

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Circular prior to the issuance of this Circular as they are prescribed as exempted circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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**SOUTHERN ACIDS (M) BERHAD**

Company No: 198001010791 (64577-K)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

IN RELATION TO THE

**PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolutions in respect of the above proposals will be tabled at the Fortieth Annual General Meeting (“AGM”) of Southern Acids (M) Berhad (“Company”) to be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) in Malaysia via its TIIH Online website at <https://tiih.online> on 27 August 2021 at 11:00 a.m.. The Notice of the AGM and the Form of Proxy are set out in the Annual Report 2021 of the Company despatched together with this Circular.

The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company’s Poll Administrator, Tricor, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof:

- (a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor’s Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; or
- (b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.

**Last date and time for lodging the Form of Proxy** : 25 August 2021 at 11:00 a.m.  
**Date and time of the Annual General Meeting** : 27 August 2021 at 11:00 a.m.

This Circular is dated 29 July 2021

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

<b>DEFINITIONS</b>	
<b>“Act”</b>	The Companies Act, 2016 as amended from time to time and any re-enactment thereof
<b>“AC”</b>	Audit Committee of SAB
<b>“AGM”</b>	Annual General Meeting
<b>“AR 2021”</b>	Annual Report of SAB for the financial year ended 31 March 2021
<b>“ATS”</b>	Anugerah Teman Sejati
<b>“BHH”</b>	Banting Hock Hin Estate Company Sdn. Bhd.
<b>“Board”</b>	Board of Directors of SAB
<b>“Bursa Malaysia”</b>	Bursa Malaysia Securities Berhad
<b>“BUSB”</b>	Bekalan Utama Sdn. Berhad
<b>“CMSA”</b>	Capital Market and Services Act 2007 as amended from time to time and any re-enactment thereof
<b>“DDA”</b>	Dataran Dagang Asia Sdn. Bhd. (formerly known as Southern Cocoa Products (M) Sdn. Berhad)
<b>“Director”</b>	Shall have the same meaning as in Section 2(1) of the CMSA, and for the purpose of the Proposed Shareholders Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive officer of our Company or any other company which is our subsidiary or holding company
<b>“ELH”</b>	Eng Leong Holdings Sdn. Bhd.
<b>“FFB”</b>	Fresh fruit bunches
<b>“Gejati”</b>	Pembinaan Gejati Sdn Bhd
<b>“Group” or “SAB Group”</b>	SAB and its subsidiary companies
<b>“KTAL”</b>	Kelompok Tani Anugrah Logas
<b>“KTATM”</b>	Kelompok Tani Anugrah Tanjung Medang

<b>DEFINITIONS</b>	
<b>“LPD”</b>	Latest practicable date
<b>“LTPR”</b>	Lim Thye Peng Realty Sdn. Bhd.
<b>“MMLR”</b>	Main Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof
<b>“Major Shareholder”</b>	<p>A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: -</p> <p>10% or more of the total number of all voting shares in the Company; or 5% or more of the total number of all voting shares in the Company where a person is the largest shareholder of the Company</p> <p>and includes any person who is or was within the preceding six months of the date on which the terms of the related party transaction were agreed upon, a major shareholder of the Company or any other company which is its subsidiary company or its holding company</p> <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act</p>
<b>“NWSB”</b>	Naga Wira Sdn. Berhad
<b>“Proposed Shareholders’ Mandate”</b>	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions which are in the ordinary course of business of SAB Group.
<b>“PTASP”</b>	PT. Anugrah Sawit Perkasa
<b>“PTMAS”</b>	PT. Mustika Agro Sari
<b>“PTWan”</b>	PT. Wanasari Nusantara
<b>“Related Party(ies)”</b>	A director, major shareholder or a person connected to such director or major shareholder as defined under Paragraph 1.01 of the Bursa Malaysia MMLR
<b>“RRPT”</b>	Recurrent related party transaction of a revenue or trading nature which is necessary for the day-to-day operations and is entered into in the ordinary course of business by the Group which involves the interest, direct or indirect, of a Related Party
<b>“RM” and “sen”</b>	Ringgit Malaysia and sen respectively
<b>“SAB” or “the Company”</b>	Southern Acids (M) Berhad

<b>DEFINITIONS</b>	
<b>“SAI”</b>	Southern Acids Industries Sdn. Bhd.
<b>“SEOI”</b>	Southern Edible Oil Industries (M) Sdn. Berhad
<b>“SHJP”</b>	Southern Hockjoo Plantation Sdn. Bhd.
<b>“SKP”</b>	Southern Keratong Plantations Sdn. Berhad
<b>“SPI”</b>	Southern Palm Industries Sdn. Bhd.
<b>“SRA”</b>	Southern Real Asset Sdn. Bhd
<b>“SRM”</b>	Southern Realty (Malaya) Sdn. Berhad
<b>“VIC”</b>	Victory Investment Company Sdn. Bhd.
<b>“40<sup>th</sup>”</b>	Fortieth

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated.

<b>CONTENTS</b>		
<b>1</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>2</b>	<b>DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE</b>	<b>2</b>
<b>3</b>	<b>EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE</b>	<b>8</b>
<b>4</b>	<b>APPROVALS REQUIRED</b>	<b>8</b>
<b>5</b>	<b>DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS</b>	<b>8</b>
<b>6</b>	<b>DIRECTORS' RECOMMENDATION</b>	<b>9</b>
<b>7</b>	<b>ANNUAL GENERAL MEETING</b>	<b>10</b>
<b>8</b>	<b>FURTHER INFORMATION</b>	<b>10</b>
	<b>APPENDIX I – FURTHER INFORMATION</b>	<b>11</b>



**SOUTHERN ACIDS (M) BERHAD**

Company No: 64577-K  
(Incorporated in Malaysia)

**Registered Office:**

9, Jalan Bayu Tinggi 2A/KS6  
Taipan 2, Batu Unjur  
41200 Klang  
Selangor Darul Ehsan

29 July 2021

**The Board of Directors:**

Tan Sri Datuk Seri Panglima Sulong Matjeraie (*Independent Non-Executive Chairman*)  
Dr. Low Kok Thye (*Managing Director/CEO*)  
Lim Kim Long (*Executive Director*)  
Chung Kin Mun (*Senior Independent Non-Executive Director*)  
Leong So Seh (*Independent Non-Executive Director*)

To: **The Shareholders of Southern Acids (M) Berhad**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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**1. INTRODUCTION**

At the 39<sup>th</sup> AGM held on 25 September 2020, the Company had obtained shareholders' mandate to enter into RRPTs with Related Parties as set out in the Circular to Shareholders dated 26 August 2020 which are necessary for its day-to-day operations and are in the ordinary course of business based on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public.

The shareholders' mandate obtained by the Company shall, in accordance with the Bursa Malaysia MMLR, lapse at the conclusion of the forthcoming 40<sup>th</sup> AGM of the Company unless such authority for the renewal is obtained.

On 7 July 2021, the Company had announced to Bursa Malaysia that the Company intends to seek the approval of its shareholders for the Proposed Shareholders' Mandate at the forthcoming 40<sup>th</sup> AGM.

The purpose of this Circular is to provide you with details of the Proposed Shareholders' Mandate together with the Board's recommendation, and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

**You are advised to read and consider carefully the contents and Appendix I of this Circular before voting on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the said 40<sup>th</sup> AGM.**

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Bursa Malaysia Main Market Listing Requirements

Pursuant to Paragraph 10.09(2) of the Bursa Malaysia MMLR, a listed issuer may seek its shareholders' mandate for RRPTs, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the following threshold:
  - (i) the considerations, value of the assets, capital outlay or costs of the aggregated RRPT is RM1 million or more; or
  - (ii) the percentage ratio of such aggregated RRPT is 1% or more,whichever is the higher;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate, includes the information as may be subscribed by Bursa Malaysia;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer shall make an immediate announcement to Bursa Malaysia when the actual value of the RRPT entered into by the Group, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia in its announcement.

Where a listed issuer has procured shareholders' mandate pursuant to the above, the provision of Paragraph 10.08 of the Bursa Malaysia MMLR shall not apply with regard to transactions as detailed in Section 2.4 of this Circular.

Accordingly, the Company proposes to seek the approval of the Proposed Shareholders' Mandate from its shareholders for the Group to enter into the RRPT, details of which are stated in Sections 2.3 and 2.4 of this Circular.

The Proposed Shareholders' Mandate will take effect for the duration as set out in Section 2.10 of this Circular.

### 2.2 The Classes and Details of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) director;
- (b) major shareholder; and
- (c) persons connected to director and/or major shareholder,

with their details as follows: -

- (i) Dr. Low Kok Thye ("DLKT"), the Managing Director and major shareholder of SAB with direct interest of 0.02% and indirect interest of 47.97%;
- (ii) Lim Kim Long ("LKL"), the Executive Director and major shareholder of SAB with direct interest of 0.04% and indirect interest of 50.41%;
- (iii) Herry Amin ("HA"), a Director of PTMAS and PTWan, both companies are the indirect subsidiaries of SAB in Indonesia and a shareholder of PTMAS and PTWan with a direct interest of 5.0% each. His parents own 25% in PTMAS; and
- (iv) Herry Mukiat ("HM"), a Commissioner of PTMAS and PTWan, both companies are the indirect subsidiaries of SAB in Indonesia. He is the brother of HA.

The companies deemed connected to the above-stated directors and major shareholders of SAB, which in the past had entered into RRPT or going to enter into RRPT with the Group and may continue doing so during the period of this Proposed Shareholders' Mandate are as follows:

- (i) SRM, a private limited company incorporated in Malaysia and amongst many of its businesses is the operations of oil palm plantation and palm oil mills. SRM holds 11,527,419 or 8.42% shares in SAB;
- (ii) SEOI, a private limited company incorporated in Malaysia and is principally involves in the refinery and marketing of palm oil based edible oil. SEOI holds 4,958,332 or 3.62% shares in SAB;
- (iii) SKP, a private limited company incorporated in Malaysia and is principally involves in the operations of oil palm plantation and palm oil mills. SKP does not have any direct equity interest in SAB;
- (iv) PTASP, a private limited company incorporated in Indonesia and is principally involves in the cultivation of oil palm. PTASP does not have any equity interest in SAB; and
- (v) KTAL and KTATM, a respective group of oil palm farmers in Indonesia who pool their resources in order to produce larger scale and enjoy economic of scale and are principally involves in the cultivation of oil palm. KTAL and KTATM do not have any equity interest in SAB.
- (vi) ATS, a partnership incorporated in Indonesia and is principally involves in the cultivation of oil palm. ATS does not have any equity interest in SAB.

SRM, SEOI, SKP, PTASP, KTAL, KTATM and ATS will hereinafter be referred to as “Transacting Related Party(ies)”.

### **Relationship**

DLKT and LKL, who are directors and major shareholders of SAB, are also directors and major shareholders of SRM, SEOI and SKP, with details of their shareholdings disclosed in Section 5 of this Circular.

HA and HM, who are the Director and Commissioner of PTMAS and PTWan, the indirect subsidiaries of SAB with details of their shareholdings disclosed in Section 5 of this Circular.

## **2.3 The Group businesses and categories of RRPTs**

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are:

- (i) manufacturing and marketing of oleochemical products;
- (ii) oil palm plantation operations and commercial milling;
- (iii) managing and operating of private hospital; and
- (iv) provision of accounting and administrative services.

The principal activities of the subsidiaries of the Group that entered or going to enter into RRPT are set out in the table below:

<b>Name of Company</b>	<b>Place of Incorporation</b>	<b>Principal Activities</b>
SAI	Malaysia	Manufacturing and marketing of palm oil based oleochemical products
Gejati	Malaysia	Oil palm plantation operations and sales of FFB
PTMAS	Indonesia	Oil palm plantation operations and commercial milling
PTWan	Indonesia	Oil palm plantation operations and commercial milling

The RRPTs will be conducted or entered into at arm’s length in the best interest of the Group, on normal commercial terms that are not more favourable to our Transacting Related Parties than those generally available to the public and will not be detrimental to our non-interested shareholders.

The categories of RRPTs which are or may be entered into by our Group principally relate or are ancillary to, or facilitates the principal activities of our Group, which include, without limitation, the following:

### **a) Purchase of crude palm oil, refined palm oil and heating materials**

SAI purchases crude palm oil and refined palm oils for the production of oleochemical. In the production processes, SAI also consume heating materials produced from estate and palm oil mill’s residues and wastes. Amongst many of its suppliers, SAI has been purchasing crude palm oil, refined palm oils and heating materials from the Transacting Related Parties due to the proximity of the oleochemical production plant and the estates and the palm oil mills, for operational



efficiency and cost effectiveness. The purchase of crude palm oil and refined palm oils are based on prevailing market prices and terms, which are readily available as palm oil is a global commodity.

**b) Sale of fresh fruit bunches**

Gejati sells its harvested FFB to SRM due to the proximity of SRM's palm oil mill for operational efficiency and cost effectiveness. The transactions are based on prevailing market prices and terms, which are published by the Malaysian Palm Oil Board.

**c) Purchase of fresh fruit bunches**

PTMAS and PTWan purchase FFB from PTASP, KTATM, KTAL and ATS for its supplies of fruits for the operation of palm oil mills. The transactions are based on prevailing market prices and terms, which are published by the Disbun, the Provisional State Corps Office in Indonesia.

## 2.4 Nature of recurrent related party transactions contemplated under the Proposed Shareholders' Mandate

The RRPT which will be covered by the Proposed Shareholders' Mandate are transactions carry out in the ordinary course of business of the Related Parties, details of which are as follows: -

The companies of the Group involved in the RRPT	Transacting Related Party	Principal activity of Transacting Related Party	Nature of Transactions	Interested director / interested major shareholder / persons connected to them	Estimated value between forthcoming 40 <sup>th</sup> AGM to next AGM	Estimated value# for last mandated period	Actual value* transacted during last mandated date up to LPD
					RM'000	RM'000	RM'000
SAI	SRM	Operations of oil palm plantation and palm oil mill and others	SAI purchases crude palm oil and heating materials from SRM	DLKT and LKL	4,500	4,500	988
SAI	SEOI	Refinery and marketing of palm oil based edible oil	SAI purchases refined palm oil from SEOI	DLKT and LKL	15,000	14,000	12,584
SAI	SEOI	Refinery and marketing of palm oil based edible oil	SAI sells refined palm oil product to SEOI	DLKT and LKL	1,000	1,000	33
SAI	SKP	Operations of oil palm plantation and palm oil mill	SAI purchases crude palm oil and heating materials from SKP	DLKT and LKL	1,700	1,700	-
Gejati	SRM	Operations of oil palm plantation and palm oil mill and others	Gejati sells FFB to SRM	DLKT and LKL	1,000	1,000	-

The companies of the Group involved in the RRPT	Transacting Related Party	Principal activity of Transacting Related Party	Nature of Transactions	Interested director / interested major shareholder / persons connected to them	Estimated value between forthcoming 40 <sup>th</sup> AGM to next AGM	Estimated value# for last mandated period	Actual value* transacted during last mandated date up to LPD
					RM'000	RM'000	RM'000
PTMAS	PTASP KTAL KTATM ATS	Oil palm plantation operations	PTMAS purchases FFB from KTAL, PTASP, KTATM and ATS	HA and HM	3,600	3,600	1,660
PTWan	PTASP KTAL KTATM	Oil palm plantation operations	PTWan purchases FFB from KTAL, PTASP and KTATM	HA and HM	2,000	2,000	-
<b>Total</b>					<b>28,800</b>	<b>27,800</b>	<b>15,265</b>

# Estimated values as disclosed in the Circular to Shareholders dated 26 August 2020.

\* Actual value of transactions from the date of the shareholder's mandate obtained at the last AGM held on 25 September 2020 up to 30 June 2021 being the LPD.

The shareholdings of the interested director and interested major shareholder and persons connected to them in the Transacting Related Parties are disclosed in Section 5 of this Circular.

## 2.5 Basis of Estimates

The abovementioned estimate values in respect of each transaction stated in the table above are based on prevailing prices obtained from the Related Parties which are reasonable market-competitive prices and are derived based on the expected volume of transactions to be entered into by SAB Group for the period up to the conclusion of the next AGM. The estimated amounts are further based on the assumptions that the current level of operations will continue and all external conditions remain constant. However, the actual value of the transactions may vary from the estimated value disclosed in the table above.

## 2.6 Rationale for and benefits of the Proposed Shareholders' Mandate

The rationale for and benefits of the Proposed Shareholders' Mandate are as follows: -

- a) The proposed Shareholders' Mandate will eliminate the need for convening of general meetings on an ad hoc basis to seek shareholders' approval as and when potential recurrent transactions with a related party arises, thereby reducing substantially administrative time, inconvenience and expenses in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the Group; and
- b) The RRPT set out in Section 2.4 of this Circular form part of SAB Group's day-to-day operations in the ordinary course of business which improve the reliability of supplies, best possible terms and for operational efficiency and cost effectiveness in view of the proximity between the operations,

## 2.7 Guidelines and Review Procedures for the RRPT

SAB Group has an internal controls system to ensure that any RRPT entered into by the Group with Related Parties, which are in the ordinary course of business, are conducted at arm's length basis and on normal commercial terms consistent with the Group business policies and practices and are not detrimental to the interests of the minority shareholders.

The management of the Company will ensure that the RRPT will only be transacted after taking into consideration of the prevailing market prices on normal commercial terms, quantitative and qualitative factors, or otherwise in accordance with the applicable industry norms.

SAB Group established the following procedures for the RRPT: -

- i. The Board has been briefed on Bursa Malaysia MMLR governing the RRPT together with the review and disclosure procedures put in place by the management;
- ii. RRPT will be monitored and reviewed by the management and records of such transactions will be made available by the management to the AC on quarterly basis, internal and/or external auditors for their reviews when necessary;
- iii. Prevailing market prices such as benchmarked against publicly available published rates and/or quotations received from independent or third-party suppliers of similar or substantially similar products and services, will be used to determine the transactions with the Related Parties.
- iv. Where practical and/or feasible, at least two other contemporaneous quotations will be obtained for comparison purposes. Where quotation or comparative pricing of a particular product or service cannot be obtained from unrelated third parties, the transaction price will be determined by the management based on products or services of substantially similar in nature and/or quality offered to/by other unrelated third party; and
- v. Terms of RRPT relating to the price or sales margins shall not change substantially during the period when the Proposed Shareholders' Mandate is in force. Where such change is deemed necessary, the management shall ensure that the new terms are consistent with a transaction conducted at arm's length and on normal commercial terms.

## 2.8 Threshold of approval of RRPT

There is no specific threshold for approval of RRPT within SAB Group.

However, all RRPT are subject to the same authority limit threshold established by the respective business units which approved by the Board. Where any director has an interest (direct or indirect) in any RRPT, such director shall abstain from deliberation and voting over such transaction.

## 2.9 Statement by the Audit Committee

The AC has reviewed and satisfied that the procedures and processes are adequate to monitor, track and identify RRPT in a timely and orderly manner and shall continuously reviews the adequacy and effectiveness of the guidelines and procedures, as and when necessary.

The AC is of the view that the procedures above are sufficient to ensure that such transactions are carried out at arms' length basis and made in the ordinary course of business on terms which are not more favourable to the Related Parties than those generally available to the public and will not be detrimental to the interest of the minority shareholders.

## 2.10 Validity Period for the Proposed Shareholders' Mandate

The authority conferred pursuant to the Proposed Shareholders' Mandate, if approved at the forthcoming 40<sup>th</sup> AGM on 27 August 2021, shall only continue to be in force until: -

- a) the conclusion of the next AGM following the forthcoming 40<sup>th</sup> AGM in which the authorisation is obtained, at which time it will lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM;
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- c) revoked or varied by resolution passed by the shareholders in General Meeting,

whichever is earlier.

## 2.11 Amount due and owing by Related Parties

As at 31 March 2021, there was no amount due and owing by Related Parties pursuant to the RRPT which has exceeded the credit terms. At such, the disclosures as required under Paragraph 16A and 16B in Annexure Practice Note 12-A of the MMLR are not applicable.

## 2.12 Disclosure in the annual report

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Bursa Malaysia MMLR, a disclosure on the aggregate value of the RRPTs conducted pursuant to the Proposed Shareholders' Mandate based on the following information will be made in the Company's AR: -

- the type of RRPTs made; and
- the names of the Related Parties involved in each category of RRPT made and their relationship with the Company.

## 3. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect on the issued share capital, dividend, shareholdings of the Company, net tangible assets, gearing and earnings of SAB for the financial year ending 31 March 2022.

## 4. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of SAB to be obtained at the forthcoming 40<sup>th</sup> AGM of the Company.

## 5. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of our directors, major shareholders and/or person(s) connected to them have any interest, direct or indirect, in the Proposed Shareholders' Mandate:

Interested major shareholders and/or directors of SAB Group	Transacting Related Party	Equity interest in Transacting Related Party				Equity interest in SAB			
		Direct		Indirect		Direct		Indirect	
		No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
DLKT	SRM	-	-	81,811,430	63.50 <sup>(1)</sup>	30,416	0.02	65,692,824	47.97 <sup>(7)</sup>
	SEOI	-	-	9,550,000	47.75 <sup>(2)</sup>	-	-	-	-
	SKP	-	-	2,016,000	67.20 <sup>(3)</sup>	-	-	-	-
LKL	SRM	10,000	0.01	75,987,910	58.98 <sup>(4)</sup>	49,276	0.04	69,032,267	50.41 <sup>(8)</sup>
	SEOI	100,000	0.50	10,130,005	50.65 <sup>(5)</sup>	-	-	-	-
	SKP	-	-	2,031,001	67.70 <sup>(6)</sup>	-	-	-	-
HA	PTASP	500	50.00	500	50.00 <sup>(9)</sup>	-	-	-	-
	KTAL	16	20.00	40	50.00 <sup>(10)</sup>	-	-	-	-
	KTATM	20	20.00	-	-	-	-	-	-
	ATS	-	50.00	-	-	-	-	-	-
HM	PTASP	500	50.00	500	50.00 <sup>(9)</sup>	-	-	-	-
	KTAL	40	50.00	16	20.00 <sup>(10)</sup>	-	-	-	-
	ATS	-	50.00	-	-	-	-	-	-

Notes: -

- (1) Deemed interested by virtue of the interests held by the estate of his late father, Tan Sri Dato' Low Boon Eng and his late father's shareholdings in ELH, BHH, LBESB and SRA;
- (2) Deemed interested by virtue of the interests held by the estate of his late father, Tan Sri Dato' Low Boon Eng and his late father's shareholdings in BHH, SRM and SHJP;
- (3) Deemed interested by virtue of the interests held by his late father shareholdings in SAB, SEOI, SRM, VIC and BHH;
- (4) Deemed interested by virtue of the interests held by the estate of his late father, Lim Boon Eng, brother Lim Keng Hock @ Lim King Hok and by virtue of his shareholdings in BHH, LTPR and SRA;
- (5) Deemed interested by virtue of the interests held by his brothers, Lim Keng Hock @ Lim King Hok, Lim King Pau @ Lim Kim Pau and Lim King Sai, and by virtue of his shareholdings in SHJP, BHH, LTPR and SRM;
- (6) Deemed interested by virtue of the interest held by the estate of his late father, Lim Boon Eng and by virtue of his shareholdings in SAB, SEOI, SRM, VIC and BHH;
- (7) By virtue of the interests held by his spouse, mother, sisters, the estate of his late father and his late father shareholdings in BHH, SRM, SEOI, SHJP, NWSB, BUSB, SPI, SCP and ELP;
- (8) By virtue of the interests held by his spouse, brothers, sister and sister-in-law and his interest in SCP, BHH, SRM, SHJP, NWSB, BUSB, SEOI, SPI and LTPR;
- (9) By virtue of the interests held by his brother and his interest in PTASP.
- (10) By virtue of the interests held by his brother and his interest in KTAL and KTATM. KT is a group of oil palm farmers who pool their resources in order to produce larger scale and enjoy economic of scale. Hence, in this case and for the purposes of computing the interest, the land holding size of oil palm estates (total hectares) is used.

Accordingly, DNL and LKL have abstained and will continue to abstain from all Board deliberations and voting on the resolution approving the Proposed Shareholders' Mandate.

The above-mentioned interested directors and interested major shareholders will abstain from voting in respect of their direct and/or indirect interests in SAB at the forthcoming AGM to consider the resolution in respect of the Proposed Shareholders' Mandate. In addition, they will ensure that persons connected to them will abstain from voting on the resolution, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

## 6. DIRECTORS' RECOMMENDATION

After taking into consideration all aspects of the Proposed Shareholders' Mandate, the Board (save for DLKT and LKL who have abstained from expressing any opinion on the Proposed Shareholders' Mandate) is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and its shareholders.

Accordingly, The Board (save for DLKT and LKL) recommends that you vote in favour of the resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## 7. ANNUAL GENERAL MEETING

The forthcoming 40<sup>th</sup> AGM of the Company will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at <https://tiih.online> on 27 August 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the resolutions as set out in the Notice of AGM to approve the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Form of Proxy enclosed in the AR 2021 in accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of Poll Administrator, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for the AGM. The proxy appointment may also be lodged electronically via TIIH Online website at <https://tiih.online>.

Should you wish to personally participate at the Meeting remotely, please register electronically via TIIH Online website at <https://tiih.online> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

## 8. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours sincerely,  
For and on behalf of the Board of Directors  
**SOUTHERN ACIDS (M) BERHAD**

**Chung Kin Mun**  
Senior Independent Non-Executive Director

## FURTHER INFORMATION

### 1. Responsibility Statement

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would render any statement herein misleading.

### 2. Material Contracts

The Group has not entered into any material contract within two years preceding the date of this Circular other than contracts entered in the ordinary course of business.

### 3. Material Litigation, claims or arbitration

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of SAB are not aware of any proceeding pending or threatened against the Group or any fact likely to give rise to any proceeding which might materially affect the financial position or business of the Company and its subsidiaries.

### 4. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of SAB during normal office hours on any weekday (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) Constitution of SAB; and
- (ii) The audited financial statements of SAB for the financial years ended 31 March 2020 and 31 March 2021.