

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

Minutes of the Fifteenth Annual General Meeting of the Company conducted on a virtual basis from the Broadcast Venue at Lot 4.1, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 10 January 2024 at 2.30 p.m.

Attendance

As per Attendance List

The Meeting commenced at 2.30 p.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN'S ADDRESS

The Chairman, Dato' Arjunaidi Bin Mohamed, wished all members present a very good afternoon and thanked them for their attendance at the Company's Fifteenth Annual General Meeting. The Chairman then proceeded to introduce the Board members and Company Secretary.

Upon the Company Secretary's confirmation of a quorum being present, the Chairman requested Ms. Adeline Tang Koon Ling, 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 Fifteenth Annual General Meeting will be carried out by way of poll. She informed that Workshire Share Registration Sdn. Bhd. has been appointed as the polling agent and Symphony Corporate Services Sdn. Bhd. has been appointed as the independent Scrutineer ("Scrutineer") for the polling process. The polling was conducted electronically via the remote participation and voting ("RPV") facilities. The voting session commenced from 2.30 p.m. and remain open for voting until the announcement of end of the voting session by the Chairman. She further informed that members and proxy holders 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 3 January 2024 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.

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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 2023 ("AFS 2023") 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.

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 DATUK SHAM SHAMRAT SEN GUPTA 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 (%) | |
| 25 | 451,414,916 | 99.9885 | 3 | 52,102 | 0.0115 | Carried |

Accordingly, it was resolved that Datuk Sham Shamrat Sen Gupta, 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 DATO' ARJUNAI BIN MOHAMED 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 (%) | |
| 25 | 451,414,916 | 99.9885 | 3 | 52,102 | 0.0115 | Carried |

Accordingly, it was resolved that Dato' Arjunaidi Bin Mohamed, 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.

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

RE-ELECTION OF MR. NG KOK HOK AS A DIRECTOR

Ordinary Resolution No. 3

| Vote For | | | Vote Against | | | Results |
|---------------------|---------------|----------------|---------------------|---------------|----------------|---------|
| No. of shareholders | No. of shares | Percentage (%) | No. of shareholders | No. of shares | Percentage (%) | |
| 27 | 451,432,018 | 99.9922 | 1 | 35,000 | 0.0078 | Carried |

Accordingly, it was resolved that Mr. Ng Kok Hok, 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. 4

| Vote For | | | Vote Against | | | Results |
|---------------------|---------------|----------------|---------------------|---------------|----------------|---------|
| No. of shareholders | No. of shares | Percentage (%) | No. of shareholders | No. of shares | Percentage (%) | |
| 25 | 451,449,718 | 99.9962 | 2 | 17,200 | 0.0038 | 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.

SPECIAL BUSINESS

APPROVAL OF DIRECTORS' FEES

Ordinary Resolution No. 5

| Vote For | | | Vote Against | | | Results |
|---------------------|---------------|----------------|---------------------|---------------|----------------|---------|
| No. of shareholders | No. of shares | Percentage (%) | No. of shareholders | No. of shares | Percentage (%) | |
| 23 | 451,231,816 | 99.9479 | 5 | 235,202 | 0.0521 | Carried |

Accordingly, it was resolved that Directors' fees of not exceeding RM250,000.00 (FY2022:RM250,000.00) for the financial year ending 31 July 2024 to the Directors of the Company be approved for payment.

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

SPECIAL BUSINESS (CONTINUED...)

APPROVAL OF PAYMENT OF BENEFITS TO THE DIRECTORS

Ordinary Resolution No. 6

| Vote For | | | Vote Against | | | Results |
|---------------------|---------------|----------------|---------------------|---------------|----------------|---------|
| No. of shareholders | No. of shares | Percentage (%) | No. of shareholders | No. of shares | Percentage (%) | |
| 21 | 451,194,716 | 99.9397 | 7 | 272,302 | 0.0603 | Carried |

Accordingly, it was resolved that benefits of not exceeding RM36,000.00 to the Directors of the Company from 11 January 2024 until the next Annual General Meeting of the Company be approved for payment.

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 (%) | |
| 22 | 451,411,516 | 99.9877 | 6 | 55,502 | 0.0123 | Carried |

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

“THAT subject always to the Companies Act 2016 (“Act”), the 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.”

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6. CONCLUSION

The 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 Fifteenth Annual General Meeting.

There being no further matters to discuss, it was resolved that the meeting be concluded at 3.20 p.m.

Confirmed as a correct record

Signed

Dato' Arjunaidi Bin Mohamed
Chairman

Operational & Financial Matters

Q1. During the financial under review, the Company investing into expand its production capacity that able to produce more in further process products (“FPP products”) and meet the demand of local and East Malaysia market.” (Page 16 of the Annual Report 2023 “AR2023”). A similar statement was also included in the Annual Report for the financial year ended 31 July 2022 (“AR2022”).

- (a) How much has the Company invested for expansion of production capacity to-date?**
- (b) Please provide a detailed breakdown of the machinery acquired and/or to be acquired pursuant to the expansion. For example, how much was spent on cold storage equipment.**
- (c) When does the Company expect the expansion to be completed?**
- (d) When is the investment for expansion expected to break even?**

A1. (a) to (d)

The Company invested in expansion of production capacity to-date RM48 million with expected to completed on 1st Half of 2024. This expansion project expenditure expected to breakeven on 2 to 3 years period. The below are breakdown on the costs invested into machinery and cold storage system and equipment. The detailed as follows:

| | |
|-----------------------------------|----------------|
| Machinery and Equipment | RM25.1 million |
| Cold Storage System and Equipment | RM22.9 million |

Q2. “Furthermore, this loss also impacted by the fair value loss of other investments amounting to RM4.8 million in total.” (Page 16 of AR2023). The Group also recorded a fair value loss of RM7.19 million in the previous financial year. Notwithstanding the fair value losses, the Company further invested RM10.39 million in shares quoted in Malaysia during the financial year ended 31 July 2023.

- (a) What measures does the Company have in place to assess and manage risks associated with its investments, particularly in light of the continued fair value losses?**
- (b) How does the management justify further investments in the current market conditions, considering the impact on shareholder value?**
- (c) Is the Company's investment strategy geared towards long-term value creation, and if so, how does the management envision recovering from the recent fair value losses in the coming years?**

A2. (a) to (c)

The company invested in shares in quoted investment in Malaysia based on studying in the target/ potential investment based on their historical background, financial highlight, management team and substantial shareholders.

The Company have Standard Operating Procedures to follow together with the Investment Committee being set up to look into the investment activities of the Company.

Beside on the above, the main strategy of the Company for the investment is capital management strategy to maximise the return on the excess fund and potential upside of the shares price that will ultimate for the benefit of its shareholders.

Q3. “Besides, the Group will foresee selling and promotion costs to continue reduce as the Group been completely change to distributorship model completely during year 2023 from direct retail selling model.” (Page 16 of AR2023).

(a) How does the Company plan to drive revenue growth in the context of the change to a distributorship model?

(b) Please provide a comparative analysis of the performance under the direct retail selling model versus the distributorship model.

A3. (a) and (b)

The changes to Distributorship Model will give the Company concentrated into developed and expand the network into whole Malaysia i.e. West and East Malaysia by work closely with the existing and potential distributor which have advantages in their area. Besides that, the Company with the existing resources can explore oversea market that will further grow the Company revenue and market present outside Malaysia.

In year 2023 compare with year 2022, the revenue is almost equal at RM95.6 million and RM96.9 million respectively. However, with this changes the Company revenue in term of own products increase from RM64.2 million to RM84.2 million in financial year ended 2023. This increased by RM20.0 million is the positive result after change to Distributorship Model.

Q4. The Group’s raw materials stood at RM11.44 million and RM6.77 million as at 31 July 2023 and 31 July 2022 respectively (Page 102 of AR2023). The increase in purchase of material towards the end of the financial year was to cater for the increase in production capacity in the coming quarter for FPP products (Page 17 of AR2023).

(a) How does the timing of these purchases align with the expected increase in production capacity for FPP products?

(b) How much of these raw materials have been used for production subsequent to the financial year ended 31 July 2023?

A4.

(a) The Company need to stock up the material to cater for future increase in production capacity and also need to consider the longer lead time for purchase due the uncertainty in global situation such as Ukraine-Russian conflict and Gaza-Israel War.

(b) Besides that, the Company also need to stock up the finished products to cater the demand from customer toward end of the year. Based on 31 July 2023, finished good is reduce by RM2.0 million as compared with 31 July 2022.

Sustainability Matters

Q5. “In FYE 2023, the Group focusing on cost saving by incorporating more sustainable materials for the company products. Saudee take initiative step to collaborate and sharing of knowledge with the local suppliers to ensure that material acquired are sustainable and of high quality” (Page 26 of AR2023).

(a) What are the sustainable materials the Group has incorporated into the Group’s products?

(b) How much has the Group saved by incorporating these more sustainable materials into the Group’s products?

A5. (a) and (b)

The Group will ensure all material acquire is up to standard and comply with requirement such as Halal requirement and have all certification. The step and procedures implemented in order to avoid rejection of the material acquired with in return mean saving food and avoid wastages of food.

Besides that, the Company also implementing biotechnology in water treatment plant by breed fish to ensure cleanliness in the treatment plant.

Q6. Saudee has established partnerships with local distributors for the distribution of its final products, potentially leading to a significant decrease in daily deliveries by its own trucks and a reduction in greenhouse gas (GHG) emissions. Saudee is also planning to replace some of its older trucks to reduce GHG emissions and achieve cost savings in terms of repair and maintenance, while simultaneously improving the fuel consumption of its vehicles (Page 30 of the AR2023).

(a) Please provide details on the expected decrease in GHG emissions resulting from the collaboration with local distributors, and have any benchmarks or targets been set in this regard?

(b) What is the current status of Saudee's plan to replace older trucks with newer models? Are there specific models or technologies being considered to enhance fuel efficiency and decrease GHG emissions

A6. Currently, the Company only try to comply and reduce the impact on environment by changes more automated and new technology machine in production area and reduce used of air conditioners in office area by implementing cost and energy saving plan.

Up to now the Company changing 4 old trucks into new trucks that will reduce the fuel consumption as compared to old trucks. Besides that, in future the Company will continue to look into opportunities to change all old trucks to more fuel efficiency new trucks but will considering the cost impact on the Company.

- 1. Do the Company has any token of appreciation for the shareholders for the year? Is the Company giving any door gift to shareholders attending this AGM?**

Shareholders attended the AGM would be receiving door gifts from the Company as follows:-

- (i) one (1) XOX prepaid SIM card; and
- (ii) product vouchers worth for RM80 for M Gadget's online Shopee store.

- 2. Congratulations to Saudee for venturing into retail space and opening its first outlet Saudi Burger. From the Company's perspective, what is the outlook and future planning for the exciting business?**

Mr. Tay Ben Seng, Benson congratulated the Company for opening its first burger joint (Saudi Burger) outlet in Sungei Wang, Kuala Lumpur and the Company expected to open about ten outlets in the future. The Company has received good responses and enquiries about the burger joint.