

MAG HOLDINGS BERHAD
(200401004611)
(643114-X)
(Incorporated in Malaysia)

Minutes of the 16th Annual General Meeting (“**16th AGM**” or the “**Meeting**”) of MAG Holdings Berhad (“**MAG**” or the “**Company**”) held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. in Malaysia on Monday, 29 November 2021 at 9:00 a.m.

PRESENT

Mr. Ng Min Lin (Chairman)
Mr. Yeoh Wooi Kia
Mr. Collin Goonting a/l O.S. Goonting
Datuk Lim Si Cheng
Mr. Melvin Lim Chun Woei
Shareholders and proxies as per attendance list

IN ATTENDANCE

Ms. Wong Yuet Chyn (Company Secretary)

BY INVITATION

Guests as per attendance list

NOTICE

The Chairman of the Company welcomed the shareholders, proxies and guests to the Meeting.

The Chairman then proceeded to introduce the members of the Board of Directors of the Company (“**Board**”), Company Secretary and External Auditors from Moore Stephens Associates PLT.

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

The Chairman informed that the 16th AGM was conducted on a fully virtual basis via online meeting platform provided by Securities Services e-portal as a precautionary measure against the spread of Covid-19.

The Chairman notified that the Notice convening the 16th AGM had been sent to all the shareholders of the Company in accordance with the Company’s Constitution. He proposed and the Meeting consented that the Notice of Meeting of 29 October 2021 be taken as read.

The Chairman informed the members that in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the resolutions as set out in the Notice of 16th AGM must be put to vote by poll. For this purpose, the Chairman has exercised his right as the Chairman of the Meeting to demand for a poll in accordance with Section 331 of the Companies Act 2016 (“**CA 2016**”) in respect of all resolutions which would be put to vote at 16th AGM.

The Share Registrar, SS E Solutions Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process and Commercial Quest Sdn. Bhd., the Independent Scrutineer be appointed to verify the poll results.

The Chairman informed that the Board will deal with the shareholders' questions after the deliberation of all the agenda. The Board will try their best to address all the questions by email at the earliest possible after the Meeting if the Board were unable to address all the questions received from shareholders and/or proxies.

The Chairman informed that the Minority Shareholders Watch Group ("MSWG") had vide its letter dated 22 November 2021 addressed to the Board sought information and clarification on the Operational and Financial Matters, and Corporate Governance Matters. On behalf of the Board, the Chairman thanked MSWG for giving the Company notice of their questions to enable the Board to reply officially to their letter.

For the information of the members present, the following questions from and the corresponding replies to MSWG were read out:-

Operational and Financial Matters

Question 1

In the financial period under review from 1 January 2020 to 30 June 2021 ("FPE 2021"), the Group registered a profit before taxation of RM10.46 million on the back of RM81.54 million revenue, despite the prawn farming operations being affected by the various lockdowns which has caused delays in the supply-chain as hatchery suppliers were unable to deliver prawn fries to the site and affected the restocking of ponds. Sales orders were low during the movement control order periods and this in turn caused the production output to be lower as the prawn survival rate will decline as it passed the optimum harvesting point (pages 14 & 15 of Annual Report ("AR") 2021).

Question 1 (a)

How has MAG group adapted to the challenges caused by the pandemic? What is the Company's strategy to mitigate and manage the supply chain risks?

Answer to Question 1 (a):

The effect of Covid-19 pandemic on business is indeed a valuable lesson for the Group on how to maintain essential operations during lockdowns so as to sustain business operations and to serve the customers and communities, as well as to protect and support the employees.

As the Company navigate the challenges caused by the pandemic, the Company realise how critical is the supply-chain to ensure business sustainability.

There is a pressing need for the Group to build long-term resilience in the supply-chain to manage future challenges. The Company strive to have a better supply-chain planning, such as better visibility into customers' demand, inventory and the levels of re-stocking of ponds. The Company will also try to run simulations to predict when and where excesses and shortages are likely to occur, so as to reposition the Group for growth once economies rebound.

On top of that, the Company are in the mid of exploring the smart farming system to monitor the key data in farming environment. With the data collection, the Company can predict better in raw material consumption and the harvest outcome.

Question 1 (b)

Is the Group affected by manpower constraints? If so, what is the management's strategy to mitigate the impact?

Answer to Question 1 (b):

The Group is not significantly affected by the manpower constraints.

Question 2

The Group has significant concentration of credit risk arising from the amounts owing by 2 customers constituting 99% of net trade receivables of the Group (Note 29, page 117 of AR 2021).

Question 2 (a)

What are the identities/profiles of the 2 customers?

Answer to Question 2 (a):

They are prawn processing plant owners, operators and wholesalers.

Question 2 (b)

Has the Board evaluated the customer concentration risks of the Group? If so, what has the Board done to mitigate the customer concentration risks?

Answer to Question 2 (b):

Yes, the Board has evaluated concentration risks of the Group. As disclosed in Note 34 (page 126 of the AR 2021), the Group has, subsequent to FPE 2021, acquired 100% equity interest in North Cube Sdn. Bhd. ("**North Cube Group**"), of which one of its operating units is the prawn processing plant owner and operator as referred to in Question 2(a) above.

North Cube Group has many local and international market customers and hence the acquisition of North Cube Group has, to a certain extent, addressed the concentration risk issue. The Group is also looking at fresh leads to build a larger customer base. The Company are looking at ways to increase our products and brand visibility. Online digital marketing is an area that the Company find potential in creating a B2C channel to broaden the customer base.

Question 3

The accumulated impairment loss on the Group's Other Receivables has increased to RM2.2 million in FPE2021 (FY2020: RM83,000) (Note 18, page 103 of AR 2021).

Question 3 (a)

Please provide the components of the Other Receivables that has the impairment losses.

Answer to Question 3 (a):

Arising from sundry debtors of the Group's subsidiary in China.

Question 3 (b)

What are the reasons for the high impairment losses and what made this impairment necessary?

Answer to Question 3 (b):

On prudent ground, the outstanding amount was being impaired as a whole as the receivables had been long outstanding.

Question 3 (c)

What are the measures taken by the Company to ensure that the impairment losses on Other Receivables does not increase further?

Answer to Question 3 (c):

The impairment loss is a one-off event. The Company will continue to take strict measures by monitoring the receivables closely.

Question 4

An amount of RM1.7 million owing by a shareholder of a subsidiary which is non-trade in nature and unsecured has been past due more than 365 days and was not impaired as the Group has a settlement arrangement with the said shareholder (Note 18, page 103 & Note 29, page 119 of AR 2021).

Please provide details of the settlement arrangement with the said shareholder. Has the amount owing been settled?

Answer to Question 4:

The subsidiary is currently inactive and management intends to dissolve the subsidiary whereby the net assets, after settlement of all liabilities of the subsidiary, will be returned to the respective shareholders. Currently, the said subsidiary is having net assets of approximately RM3.5 million and after paying MAG, the subsidiary is left with RM1.74 million worth of net assets which is sufficient to offset with the RM1.7 million owing by the said shareholder.

Question 5

Administrative expenses have increased from RM3.27 million in FY2019 to RM12.39 million in FPE2021 (page 48 of AR 2021). What are the reasons for the significant increase in administrative expenses? Please provide a breakdown of the expenses.

Answer to Question 5:

The administrative expenses for both FPE 2021 and FY2019, as presented in the statement of comprehensive income (page 48), referred to expenses incurred for the continuing operations which is the prawn aquaculture business.

The Group commenced its prawn aquaculture business on 1 December 2019 and hence the FY2019 was made up of only one-month administrative expense for the prawn aquaculture business plus some expenses for the head office and holding company, while the FPE 2021 was made up of 18 months' financial period from 1 January 2020 to 30 June 2021. Therefore the administrative expenses between FY2019 and FPE 2021 are not comparable.

Corporate Governance Matters

Question 6

Mr. Ng Min Lin is the Executive Chairman of the Board. The Managing Director (“MD”)/Chief Executive Officer (“CEO”) position is vacant since the resignation of Mr. Ma GuoLiang as the MD and a Board member on 7 July 2020. In the absence of a MD/CEO, the Executive Chairman takes on the responsibility of managing the Group’s businesses and resources as well as overseeing and managing the day-to-day operations of the Group (page 6, Corporate Governance Report 2021 (“CG Report”)).

This is not in line with Practice 1.3 of the Malaysian Code of Corporate Governance (“MCCG”) that stipulates that the positions of Chairman and CEO are held by different individuals to promote accountability and facilitate the division of responsibilities between them. In this regard, no one individual can influence the board’s discussion and decision-making. The responsibilities of the Chairman should include leading the board in its collective oversight of management, while the CEO focuses on business and day-to-day management of the Company.

The Company has stated in its CG Report (page 6) that it is searching for a suitable candidate to fill the MD/CEO position.

The MD/CEO position had been left vacant for more than a year. What are the challenges the Company is facing in identifying the right candidate as MD/CEO? What is the targeted timeline for the appointment of a MD/CEO?

Answer to Question 6:

The Group is still sourcing for the right candidate, and has not set any timeline for that.

In the meantime, given that there are more than 50% of the Board members are Independent Directors, the Board would be able to function and support objective and independent deliberation, review and decision making.

Question 7

Practice 4.5 of MCCG stipulates that the board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

The Company departs from the Practice as the Board does not have any women director currently and it has not set policies on gender diversity, its targets and measures to meet those targets, in particular, the target for female directors.

When does the Board plan to formulate a Gender Diversity Policy and to disclose in its annual report, its targets and timeframe to meet those targets for its Gender Diversity Policy, as required by the MCCG?

Answer to Question 7:

The Group will look into the formulation of gender diversity policy and wish to emphasise that the evolution of board balance and diversity is a long-term process and will take the gender diversity into consideration when vacancies arise.

Question 8

Practice 8.2 of MCCG stipulates that the Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

The Company has stated in its CG Report (page 31) that it has a policy to require a former key audit partner to observe a cooling off period of at least two years before being appointed as a member of the Audit and Risk Management Committee is stipulated in the Terms of Reference of the Audit and Risk Management Committee (“TOR of AC”).

The Company has not applied the Practice, the said policy cannot be found in the Company’s Section B: TOR of AC under the Board Guidelines. Has the TOR of AC been periodically reviewed and refreshed?

Answer to Question 8:

Presently none of the Audit Committee members is a former key audit partner. Nevertheless, the Company take note of the issues raised and will update the policy.

The Chairman then proceeded to the agenda for the Meeting.

1. AUDITED FINANCIAL STATEMENTS (“AFS”) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 TOGETHER WITH THE DIRECTORS’ AND AUDITORS’ REPORTS THEREON

The Chairman informed that as provided for in Section 340(1)(a) of the CA 2016, it is not required that the AFS be formally approved and therefore the first item of the agenda was meant for discussion only and was not put forward for voting.

2. PAYMENT OF DIRECTORS’ FEES FROM THE CONCLUSION OF THE 16TH AGM UNTIL THE CONCLUSION OF THE 17TH AGM FOR:-

- (I) RM3,500 PER MONTH FOR THE NON-EXECUTIVE MEMBERS OF THE BOARD; AND**
 - (II) RM1,000 PER MONTH FOR THE CHAIRMAN OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”).**
- (EACH OF THE FOREGOING PAYMENTS BEING EXCLUSIVE OF THE OTHER)**

Ordinary Resolution 1 on the proposed payment of Directors’ fees from the conclusion of the 16th AGM until the conclusion of the 17th AGM for:-

- (i) RM3,500 per month for the Non-Executive Members of the Board; and
 - (ii) RM1,000 per month for the Chairman of the ARMC.
- (each of the foregoing payments being exclusive of the other)

The Chairman then proceed to next agenda of the Meeting.

3. PAYMENT OF ATTENDANCE ALLOWANCE OF RM300 PER BOARD/ BOARD COMMITTEE/SHAREHOLDERS’ MEETING TO THE NON-EXECUTIVE DIRECTORS FROM THE CONCLUSION OF THE 16TH AGM UNTIL THE CONCLUSION OF THE 17TH AGM

Ordinary Resolution 2 on the proposed payment of attendance allowance of RM300 per Board/ Board committee/shareholders’ meeting to the Non-Executive Directors from the conclusion of the 16th AGM until the conclusion of the 17th AGM.

The Chairman then proceed to next agenda of the Meeting.

4. RE-ELECTION OF MR. NG MIN LIN (“MR. NG”) WHO RETIRES BY ROTATION PURSUANT TO ARTICLE 106 OF THE COMPANY’S CONSTITUTION

The Chairman informed that he was up for retirement and seeking re-election as Director, he shall hand over the chairmanship to Mr. Collin Goonting a/l O.S. Goonting (“**Mr. Collin**”) to deliberate the agenda.

Ordinary Resolution 3 on the proposed re-election of Mr. Ng as Director of the Company. Mr. Ng had offered himself for re-election as Director of the Company.

Mr. Collin closed the agenda and hand over the chairmanship to the Chairman to continue with the next agenda.

5. RE-ELECTION OF DIRECTORS WHO RETIRE PURSUANT TO ARTICLE 110 OF THE COMPANY'S CONSTITUTION

(i) RE-ELECTION OF DATUK LIM SI CHENG ("DATUK LIM")

Ordinary Resolution 4 on the proposed re-election of Datuk Lim as Director of the Company. Datuk Lim had offered himself for re-election as Director of the Company.

(ii) RE-ELECTION OF MR. MELVIN LIM CHUN WOEI ("MR. MELVIN")

Ordinary Resolution 5 on the proposed re-election of Mr. Melvin as Director of the Company. Mr. Melvin had offered himself for re-election as Director of the Company.

The Chairman then proceed to next agenda of the Meeting.

6. RE-APPOINTMENT OF MOORE STEPHENS ASSOCIATES PLT ("MOORE STEPHENS") AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022 AT SUCH REMUNERATION TO BE DETERMINED BY THE DIRECTORS

Ordinary Resolution 6 on the proposed re-appointment of Moore Stephens as auditors of the Company for the financial year ending 30 June 2022 at such remuneration to be determined by the Directors.

The Chairman informed the Meeting that Moore Stephens have indicated their willingness to accept the re-appointment.

The Chairman then proceed to next agenda of the Meeting.

7. AUTHORITY TO DIRECTORS PURSUANT TO SECTIONS 75 AND 76 OF THE CA 2016

The Chairman informed that the following motion was tabled for consideration as **Ordinary Resolution 7**.

"THAT pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 17th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

The Chairman then proceed to next agenda of the Meeting.

8. ANY OTHER BUSINESS

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

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

The following questions were raised by shareholders and the responses made by the Board and management of the Company.

Question 1

Mr. Teh Kian Lang, Mr. Stephen Lye Tuck Meng, Ms. Tan Hooi Im, Ms. Lum Pek Kam and Ms. Kok Sak Lin (Shareholders) enquired that whether the Board would consider giving door gifts such as e-voucher or e-wallet for shareholders who have participated in the 22nd AGM.

Response to Question 1:

The Chairman answered that the Company did not prepare door gifts for virtual meeting. However, door gifts would be provided in the future physical Extraordinary General Meeting or Annual General Meeting.

Question 2

Mr. Teh Kian Lang (Shareholder) enquired on the business outlook for the next 3 months as well as the strategy for next 6 months.

Response to Question 2:

The Chairman answered that the Company has received a consistent order demand from customers and the demand is more than supply. For the next 3 months, with the of recovery of local market and international market, the Company expected business will continue to grow. However, the Company is also facing some challenge in regards of shortage of containers worldwide and interruption of freight. The Company is currently dealing with various parties of the ship liners in order to make sure that there are sufficient containers to fulfil the order. The Company will also increase the freight and will pass on the freight burden to the customers by increase in price and hoping the customer is understanding.

Question 3

Mr. Teh Kian Lang (Shareholder) enquired on the status of the loan amounting of RM258.0 million to former subsidiary is recoverable or be impaired. Will there be any interest earned from the loan?

Response to Question 3:

The Chairman answered that the loan is advance to the subsidiaries, edible oil plant which includes in the 5 years contracts and agreements with the subsidiaries. There is a contract recoverable and interest earned on this loan which payable on annual basis.

Question 4

Mr. Chong Chen Wai (Shareholder) enquired on the impact of global market inflation on the feeds price, does the Company able to transfer this cost to customers? He further enquired on achievability of profit guarantee from North Cube Sdn. Bhd. given that the increase of cost in feeds. He also enquired on the future direction of the Company.

Response to Question 4:

The Chairman answered that the current feeds price is affected by the global market inflation, this is due to search on freight cost. The Company is consistently monitoring the cost increase and having a close deliberation with the customers in term of the search on the cost.

The Chairman answered that North Cube Sdn. Bhd. is achieving the profit guarantee given the result shown.

The Chairman answered that the Company is undertaking various strategies including exploring smart farming which can help to control the cost, reducing the wastage and increase the accuracy as well as efficiency of farming activities to contribute the bottom line. The Company is also looking into renewable energy to reduce the utility cost.

There being no further questions raised by shareholders. With that, the Chairman urged the shareholders and/or proxies who have yet to submit their votes, the Meeting shall now allocate another 10 minutes for them to complete to cast their votes.

The Chairman then announced the closing of the online voting session and then adjourned the Meeting for approximately 15 to 20 minutes for the poll votes to be counted by the Poll Administrator in the presence of the appointed scrutineer.

The Meeting resumed at 9:50 a.m. The representative of the scrutineer submitted the report of the results to the Chairman. The results of the poll which were as follows:-

Resolutions	Voted For			Voted Against		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 1 To approve the payment of the Directors' fees from the conclusion of the 16th AGM until the conclusion of the 17th AGM on the basis as set out in the Notice of this AGM	821,491,237	99.9956	58	36,362	0.0044	5
Ordinary Resolution 2 To approve the payment of attendance allowances to the Non-Executive Directors from the conclusion of the 16th AGM until the conclusion of the 17th AGM on the basis as set out in the Notice of this AGM	821,489,375	99.9953	56	38,224	0.0047	7
Ordinary Resolution 3 To re-elect Mr. Ng as Director	821,492,337	99.9957	60	35,262	0.0043	3
Ordinary Resolution 4 To re-elect Datuk Lim as Director	821,490,475	99.9955	58	37,124	0.0045	5
Ordinary Resolution 5 To re-elect Mr. Melvin as Director	821,490,475	99.9955	58	37,124	0.0045	5
Ordinary Resolution 6 To appoint Moore Stephens as auditors of the Company for the financial year ending 30 June 2022 at such remuneration to be determined by the Directors	821,492,337	99.9957	60	35,262	0.0043	3

Resolutions	Voted For			Voted Against		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 7 To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016	821,490,474	99.9955	57	37,125	0.0045	6

The Chairman then declared the above resolutions carried.

TERMINATION

There being no other business, the Meeting concluded at 9.58 a.m. with a vote of thanks to the Chair.

Chairman

29 November 2021