

**LAY HONG BERHAD**  
**Registration No. 198301011738 (107129-H)**  
(Incorporated in Malaysia)

Minutes of the Thirty-Eighth Annual General Meeting (“**38th AGM**” or the “**Meeting**”) of Lay Hong Berhad (“**Lay Hong**” or the “**Company**”) duly held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. in Malaysia on Wednesday, 28 September 2022 at 11.00 a.m.

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**PRESENT**

Dato’ Yap Hoong Chai (Executive Chairman)  
Dato’ Yeap Weng Hong (Executive Director)  
Dato’ Yap Chor How (Executive Director)  
Mr. Ng Kim Tian (Executive Director)  
Mr. Gan Lian Peng (Independent Non-Executive Director)  
Mr. Tan Chee Hau (Independent Non-Executive Director)  
Mr. Yeap Fock Hoong (Non-Independent Non-Executive Director)  
Mr. Tadaaki Ito (Non-Independent Non-Executive Director)  
Mr. Yasuhito Igarashi (Alternate Director to Mr. Tadaaki Ito)  
Shareholders and proxies as per attendance list

**IN ATTENDANCE**

Ms. Wong Yuet Chyn (Company Secretary)

**BY INVITATION**

As per attendance list

**NOTICE**

Dato’ Yap Hoong Chai, the Executive Chairman of the Company (“**Dato’ Chairman**”) welcomed the shareholders, proxies and guests to the 38th AGM of the Company.

Dato’ Chairman then proceeded to introduce the Board of Directors (“**Board**”) members and Company Secretary.

As informed by the Company Secretary that there being a quorum present, Dato’ Chairman declared the Meeting duly convened.

Dato’ Chairman informed that the 38th AGM was conducted on a fully virtual basis via online meeting platform provided by Securities Services e-portal as a precautionary measure against the spread of COVID-19.

Dato’ Chairman notified that the Notice convening the 38th AGM had been sent to all the shareholders, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Auditors of the Company and the said Notice was advertised in New Straits Times on 29 July 2022 in accordance with the Constitution of the Company. Dato’ Chairman proposed and the Meeting consented that the Notice of Meeting dated 29 July 2022 be taken as read.

Dato' Chairman informed the members that in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities, all resolutions as set out in the Notice of 38th AGM must be put to vote by poll. The Share Registrar, SS E Solutions Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process and Commercial Quest Sdn. Bhd., the Independent Scrutineer be appointed to verify the poll results.

Dato' Chairman informed that the Minority Shareholder Watch Group ("MSWG") had vide its letter dated 21 September 2022 addressed to the Board sought information and clarification on the Operational & Financial Matters. On behalf of the Board, Mr. Ng Kim Tian, the Executive Director of the Company thanked MSWG for giving the Company notice of their questions to enable the Board to reply officially to their letter.

For the information of the members present, the following questions from and the corresponding replies to MSWG were read out:

## **OPERATIONAL & FINANCIAL MATTERS**

### **Question 1**

The Group's food manufacturing business has recorded a decline in revenue to RM385.8 million (FY2021: RM425.4 million) due to the continuous shortage of foreign labour and certain input of raw materials in particular the mechanical deboned meat ("MDM") that affect the production cycle for the manufacturing of chicken nuggets and frankfurters. (page 9 & Note 30, page 124 of AR2022)

- (a) To-date, to what extent has the Group's labour shortage issue normalised? How far off is the Group from addressing its labour needs?
- (b) Does the Company have any plans to hire local workers to make up for the foreign labour shortage?
- (c) How many workers do the Group's manufacturing business need to run at optimal capacity?
- (d) To-date, has the Group managed to overcome the shortage of certain input of raw materials, i.e. the MDM that affect the production cycle for its manufacturing of chicken nuggets and frankfurters?

### **Answer 1(a)**

We have obtained the approval for 548 foreign workers. Upon getting all the necessary government clearance and documentations, which are expected to take up to 6 months, these workers will be onboard with us. With these in place, it will partially resolve the Group's manpower woes.

### **Answer 1(b)**

Our priority is to offer job opportunities to the locals. Our doors are always open for them and have put in constant effort to reach out to them; like placing banners at our production plants, distribute flyers, on-site interviews, digital advertising via Whatsapp. But these efforts were not well received.

### **Answer 1(c)**

900 workers.

**Answer 1(d)**

Yes, the group has to a certain extent overcome the supply of mechanical deboned meat (“MDM”) by sourcing it from a neighbouring country but at a higher cost.

**Question 2**

In FY2022, the pasteurised liquid egg segment produced 4.73 million kg (FY2021: 4.23 million kg). Production has increased slightly due to gradual easing of the movement control order (“MCO”). Orders from confectioneries and restaurants are slowly resuming. (page 10 of AR2022)

With business activities returning to normal post Covid-19, has demand for the pasteurised liquid egg return to pre-pandemic levels?

**Answer 2**

Yes, demand has been improving albeit at a slower pace, however with the manpower issue partially resolved, production for the financial year will be affected slightly.

**Question 3**

The Group’s retail business in Peninsular Malaysia and Sabah has a total of 66 stores (FY2021: 65 stores) (page 10 of AR2022).

- (a) Based on the 66 stores, how many stores are in Peninsular Malaysia and how many are in Sabah?
- (b) Under segmental reporting, the capital expenditure for retail business increased significantly to RM9.8 million (FY2021: RM1.0 million) (Note 30, page 124 of AR2022).

What were the reasons for the huge increase in capital expenditure, given that the additional one store in FY2022 was a ‘MyShop’? What were the major items in the capital expenditure?

**Answer 3(a)**

4 stores in Peninsular Malaysia.

62 stores in Sabah.

**Answer 3(b)**

A significant portion of capital expenditure in question is related to recognition of Rights-of-Use for operational lease agreement of retail outlets.

In accordance with Malaysian Financial Reporting Standards, MFRS 16: Leases, whenever a lease agreement was entered into, a lease asset for the rights to use the asset will be recognised.

All of the Group’s retail outlets are rented with lease agreements which ranges from 3 to 8 years with options to renew.

Aside from leases, the amount mentioned also include the cost for renovations, purchase of furniture, fittings, and equipment for the operation of the outlets.

**Question 4**

The Group also operates 45 smaller outlets branded under 'MyShop'. Due to its popularity, it is planned that more outlets of this kind will be added in the next financial year. (page 11 of AR2022)

- (a) How many 'MyShop' outlets does the Group's target to set-up in financial year ending 2023?
- (b) What is the cost of setting up a 'MyShop' outlet?

**Answer 4(a)**

Currently, about 40% of the outlets are under performing. These outlets will be reviewed, and appropriate promotional activities will be implemented to turn them around. With the recent change in consumers' behaviour resulted from the relaxation on movement control order, the management will monitor the situation carefully before deciding the next step.

**Answer 4(b)**

The cost of setting up a typical outlet will cost up to RM120,000.00.

**Question 5**

Other receivables increased significantly to RM27.6 million (FY2021: RM1.8 million) (Note 14, page 110 of AR2022).

What comprises the other receivables? To-date, how much of the other receivables have been collected?

**Answer 5**

The increase was due to 2 major reasons.

There was the accrual of RM8.3 million subsidies for chicken and eggs which was implemented by the government to cushion the farmers' input costs since 5 February 2022.

The other major reason was in relation to the balance receivable of RM16.6 million upon disposal of a piece of ex-farm land.

As at the date of our reply, close to RM8 million of the said accrual of subsidies have been received from the government.

**CORPORATE GOVERNANCE MATTERS**

**Question 6**

The internal audit function was outsourced to Moore Stephens Associates PLT ("Moore Stephens"). However, in view of the coronavirus disease 2019 ("COVID-19") pandemic and as part of safety measures against COVID-19, due to the nature of the Group's livestock business, the internal audit function for the FY2022 was carried out by in-house internal auditors. (page 35 of AR2022)

Appendix 9C Contents of Annual Report, Part A(30) of the Main Market Listing Requirements requires the listed issuer to state the costs incurred for the internal audit function in respect of the financial year.

What was the cost incurred for the Group's internal audit function for FY2022?

**Answer 6**

RM250,483.00.

Dato' Chairman then proceeded to the Agenda for the Meeting.

**1. Audited Financial Statements ("AFS") for the FY2022 together with the Reports of the Directors and Auditors thereon**

Dato' Chairman informed that as provided for in Section 340(1)(a) of the Companies Act 2016 ("CA 2016"), it was not required that the AFS be formally approved and therefore the first item of the Agenda was meant for discussion only and is not put forward for voting.

**2. To approve the payment of a Final Single Tier Dividend of 0.3 sen per ordinary share for the financial year ended 31 March 2022.**

**Ordinary Resolution 1** on the proposed payment of a final single tier dividend of 0.3 sen per ordinary share for the FY2022.

**3. To approve the payment of Directors' Fees of RM323,000.00 for the financial year ended 31 March 2022.**

**Ordinary Resolution 2** on the proposed payment of Directors' fees of RM323,000.00 for the FY2022.

**4. Re-election of Dato' Yeap Weng Hong**

**Ordinary Resolution 3** was on the proposed re-election of Dato' Yeap Weng Hong as Director of the Company pursuant to Clause 134 of the Constitution of the Company.

**5. Re-election of Mr. Lim Teck Seng**

Dato' Chairman informed the Meeting that the resolution in respect of re-election of Mr. Lim Teck Seng as Director of the Company, would not be deliberated as Mr. Lim had tendered his resignation as Director of the Company on 10 August 2022.

**6. Re-election of Mr. Tan Chee Hau**

**Ordinary Resolution 5** was on the proposed re-election of Mr. Tan Chee Hau as Director of the Company pursuant to Clause 134 of the Constitution of the Company.

**7. Re-appointment of Auditors**

**Ordinary Resolution 6** was on the re-appointment of Messrs. Tai, Yapp & Co. PLT as Auditors for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration.

Dato' Chairman invites the Auditors to introduce herself to the Shareholders. Ms. Miriam Doo, the partner from Messrs. Tai, Yapp & Co. PLT introduced herself and indicated their willingness to accept the re-appointment.

## 8. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016

**Ordinary Resolution 7** was on the authority to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016.

“**THAT** pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) pursuant to Bursa Malaysia Berhad’s (“**Bursa Malaysia**”) letter dated 23 December 2021 to grant an extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 39th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.”

## 9. Any Other Business

The Company Secretary confirmed that the Company had not received any notice for transaction of any other business for today’s Meeting.

Dato’ Chairman then proceeded with the Question and Answer (“**Q&A**”) session for the Board and Management of the Company (“**Management**”) to deal with the questions from the shareholders.

The following questions was raised by shareholders and the responses made by the Board and Management:-

### Question 1

**Kow Lih Shi**

Why is there a shortage of FMCG frozen products in retail stores and hypermarket?

### Response to Question 1

Dato’ Yap Chor How

The shortages can be caused by many factors, partly due to logistics and order issues. Lay Hong plans its production as accurately as possible so that they have enough to supply its customers including retail stores and hypermarket.

### Question 2

**Kow Lih Shi**

Why is there a shortage of eggs? All export?

## **Response to Question 2**

Dato' Chairman

This problem was being tackled by the Ministry of Domestic Trade and Consumer Affairs at the national level. As far as Lay Hong is concerned, the output of eggs from its farms were not reduced.

## **Question 3**

**Ho Yueh Weng**

Please give us your perspective about the growth & earnings outlook of Lay Hong. going forward given the impact of pricing uncertainties on commodities like corn etc.

## **Response to Question 3**

Mr. Ng Kim Tian

It was difficult to answer this question given the existing economy in the world is negative such as high input cost that affect all farmers, strengthens of USD and election is roaming, Lay Hong viewed that it should on hold their expansion and take the necessary steps to keep their inventories and facilities in order, try to organize and management the Company as best as possible.

## **Question 4**

**Gan Wei Fong**

Any plan for Lay Hong to expand the store towards IOT platform (example: Lazada, Shopee [virtual store]) to sell Lay Hong product?

## **Response to Question 4**

Dato' Yap Chor How

The Nutriplus products are currently sold in several IOT platforms such as Panda Mart, Grab Mart, Shopee and so on. Lay Hong is also expanding the range of products in these platforms and they are gathering feedback on how they can perform better.

## **Question 5**

**Liew Chee Seng**

When will the Company start to pay dividend?

## **Response to Question 5**

Mr. Ng Kim Tian

Dividend will be paid by 16 November 2022.

**Question 6**

**Hariza Binti Ismail**

It was noted that there are 40% underperforming stores. What is the time frame for turnaround?

**Response to Question 6**

Dato' Chairman

Lay Hong's retail segment is profitable in total. Those underperforming outlets are located in rural areas in Sabah mainly to serve the locals. The time frame depends on external factors, mainly spending power. Lay Hong needs to assess from time to time but cannot say for sure when exactly will it turn to profitability.

**Question 7**

**Loy Liang Liang**

Do the Company consider to issue warrants to shareholders?

**Response to Question 7**

Dato' Chairman

No, Lay Hong hadn't considered it yet.

**Question 8**

**Gan Wei Fong**

Any plan for Lay Hong to conduct AGM on site?

**Response to Question 8**

Dato' Yap Chor How

If the pandemic situation is no longer an issue, Lay Hong will consider holding the annual general meeting on site.

**Question 9**

**Tan Chin Yin**

Any positive forecast about the coming quarter revenue?

**Response to Question 9**

Dato' Chairman

Lay Hong hopes so. Its farms, plants and management are working towards this goal every day.



**Question 10**

**Loy Liang Liang**

The current situation may, to certain extent in favor of Lay Hong? For example, can sell more premium products (omega eggs).

**Response to Question 10**

Dato' Yap Chor How

This is what Lay Hong is currently doing, increase the sales of functional, omega 3 selenium and lower cholesterol eggs, at the same time, Lay Hong is trying to increase the sales of liquid eggs to ensure Lay Hong's options are fully exercised, given the externalities such as raw materials and price control.

With that, Dato' Chairman urged the shareholders and/or proxies who have yet to submit their votes. The Meeting shall now allocate another 10 minutes for them to complete casting their votes.

Dato' Chairman then announced the closing of the online voting session and then adjourned the Meeting for approximately 15 to 20 minutes for the poll votes to be counted by the Poll Administrator in the presence of the appointed scrutineer.

The Meeting resumed at 12.05 p.m. The representative of the scrutineer submitted the report of the results to Dato' Chairman. The results of the poll which were as follows:

**RESULT OF THE POLL VOTES ON RESOLUTIONS TABLED AT THE 38TH AGM ON 28 SEPTEMBER 2022**

Resolutions	Voted For			Voted Against		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
<b>Ordinary Resolution 1</b> To approve the payment of a Final Single Tier Dividend of 0.3 sen per ordinary share for the financial year ended 31 March 2022.	436,805,937	99.9937	186	27,492	0.0063	24
<b>Ordinary Resolution 2</b> To approve the payment of Directors' Fees of RM323,000.00 for the financial year ended 31 March 2022.	436,593,973	99.9484	143	225,456	0.0516	65

Resolutions	Voted For			Voted Against		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
<b>Ordinary Resolution 3</b> To re-elect Dato' Yeap Weng Hong as Director who is retiring under Clause 134 of the Constitution of the Company.	435,220,377	99.6339	165	1,599,052	0.3661	43
<b>*Ordinary Resolution 4</b> To re-elect Mr. Lim Teck Seng as Director who is retiring under Clause 134 of the Constitution of the Company.	0	0.0000	0	0	0.0000	0
<b>Ordinary Resolution 5</b> To re-elect Mr. Tan Chee Hau as Director who is retiring under Clause 134 of the Constitution of the Company.	436,697,277	99.9720	165	122,152	0.0280	43
<b>Ordinary Resolution 6</b> To re-appoint Messrs. Tai, Yapp & Co. PLT as Auditors for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration.	436,739,727	99.9818	172	79,702	0.0182	36
<b>Ordinary Resolution 7</b> Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	436,732,307	99.9801	163	87,122	0.0199	45

\* The Ordinary Resolution 4 was withdrawn due to Mr. Lim Teck Seng has resigned as Director of the Company on 10 August 2022.

Dato' Chairman then declared all the resolutions for the day carried.

**TERMINATION**

There being no other business, the Meeting terminated at 12.15 p.m. with a vote of thanks to the Chair.

**C O N F I R M E D B Y**

**CHAIRMAN**

Date: 28 September 2022