

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

Minutes of the 17th Annual General Meeting (17th AGM or Meeting) of MAG Holdings Berhad (MAG or the Company) held at WORQ KL Gateway, Unit 3.07, Level 3, KL Gateway Mall, Gateway Mall, No. 2, Jalan Kerinchi, Pantai Dalam, 59200 Kuala Lumpur, Wilayah Persekutuan (KL) on Thursday, 29 December 2022 at 9.00 a.m.

PRESENT

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

ABSENT WITH APOLOGIES

Datuk Lim Si Cheng

IN ATTENDANCE

Ms. Wong Yuet Chyn (Company Secretary)

BY INVITATION

Guests as per attendance list

NOTICE

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

The Chairman then proceeded to introduce the Board members (Board) and the Company Secretary. The Chairman informed the Meeting that Datuk Lim Si Cheng had extended his apologies for not being able to attend the Meeting.

The Chairman informed that as at 8.55 a.m., there were 17 members present in person or by proxy. Since there being a quorum, the Chairman declared the Meeting duly convened.

The Chairman notified that the Notice convening the 17th AGM (Notice) had been despatched to all the shareholders and Auditors of the Company and the said Notice was advertised in the New Straits Times on 31 October 2022 in accordance with the Constitution of the Company. The Chairman proposed and the Meeting consented that the Notice of Meeting dated 31 October 2022 be taken as read.

The Chairman informed the shareholders that in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), all resolutions as set out in the Notice must be put to vote by poll. For this purpose, the Chairman informed that all the resolutions will be vote by poll in accordance to Article 65 of the Company's Constitution.

The Share Registrar, Securities Services (Holdings) Sdn. Bhd., has been appointed the Poll Administrator to conduct the polling process and Commercial Quest Sdn. Bhd., be the Independent Scrutineer to verify the poll results.

The Chairman informed that the Board will deal with the shareholders' questions after the deliberation of the agenda and before the commencement of the polling process.

The Chairman informed that the Minority Shareholders Watch Group (MSWG) had vide its letter dated 19 December 2022 addressed to the Board sought information and clarification on the Operational and Financial Matters, and Corporate Governance. On behalf of the Board, the Chairman thanked MSWG for submitting their questions to enable the Board to reply officially to their letter.

For the information of the shareholders, the MSWG's questions and the responses from the Management were read out as follows:

Operational & Financial Matters

Question 1 (a)

The Group has significant concentration of credit risk arising from the amounts owing by 1 customer (FY2021: 2 customers) constituting 92% (FY2021: 99%) of net trade receivables of the Group (Note 30, page 122 of annual report (AR) 2022). This was highlighted by MSWG in the previous year AGM of which the Company responded that it would look into ways to increase its products and brand visibility and look for fresh leads to build a larger customer base as well as using online marketing to create a B2C channel to broaden the customer base.

Given that the Group has only one customer in FY2022, has the Board reviewed the Group's customer concentration risk? If so, how does the Group plan to manage this risk?

Answer to Question 1 (a):

Yes, the Board has evaluated the concentration of credit risks of the Group. In fact, in FY2022, the Group's revenue was contributed by North Cube Food Sdn. Bhd. (33.15%) (RM45.45 million), North Cube Sdn. Bhd. (36.56%) (RM50.12 million) and MAG Aquaculture Sdn. Bhd. (30.29%) (RM41.53 million).

The payment methods from the overseas customers are mainly letters of credit and telegraphic transfers. Only local customers are given credit terms of 30 days up to 90 days. To a certain extent, the Group has addressed the concentration of credit risk issue.

Moving forward, the Group will continue its' effort to diversify the sales to various customers, close monitor and review the credit terms and limit given to the local customers to minimise the customer concentration risk and credit risk.

Question 1 (b)

Please provide the name of the single customer.

Answer to Question 1 (b):

The single customer is a wholesale distributor. In view of confidentiality and competitiveness of the business, the Board does not wish to disclose the customer details.

Question 1 (c)

To date, has there been any progress in acquiring new customers to broaden the customer base?

Answer to Question 1 (c):

With forecasted higher production of coming years, the Group will continue to explore the new markets and customers for the coming year. In FY2022, the Group managed to export to a new market, i.e. Australia.

Question 2 (a)

Employee benefits expenses (wages, salaries and bonuses) have increased significantly from RM1.66 million in FY2021 to RM4.24 million in FY2022 (page 86 of AR 2022).

How much increase in wages was related to the newly acquired subsidiary, North Cube Sdn. Bhd.?

Answer to Question 2 (a):

Increase in wages is mainly due from the two newly acquired subsidiary companies, which are North Cube Sdn. Bhd. (RM1.60 million) and North Cube Food Sdn. Bhd. (RM1.42 million).

Question 2 (b)

Did the imposition of minimum wages from RM1,200 per month to RM1,500 per month have any impact on the increase in labour cost? If yes, can management quantify the impact of minimum wages for the financial year ending 2023?

Answer to Question 2 (b):

Yes, the impact would be approximately 20% higher from the current total wages.

Question 3 (a)

The risk profile of trade receivables based on the Group's provision matrix is shown on page 123 of the AR 2022 and reproduced below:

	Group 30.6.2022 RM'000	30.6.2021 RM'000
Not past due	37,773	19,825
Past due but not impaired:		
More than 30 days	16,291	–
More than 60 days	7,692	–
More than 90 days	–	226
	23,983	226
Credit impaired:		
Individually assessed	4,337	–
	66,093	20,051
Trade receivables, gross		
Less: Expected credit losses	–	–
Trade receivables, net	66,093	20,051

What are the reasons that trade receivables more than 30 days and 60 days past due have increased significantly? Has the Group experienced slower collection of its receivables?

Answer to Question 3 (a):

As at 30 November 2022, the trade receivables for the past due of RM23.98 million had been fully collected.

Question 3 (b)

(a) What are the profiles of the customers with significant outstanding trade receivables?

Answer to Question 3 (b):

They are seafood wholesalers.

Corporate Governance Matters**Question 4**

Practice 5.9 of the Malaysian Code of Corporate Governance states that the Board should comprise at least 30% women directors. The Board currently does not have any woman director. Pursuant to the Company's explanation that the Board endeavour to continuously identify potential woman director for nomination and shall appoint additional woman director when suitable candidates are identified (page 24 of CG Report 2022).

Please note that all public listed companies on Bursa Malaysia should have at least one woman director by June 2023. What is the progress in identifying suitable candidates? How many candidates were interviewed and shortlisted?

Answer to Question 4:

The Board endeavour to continuously identify a potential woman Director for nomination and shall appoint her as additional Director of the Company should a suitable candidate has been identified.

Question 5

Paragraph 9.21(2) of Bursa Malaysia Main Market Listing Requirements requires companies to publish a summary of the key matters discussed at the 16th AGM onto the Company's website soon after the conclusion of the AGM.

As of 16 December 2022, MAG has not published the summary of key matters discussed at the 16th AGM on its website (<https://magholdings.com.my/key-matters-discussed-at-the-agm/>). Please explain.

Answer to Question 5:

The Minute of the 16th AGM has been uploaded in the Company's website.

The Chairman then proceeded with the Agenda of the Meeting.

- AUDITED FINANCIAL STATEMENTS (AFS) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (FY2022) TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

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

2. PAYMENT OF DIRECTORS' FEES FROM THE CONCLUSION OF THE 17TH AGM UNTIL THE CONCLUSION OF THE 18TH ANNUAL GENERAL MEETING (18TH AGM):

- (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 17th AGM until the conclusion of the 18th 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 closed the item of the Agenda and proceeded with the next Agenda.

3. PAYMENT OF DAILY MEETING ATTENDANCE ALLOWANCE OF RM500 TO THE NON-EXECUTIVE DIRECTORS FROM THE CONCLUSION OF THE 17TH AGM UNTIL THE CONCLUSION OF THE 18TH AGM

Ordinary Resolution 2 on the proposed payment of daily meeting attendance allowance of RM500 to the Non-Executive Directors from the conclusion of the 17th AGM until the conclusion of the 18th AGM.

The Chairman closed the item of the Agenda and proceeded with the next Agenda.

4. RE-ELECT OF DIRECTORS WHO RETIRES PURSUANT TO ARTICLE 106 OF THE COMPANY'S CONSTITUTION AND WHO HAVE OFFERED THEMSELVES FOR RE-ELECTION

- (i) RE-ELECTION OF MR. YEOH WOUI KIA (MR. YEOH)**

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

- (ii) RE-ELECTION OF MR. COLLIN GOONTING A/L O.S. GOONTING (MR. COLLIN)**

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

The Chairman closed the item of the Agenda and proceeded with the next Agenda.

5. RE-APPOINTMENT MOORE STEPHENS ASSOCIATES PLT (MOORE STEPHENS) AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023 AT SUCH REMUNERATION TO BE DETERMINED BY THE DIRECTORS

Ordinary Resolution 5 on the proposed re-appointment of Moore Stephens as auditors of the Company for the financial year ending 30 June 2023 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.

A representative from Moore Stephens, Mr. Steven Wan introduced himself to the shareholders.

The Chairman closed the item of the Agenda and proceeded with the next Agenda.

6. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE CA 2016 (PROPOSED GENERAL MANDATE)

The Chairman informed that the following motion was tabled for consideration as **Ordinary Resolution 6**:

“RESOLVED THAT subject always to Sections 75 and 76 of the CA 2016, the Constitution, the ACE Market Listing Requirements of Bursa Securities and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 18th 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.

AND THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the CA 2016 read together with Article 52 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the CA 2016.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

The Chairman closed the item of the Agenda and proceeded with the next Agenda.

7. ANY OTHER BUSINESS

The Chairman, with confirmation from the Company Secretary, informed that the Company did not receive any notice for transaction of any other business at the Meeting.

The Chairman then proceeded with the Questions and Answers session for the Board and Management to deal with the question(s) that had been submitted by the Shareholder(s) as follows:

Question 1

Shareholder enquired on the possibility that the Company will go for privatisation.

Response to Answer 1:

The Chairman answered that the Company has no intention for privatisation at the moment.

As there were no further queries or questions raised by shareholders, the Chairman then proceeded to brief the Meeting on the polling process and then adjourned the Meeting at 9.35 a.m. to allow the shareholders to cast their vote on the resolutions for the day.

The Meeting resumed at 9.51 a.m. and the Chairman invited the independent scrutineer to announce the results of the poll which were as follows:

	Vote for			Vote against		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Ordinary Resolution 1 To approve the payment of the Directors' fees from the conclusion of the 17th AGM until the conclusion of the 18th AGM on the basis as set out in the Notice of this AGM	41	691,322,520	99.4820	1	3,600,000	0.5180
Ordinary Resolution 2 To approve the payment of daily meeting attendance allowance to the Non-Executive Directors from the conclusion of the 17th AGM until the conclusion of the 18th AGM	41	691,322,520	99.4820	1	3,600,000	0.5180
Ordinary Resolution 3 To re-elect Mr. Yeoh as Director	41	691,322,520	99.4820	1	3,600,000	0.5180
Ordinary Resolution 4 To re-elect Mr. Collin as Director	41	691,322,520	99.4820	1	3,600,000	0.5180
Ordinary Resolution 5 To appoint Moore Stephens as auditors of the Company for the financial year ending 30 June 2023 at such remuneration to be determined by the Directors	42	694,922,520	100	-	-	-

	Vote for			Vote against		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Ordinary Resolution 6 To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016	41	691,322,520	99.4820	1	3,600,000	0.5180

The Chairman then declared the above resolutions carried.

TERMINATION

There being no other business the Meeting terminated at 9.52 a.m. with a vote of thanks to the Chair.

Chairman

29 December 2022