

FARM FRESH BERHAD

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

MINUTES of the 12th Annual 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 Tuesday, 26 September 2023 at 3.00 p.m.

PRESENT : As per attendance sheet

Shareholders : Individuals - 250
Corporate Representative - 3
By proxy - 112
(of which Chairman acted for 70 shareholders)
Directors : 7
(of which 2 directors are not shareholders)

BY INVITATION : Mr Vengadesh Jogarajah and Mr Tan Beng Keat representatives of Messrs KPMG PLT ("KPMG"), External Auditor

IN ATTENDANCE : Ms Wong Chee Yin, Company Secretary

CHAIRMAN : Due to health condition, Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, the Independent Non-Executive Chairman of the Company, was unable to attend the Meeting. As such, the Board has elected Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam, the Independent Non-Executive Director ("Chairman of the Meeting"), to chair the Meeting.

Chairman of the Meeting then took the Chair and called the Meeting to order.

QUORUM : There being the present requisite quorum, the AGM was called to order at 3:04 p.m.

NOTICE : The Notice convening the AGM, as stated in the Annual Report and properly delivered to the shareholders, was taken as read.

CHAIRMAN'S ADDRESS

On behalf of the Board of Directors ("the Board"), Chairman of the Meeting welcomed all members who logged in and participated in the 12th Annual General Meeting ("AGM") 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 Auditors who attended this AGM remotely through video conferencing.

As part of the good corporate governance, Chairman of the Meeting informed the meeting that there was a total of 103 proxy forms for a total of 1,505,872,097 ordinary shares representing 80.45% of the total number of issued shares of the Company being received. Out of those, 70 shareholders have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented were 393,441,160 ordinary shares, representing 21.02% of the total number of issued shares of the Company.

Chairman of the Meeting informed the members that, in accordance with paragraph 8.29A of Bursa Malaysia 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 all resolutions set out in the Notice of the 12th AGM would be put to a vote by poll. The poll will be held only after the Meeting has deliberated on all the items on the agenda.

He then went over all of the Ordinary Resolutions 1 through 6 as listed in the Notice of 12th AGM. 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 Resolutions mentioned in the Notice of the 12th AGM. Questions made during the Q&A session would be attempted to be addressed by the Board and Management Team. The responses 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 Resolutions 1 to 6 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.

CHAIRMAN'S ADDRESS *(cont'd)*

Chairman of the Meeting also reminded everyone connected online that only shareholders of the Company, their proxies, and authorized representatives of corporate shareholders who registered to participate remotely were permitted to attend this AGM. Any visual or audio recording during this AGM would be strictly prohibited unless prior written approval from the Company was obtained. Discussions at this AGM 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.

PRELIMINARIES AND AGENDA ITEMS

All members were invited by Chairman of the Meeting to view a video on voting procedures and how to ask questions during the meeting via the RPV application.

Following the presentation, the Group CFO, En Mohd Khairul Bin Mat Hassan ("Mr Khairul"), was invited to present the performance overview of Farm Fresh Berhad.

In his opening remarks, Mr Khairul explained the flow of his presentation, which cover the business overview of the Group, the financial overview, Farm Fresh Berhad's strategies and growth prospects, and the Company's sustainability initiatives.

Mr Khairul highlighted the following :

Operational Highlights:

- The sale of finished goods increased from 78.6 million litres in FY2022 to 93.5 million litres in FY2023;
- The total herd size has increased from 10,300 in FY2022 to 11,925 in FY2023 due to the herd expansion and the ramping up of the Taiping farm operations during the financial year;
- The Farm Fresh Grow and Yarra by Farm Fresh are the key products among the 25 new products launched in the last financial year and being commercialized in FY2023;

Financial Highlights:

- Revenue growth recorded as 25.5% from RM501.9 million in FY2022 to RM629.7 million in FY2023, at a CAGR of 37% from 2019 to 2023. In tandem with the good revenue growth, the gross profit for FY2023 climbed by around 10%;
- The growth in Malaysia was mainly driven by volume growth especially with the HORECA segment which grew significantly from 18% in FY2022 to 26% in FY2023;
- The Australian growth was mainly driven by external sales from the Australian subsidiary, Goulburn Valley Creamery ("GVC");

PRELIMINARIES AND AGENDA ITEMS (cont'd)

Financial Highlights: (cont'd)

- Despite a 4.1% growth in shareholders' equity fund, profit after tax fell to RM49.9 million, principally as a result of lower gross profit margin during the financial year, higher labour expenses, fluctuating foreign exchange rates, increase in feed and fertilizer costs, and dairy ingredient costs, etc;
- Even though gross profit margin has dropped from 27.2% in FY2022 to 23.8% in FY2023, but due to the increase in revenue, the gross profit has increased from RM136 million to RM150 million.
- Higher distribution costs for the school milk programme, the ESOS expenses, fair value losses on biological assets, as well as unrealized losses for forwarding contracts that had been entered, contributed to the profit margin contracting;
- A significant reversal of tax of RM10.5 million was made in FY2022 for the Larkin facility that had been recognized in the prior financial year upon the receipt of the tax exemption;
- Growth in UHT milk was primarily due to contributions by the school milk programme which was one of the big contracts won during the financial year;
- The Group is in a good financial position, with a net gearing ratio of 0.51 times as of 31 March 2023 due to additional financing facilities during the year and increased use of trade and short-term financial facilities; and
- Average trade payable days have decreased from 35 days to 21 days because of higher repayment of trade payables during the financial year.

Strategies & Future Prospects

- Continue to develop and grow the product portfolio such as Growing Up milk ("GUM") in powder format, and the Cultured Butter line under the St David Dairy to be launched in first half of 2024;
- The Yarra by Farm Fresh and The Inside Scoop Ice Cream are the proven business expansion in capacity and capabilities across the Malaysian value chain;
- Regional expansion outside Malaysia to The Philippines is currently in the final stages of machinery installation, and target to begin operations by the end of 2023;
- Continued emphasis on planning and executing its strategies and sustainability with the key deliverables/missions: better dairy, producing healthy products, proven animal husbandry practices, and strongly supporting the local community as well as striving towards a healthier planet through adoption of regenerative and cultured practices and environmentally friendly initiatives; and
- The Company's vision, mission and goals are to continue making nutrient-dense products free of colouring and preservatives and using the purest dairy ingredients.

PRELIMINARIES AND AGENDA ITEMS (cont'd)

Key Milestones:

- The acquisition of Farm 4 in Kyabram, Australia;
- The acquisition of 90% equity in St David Dairy Pty Ltd in Australia, which has a strong brand recognition and won various awards. It is a vehicle for the Company to launch its plant-based products to Cafés and customers in the greater Melbourne area;
- The launch of Farm Fresh Jomcha in October 2022, which has grown to about 40 outlets; and
- Completed acquisition of 65% equity in The Inside Scoop Sdn Bhd on 31 May 2023. This acquisition will pave way to Farm Fresh's entry into the consumer packaged goods (CPG) ice cream market.

Awards & Recognitions

- In November 2022, the Company received the Brand of the Year award under the Dairy Products category at the 2022-2023 World Branding Awards which was a prestigious award with the award ceremony held in London;
- Also in November 2022, Farm Fresh Berhad was named in the SL25 list of Asia-Pacific companies with inspiring sustainability initiatives. This was jointly created by Stewardship Asia Centre (established by Temasek, Singapore), INSEAD Hoffmann Global Institute for Business and Society, WTW and The Straits Times;
- In 2023, the Company won the Platinum Award for Beverage – Dairy category in Putra Brand Awards 2022, and this was the second consecutive win;
- Named as Best IPO for Retail Investors in Southeast Asia and Best Deal of the Year for Minority Shareholders in Southeast Asia in the Alpha Southeast Asia 16th Annual Best Deal and Solution Awards 2022.

Empowering People and Communities and Sustainability Highlights

- The Company has assisted the home dealers and stockists to earn a gross income of RM45.4 million in FY2023 under its network;
- The Company supports gender diversity and about 80% of the local micro-entrepreneurs are female;
- Numerous contributions to the local economy and local communities, such as the Farm Fresh Scholarships benefiting Orang Asli and underprivileged students, the school milk programme, and setting-up centres focusing in multi-dimensional programmes for underprivileged students in each State;
- All the Company's farms continue to use regenerative agriculture practices. The reduction of carbon emissions, recycling and removal of farm dairy effluent from waste disposal, installation of solar panels at the farm facilities, etc are all important steps in the direction of a healthier planet; and

PRELIMINARIES AND AGENDA ITEMS (cont'd)

Empowering People and Communities and Sustainability Highlights (cont'd)

- Responsible water management, combating climate change, and eco-friendly product packaging are some of the Company's core sustainability initiatives. One of the environmental initiatives was the introduction of the "Milk on Tap" idea in Kuala Lumpur and Johor Bahru, which aims to reduce the usage of plastic bottles.

After Mr Khairul's presentation, Chairman of the Meeting then proceeded with the business of the Meeting by reading out the agenda items.

1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Audited Financial Statements for the financial year ended 31 March 2023 ("AFS 2023"), together with the Directors' Report and Auditors' Report thereon were tabled.

Chairman of the Meeting informed that the AFS 2023, together with the Directors' and Auditors' Reports, was meant for discussion only as the Companies Act 2016 did not require a formal approval of the members for the AFS 2023. Therefore, this item was not put forward for voting.

Chairman of the Meeting declared that the AFS 2023 together with the Directors' Report and Auditors' Report thereon were thus, taken as received.

2.0 PAYMENT OF A SINGLE TIER FINAL DIVIDEND

Chairman of the Meeting proposed the motion "THAT the payment of a single tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 March 2023 be and hereby approved" to the meeting for consideration.

The poll on this resolution would be conducted later. Chairman of the Meeting then proceeded to the next item on the Agenda.

3.0 RE-ELECTION OF DIRECTORS UNDER CLAUSE 76(3)

- (i) The members were informed by Chairman of the Meeting that Mr Loi Tuan Ee had retired by rotation in accordance with Clause 76(3) of the Company's Constitution. Mr Loi had offered himself for re-election.

3.0 RE-ELECTION OF DIRECTORS UNDER CLAUSE 76(3) (cont'd)

Chairman of the Meeting proposed the motion “THAT Mr Loi Tuan Ee be and is hereby re-elected as Director of the Company to hold office until such time he is due to retire” to the meeting for consideration.

Chairman of the Meeting proceeded to the next item on this Agenda.

- (ii) The members were informed by Chairman of the Meeting that Tan Sri Dato’ Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas had retired by rotation in accordance with Clause 76(3) of the Company’s Constitution. Tan Sri Dato’ Seri Haji Megat Najmuddin had offered himself for re-election.

Chairman of the Meeting proposed the motion “THAT Tan Sri Dato’ Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and is hereby re-elected as Director of the Company to hold office until such time he is due to retire” to the meeting for consideration.

Chairman of the Meeting proceeded to the next item on this Agenda.

4.0 PAYMENT OF DIRECTORS’ FEES

The members were informed by Chairman of the Meeting that the proposed resolution was to facilitate the payment of the Directors’ Fees up to RM550,000.00 per annum to the Directors for the period from 1 April 2023 until the next AGM in 2024.

Chairman of the Meeting proposed the motion “THAT the payment of Directors’ Fees up to RM550,000.00 per annum to the Directors for the period from 1 April 2023 to the next AGM of the Company be hereby approved” to the meeting for consideration.

Chairman of the Meeting proceeded to the next item on the Agenda.

5.0 PAYMENT OF DIRECTORS’ BENEFITS

The members were informed by Chairman of the Meeting that the proposed resolution was to facilitate the payment of the Directors’ benefits up to RM76,000.00 per annum to Non-Executive Chairman and Non-Executive Directors for the period from 1 April 2023 until the next AGM in 2024.

5.0 PAYMENT OF DIRECTORS' BENEFITS (cont'd)

Chairman of the Meeting proposed the motion "THAT the payment of Directors' Benefits up to RM76,000.00 per annum to Non-Executive Chairman and Non-Executive Directors for the period from 1 April 2023 to the next AGM of the Company in 2024 be hereby approved" to the meeting for consideration.

Chairman of the Meeting proceeded to the next item on the Agenda.

6.0 RE-APPOINTMENT OF AUDITORS

Chairman of the Meeting proposed the motion "THAT Messrs KPMG PLT be and is hereby re-appointed as Auditors of the Company for the financial year ending 31 March 2024 and to authorize the Directors to fix their remuneration" to the meeting for consideration.

Chairman of the Meeting proceeded to the next item on the Agenda.

7.0 TO TRANSACT ANY OTHER ORDINARY BUSINESS

Chairman of the Meeting informed that the Company had not received any notices from the shareholders to transact any other business in accordance with the Company's Constitution and the Companies Act 2016.

QUESTIONS AND ANSWERS SESSION

As there were no more matters to be discussed, the Meeting went on to the Q&A session, which was divided into the pre-meeting questions and the live questions presented in the Query Box. The Board and Management Team answered twelve questions raised by the Minority Shareholders Watch Group ("MSWG") and shareholder, and their responses are listed in Appendix "A" of the Minutes.

CONDUCT OF POLL

Having dealt with all the items on the agenda, the meeting proceeded to vote on Resolutions 1 to 6 by poll.

Chairman of the Meeting informed the members and proxy holders who had not voted to cast their votes accordingly. The voting session was estimated to be closed in 5 minutes.

At 4.20 p.m., Chairman of the Meeting declared the voting session closed and adjourned the meeting for 20 minutes for the counting of votes.

CONDUCT OF POLL (cont'd)

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, Chairman of the Meeting resumed the meeting at 4.42 p.m. for the declaration of the results of the poll.

RECEIVING THE POLL RESULTS FOR RESOLUTIONS 1 TO 6

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

Resolution(s)	Vote For		Vote Against	
	No. of Units	%	No. of Units	%
Resolution 1	1,298,134,738	99.9993	9,516	0.0007
Resolution 2	1,298,122,815	99.9983	21,439	0.0017
Resolution 3	933,931,555	71.9450	364,187,599	28.0550
Resolution 4	1,294,303,700	99.9888	144,854	0.0112
Resolution 5	1,297,943,281	99.9882	152,873	0.0118
Resolution 6	1,297,949,268	99.9851	192,786	0.0149

Based on the poll results, Chairman of the Meeting declared Resolutions 1 to 6 carried.

CLOSE OF MEETING

There being no further business, the Meeting closed at 4.43 p.m. with a vote of thanks to the Chair.

CONFIRMED

-signed-

DATO' DR QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM
CHAIRMAN OF THE MEETING

Date: 8 November 2023

FARM FRESH BERHAD 12TH AGM – 26/09/2023

QUESTIONS AND ANSWERS SESSION

Dato' Chairman adjourned the meeting to enable the Board and Management to compile and address the questions received during the meeting. During the course of deliberation of all the questions received, Dato' Chairman had responded to thirteen questions raised by the Minority Shareholders Watch Group ("MSWG") and shareholders, and the answers provided by the Board and Management were as follow:

Minority Shareholders Watch Group MSWG:

1. **MSWG Question:** What are the products to be produced at the new central manufacturing hub at Bandar Enstek, and what are the respective manufacturing capacities? When is the plant expected to be completed and operational?

Company's Response: The Company plans to produce dairy and plant-based products in Enstek at which the manufacturing capacity is expected to be more than 30 million litres per annum, depending on the final production lines being selected. The installation of the production lines is targeted to be at the beginning of 2025. The Company will also produce the consumer packaged good ("CPG") ice cream with the final capacity to be determined upon finalizing the continuous freezer and extrusion lines to be purchased.

The Enstek manufacturing hub is expected to be operational by first half 2025.

2. **MSWG Question:** Refer to slide No. 6 of Farm Fresh's Q1FY2024 result briefing slides. What are the reasons for the 32.5% drop in the sales volume of UHT School Milk from 3.4m litres in 1QFY2023 to 2.3m litres in 1QFY24?

Company's Response: The school milk sales drop is due to the fact that in the preceding quarter, the delivery requirements by the Ministry of Education was for every month in the Q1FY23, whereas in Q1FY24 the delivery requirements was only for one month post the Ramadhan and mid-semester holidays.

QUESTIONS AND ANSWERS SESSION *(cont'd)*

3. **MSWG Question:** It was reported by the media that a prominent listed food & beverage player is investing at least RM1b to develop an integrated dairy farm in Gemas, Negeri Sembilan.

- (a) **Is the entry of the new player in the production of fresh milk expected to affect the long-term expansion plan of the Group's daily herd capacity? Please explain the answer.**

Company's Response: The entry by new players will not have any impact on our current expansion plans for dairy herd capacity, as it will be years before the farm can be operational, not to mention it will be some time before you can determine if the planned investment becomes a long-term viable farming operation.

We believe that capital investment is just one side of the equation in tropical dairy farming. The breed matters given the hot and humid temperature, and the animal husbandry skillset requirement is immense and should not be taken for granted. On the breed side, we have the advantage of having the Australian Friesian Sahiwal (AFS) breed, which is proven in tropical climate. This, coupled with the animal husbandry team that we have built over more than 12 years, places us well in order to attain viable farm operations with decent yields and longevity of our dairy cows.

In terms of our herd capacity, we are currently adding more barns at our Taiping Farm and to further increase its capacity to 3,000 dairy cows, and we are expanding our Muadzam Shah farm with the additional 500-acres leased from the Pahang State Government, with an aim to double out farm capacity to 6,000 dairy cows in another 2 years.

- (b) **With total landbank size of 5,367 acres, is the Group actively looking for opportunity to expand its landbank for dairy farm?**

Company's Response: Given the growing demand for our products along with our regional expansion, we are actively looking for more land which can be utilized for dairy farming to achieve higher milk production in order to cater to all the future demand whilst increasing Malaysia's self-sufficiency level (SSL) of fresh milk.

QUESTIONS AND ANSWERS SESSION *(cont'd)*

4. **MSWG Question:** While the Group's revenue jumped 25.46% from a year to RM629.691m FY2023, the selling and distribution expenses grew at a faster pace of 61.58% to RM51.71m. Please explain the significant increase in the Group's selling and distribution expenses.

Company's Response: The significant increase is a result of higher overall sales and specifically distribution costs incurred for the School Milk Programme which is performed by the stockists and home dealers who distributed over 62 million packs of milk to about 3,400 schools, as well as the higher marketing spend incurred as brand-building investment and advertisement and promotion on new product launched during the financial year, which includes our growing up milk (GUM) and Yarra by Farm Fresh.

5. **Shareholder's Question:** Farm Fresh should consider lowering the cost of the yogurt packaging. Any thoughts to repackage it without the inclusions of a spoon perhaps to lower cost and compete with other brands such as Fernleaf which is selling at RM1.30 lower in pricing while Farm Fresh's yogurt is currently selling at RM2.90. Also, in terms of distribution of product, we can't seem to find Farm Fresh yogurt at 99 Speedmart.

Company's Response: The selling price of Farm Fresh yogurt is high if compared to other competitors because of the ingredients used. Most of the local yogurts are made from skimmed milk powder. Our costs are high, due to the usage of premium ingredients such as fresh milk instead of skimmed milk powder, with no preservatives and colourings added. The Management is optimistic about the yogurt category's future growth. Farm Fresh increased its capacity for yogurt products last year, and given the positive response, this product category will be vigorously pushed this year. We'll probably stay in this position so we may compete in the market with our high-quality ingredients and superior tastes.

The 99 Speedmart generally has very limited chiller space, therefore, we were only able to increase the shelf-spacing at those new outlets. We will continue to configure a planogram which hopefully will add more of our products at 99 Speedmart locations in the coming months.

QUESTIONS AND ANSWERS SESSION *(cont'd)*

6. **Shareholder's Question:** Can we buy a dozen Farm Fresh Yarra UHT milk direct from the Farm Fresh instead of going through 3rd party sellers and would there be a difference in terms of price?

Company's Response: In order to benefit from the rapidly expanding e-commerce sales, we are now investing in Farm Fresh's digital channel. Our official Farm Fresh Shopee and Lazada stores are already set up. TikTok live streaming is being carried out frequently, allowing our customers to take advantage of Farm Fresh's promotions from time to time.

7. **Shareholder's Question:** As compared to your competitors, Farm Fresh is selling the 400g yogurt at RM6.30 which is priced relatively higher. Why is there such a gap between the two and is there any difference in terms of this quality?

Company's Response: Farm Fresh's product has higher product costs because it uses fresh milk ingredients. Farm Fresh yogurt offers superior creamy taste and texture that set it apart from other products on the market.

8. **Shareholder's Question:** Any strategy to overcome 2024 challenge?

Company's Response: In term of the cost challenge we encountered in FY2023, we have undertaken numerous cost control measures as a means of overcoming the difficult cost environment. For instance, we have reduced our purchases of milk from third-party farmers in Australia. The reduction is aimed to mitigate to the overall impact of Australian farmgate prices to our financial results, which have remained high and is disconnected from global milk prices, as well as to lessen our reliance on third-party milk by increasing our own milk production in FY2024. In the current financial year, we are purchasing only approximately 14% from the third-party farmers in Australia in contrast to the 30% from the previous year. This shift significantly reduces our exposure to Australian milk prices.

Furthermore, a 5% increase in chilled milk prices has been implemented since middle of July this year which has contributed to a boost of our profit margin in August and September this year.

Regarding cost management, we are able now to purchase the whole milk powder at lower costs than the prices we have the previous year. Whole milk powder prices had increased greatly because of the conflict in Ukraine, reaching a record high of around USD4,700/MT, but they have now sharply decreased to under USD3,000/MT.

QUESTIONS AND ANSWERS SESSION (cont'd)

Additionally, we are looking into ways to enhance both our upstream and downstream operations. For instance, hedging against corn purchases and locking in a large portion of our USD exposure are both favourable to our business operations.

9. **Shareholder's Question:** The quantity of dairy herds increased by 15.85% in FY2023 vs FY2022. However, the raw milk quantity produced from the dairy herds only increased by 4.5% in FY2023 (Note 5 – Page 217 of AR). (i) Why is there such a big difference from the increase in quantity of cows and milk produced? (ii) What is Management's target for the increase for raw milk production in FY2024?

Company's Response: In general, the size of the herd is a good indicator of how much milk will be produced. The more dairy cows we have, the more raw milk output is anticipated to increase. However, some of our dairy cows are non-milking cows. For instance, we import heifers from Australia, and the heifers take a few months to calve. Besides, there is a certain percentage of cows are not milking depends on their lactation cycle.

We are looking to increase our milk production in FY2024. We've installed a new rotary milking station in Australia, and plan to add 500 additional dairy cows to raise this year's production of Australian milk from 18 to 20 million litres, whereas in Malaysia we target to improve milk production from 17 to 18 million litres. Our raw milk production target in FY2024 is about 35 to 38 million litres.

10. **Shareholder's Question:** The Capital Expenditure commitment contracted but not provided for PPE increased 6.5X to RM22,242,517 in FY2023 (Note 30 – Page 262 of AR). (i) What are the major items for this Capex allocated? (ii) What is the total Capex planned for FY2024?

Company's Response: The following is the capital expenditures in FY2023:

- For Philippines – invested approx. RM8.0 million;
- Muadzam Shah – invested approx. RM9.0 million for the installation of an extra line; and
- Taiping Plant – invested approx. RM2.5 million capital commitment.

For FY2024, Farm Fresh plans to spend around RM90 million CAPEX for Taiping, Muadzam Shah, Philippines, and constructions works at Bandar Enstek.

QUESTIONS AND ANSWERS SESSION *(cont'd)*

11. **Shareholder's Question:** The Group's tax expenses are lower than the statutory rate due to tax incentive. (i) What are the difference for the tax incentives under ECER and those granted by MOF (Note 9 & 22 of FS). (i) What is the effective tax rate reported in FY2023? (iii) What is the tenure of the tax incentives granted under ECER and by MOF?

Company's Response: We negotiated the tax incentives with the Ministry of Finance ("MOF") and Ministry of Agriculture and Food Security Malaysia ("MAFS") under a variety of conditions. Different terms and conditions apply; for instance, the East Coast Economic Region ("ECER") tax incentive is provided under the MIDA-awarded Corridor. All of these are statutory tax exempt for ten (10) years. Therefore, the Larkin plant will benefit from the tax incentive from 2021 to 2030, while the ECER tax incentive will be in effect from 2020 to 2029. The effective tax rate for FY2023 is 4.3%.

12. **Shareholder's Question:** The land area of farms in Australia as listed under Top 10 Properties of the Group (Page 280 of AR) are much larger than the total farm areas in Malaysia together with substantial higher Net Book Value. However, Australia only contributed 15% of the Group Revenue in FY2023 as presented to the CFO. Please explain the reason(s) for the low contribution from Australia.

Company's Response: The Australian farm contributes significantly to the supply of raw milk used by the Malaysian operations. The Company made the investment in a dairy farm in Australia that supplies milk to the Kyabram facility and serves as a breeding ground for the AFS breed. The Holstein cows that will be delivered to Malaysia will be fertilized with AFS semen. The farm produces a very high yield of milk because of the very high performing Holstein breed that they have over there. The Kyabram facility will process the milk and ship it to Malaysia along with the milk that we bought from the third-party Australian farmers.

Australian operations in actual fact generates significantly more revenue before elimination of inter-company transactions (i.e. supply of milk to Malaysia). However, after elimination, as presented in the breakdown of our revenue, this amount is reduced significantly by the inter-company elimination.

Another factor is that we have also streamlined and reorganized the IXL fruit jam and sauces business in order to minimize the operation as we reduced the losses we suffered from Australia.