

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

**Minutes of the 9<sup>th</sup> Annual General Meeting (“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://tjih.online> on Friday, 2 June 2023 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  
Ms Tan Chin Yee – Representing PricewaterhouseCoopers PLT, the External Auditors (“EA”)

The shareholders/corporate representatives/proxies who attended the 9<sup>th</sup> 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 9<sup>th</sup> 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 9<sup>th</sup> AGM dated 28 April 2023 (“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 2022 together with the Reports of the Directors and Auditors thereon**

The Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon ("AFS 2022"), 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 2022 were meant for discussion only as the Companies Act 2016 does not require a formal approval of the shareholders. Hence, it was not put forward for voting. He further informed that questions raised by the shareholders or proxies were to be addressed during the Questions and Answers ("Q&A") session, after all items on the agenda were dealt with.

Accordingly, Tan Sri Lau declared that the AFS 2022 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 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 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 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.

Upon the closing of 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 RM850,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears**

By a vote of 2,690,098,843 shares (representing 99.9810%) voted for and 512,520 shares (representing 0.0190%) 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 2023, to be paid quarterly in arrears be and is hereby approved.

**Ordinary Resolution 2**

**Payment of Directors' benefits up to an aggregate amount of RM174,000 for the period from 2 June 2023 until the next Annual General Meeting of the Company**

By a vote of 2,690,091,843 shares (representing 99.9809%) voted for and 514,520 shares (representing 0.0191%) 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 2 June 2023 until the next Annual General Meeting of the Company be and is hereby approved.

**Ordinary Resolution 3**

**Re-election of Director – Datuk Lau Joo Hong**

By a vote of 2,692,634,543 shares (representing 99.9542%) voted for and 1,234,820 shares (representing 0.0458%) voted against the resolution, it was RESOLVED:-

THAT Datuk Lau Joo Hong, 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 Keat**

By a vote of 2,691,335,126 shares (representing 99.9059%) voted for and 2,534,237 shares (representing 0.0941%) voted against the resolution, it was RESOLVED:-

THAT Mr Lau Joo Keat, 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 – Ms Chu Nyet Kim**

By a vote of 2,693,488,843 shares (representing 99.9859%) voted for and 380,520 shares (representing 0.0141%) voted against the resolution, it was RESOLVED:-

THAT Ms Chu Nyet Kim, 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 – Ms Goh Wen Ling**

By a vote of 2,693,760,443 shares (representing 99.9960%) voted for and 108,920 shares (representing 0.0040%) voted against the resolution, it was RESOLVED:-

THAT Ms Goh Wen Ling, 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 2,693,585,326 shares (representing 99.9895%) voted for and 284,037 shares (representing 0.0105%) 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 8**  
**Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

By a vote of 2,381,384,443 shares (representing 88.3989%) voted for and 312,523,420 shares (representing 11.6011%) voted 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 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 ("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 348,268,443 shares (representing 99.8494%) voted for and 525,320 (representing 0.1506%) 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 28 April 2023 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 2,693,447,843 shares (representing 99.9940%) voted for and 162,020 shares (representing 0.0060%) 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 12.06 noon with a vote of thanks to the Chair.

Signed as a correct record

Chairman  
Dated: 13 July 2023

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

**Summary of Questions and Answers (“Q&A”) posed for the 9<sup>th</sup> Annual General Meeting (“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, 2 June 2023 at 11.00 a.m.**

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

**Q1) In an attempt to increase the supply of broiler chickens to the Malaysian market, the government imposed an export ban of broiler chickens on 1 June 2022, initially on a 100.0% basis but subsequently relaxed to an approximately 50.0% reduction since 11 October 2022. While the broiler chicken export ban has been partially lifted by the Malaysian government, the 50.0% export quota meant that our Singapore slaughtering operation was operating at well below design capacity. (Page 37 of Annual Report 2022)**

**(a) Please explain why the Singapore slaughtering operation was operating at well below design capacity following the partial lifting of the broiler chicken export ban? Additionally, was the group exporting over 50% of its broiler chickens to Singapore before the export ban?**

Response from the Company:

Before the export ban was imposed on 1 June 2022, LHI produced approximately 4.65 million broilers per month on average and exported approximately 1.0 million to 1.1 million broiler chickens per month for slaughtering in Singapore, which is less than 25% of LHI’s production volume. Subsequent to 11 October 2022, the Malaysian Government allowed export quota of between 500,000 to 600,000 broilers per month, hence the slaughtering operations in Singapore only operated at approximately 50% of their design capacity. The export quota had since April 2023 increased to 800,000 to 900,000 broilers per month.

**(b) How likely is the Group to regain its market share in Singapore once the export ban is completely lifted?**

Response from the Company:

The Group retained most of our customers in Singapore by supplying them with frozen chickens imported from elsewhere as the Group is also a major importer of various frozen products in Singapore including frozen chicken, frozen beef, frozen seafood and frozen vegetables.

**(c) Does the export ban affect the group’s export of table eggs to Singapore?**

Response from the Company:

The export ban did not affect table eggs.



- Q2) From 28 outlets on 1 January 2020, the chain had 184 outlets as of 31 March 2022, with more to come as the group targeted to reach a total of 200 outlets before the end of 2022. (Page 37 of Annual Report 2021)**
- (a) What factors contributed to the company falling short of its target of 200 outlets, resulting in a 12.5% decrease in the number of outlets to 161 as of 31 December 2022?**
- (b) What are the key challenges faced by the group's quick service restaurant business in Malaysia?**

Response from the Company:

- (i) The increase in the price of commodities meant that the selling price of roast chicken at Baker's Cottage had to be increased very significantly in order not to sell the products at a loss. For example, the price of roast chicken was RM12.99 on 1 January 2022 but had increased to RM22.99 on 31 December 2022.
- (ii) Post-pandemic, restaurants returned to business; consumers have more food choices and look for variety, thus affecting Baker's Cottage performance.
- (iii) High staff turnover and difficulties to get adequate workforce resulted in some locations unable to operate according to the required business hours. Some closures allowed for redeployment of staff amongst outlets.

In view thereof, the Management decided to consolidate operations rather than continue to push for more outlet opening.

- (c) What is the target number of Baker's Cottage outlets for the end of 2023?**

Response from the Company:

The Group does not have a specific target on the number of Baker's Cottage outlets for the end of 2023.

- Q3) In Vietnam, the Group currently operates feedmill and livestock businesses. With a large population in Vietnam, does the group intend to expand its food processing production and quick service restaurant businesses into Vietnam in the foreseeable future. If not, please explain why.**

Response from the Company:

At this moment, most of the broiler chickens in Vietnam are still slaughtered and sold in wet markets whereby the hygiene and quality standards are less stringent than the typical modern broiler slaughtering plant.

The Group has plans to operate a slaughtering plant in Vietnam in the future but the modern trade (i.e. hypermarket/supermarket) needs to be more developed in order for the addressable market size to be large enough so as to improve the prospects of profitable operations. Given the large capital expenditure required, the Group will be very prudent with the expansion plan.

The Management sees much opportunities in Vietnam's market today for upstream and midstream businesses, while quick services restaurant (QSR) business is more challenging given the abundance of good cheap food found in Vietnam's market.

Therefore, the Management expects to focus on the core livestock and feedmill businesses for now until market opportunity presents itself.

- Q4) How have the recent heat waves in the region affected poultry farming? Is there evidence of heat stress in the poultry leading to reduced production efficiency, increased mortality rates, and lower egg production and hatching rates? If yes, to what extent has this impact been observed in the past few weeks?**

Response from the Company:

Almost all the Group's livestock are grown in closed houses whereby temperatures are controlled at the range suitable for their respective stage of lifecycles. Therefore, the heat wave has negligible impact on the Group's operations.

- Q5) How will the significant drop in futures prices for corn and soybean that started in May 2023 affect the feedmill margin of the group? Specifically, will the margin be negatively impacted by previously purchased inventories at a higher price?**

Response from the Company:

Feedmill business is a cost-plus business. It means that if the price of raw materials such as corn and soybean meal increase, the industry will increase the selling price to customers. Likewise, when the price of raw materials decreases, competition amongst feedmillers in the industry will result in lower selling price to customers.

There will be a time lag between cost changes and price changes as the price of previously purchased inventories are considered but the competitive nature of the industry meant that price increases or reductions are replicated very quickly by all players in the industry.

- Q6) On the government's "Program Subsidi Ayam dan Telur", the Group observed that there has been no fixed scheduled meeting held by the DVS Subsidy Approval Committee since early December 2022 and there has been a delay in the claim approval process. Such events indicate there were changes in circumstances resulting in uncertainties over the claim approval process. (Page 134 of Annual Report 2022)**

- (a) How long has the delay been in the claim approval process?**  
**(b) How frequent are the submissions of claims for the above subsidy?**  
**(c) Have any claims for subsidy for early 2023 been approved?**  
**(d) Are there any receivables for the approved subsidy claims that are past due? If yes, what is the current overdue amount?**

Response from the Company:

The Company has received a substantial amount of RM32.5 million outstanding as at 31 December 2022 and that as at 31 May 2023, only RM5.77 million claims are still outstanding (i.e. about 95.3% of the claims submitted under "Program Subsidi Ayam dan Telur" have been received).

- (a) There is no fixed pattern on delay or payment process.  
(b) For 2022, after the initial hiccup for the first few months, the Company was able to submit the subsidy claims monthly.  
(c) The claims for 2023 have only been opened recently and to date, none of the claims have been approved.  
(d) LHI has received all subsidy claims that have been approved. The RM5.25 million that have been claimed but not yet received have not been approved for payment.

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

**Q1) High interest era, how management deals with the high finance cost?**

Response from the Company:

During this period of increasing interest cost, the Group's priority is to reduce borrowings. As can be seen in the quarterly financial results of the Company for the period ended 31 March 2023, the Group's borrowings had reduced marginally compared to 31 December 2022. One of the ways the Company reduce borrowings is by being more prudent on capital expenditure ("CAPEX"). The CAPEX for year 2023 is expected to be below RM200 million versus the RM400 million to RM500 million in 2019 / 2020.

**Q2) Broiler price and feed cost are volatile, how management deals with this and maintains profit margin?**

Response from the Company:

It is difficult to create differentiation from broiler chicken especially for consumer market. As such, the Group competes by focusing on production efficiency and cost control. As one of the largest fully integrated poultry producers and lowest cost producers in the region, the Group has a better margin (on average) than other producers.

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 input the DOC into its 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 fresh chicken or different parts, or to process into nuggets, sausages, burgers, etc. or to divert to its own QSR and sell as roast chicken.

**Q3) How the hot weather affects the poultry industry? Any solution?**

Response from the Company:

Most poultry farmers in this region operate using open-house system. These are long wooden raised floor houses that have free airflow and topped by zinc roof. These farmers will be affected by the hot weather because broiler chickens would drink more water and eat less feed, thus grow slower.

For LHI, almost all of the Group's broiler chickens are farmed using closed-house system whereby temperatures within the broiler houses are controlled and adjusted according to their stage of lifecycles. Feed and water supply are also automated and the broiler chickens are only a few feet away from feed and water. Thus, the hot weather has minimum impact on the Group.

**Q4) How is the egg pricing mechanism function in Malaysia currently and the broiler pricing mechanism as well.**

Response from the Company:

The current ceiling price of eggs imposed by the Malaysian government is lower than the cost of production. The industry will not be able to sustain if there is no subsidy from the government. For eggs, the subsidy provided was 10 cents per egg regardless of size while for broilers, it is 80 cents per kilogram, up to a maximum of 1.8 kilogram per broiler.

**Q5) Any door gifts for shareholders?**

Response from the Company:

As per past practices, there is no door gift for participants of the 9<sup>th</sup> AGM. The Group believes that rewarding shareholders through dividend payment is the most appropriate and fairest way. The Company had on 23 May 2023 distributed a dividend of RM65.7 million to reward its shareholders.

**Q6) Does company promoting food and beverage and for value buy attracting consumer? Any Rahmah sales for promoting baker cottage sales?**

Response from the Company:

The selling price of the products of Bakers' Cottage is much lower than its competitors and we have a range of products that are sold at less than RM5.00. As such, there is no special Rahmah sales promotion.

**Q7) What are LHI's competitive advantages if compared to local peers and foreign peers respectively? What is the weakness of LHI?**

Response from the Company:

Each operating country of the Group operates independently and compete with their local peers.

LHI, being one of the largest poultry producers in the region, enjoys economies of scale through its integrated business model. As replied for question no. 2, the Group has the ability to determine at which point of the value chain the Group may choose to monetise its products.

The weakness of LHI is the volatility of the selling price of livestock which generally applies to all the industry players. Notwithstanding that, LHI is able to mitigate this as the business of the Group is well-diversified geographically.

**Q8) Can management please provide the capacity utilisation rate for each of LHI's operating markets respectively? And please explain if the utilisation rate for the respective market is not full.**

Response from the Company:

The capacity utilisation rate of feedmill plant for each operating country is about 63% currently except for Indonesian market which is operating at 80%. We cannot wait until our feedmills are fully utilised before we construct new ones because planning and building a new feedmill takes 2 to 3 years to complete.

Under normal conditions, the utilisation rate should have been higher than 63% but several countries have yet to recover to its pre-pandemic consumer purchasing power, hence we have slowed down the expansion rate.

The Management will monitor the market and plan for the next feedmill when the utilisation rate of feedmill reaches 70% to 80%.

**Q9) What's the status of the outstanding tax issues? Have the necessary potential tax reflected in the accounts?**

Response from the Company:

The Company is not aware of any tax dispute with any countries' tax authorities. All material tax liabilities have been provided for and disclosed in the 2022 audited accounts.

**Q10) With the low share price of the Company, does the Board intends to proceed with the share buyback in the near future?**

Response from the Company:

The Board has never discussed share buy-back. The Company will make the necessary announcement should there be share buy-back.

**Q11) Could hot weather increase the power energy consumption?**

Response from the Company:

Yes, it will increase the power energy consumption as more energy will be needed to cool our buildings and chicken houses. LHI has been installing solar panels in its operations to manage energy cost. The total solar power generation was disclosed in Page 9 of the Annual Report 2022.

**Q12) Please assists to mail me the hardcopy of your latest annual report for me to have a better understanding/update on the Group's performance.**

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 2022 or Circular to Shareholders via TIH Online at <https://tiah.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](mailto:is.enquiry@my.tricorglobal.com).

**Q13) What is the prospect of LHI business performance in coming terms?**

Response from the Company:

The Group's operations are located in the ASEAN region which is one of the most dynamic in the world. Consumption of meat is positively correlated with Gross Domestic Product growth hence with improving economic conditions and growing populations, the Group is optimistic that better days are ahead.

- Q14) With equity of RM2.6 billion, LHI's bank borrowing of RM3 billion is very high, which represents gross gearing of 1.15x.**
- (i) What is the rationale for such high debt?**
  - (ii) How many percent of the debt is at fixed rate? What is the tenure of these debts?**
  - (iii) What is the current effective interest rate in FY2022? With interest rates having risen significantly, what is the estimated financing cost increment for FY2023?**

Response from the Company:

The Group is comfortable with Gross Gearing Ratio of 1.15 times as the Group is in essential food industry rather than that of discretionary products where demand may not be as stable. Besides, the Group has cash and bank balances of RM840 million as at 31 December 2022, therefore the Net Gearing Ratio was only 0.85 times.

Most of the Group's borrowings is on floating interest rates. The details on borrowings can be found on page 177 to page 185 of the Annual Report 2022.

- Q15) Any succession planning to replace retiring directors?**

Response from the Company:

The Company has succession planning for the Group Chief Executive Officer. Succession planning for retiring directors is the prerogative of shareholders.

- Q16) Possible to show the answer in text form too?**

Response from the Company:

The Company will publish the minutes of the AGM at the Company's website within 30 business days from the date of the AGM.

- Q17) Suggested for future AGM, it would be good if the agenda for the day could include a short corporate presentation by management on the key financial & operational highlights for the FY ended and also outlook and strategy going forward.**

Response from the Company:

Annual Reports, Quarterly Announcements and Analyst Presentations contain material information regarding the Group's financial and operations. They can be downloaded from <https://www.leonghupinternational.com/investor/financial-information/>

- Q18) To what extent is the new electricity rate and employee act affect the company?**

Response from the Company:

Poultry farming is classified as agriculture industry in Malaysia. The new electricity rate does not affect agriculture tariff. Therefore, the impact on the Company is not material.

**Leong Hup International Berhad (201401022577) (1098663-D)**  
**Summary of Questions and Answers during the 9<sup>th</sup> Annual General Meeting held on 2 June 2023**

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The following are questions received after the end of the Q&A session:-

**Q1) In the latest quarter result (1 Jan - 31 Mar 23), the company made a loss for the Indonesia operation. What are the causes of the poor performance? Will it deteriorate further in the coming quarters? Any actions taken to ensure the operation can be back to profitability?**

Response from the Company:

The consumer purchasing power in Indonesia is still weak and there was an oversupply situation in the first quarter of 2023 that has affected the whole industry. The key players in the industry have reacted by reducing supplies to the market. Nevertheless, the demand and supply situation are in good equilibrium now.

In spite of that, none of the players have the forward visibility to predict the future. The Company insulates itself by prioritising cost control and ensures that the cost is amongst the lowest in the industry such that when other competitors lose 80 cents, the Company may lose only 60 cents. When other competitors earn 20 cents, the Group may earn 40 cents. Hence, over time, the Group becomes stronger and more resilient while weaker players exit the market.