

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

Minutes of the Fortieth (40th) Annual General Meeting (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 **Friday, 27 September 2024 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. Wong Soo Thiam (Independent Non-Executive Director)
Ms. Tham Wei Mei (Independent Non-Executive Director)
Mr. Yeap Fock Hoong (Non-Independent Non-Executive Director)
Shareholders and proxies as per attendance list

IN ATTENDANCE

Ms. Wong Yuet Chyn (Company Secretary)

BY INVITATION

As per attendance list

NOTICE

Dato' Yap Chor How, the Executive Director and the appointed chairman of the Company (Meeting Chairman) welcomed the shareholders, proxies and guests to the 40th AGM of the Company.

Meeting Chairman then proceeded to introduce the Board of Directors (Board) members and Company Secretary.

Based on the registration data as on 27 September 2024, there were 44 members or proxies or corporate representatives had registered for attendance of the AGM and as of 11.00 a.m., 27 September 2024, there were 128 members or proxies or corporate representative had joined virtually of the AGM.

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

Meeting Chairman informed that the 40th 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.

Meeting Chairman notified that the Notice convening the 40th 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 the New Straits Times on 31 July 2024 in accordance with the Constitution of the Company. Meeting Chairman proposed and the Meeting consented that the Notice of Meeting dated 31 July 2024 be taken as read.

Meeting 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 40th 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.

Meeting Chairman informed that the Minority Shareholder Watch Group (MSWG) had vide its letter dated 20 September 2024 addressed to the Board sought information and clarification on the Operational & Financial Matters, Sustainability Matters and Corporate Governance Matters. On behalf of the Board, Mr. Ng Kim Tian (Mr. Ng), 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

Profit before tax has recorded a significant increase of 197.04% or RM79.23 million from RM40.21 million in 2023 to RM119.45 million in 2024. The increase was mainly attributed to the broiler and egg subsidies received from the Government that led to the reduction in feed cost. The subsidies for the broiler operation were discontinued on 1st November 2023. However, the subsidy for the egg production is continuing. (page 7 of Annual Report 2024 (AR2024)).

What were the total subsidies received by the Group from the Government in the financial year ended 31 March 2024 (FY2024)? Of the total subsidies received from the Government in FY2024, what is the breakdown between broiler and egg subsidies?

Answer 1

Total subsidies received from 1st April 2023 to 31 March 2024 were RM103.2 million of which RM80.3 million was for Eggs and RM22.9 million was for Broilers.

Question 2

The 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 AR2024).

- (a) Based on Lay Hong’s reply letter dated 27 September 2023 to MSWG’s question raised in the previous AGM, barring any unforeseen circumstances, the farm was expected to be completed in the financial year ended 31 March 2024; what has caused the delay?
- (b) To date, what is the status of the farm?

(c) When does the Group expect to complete the farm rebuilding and commence operations?

Answer 2(a)

The cause was primarily due to the delay in shipping the entire assembly of the automated rearing system from China.

Answer 2(b)

The entire rebuilt was fully completed in financial year 2024 and the total cost expended was RM11.80 million.

Answer 2(c)

The said farm has since commenced operation and has been populated with broiler birds since January 2024.

Question 3

In FY2024, the pasteurised liquid egg segment produced 8.53 million kg as compared to 6.76 million kg in the financial year ended 31 March 2023 (FY2023). Production has increased significantly due to higher demand from confectioneries, bakeries, and restaurants, as well as higher demand from export sales. (page 10 of AR2024).

- (a) To what extent will the higher demand for pasteurised liquid eggs be sustained or exceed the performance of FY2024 in the financial year ending 2025 (FY2025)?
- (b) The revenue generated from the pasteurised liquid egg segment was RM70.93 million compared to RM56.21 million recorded in the previous year (page 10 of AR2024). How much revenue was generated from the pasteurised liquid egg segment attributable to export sales?

Answer 3(a)

The use of pasteurised liquid egg in Malaysian institutions especially in confectionaries is increasing steadily albeit at a slow and steady pace given its chilled pasteurised form and easy handling plus consistent quality.

Answer 3(b)

The Company currently export 27% of the existing production to Singapore and is also exploring markets in Middle East and Japan.

SUSTAINABILITY MATTERS

Question 4

The Group's disclosure of its material sustainability matters under Bursa Securities' prescribed format for Bursa Securities (Anti-corruption), the percentage of operations assessed for corruption-related risks was zero for FY2024. (page 53 of AR2024).

- (a) Why were there no operations assessed for corruption-related risks in 2024?

(b) When will the Company start assessing operations for corruption risks?

Answer 4(a)

There are currently four (4) Executive Directors who are very hands on in their respective portfolios. All material dealings are attended by them personally and discussed the issues in monthly exco meeting for decision. Given this kind of strict adherence to existing standard operating procedures (SOP) in place, the corruption related risks are somewhat mitigated although cannot be prevented.

Answer 4(b)

The Company would continue with the above practice and in addition the Company would also start assessing operations for corruption in the current financial year.

Question 5

How many Directors have not attended the Mandatory Accreditation Programme Part II: Leading for Impact? When will these Directors attend the new mandatory onboarding programme on sustainability, as Bursa Malaysia requires?

Answer 5

To date, out of the 8 directors, 5 have attended. One has registered for the 27th & 28th November date. The remaining balance of 2 have informed that they will do it soonest.

CORPORATE GOVERNANCE MATTERS

Question 6

The internal audit function was outsourced to Moore Stephens Associates PLT for the Company and its subsidiaries (Group). (page 62 of AR2024).

- (a) What was the cost incurred for the Group's internal audit function for FY2024 and FY2023?
- (b) There was no disclosure of the cost incurred for the Group's internal audit function for FY2024. Appendix 9C Contents of Annual Report, Part A(30) of the Main Market Listing Requirements of Bursa Malaysia requires the listed issuer to state the costs incurred for the internal audit function in respect of the financial year.

Please include the costs incurred for the internal audit function of the Group in future annual reports.

Answer 6(a)

Cost incurred for financial year 31 March 2023 was RM28,080 and for 31 March 2024 it was RM62,500.

Answer 6(b)

The Company apologised for overlooking the penning the internal audit cost in the 31 March 2024 annual report. The Board would make sure it will be stated in future.

Question 7

The Group has strengthened its Board diversity, from being an all-male Board previously and subsequently on 31 May 2023 appointed one woman Independent Non-Executive Director. (page 16 of AR2024).

What benefits has the Board experienced from gender diversity among its members? How has the Board's performance been impacted in relation to these benefits?

Answer 7

Lay Hong currently has eight (8) board members and has always acted professionally in all matters brought to the Board for deliberations. Now with the appointment of one lady, the Board find that it has brought fresh perspectives in all the discussions going forward.

Meeting Chairman thanked Mr. Ng for his presentation and then proceeded to the Agenda for the Meeting.

1. Audited Financial Statements (AFS) for the FY2024 together with the Reports of the Directors and Auditors thereon

Meeting 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 0.5 sen per ordinary share for the FY2024

Ordinary Resolution 1 on the proposed payment of a final single tier dividend of 0.5 sen per ordinary share for the FY2024.

3. To approve the payment of Directors' Fees of RM350,000.00 for the FY2024.

Ordinary Resolution 2 on the proposed payment of Directors' fees of RM350,000.00 for the FY2024.

4. Re-election of Dato' Yap Hoong Chai

Ordinary Resolution 3 was on the proposed re-election of Dato' Yap Hoong Chai as Director of the Company pursuant to Clause 134 of the Constitution of the Company.

5. Re-election of Mr. Ng Kim Tian

Ordinary Resolution 4 was on the proposed re-election of Mr. Ng Kim Tian as Director of the Company pursuant to Clause 134 of the Constitution of the Company.

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 (Tai, Yapp & Co) as Auditors for the FY2025 and to authorise the Directors to fix their remuneration.

The Auditors be invited by Meeting 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.

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

Ordinary Resolution 7 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 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 41st 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.”

9. Proposed Renewal of Share Buy-Back Authority for Purchase of its own Ordinary Shares (Proposed Renewal of Share Buy-Back)

Ordinary Resolution 8 was on the authority to approve the proposed renewal of share buy-back authority for the purchase of its own ordinary shares.

“**THAT** subject to Section 127 of the CA 2016, the Constitution of the Company, the MMLR of Bursa Securities and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner: (i) cancel all the shares so purchased; and/or (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or (iii) retain part thereof as treasury shares and cancel the remainder; or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

AND THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company.”

10. Any Other Business

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

Meeting Chairman then proceeded with the Question and Answer (Q&A) session for the Board and management of the Company to deal with the questions from the shareholders.

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

Question 1

The shareholders asked about the impact on the strong Malaysian Ringgit for the entire of chicken sector and the processing manufacturing industry, will there be any export losses and reduced profit?

Response to Question 1

The Company expects that due to the appreciation of the Malaysian Ringgit against other currencies, costs will be reduced, thereby improving profit margins. The Company does not anticipate any material adverse impact on its business from the appreciation of the Malaysian Ringgit.

Question 2

The shareholders asked whether the Company earn more profit from the import of raw materials and new-born chicks due to the stronger Malaysian Ringgit and weaker US dollar?

Response to Question 2

In FY2024, the Company's profit margin improvement was mainly due to the chicken and egg subsidies received. In addition, the stronger Malaysian Ringgit also contributed to the profit margin improvement.

Question 3

The shareholders inquired about how can the Company improve its quality control (QC) and quality assurance (QA) in the export process, mainly to ensure safety and reduce recall costs, such as the recent food incident in Singapore?

Response to Question 3

The Company employs qualified personnel to ensure the quality and safety of exported products.

Question 4

The shareholders inquired about the Malaysian Government initiatives to promote the food industry, agriculture and FMCG (fast moving consumer goods) sectors under the MADANI framework, has the Company suffered losses due to the subsidies and cost increase in egg prices? Will there be a shortage or oversupply of regular grade eggs?

Response to Question 4

The company is maintaining production in the egg sector to ensure that the government proactively supplies enough eggs to the market.

Question 5

The shareholders asked about the impact to the Company with the minimum cost increase by 5-10% due to the removal of government subsidies and the annual adjustment in import prices? Will local manufacturers increase their prices after not adjusting prices for more than two years? Will the Company's processing minimum price be higher than the domestic price or will other price ranges need to be adjusted?

Response to Question 5

As far as general costs due to the lower US dollar are concerned, most costs have either remained the same or decreased, so lower production costs may improve the Company's profitability.

Question 6

The shareholders asked whether will there be dividend increase in the upcoming distribution or will there be a bonus issue?

Response to Question 6

The Company would strive to increase dividends more in the future.

Question 7

The shareholders requested whether the Company can hold a hybrid AGM in the future so that shareholders who live far from the meeting venue can also attend?

Response to Question 7

The Company would work on it.

Question 8

The shareholders requested that the Company share the latest news on the NH Foods acquisition?

Response to Question 8

The Company has fully completed the acquisition of the NHF manufacturing plant in this fiscal year 2024.

Question 9

The shareholders asked about are the trends in commodity and feed meal costs and how will they affect the Company's future revenue and profit growth? Please elaborate.

Response to Question 9

The Company expects that input costs would be lower due to the strengthening of the Malaysian Ringgit, thereby improving the Company's future profit margins.

Question 10

The shareholders asked about the price of eggs sold in the retail market has been increased significantly. Has the government relaxed its price control policy for the egg industry? Also, how much subsidies have the government received and how much subsidies will the Company receive?

Response to Question 10

Egg prices have not changed since the government implemented controlled prices.

Question 11

The shareholders inquired regarding MSWG Question 2c, with the old farms in operation, what are the expected sales and estimated payback period for the farms?

Response to Question 11

Current production would increase by about 300,000 birds.

With that, Meeting Chairman concluded the Q&A session and 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.

Meeting 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 12.20 p.m. The representative of the scrutineer submitted the report of the results to Meeting Chairman. The results of the poll which were as follows:

RESULT OF THE POLL VOTES ON RESOLUTIONS TABLED AT THE 40TH AGM ON 27 SEPTEMBER 2024

Resolutions	Voted For			Voted Against		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 1 Payment of Final Single Tier Dividend	286,959,027	99.9820	181	51,775	0.0180	27
Ordinary Resolution 2 Payment of Directors' Fees for the FY2024	286,738,547	99.9339	147	189,555	0.0661	57
Ordinary Resolution 3 Re-election of Dato' Yap Hoong Chai	286,887,097	99.9684	166	90,805	0.0316	40
Ordinary Resolution 4 Re-election of Mr. Ng Kim Tian	286,913,097	99.9774	167	64,805	0.0226	39
Ordinary Resolution 5 Re-election of Mr. Tan Chee Hau	286,913,097	99.9774	167	64,805	0.0226	39
Ordinary Resolution 6 Re-appointment of Auditors	286,824,917	99.9467	167	152,985	0.0533	39
Ordinary Resolution 7 Proposed General Mandate	286,837,047	99.9509	153	140,855	0.0491	53
Ordinary Resolution 8 Proposed Renewal of Share Buy-Back	286,907,817	99.9669	163	94,935	0.0331	43

Meeting Chairman then declared all the resolutions for the day carried.

TERMINATION

There being no other business, the Meeting terminated at 12.24 p.m. with a vote of thanks to the Chair.

C O N F I R M E D B Y

M E E T I N G C H A I R M A N

Date: 27 September 2024