

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

**SUMMARY OF KEY MATTERS DISCUSSED AT 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.**

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Upon the Secretary's confirmation of a quorum being present the meeting commenced. 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. The polling will be conducted electronically via the Remote Participation and Voting ("RPV") facilities and proxy holders were informed that they could pose their questions in real time during the meeting by using the query box in the RPV facilities. She further informed that Symphony Corporate Services Sdn. Bhd. has been appointed as the independent Scrutineer ("Scrutineer") for the polling process. The polling administrator showed a presentation on how to pose questions and vote through RPV facilities.

The Secretary informed that the Company has received a letter dated 3 January 2024 from Minority Shareholders Watch Group ("MSWG") and the Company has replied to MSWG accordingly. Mr. Chong Kok, the Chief Financial Officer, proceeded to give a presentation on the Company's response to the queries from MSWG. The said questions from MSWG and the Company's response were also projected on screen for ease of reading by the shareholders.

The queries from MSWG and the Company's response are set out below:-

**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.

The Audited Financial Statements for the year ended 31 July 2023 (“AFS 2023”) together with the Reports of the Directors and Auditors thereon were laid for discussion.

On behalf of the Chairman, the company secretary tabled all the items on agenda as set out in the notice of the Fifteenth Annual General Meeting.

The members and proxies present have also posted questions and the replies from the Company were as follows:-

**Q1. 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.

**Q2. 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.

The meeting proceeded to voting by poll on all the resolutions on the agenda and all the resolutions were duly passed by the shareholders.

There being no further matters to discuss, the meeting concluded at 3.20 p.m. with a vote of thanks to the Chair.

Poll results of the Fifteenth Annual General Meeting is attached for reference.

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Poll results of the Fifteenth Annual General Meeting

Resolutions	Vote For			Vote Against			Results
	No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
<u>Ordinary Resolution No. 1</u> To re-elect Datuk Sham Shamrat Sen Gupta retiring under Paragraph 102(1) and (2) of the Company's Constitution as a Director of the Company and who, being eligible offers himself for re-election.	25	451,414,916	99.9885	3	52,102	0.0115	Carried
<u>Ordinary Resolution No. 2</u> To re-elect Dato' Arjunaidi Bin Mohamed retiring under Paragraph 107(2) of the Company's Constitution as a Director of the Company and who, being eligible offers himself for re-election.	25	451,414,916	99.9885	3	52,102	0.0115	Carried
<u>Ordinary Resolution No. 3</u> To re-elect Mr. Ng Kok Hok retiring under Paragraph 107(2) of the Company's Constitution as a Director of the Company and who, being eligible offers himself for re-election.	27	451,432,018	99.9922	1	35,000	0.0078	Carried
<u>Ordinary Resolution 4</u> To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	25	451,449,718	99.9962	2	17,200	0.0038	Carried

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Poll results of the Fifteenth Annual General Meeting (Continued...)

Resolutions	Vote For			Vote Against			Results
	No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
<u>Ordinary Resolution 5</u> To approve the payment of Directors fees of not exceeding RM250,000.00 (FY2023 : RM250,000.00) to Directors of the Company for the financial year ending 31 July 2024.	23	451,231,816	99.9479	5	235,202	0.0521	Carried
<u>Ordinary Resolution 6</u> To approve the payment of 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.	21	451,194,716	99.9397	7	272,302	0.0603	Carried
<u>Ordinary Resolution 7</u> To empower the Directors to issue and allot up to 10% of the total number of issued shares of the Company.	22	451,411,516	99.9877	6	55,502	0.0123	Carried