

FARM FRESH BERHAD

*Registration No. 201001010221 (894851-U)
(Incorporated in Malaysia)*

MINUTES of the Extraordinary General Meeting of **FARM FRESH BERHAD** duly convened on a Fully Virtual through Live Streaming via TIIH Online meeting platform and online voting using the Remote Participation and Voting ("RPV") facilities at <https://tiih.online> on Wednesday, 10 May 2023 at 4.30 p.m.

PRESENT : As per attendance sheet

Shareholders : Individuals - 224
Corporate Representative - 2
By proxy - 36
(of which Chairman acted for 84 shareholders)
Directors : 7
(of which 3 directors are not shareholders)

BY INVITATION : Representatives from Maybank Investment Bank Berhad
Representatives from Messrs Adnan, Sundra & Low

IN ATTENDANCE : Ms Wong Chee Yin, Company Secretary

CHAIRMAN : Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas ("Tan Sri Dato' Seri Chairman") took the Chair and called the Meeting to order.

NOTICE : The Notice convening the Extraordinary General Meeting ("EGM"), as stated in the Circular to Shareholders and properly delivered to the shareholders, was taken as read.

CHAIRMAN'S ADDRESS

On behalf of the Board of Directors ("the Board"), Tan Sri Dato' Seri Chairman welcomed all members who logged in and participated in the EGM online via the TIIH Online meeting platform and online voting using the Remote Participation and Voting Facilities ("RPV") which is in compliance with Section 327 of the Companies Act 2016.

He then introduced the Board members, Management Team, Company Secretary and Advisers who attended this EGM remotely through video conferencing.

CHAIRMAN'S ADDRESS *(cont'd)*

Tan Sri Dato' Seri Chairman informed the members that, in accordance with paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions listed in the notice of general meeting must be voted on by poll. Therefore, pursuant to the Company's Constitution, he declared the Ordinary Resolution set out in the Notice of the EGM would be put to a vote by poll. The poll will be held only after the Meeting has deliberated on the items on the agenda.

He then went over the Ordinary Resolution as listed in the Notice of EGM. The Board and Management Team would address the questions posed by the Shareholders at this meeting via real time submission of typed texts in the query box. The Board and Management Team would group the related and comparable questions and provide the answers instead of responding to every question where the scope of the questions asked overlapped. Shareholders were advised to limit their questions in relation to the Resolution mentioned in the Notice of the EGM. Questions made during the Q&A session would be attempted to be addressed by the Board and Management Team. The answers to the remaining questions would be sent to the shareholders via email or posted on the Company website after the meeting, if answers could not be given due to time constraint.

After dealing with the questions, the Ordinary Resolution would be put to vote remotely using the remote participation and voting or the RPV facilities.

Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") was appointed as the Poll Administrator to conduct the electronic polling process, and Asia Securities Sdn Bhd ("ASSB") as the Independent Scrutineer to verify the poll results.

Tan Sri Dato' Seri Chairman also reminded everyone present that only shareholders of the Company, their proxies, and authorized representatives of corporate shareholders who registered to participate remotely were permitted to attend this EGM. Any visual or audio recording during this EGM would be strictly prohibited unless prior written approval from the Company was obtained. Discussions at this EGM may be considered confidential and solely for the knowledge of the relevant parties. The broadcast's quality was heavily reliant on Internet bandwidth and connection stability.

Before proceeding to the Agenda, Tan Sri Dato' Seri Chairman informed the Meeting that 82 shareholders had appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented were 172,010,700 ordinary shares representing 9.25% of the total number of issued shares of the Company.

QUORUM

There being the present requisite quorum, the EGM was called to order at 4:30 p.m.

PRELIMINARIES AND AGENDA ITEMS

All members were invited by Tan Sri Dato' Seri Chairman to view a video on voting procedures and how to ask questions during the meeting via the RPV application. Following the video presentation, Tan Sri Dato' Seri Chairman also invited En. Mohd Khairul Mat Hassan, Group CFO to make a presentation of The Inside Scoop to the members.

Tan Sri Dato' Seri Chairman then proceeded with the business of the Meeting by reading out the agenda items.

ORDINARY RESOLUTION

- (A) **PROPOSED ACQUISITION BY FFB OF 462,739 EXISTING ORDINARY SHARES IN THE INSIDE SCOOP SDN BHD ("TISSB") ("TISSB SHARES") ("SALE SHARES"), REPRESENTING 53.0% OF THE ENLARGED ISSUED TISSB SHARES AFTER THE COMPLETION OF THE PROPOSALS (AS DEFINED BELOW), FOR A TOTAL PURCHASE CONSIDERATION OF APPROXIMATELY RM68.4 MILLION, SUBJECT TO ADJUSTMENTS, TO BE SATISFIED VIA A COMBINATION OF 13,158,000 NEW ORDINARY SHARES IN FFB ("CONSIDERATION SHARES") AT AN ISSUE PRICE OF RM1.52 PER CONSIDERATION SHARE AND APPROXIMATELY RM48.4 MILLION IN CASH, TOGETHER WITH THE GRANT OF A PUT OPTION BY FFB IN FAVOUR OF EDMUND TAN JUN HUA OVER THE REMAINING TISSB SHARES HELD BY HIM AT ANY POINT IN TIME AFTER THE COMPLETION OF THE PROPOSALS; AND**
- (B) **PROPOSED SUBSCRIPTION BY FFB OF 104,771 NEW TISSB SHARES ("SUBSCRIPTION SHARES"), REPRESENTING 12.0% OF THE ENLARGED ISSUED TISSB SHARES AFTER THE COMPLETION OF THE PROPOSALS (AS DEFINED BELOW), FOR A TOTAL SUBSCRIPTION CONSIDERATION OF APPROXIMATELY RM15.5 MILLION AT A SUBSCRIPTION PRICE OF RM147.86 PER SUBSCRIPTION SHARE TO BE SATISFIED ENTIRELY IN CASH**

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

Tan Sri Dato' Seri Chairman proposed the motion to the meeting for consideration.

QUESTIONS AND ANSWERS SESSION

As there were no more matters to be discussed, the Meeting went on to the Q&A session, whereby the Board and Management Team had responded to questions received from Minority Shareholders Watch Group ("MSWG") and the questions raised by the shareholders prior to the meeting as well as the live questions posted on the Query Box. Their responses are listed in Appendix "A" of this Minutes.

CONDUCT OF POLL

Having dealt with all the items on the agenda, the meeting proceeded to vote on the Ordinary Resolution by poll.

Tan Sri Dato' Seri Chairman informed the members and proxy holders who had not voted to cast their votes accordingly.

At 5.25 p.m., Tan Sri Dato' Seri Chairman declared the voting session closed and adjourned the meeting for 25 minutes for the counting of votes and a video from the Company was presented to the members while waiting for the results.

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, Tan Sri Dato' Seri Chairman resumed the meeting at 5.47 p.m. for the declaration of the results of the poll.

RECEIVING THE POLL RESULTS

The poll results verified by the Scrutineers, which were announced to Bursa Securities as follows:

Resolution	Vote For			Vote Against		
	No. of Units	No. of shareholders	%	No. of Units	No. of shareholders	%
Ordinary Resolution	1,411,552,770	304	99.9970	42,941	29	0.0030

Based on the poll results, Tan Sri Dato' Seri Chairman announced and declared the Ordinary Resolution carried as follows :-

ORDINARY RESOLUTION

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With 1,411,552,770 votes "For" and 42,941 votes "Against", it was RESOLVED:-

THAT, subject to the approvals of all relevant authorities and/or parties being obtained (where required):

- (a) approval be and is hereby given to the Company to:
- (i) acquire the Sale Shares, representing 53.0% of the enlarged issued TISSB Shares after the completion of the Proposals, for a total purchase consideration of approximately RM68.4 million, subject to adjustments, based on the terms and conditions of the share purchase agreement dated 15 February 2023 between FFB and the existing shareholders of TISSB, to be satisfied in the following manner:
 - (1) RM20.0 million to be satisfied via the issuance of the Consideration Shares at the issue price of RM1.52 per FFB Share; and
 - (2) RM48.4 million to be satisfied in cash; and

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- (ii) subscribe for the Subscription Shares, representing 12.0% of the enlarged issued TISSB Shares after the completion of the Proposals, for a total subscription consideration of approximately RM15.5 million based on the terms and conditions of the share subscription agreement dated 15 February 2023 between FFB and TISSB to be satisfied entirely in cash; and
- (b) that it is hereby approved and determined in this general meeting, in accordance with Clause 12(4) of FFB's Constitution (read together with subsection 85(1) of the Companies Act, 2016) that the Board of Directors of the Company ("Board") shall allot and issue the Consideration Shares to Edmund Tan Jun Hua and Wu Chuang Yang, Derrick as set out in the circular to shareholders of FFB dated 25 April 2023 in relation to the Proposals ("Circular") at the issue price of RM1.52 per Consideration Share, without such Consideration Shares being required to be offered to the shareholders of FFB in proportion, as nearly as may be, to the number of FFB Shares held by them or at all and effectively resulting in the shareholders of FFB waiving their pre-emptive rights under Clause 12(4) of FFB's Constitution (read together with subsection 85(1) of the Companies Act, 2016) to be offered all or any part of the Consideration Shares to be issued ("Proposed Issuance").

THAT, in conjunction with the Proposals, the Company will grant a put option in favour of Edmund Tan Jun Hua over the remaining TISSB Shares held by him upon completion of the Proposals as described in Sections 1 and 2.5 of the Circular ("Put Option").

THAT, the Consideration Shares will, upon allotment and issue, rank pari passu in all respects with the then existing FFB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, on the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares.

AND THAT, the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such agreements, arrangements and documents as may be necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise, give full effect to and complete the Proposals, the Put Option and the Proposed Issuance (including without limitation, to delegate such authority to designated officer(s)), with full powers to assent to and/or accept any conditions, variations, arrangements and/or amendments as may be imposed or permitted by any relevant authorities and/or parties in connection with the Proposals, the Put Option and the Proposed Issuance.

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CLOSE OF MEETING

There being no further business, the Meeting closed at 5.52 p.m. with a vote of thanks to the Chair.

CONFIRMED



**TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN
BIN DATUK SERI DR HAJI MEGAT KHAS
CHAIRMAN**

Date: 10 May 2023

QUESTIONS AND ANSWERS SESSION

The Board and Management responded as follows: -

- **MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)**

1. ***What is the estimated market size of Consumer Package Goods (“CPG”) Ice Cream in Malaysia?***

Company’s Response: According to Euromonitor International Limited’s report on the ice cream industry in Malaysia dated July 2022, the market size of CPG Ice Cream in Malaysia in 2022 is RM1.17 billion and is expected to grow at a CAGR of 3.3% to RM1.38 billion in 2027.

2. ***At which manufacturing facilities will the CPG Ice Cream be manufactured? If it will be at the new factory in Bandar Baru Enstek, will the new factory be ready in time? The acquisition of a plot of freehold industrial land in Bandar Baru Enstek was only completed in January 2023.***

Company’s Response: Post completion of the Proposals, the CPG Ice Cream will be manufactured at the TISSB Group’s current central kitchen in Petaling Jaya on a smaller scale at a lower production volume while awaiting the completion of the new manufacturing hub in Bandar Enstek, Seremban which is targeted to be completed during the first half of 2025.

3. ***What is the initial production capacity and what is the budgeted capex?***

Company’s Response: The budgeted capital expenditure for the TISSB Group’s central kitchen in Petaling Jaya is approximately RM500,000 and the production capacity is up to 700 liters per hour.

The budgeted capital expenditure for the FFB Group’s new manufacturing hub in Bandar Enstek, Seremban is approximately RM15.0 million and the production capacity is up to 12,000 pieces per hour.

- **PRE-SUBMITTED QUESTIONS BY SHAREHOLDERS**

1. **Shareholder's Question: May I know the dividend distribution Planning?**

Company's Response: According to the Company's dividend policy, the goal is to distribute 25% of the Group's consolidated annual profits after deducting the requirement for working capital and maintenance capital. For the financial year ended 31 March 2022, the Company declared a final dividend of 1.07 sen per FFB share, which is around 25% of the RM80 million in profits that were attributable to it.

2. **Shareholder's Question: How Farm Fresh able to attract or maintain the new customers in various market in different country?**

Company's Response: The Company believes that with the Farm Fresh Group's expanded capacity, it will be able to capitalize on The Inside Scoop's strong brand recognition, reputation as a reputable ice cream chain player, with a very good range of ice cream products, together with the ethos of using premium ingredients, to draw in new customers while keeping hold of current ones in various target markets across various jurisdictions after the completion of the Proposals.

3. **Shareholder's Question: How was Company ensure demand = supply = quality in this this critical getting fulfilled?**

Company's Response: The Company has always strictly adhered to the Good Manufacturing Practices ("GMP"), Hazard Analysis Critical Control Points ("HACCP"), and Food Safety and Quality Principles ("FSQP") to ensure that the products are of the highest quality. After the completion of the Proposals, the enlarged Farm Fresh Group will continue with its current efforts to maintain these while enhancing its capacity to meet the future rising consumer demands.

4. **Shareholder's Question: What could Company do for gaining more business net profit?**

Company's Response: One of the strategic strategies would be to open one outlet per month while doubling the number of outlets. Additionally, there are ambitions to grow the Company in the neighbouring countries. The CPG Ice Cream market offers a very lucrative high margin, and the Company intends to enter it. Considering these intentions, the Company considered that the enlarged Farm Fresh Group's income and revenue stream is anticipated to grow, which will result in a rise in the enlarged Farm Fresh Group's future profits.

- **LIVE QUESTIONS BY SHAREHOLDERS**

1. **Shareholder's Question: Other than Edmund, who are the other key management of The Inside Scoop? What has been done to retain and incentivize them?**

Company's Response: The Inside Scoop was run by Mr Edmund Tan and Ms Lim Shiew Li, a husband and wife duo with substantial experience and knowledge in many other relevant fields. One of the strategies for keeping them on board and motivating them is the Put Option. Following the first three years of operation, Mr Edmund Tan will have the option to continue selling off his shares in multiples of 5%. There is no need for him to leave the collaboration if things are going extremely well. With the current structure, Mr Edmund Tan, Ms Tan Shiew Li, and The Inside Scoop Team will be inspired to keep expanding the business as its CAGR rises. They will work well with Farm Fresh Group to develop the CPG Ice Cream products for the Company.

2. **Shareholder's Question: Is The Inside Scoop going to use FFB milk to make ice cream?**

Company's Response: Yes, more than 50% of the ingredients used to manufacture the ice cream will be from milk, and inside Scoop is going to use milk from FFB

3. **Shareholder's Question: (i) With the acquisition of The Inside Scoop, what is your growth rate of revenue and estimated net profit in % for the coming 2 years. (ii) Currently how many outlets does The Inside Scoop have and what is your plan for expansion.**

Company's Response: The Company's target is to achieve a revenue cumulative annual growth rate (CAGR) of 15% while maintaining its high margins. The Inside Scoop currently operates in 37 locations, and after the acquisition, this number of outlets will be doubled over the course of three years. The Company can benefit by leveraging on the artisanal experience and strong brand recognition of Inside Scoop to enter the CPG Ice Cream market, without having to go through the learning curve of developing new ice cream products and flavours for the consumers. Combine this with FFB's manufacturing facility and distribution channel, the target is to obtain a 5 – 10% market share in the lucrative segment by 2025.

4. **Shareholder's Question:** *Could you explain in a simple term on the "Put Option" granted to Mr Edmund Tan because I found it complicated to understand? Is Farm Fresh acquiring 35% stake from Mr Edmund Tan eventually? Could you provide the timeline if is a yes?*

Company's Response: Mr Edmund Tan, as a shareholder, has the right to sell his shares to the shareholder, Farm Fresh Berhad under the Put Option. The Put Option is granted with Triggering Events to protect Mr Edmund's rights as a minority shareholder under the terms of the Shareholders' agreement (SHA) that has been signed. In essence, the Put Option offers Mr Edmund Tan the freedom to leave the partnership without having to navigate the complexities of a corporate acquisition process. According to the terms of the contract, Mr Edmund Tan must remain for a 3-years unless a specific Triggering Event occur as specified under the SHA.