

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ON A FULLY VIRTUAL BASIS FROM THE BROADCAST VENUE AT LEVEL 10, MENARA LIEN HOE, NO. 8, PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 30 DECEMBER 2021 AT 2.00 P.M.

Upon the Secretary's confirmation of a quorum being present the meeting commenced. The Secretary informed that the Company has received a letter dated 16 December 2021 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 all present.

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

Operational & Financial Matters

Q1. Food Service (HORECA and OEM) segment revenue declined by 33.5% to RM13.01 million in FY2021 compared to RM19.56 million in FY2020, mainly due to the closure of many F&B outlets during the lockdown period especially in the second half of FY2021 (page 15 of Annual Report (AR) 2021).

(a) What is the recovery in sales from the Food Service segment since the easing of Covid-19 restrictions in August 2021 under which F&B outlets are allowed to operate under strict standard operating procedures (SOP)?

(b) Given that HORECA and OEM segments command higher profit margin, what are the Group's strategic growth plans to capture more market share in this segment in a post pandemic environment?

A1. Barring any unforeseen circumstances, the Management is of the opinion after easing of restriction by Malaysia Government in August 2021, the Company foresee demand from FPP, HORECA and OEM customers will gradually recover. Therefore, the management is of the opinion that Company's financial performance will have a better financial performance for financial year 2022 as compared to year 2021.

Q2. During the lockdown periods, the Group was only able to work at 60% capacity and the Group was unable to fulfill the market demand and eventually the revenue in the second half of FY2021 had been reduced by at least 40% (page 16 of AR 2021)

(a) What is the factory capacity utilisation after the easing of Covid 19 restrictions in August 2021? Is the Group able to fulfil market demand with current production capacity?

(b) How has management finetuned the Group's operations to adapt to the new operating environment due to Covid 19? How is management making use of the opportunity to streamline/improve its workflow for better efficiency?

A2. Yes, our production was reduced by at least 40% and this also reflected into our revenue for 2nd half of year 2021. Even with the easing of restriction of Covid-19 restriction, The Company only able to run into full production in September 2021 after 100% fully vaccinated.

With the 100% production in September 2021 onward, the Company implement stringent SOP to avoid disruption in production due to Covid-19. Besides that, the Company also implementing working at 7 days a week with rotation of working time. This eventually increase the production output in coming quarters to fulfil the demand from customers.

Q3. The Company raised RM100.4 million through rights issue and private placement in FY2021. RM37.0 million out of the total proceeds is to be utilised for expansion of production capacity and construction of a cold room (page 17 & 54 of AR 2021).

Please elaborate on the plans (including timeline) for the expansion project. How has the ongoing pandemic affected the plans?

A3. Yes, based on plan as mention in circular on Right issue and private placement dated 21 May 2021, The Company intended to increase its production capacity from 600 tonnes to 1,000 tonnes per month with built up a cold room accommodating approximately 9,200 palate that can improved capacity to around 40% in production floor. The timeline of the project to complete shall within 24 months from the date started August 2021.

If the Covid-19 pandemic carried on in year 2022, it may cause a delay in implementing the expansion project as the delivery of machinery and approval from varies authorities may need more time due to more stringent procedures.

Q4. The Group's accumulated allowance for impairment losses on trade receivables have increased by 54% to RM3.7 million in FY2021 (FY2020: RM2.4 million) (Note 11, page 101 of AR 2021)

(a) What are the profiles of the debtors with uncollectable trade receivables? How does Management assess that these outstanding receivables are uncollectable? Is the Group still trading with these debtors?

(b) Will the impairment losses on trade receivables remain elevated in FY2022?

(c) What is the probability of recovering the impaired amount? To-date, how much of the impaired trade receivables have been recovered?

A4. (a) The Management applied more prudent approach that any receivables for more than 5 month outstanding will considered to do impairment allowance for doubtful debts. And every quarter the Management will review the outstanding receivables to reassess all doubtful debts that been provided to do reversal of provision or take necessary legal action if there is any uncollected debts.

(b) & (c) No, the allowance amount unlikely to elevate in year 2022. The probability of reversal of impairment is high and to-date reversal is RM370,000.

Q5. The Company's accumulated impairment losses on investment in subsidiaries increased significantly to RM32.99 million in FY2021 (FY2020: RM nil) (Note 7, page 99 of AR 2021)

(a) Please name the subsidiary and the amount of allowance for impairment loss respectively.

(b) What were the reasons for the huge impairment? Is there any potential for the allowance of impairment loss to be reversed in the future?

A5. The subsidiary is Saudi Cold Storage Sdn. Bhd. The reason due to the subsidiary company making loss in year 2021 and we foresee the impairment will be reversed in Year 2022. As this marketing arm of the Group will improved its revenue and profitability in year 2022.

Corporate Governance Matters

- Q6. Mr. Sim Yee Fuan (“Mr. Sim”) has served the Board for 12 years 3 months (up to the date of AGM on 30 December 2021) as an Independent Non-Executive Director. The Board will seek shareholders’ approval for Resolution 7 to retain Mr. Sim to continue to act as the Independent Director of the Company until the conclusion of next Annual General Meeting (AGM) of the Company (page 5 of AR 2021).**

Practice 4.2 of Malaysian Code of Corporate Governance (“MCCG”) states that two tier voting should be adopted for the re-election of independent directors (as independent directors) if their tenure has exceeded 12 years.

Will the Board conduct two-tier voting for Resolution 7 to retain Mr. Sim as the independent director in the upcoming AGM on 30 December 2021 as there was no mention whether two-tier voting process will be conducted in the Company’s Annual Report 2021?

- A6. The Resolution 7 will be conducted by 2-tier voting.**

- Q7. On page 5 of the Corporate Governance Report 2021, the Company states that Mr. Khoo Lay Tatt has resigned as the Chairman of the Board on 13 August 2020 and is currently looking for a suitable candidate to fill the vacancy of Chairman of the Board. In this regard, the Company has not applied Practice 1.2 as the Company does not have a designated Chairman.**

The Chairman’s position had been left vacant for more than 1 year. What are the challenges that the Company is facing in identifying the right candidate as Chairman? What is the targeted timeline for the appointment of a new Chairman?

- A7. The Board well noted the best practise for CG. However, The Group need to get the replacement that well know the industrial practise on food and have knowledge that will give a good guidance to the Company. The Company target to appoint new Chairman in this financial year i.e. 2022.**

- Q8. On 6 December 2021, the Company announced that Mr. Mak Siew Wei has resigned from the Board as an Executive Director due to other work commitments. Mr. Tay Ben Seng, Benson (“Mr Tay”), an Executive Director who was appointed to the Board recently on 1 July 2021, is also an Executive Director of three other public listed companies, which are, Focus Dynamics Group Berhad, Oversea Enterprise Berhad and Brahim’s Holdings Berhad (page 8 of AR 2021).**

As an Executive Director of the Company, Mr. Tay is expected to devote his full-time commitment to Saudee as he is drawing salary, bonus and other benefits under the contract of service with the Company.

- (a) Please explain how Mr. Tay manages his time commitment to the Company vis-à-vis his position as Executive Director of Focus Dynamics Group Berhad, Oversea Enterprise Berhad and Brahim’s Holdings Berhad given that all three are executive positions that require full-time commitment.**
- (b) Given that Mr. Tay is an Executive Director of three other public listed companies, what is the rationale for the Nomination Committee to recommend Mr. Tay to the Board and the reason for the Board to approve his appointment?**
- (c) Is there a conflict of interest for Mr Tay as some of these companies where he sits as Executive Directors are also involved in the food services industry?**

- A8. Yes, Mr Tay able to give a good direction and guidance to the Management with his vast experience in F&B sector. Even though, he sits in other 3 Board that involve in Food services industrial, that make his contribution more toward food related knowledge and able to drive the Company into next level. This the rationale that Nomination Committee recommend Mr Tay to the Board.**

Sustainability Matters

Q9. Under the Sustainability Statement, Saudee had disclosed the energy and water consumption level for FY2021 and FY2020 (pages 28 to 30 of AR 2021).

(a) The other key statistics such as greenhouse gas emission and waste management were not disclosed. Does the Group keep track of the statistics for these items?

(b) What is the consumption/effluent/discharge targets that Saudee aims to achieve? How does the Group plan achieve these targets?

A9. (a) & (b) No, but the Company is follow the requirement set by JAS (“Jabatan Alam Sekitar”). The relevant authority will come to audit assess before give approval on the environment matter. The Company never fail to get approval from JAS on environmental , energy and disposition of waste and water treatment plant.

The Audited Financial Statements for the year ended 31 July 2021 (“AFS 2021”) together with the Reports of the Directors and Auditors thereon were laid for discussion. There was no question from the members and proxies present on the AFS 2021.

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

There were no questions from the members and proxies present on the items in the agenda of the Annual General Meeting.

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 2.49 p.m. with a vote of thanks to the Chair.

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

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

Poll results of the Thirteenth 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 Mr. Sim Yee Fuan retiring under Clause 102(1) and (2) of the Company's Constitution as a Director of the Company and who, being eligible offers herself for re-election.	11	175,967,332	99.9999	1	200	0.0001	Carried
<u>Ordinary Resolution No. 2</u> To re-elect Mr. Tay Ben Seng, Benson retiring under Clause 107(2) of the Company's Constitution as a Director of the Company and who, being eligible offers himself for re-election.	13	176,467,532	100.0000	0	0	0.0000	Carried
<u>Ordinary Resolution No. 3</u> To re-elect Datuk Sham Shamrat Sen Gupta retiring under Clause 107(2) of the Company's Constitution as a Director of the Company and who, being eligible offers himself for re-election.	13	176,467,532	100.0000	0	0	0.0000	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.	13	176,467,532	100.0000	0	0	0.0000	Carried

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Poll results of the Thirteenth 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 (FY2021 : RM250,000) to Directors of the Company for the financial year ending 31 July 2022.	9	176,242,332	99.8724	4	225,200	0.1276	Carried
<u>Ordinary Resolution 6</u> To approve the payment of benefits of not exceeding RM36,000 to the Directors of the Company from 31 December 2021 until the next Annual General Meeting of the Company.	11	176,367,332	99.9432	2	100,200	0.0568	Carried
<u>Ordinary Resolution 7</u> To authorise Mr. Sim Yee Fuan who has served as an Independent Non Executive Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Non-Executive Director of the Company.	<u>Tier 1</u>						Carried
	1	157,030,600	100.0000	0	0	0.0000	
	<u>Tier 2</u>						
	9	18,936,632	99.9984	2	300	0.0016	

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Poll results of the Thirteenth 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 8</u> To empower the Directors to issue and allot up to 10% of the total number of issued shares of the Company.	10	176,342,332	99.9857	2	25,200	0.0143	Carried
<u>Ordinary Resolution 9</u> To approve the proposed renewal of authority for the Company to purchase its own shares of up to 10% of its total number of issued shares.	12	176,367,532	100.0000	0	0	0.0000	Carried