

MALAYAN FLOUR MILLS BERHAD

Registration No. 196101000210 (4260-M)
(Incorporated in Malaysia)

Minutes of the Virtual Extraordinary General Meeting of Malayan Flour Mills Berhad
held at the Broadcast Venue at M5, Mezzanine Floor, Wisma MCA, 163 Jalan Ampang,
50450 Kuala Lumpur on Tuesday, 11 May 2021 at 10.00 a.m.

Present:	Tun Arshad bin Ayub (Present at Broadcast Venue)	(Chairman and Shareholder/Proxy)
	Teh Wee Chye (Present at Broadcast Venue)	(Managing Director and Shareholder/Corporate Representatives)
	Prakash A/L K.V.P Menon (Present at Broadcast Venue)	(Director and Shareholder)
	Azhari Arshad (Present at Broadcast Venue)	(Executive Director and Shareholder)
	*Datuk Oh Chong Peng	(Director and Shareholder)
	*Dato' Wira Zainal Abidin bin Mahamad Zain	(Director and Shareholder)
	*Quah Poh Keat	(Director)
	*Prof. Datin Paduka Setia Dato' Dr. Aini binti Ideris	(Director)
	*Dato' Maznah binti Abdul Jalil	(Director)
	*Lim Pang Boon	(Executive Director and Shareholder)
	366 Shareholders/Proxies 3 Corporate Representatives	

In Attendance: Wong Kok Wai (General Manager-Supply Chain)
Mah Wai Mun (Company Secretary)
Tan Tai Kim (Principal Adviser-Hong Leong Investment Bank Berhad)
*Teresa Chong Dee Shiang (External Auditors-Messrs KPMG PLT)
*Siew Yew Ming (Legal Counsel-Messrs Raja Eleena Siew Ang & Associates)
Boardroom Share Registrars Sdn Bhd (Poll Administrator)
Boardroom Corporate Services Sdn Bhd (Scrutineers)

** Attended the meeting remotely*

1. WELCOME ADDRESS

The Chairman of the Meeting, Tun Arshad bin Ayub, welcomed all the attendees to the Meeting. The Chairman extended his appreciation to all the valued shareholders and proxies, as well as the fellow Directors for participating in the virtual meeting remotely from various locations.

The Chairman informed that the Extraordinary General Meeting (“EGM”) was conducted in fully virtual manner in view of the ongoing movement control order (“MCO”) requirement on safety distancing and restriction on mass gathering to curb the spread of the COVID-19 and for the well-being and safety of participants.

The Chairman informed that majority of the Board members were attending the EGM remotely. Thereafter, the Chairman introduced each and every member of the Board of Directors, Mr Wong Kok Wai, the General Manager of Supply Chain, the Company Secretary, Madam Teresa Chong, Partner of Messrs KPMG PLT, Ms Tan Tai Kim, Principal Adviser of Messrs Hong Leong Investment Bank Berhad and Mr Siew Yew Ming, the Legal Counsel from Messrs Raja Eleena Siew Ang & Associates who were in attendance.

2. **QUORUM, NOTICE OF MEETING AND VOTING PROCEDURE**

At the request of the Chairman, the Secretary confirmed that a quorum was present and that shareholders of 217,296,122 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.

The Chairman 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 as the Meeting was the principal forum for dialogue with the shareholders, shareholders were encouraged to participate at the Meeting by submitting their questions in real time by clicking on the messaging icon. Questions could be submitted throughout the Meeting until the announcement on the closure of the Q&A (Questions and Answers) session. Due to time constraint, the questions received would be moderated to avoid repetition and may also be summarised for reasons of brevity.

The Chairman informed that the voting would be conducted by way of a poll in accordance with Clause 93 of the Company’s Constitution.

The Company had appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the polling process and Boardroom Corporate Services 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.

A slide presentation on the e-polling process was presented by the Poll Administrator.

Thereafter, the Chairman announced that the poll was opened and shareholders may start to cast their votes until the poll was declared closed by the Chairman.

3. **Q & A SESSION**

Before proceeding to the Q & A session, the Managing Director, Mr Teh Wee Chye presented the Executive Summary of the Proposed Strategic Partnership.

After the presentation, the Chairman announced that the Meeting was opened for Q & A session.

A summary of questions by shareholders together with the summarised responses by the Company was annexed hereto and marked as Annexure A.

4. **AGENDA**
PROPOSED STRATEGIC PARTNERSHIP WITH TYSON INTERNATIONAL HOLDING COMPANY (“TYSON”) IN CONJUNCTION WITH THE PROPOSED DISPOSAL OF 49% EQUITY INTEREST IN DINDINGS SUPREME SDN BHD (“DSSB”), A WHOLLY-OWNED SUBSIDIARY OF MALAYAN FLOUR MILLS BERHAD, TO TYSON FOR A DISPOSAL CONSIDERATION OF UP TO RM420,000,000 TO BE SATISFIED WHOLLY BY CASH AND WHICH INVOLVES THE GRANTING OF CALL OPTIONS FOR TYSON TO ACQUIRE FROM MFM: (A) SUCH NUMBER OF SHARES REPRESENTING UP TO 11% OF THE EQUITY INTEREST IN DSSB AT THE TIME OF THE EXERCISE OF THE CALL OPTION; AND (B) ALL OF SHARES IN DSSB HELD BY MFM IN THE EVENT THERE IS A CHANGE OF CONTROL OF MORE THAN 50% OF SHARES IN MFM (“PROPOSED STRATEGIC PARTNERSHIP”)

The resolution on the Proposed Strategic Partnership was tabled.

The resolution was duly proposed by the Managing Director and seconded by the Company Secretary.

5. **e-POLLING**

The Chairman informed the shareholders to cast their votes if they had not submitted their votes earlier.

The Chairman announced that the voting session would be closed in 5 minutes.

The counting of votes and the validation by Scrutineers would take about 10 minutes to complete.

The Chairman declared the Meeting adjourned and to be resumed in 15 minutes for the declaration of the poll results.

6. **ANNOUNCEMENT OF POLL RESULTS**

At 11.10 a.m., the Chairman reconvened the Meeting for the declaration of results. The Chairman informed that the poll results, which were verified by the Scrutineers, Boardroom Corporate Services Sdn Bhd were ready.

Based on the poll results, the Chairman declared that the resolution tabled at the Meeting was duly carried as follows:-

Ordinary Resolution

FOR		AGAINST	
Number of Shares	%	Number of Shares	%
484,899,210	99.988176	57,339	0.011824

RESOLVED:-

“**THAT** subject to the approval and consent being obtained from all relevant authorities and/or parties (where applicable), as set out in the conditional share purchase agreement (“SPA”) dated 10 February 2021 entered into between MFM and Tyson, approval be and is hereby given to MFM:

- (i) to dispose of such number of ordinary shares of DSSB, representing 49% of the equity interest in DSSB, to Tyson for a disposal consideration of up to RM420,000,000 to be satisfied wholly by cash (subject to adjustments in accordance with the SPA) (“Proposed Disposal of DSSB”), subject to the terms and conditions as contained in the SPA;
- (ii) to grant Tyson a call option (which may be exercised in full or in part) to acquire a total of up to 11% of the equity interest in DSSB from the Company at the Tyson Call Option Shares Price as defined in Section 8 of Appendix V of the circular to the shareholders of the Company dated 26 April 2021 (“Circular”), at any time after 5 years from the date of a shareholders’ agreement (“SHA”) which is to be executed on the date of completion of the Proposed Disposal of DSSB (“Tyson Call Option”), subject to the terms and conditions as contained in the SHA; and
- (iii) to grant Tyson a call option to acquire all (and not less than all) of shares in DSSB held by the Company at the EBITDA Value Per MFM Change of Control Call Option Share as defined in Section 9 of Appendix V of the Circular in the event there is a change of control of more than 50% of shares in MFM (“MFM Change of Control Call Option”), subject to the terms and conditions as contained in the SHA.

AND THAT approval be and is hereby given to the Board of Directors of the Company and its relevant subsidiaries (“Subsidiaries”) which are parties to the Transaction Documents, as defined and detailed in Sections 2, 2.4 and 2.5 of the Circular, to give effect to the Proposed Strategic Partnership with full power and authority:

- (i) to enter into and execute the Transaction Documents, in the agreed form, and such other agreements, instruments, documents and deeds as the Board of Directors of the Company and the Subsidiaries may deem fit or expedient in connection with the Proposed Strategic Partnership; and
- (ii) to carry out all such necessary acts and things to implement the Proposed Strategic Partnership and perform the Company's and/or the Subsidiaries’ obligations under the SPA, the Transaction Documents and such other agreements with full power to assent to any conditions, modifications, variations, amendments and/or supplemental deemed necessary or expedient in the interest of the Company and the Subsidiaries, or as may be required by the relevant authorities.”

7. CLOSE OF MEETING

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

The Meeting ended at 11.20 a.m.

.....
Chairman

Annexure A

a) Question from shareholder, Ms Teh Sue Leng

1. Please provide e-voucher to redeem Company's products as reward for attending the virtual EGM and participating in the remote participation voting ("RPV") especially during MCO period.

Managing Director, Mr Teh Wee Chye responded as follows:-

1. Door gifts and meal vouchers were goodwill gestures to encourage attendance at the physical EGM. In the current situation, the Company decided that the focus of the Company would be to emphasis on maximising shareholders' value through the continuity of consistent dividend payout. We encourage shareholders to take a natural and genuine interest in the wellbeing of the Company.

b) Question from shareholder, Mr Lee Mun Hoe

1. How is the proceed from sales going to impact the Company's financial performance and business direction?

Managing Director, Mr Teh Wee Chye responded as follows:-

1. Assuming that the Company receives the maximum payments receivable under the Share Purchase Agreement for the Initial Consideration, First Earnout Consideration and the Second Earnout Consideration, the Group would utilise the proceeds received for repayment of bank borrowings, paying the estimated expenses for the Proposed Strategic Partnership and as working capital.

The proforma effects on net assets and gearing and earnings per share were explained in the presentation to the shareholders.

c) Question from shareholder, Mr Yoong Kwee Soon

1. Will Tyson concentrate on the Malaysian consumer market alone or global markets in marketing the poultry products?

Managing Director, Mr Teh Wee Chye responded as follows:-

1. Tyson is a global company and they have their global strategy in place when they approached the Group. From the understanding, Tyson would provide the technology-know-how to improve the further processed products and subsequently connect the Group to Middle East market. Malaysia being a Halal Gold Standard country is highly recognised by the Middle East market. Tyson with its presence in the Middle East market could expand further to Middle East through Malaysia.

In addition, the Group would enter the Singapore market with Tyson and other ASEAN markets possibly even China as the raw material cost in China is quite high compared to Malaysia.

d) Question from shareholder, Ms Khor Chai Moi

1. How do the Company achieve the EBITDA (Earnings before interest, taxes, and amortization) target as per required?

Managing Director, Mr Teh Wee Chye responded as follows:-

1. As mentioned earlier, under the joint venture with Tyson, a Supply Agreement would be entered between Dindings Poultry Processing Sdn Bhd (“DPP”) and Mac Food Services (Malaysia) Sdn Bhd (a wholly-owned subsidiary of Tyson in Malaysia) (“Mac Food”). The Supply Agreement will enable DPP to supply up to 75% of the demand for the raw material products derived from Malaysia required by Tyson. This would definitely push up the deboning capacity of DPP of which this segment was under capacity previously.

With the joint venture, the deboning segment would be a major factor to build not just for Mac Food but also to cater for own requirement of further processed products of DPP. This would certainly add value to the business.

e) Question from shareholder, Mr Voon Khian Jin

1. Would there be any upcoming special dividend due to the disposal?

Managing Director, Mr Teh Wee Chye responded as follows:-

1. Unfortunately, given the pandemic and the world economy, the Company has no intention to declare special dividend arising from the disposal. Hopefully in the future, the Company would be able to make up for it.

f) Question from shareholder, Mr Kong Chew Thai

1. What is the accounting profit by disposing 49% in Dindings Supreme Sdn Bhd (“DSSB”) to Tyson?

Managing Director, Mr Teh Wee Chye responded as follows:-

1. The presented proforma effects on net assets and gearing and earnings per share have explained on this.

This was also stated in the Circular to Shareholders dated 26 April 2021 under Section 2.9 and the assumptions in Section 6.2, that the estimated gain is RM147 million based on the audited consolidated financial information for year ended 31 December 2020.

g) Questions from shareholder, Mr Khor Chong Him

1. Before Mac Food Supply Agreement to provide up to 75% of their needs, does the Group has any existing business dealing with Mac Food? If yes, how much it is contributing to the existing business of DSSB?
2. With the increasing wheat and grain commodity price trend since the past few months, how does it impact differently to the flour and grain trading segment and the poultry integration segment? Do a net positive or negative impact is expected in this increasingly inflationary commodity environment and how are the Management managing the situation in this environment?

Managing Director, Mr Teh Wee Chye responded as follows:-

1. Mac Food is currently our customer. Arising from this joint venture with Tyson, the Group expects to do a lot more business with Mac Food. Certainly, this would make a different.
2. The increase in commodity price is driven primarily by the 'wild card' due to China.

For 4 consecutive years, China's corn production had been in a decline to that extent that China is short of 30 million tonnes of corn. With the recovery of China's economy affected by COVID-19 of which China had done very well in the recovery process, in the first 3 months of this year, China's economy growth amounts to a staggering 18%. Hence, China requires a lot of raw materials. China needs another 40 million tonnes of corn to supplement the additional 30 million tonnes shortage resulting from the 4 consecutive years of declining corn production. In total, China needs about 70 million tonnes of corn which accounts for a rather big percentage of the total export of corn from USA, Argentina and Brazil. As a result, the corn and soybean prices went up about 70% while wheat price gone up by 30%. The Company had been communicating with the Ministry of Domestic Trade and Consumer Affairs and presented the analysis of the market and was hopeful that the Ministry is receptive to the proposal on the increase of flour price in Malaysia as well as understands the challenges faced by the farmers and poultry integrators. The Management would further communicate with other relevant Ministries to seek their understanding in order for the industry to be sustainable.