

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

Minutes of the 18th Annual General Meeting [18th AGM or Meeting] of MAG Holdings Berhad [MAG or the Company] held at Balai Tunku Abdul Rahman, The Royal Commonwealth Society, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, W.P. Kuala Lumpur on Wednesday, 29 November 2023 at 9.00 a.m.

PRESENT

Mr. Ng Min Lin (Executive Chairman)
Mr. Yeoh Wooi Kia
Mr. Collin Goonting a/l O.S. Goonting
Datuk Lim Si Cheng
Mr. Wan Mohd Hazrie bin Wan Mokhtar (*via video conferencing*)
Mr. Melvin Lim Chun Woei
Ms. Wong Jo Ann
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 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 that as at 9.00 a.m., there were 50 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 18th 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 2023 in accordance with the Constitution of the Company. The Chairman proposed and the Meeting consented that the Notice of Meeting dated 31 October 2023 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 would be vote by poll in accordance to Article 65 of the Company's Constitution.

The Share Registrar, Securities Services (Holdings) Sdn. Bhd., had 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 would 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 16 November 2023 addressed to the Board to seek information and clarification on the Company's Operational, Financial and Sustainability Matters. On behalf of the Board, the Chairman welcomed 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 answers from the Management were read out as follows:

Operational & Financial Matters

Question 1

Page 50 of the Annual Report 2023 [AR2023] states the below:

“North Cube Sdn. Bhd. also operated the Wakuba 2 farm which was partially constructed during the financial year whereby 34 farming ponds were currently in operation out of the total planned capacity of 99 farming ponds.”

“There was indication of impairment in the development of the partially constructed Wakuba 2 farm mainly attributed to the challenging conditions at the nearby Wakuba 1 farm which had experienced low survival rates that impacted its overall prawn harvest during the financial year.”

- (a) Considering that only 34 out of the planned 99 farming ponds were currently in operation at Wakuba 2 farm, what was the timeline for completing the construction of the remaining ponds?

Answer:

The construction for the remaining ponds was targeted to be completed by December 2023 and staggered start of operation in January 2024.

- (b) What measures had been implemented to improve the survival rates? Please tabulate the average survival rates for the past 3 financial years and to-date.

Answer:

For past 3 financial years to date the farm survival rates was between 50% to 80%. The management and operation team were taking efforts to improve the survival rate of the prawn including order the fries from different suppliers to ensure the Company got the best genetic of the fries and able to produce good quality products. At the same time, the Company also engaged with numerous biotech companies to research into technology advancement to take care of the biosecurity and prevent disease outbreak. Besides, the management had also proceeded with the pond improvement work during the financial year to improve the pond's operating conditions and improve survival rates.

- (c) Please provide photographs and videos showcasing the developments at Wakuba 2 farm and the processing farm during the Annual General Meeting.

Answer:

Please refer to the Appendix 1.

Question 2

The table below set forth the cash and bank balances of the Group:

	Note	Group 2023 RM'000	2022 RM'000
Cash and bank balances	(a)	163,668	162,038
Fixed deposit with licensed bank		1,342	1,308
Cash and cash equivalents		165,010	163,346

Note (a): The cash and bank balances of the Group included the bank balances amounting to RM162.1 million (2022: RM160.1 million) placed with financial institutions in the People's Republic of China [PRC] (Page 113 of the AR2023).

- (a) In view that most of the cash and bank balances were deposited with the financial institutions in the PRC, please elaborate how this arrangement would impact the operations in Malaysia? Should there be no notable impact, please provide reasons for such lack of impact.

Answer:

The Company's concern of this arrangement was the currency risk. However, China being the world second largest economy, the company was of the view that RMB would be strengthened for mid to long term.

- (b) If the placements with financial institutions in PRC were intended for investment or expansion of MAG's business in PRC, please provide details of such investment and/ or expansion, including the nature of investment/ expansion, amount required, prospects of the investment or expansion. Please also indicate if the Group had the necessary resources to manage such investment/ expansion.

Answer:

The Management was in the midst of doing the feasibility study of the potential downstream food processing for Ready to Cook (RTC) and Ready to Eat (RTE) segment. The Company was now exploring the area of Hainan Island and Guangzhou. The Management was gathering some information pertaining to the incentives available in the special economic regime in Hainan Island in order for the Management to evaluate the best options for the company. The Group was likely to engage local professional team to setup the operation once the Company had finalised the expansion plan.

- (c) Had the Company conducted any risk assessment related to keeping funds in foreign banks, considering factors such as exchange rate fluctuations and regulatory changes in PRC?

Answer:

Yes, the Company certainly considered those factors. However, the Company believed that China was a market with big potential and the Company did not want to miss out this opportunity. Therefore, the Company would continue to monitor closely the regional movement and international trade to mitigate any potential threat.

- (d) Please justified how keeping funds in Chinese banks aligned with the company's overall strategy and contributed to enhancing shareholder value?

Answer:

The Company believed the shareholder value would be enhanced with the huge potential earning from the downstream investment in China once it was materialised. Meanwhile, the Company was earning interest from the deposit with banks in China. The management would consider the repatriation of certain sum back to Malaysia.

Question 3

Kindly tabulate the information (to-date) on the farms in the following manners:

Answer:

Farm	Number of Ponds		Capacity (Kg of Prawns)
	Planned capacity	Active ponds to-date	
Umas Farm	155	70	840,000 Kgs
Apas Parit Farm	28	11	150,000 kgs
Wakuba Farm	102	65	784,000 kgs
Wakuba 2 Farm	99	60	410,000 kgs

Question 4

As set out in Page 141 of the AR 2023, the Company had RM147.17 million of capital commitments (authorised and contracted for) relating to ponds and farm improvement. What was the source of funding for these capital commitments? What was the Company's targeted debt to equity ratio?

Answer:

Based on the capital commitments disclosed in Annual Report, the source of funding for the capital commitment would be from internally generated funds and bank borrowings.

The targeted debt to equity ratio of the Company should not exceed 0.5.

Question 5

The Group had approximately RM108.34 million of trade receivables as at 30 June 2023 (Page 112 of the AR2023).

- (a) Please tabulate the trade receivables amount based on the currency denominated, for example:

Answer:

Denomination (currency)	Amount in RM equivalent (million)
USD	1.87
CNY	-
MYR	106.87
Total	108.34

- (b) The table below set forth the carrying amount of the Group's exposure to foreign currency:

Answer:

	2023	2022
	RM'000	RM'000
Denominated in USD - Trade receivables	1,870	4,985
Denominated in CNY - Other receivables	145,296	148,104

The Group was exposed to fluctuations in foreign exchange rates as most of the Group's revenue was denominated in USD (Page 17 of the AR2023).

Further, the Group brought in foreign receipts to the country as most of its products were for the export market (Page 20 of the AR2023).

Kindly clarify why the trade receivables (denominated in USD) were merely RM1.87 million and RM4.99 million for the FYE 2023 and FYE 2022 respectively, in view that the Group's revenue was denominated in USD.

Answer:

The company had locked in majority of the trade receivables with customers at pre-agreed USD/MYR rate with their local agents in Malaysia.

Sustainability Matters

Question 1

As both North Cube Farm and Wakuba Farm were located in Tawau, Sabah, the venture into prawn aquaculture farming had enabled the Group to create job opportunities for the local community as well as contributing to the economic growth of the State of Sabah (Page 20 of the AR2023).

Please provide information on workers hired for operations of North Cube Farm and Wakuba Farm as below:

Answer:

Nationality	Number of workers
<i>Malaysian</i>	
- Sabahan	20
- Non-Sabahan	9
Foreigner	274
Total	303

The Chairman then proceeded with the Agenda of the Meeting.

1. AUDITED FINANCIAL STATEMENTS [AFS] FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 [FYE2023] TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman informed that pursuant to 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 was not put forward for voting.

2. TO APPROVE THE PAYMENT OF A FINAL SINGLE TIER DIVIDEND OF 0.1 SEN PER ORDINARY SHARE FOR THE FYE2023.

Ordinary Resolution 1 on the proposed payment of final single tier dividend of 0.1 sen per ordinary share for the FYE2023.

The Chairman closed the Agenda 2 and proceeded with the next Agenda.

3. PAYMENT OF DIRECTORS' FEES FROM THE CONCLUSION OF THE 18TH AGM UNTIL THE CONCLUSION OF THE 19TH ANNUAL GENERAL MEETING (19TH 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 2 on the proposed payment of Directors' fees from the conclusion of the 18th AGM until the conclusion of the 19th 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 Agenda 3 and proceeded with the next Agenda.

4. PAYMENT OF DAILY MEETING ATTENDANCE ALLOWANCE OF RM500 TO THE NON-EXECUTIVE DIRECTORS FOR THE PERIOD FROM THE CONCLUSION OF THE 18TH AGM UNTIL THE CONCLUSION OF THE 19TH AGM

Ordinary Resolution 3 on the proposed payment of daily meeting attendance allowance of RM500 to the Non-Executive Directors for the period from the conclusion of the 18th AGM until the conclusion of the 19th AGM.

The Chairman closed the Agenda 4 and proceeded with the next Agenda.

5. RE-ELECTION 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 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 WOE [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 closed the Agenda 5 and proceeded with the next Agenda.

6. RE-ELECTION OF DIRECTORS WHO RETIRES PURSUANT TO ARTICLE 110 OF THE COMPANY'S CONSTITUTION AND WHO HAVE OFFERED THEMSELVES FOR RE-ELECTION

(i) RE-ELECTION OF MR. WAN MOHD HAZRIE BIN WAN MOKHTAR [MR. WAN]

Ordinary Resolution 6 on the proposed re-election of Mr. Wan as Director of the Company. Mr. Wan had offered himself for re-election as Director of the Company.

(ii) RE-ELECTION OF MS. WONG JO ANN [MS. WONG]

Ordinary Resolution 7 on the proposed re-election of Ms. Wong as Director of the Company. Ms. Wong had offered herself for re-election as Director of the Company.

The Chairman closed the Agenda 6 and proceeded with the next Agenda.

7. RE-APPOINTMENT OF MOORE STEPHENS ASSOCIATES PLT [MOORE STEPHENS] AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024 [FYE2024] AT SUCH REMUNERATION TO BE DETERMINED BY THE DIRECTORS

Ordinary Resolution 8 on the proposed re-appointment of Moore Stephens as auditors of the Company for the FYE2024 at such remuneration to be determined by the Directors.

The Chairman informed the Meeting that Moore Stephens had 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 Agenda 7 and proceeded with the next Agenda.

8. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE CA 2016 [PROPOSED GENERAL MANDATE]

The Chairman informed that the Ordinary Resolution 9 was tabled for the shareholders' approval, as follows:

"THAT subject always to Sections 75 and 76 of the CA 2016, the Constitution, the ACE Market Listing Requirements [AMLR] of Bursa Malaysia Securities Berhad [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 19th 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.

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 Agenda 8 and proceeded with the next Agenda.

9. ANY OTHER BUSINESS

The Chairman, with the 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 there was no 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 AGM.

The Meeting resumed at 9.53 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 a Final Single Tier Dividend of 0.1 sen per ordinary share for the FYE2023	61	520,185,600	99.9971	1	15,000	0.0029
Ordinary Resolution 2 To approve the payment of the Directors' fees from the conclusion of the 18th AGM until the conclusion of the 19th AGM on the basis as set out in the Notice of this AGM	60	520,185,500	99.9971	2	15,100	0.0029
Ordinary Resolution 3 To approve the payment of daily meeting attendance allowance of RM500 to the Non-Executive Directors from the conclusion of the 18th AGM until the conclusion of the 19th AGM	59	520,185,370	99.9971	3	15,230	0.0029
Ordinary Resolution 4 To re-elect Datuk Lim as Director	61	520,185,600	99.9971	1	15,000	0.0029
Ordinary Resolution 5 To re-elect Mr. Melvin as Director	61	520,185,600	99.9971	1	15,000	0.0029
Ordinary Resolution 6 To re-elect Mr. Wan as Director	61	520,185,600	99.9971	1	15,000	0.0029
Ordinary Resolution 7 To re-elect Ms. Wong as Director	61	520,185,600	99.9971	1	15,000	0.0029

Ordinary Resolution 8 To appoint Moore Stephens as auditors of the Company for the FYE2024 at such remuneration to be determined by the Directors	61	520,185,600	99.9971	1	15,000	0.0029
Ordinary Resolution 9 To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016	58	520,185,408	99.9971	4	15,192	0.0029

The Chairman then declared that the above resolutions were carried.

TERMINATION

There being no other business to be transacted, the Meeting terminated at 10.06 a.m. with a vote of thanks to the Chair.

Chairman

29 November 2023



MAG HOLDINGS BERHAD NOVEMBER 2023

WAKUBA NEW FARM PROJECT

PROGRESS UPDATE





FARM



SEAWATER INTAKE SYSTEM



SEAWATER RESERVOIR



SEAWATER FILTRATION SYSTEM



FARMING IN PROGRESS



WATER DISCHARGE CANAL



POND DRYING AFTER HARVEST



FEED MAIN STORE



FEED SUB STORE



DIESEL STORAGE TANK



GEN SET ROOM



FACTORY



OFFICE AND LAB



SIZING MACHINE



GEN SET



COOLING SYSTEM



MSB ROOM



ICE MAKER



COLD ROOM



PROCESSING AREA



BLAST FREEZER



SHRINK WRAP MACHINE

THANK YOU