 million has been recovered. We estimate that 58% of the remaining doubtful debts to be recovered.

Question 3(a)

Were there any significant agency contract wins or losses during FY2024?

Reply to Question 3(a)

The Company secured a few new FMCG agencies in 2024 in Sabah and Sarawak.

Question 3(b)

How many potential new agency agreements is the Group currently actively negotiating or pursuing?

Reply to Question 3(b)

Both Harrisons Sabah Sdn. Bhd. and Harrisons Sarawak Sdn. Bhd. are negotiating with new FMCG brand owners for potential agency distributorship.

Due to the Non-Disclosure Agreements we had entered, we cannot disclose more.

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Question 3(c)

Does the Group anticipate any significant agency contract renewals, losses or new wins in FY2025 that could materially impact revenue?

Reply to Question 3(c)

All significant FMCG agency contracts due for renewal in 2025 has been renewed except for one in Sabah as the brand owner want to distribute direct to customers instead of through a distributor.

SUSTAINABILITY MATTERS

Question 4(a)

As a distributor, vehicle fleet is likely a major Scope 1 source of emissions. What is Harrisons's strategy for phasing in electric or low-emission vehicles for its delivery fleet?

Reply to Question 4(a)

Harrisons acknowledges the importance of monitoring Scope 1 emissions as part of our environmental responsibility, especially in the context of our role as a distributor. We are fully aware that logistics-related activities contribute to our carbon footprint. However, based on our current operational structure, the primary contributors to Scope 1 emissions within the Group stem from the use of forklifts, a few warehouse vans, and other fuel-powered equipment operated directly by the Company.

Most of our delivery operations are outsourced to third-party logistics providers (3PLs). As such, the emissions from those delivery fleets currently fall under Scope 3, not Scope 1. Nonetheless, we recognise the growing importance of managing and engaging with 3PLs to track and eventually reduce emissions across our value chain.

In relation to phasing in electric or low-emission vehicles, we note that the availability of such commercial vehicles in Malaysia remains limited, with most electric vehicle (EV) models currently tailored to private/ family use rather than commercial logistics operations. As such, we are monitoring market developments and regulatory incentives related to EV adoption in the commercial sector.

We will continue to evaluate the practically, cost implications, and infrastructure readiness for incorporating EVs or low-emission alternatives in our operations.

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Question 4(b)

When does the Group expect to begin tracking and reporting Scope 1 and Scope 3 emissions?

Reply to Question 4(b)

The Group recognises the growing importance of measuring and managing greenhouse gas (GHG) emissions across its operations and value chain, in line with global sustainability expectations and Bursa Malaysia’s Sustainability Reporting Framework.

We are currently evaluating appropriate methods to effectively track and quantify diesel consumption. This involves identifying robust internal data sources and implementing standardised reporting framework to streamline future disclosures.

Tracking Scope 3 emissions presents a greater complexity, as it requires engagement and collaboration with external partners to obtain reliable emissions data. We acknowledge this challenge and plan to initiate discussions with our 3PL partners to explore practical approaches for data sharing, with the aim of incorporating relevant Scope 3 data.

Question 4(c)

Are there any initiatives currently underway to reduce energy consumption or fossil fuel dependence?

Reply to Question 4(c)

The Group recognises the material importance of managing energy consumption and fossil fuel dependence, both from an environmental and operational efficiency perspective. This focus aligns with Bursa Malaysia’s Sustainability Reporting Framework, which encourages listed issuers to set measurable targets and disclose performance indicators in relation to energy use and carbon impact.

The Group has commenced tracking electricity usage and identifying energy efficiency opportunities. While our business does not currently involve direct energy-intensive production, we are committed to exploring feasible and purpose-driven measures that align with our business objectives. Our approach will remain pragmatic, ensuring any future initiatives balances the environmental benefits with economic viability.

This may include establishing measures for energy consumption reduction across key operational sites, including warehouse and office facilities. This will involve identifying energy efficiency opportunities such as equipment upgrades, optimised route planning, use of renewable energy (solar) and behavioural change campaigns.

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With respect to fossil fuel dependence, particularly diesel usage in our warehouse equipment and company-owned vehicles, we will continue to monitor our fuel consumption and evaluate alternative solutions as market conditions evolve.

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QUESTIONS RAISED BY THE SHAREHOLDERS AND/OR PROXIES DURING THE THIRTY-FIFTH ANNUAL GENERAL MEETING HELD AT IDEAS KUALA LUMPUR HOTEL, 12 JALAN RAJA LAUT, 50350 KUALA LUMPUR, W.P. KUALA LUMPUR ON FRIDAY, 20 JUNE 2025 AT 10:30 A.M.

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

Question 1 by Mr. Jackson Tan Beng Liang (“Jackson Tan”), the Corporate Representative of Minority Shareholder Watch Group (Shareholder)

At the last Annual General Meeting, the Company mentioned plans to either develop its own brands or import selected brands to complement its existing brands. Mr. Jackson Tan enquired about the timeline and progress of this initiative. He also sought clarification on which products are being considered for in-house brands development and which ones are intended for import.

Respond to Question 1

Mr. Clement Chang Kon Sang (“Mr. Clement Chang”) replied that:-

Our own brand currently represents a smaller portion of the overall business. We are developing our own brand for long-term growth and will continue to rebuild and strengthen our own brands. At present, our focus remains on the FMCG segment, where distribution is mainly managed under brand owners.

Question 2 by Mr. Kwang Qi Chai, the Shareholder of the Company

- (i) The highest revenue contributed from Sabah, followed by Sawarak and Peninsular, any historical reason why the Company is stronger in Sabah.
- (ii) The majority of the Group’s revenue comes from the FMCG sector, while contributions from building materials and chemical products are relatively smaller. FMCG operations are linked to the renewal of agency contracts. With current trends shifting towards direct-to-consumer strategies, brand owners may increasingly choose to bypass traditional distributors.

Is there potential value to be offered in non-FMCG segments, such as building materials and chemicals? Have you faced any challenges in expanding into these non-FMCG businesses?

- (iii) The cash flow has been declining over the past four years, mainly due to unfavorable changes in working capital. This decline is primarily driven by a significant increase in inventories and a slight rise in trade receivables. He would like to know whether this trend results from intensified market competition or a strategic decision to onboard more principals, which has led to higher inventory levels?

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Respond to Question 2

Mr. Clement Chang replied that:-

- (i) Harrisons and Crosfield (Borneo) Ltd. (“HCB”) first arrived in Malaysia over 100 years ago, beginning its operations in Sandakan, Sabah. HCB started its business through trading and shipping and has maintained a strong trading presence in Sabah ever since.

During the British colonial period, a strategic arrangement was established. Harrisons started its operations in Sabah and later to Sarawak. This allowed Harrisons to expand its brands and reach across East Malaysia. Eventually, both Harrisons in Sarawak and in Sabah are engaged in similar business activities.

In Peninsular Malaysia, Harrisons Peninsular were primarily focused on supplying building materials and agro-chemicals to H&C Plantations. However, these plantation assets were sold by Harrisons & Crosfield London before 1990 and the operations in Harrisons Peninsular then shifted its focus solely to distribution of building materials to the construction industry, agro-chemicals to the dealers and industrial chemicals to manufacturers..

- (ii) The Group's profitability contributed by Harrisons Peninsular is currently lower than Harrisons Sabah Sdn. Bhd. (“Harrisons Sabah”) and Harrisons Sarawak Sdn. Bhd.”). Although we are not the exclusive distributor for the brand owners, we have successfully distributed their products throughout Sabah and Sarawak. In contrast, the cement product market is highly competitive, with numerous building material suppliers vying for business primarily on pricing and extended credit terms.

In Peninsular Malaysia, we also operate in the FMCG sector under Harrisons Marketing & Services in Johore. There is an opportunity to expand our FMCG business nationwide and to grow the building materials segment by introducing products from countries such as China and Indonesia.

- (iii) After COVID, all principals have enhanced their innovation and promotional efforts. We have increased our indent volumes to meet the targets set by brand owners and to strengthen our market presence. As a non-exclusive distributor, especially with Harrisons Peninsular, we remain competitive by offering extended credit terms to our customers. In the FMCG sector, brand strength is a crucial factor for success. Fortunately, market conditions have been improving, providing better opportunities for growth and strategic positioning.

Question 3 by Mr. Ho Yueh Weng, the Shareholder of the Company

- (i) Is Famous Amos categorised under retail segment?

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- (ii) What challenges did Komonoya Brand face in managing stock, and what prompted the decision to discontinue the business?
- (iii) Harrisons Peninsular generated considerable retail sales previously, but there has been a significant decline in the current financial year. What factors contributed to this drop?
- (iv) According to 2023 Annual Report, the Company expected consumer spending to improve after the second half of 2025 for FMCP Division.

The Malaysian government has extended the implementation of Sales and Services Tax (“SST”). What are the direct and indirect impacts on Harrisons' business?

- (v) The sales performance of the business relies on the Principal's product sales. If the Principal underperforms, will it affect the business's revenue and the overall growth of the Group?
- (vi) Employee turnover among non-executive and technical staff has significantly increased. Is manpower a critical factor for our business's operation? Are we potentially losing talented employees to competitors?
- (vii) The Company owns the following parcels of vacant land:
 1. Mukim of Kundor, District of Rembau, Negeri Sembilan: HS(D)3529-PT655, HS(D)3530-PT656, HS(D)3549-PT675, HS(D)3588-PT714
 2. Labuan Suburban — Grant No. 346 / 27903446
 3. Labuan Suburban — Grant No. 347 / 20790507
 4. Kota Kinabalu Industrial Park (KKIP), Sabah

Are there any development or investment plans for these properties?

Respond to Question 3

Mr. Low Kong Choon (“Mr. Low”) replied that:-

- (i) The retail segment primarily consists of Famous Amos brand products. It also included the distribution of Komonoya brand products, which ceased operations in 2024.
- (ii) When we took over the business, our primary focus was on securing the NTUC agency in Singapore. However, as many new competitors, such as Mr. DIY, entered the market and affected our sales, particularly in Harrisons Peninsular. Hence, we decided to wind down our operations of Komonoya retailing.

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- (iii) The Famous Amos Chocolate Chip Cookie Singapore Pte. Ltd. (“Famous Amos”) operates exclusively in Singapore. The performance of Famous Amos remained relatively stable in the Singapore market.
- (iv) In both the first and second half of last year, sales decreased by approximately 5%. Nearly half of our sales were generated by a single principal. Their performance dropped significantly last year, which directly impacted our business due to our reliance on their product sales. However, they have released a report indicating that their performance is expected to improve in the second quarter.

SST primarily targets non-essential items, significantly impacting the building materials sector. This sector accounts for approximately 20% of overall Group operations, so price increases in this category could have substantial effects.

Mr. Clement Chang replied that:-

- (v) One of our major Principals initially planned to expand sales. However, performance was hindered by a boycott in 2023, which significantly impacted our own sales volume as a distributor. While we did receive some promotional support, we continued to align with the Principal's strategic direction. To revitalise performance, the Principal has proposed several promotional strategies aimed at boosting sales. Additionally, we are shifting our focus towards developing our own brands to build resilience and reduce our dependency on the Principal.
- (vi) The high staff turnover has been particularly noticeable in Sabah, where the need for staff training has become essential for consumer goods. Recently, two of Harrisons' staff were offered much higher salaries by the competitors. Additionally, the Principal has been very demanding, requiring the team to meet targets. Most sales remuneration and incentives for sales staff have also increased to encourage better performance.

Harrisons employs over 1,000 staff members in Sabah, many of whom are unionised. As market competition increases, we have encountered challenges regarding salary increases for sales personnel, staff morale, and overall human resource management. We are implementing training programs for both staff and managers. However, the gradual rise in operational demands, coupled with increasing living costs, continues to exert pressure on the Group.

Mr. Clement Chang and Mr. Low replied that:-

- (vii) 1. Mukim of Kundor, District of Rembau, Negeri Sembilan: HS(D)3529-PT655, HS(D)3530-PT656, HS(D)3549-PT675, HS(D)3588-PT714
~ These are heritage lands and are not located in areas suitable for development. The development decisions for this vacant land have not yet been made.
- 2. Labuan Suburban — Grant No. 346 / 27903446 and Grant No. 347 / 20790507

**HARRISONS HOLDINGS (MALAYSIA) BERHAD (“the Company” or “Harrisons”)
(REGISTRATION NO. 199001003108 (194675-H))**

QUESTIONS RAISED BY THE SHAREHOLDERS AND/OR PROXIES DURING THE THIRTY-FIFTH ANNUAL GENERAL MEETING HELD AT IDEAS KUALA LUMPUR HOTEL, 12 JALAN RAJA LAUT, 50350 KUALA LUMPUR, W.P. KUALA LUMPUR ON FRIDAY, 20 JUNE 2025 AT 10:30 A.M.

- ~ No development decisions have been made to these vacant lands yet.
- 3. Kota Kinabalu Industrial Park (KKIP), Sabah
 - ~ Construction for the warehouse is underway and is expected to be completed after two years.

Question 4 by Mr. Tan Ching Yew, acting as proxy for the Shareholder of the Company, Mr. Kwang Qi Cai

- (i) In light of recent sale margin increase, do you foresee that the Principal implementing stricter conditions on incentives in the coming year?
- (ii) One of the principals wants to sell directly to convenience stores. Could you provide a general overview of the principal’s market size, and the types of products offered?
- (iii) What factors have caused convenience stores to shift toward direct sourcing from the Principal? Additionally, what actions are we currently taking in response to this change?

Mr. Clement Chang replied that:-

- (i) One factor that increases the sale margin is when the principal raises its selling price. An increased selling price means that stock in the warehouse can be sold at higher margins.

In the past, profit margins were more substantial. However, most competitors now use a cost-plus pricing model, which has narrowed margins across the industry. As a result, a significant portion of profits is now generated by meeting incentive-based targets. These incentives vary based on criteria such as sales performance and warehouse efficiency. The major Principal is expected to set challenging performance targets for their distribution partners as the market becomes more challenging.

- (ii) We are unable to address this question as it pertains to confidential and sensitive information.
- (iii) A big convenience chain store group had shifted to direct sourcing from the Principal in Sabah as they did in Peninsular Malaysia., driven by its preference for direct purchasing.

Question 5 by Mr. Teo Chen Fui, a Shareholder of the Company

- (i) Regarding the Company’s own brands, does it refer to importing a well-known, high-performing brand from abroad, or developing an original product under its own label?
- (ii) Given the emerging or current risk, could you explain why the Company believe the long-term growth of the Group remains intact?

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Mr. Clement Chang replied that:-

- (i) If a company wants to introduce a brand that has not yet entered the Malaysian market, it can register the brand as a trademark locally. Alternatively, a local company may contract with an overseas manufacturer (e.g. in China) to produce goods under its own brand name. This arrangement is subject to the manufacturer’s consent and the branding and distribution terms defined in the contract.

Mr. Low replied that:-

- (ii) Harrisons has been in operation for over 100 years, maintaining a strong presence in both small urban towns and remote areas of Sabah and Sarawak. Over the years, the Group's turnover has steadily increased, demonstrating its commitment to regional coverage and adaptability in the market. Although one major Principal's products have recently experienced a decline, performance in other agencies have improved. This balanced portfolio reinforces our confidence in the Group's long-term growth prospects. We remain optimistic about Harrisons' continued growth.

Question 6 by Mr. Ong Leong Kee, a Shareholder of the Company

- (i) What initiatives has the Company undertaken to embrace the digital landscape, including areas such as e-commerce, automation, or data analytics?
- (ii) What strategies are being used by the Company to drive growth and effectively promote its own house brands, ensuring it remains competitive and does not fall behind in the market?
- (iii) Will the Group continue to prioritize the Business-to-Business (“B2B”) model, or is there consideration to explore additional avenues of trade? Specifically, is there interest in evaluating opportunities within the digital and cyber space to evaluate their relevance and value for future growth?
- (iv) What steps will the Company take to strengthen its technology? Will the Company implement cost-cutting measures, including reducing headcount, given that automation is not yet a strength?
- (iv) Can you provide a breakdown of the Company's revenue distribution between East Malaysia and West Malaysia? Specifically, what proportion of income is generated from each region?

Mr. Clement Chang replied that:-

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- (i) We are currently enhancing our warehouse management capabilities by implementing advanced computer systems and a robust staff system to strengthen our workforce structure. These improvements aim to reduce staff-related costs and increase operational resilience.

Two years ago, we partnered with a technology firm to assess and improve our operation systems in Sabah. While we recognise the existence of sunset trends in some industry, our extensive experience and diversified business portfolio continue to provide stability. We remain proactive in adapting to market changes. Our key initiatives include promoting our house brands, streamlining warehouse operations, and improving workforce efficiency.

Additionally, we are committed to upgrading our systems to ensure sustained growth and competitiveness.

- (ii) We have established our own marketing company, whose expertise will be instrumental in the promotion of our house brands. Products under the house brand will be distributed to retail outlets through our appointed distributors.

Datuk Lim Tong Lee (“Datuk Lim”) further elaborated in response to questions 6(i) and 6(ii) above as follows:-

Our current business model is Business to Business (“B2B”). At this stage, we do not use social media to promote our products, and we also carry other principal brands. Digitalisation is a key internal project for us. As a board, we recognise the significance of this transformation and are committed to launching our digitalisation program soon, focusing primarily on enhancing our logistics and warehouse systems. These improvements will significantly boost efficiency and add value to our business model. Regarding our house brand, digitalisation will also support its growth. As part of this program, we will strategically utilise social media platforms such as Instagram and Facebook to promote the house brand and complement our existing initiatives.

Mr. Low further added in response to questions 6(i) and 6(ii) above as follows:-

Three years ago, we upgraded our IT system, investing approximately RM10 million specifically in our operations in Sabah. The new IT system successfully went live in 2023, and we are currently extending its implementation to our operations on Harrisons Peninsular. This represents significant progress in our digitalisation journey.

It is important to acknowledge the unique challenges in Sabah, where the vast geographic coverage and limited internet connection in certain areas mean that some customers still rely on hard-copy invoices instead of e-invoices. We are addressing these issues and exploring further improvements to enhance system efficiency and user accessibility.

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Additionally, due to our B2B business model and the nature of our product offerings which primarily consist of Principal brands, our initiatives must be tailored to align with operational realities and customer needs.

- (iii) The Company will continue to maintain its Business-to-Business (“B2B”) model as its core operating strategy.
- (iv) The Board is fully aware of all IT-related matters and has engaged consultants to actively address and support these initiatives.
- (v) Our sales are categorised by geographical functions, with breakdowns provided for Sabah, Sarawak, and Peninsular Malaysia accounts. However, detailed margin information for these regions is considered sensitive and cannot be disclosed at this time.

Question 6: Recommendation by Mr. Koay Swee Peng, a Shareholder of the Company

- (i) To conduct Annual General Meeting in Sabah and give opportunity to the Shareholders to visit the warehouse in Sabah.

The Chairman thanked for the shareholder’s recommendation and replied that:-

- (i) The Board will consider this recommendation.

The Chairman expressed appreciation for all questions raised during the meeting. The Board recognised the importance of embracing digitalisation to navigate business challenges and opportunities.

Given the parameters of our core business, we remain committed to exercising caution to avoid direct competition with our principal partners. As part of a broader strategic approach, we are actively exploring new possibilities and potential business avenues that can strengthen our market position and leadership.

In response to questions raised, the Company is in the progress of evaluating these opportunities. We welcome contributions from experienced individuals who can support and guide us in this strategic development process.

Question 7 and recommendation by Mr. Ong Leong Kee, a Shareholder of the Company

Along with the marketing channel, I have different views regarding the distributor does not competing with the principal partners. Advertising the brands can be mutually beneficial, as increased distributor revenue also supports the principal’s success. Regardless of the business model, is there a forward-looking strategy to strengthen the Company’s image and brand presence? Is the Company currently associating the Company’s image with the Principal’s products?

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It is recommended to include images of Principal's products in the Annual Report, as this aligns with basic channel marketing practices.

Mr. Low thanks for the shareholder's recommendation and replied that:-

To include images of the Principal's product in the Annual Report, prior approval from the Principal is required. This process may delay completion, as the Principal may request additional information from the Company before granting permission. Additionally, the Annual Report and AGM is intended solely for corporate reporting and not for product promotion or marketing purposes.

Question 8 by Mr. Teo Chen Fui, a Shareholder of the Company (Online Question)

In respect of the cement business, Harrisons does not handle delivery directly but channels customer orders to the cement manufacturer. Could you clarify how the cement business is currently operated? Additionally, why do customers choose to place orders through Harrisons instead of dealing directly with the cement manufacturer?

Mr. Low replied that:-

The cement industry is highly competitive, with prices varying daily, and sometimes even hourly. Harrisons operates several cement distribution businesses across the northern, central, and southern regions. We strategically align our distribution points with manufacturing locations to optimise logistics and pricing. To minimise transportation costs and respond to real-time pricing, we typically select the nearest manufacturer to the customer. Since we do not hold inventory, orders are fulfilled through direct deliveries from the manufacturer to the customer. Harrisons is responsible for monitoring and tracking these delivery orders to ensure smooth operations. However, as a customer's order volume grows significantly, the cement manufacturer may opt to supply them directly, bypassing us.

Question 9 and Recommendation by Mr. Kow Li Shi, a Shareholder of the Company (Online Question)

- (i) How has the Company's progress been after the bonus issue, which was almost a year ago? Are there any new plans?
- (ii) Thank you to the Board for choosing the City Center venue for our meeting. In the future, please consider selecting a venue with free parking, as it would give shareholders more time to engage with management and one another. It would also help the Company reduce costs by avoiding reimbursement for parking fees, as seen today. Ideally, a hall with open and free parking would be best.

**HARRISONS HOLDINGS (MALAYSIA) BERHAD (“the Company” or “Harrisons”)
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- (iii) How was the company's business? What could make more profits? Does the traditional retail store bring good revenue? What could the company do that depends on the return from cash capital?
- (iv) Could the Company distribute a higher dividend since the value has stabilised after the bonus issue?
- (v) In the context of the Malaysian taxation system, specifically comparing Goods and Services Tax (“GST”) and Sales and Service Tax (“SST”), which is better for consumers and business operations? Many politicians argue that each system has its merits, but there doesn't seem to be a consensus on the best advice. Can the Company provide recommendations on which system is more advantageous?

The Chairman replied that:-

- (i) The Board currently has no plans to pursue further dilution or initiate a rights issue.
- (ii) Parking fee reimbursement has been arranged outside the meeting hall, and shareholders are encouraged to engage with the Board of Directors after the meeting concludes.
- (iii) The Company is constantly looking for business acquisition opportunities that align with and enhance our core operations.
- (iv) The Board has evaluated the Company's profitability and guaranteed a fair distribution of dividend to its Shareholders.
- (v) The Company is not in a position to express an opinion on this matter at this time.

Mr. Kow Li Shi thanked the Company for its efforts and progress over the past 100 years. Hopefully this generation will see better rewards for investing. Thank you to the board and members.

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HARRISONS HOLDINGS (MALAYSIA) BERHAD

The 35th Annual General Meeting held at Ideas Hotel, 12 Jalan Raja Laut, 50350 Kuala Lumpur,
W.P. Kuala Lumpur on Friday, 20 June 2025 at 10.30 a.m.

Poll Result

Date :20/06/2025

RESOLUTION	FOR		AGAINST		Total Votes Present And Voted	%
	No. of Votes	%	No. of Votes	%		
Ordinary Resolution 1	229,690,561 47	99.999782	500 1	0.000218	229,691,061	100.000000
Ordinary Resolution 2	229,685,560 45	99.997605	5,501 3	0.002395	229,691,061	100.000000
Ordinary Resolution 3	229,685,560 45	99.997605	5,501 3	0.002395	229,691,061	100.000000
Ordinary Resolution 4	229,691,061 48	100.000000	0 0	0.000000	229,691,061	100.000000
Ordinary Resolution 5	229,691,061 48	100.000000	0 0	0.000000	229,691,061	100.000000
Ordinary Resolution 6	223,867,560 42	97.464638	5,823,501 6	2.535362	229,691,061	100.000000

