

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

Minutes of the 19th Annual General Meeting [19th 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 Tuesday, 26 November 2024 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
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 37 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 19th 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 30 October 2024 in accordance with the Constitution of the Company. The Chairman proposed and the Meeting consented that the Notice of Meeting dated 30 October 2024 be taken as read.

The Chairman informed the shareholders that in compliance with the ACE Market Listing Requirements [AMLR] 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 19 November 2024 addressed to the Board to seek information and clarification on the Company's Operational, Financial, Corporate Governance 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

It was mentioned in the reply to MSWG dated 27 November 2023 that the Company was in the midst of conducting a feasibility study of the potential downstream food processing for Ready to Cook [RTC] and Ready to Eat [RTE] segments in the area of Hainan and GuangZhou.

- (a) Please elaborate on the outcome of the feasibility study.

Answer:

The feasibility study on the potential downstream food processing for RTE and RTC segments in Hainan and Guangzhou is still in progress. While the initial results have been promising, the Company is currently analysing various factors, including market demand, land use right, tax incentive, infrastructure requirements, and regulatory considerations, before making a final decision.

- (b) Does the Company intend to proceed with the venture into RTC and RTE segments? What is the expected capital expenditure required for this venture? If the Company does not intend to proceed with this venture, what is the rationale for retaining RM167.89 million equivalent in Chinese Yuan?

Answer:

The Company is still evaluating whether to proceed with the venture into the RTE and RTC segments. The decision will depend on the results of the feasibility study, as well as the strategic alignment with the Company's long-term goals and market opportunities.

At this stage, the exact capital expenditure required for this venture is still under review. A detailed budget will be determined based on the finalised feasibility study and the business model adopted.

The retention of RM167.89 million in Chinese Yuan is due to the Company's ongoing evaluation of potential business opportunities in the region, including the RTE and RTC segments. These funds are earmarked for future strategic investments and to ensure the Company is well positioned to capitalise on any viable opportunities.

- (c) How much was spent on the feasibility study?

Answer:

The cost of the feasibility study has been contained within the Company's budget for such activities. The exact amount spent on the feasibility study is being compiled and will be disclosed in due course.

Question 2

A loan with an outstanding balance of RM276.72 million was granted to Henan Xinghe Oil and Fat Company Limited [HXOF] (former subsidiary company) on 1 October 2019 when it was still a subsidiary company of the Group. This loan is unsecured and collectible in five years on 30 September 2024. However, the directors have approved an extension of the repayment period to 30 September 2029. This loan was interest-free for the period from 1 October 2019 to 31 March 2020, after which it accrues interest at 1.75% per annum with effect from 1 April 2020. The interest is receivable annually in arrears. This deferred receivable is measured at amortised cost using an imputed interest rate of 2.75% per annum.

The repayment amount was merely RM5.44 million whereas the accrued interest was RM7.55 million during the FYE 2024. (Page 96 of Annual Report 2024)

- (a) What is the rationale for extending the loan tenure especially in view that the interests charged were minimal?

Answer:

As an ex-major shareholder of HXOF, our subsidiary, Anyang Herun, was asked by the state agency to continue our support by extending the loan tenure on top of our obligation in the previous signed shareholder agreement. The extension of the loan repayment period will provide HXOF with the necessary time to improve its financial position and liquidity, ensuring the full repayment of the loan.

- (b) What is the Board's view on the collectability of the loan to HOXF? If the Board is of the view that the loan was fully collectable, what are the grounds for this conclusion?

Answer:

The Board remains confident in the collectability of the loan based on HXOF's ongoing recovery and the measures being implemented to stabilise its financial position. The Company continues to monitor the situation closely, and the loan is considered recoverable under current conditions.

Question 3

"The Group's focus on operational efficiency and rigorous cost management contributed to maintaining profitability, underscoring its resilience in a competitive environment. While profit margins were slightly impacted by changes in the product mix"

Please provide a breakdown of the revenue contributed by each product and corresponding average gross profit margin for the FYE 2023 and FYE 2024.

Answer:

Products	FYE 2023		FYE 2024	
	Revenue (RM'000)	Average gross profit margin (%)	Revenue (RM'000)	Average gross profit margin (%)
White Shrimp	189,847	25% - 35%	265,305	20% - 25%
Black Tiger Shrimp	11,790	20% - 30%	39,769	20% - 30%
Total	201,637	33.3%	305,074	22.0%

Question 4

How does the Company plan to maintain its competitive advantage in the export markets, especially considering the fluctuating demand and pricing pressures in the seafood industry?

Answer:

To maintain our competitive advantage in the export markets, the Company is focused on optimising operational efficiency, managing costs rigorously, and enhancing the quality and variety of our products. Additionally, we are exploring new markets (such as Taiwan) and strengthening our customer relationships to mitigate the impact of fluctuating demand and pricing pressures in the seafood industry.

Corporate Governance Matters

Question 5

Practice 1.3 of the Malaysian Code on Corporate Governance [MCCG] stipulates that the positions of Chairman and CEO are held by different individuals.

The position of Chief Executive Officer [CEO] is vacant. In the absence of the CEO, the Executive Chairman, Mr. Ng Min Lin takes on the responsibility of managing the day-to-day operations of the Group.

We note that the Company has repeated the same statement (as disclosed in Corporate Governance Report between 2019 – 2024) in explaining the departure: The Board member will continue looking for the suitable candidate to be the Company's CEO.

- (a) How many candidates has the Company interviewed for the position of CEO?

Answer:

The Company has interviewed several candidates for the CEO position. However, no suitable candidate has yet been found who aligns with the Company's strategic vision and leadership needs.

- (b) What were the main reasons that these candidates were not appointed?

Answer:

The candidates interviewed did not meet all of the specific qualifications required for the role, particularly in areas critical to the Company's expansion strategy and operational needs.

- (c) What challenges has the Company encountered in its efforts to appoint a CEO?

Answer:

The primary challenge has been finding a candidate with the right combination of industry experience, leadership skills, and alignment with the Company's growth objectives. We are committed to finding the right candidate who can drive the next phase of growth for the Company. We do not rule out the possibility of appointing a right candidate within the group.

Question 6

Practice 5.9 of the MCCG stipulates that the Board comprises at least 30% women directors.

The Board currently comprises six (6) male Directors and one (1) female Director.

The Board only comprises one (1) female director since FYE 2022. In explaining the departure, the Board stated that it has endeavoured to continuously identify potential women Director and shall appoint additional women Director when suitable candidates are identified.

- (a) What is the intended timeframe for the Company to adopt Practice 5.9?

Answer:

The Company aims to meet the 30% female director target as soon as possible, with an expected timeframe for full compliance within the next two years.

- (b) Please elaborate on the efforts that the Company has made to appoint female directors.

Answer:

The Board has been proactive in identifying potential female candidates through various channels, including executive search firms and internal recommendations. However, the selection process remains rigorous to ensure the candidate's qualifications align with the Company's strategic direction.

Sustainability Matters**Question 7**

The table below sets forth the number of workers hired for operations of North Cube Farm and Wakuba Farm:

Nationality	Number of workers
Malaysian	
- Sabahan	20
- Non-Sabahan	9
Foreigner	274
Total	303

(Source: The Company's reply to MSWG dated 16 November 2023)

"As both farms are located in Tawau, Sabah, the venture into prawn aquaculture farming has enabled our Group creating job opportunities for the local community as well as contributing to the economic growth of the State of Sabah."

"By prioritising local suppliers and promoting local employment, MAG has contributed to the socioeconomic development of the surrounding communities" (Page 29 of Annual Report 2024)

With a total of 29 Malaysians (including 20 Sabahans) hired for operations of North Cube Farm and Wakuba Farm, please clarify how the Company create job opportunities for the local community and promotes local employment.

Answer:

The Company has made efforts to employ local workers, with a total of 29 Malaysians, including 20 Sabahans, at North Cube Farm and Wakuba Farm. Although a significant portion of the workforce is foreign, the Company continues to prioritise local hiring and has contributed to the socioeconomic development of the region through training and job creation.

Question 8

Prawn farming could potentially lead to, amongst others, salinisation of soil and water, disruption of local ecosystems (antibiotics used to control disease), eutrophication due to high levels of organic waste.

Please elaborate the specific mitigating steps (not monitoring) undertaken to reduce the above environmental impacts.

Answer:

In accordance with the principles of MyGAP and our commitment to sustainable practices, the Company has implemented several specific measures to mitigate the potential environmental impacts associated with prawn farming, particularly in relation to salinisation and eutrophication:

1) Salinisation of Soil and Water:

To address the potential issue of salinisation, we use controlled water management practices that prevent excessive salinity build-up in the soil and water. We regularly adjust the salinity levels to ensure they remain within safe limits, protecting both the aquatic environment and surrounding agricultural land. Additionally, we recycle and reuse water wherever possible to reduce the impact on the surrounding ecosystem.

2) Eutrophication Due to High Levels of Organic Waste:

To prevent eutrophication, we have implemented efficient waste management systems. This includes the proper disposal and treatment of organic waste, such as uneaten feed and waste by-products. We also use sedimentation and filtration methods to reduce the organic load in wastewater before its release. In addition, we have adopted best practices for managing feed to minimise excess waste production, ensuring that nutrients do not accumulate and cause environmental degradation. We also in the mid of exploring a new machinery to recycle the organic sludge into fertilizer and generate power.

These measures, in line with MyGAP guidelines, are aimed at reducing our ecological footprint and ensuring that our prawn farming operations are sustainable and environmentally responsible.

The Chairman then proceeded with the Agenda of the Meeting.

1. AUDITED FINANCIAL STATEMENTS [AFS] FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 [FYE2024] TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS 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. APPROVE THE PAYMENT OF A FINAL SINGLE TIER DIVIDEND OF 0.1 SEN PER ORDINARY SHARE FOR THE FYE2024.

Ordinary Resolution 1 on the proposed payment of final single tier dividend of 0.1 sen per ordinary share for the FYE2024.

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

3. PAYMENT OF DIRECTORS' FEES FROM THE CONCLUSION OF THE 19TH AGM UNTIL THE CONCLUSION OF THE NEXT 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 2 on the proposed payment of Directors' fees from the conclusion of the 19th AGM until the conclusion of the next 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 FROM THE CONCLUSION OF THE 19TH AGM UNTIL THE CONCLUSION OF THE NEXT 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 19th AGM until the conclusion of the next 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

- (i) RE-ELECTION OF MR. NG MIN LIN [MR. NG]**

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 4 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.

(ii) **RETIREMENT OF DATUK LIM SI CHENG [DATUK LIM]**

The Charman informed that Datuk Lim who retires pursuant to Article 106 of the Constitution of the Company had indicated his intention of not seeking re-election as a Director of the Company at the 19th AGM, and he would be retired at the conclusion of the 19th AGM.

The Chairman closed the Agenda 5 and proceeded with the next Agenda.

6. RE-APPOINTMENT OF MESSRS. MORISON LC PLT [MORISON] AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2025 [FYE2025] AT SUCH REMUNERATION TO BE DETERMINED BY THE DIRECTORS

Ordinary Resolution 5 on the proposed re-appointment of Morison as auditors of the Company for the FYE2025 at such remuneration to be determined by the Directors.

The Chairman informed the Meeting that Morison had indicated their willingness to accept the re-appointment.

A representative from Morison, Mr. Eric Lim Hoe Kuan introduced himself to the shareholders.

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

7. 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 6** was tabled for the shareholders' approval, as follows:

“THAT subject always to Sections 75 and 76 of the CA 2016, the Constitution, the AMLR 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 next 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 7 and proceeded with the next Agenda.

8. 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 9.30 a.m. to allow the shareholders to cast their vote on the resolutions for the AGM.

The Meeting resumed at 9.40 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 FYE2024	93	739,865,735	100	0	0	0
Ordinary Resolution 2 To approve the payment of the Directors' fees from the conclusion of the 19th AGM until the conclusion of the next AGM on the basis as set out in the Notice of this AGM	93	739,865,735	100	0	0	0
Ordinary Resolution 3 To approve the payment of daily meeting attendance allowance of RM500 to the Non-Executive Directors from the conclusion of the 19th AGM until the conclusion of the next AGM	92	739,865,605	100	1	130	0*
Ordinary Resolution 4 To re-elect Mr. Ng as Director	92	739,865,723	100	1	12	0*
Ordinary Resolution 5 To appoint Morison as auditors of the Company for the FYE2025 at such remuneration to be determined by the Directors	93	739,865,735	100	0	0	0
Ordinary Resolution 6 To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016	91	739,865,593	100	2	142	0*

**The percentage of voted shares for Against on the Ordinary Resolutions 3,4 and 6 are negligible.*

The Chairman then declared that the above resolutions were carried.

TERMINATION

There being no other business to be transacted, the Meeting terminated at 9.50 a.m. with a vote of thanks to the Chair.

-Signed-
Chairman

26 November 2024