

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)

Minutes of the Fifty-Seventh Annual General Meeting of Malayan Flour Mills Berhad
held at the Auditorium, 3rd Floor, Wisma MCA, 163 Jalan Ampang,
50450 Kuala Lumpur on Thursday, 25 May 2017 at 10.00 a.m.

Present:	Tan Sri Dato' Seri Utama Arshad bin Ayub (Chairman and Shareholder/Proxy)	
	Teh Wee Chye	(Managing Director and Shareholder/Corporate Representative)
	Dato' Hj Shaharuddin bin Hj Haron	(Director and Shareholder)
	Datuk Oh Chong Peng	(Director and Shareholder)
	Dato' Wira Zainal Abidin bin Mahamad Zain	(Director and Shareholder)
	Prakash A/L K.V.P Menon	(Director and Proxy)
	Azhari Arshad	(Director)
	1,125 Shareholders/Proxies	
	1 Corporate Representative	
In Attendance:	Goh Swee Eng	(Chief Financial Officer)
	Mah Wai Mun	(Company Secretary)
	Chua See Guan	(External Auditors-Messrs KPMG PLT)
	Symphony Share Registrars Sdn Bhd	(Poll Administrator)
	Symphony Corporatehouse Sdn Bhd	(Scrutineers)

1. WELCOME ADDRESS

The Chairman of the Meeting, Tan Sri Dato' Seri Utama Arshad bin Ayub, welcomed all the attendees to the Meeting.

The Chairman introduced each and every member of the Board of Directors as well as the Chief Financial Officer and Company Secretary who were in attendance.

2. QUORUM AND NOTICE OF MEETING

At the request of the Chairman, the Secretary confirmed that a quorum was present and that shareholders of 129,195,865 shares had appointed the Chairman of the Meeting as their proxy.

The Chairman declared the quorum present and called the Meeting to order at 10.00 a.m.

Before proceeding to the agenda of the Meeting, the Chairman presented his Opening Remarks for the Meeting followed by a presentation by the Managing Director, Mr Teh Wee Chye, on the review of the performance of the Group in year 2016.

The Chairman further stated that as the Notice convening the Meeting had been sent to all the shareholders and with the consent of the meeting, the Notice of the Meeting be taken as read.

The Chairman informed that the voting would be conducted by way of a poll in compliance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

For that purpose and in accordance with Article 78 of the Company's Articles of Association, the Chairman exercised his right as the Chairman of the Meeting to demand that the voting of all the ten (10) resolutions as set out in the Notice of Annual General Meeting ("AGM") be voted by way of poll.

The Company had appointed Symphony Share Registrars Sdn Bhd as Poll Administrator to conduct the polling process and Symphony Corporatehouse Sdn Bhd as Scrutineers to observe the whole e-polling process, obtain the results tabulation generated by the e-Polling System and perform such other necessary duties for the Meeting.

3. **AGENDA 1**
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The Audited Financial Statements for the year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon, were laid before the Meeting.

The Chairman informed that in accordance with Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements were required to be laid before the shareholders at the Company's Annual General Meeting. The purpose was for the shareholders to seek clarification from the Board of Directors on any matters pertaining to the Audited Financial Statements which had been circulated.

As the Agenda item was meant for discussion only and did not require a formal approval of the shareholders, hence it was not put forward for voting.

Before answering any questions on the Audited Financial Statements from the floor, for the benefit of the shareholders, the Chief Financial Officer, Mr Goh Swee Eng presented the points and queries raised by the Minority Shareholder Watchdog Group ("MSWG") via its letter dated 22 May 2017 and the Company's reply in response to the questions raised as follows:-

MSWG Question 1

The poultry business had performed well for FY2016 and we noted that the Group would be working on further expansion in the poultry integration segment to enhance its future earnings growth.

- i. What is the current production capacity rate of poultry?
- ii. Is there any capacity expenditure to be incurred and what are the expectations?

MFM Response

- i. The poultry processing plant under Dindings Poultry Processing Sdn Bhd ("DPP") is at full capacity of 80,000 birds/day.

- ii. Yes, there is a capacity expenditure of approximately RM550.0 million for a new state-of-the-art poultry processing plant in Sitiawan, Perak for an expected three-fold increase in the current capacity.

MSWG Question 2

How would the Board mitigate the risks and continue to deliver a positive result to the Group despite the challenging factors on the operational front, particularly in labour shortage, increasing wages and fluctuating currency.

- i. What measures have been taken to overcome the labour shortages and how does the Company deal with the rising wage?
- ii. How would the implementation of the new policy on levy payment for foreign worker impact the bottom-line of the Group?

MFM Response

- i. The Company has embarked on supply chain initiatives to increase effectiveness and efficiency on production through optimisation of processes. The Company had also identified areas for process automation that would reduce the labour dependency.

During the last levy hike in 2016, the Company had absorbed 50% of the incremental portion of levy in order to retain the foreign workers.

- ii. It is not expected to have a material impact on the bottom-line of the Group.

MSWG Question 3

It was stated in the Annual Report 2015, that the Group is planning to invest in aqua feed mill. Please provide on the latest developments on this investment.

MFM Response

Kindly take note that it was stated in the announcement dated 21 October 2015 in respect of the Proposed Leasing of Lands in Mukim Lumut, District of Manjung, Perak and not in the Annual Report 2015.

We will commence the construction of the aqua feed mill in second half of 2017.

MSWG Question 4

We noted that MFM had entered into a Sale of Shares Agreement with the Perak State Agricultural Development Corporation. Following the completion of the corporate exercise, the equity interests in Dindings Soya & Multifeeds Sdn Berhad (“DSM”) and DPP were subsequently transferred to MFM on 16 February 2016. Please brief shareholders on the performance of DSM and DPP to date.

MFM Response

DSM is principally engaged in the business of feed milling and DPP is in poultry processing. Both DSM and DPP formed part of MFM’s poultry integration segment.

To date, both DSM and DPP are profitable.

MSWG Question 5

Could the Board explain the increased in the amount of loan and borrowing of RM990.2 million in FY2016 as compared with RM813.0 million in FY2015? What is the optimum net gearing ratio and are there any plans to reduce the loan and borrowing.

MFM Response

The increase in the amount of loan and borrowing was mainly due to financing of grains purchases in the flour and grains trading segment. As such, the amount of loan and borrowing will vary in accordance with the timing of the shipments of grains.

MFM's net gearing ratio as at 31 December 2016 was at 0.67x and it is expected to reduce in first quarter of 2017. The Management would monitor the cashflow and gearing closely. It is expected that the net gearing ratio will not exceed 1.0x.

MSWG Question 6

We noted that 2 out of 3 Independent Directors ("INEDs") have served the Board for more than 9 years with one INED has served for 24 years.

We hope that the Board would take cognisance of the recommendations under Malaysian Code on Corporate Governance 2017 relating to the Independent Directors who have served on the Board for more than 9 years.

MFM Response

Currently, the Board Charter of MFM provided that there shall be no term of office for an Independent Director as the Board believes that continued contribution by Directors provides more benefit to the Company and the Group as a whole. However, each Independent Director shall be subjected to the Independent Director's Self-Assessment for Annual Declaration of Independence and the annual Individual Director Self/Peer Evaluation to ensure that each of them continues to fulfil the definition of independence as set out in Bursa Malaysia Securities Berhad Listing Requirements.

Based on both the results of the Independent Director's Self-Assessment for Annual Declaration of Independence and annual Individual Director Self/Peer Evaluation, the Nomination Committee and the Board were satisfied that all the Independent Non-Executive Directors of the Company had continued to be independent-minded and demonstrated conduct and behaviour that were essential indicators of independence.

Upon the presentation, it was opened to the floor for questions on the Audited Financial Statements for the year ended 31 December 2016.

Shareholder, Mr Lim Kok Chin enquired on the flour business performance in Vietnam. He suggested that the presentation of the financial results of the Group to include geographical segmental reporting.

Chief Financial Officer, Mr Goh Swee Eng responded that the performance of the flour division in Vietnam was reported in Note 22-Geographical Segments to the Audited Financial Statements in the Annual Report 2016. The flour division in Vietnam had achieved the revenue of RM744.2 million out of the total revenue of RM2.54 billion recorded by the Group.

After the clarification session, the Audited Financial Statements for the year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon were declared received and noted.

4. **RESOLUTION 1**
RE-ELECTION OF MR TEH WEE CHYE IN ACCORDANCE WITH ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The resolution on the re-election of Mr Teh Wee Chye in accordance with Article 111 of the Company's Articles of Association was tabled.

The resolution was duly proposed by Ms Tan Hoe Eng and seconded by Ms Lye Sook Lin.

The Chairman informed the Meeting that Resolution 1 would be put to vote by poll upon completion of the remaining businesses of the AGM.

5. **RESOLUTION 2**
RE-APPOINTMENT OF TAN SRI DATO' SERI UTAMA ARSHAD BIN AYUB AS DIRECTOR OF THE COMPANY

The resolution on the re-appointment of Tan Sri Dato' Seri Utama Arshad bin Ayub as Director of the Company was tabled.

The resolution was duly proposed by Mr Chua Kiat Hwa and seconded by Ms Chan Chui Yoke.

The Chairman informed the Meeting that Resolution 2 would be put to vote by poll upon completion of the remaining businesses of the AGM.

6. **RESOLUTION 3**
RE-APPOINTMENT OF DATO' HJ SHAHARUDDIN BIN HJ HARON AS DIRECTOR OF THE COMPANY

The resolution on the re-appointment of Dato' Hj Shaharuddin bin Hj Haron as Director of the Company was tabled.

The resolution was duly proposed by Mr Goh Swee Hong and seconded by Mr Siew See San.

The Chairman informed the Meeting that Resolution 3 would be put to vote by poll upon completion of the remaining businesses of the AGM.

7. **RESOLUTION 4**
RE-APPOINTMENT OF DATUK OH CHONG PENG AS DIRECTOR OF THE COMPANY

The resolution on the re-appointment of Datuk Oh Chong Peng as Director of the Company was tabled.

The resolution was duly proposed by Mr Lim Choon Hai and seconded by Mr Lim Kok Chin.

The Chairman informed the Meeting that Resolution 4 would be put to vote by poll upon completion of the remaining businesses of the AGM.

8. **RESOLUTION 5**
PROPOSED PAYMENT OF DIRECTORS' FEES OF RM840,000 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The resolution on the proposed payment of Directors' Fees of RM840,000 for the financial year ended 31 December 2016 was tabled.

The resolution was duly proposed by Mr Loh Seng Boon and seconded by Mr Siew See San.

The Chairman informed the Meeting that Resolution 5 would be put to vote by poll upon completion of the remaining businesses of the AGM.

9. **RESOLUTION 6**
PROPOSED PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS WITH EFFECT FROM 31 JANUARY 2017

The resolution on the proposed payment of benefits payable to the Directors with effect from 31 January 2017 was tabled.

The resolution was duly proposed by Mr Lim Choon Hai and seconded by Mr Lim Kok Chin.

The Chairman informed the Meeting that Resolution 6 would be put to vote by poll upon completion of the remaining businesses of the AGM.

10. **RESOLUTION 7**
RE-APPOINTMENT OF MESSRS KPMG PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The resolution on the re-appointment of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2017 and authorise the Directors to fix their remuneration was tabled.

The resolution was duly proposed by Mr Goh Swee Hong and seconded by Mr Siew See San.

The Chairman informed the Meeting that Resolution 7 would be put to vote by poll upon completion of the remaining businesses of the AGM.

11. **RESOLUTION 8**
AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The resolution on the authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 was tabled.

The resolution was duly proposed by Mr Lim Kok Chin and seconded by Ms Tan Hoe Eng.

The Chairman informed the Meeting that Resolution 8 would be put to vote by poll upon completion of the remaining businesses of the AGM.

12. **RESOLUTION 9**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE PURSUANT TO PARAGRAPH 10.09 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

The resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements was tabled.

The resolution was duly proposed by Mr Goh Swee Hong and seconded by Ms Lye Sook Lin.

The Chairman informed the Meeting that Resolution 9 would be put to vote by poll upon completion of the remaining businesses of the AGM.

13. **RESOLUTION 10**
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The resolution on the proposed renewal of authority for share buy-back was tabled.

The resolution was duly proposed by Mr Lim Choon Hai and seconded by Mr Siew See San.

The Chairman informed the Meeting that Resolution 10 would be put to vote by poll upon completion of the remaining businesses of the AGM.

14. **ANY OTHER BUSINESS**

The Secretary reported that no notice has been received to transact any other business.

With that, the Chairman declared that all the items on the Agenda have been tabled and discussed and would now be put to vote by way of e-polling.

15. **CLOSE OF REGISTRATION**

In order to facilitate the voting process, the Chairman declared that the registration for attendance at the Meeting closed at 10.45 a.m.

16. **e-POLLING PROCESS**

Before the Meeting proceeded to conduct the poll, the Company Secretary was invited to brief the Meeting on the e-polling procedures. The Chairman then informed that the e-polling process and verification of the votes would take about 20 minutes to complete.

With the consent of the members, the Chairman declared the Meeting adjourned and to be resumed at 11.05 a.m or until the completion of the compilation and verification of the votes.

17. **DECLARATION OF RESULTS**

At 11.15 a.m., the Chairman called the Meeting to order for the declaration of results. He informed that he had received the poll results, attached as Appendix 1, which were verified by the Scrutineers, Symphony Corporatehouse Sdn Bhd.

The Chairman then read out the poll results to the members and proxies present.

Resolution 1

Re-election of Mr Teh Wee Chye in accordance with Article 111 of the Company's Articles of Association.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
277,407,010	99.2455	2,109,000	0.7545

The Chairman declared Resolution 1 was duly passed as follows:-

RESOLVED that Mr Teh Wee Chye, a Director who retires by rotation in accordance with Article 111 of the Company's Articles of Association and has offered himself for re-election, be and is hereby re-elected as Director of the Company.

Resolution 2

Re-appointment of Tan Sri Dato' Seri Utama Arshad bin Ayub as Director of the Company.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,391,010	99.9553	125,000	0.0447

The Chairman declared Resolution 2 was duly passed as follows:-

RESOLVED that Tan Sri Dato' Seri Utama Arshad bin Ayub be re-appointed as a Director of the Company.

Resolution 3

Re-appointment of Dato' Hj Shaharuddin bin Hj Haron as Director of the Company.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,400,360	99.9793	57,800	0.0207

The Chairman declared Resolution 3 was duly passed as follows:-

RESOLVED that Dato' Hj Shaharuddin bin Hj Haron be re-appointed as a Director of the Company.

Resolution 4

Re-appointment of Datuk Oh Chong Peng as Director of the Company.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,360,960	99.9652	97,200	0.0348

The Chairman declared Resolution 4 was duly passed as follows:-

RESOLVED that Datuk Oh Chong Peng be re-appointed as a Director of the Company.

Resolution 5

Proposed payment of Directors' Fees of RM840,000 for the financial year ended 31 December 2016.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,453,160	99.9982	5,000	0.0018

The Chairman declared Resolution 5 was duly passed as follows:-

RESOLVED that the payment of Directors' fees of RM840,000 for the financial year ended 31 December 2016 be and is hereby approved.

Resolution 6

Proposed payment of benefits payable to the Directors with effect from 31 January 2017.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,511,510	99.9984	4,500	0.0016

The Chairman declared Resolution 6 was duly passed as follows:-

RESOLVED that the payment of benefits payable to the Directors with effect from 31 January 2017 be and is hereby approved.

Resolution 7

Re-appointment of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2017 and authorise the Directors to fix their remuneration.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,516,010	100	0	0

The Chairman declared Resolution 7 was duly passed as follows:-

RESOLVED that Messrs KPMG PLT be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at the remuneration to be determined by the Directors.

Resolution 8

Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,458,160	100	0	0

The Chairman declared Resolution 8 was duly passed as follows:-

RESOLVED that subject to the Companies Act 2016 and approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot 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 issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

Resolution 9

Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
179,293,313	100	0	0

The Chairman declared Resolution 9 was duly passed as follows:-

RESOLVED that subject to the Companies Act 2016, the provisions of the Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and approvals of all relevant authorities, approval be and is hereby given to Malayan Flour Mills Berhad ("Company") and its subsidiary companies ("Malayan Flour Mills Group") to enter into recurrent transactions with Dindings Soya & Multifeeds Sdn Berhad, the nature of which is set out in Section 2 of the Circular to Shareholders dated 28 April 2017 for the purposes of paragraph 10.09 of Bursa Securities Main Market Listing Requirements, subject to the following:-

- (a) the transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue in force, unless revoked or varied by Ordinary Resolution of the Company in a general meeting and will subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or at the expiration of the period within which the next Annual General Meeting of the Company is required to be held under the Companies Act 2016 (excluding any extension of such period as may be allowed under the Companies Act 2016); and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

Resolution 10

Proposed renewal of authority for share buy-back.

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
279,516,010	100	0	0

The Chairman declared Resolution 10 was duly passed as follows:-

RESOLVED:-

THAT subject to the Companies Act 2016, the provisions of the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company (“Proposed Share Buy-back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company as at the point of purchase and that an amount not exceeding the Company’s retained profits at the time of the purchase(s) will be allocated by the Company for the Proposed Share Buy-back;

THAT the authority conferred by this resolution will be effective immediately and shall continue in force until:-

- (a) the conclusion of the annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act 2016, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory

authorities and to do all such things as the said Directors may deem fit and expedient in the best interest of the Company.

17. **CLOSE OF MEETING**

There being no other business, The Chairman thanked the members for their attendance and declared the Meeting closed.

The Meeting ended at 11.25 a.m.

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Chairman