

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

Minutes of the Thirty-Ninth Annual General Meeting (“**39th 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, 27 September 2023 at 11.00 a.m.**

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. 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)
Mr. Wong Soo Thiam
Ms. Tham Wei Wei
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 39th 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 39th AGM was conducted on a fully virtual basis via online meeting platform provided by Securities Services e-portal to allow the shareholders able to participate, engage the Board and Management effectively and make informed voting decision at the Meeting.

Dato’ Chairman notified that the Notice convening the 39th 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 31 July 2023 in accordance with the Constitution of the Company. Dato’ Chairman proposed and the Meeting consented that the Notice of Meeting dated 31 July 2023 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 39th 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 19 September 2023 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

To temporarily lighten the input cost of production of farmers, the Government of Malaysia has introduced subsidies which is supposed to end on 30 June, 2023 has been extended beyond 1 July, 2023. (page 6 of AR2023)

For FY2023, how much subsidy did the Group receive from the Government of Malaysia? How much more subsidy will the Group be receiving for financial year ending 31 March 2024?

Answer 1

For the financial year ending 31 March 2023, total subsidy received was RM39.7 million. Since the production quantity of layers and broilers has only increased marginally in the financial year ending 31 March 2024, the amount of subsidy receivable will be around the same level. The production quantity eligible for subsidy is also dependent on the liveability of the live bird at farm.

Question 2

The Group had a closure of one old farm using the "deep litter" method of breeding. This farm is in the process of being rebuilt with the latest automated equipment when completed. (page 9 of AR2023).

- (a) What is the expected capital expenditure to be incurred for rebuilding the said farm?
- (b) When does the Group target to complete the rebuilding of the said farm and commence operation?

Answer 2(a)

Total budgeted capital expenditure for this rebuilding is RM18.9 million.

Answer 2(b)

Barring any unforeseen circumstances, it is expected to be completed in this current financial year ending 31 March 2024.

Question 3

During the financial year under review a total of RM35.41 million was spent on capital expenditure of which RM27.60 million was expended to increase farms/liquid egg production capacities and manufacturing of downstream chicken related products. The balance of RM7.81 million was mainly spent in the renovation cost of expanding the retail business. (page 11 of AR2023).

- (a) With RM27.60 million capital expenditure spent, to what extent will capacity be increased for farms/liquid egg production capacities and manufacturing of downstream chicken related products?
- (b) In relation to the Group's retail business, how many new outlets were opened during FY2023 and type of stores?
- (c) How many retail outlets does the Group targets to open in financial year ending 2024? Where will these outlets be located?

Answer 3(a)

The expected increase are as follows:

Additional farm houses built at layer farm 7 led to an increase of 80,000 eggs per day.

Rebuilt of broiler farm at Tanjung Karang led to an increase of 170,000 birds per cycle.

Answer 3(b)

No new outlets were opened. Maintained at 64.

Answer 3(c)

Due to the sluggish operating environment, the group has no intention to open any new outlet during the current financial year.

Question 4

During the financial year, the Group has also embarked on a biogas plant within the cluster of six large closed house layer farms to generate electricity to part- power some of the said farms. It is expected to be fully operational in the current financial year ending 31 March, 2024. (page 12 of AR2023).

- (a) What would be the estimated cost for the construction/setting up of the biogas plant?
- (b) To what extent will the generation of electricity from the biogas plant translate to cost savings for the Group?
- (c) Once the biogas plant is fully operational, to what extent will it help to reduce the Group's carbon footprint?

Answer 4(a)

The total cost for setting up the Biogas plant is projected to be RM10.0 million.

Answer 4(b)

Total electricity paid for the group was RM28.1 million for the year ended 31 March 2023. Upon completion of this capex, Lay Hong will save an estimated of RM400,000 in electricity per month.

Answer 4(c)

Once the plant is operational, plans are in the pipeline for an external consultant to study its impact.

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

1. Audited Financial Statements (AFS) for the Financial Year Ended 31 March 2023 (“FYE 2023”) 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 FYE 2023.

Ordinary Resolution 1 on the proposed payment of a final single tier dividend of 0.3 sen per ordinary share for the FYE 2023.

3. To approve the payment of Directors’ Fees of RM358,000.00 for the FYE 2023.

Ordinary Resolution 2 on the proposed payment of Directors’ fees of RM358,000.00 for the FYE 2023.

4. Re-election of Dato’ Yap Chor How

Ordinary Resolution 3 was on the proposed re-election of Dato’ Yap Chor How as Director of the Company pursuant to Clause 134 of the Constitution of the Company.

5. Re-election of Mr. Yeap Fock Hoong

Ordinary Resolution 4 was on the proposed re-election of Mr. Yeap Fock Hoong as Director of the Company pursuant to Clause 134 of the Constitution of the Company.

Dato' Chairman informed that Mr. Tadaaki Ito who retired pursuant to clause 134 of the Constitution of the company, indicated his intention of not seeking re-election. Hence, he would remain in office until the conclusion of the Meeting.

6. Re-election of Mr. Wong Soo Thiam

Ordinary Resolution 5 was on the proposed re-election of Mr. Wong Soo Thiam as Director of the Company pursuant to Clause 119 of the Constitution of the Company.

7. Re-election of Madam Tham Wei Mei

Ordinary Resolution 6 was on the proposed re-election of Madam Tham Wei Mei as Director of the Company pursuant to Clause 119 of the Constitution of the Company.

8. Re-appointment of Auditors

Ordinary Resolution 7 was on the re-appointment of Messrs. Tai, Yapp & Co. PLT (“**Tai, Yapp & Co**”) as Auditors for the financial year ending 31 March 2024 and to authorise the Directors to fix their remuneration.

The Auditors be invited by Dato’ Chairman to introduce herself to the Shareholders. Ms. Miriam Doo, the partner from Tai, Yapp & Co. introduced herself and indicated their willingness to accept the re-appointment.

9. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016 (“Proposed General Mandate”)

Ordinary Resolution 8 was on the authority to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016.

“**THAT** subject always to Sections 75 and 76 of the CA 2016, the Constitution, the MMLR of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 40th 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.

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the CA 2016 read together with Clause 65 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the CA 2016.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

10. Proposed Share Buy-Back Authority

Ordinary Resolution 9 was on the authority to approve the proposed share buy-back authority for the purchase of its own ordinary shares.

11. Any Other Business

The Company Secretary confirmed that the Company had not received any notice for transaction of any other business for 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

Lee Suan Bee

I am a long-time shareholder; I would like to request for e voucher as a token of appreciation for attending the Meeting.

Response to Question 1

Dato' Yap Chor How

Lay Hong will consider the matter at the next AGM.

Question 2

Kow Lih Shi

What should the Company do when face with egg shortage? How to increase egg production?

Response to Question 2

Dato' Yap Chor How

Depends on whether the situation is temporary or longer-term.

Question 3

Kow Lih Shi

Are eggs exported, especially to Singapore, delivered entirely on demand?

Why are there always a shortage of eggs in the 10s and 30s in Malaysia? Is it due to supply shortage or reduced demand from Malaysian consumers?

Response to Question 3

Dato Yap Chor How

Lay Hong supplies eggs to Singapore based on purchase orders from Singapore.

Lay Hong is not aware of any significant local egg shortages.

Question 4

Kow Lih Shi

How can the Company become more competitive and generate more net profits and pay more dividends?

Response to Question 4

Mr. Ng Kim Tian

We have embarked implementing cost saving initiatives such as biogas/recycling of green energy.

Question 5

Tan Chew Boon

Eggs are so expensive now with this inflationary pressure. Shareholders are requested to provide some discount coupons to reduce their difficulties without dividends. If performance continues like it is now, it will be worthless for anyone to hold shares in the Company.

Response to Question 5

Dato' Yap Chor How

Since February 2022, the retail price of normal table eggs in 30s has been under the controlled price.

Question 6

Ho Yueh Weng

Since very little corn, soybeans, etc. are grown locally, to what extent is the Company affected by global raw material price fluctuations and inflation?

What is the Company's expectation for future global price trends for key raw materials?

How and to what extent does the Company mitigate this price increase?

How much of the Company's ingredients are produced locally? Will any price be passed on to consumers? What does the future outlook?

Response to Question 6

Dato' Yap Chor How

Yes, feedstock prices do affect Lay Hong.

The Malaysian government is currently providing subsidies for eggs and chicken, which can cushion the rise in feed prices.

The outlook is very challenging.

Question 7

Hui Chee Keong

How does the minimum wage affect the Company?

Response to Question 7

Dato' Yap Chor How

Yes, it increases the Company's costs of production.

Question 8

Lim Siew Kep

Please give some E Vouchers to shareholders who attend this Meeting.

Response to Question 8

Dato Yap Chor How

Lay Hong will consider the matter at the next AGM.

Question 9

Sam Way Bing

How can there be a chickens or eggs shortages suddenly? It had been in abundance all the while. Is someone manipulating the price of chicken and eggs to increase?

Response to Question 9

Dato' Yap Chor How

Lay Hong is not aware of and no comment on the shortage of chicken or eggs.

Question 10

Lim Jit Thin

When can the Company hold a physical general meeting.

Response to Question 10

Dato' Yap Chor How

Lay Hong would consider your suggestion.

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

TERMINATION

There being no other business, the Meeting terminated at 12.30 p.m. with a vote of thanks to the Chair.

C O N F I R M E D B Y

CHAIRMAN

Date: 27 September 2023