

Minutes of the Fourteenth Annual General Meeting of the Company conducted on a fully virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 December 2022 at 10.30 a.m.

Attendance

As per Attendance List

The Meeting commenced at 10.30 a.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN'S ADDRESS

The Chairman, Mr. Tay Ben Seng, Benson, wished all members present a very good morning and thanked them for their attendance at the Company's Fourteenth Annual General Meeting. The Chairman then proceeded to introduce the Board members and Company Secretary.

Upon the Secretary's confirmation of a quorum being present, the Chairman requested Mr. Lim Kim Teck, the Company Secretary to brief the members on the proceedings of the meeting and voting procedure and to go through the agenda of the meeting on his behalf.

2. PROCEDURES OF MEETING

The Company Secretary informed all present that in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting on all the resolutions set out in the notice of the Fourteenth Annual General Meeting will be carried out by way of poll. He informed that Aldpro Corporate Services Sdn. Bhd. has been appointed as the polling agent and CSC Securities Services Sdn. Bhd. has been appointed as the independent scrutineer ("Scrutineer") for the polling process. The polling will be conducted electronically via the remote participation and voting ("RPV") facilities. The voting session commenced from 10.30 a.m. and remain open for voting until the announcement of end of the voting session by the Chairman. He further informed that members and proxy holders that they could pose their questions in real time during the meeting by using the query box in the RPV application. The polling administrator showed a presentation on how to pose questions and vote through the RPV facilities.

3. QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP ("MSWG") AND COMPANY'S RESPONSE

The Company Secretary informed all present that the Company has received a letter dated 14 December 2022 from Minority Shareholders Watch Group ("MSWG") wherein MSWG sought clarification on certain matters and the Company has replied to MSWG accordingly.

The Chief Financial Officer, Mr. Chong Kok, presented the questions posted by MSWG and the Company's response to the queries from MSWG as set out in Appendix A. The said questions from MSWG and the Company's response were also projected on screen for ease of reading by all present.

4. MEETING AGENDA RESOLUTIONS

The Company Secretary informed the shareholders and proxy holders that the Audited Financial Statements for the financial year ended 31 July 2022 ("AFS 2022") together with the Reports of the Directors and Auditors thereon were laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence was not put forward for voting.

SAUDEE GROUP BERHAD
Company No. 200801036832 (838172-P)
(Incorporated in Malaysia)

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4. MEETING AGENDA RESOLUTIONS (CONTINUED...)

The Company Secretary proceeded to table each and every item and the resolutions on the agenda as set out in the notice of the meeting.

5. QUESTIONS AND ANSWERS, POLLING AND RESULTS OF THE POLL

The shareholders and proxy holders of the Company raised the questions and the Board of Directors provided the answers as set out in Appendix B. The meeting proceeded to voting by poll on ordinary resolutions 1 to 7 as set out in the notice of meeting. The results of the poll, as verified by the Scrutineer, were as follows:-

RE-ELECTION OF MR. CHEN CHEE PENG AS A DIRECTOR

Ordinary Resolution No. 1

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
26	217,065,427	99.9811	1	41,000	0.0189	Carried

Accordingly, it was resolved that Mr. Chen Chee Peng, who retires in accordance with Paragraph 102(1) and (2) of the Company's Constitution, be and is hereby re-elected as a Director of the Company.

RE-ELECTION OF MS. ONG POH LIN ABDULLAH AS A DIRECTOR

Ordinary Resolution No. 2

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
24	217,050,328	99.9742	3	56,099	0.0258	Carried

Accordingly, it was resolved that Ms. Ong Poh Lin Abdullah, who retires in accordance with Paragraph 107(2) of the Company's Constitution, be and is hereby re-elected as a Director of the Company.

RE-APPOINTMENT OF AUDITORS

Ordinary Resolution No. 3

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
26	217,065,427	100.0000	0	0	0.0000	Carried

Accordingly, it was resolved that Messrs Grant Thornton Malaysia PLT be and is hereby re-appointed as Auditors of the Company for the ensuing year and that the Directors be authorised to fix their remuneration.

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)

SPECIAL BUSINESS

APPROVAL OF DIRECTORS' FEES

Ordinary Resolution No. 4

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
22	216,865,225	99.8889	5	241,202	0.1111	Carried

Accordingly, it was resolved that Directors' fees of not exceeding RM250,000.00 (FY2022:RM250,000) for the financial year ending 31 July 2023 to the Directors of the Company be approved for payment.

APPROVAL OF PAYMENT OF BENEFITS TO THE DIRECTORS

Ordinary Resolution No. 5

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
21	216,850,225	99.8820	5	256,200	0.1180	Carried

Accordingly, it was resolved that benefits of not exceeding RM36,000.00 to the Directors of the Company from 29 December 2022 until the next Annual General Meeting of the Company be approved for payment.

AUTHORITY FOR SIM YEE FUAN TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

In accordance with the Practice 5.3 of the Malaysian Code on Corporate Governance 2021, voting on Ordinary Resolution No. 9 to approve Mr. Sim Yee Fuan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director was carried out through a two tier voting process.

Ordinary Resolution No. 6

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
Tier 1 1	216,736,000	100.0000	0	0	0.0000	Carried
Tier 2 22	314,127	84.8013	4	56,300	15.1987	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

THAT authority be and is hereby given to Mr. Sim Yee Fuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)

SPECIAL BUSINESS (CONTINUED...)

AUTHORITY TO ISSUE SHARES

Ordinary Resolution No. 7

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
21	217,047,025	99.9726	6	59,402	0.0274	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

“THAT subject always to the Companies Act 2016 (“Act”), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, 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 of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

AND THAT pursuant to Section 85 of the Act read together with Paragraph 62 of the Constitution of the Company, approval be and is hereby given to waive the statutory preemptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.”

6. CONCLUSION

Mr. Chairman notified the Meeting that the Company has not received any notice of motion from the shareholders of the Company since the dispatch of the notice of Fourteenth Annual General Meeting.

There being no further matters to discuss, it was resolved that the Meeting be concluded at 11.15 a.m.

Confirmed as a correct record

Tay Ben Seng, Benson
Chairman

Operational & Financial Matters

Q1. For FY2022, Saudee’s revenue increased by 20% to RM96.8 million as compared to RM80.7 million in FY2021, mainly due to improved sales from manufacturing-further process products (FPP) and food service (HORECA and OEM) (page 15 of Annual Report (AR) 2022).

- (a) Is the revenue expected to increase further in FY2023 and, if so, from which segments?**
- (b) What is the Group’s current factory capacity utilisation? Is the Group able to fulfil market demand for both local and East Malaysia with current production capacity? What is the optimal level of operations?**

- A1. (a) Expected increase in revenue from FPP segment that from Saudee owned Brand.
- (b) Based on the expansion activity carried for in year 2022 and coming year 2023, Saudee able to meet the demand from both local and East Malaysia. We currently at 80% of capacity and in year 2023 our capacity will increase by at least 40% from existing capacity.

Q2. Labour costs have increased with imposition of minimum wages from RM1,200 per month to RM1,500 per month and this additional cost had impacted the Group’s results in FY2022 (page 18 of AR 2022).

- (a) How much additional labour cost per year is the Group expected to incur from the increase in minimum wages in FY2023?**
- (b) What are the measures taken to reduce the reliance on manual labour? How much automation has the Group introduced to its manufacturing processes to-date?**

- A2. (a) Additional cost in labour is 15% of total labour cost or around RM1million per year.
- (b) To continuing improved in production work flow to be more efficient and place in more automated line to reduce the dependency of manual work such as automated packing line.

Q3. The Group revenue increased 20% in FY2022 but trade receivables in FY2022 increased by nearly 82% (page 69 & 70 of AR 2022). What are the reasons for the significant increase in trade receivables?

- A3. The increase in trade receivables revenue increase in last quarter year 2022 as compared to year 2021 as last quarter sales for 2021 in only RM18.3 million as compared to 2022 of RM28.1 million. This increase also due to timing in collection from customer on early of August 2022.

Q4. Impairment of trade receivables is one of the key audit matters highlighted in the Independent Auditors' Report. The Group has significant trade receivables as at 31 July 2022 which include certain amounts that are long outstanding and it is subject to credit risk exposure (page 66 of AR 2022). The ageing profile of the trade Receivables past due but not impaired shown a significant increase in the amounts past due of more than 90 days (RM3.3 million in FY2022 compared to RM0.89 million in FY2021) (page 118 of AR 2022).

- (a) What are the reasons that trade receivables more than 90 days past due have increased significantly? Has the Group experienced slower collection of its receivables?**
- (b) What are the profiles of the customers with significant outstanding trade receivables?**

A4. (a) No, Company not facing uncollectable receivable. This mainly due to timing collection in end financial year 2022. Most of the collection received in August 2022.

- (b) Saudee's customer and receivables from Distributor, International Key Account (IKA) such as Aeon Group, Lotus's, and others and Local Key Account (LKA) such as Mydin, Eonsave, NSK and others.

Q5. During the financial year, the Group purchased quoted shares in Malaysia amounted to RM28.7 million and recorded an unrealised fair value loss on other investments amounted to RM7.2 million (Statement of Cashflows, page 74 of AR 2022).

- (a) Which quoted shares contributed to the unrealised fair value loss of RM7.2 million? Please provide a breakdown by stock name and amount of the quoted shares that the Company invested in FY2022.**
- (b) What is the rationale for purchasing quoted shares in Malaysia?**
- (c) How does the Board manage the risks associated with investing in quoted shares? Please elaborate on the risk management and decision-making processes when investing in quoted shares.**

A5. (a) Please refer as below table

Company	Quoted Shares	Fair value loss
Parlo Berhad	RM3.34 million	RM1.7 million
Sersol Berhad	RM6.30 million	RM2.7 million
Oversea Enterprise Berhad	RM5.52 million	-
Symphony Life Berhad	RM6.15 million	RM0.3 million
Lien Hoe Corporation Bhd	RM0.92 million	RM0.1 million
Meridian Berhad	RM1.37 million	RM1.0 million
Per maju Industries Bhd	RM5.11 million	RM1.4 million

- (b) & (c) The rationale for investment will look at capital market strategy such as shares buy back, placement in high yielding fund and other investment that give maximum return stakeholders

The decision-making in any investment will based the following :

- a) Background of the target company;
- b) Financial position and net value of the target company in past few years
- c) The price movement
- d) The future prospect
- e) Finally, will not invest more than 5% or the target company.

Besides, the company also will considered the risk area of the potential company to invest. The area will considered in Financial Risk that is potential marker fluctuation of the price. Will also considered the liquidity risk and Business risk such as the borrowing form financial institution of the potential target company and the impact of Global issue that may affect the business and sustainability of the target company.

Corporate Governance Matters

- Q6. Executive Directors of public listed companies are discouraged from holding another executive position in another public listed company as Executive Directors should be fully committed to day-to-day management of a listed company. Executive Director of Saudee, Mr. Tay Ben Seng, Benson (“Mr Tay”) also holds position of Executive Director in three other company listed on the Bursa Malaysia Securities Berhad, namely Focus Dynamics Group Berhad, Oversea Enterprise Berhad and Green Ocean Corporation Berhad (page 8 of AR 2022). How does the Board ensure that Mr Tay is able to stay focused and discharge his duties and responsibilities diligently, especially in such an uncertain and challenging business environment in Malaysia and globally after Covid-19 impact?**
- A6. Yes, Mr Tay able to discharge his duty as Executive Director of the Company effectively. With his expertise and experience in F&B sector, Mr. Tay will give the Company an important direction and able drive the company with the support from management toward a better future and performance in coming years.
- Q7. On page 5 of the Corporate Governance Report 2022, the Company states that it has departed from Practice 1.2 of the Malaysia Code on Corporate Governance as the Company is looking into appointing a Chairman. Based on the Company’s reply letter to MSWG’s letter dated 16 December 2021, the Company responded that it targets to appoint new Chairman in FY2022. What are the challenges that the Company is facing in identifying a suitable candidate for the Chairman role? What is the Company’s action plan and targeted timeline to fill the vacant position?**
- A7. The company has identified a suitable candidate to be the Chairman of the company and targeted to appoint in the 1st quarter of 2023.

1. How was the Company able to overcome the operation cost? Did restructuring of operation worked in improving efficiency and bring profit revenue?

The Company is hoping that 2023 will be a better year. The Company has been controlling its operating cost and put in place more automated line to reduce the dependency on the manual works.

2. Does Company foresee any dividend payout?

At the moment, the Company does not foresee any dividend payout. The Company will try its best to increase its revenue and generate profit and will then look into the dividend policy.

3. The Company's hot selling products has kept reducing for the past 20 years. What could the Company do to get back its sales?

The Company is concentrating on the hot selling products and has reduced on some of the unsellable products. This has reduced the operating cost and improved the efficiency of the Company which makes the Company's produce at its optimum level.