Leong Hup International Berhad
Registration No. 201401022577 (1098663-D)
(Incorporated in Malaysia)

Minutes of the 10th Annual General Meeting ("AGM" or "Meeting") of Leong Hup International Berhad ("LHI" or "the Company") conducted fully virtually through live streaming from the online meeting platform and online remote voting via the Remote Participation and Voting ("RPV") facilities at https://tiih.online on Friday, 31 May 2024 at 11.00 a.m.

Participated via video conference	:	Mr Lau Chia Nguang – Chairman Tan Sri Dato' Lau Eng Guang Tan Sri Lau Tuang Nguang ("Tan Sri Lau") – Group Chief Executive Officer ("CEO") Datuk Lau Joo Hong – Group Chief Operating Officer Mr Lau Joo Han Mr Lau Joo Keat Mr Low Han Kee Datin Paduka Rashidah Binti Ramli Ms Chu Nyet Kim Ms Goh Wen Ling Mr Tay Tong Poh Mr Lau Jui Peng – Group Breeder CEO Mr Lau Joo Heng – CEO of Philippines operations Mr Lau Joo Hwa – CEO of Singapore operations Mr Chew Eng Loke – Group Chief Financial Officer ("CFO") Ms Te Hock Wee – Company Secretary Mr William Mah – Representing PricewaterhouseCoopers PLT, the External Auditors ("EA")

The shareholders/corporate representatives/proxies who attended the 10th AGM remotely via the RPV facilities are as per the Summary of Attendance List.

1. **Chairman**

Mr Lau Chia Nguang, the Board Chairman, welcomed all shareholders, proxies and invitees who participated in the 10th AGM of the Company.

The Chairman then invited Tan Sri Lau, the Group CEO, to read the procedure for the meeting on his behalf. Tan Sri Lau introduced the members of the Board, the Country CEOs, the Group CFO, Company Secretary and the representative from PricewaterhouseCoopers PLT (the EA) to the attendees.

2. **Quorum**

Upon confirming the presence of the requisite quorum, Tan Sri Lau called the meeting to order.

3. **Notice of Meeting**

The notice of the 10th AGM dated 30 April 2024 ("the Notice"), having been circulated to all the shareholders of the Company within the prescribed period, was taken as read.

4. Polling Procedure and Administrative Matters

Tan Sri Lau informed the meeting that all resolutions set out in the Notice must be voted by poll pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Tan Sri Lau further informed that the Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to facilitate the poll voting process and Asia Securities Sdn. Berhad as independent scrutineer to verify the poll results.

The guide on the remote voting procedure and the manner to pose questions at the meeting through the RPV application were then presented to the shareholders and proxies.

5. Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon

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

Tan Sri Lau informed the meeting that the AFS 2023 were meant for discussion only as they did not require the shareholders' approval. Hence, they were not put forward for voting. He further informed that questions raised by the shareholders or proxies would be addressed during the Question and Answer ("Q&A") session after all items on the agenda had been dealt with.

Accordingly, Tan Sri Lau declared that the AFS 2023 were duly received by the shareholders.

6. Ordinary Resolutions 1 to 10

Tan Sri Lau went through each of the motions set out in the Notice, except for Ordinary Resolution 9 – Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, which he and the Chairman were the interested parties, and the Chair was handed over to Mr Low Han Kee, the Senior Independent Non-Executive Director of the Company.

7. Q&A Session

Tan Sri Lau informed the meeting that the Company had not received any notice from the shareholders for other business to be transacted at this meeting in accordance with the Constitution of the Company and the Companies Act 2016.

Accordingly, the meeting continued with the Q&A session.

The Group CFO informed that the Company had received some questions from the Minority Shareholders Watch Group ("MSWG"). He then presented the Company's responses to the questions raised by MSWG for the shareholders' information. Questions raised by the shareholders that were submitted before and during the meeting were addressed by the CFO. The summary of the questions and the responses, which forms part of these minutes, is set out in Appendix A attached herein.

8. Poll Voting Session

After dealing with all questions raised, the shareholders and proxies were invited to cast their votes via RPV application.

Upon closing the voting session, the meeting proceeded for the tabulation of the poll results.

9. Announcement of Poll Results

The poll results obtained from the independent scrutineer were presented to the meeting. Tan Sri Lau declared that all resolutions set out in the Notice were duly passed by the shareholders of the Company, as follows:-

Ordinary Resolution 1
Payment of Directors' fees up to an aggregate amount of RM880,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears

By a vote of 2,684,888,111 shares (representing 99.9729%) voting for and 728,220 shares (representing 0.0271%) voting against the resolution, it was RESOLVED:-

THAT the payment of Directors' fees up to an aggregate amount of RM880,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears, be and is hereby approved.

Ordinary Resolution 2
Payment of Directors' benefits up to an aggregate amount of RM188,000 for the period from 1 June 2024 until the next Annual General Meeting of the Company

By a vote of 2,684,648,111 shares (representing 99.9721%) voting for and 748,220 shares (representing 0.0279%) voting against the resolution, it was RESOLVED:-

THAT the payment of Directors' benefits up to an aggregate amount of RM188,000 for the period from 1 June 2024 until the next Annual General Meeting of the Company be and is hereby approved.

Ordinary Resolution 3
Re-election of Director – Mr Lau Chia Nguang

By a vote of 2,682,923,172 shares (representing 99.8150%) voting for and 4,973,259 shares (representing 0.1850%) voting against the resolution, it was RESOLVED:-

THAT Mr Lau Chia Nguang, who retired in accordance with Clause 127 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 4
Re-election of Director – Mr Lau Joo Han

By a vote of 2,684,155,811 shares (representing 99.8608%) voting for and 3,740,620 shares (representing 0.1392%) voting against the resolution, it was RESOLVED:-

THAT Mr Lau Joo Han, who retired in accordance with Clause 127 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 5
Re-election of Director – Datin Paduka Rashidah Binti Ramli

By a vote of 2,687,594,011 shares (representing 99.9887%) voting for and 302,420 shares (representing 0.0113%) voting against the resolution, it was RESOLVED:-

THAT Datin Paduka Rashidah Binti Ramli, who retired in accordance with Clause 127 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 6
Re-election of Director – Mr Low Han Kee

By a vote of 2,688,548,011 shares (representing 99.9895%) voting for and 281,420 shares (representing 0.0105%) voting against the resolution, it was RESOLVED:-

THAT Mr Low Han Kee, who retired in accordance with Clause 127 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 7
Re-appointment of Auditors

By a vote of 2,686,988,972 shares (representing 99.9664%) voting for and 902,459 shares (representing 0.0336%) voting against the resolution, it was RESOLVED:-

THAT PricewaterhouseCoopers PLT be and are hereby re-appointed as Auditors of the Company AND THAT the Board of Directors be authorised to fix their remuneration.

Ordinary Resolution 8
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

By a vote of 2,386,668,711 shares (representing 88.7846%) voting for and 301,487,720 shares (representing 11.2154%) voting against the resolution, it was RESOLVED:-

THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company held after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting ("Proposed General Mandate").

Ordinary Resolution 9
Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

By a vote of 365,073,671 shares (representing 99.8241%) voting for and 643,420 (representing 0.1759%) voting against the resolution, it was RESOLVED:-

THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of Part A of the Circular to Shareholders dated 30 April 2024 provided that such transactions are:-

(a) necessary for the Group's day-to-day operations;

(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(c) not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at such Annual General Meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to this resolution.

Ordinary Resolution 10
Proposed Renewal of Authority for the Company to Purchase its own Shares (“Proposed Renewal of Share Buy-Back Authority”)

By a vote of 2,688,992,111 shares (representing 99.9883%) voting for and 313,320 shares (representing 0.0117%) voting against the resolution, it was RESOLVED:-

THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

(c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Malaysia Securities Berhad or distribute the treasury shares as dividends or transfer the treasury shares under an employees’ share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company.

10. Closure

The meeting concluded at 12.30 p.m. with a vote of thanks to the Chair.

Signed as a correct record

Chairman
Dated: 17 July 2024

Appendix A

Leong Hup International Berhad
Registration No. 201401022577 (1098663-D)
(Incorporated in Malaysia)

Summary of Questions and Answers ("Q&A") posed for the 10th Annual General Meeting ("AGM") of Leong Hup International Berhad ("LHI" or "the Company") conducted fully virtually through live streaming from the online meeting platform and online remote voting via the Remote Participation and Voting ("RPV") facilities at https://tiih.online on Friday, 31 May 2024 at 11.00 a.m.

The following are questions received from the Minority Shareholders Watch Group ("MSWG") and the Company's responses.

Operational & Financial Matters

Q1) While corn and soybean meal prices which were traded in US dollars were trending downwards, the local currencies where its operating subsidiaries are located had also weakened by 1.9% to 3.8% on 12-month average compared to 2022. (Page 36 of Annual Report 2023)

(a) Though corn and soybean meal prices trended downwards, but with the weakening of the Ringgit, did the Group benefit on a net basis?

Response from the Company:
There was a marginal reduction of approximately 1.5% in our overall feed cost in 2023 as compared with 2022.

(b) To what extent the Group does any hedging on the corn and soybean meal prices?

Response from the Company:
The Group does not hedge but may buy forward between 2 and 6 months ahead. For instance, it is end-May now and we already have June and part of July's corn and soyabean meal in our silos and/or warehouses. We have purchased the rest of July's requirements (although not all have been delivered to us) and possibly 60% of August's requirements as well as perhaps 30% of September's requirements purchased forward.

Q2) Revenue of livestock and poultry segment improved to RM5.2 billion from RM5.0 billion in the financial year ended ("FYE") 31 December 2022 driven by robust broiler day-old-chicks ("DOC") average selling price and better table egg average selling price from improved sales mix and sales volume in Malaysia. (Page 36 of Annual Report 2023)

What is the current demand and supply dynamic? What is the outlook for the next twelve months?

Response from the Company:
For DOCs and broilers, demand and supply in Malaysia is currently in good balance. The market price is above the cost of production to provide a reasonable profit to producers, yet is not so high as to burden consumers.

For eggs, due to the reduction in the cost of feed and the increased supply over the past 6 months, eggs are now selling below the ceiling prices set by the Malaysian Government. The subsidy of RM0.10 per egg is still applicable. There is a high likelihood that the Malaysian Government will rationalise the price by increasing the ceiling price and reduce the subsidy amount.

We see higher selling prices in Indonesia and Vietnam but lower prices in the Philippines. Therefore, it is difficult to provide a clear outlook for the next twelve months as we cannot control competitive activities and raw material costs nor anticipate global events that may affect the Malaysian Ringgit. We can only control our own efficiency to remain as one of the lowest cost producers in the industry so as to provide additional buffer as we work to grow the business.

Q3) LHI's Philippines livestock feed segment continues to grow as sales volume soared by 85.0% in FYE 2023 compared to a year ago. As its plant in Sapang, Central Luzon, achieved more than 90% utilisation rate since Q3'22, LHI had outsourced some production to a third party for some months which increased its monthly production by 4,752MT while awaiting its 2nd palleting line with 14,000MT capacity at Sapang to be commissioned. (Page 37 of Annual Report 2023)

(a) When is the 2nd palleting line expected to be commissioned?

<u>Response from the Company:</u>
The 2nd palleting line was commissioned in November 2023.

(b) What will be the expected utilisation when the 2nd line is operational? Will the Philippines' livestock feed segment be able to cope with demand then and need not have to outsource any production?

<u>Response from the Company:</u>
The Philippines' feedmill utilisation rate in April 2024 was about 57%. Therefore, we have adequate production capacity for our own needs now.

Q4) Trade Receivables

	Group	
	2023 RM'000	**2022 RM'000**
Trade receivables Amounts due from related parties	562,452 210,333	498,804 192,921
	772,785	691,725
Less: Provision for impairment of trade receivables	(43,381)	(41,847)
	729,404	649,878

Amounts due from related parties are receivables from companies controlled by the Lau family. (Page 166 of AR 2023)

(a) As at end of FYE 2023, why is there a substantial outstanding provision for impairment of trade receivables of RM43.4 million constituting 7.7% of gross trade receivables of RM562.5 million? What is the probability of recovering the impaired amount?

<u>Response from the Company:</u>
The provision for impairment of receivables was made when customers do not pay within the credit terms granted in order to cater for the possibilities that some may become bad debts. Most of them are recoverable.

For FYE 2023, the bad debt written off was RM57,000 (Page 107 of Annual Report 2023) and impairment loss written off was RM827,000 (Page 166 of Annual Report 2023) for a total of RM884,000 versus revenue during the year of RM9.539 billion; the uncollectable revenue was only 0.0093%.

(b) Is there any amount provided for impairment from the amounts due from related parties? If there is any, why and what is the probability of recovering the impaired amount?

Response from the Company:
None of the amount was due from related parties. They are all from external parties.

Corporate Governance Matters

Q5) Practice 5.2 of Malaysian Code on Corporate Governance ("MCCG") stipulates that at least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

LHI's response: Departure. The Board currently consists of eleven (11) members, as follows:

Designation	No. of Directors	%
Non-Independent Executive Director	6	55
Independent Non-Executive Director	5	45
Total	**11**	**100**

Timeframe: Others. On-going.

What is the board's definitive plan to adopt the MCCG practice of ensuring a majority of independent directors on the board?

Response from the Company:
The Board has shortlisted a candidate. The Board expects to appoint the candidate as Independent Non-Executive Director within the current financial year, subject to the satisfactory due diligence checks.

Q6) Practice 6.1 of MCCG states that the board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out, its outcome, actions taken and how it has or will influence board composition. For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

LHI's response: Departure. The Board did not engage an external independent consultant to undertake a formal annual evaluation of the Board, Board Committees and each individual director for the FYE 2023. Nevertheless, the Nomination Committee ("NC") will continue to assess the need to engage the services of independent experts periodically.

Timeframe: Others. On-going.

How often has the NC assessed the need to engage the services of independent experts? What have been the compelling reasons for the Company to be still reluctant to engage the services of independent experts? As a Large Company, what would be the Company's reasonable timeframe to apply Practice 6.1?

Response from the Company:
The NC last assessed this on 18 April 2023. There is no compelling reason for the Company to engage a third party to evaluate the performance of the Board, Board

Committees or individual Directors at this moment as the Company has performed well and achieved record performances in recent years.

Sustainability Matters

Q7) As at 31 December 2023, the Group's broiler operations, located in Malaysia, Indonesia, Vietnam and The Philippines, are supported by more than 964 contract farmers (851 as at 31 December 2022) licenced by relevant local authorities to accommodate the size of market demand in these markets. (Page 46 of Annual Report 2023)

(a) Though LHI can make frequent visits to these contract farms, and sometimes via formal audits, would it not be more appropriate to have better flock management and better control over the biosecurity to have own farms than to have contract farmers?

Response from the Company:
It is definitely better to buy land, build and operate our own farms but it is very capital intensive. Contract farming affords the Company with faster rates of expansion by utilising the capital and facilities of contract farmers.

(b) Are there plans to increase the capacity of its own broiler operations instead of still relying partially on contract farmers?

Response from the Company:
In Malaysia, which is a mature market, about 85% of broilers are sold and supplied by our own farms whereas in newer or faster growth countries, such as Vietnam and Indonesia, only 13% and 37% respectively of broiler volumes are supplied are by our own farms.

We have to balance the Company's capital structure and cash flow when considering the amount of capital expenditure ("capex") to allocate for the building of own broiler farms.

Q8) There is an ongoing transition towards renewable energy through the installation of solar systems at its farm and central packing station. The solar energy installation experienced a 74% increase, rising from 5,492,434 kWh to 9,570,070 kWh. (Page 48 of Annual Report 2023)

(a) To what extent have the Group's farms and properties been installed with solar systems (in terms of percentage or number of farms/properties out of a total number of farms/properties)? What is the targeted timeline for full installations?

Response from the Company:
A proper compilation of data has not been done but probably less than 10% of the properties have been installed with solar systems and they are mainly in Malaysia due to the incentive scheme under SEDA (Sustainable Energy Development Authority) offered by the Malaysian Government. The Company does not have a definite timeline for the installation of solar systems as it is very much dependent on the return on investment.

(b) With the existing solar energy installations, how much of cost savings and reduction of emissions have been achieved?

Response from the Company:
Assuming electricity cost of RM0.44/kWh, the 9,570,070 kWh generated would have saved the Group about RM4.21 million in the FYE 2023. At 0.758 $kgCO_2e/kwh$[1], the 9,570,070 kWh generated would have reduced carbon dioxide emission by 7.25 million tons in the FYE 2023.

(1) https://sustainability.um.edu.my/ghg-um-2023

The following are questions received before and during the Q&A session:-

Q1) Any door gifts or e-voucher for shareholders?

Response from the Company:
As per past practices, there is no door gift for participants of the 10th AGM. The Group believes that rewarding shareholders through dividend payment is the most appropriate and fairest way. The Company had on 27 May 2024 distributed a dividend of RM47.45 million to reward its shareholders.

Q2) Please send a copy of annual report and circular to me.

Response from the Company:
The Share Registrar will send the Annual Report to the shareholders by ordinary post as soon as possible. Shareholders may also request for a printed copy of the Annual Report 2023 or Circular to Shareholders via TIIH Online at https://tiih.online by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, shareholders may also make such request to the Share Registrar at +603-2783 9299 or email to is.enquiry@my.tricorglobal.com.

Alternatively, the shareholders may download the soft copy of Annual Report from the Company's website at https://www.leonghupinternational.com/investor/generalmeeting/.

Q3) Please provide the impact of the boycotts of McDonalds and KFC on the business of the Group both in Malaysia and Indonesia. Is the consumption of its broilers in Malaysia still robust despite the recent boycotts of a few international fast-food chains?

Response from the Company:
LHI supply broiler chicken. Consumers may not eat at McDonalds or KFC but they still eat chicken at the *mamak* stalls, chicken rice shop as well as nasi padang in Indonesia. So, the Group's business has not been affected by the boycotts.

Q4)

(a) Its share price is still wobbling at the current range of 58 cents for a very long time and far from its IPO price of RM1.10 while its peers like CAB Cakaran Corporation Berhad ("CAB") are at their all-time high. Is the depressed price due to poor investor relations activities or the investors do not understand its businesses and financials? Please relook into this as LHI as the regional player with businesses in all verticals should be trading premium to its peers.

(b) LHI is the only unloved poultry company in KLCI. Year-to-date, share price is still wobbling around 55 to 58 cents level, half of its IPO price in 2019. In contrary, its peers like CAB, PWF Corporation Berhad, QL Resources Berhad ("QL"), LTKM Berhad, Lay Hong Berhad have already gained 10%, 20%, 16%, 20% and 42% respectively. LHI has control over many verticals and presence in Singapore, Vietnam, Indonesia and the Philippines. Can the management explain what has gone wrong with this Company?

(c) Despite the scale and broad presence of LHI's operation and vertically integrated nature of its business as compared to its Malaysian's peers, it is always undervalued by the investors. It's the same for its privatisation in 2012, when it was trading at a discount of the offer price for the last three years prior to the offer, and comparing with its net assets.

(d) Its share price is reacting like a meme stock. It can go down significantly around 15% after posting low Q4 results despite a full-year better results as evidenced by the announcement of its results in February 2024. However, when it was announcing good results, the investors were less excited as you can only see a marginal increase in its share price. Its share price seems to be suppressed and controlled by someone. It is way below its IPO price despite its regional presence. Please clarify on this.

(e) As the biggest and integrated poultry, LHI bucks up the trend. Almost all the poultry companies share prices have been doing relatively well but LHI has remained the laggard. It is well below its IPO price and after many years, it is still wobbling at this level. Instead of trading at a premium to its peers, it is trading at a discount. Please clarify on this.

(f) The recent sell-downs of LHI shares a few months ago were caused by below expectations Q4 results and also sell-down by Clarinden Investments Pte Ltd. What was the reason behind this sell-down? Is it because they are less sanguine of the results and prospects of the Group, going forward? What is their stake as of now?

(g) Year-to-date, KLCI has gained more than 11.3% as opposed to zero gain in LHI shares. It has been hovering at this level since the pandemic. Almost all of the consumer related stocks have gained a lot, especially the companies that are related to the food security. However, for LHI it is highly disappointing. It seems like it is the unloved stock in KLCI. Please clarify on this.

(h) The strengths of LHI are the low-cost chicken and livestock feed producer and presence in 5 countries in ASEAN. Aside from that, the Group is dealing with commodities products, which are susceptible to demand and supply, raw materials fluctuations, diseases. It is still highly reliant on its upstream with minimal contribution from its downstream, unlike other players like CCK Consolidated Holdings Berhad, QL which is very strong in retail and cold storage food manufacturing. That's why it has prolonged low share price.

(i) For a stock to tumble 16% per day on 28 February for weak guidance, especially with lack of strong demand catalysts and absence of subsidies, it literally indicates much has to be done on the business model, financials and investor relations activities. What have been done by the management to improve on these areas, especially on commodities products, i.e. DOC, broilers and livestock feed and high capex requirements, and its slow expansion into downstream business?

(j) Market has high expectations for LHI to perform financially. Despite the good results of the Q1 2024, the share price is going nowhere. But like the Q4 2023, when it performed worse than its peers, the share tumbled more than 16% in a day. It may due to its high institutional base. How is the Group going to manage the expectations of its institutional shareholders? Its share price is very disappointing and we the shareholders have been getting dividend yields that are erratic and low.

<u>Response from the Company:</u>
We definitely think that our shares are undervalued. Our Price-to-Earnings Ratio is less than 7 times. Our market capitalisation is about 2 times the EBITDA (earnings before interest, taxes, depreciation, and amortisation). We think that it should at least be double

the current prices, if not more. But the Board and Management's focus is on managing and growing the business profitably for the long-term benefits of the shareholders. We do not look at or manage the share price as share price is determined by shareholders who buy and sell in the stock market like yourselves.

Our second largest shareholder at the point of IPO in 2019 was Clarinden Investment Pte Ltd. It is a Private Equity Firm and it has a limited investment time horizon which means that when the time comes, they must sell their investments and return funds to investors. Referring our announcements previously, they were selling shares since last year but with more than 300 million shares, it takes a long time for them to dispose of all their shares. There are no announcements now because their shareholdings had dropped below 5% since 29 February 2024 when they disposed of a total of 47,320,700 shares just after our fourth quarter of 2023 results were announced. The timing corresponded with a large drop in the Company's share price from RM0.715 before the results were announced on 27 February 2024 to RM0.61 on 28 February 2024. Six analysts who issue reports on the Company have target share prices ranging from RM0.67 to RM0.95 per share but as long as Clarinden Investments Pte Ltd is happy to sell its shares at RM0.59, the share price will not exceed this level until it has fully disposed of all its shares. Based on the recent disposal trend, it will probably fully exit its shareholdings in the Company within the next 3 months.

Q5) I was one of the 'unlucky' investors who invested in LHI IPO. It had not performed since the day of its listing in BURSA. When can this company turn around, to bring some cheer to your loyal investors?

Response from the Company:
The Company has been profitable each year since its IPO and has achieved record profits for the past 2 years, hence no turning around is required. Notwithstanding that, the Company remained profitable during the Covid-19 pandemic. Please refer to answers provided in question no. 4 above in relation to share price.

Q6)

(a) The Company declared an interim dividend of 1.3 cents for the FYE2024 as opposed to 1.8 cents y-o-y, which is 27% lower. Is it a guidance or indicator of lower profitability and free cash flow in FYE2024. Please clarify on this.

(b) For the last 5 FYEs, the dividend yields have been quite erratic from 0.96% to 5.2% based on the current share price of 57 cents. In fact, the last dividend declared was lower at 1.3 cents versus 1.8 cents year-over-year despite better earning. After many years of investment into other ASEAN countries to build the presence, I believe we can determine the free cash flow of the Company based on the estimated capex. Kindly consider putting a dividend policy in place. We need a booster in the share price.

(c) The remuneration paid to the Directors and management team has increased exponentially; RM37 million, RM36 million, RM53 million and RM64 million from FYE 2020 to FYE 2023. However, the dividend yields for the shareholders have been erratic 2.78%, 0.96%, 1.15%, 5.2% and 2.26% from FYE 2019 to FYE 2024. We as the IPO shareholders are also faced with a 50% decline of the IPO price since 2019. Any investments can yield a better return than this. We don't want the Group to be privatised to finally recover our value again. Please clarify on this.

(d) The Group needs to start making money for the investors due to its large institutional base, i.e. Employees Provident Fund, Permodalan Nasional Berhad

etc. It can't afford to be a family business but rather it needs to be run professionally. Since the IPO, we only get negative returns. Funds like Clarinden Investments Pte Ltd, Louis Dreyfus Company, i.e. French's merchant firm, has already exited the Company. And we see some funds slowly trimming their stakes. Do share buy-backs give better dividend yield and try to restructure the costs which are essential to boost the shares?

(e) **Since the Company made better profits this financial year, would the dividend be higher next, instead of higher directors' fees or even higher capex in an uncertain economy situation?**

Response from the Company:
The Company has a 30% dividend policy. The Company declared dividend of 1.2 cents on 28 November 2023 which was paid to the shareholders on 29 January 2024. Plus, the 1.3 cents dividend declared on 25 April 2024, it adds up to a total of 2.5 cents x 3,650,000,000 shares = RM91.25 million / RM301.7 million [PATMI of 2023] = 30.2%.

In 2023, the Company declared 1.8 cents dividend on 18 April 2023 which was paid to shareholders on 23 May 2023. The amount of 1.8 cents x 3,650,000,000 = RM65.70 million / RM218.9 million [PATMI of 2022] = 30.0%

There were some variations during 2020 to 2021 as nobody knew how long or how severe Covid-19 would be, and the priority then was to ensure the survival of the Company. The Company does not look at dividend yield or attempt to match dividend to share price. The Company focuses on the profitability of the Company to determine the dividend quantum, not the share price.

Q7) **What is the future plan of the Company? What is the Company's overall directory for continuously expanding its business to gain more profit? Will the Company increase dividend payout? How much can be expected for the payout, i.e. RM0.10 and above?**

Response from the Company:
Management expects to grow the Company organically and progressively, with sales volume and revenue growing annually. While we do not actively seek to acquire other companies, we will consider acquisitions if they are synergistic to our business and the price is right.

Dividend payout ratio will remain at 30% of PATMI for now.

Q8) (a) **Any share buy-back by the Group with the rock-bottom share price. It is a value accretive proposition to the shareholders to boost the earnings per share and net tangible assets, as the market doesn't pay premium to the businesses of the Group.**

Please consider reducing the capex over time and increasing its free cash flow. Also, to consider doing share buy-back as the share price now is at rock-bottom, as it will increase the value of the shareholders. Finally, to increase the quantum of dividend payments for the ensuing years.

(b) **By hook or crook, we need to see the uptick in share price. It's institutional stocks with large institutional investors. The dividends have been erratic and we see 50% reduction in the IPO price. If it continues with its poor**

performance, we will see bigger sell-downs soon. Kindly do share buy-back, reduce Opex and Capex and dividend policy.

Response from the Company:
The Company's cash usage priority is to preserve capex to expand its business and manage borrowings to improve resilience to global uncertainties and reduce interest expense.

The Company will not rule out share buyback or pay special dividend in the future if there is excess cash after the above two priorities are met.

The Company is seeking authority from shareholders for the Board to do share buyback when conditions are appropriate under Ordinary Resolution 10 of this AGM.

Q9) Will the implementation of new taxation rules in Malaysia impact the Company's business?

Response from the Company:
The new taxation rules imposed in Malaysia have no material impact on our business.

Q10) The investors are worrying about the normalisation of margins for its Malaysian operations, following the removal of price controls for broiler chicken, as well as global softening of commodity prices for livestock food. The recovery for its Indonesian operations is still slow. Its downstream integration still hasn't achieved the scale and profitably required. And many think the performance in FYE 2023 is not sustainable. Pls clarify on this.

Response from the Company:
The Company did very well in the first quarter of 2024 ("2024Q1").

Q11) The Group will continue to face inherent industry risks in product price fluctuations and commodity price volatility that will eat up its margins. This is evidenced with its Indonesian market. Its expansion into the downstream business via The Baker's Cottage will take a long-time before we can see positive results for the Group. What are other verticals that the Group are considering to reduce the product price fluctuations risk? Any consolidation with the smaller players in the pipeline?

Response from the Company:
Please refer to Paragraph 5.2.3 of page 71 of our Prospectus for a better understanding of the industry that we are operating in. The selling prices of our products sold on the open market under our livestock business may be subject to wide fluctuations and may affect our financial results, including our quarterly financial results from time to time.

We focus on cost control as one of the lowest cost producers in the industry such that:-
(1) When the market is bad and everyone loses money, if competitors lose RM0.20 per kg, LHI may only lose RM0.10 per kg.
(2) When the market is good and competitors make RM0.20 per kg, LHI may make RM0.30 per kg.

Over time, the smaller producers that are less efficient will exit the market and the larger players such as LHI will capture market share.

We do not actively look to acquire but will consider acquisitions if they are synergistic to our business and the price is right.

Q12) The Group needs to continue to expand its margins by going more into downstream and adding more value to its products. The prolonged rock-bottom share price is due to weak guidance provided by the management, especially since Indonesia remains its largest market, softened average selling price after removal of subsidies and huge penalty by the Malaysia Competition Commission ("MyCC"). What are steps taken to improve on its erratic earnings, profit margins and other value-added products? Its low share price is a warranted concern.

Response from the Company:
There are not many companies that had stable earnings over the past few years when Covid-19 hit the world. Management would like to caution that moving downstream is not a guarantee to improved profitability. For instance, one poultry producer formed a 49:51 joint venture with NH Foods Ltd in 2016 to produce halal food utilising Japanese technology. In April 2023, NH Foods Ltd sold its 51% stake to its joint venture partner for RM1.00 only as the joint venture had a negative net asset value of RM21.2 million.

Q13)

(a) A large portion of LHI's revenue comes from Indonesia. In recent years, the oversupply has driven down the price of broiler chickens, squeezing profits for poultry farms. It also badly impacted the financial results of LHI in Q4 2023. Has this oversupply been addressed to ensure the long-term sustainability of poultry farms and the industry as a whole?

(b) The biggest market for our broilers is Indonesia. However, the average price of live broilers in Indonesia this year will not surpass USD 1.47/kg despite the government's culling program. What is the loss per broiler for LHI and steps taken to improve the dire situation in Indonesia. Moreover, any signs of recovery in Indonesia market?

(c) Any turnaround to the Indonesia's poultry industry in 2024, especially the over-supply of broilers in the nation?

Response from the Company:
Please refer to answers provided in question no. 11 above in relation to price volatility for livestock business.

The Company is not able to disclose the loss per broiler as product costing is confidential information.

Market prices in Indonesia is good now. Please refer to our announcement made for 2024Q1 results, whereby the EBITDA of our Indonesian segment was RM65.9 million compared to negative EBITDA of RM28.9 million in the previous corresponding quarter.

Q14) Have the market conditions in Indonesia and Vietnam improved as compared to last year. As for the Philippines, how much is the capex requirement for the FYE 2024 and 2025 to build to the scale that the Group wants.

Response from the Company:
For 2024Q1, the market conditions in Indonesia and Vietnam were better than last year. As at 31 March 2024, our Philippines business had approximately RM279 million worth of non-current assets. In contrast, our Malaysian business had RM1.56 billion worth of non-current assets. Considering that the Philippines has a population size of 115 million

versus Malaysian population of 35 million, we probably have the opportunity to invest another few billion Ringgit Malaysia in the country over the long term. For 2024, the Group expects to invest about RM300 million capex, inclusive of the Philippines.

Q15) (a) **While the share price is at rock bottom, which is extremely disappointing, I can at least see the free cash flow of RM773 million is the highest since its IPO in 2019. The priority should be to continue to improve our free cash flow as the key financial metric with the capex should at least be controlled at RM200 million level. Focus on paring down the high borrowings and distribution to the shareholders. We need the commitment of the management on this.**

(b) **Over time, the Group needs to gradually reduce its capex commitments of between RM200 and 300 million and start paying stable dividends to the shareholders. Now is about repaying back the capital usage from many years of expansion, both debt and equity. Optimise the free cash flow of the Group and it will be a good value proposition for institutions to invest in this Company. The issue is that for many years, the business has been very capex intensive. Kindly consider my view to regain the confidence.**

(c) **In the last twelve months, it reported free cash flow of RM774 million, well over the RM301.7 million year-over-year. Will the free cash flow be sustainable in the ensuing years? What's the target to pare down the debt for the FYE 2024 as the Group still has a high level of debt of RM2.5 billion. The optimal is 0.5 times net gearing level to have a better financial footing. After many years of high capex, it needs to be reduced significantly so that it can be used to repay the equity and debt holders of the Group. Kindly look into this.**

Response from the Company:

The population of the countries that we operate in is growing and along with the improving economies, per capita consumption for poultry products will also grow. We manage our business for long-term prosperity because with capex, we are looking at the market 3 to 5 years down the road to capture future market share.

In the past years between 2015 and 2020, we used to invest between RM400 million and RM500 million per annum in capex. We have reduced capex in recent years due to Covid-19 and its impact on demand. But should market demand improve, we will increase capex as necessary to ensure that we remain as one of the largest in the industry as economies of scale provides significant benefits.

Q16) How are LHI's growth prospects and return on equity as compared against the regional giant from Thailand, CP Holdings Ltd?

Response from the Company:
Last year, both CP Food Thailand and Japfa Ltd lost money whereas LHI achieved record profitability.

Q17) (a) **Based on the annual report of the FYE 2023, the total executive directors' remuneration is RM43.34 million, an increase of RM4.8 million or 12.4% respectively. The average remuneration per Executive Director is RM7.22 million per annum, which is higher than many big corporations in Malaysia. Is the remuneration tied to the performance of the share price or ability to generate free cash flow? The share price is at rock bottom now. I hope the Chairman of the Remuneration Committee could clarify on this.**

(b) I'm also a shareholder of QL. They are a much bigger group than LHI, with RM15.8 billion market capitalisation. However, for many years the remuneration packages of the directors and management team are reasonable for the value they created. They have 8 directors, with total remuneration of RM20.4 million. As compared to LHI, 6 directors with RM43 million. Since IPO, the Directors and senior management remuneration has been rocketing, i.e. RM37 million, RM36 million, RM53 million and RM64 million from 2020 to 2023. Please clarify.

<u>Response from the Company:</u>
The Group's revenue is more than RM9.5 billion per annum or about RM800 million per month. So, LHI is actually among the largest corporations in Malaysia. The remuneration of the Executive Directors is tied to the profitability of the respective operations managed by them.

For the past 2 years, the Company had made record profits of RM218.9 million in 2022 and RM301.7 million in 2023. For 2024Q1, the Company made profits of RM56.6 million versus RM22.1 million for the first quarter of 2023. The Executive Directors do their jobs well and are rewarded accordingly.

We believe that if the Company continues to perform well, in time, the share price will take care of itself.

Q18) Any plan to use more artificial intelligence ("AI") technology and automation to cut down staff cost? Not only low-level staff, but also management level?

<u>Response from the Company:</u>
LHI is at the forefront of adopting automation and information technology to support the Group's business strategy. In a typical open-house farm, there may be an average of 6,000 birds per worker. However, due to the extensive automation in our feeding process, we can manage 20,000 to 30,000 birds per worker. This represents a significant improvement.

At a higher level of AI, we have installed cameras to monitor the health of the chickens. However, trial runs have shown that this is not yet cost-effective until the technology improves. We will continue to closely monitor its development.

In farms and feedmill, the Company is moving towards automation to reduce the number of workers and improve efficiency. For example, the broiler farms in Malaysia, Indonesia and the Philippines use iPads to generate delivery order and synchronise data to server, while the Malaysia feedmill plant uses robotic arm for palleting the feed in bags.

Q19) (a) I understand that MyCC fined Leong Hup Feedmill Malaysia Sdn. Bhd. RM157,470,027 and LHI had made an appeal. What is the status now? Has LHI made full provision on this fine in the FYE 2023? Why is there no such provision in the FYE 2023 profit and loss statement?

<u>Response from the Company:</u>

LHI has appealed the MyCC's decision to fine Leong Hup Feedmill Malaysia Sdn. Bhd. for the alleged price-fixing case. The notice of appeal with the Competition Appeal Tribunal and an application for a stay on the MyCC Decision has been lodged. Currently, we are still waiting for the scheduled date for the tribunal hearing.

However, Management remains confident in defending its position and winning the court case. Therefore, no provision has been made in the profit and loss statement. We have disclosed this matter in our annual report and quarterly announcements as contingent liabilities, ensuring that shareholders are aware of the case. We expect the case to drag on for many years. It may eventually end up in the High Court, the Court of Appeal, or even the Federal Court.

(b) I understand that MyCC has urged the government to introduce a national animal feed policy. Will this lead to margin compression for the animal feed business? How will this change the market dynamic? Will LHI lose its competitive advantages?

Response from the Company:
The Company has not received any information from the government about the introduction of a national animal feed policy. We also doubt that the government would want to interfere with the normal functioning of the market.

Q20) How is the low ringgit value affecting the Company?

Response from the Company:
Our sales are mainly local. While purchase of feed raw materials is in US Dollar, the impact on depreciation of Malaysian Ringgit in 2023 is less than 1% of our Group total purchase cost. Also, the impact on currency fluctuations, if any, not only affects LHI alone but all the entities, including our competitors. Ultimately, these costs will be passed on to customers, as the industry must remain viable to provide returns to shareholders through dividend payments or stock price appreciation. In conclusion, this will not negatively affect the Company, as our focus is on managing production costs to be one of the lowest-cost producers, giving us a better buffer to address this issue.

Q21) Can the Company issue bonus issue to reward the shareholders?

Response from the Company:
The Directors have no such plan at the moment. However, the Directors may consider this proposal in the future. Thank you for your suggestion.

Q22) What is the basis of government subsidies? Why is the 'government subsidies' lower in March 2024 quarter compared to December 2023 quarter, considering the revenues for both quarters are about the same?

Response from the Company:
Subsidies from the Malaysian Government were recognised upon approval by the Department of Veterinary Services Subsidy Approval Committee, not upon the submission of subsidy claim. Subsidy for broiler has stopped since November 2023. The subsidy recognised in 2024Q1 was mainly approved egg subsidy.

Q23) (a) Recommend The Baker's Cottage sell the salted chicken and the egg tart should be make it more tasty.

Response from the Company:
Thank you for your suggestion. The Baker's Cottage does introduce new products from time to time.

(b) Can the Company improve the quality control of The Baker's Cottage?

Response from the Company:
Thank you for your feedback. The Company will continue to improve the quality control of the products of The Baker's Cottage.

(c) How is The Baker's Cottage business doing? Why has the whole roast chicken price reduced from RM35.99 to RM16.99 recently this year? Has the sales & marketing department made a mistake to price it too high till poor sales occurs that prompt the price reduction almost half?

Response from the Company:
If you go to fast food or other quick service restaurants, adding the 4 quarters, 8 pieces or 9 pieces of cut chickens to get a whole chicken, the price ranges from RM30+ to RM50+ per chicken. We are able to price our roast chicken very competitively because we are vertically integrated and hence, we have lower cost of chicken.

Furthermore, when consumers buy our roast chicken, they often buy other products such as buns, cakes, and other products which command better margins.

So, we look at how to improve our overall business performance rather than on roast chicken alone.

Q24) When is the Company going to hold physical AGM?

Response from the Company:
The Company believes that convening AGM virtually reduces the carbon footprint by eliminating travelling and usage of papers and as such, supporting sustainability. Virtual meeting also streamlines processes and saves the time of traveling for both shareholders and the Company.

Q25) Why is there no succession planning for retiring Directors but re-elections instead? How many terms can directors serve before they retire for good?

Response from the Company:
Appointment of directors is the prerogative of shareholders. It is not the function of the Board or management to do such planning.

Q26) Please explain the climate change impact on LHI, and how LHI can better protect itself from this impact, compared to other players.

Response from the Company:
Almost all our livestock are raised in closed house system. So far, climate change has little impact on our operations.