

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

Minutes of the Eighth Annual General Meeting (“8th AGM” or “Meeting”) of Leong Hup International Berhad (“LHI” or “the Company”) conducted fully virtual 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, 17 June 2022 at 10.30 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 (“Datuk Lau”) – Group Chief Operating Officer (“COO”)
Mr Lau Joo Han
Mr Lau Joo Keat
Datin Paduka Rashidah Binti Ramli
Ms Chu Nyet Kim
Ms Goh Wen Ling
Mr Low Han Kee
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”)
Dato’ Theng Bee Han – Representing PricewaterhouseCoopers PLT, the External Auditors (“EA”)
Ms Te Hock Wee – Company Secretary

The shareholders/corporate representatives/proxies who attended the 8th 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 8th 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, the Company Secretary and the EA.

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 8th AGM dated 29 April 2022 (“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 RPV application were then presented to the shareholders and proxies.

5. Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon

The Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon ("AFS 2021"), 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 were meant for discussion only as it does not require a formal approval from the shareholders. Hence, it was not put forward for voting. He further informed that the Board would address the questions raised by the shareholders or proxies during the Questions and Answers ("Q&A") session, after all items on the agenda were dealt with.

There being no objections, Tan Sri Lau declared that the AFS 2021 were duly received by the shareholders.

6. Ordinary Resolutions 1 to 11

Tan Sri Lau went through each of the motions set out in the Notice.

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

7. Q&A Session

Tan Sri Lau invited the Group CFO to take the meeting through 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 interest of the shareholders. Thereafter, questions raised by the shareholders that were submitted before and during the meeting were addressed by the Board, the respective Country CEOs and the CFO. The summary of the questions and the responses, which forms part of this 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.

After which, the meeting was adjourned at 11.55 a.m. for the tabulation of poll results.

9. Announcement of Poll Results

The meeting resumed at 12.17 noon after obtaining the validated poll results from the independent scrutineer. The results of the poll 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 RM850,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears

By a vote of 2,410,204,776 shares (representing 99.9759%) voted for and 580,420 shares (representing 0.0241%) voted against the resolution, it was RESOLVED:-

THAT the payment of Directors' fees up to an aggregate amount of RM850,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears be hereby approved.

Ordinary Resolution 2

Payment of Directors' benefits up to an aggregate amount of RM174,000 from the date of the 8th AGM until the next AGM of the Company

By a vote of 2,410,191,276 shares (representing 99.9753%) voted for and 595,420 shares (representing 0.0247%) voted against the resolution, it was RESOLVED:-

THAT the payment of Directors' benefits up to an aggregate amount of RM174,000 for the period from 17 June 2022 until the next AGM of the Company be hereby approved.

Ordinary Resolution 3

Re-election of Director – Tan Sri Dato' Lau Eng Guang

By a vote of 2,412,574,876 shares (representing 99.9610%) voted for and 941,520 shares (representing 0.0390%) voted against the resolution, it was RESOLVED:-

THAT Tan Sri Dato' Lau Eng Guang, the Director who is retiring 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 – Tan Sri Lau Tuang Nguang

By a vote of 2,413,043,876 shares (representing 99.9804%) voted for and 472,520 shares (representing 0.0196%) voted against the resolution, it was RESOLVED:-

THAT Tan Sri Lau Tuang Nguang, the Director who is retiring 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 – Mr Low Han Kee

By a vote of 2,413,354,376 shares (representing 99.9933%) voted for and 162,320 shares (representing 0.0067%) voted against the resolution, it was RESOLVED:-

THAT Mr Low Han Kee, the Director who is retiring 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 Tay Tong Poh

By a vote of 2,413,255,476 shares (representing 99.9892%) voted for and 261,220 shares (representing 0.0108%) voted against the resolution, it was RESOLVED:-

THAT Mr Tay Tong Poh, the Director who is retiring 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-election of Director – Datin Paduka Rashidah Binti Ramli

By a vote of 2,413,382,276 shares (representing 99.9944%) voted for and 134,420 shares (representing 0.0056%) voted against the resolution, it was RESOLVED:-

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

Ordinary Resolution 8

Re-appointment of Auditors

By a vote of 2,413,474,176 shares (representing 99.9962%) voted for and 92,520 shares (representing 0.0038%) voted against the resolution, it was RESOLVED:-

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

Ordinary Resolution 9

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

By a vote of 2,413,030,976 shares (representing 99.9802%) voted for and 478,120 shares (representing 0.0198%) voted against the resolution, it was RESOLVED:-

THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/ 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 until the conclusion of the next Annual General Meeting, 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.

Ordinary Resolution 10

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 190,306,008 shares (representing 99.7452%) voted for and 486,220 (representing 0.2548%) voted 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 29 April 2022 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 11

Proposed Renewal of Authority for the Company to Purchase its own Shares ("Proposed Renewal of Share Buy-Back Authority")

By a vote of 2,413,469,376 shares (representing 99.9960%) voted for and 97,020 shares (representing 0.0040%) voted 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 12.18 noon with a vote of thanks to the Chair.

Signed as a correct record

Chairman
Dated: 20 July 2022

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

Summary of Questions and Answers posed for the Eighth Annual General Meeting (“8th AGM”) of Leong Hup International Berhad (“LHI” or “the Company”) conducted fully virtual 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, 17 June 2022 at 10.30 a.m.

The following are questions received from the Minority Shareholders Watch Group (“MSWG”) and the Company’s responses.

- Q1) “The supply chain continues to be buffeted by high commodity costs and this has continued to affect every poultry producer. Corn and soybean meal, which collectively makes up about 70% of feed costs, have seen record price levels as the price of those two commodities jumped more than 40% year-on-year in 2021 and is soaring to record levels again in 2022 amid escalating geopolitical tension and Russia’s invasion of Ukraine.” (Page 36 of FY21 annual report). What are the measures being taken by the group to mitigate the negative impact from the surge in feed price?**

Response from the Company:

The Group has technical strength in terms of feed formulations, i.e. the Group can replace one raw material for another when the numbers make sense such as replacing corn with tapioca, wheat or barley or other forms of carbohydrates.

The Group continues to expand its scale of operations, i.e. the size of the broiler farms have increased from 20,000 birds per house about 7 years ago to about 33,000 birds per house for the new houses today which lowers the cost of production.

As one of the lowest cost producers in the industry, the Group has better margin of safety to absorb the fluctuations in the price of commodities, but consumers must eventually accept the higher prices, otherwise the weaker producers in the market will exit the industry and therefore, reduce the supply of chicken in the market.

- Q2) The number of Baker’s Cottage outlets has grown by leaps and bounds from 28 outlets from 1 January 2020 to 184 outlets as at 31 March 2022. The group has also made headways in the farm-to-plate strategy in the Philippines with the presence of 29 LH Deli kiosks as at 31 December 2021.**

- (a) What were the revenue, pre-tax profit and net profit reported by Baker’s Cottage for FY21?**

Response from the Company:

The Group does not disclose the performance of Baker’s Cottage (“TBC”) individually due to competitive reason. However, the Group is pleased to inform that TBC made a profit before tax in the financial year ended 31 December 2021 (“FY 2021”).

- (b) Does the group intend to cross-sell the group’s ready-to-cook poultry products at Baker’s Cottage outlets in the foreseeable future? If not, please explain why.**

Response from the Company:

The Group does not intend to sell ready-to-cook poultry products at TBC outlets but we are already selling cooked poultry products. This is due to the positioning of TBC as quick service restaurant rather than that of convenience store.

- (c) Does the group have any plan to list the quick service restaurant-cum-bakery business to unlock its value when the business has grown to a right size?**

Response from the Company:

The Group has not been looking at such plan, but it can be a future option.

- (d) What was the rationale for the group to expand into Philippines first, instead of other key markets in which the group has more established presence such as Indonesia and Vietnam?**

Response from the Company:

TBC is currently operating in Malaysia only. The Philippines has LH Deli, a fried chicken kiosk concept which is suitable for the Philippines' market.

- Q3) The feedmill in Tarlac, Central Luzon, Philippines, was commissioned in the middle of 2021. It currently has an installed capacity of 128,000 MT of feed per annum. The feedmill was built with future expansion in mind, and as such, it can accommodate additional production lines as the group expands the Philippines' footprint. Since commencing operation, the feedmill supplied quality animal feeds to Leong Hup's own farms as well as to third party farmers.**

- (a) What is the current capacity utilisation rate for the feedmill?**

Response from the Company:

The feedmill in Tarlac, Central Luzon of the Philippines is currently operating at approximately 50% utilisation rate.

- (b) What is the total potential capacity of the feedmill after future expansion?**

Response from the Company:

The potential capacity of the feedmill after expansion would be doubled to approximately 256,000 metric tonnes.

- (c) How many percent of the feeds produced in the feedmill is for own consumption?**

Response from the Company:

The internal sales are currently at 80% but the Group expects that the percentage will reduce as the Group is currently ramping up their sales to external customers.

- Q4) Are the group's operations affected by labour shortage? How does the recently revised minimum wages of RM1,500/month impact the group? [similar question posed by Lau Ati @ Lau Chuan Teng]**

Response from the Company:

Yes, the Group's operations have been affected by labour shortage and the staff are currently stretched.

The revised minimum wages of RM1,500 per month has no impact on the Group as the Group's workforce are well compensated for their productivity.

Leong Hup International Berhad (201401022577) (1098663-D)
Summary of Questions and Answers during the 8th Annual General Meeting held on 17 June 2022

The following are questions received before and during the 8th AGM (including those which were not addressed during the 8th AGM).

Q1) If the Board would consider giving door gift or e-wallet as a reward to participants who joined this meeting. [posed by several shareholders]

Response from the Company:

There is no e-vouchers or e-wallets given to the participants of the 8th AGM. The Group believes that rewarding shareholders through dividend payment is the most appropriate and fairest way.

Q2) Mr Kow Lih Shi, a shareholder, enquired on the following:-

(a) Some shortage in raw material and especially food sources included chicks, how was company overcome the high costing of determine farming and producing? Does company is maintained cost saving or reducing in overall, due to company are group of company containing farming material, food and also processing company in multi division of producer?

Response from the Company:

As one of the largest fully integrated poultry producers, the Group not only eliminates the middlemen in the supply chain, but the Group also has the ability to determine at which point of the value chain the Group may choose to monetise its products. For example, the Group can choose to sell Day-Old-Chicks (“DOC”) or choose to input the DOC into the Group’s own farm or contract farms, grow them and sell as live broilers. The Group may also choose not to sell as live broilers but to send to its own slaughtering plant and sell as whole chicken or parts, or to process into nuggets, sausages, burgers, etc. or to send the chicken to TBC and sell as roast chicken. Therefore, the Group is able maximise its profit margin and at the same time, minimise the impact of the increasing raw material prices.

Whilst it is possible that the Group may lose money when the market is bad, as had happened during the third quarter of FY 2021, due to LHI’s integration, when other competitors lose 80 cents, the Group may lose only 60 cents. When other competitors earn RM1.00, the Group may earn RM1.20. So over time, the Group become stronger and more resilient. The weaker players will eventually exit the market, resulting in LHI capturing more market share.

(b) Can company increase output result in overall market cost of material increasing?

Response from the Company:

The Group had increased its production and sales volume for all the major product categories of DOC, broiler, table eggs and feed over the past 5 years, despite the pandemic and its impact on the economies.

(c) Does government control raw chicken price bring great return?

Response from the Company:

The Group believes that the ceiling price imposed by the Malaysian Government is only for the short term as its existence over the long term will deter investments in the industry.

- (d) The overall company are Malaysia business and also overseas business expanding, the chicken segment in locally able fulfil demand in next quarter? (since company yearly improve machinery and expanding factory needs)**

Response from the Company:

The Group supply less than 10% of the chickens in Malaysia and the farms are all operating at its full capacity. The Group does expand cautiously as and when the Group sees sustained increase in demand

- (e) The Vietnam business in overall is profitable? (ringgit weaken) is impact to overall company inventory?**

Response from the Company:

Yes, the Vietnam operations is profitable. The current weakness in Ringgit is more a story of US dollar strength versus almost all other currencies globally, it is not a Ringgit specific problem. The impact of foreign exchange affects not only LHI but also all the industry players equally. Therefore, at the end of the day, consumers will have to pay more for products if the regional currency depreciate against the US dollar.

- (f) The farming of company going to growth in planning? Or more focus in FMCG product expanding?**

Response from the Company:

Different countries will expand according to the situation in each individual market. In the Philippines, LHI is going into table eggs production and will continue to grow its animal feed business. In Indonesia, LHI is exploring into quick service restaurant ("QSR") business. Whilst in Malaysia, LHI is looking into producing more further processed food products to supply to the TBC outlets.

- (g) Malaysian Government restrict export to Singapore, could company export from Vietnam?**

Response from the Company:

The exports from Malaysia to Singapore were live broilers. It is not possible to ship live broilers from Vietnam to Singapore. It is also not economical to ship frozen chicken from Vietnam to Singapore as Singapore imports most of its frozen chicken from South America, where most of the corn and soybean farms are located, which have more competitive advantage in the production of frozen chicken.

- (h) The expanding business plan in Baker's Cottage outlet, does company able manage well in overall resources included HR as well as sales in maximum output?**

Response from the Company:

Generally, the sales of TBC are doing well especially in sub-urban areas.

- (i) Why company is not separate resourcing in FMCG segment from the retail segment? The multitasking implement, does bring on maximum output of perform, not only concern for cost saving in operating but less revenue result in both segment?**

Response from the Company:

The Group considers TBC as QSR for cooked food rather than fast moving consumer goods (FMCG).

(j) The recruitment is depending Malaysian?

Response from the Company:

Yes, all staff at TBC are Malaysian.

(k) How does company implement AI robotic on reducing HR costing in retail?

Response from the Company:

AI robotics is an emerging technology but it is not cost effective for TBC to consider such implementation at its outlet currently. Moreover, the QSR market leaders have not implemented AI robotic at their outlets too.

(l) The menu of Baker's Cottage in meal sections, only doing Malaysian and western food, what is specialises or branding foods in promote?

Response from the Company:

LHI sees TBC as part of its poultry vertical integration. Over time, LHI expects to introduce more value-added chicken-based products to the menu. It is not meant to be a standalone business.

(m) Does retail focus on baking and bubble tea as well as coffee?

Response from the Company:

The type of products selling at TBC outlet would be those that will not require new or separate equipment or new labour skill sets. Hence, there will be no steaks or fried rice or bubble tea in the menu.

(n) What is impact of raw material costing increase, does RSP of retail food and beverages increase or absorb by company?

Response from the Company:

TBC's target customers are the middle and lower-income groups. TBC provides good quality products to consumers at affordable prices. At the same time, LHI is cognisant of its duties as a listed company and would need to provide a reasonable dividend and capital growth to shareholders. So, basically, it is a balancing act.

(o) The remain ESOS will be expired or going renew for subscription?

Response from the Company:

Subject to the approval of the Board, the existing ESOS may be extended as it will align the interests of the eligible employees with that of shareholders.

(p) Since company growth healthy, does company able distribute special dividend or increase much as 20 to 40 cents in next quarter?

Response from the Company:

LHI had declared an interim dividend when announcing the financial results for the first quarter of 2021 thinking that 2021 would be a good year. However, the performance of the Group was disrupted by the appearance of Omicron. Should the performance of LHI gets better in 2022, LHI intends to resume the 30% dividend policy.

- (q) **The managing of cost saving in labour. By implement multitasking and multi locations job scopes, which involved FMCG sales teams, which less output efficiency in term of servicing the existing customer line, does management aware of that issue?**

Response from the Company:

In Malaysia, the Group's ready to cook products are available in large modern retail chains consistent with the Group's marketing strategies. There are dedicated sales teams in each region to service customers in the respective locations.

- (r) **The past 2 year expanding in Baker's Cottage segment does HR planning and executions well overall operating?**

Response from the Company:

The Group's Malaysian operations expanded from 4,522 employees as at 31 December 2019 to 5,345 employees as at 31 December 2021 due mainly to the expansion of TBC outlets. Human Resource is an important function in the Group as they recruit and train new employees in advance prior to opening of new outlets.

- (s) **Please management look into issue of not partially solving current issue as it, because retailer business is long term and FMCG segment too.**

Response from the Company:

The current operating structure of the Group's business is suitable for the strategies being executed.

- (t) **Goods delivery and supply chain and servicing is most important for business growth, does company yearly revise of that issue? Any expanding on logistic segment?**

Response from the Company:

LHI has its own delivery trucks to deliver goods to customers and TBC outlets. LHI will have more trucks and cold rooms as and when there are business needs.

- (u) **As past pandemic happening short material and short labour. Does all issue overcome? As shareholders and other stakeholders are concerning for long-term issue solving to bring more rewards gaining from time to time.**

Response from the Company:

While the increase in raw material prices is a global issue and is unavoidable, the Group takes the necessary measures to minimise the impact. Whereas for labour issue, LHI has been constantly recruiting suitable talents and staff in line with the business growth, in particular, TBC division. In terms of farms and feedmill, when the economic makes sense, LHI implements automations so as to reduce the number of workers and at the same time improve efficiency.

- (v) **The Malaysian Government restrictions of exporting chicken products. Does company able distribute goods and quote estimate export good to all local chain? Does profit revenue increase and less return good of dispose goods manage efficiency to high return earning?**

Response from the Company:

Leong Hup International Berhad (201401022577) (1098663-D)
Summary of Questions and Answers during the 8th Annual General Meeting held on 17 June 2022

The restriction of chicken exports to Singapore has no immediate impact to the Group. The Group has no problem to sell the live broilers in Malaysia.

As for the revenue, the impact to Malaysian operations is not material.

- (w) Does Baker's Cottage provide staff meals and staff purchase price? Does all members of LHI and members employment having the benefits? How many earning ratio gains from the campaign?**

Response from the Company:

TBC does not provide staff meals nor staff purchase price.

- (x) Does company involving food science and foods research? Any international conference or reaching programme company participant? Does company have new planning expanding or maximizer output by new machinery and food hygiene technology for existing product?**

Response from the Company:

The research and development done by the Group are basically for feedmill segment and further processed food.

The Group will purchase new machinery when needed and when opportunities arise.

- (y) The company will have planning expanding in farming segments or farming needs? It was good market expanding during war time shortage of food supply. Does company able come out new product research replacements e.g. soybean replacement. [similar question posed by Koh Chooi Peng]**

Response from the Company:

LHI will be focusing on its core business – livestock. LHI does not take the cultivation of raw materials into consideration as it is not LHI's area of expertise.

- (z) The shortages of chicken in market, does company have planning improve the output to fulfill the demand? Does company able supply to high demand industries and branded company in upcoming (or supplier for them ordering)? E.g. T-Brand, K-Brand. Fast food industries too?**

Response from the Company:

The Group's broiler farms in Malaysia are operating at full capacity and broilers are supplied to customers based on negotiated terms and conditions.

- (aa) Others than only focus on chicken, does company have intention to expand others e.g. Lamb. Cow. Or fishing? As alternative. To ready infection disease planning. Take lesson from avian flu history?**

Response from the Company:

LHI has no intention to expand into other types of protein.

- (bb) Does this quarter earning from Vietnam business? Is good of USD exchange Ringgit value high? (Ringgit exchange rate drop comparing past few years)**

Response from the Company:

The overall Asian market is slowly resuming to pre-pandemic level and foresees the operation of Vietnam will likely achieve a better performance in 2022. Moreover, chicken is still the cheapest source of protein globally.

Q3) Mr Chan Fung Han, a shareholder, enquired on the following:-

(a) Key assumptions used in the fair value calculation of biological assets:-

(i) Stated in the Chairman's Statement on page 36 to the Annual Report that the price of feed (corn and soybean meal) had jumped more than 40% year-on-year in FY2021. However, based on the assumptions used i.e. feed cost per kg for different categories of biological assets only increased in range of 1.6% to 21%. Why there is such inconsistency and whether the fair value of biological assets are higher than it should?

Response from the Company:

Yes, corn and soybean meal collectively make up 70% of feed cost. However, a 40% increase in corn and soybean costs do not mean a back-to-back 40% increase in feed cost. Besides, one of the strengths of LHI is feed formulation. For example, LHI can substitute corn with wheat or barley or tapioca or other form of carbohydrates. Similarly, other recipe substitutions can take place so as to minimise costs. As to how, it is trade secret of LHI.

(ii) Also, stated in the MD&A (page 39 to the Annual Report) that the average selling price for broiler day-old-chicks rebounded and exceeded its pre-pandemic level. However, in the Note 17, the projected selling price of DOC (broiler) indeed decreased from RM4.10 in FY2020 to RM3.56 in FY2021. Why there is such inconsistency and whether the fair value of biological assets is lower than it should?

Response from the Company:

The sentence of "the average selling price for broiler day-old-chicks rebounded and exceeded its pre-pandemic level" on page 39 of the Annual Report referred to Indonesia market only. The range of the projected selling price of DOC (broiler) in Note 17 is a combination of 4 countries, i.e. Malaysia, Indonesia, Vietnam and the Philippines.

(b) Note 17 – Projected selling price of hatching egg/DOC (parent stock) decreased by 60% from RM12.21 in FY2020 to only RM4.74 in FY2021. Is it true, and if yes, why there is such huge plummet in the selling price?

Response from the Company:

The projected selling price of hatching egg/DOC (parent stock) of RM4.74 in FY2021 was referring to hatching egg and this only started in 2021. The price range in FY2020 is only for DOC (parent stock). The Company will improve the presentation moving forward.

(c) How the auditors verify the appropriateness of the feed cost and projected selling price assumptions used by the Management in the fair value calculation?

Response from the Company:

Leong Hup International Berhad (201401022577) (1098663-D)
Summary of Questions and Answers during the 8th Annual General Meeting held on 17 June 2022

Please refer to page 95 of the Annual Report on the key audit matters showing how the External Auditors addressed the key audit matter – fair value of biological assets.

- Q4) Mr Yoong Kwee Soon, a shareholder, enquired that LHI spent RM20 million cash to acquire The Baker's Cottage Sdn Bhd in June 2020 with the objectives of bringing business-to-consumer and hence provide value-added sales to its poultry-related product and provide margin stability in times of live broilers supply-demand imbalance. How was the business performance of The Baker's Cottage Sdn Bhd in FY21? Did The Baker's Cottage contribute positively to the revenue and operating profit of LHI in FY21? What percentage was its revenue and ope.**

Response from the Company:

The Group is pleased to inform that TBC contributed positively to the Group and made a profit before tax in FY 2021.

The total revenue of TBC for FY2021 was approximately RM200 million, with an EBITDA of 13%.

- Q5) Ms Koh Chooi Peng, a shareholder, enquired on the following:-**

- (a) Trade receivables increased by RM81 million to RM469.685 million in FY2021 (page 173 of Annual Report). What are the reason(s) for the substantial increase in Trade Receivables?**

Response from the Company:

The substantial increase in trade receivables in FY2021 was mainly contributed by Indonesia operation due to higher selling price of broiler and DOC.

- (b) What is the latest Trade Receivables as at 31 March 2022?**

Response from the Company:

The trade receivables excluding related party was RM397.4 million, a decrease of RM72.2 million due to better turnover cycle.

- (c) PT Malindo Feedmill improved its Revenue to RM2.458 billion and returned back to profitability in FY2021 vs FY2020 (pages 160-162 of Annual Report). What are the reason(s) for the good performance of PT Malindo in FY2021? Will PT Malindo be able to sustain or improve its performance further in FY2022?**

Response from the Company:

The improvement in revenue was due to the increase in sales volume and average selling price. The Management of Indonesia operation is unable to ascertain the performance of PT Malindo Feedmill for 2022 as it is highly dependent on the average selling price. However, the performance and sales volume for 2022 showed improvement.

- (d) As part of its measure to mitigate the high cost of living, the Malaysian Government has imposed a ceiling price for the sale of fresh chicken. How has the Group managed the imposition of the ceiling price of chicken and whether it is still possible to sell fresh chicken profitably? Have the Group been "requested" by the Malaysian Government to continue supplying the**

fresh chicken to ensure adequate supply and what is the action taken by the Group?

Response from the Company:

Sales of livestock in Malaysia are mainly DOC, live broilers, further processed food and TBC. The ceiling price is only imposed on live broilers and fresh chicken. Despite the ceiling price, LHI's Malaysian operations is profitable as the Group has the integration and economies of scale.

Broilers farms in Malaysia have been operating at full capacity throughout the period. Therefore, unless the Group starts to construct new farms, in the short term, it is not possible to increase the supply of chicken.

- (e) The Malaysian Government has imposed a ban for the export of chicken to Singapore. As the Group has operations in Indonesia, has it been able to increase the export of chicken from Indonesia to Singapore and if yes, what was the percentage increase since the ban was imposed?**

Response from the Company:

Importing frozen chickens from Indonesia to Singapore is viable. However, importing live broilers would be challenging. The Singapore Government is still in discussion with the Indonesia Government on the import of poultry products. The Management will have to consider the cost of importing chickens from Indonesia which is relatively higher compared with Malaysia.

- (f) The Group invested RM345.91 million in Capex during FY2021. Please provide a breakdown in percentage terms how the Capex were spent (1) By country of operation; and (2) By type of business, i.e. Poultry, eggs, feed and retail business.**

Response from the Company:

The capital expenditure ("CAPEX") by segment is available in page 210 of the Annual Report. The Group does not disclose the CAPEX spent on each country of operation and type of business due to competitive reason.

- (g) As at 31 Dec 2021, The Baker's Cottage has a total of 178 outlets in Peninsular Malaysia vs 95 outlets in 2020. (1) FY2021 is affected badly by Covid-19. What are the reason(s) for the Group to invest so aggressively with an additional 83 outlets? (2) What are the total investment for these new outlets? (3) What is The Baker's Cottage's Profit Before Tax in FY2021?**

Response from the Company:

The Group managed to take the opportunities to rent those vacant shop lots which are located at good locations with cheaper rental rate (30% to 40% discount rate) during the lockdown period.

The total investment per outlet is approximately RM550,000 to RM650,000 depending on location.

As for the profit before tax of TBC in FY2021, the Group does not disclose the performance of TBC individually due to competitive reason.

- (h) Purchase of inventories and livestock increased by RM1.244 billion or 29% in FY2021 to RM5.514 billion (page 98 of the AR) (1) What are the reason(s) for**

the big jump the value for the purchase of inventories and livestock? (2) With elevated commodity prices currently, will this item be higher in FY2022?

Response from the Company:

The substantial increase in the value for the purchase of inventories and livestock in FY 2021 was mainly due to the increase in sales volume coupled with the increase in raw material prices.

As to whether purchase of inventories and livestock in 2022 will be higher, it is very much dependent on the revenue, sales volume, average purchase price and raw material prices. Thus far, the sales volume has been increasing continuously.

Q6) Mr Yap Yik Yong, a shareholder, enquired on the following:-

(a) How does the Management treat the food in Baker's Cottage which is due to expire, e.g. breads, etc? Any CSR plan to reduce the wastage?

Response from the Company:

Due to the risks of food poisoning as a result of product expiry, they are disposed of in accordance with the Company's policy and procedures.

(b) With the on-going economy uncertainty, what's the prospect of the Group? How does the Management foresee the raw materials price movement in the near future, e.g. next 12-months?

Response from the Company:

Chicken is the cheapest meat when compared to beef, pork, mutton or fish. Therefore, there will always be a market for the Group's products. The raw material prices will remain at high side. However, with the higher prices of corn and soybean meal, the farmers will eventually take the opportunities to plant more and therefore, the supply will increase gradually.

(c) What's LHI market share in South East Asia for the poultry market?

Response from the Company:

The Group's share of poultry market in Southeast Asian countries is less than 10%. Therefore, there is much opportunity for growth.

Q7) Mr Koh Kar Kiat, a shareholder, enquired what is the Company's commitment towards ESG (Environmental, Social and Governance). [similar question posed by Tan Yik Leong]

Response from the Company:

ESG remains the priority subject of the Group. The Group adhered to the local environmental regulation by fulfilling all the requirements and procedure in relation to air, water and sound safety level in each country LHI operates in.

Q8) Mr Loo Yeo Ming, a shareholder, enquired whether there is any succession planning to replace retiring directors so that the new directors can give us positive dividends, bonus issue, door gift, etc. to exceed customer, shareholders expectation?

Response from the Company:

The Management took note of the suggestion. The Group believes that it is best to reward shareholders through dividend payment.

- Q9) Mr Koh Kar Kiat, a shareholder, raised his concern on the share price of the Company and requested the Company to advise the landscape of the industry going forward and what's the Company goal / target for the next 5 years (medium term) and 10 years (long term). [similar question posed by Teo Tze Hock]**

Response from the Company:

Economic conditions have not been good in past three years affecting profitability and this had weighted on the Company's share price.

LHI targets to be amongst the lowest cost producers in the industry by improving vertical integration and scale expansion as cost competitive advantage will allow LHI to capture market share and provide the desired profitability in the long run.

The population in the ASEAN countries is growing and the region is amongst the highest GDP growth areas in the world. Poultry consumption trends of America and OECD show that per capita consumption of poultry grows as per capita income increases. Therefore, the market for LHI's products is still increasing in size.

- Q10) Mr Yoong Kwee Soon, a shareholder, enquired how does LHI view the future lab cultured poultry which is coming out from Singapore? Will it be a threat to our future?**

Response from the Company:

The future lab cultured poultry is a relatively new trend or product in the market. It would be an additional option to the consumer, not replacement. The Management believes the consumers still prefer real meat. Moreover, the price of future lab cultured poultry is much higher than real meat.

- Q11) Mr Tan Yik Leong, a shareholder, enquired on how fast can breakeven for TBC outlet and revenue per outlet?**

Response from the Company:

In 2021, the average new TBC outlet breaks even by the second month of operations at just above RM100,000 per month revenue.