

**SUMMARY OF KEY MATTERS DISCUSSED AT THE TWELFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT MAHKOTA 4 HALL, THE JERAI HOTEL SUNGAI PETANI, 427 JALAN KOLAM AIR, 08000 SUNGAI PETANI, KEDAH ON MONDAY, 21 DECEMBER 2020 AT 9.00 A.M.**

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Upon the Secretary's confirmation of a quorum being present the meeting commenced. The Secretary informed that the Company has received a letter dated 14 December 2020 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**

**1) Business Strategy**

**The Group will continuously improve its production efficiency and further realise the plan to penetrate a bigger share in HORECA and OEM segments (Page 18, Annual Report).**

**1. What is the current market share of the Company in the HORECA and OEM Segment?**

Saudee does not have the market share information for HORECA and OEM for Malaysia market.

Currently HORECA and OEM contributed to 25% (FYE2020), 27% (FYE2019) and 24% (FYE2018) of the Group's total revenue.

**2. What are the Company's strategies to increase its market share in these segments?**

The Company will have more product line up for HORECA.

The Company had approached new customers for OEM market. The Company has new products for existing OEM customers after the discussion and R&D initialled based on customers' feedback.

**3. Is there a target market share and timeframe for the Company to realise its plan?**

The Group middle term (2 to 3 year times) for HORECA and OEM segment is to achieve 30% of the total revenue of the Group.

**2) Distributorship Model**

**The Group reduced employee benefit expenses by RM1.6 million, which is mainly attributed to salaries of sales personnel and promotional expenses, arising from the change in the sales model from Direct Retail Selling to Distributorship model (Page 16, Annual Report).**

**(a) Besides cost saving, what are the other advantages of the Distributorship model over the Direct Retail Selling Model?**

Besides cost saving, the number of customers in thousands under "Direct Retail Selling" has been consolidated to a few Distributors which are more organised and experience in FPP distribution network which had reduced administrative work.

The appointed Distributors are better equipped financially and resourceful in managing the distribution cost.

The Company is able to get more accurate market feedback from the Distributors, as such, the Company will be able to give timely respond to the needs of the market.

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**(b) How will the management ensure the quality of the services provided by the Company's distributors to end customers?**

The Company has discussion and evaluation of the performance of each and every Distributors to ensure they are complied with the procedure set by the Company.

The marketing personnel of the Company will perform trade audit to our end customers that is dealing with appointed Distributor to ensure the services provided by Distributor is within the parameter set by the Company.

**(c) Have there been any issues in relation to employee welfare and staff morale and turnover, given the reduction in their remuneration?**

The Company does not aware of issues related to the morale and turnover of the staffs. The reduction of cost was due to reduce in headcount due to change of business model. Most of the former staffs had been transferred/employed to/by our distributors as they have the expertise in this business.

**3) Trade Receivables**

**Trade Receivables balance was RM14.5 million at FYE2020 (2019 : RM11.9 million). The credit terms granted to trade receivables was extended to 30 to 120 days (2019: 7 to 90 days). During the year, RM4.3 million trade receivables was written off. (Page 102, Annual Report).**

**1) What measures had been taken to recover the debts before it was written off?**

The written off trade receivables associated was with "Direct Retail Selling model" as the Company had to deal with thousands of customers. Lots of resources such as manpower need to be allocated to credit control and follow up on debt collection under this business model.

The Company will continue its effort to recover the overdue debts. Legal action will be taken against those with large amount of debts coupled with potential recoverability. However, for small amount of debts, the Company does not take legal action against such debtors as the legal cost is not justifiable.

**2) Was there any trade receivables due from related parties included in the amount written off?**

The related parties balances was not included in the amount written off nor expected credit losses.

**3) To-date, what is the amount recovered from the expected credit losses provided for FYE2020?**

From Aug 2020 until today, RM135 thousand had been collected.

**What is the impact of the extended credit term on the cash flow of the Company?**

The Company monitor closely on the collection to ensure the debts commitment is met.

Moreover the Company able to obtain funding by way of issuance of 14,637,000 new ordinary shares through private placement at an issue price of RM0.4857 per ordinary share. The Company had pare down the bank borrowings from the proceeds.

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**4) Inventory written-off**

**During the year, RM25.1 million inventories was written off due to expiry caused by Covid-19 pandemic.**

**What changes have been made to inventory management to avoid substantial write-off of inventories?**

The Company will improve on the inventory management system i.e. control of the finished goods of FPP in term of volume produced, delivered and the turnover period, volume of raw material purchased on weekly basis in order to achieve optimal level of inventories on hand without putting burden on cash flow. More market feedback and market research to be performed in order to understand the market need.

Ultimately, the Management must be prudent in its decision making process. The Management need to understand the difference between fantasy and reality.

**5) Other Receivables**

**Bad debts, in respect of Other receivables, amounting to RM2.25 million was written off during the year. (Page 73 of the annual report). The written off amount was the amount due from former subsidiaries (Page 103 of the Annual Report).**

- (a) To which subsidiaries do the amount written off relate to? Please provide the name and the percentage of the Company's equity interest in these subsidiaries.**  
**(b) What are the reasons for the written-off?**

They are Sunwish Venture Sdn Bhd and Nutriveg Sdn Bhd and both are wholly owned by the Company. These were the advances from the Company for business ventured by them but unfortunately not realised.

**Corporate Governance Matters**

**1) Proposed Renewal of Authority to Purchase its Own Shares**

**The Company intends to seek shareholders' authority to issue new shares as well as to purchase its own shares (Page 2 & 3, Annual Report).**

**The Share Buy-Back will be financed from internally generated funds and/or external borrowings.**

**MSWG's comment**

**Shares buy-backs should only be undertaken if the Company has excess financial resources. Shares buy-backs should not be financed through external borrowings. The external borrowing may have long term impact on the financial position of the Company.**

The Company noted the comment from MSWG.

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**2) Role of Mr. Mak Siew Wei as Executive Director**

**Mr Mak was appointed as Executive Director on 11 August 2020 and is the Chairman of the Company's Employee Share Issuance Scheme Committee (ESIS) (Page 9, Annual Report). Mr. Mak is also an Executive Director of four (4) other listed companies, which are, AT Systematization Berhad, Advance Information Marketing Berhad, Green Ocean Corporation Berhad and Pasukhas Group Berhad.**

**(a) What is Mr. Mak's role as Executive Director of the Company, apart from being the Chairman of ESIS?**

Mr. Mak Siew Wei, being Executive Director, is involved in the management of the Company. He is also actively involved in the business plan of the Company.

**(b) With five executive director's position, is he able to commit sufficient time to the company matters?**

Yes.

**3) Minutes of the Annual General Meeting (AGM)**

**Paragraph 9.21(b) of the Bursa Malaysia Listing Requirements requires listed companies to publish on its website a summary of key matters discussed at the AGM as soon as practicable after the conclusion of the annual general meeting**

**Please comment on the absence of minutes or summary of key matters of the Company's AGM on its website.**

The Company noted requirement and the summary of key matters of the 11<sup>th</sup> Annual General Meeting had publish on the website. The Company will publish the summary of key matters of the 12<sup>th</sup> Annual General Meeting when available.

The Audited Financial Statements for the year ended 31 July 2020 ("AFS 2020") 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 2020.

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 9.45 a.m. with a vote of thanks to the Chair.

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

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

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 Ms. Koay San San 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.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution No. 2</u> To re-elect Mr. Mak Siew Wei 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.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution No. 3</u> To re-elect Datuk Chong Loong Men 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.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution 4</u> To re-elect Mr. Chen Chee Peng 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.	22	44,074,877	100.000	0	0	0.000	Carried

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<u>Ordinary Resolution 5</u> To re-appoint Messrs. Grant Thornton as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution 6</u> To approve the payment of Directors fees of not exceeding RM250,000.00 (FY2020 : RM250,000) to Directors of the Company for the financial year ending 31 July 2021.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution 7</u> To approve the payment of benefits of not exceeding RM36,000 to the Directors of the Company from 22 December 2020 until the next Annual General Meeting of the Company.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution 8</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 9 years to continue to act as an Independent Non-Executive Director of the Company.	21	44,064,877	100.000	0	0	0.000	Carried

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Resolutions	Vote For			Vote Against			Results
	No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
<u>Ordinary Resolution 9</u> To empower the Directors to issue and allot up to 20% of the total number of issued shares of the Company.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution 10</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.	22	44,074,877	100.000	0	0	0.000	Carried
<u>Ordinary Resolution 11</u> To approve the proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.	22	44,074,877	100.000	0	0	0.000	Carried