Summary of Key Matters at Southern Acids (M) Berhad ("SAB") 43rd Annual General Meeting held on 26 August 2024

	Question	Reply
1.	What is the Company's future outlook	The outlook for 2025 is generally positive, with steady performances expected from the Healthcare Services and Milling & Cultivation segments. The Board aims to achieve gradual and sustainable growth while managing global uncertainties impacting the Company. The Company and its subsidiaries will continue to explore new business opportunities, enhance operational efficiency, and accelerate growth to increase the group's sustainable income.
2.	The Managing Director reported in the MD&A (page 17) that to improve the performance of Oleochemical Manufacturing, the strategy is to continue with the automation of processes and optimizing costs. However, losses in this division has increased further to RM32.6 million in Financial Year 2024. What are the specific measures taken to reduce the losses and to return to profitability?	The Oleochemical Manufacturing Division is currently facing significant challenges and intense global competition from Indonesia. The volatility of commodity prices and fluctuations in exchange rates have exacerbated these difficulties. Additionally, the substantial decline in glycerin prices has led to losses in most of the oleochemical manufacturing plants in Malaysia. To improve margins, the division is implementing strict cost control measures, optimizing production processes, and enhancing energy efficiency. Given the rising energy costs over the past few years, these steps are crucial for reducing overall production costs and maintaining competitive prices for loyal customers. To stabilize costs and mitigate price fluctuations, the division will continue to utilize hedging strategies to prevent any losses.
3.	What is the Capex budgeted for the Oleochemical Division in Financial Year 2025?	Oleochemical Manufacturing has budgeted about RM3,5 million for plant replacement, specifically looking into energy saving initiatives and carbon dioxide reduction efforts.
4.	How much does the Company spend on this virtual AGM?	The Company spent approximately RM23,000 to conduct this virtual Annual General Meeting.
	The Group has consistently maintained Cash and Cash Equivalent of more than RM300 million in its Balance Sheets. Despite the exceptional performance of the Company in Financial Year 2022, the Company has not rewarded the Shareholders with Special Dividends despite its very strong cash balance. Other listed companies have rewarded Shareholders with Special Dividends when exceptional profits were made. The Board's and Managing Director's explanation on this is appreciated.	The Company has been listed since 1991 and taking slow and steady growth. The Board considers the current RM300 million in cash balances to be a modest amount. The Company is exploring the expansion in land bank in Indonesia, which will require additional funding. Currently, the planted hectarage yields about 4,900 hectares, and the Company is in the process of planting an additional 2,200 hectares, which will also need funding. The RM300 million will be used for future business expansions as opportunities arise. Management will use these funds carefully to benefit the Company and add value for the Shareholders.

6.	The hospital division is doing quite well. Other hospital players have been expending capacity. Why is SAB not building a new hospital to expand its capacity?	The Healthcare Services has been performing steadily over the last five years. Prior to that, the division suffered significant losses. Healthcare services come with various risks and are not guaranteed to be stable. Currently, healthcare is a prominent topic of discussion. However, the Board will continue to adapt, innovate, and explore expansion opportunities as they arise.
7.	Noble Interest Sdn Bhd (NISB) has paid the full purchase price for certain parcels of land from Southern Realty (Malaya) Sdn Bhd, but the land has not been transferred to NISB as yet. Can the Management please explain why the land has not been transferred and what is being done?	The Audit Committee is currently engaging with Southern Realty (Malaya) Sdn Bhd to expedite the transfer of the land title. He assured the Shareholders that the Company's interests are protected, as Management has lodged a caveat on the land since 2010 and will maintain it until the transfer is completed.
8.	From the Annual Report, it was notice that the land where SAI's factory operates on is being rented from a company name SRM and the lease expires in March 2026. Can the Management please explain the rationale behind this decision of short term lease instead of an outright purchase of the land or a longer term registered lease?	SAI (Southern Acids Industries Sdn Bhd) has been operating its oleochemical factory on SRM (Southern Realty (Malaya) Sdn Bhd) land for the past 40 years. Since the beginning, SAI has maintained a short-term rental agreement that has been regularly renewed without any complications. The decision to continue with a short-term lease is a strategic business decision, and management is confident that the lease will continue to be extended without any risk to SAI. Additionally, SRM benefits from SAI's operations, as the factory is located next to SRM's palm oil mill, which supplies raw materials to SAI.
9.	Quoted shares in Malaysia have increased to RM42.032 million in Financial Year 2024 versus RM29.487 million in Financial Year 2023 (Note 18 – Page 138 of the Annual Report). However, dividends received for Financial Year 2024 have decreased by 39% in Financial Year 2024 (Note 5 – Page 118 of the Annual Report). What are the reason(s) for the reduction in dividends received despite an improvement in the fair value of the quoted shares in Malaysia?	Increase in the value of the quoted shares from RM29.487 million to RM42.032 million was mainly due to the rising price of the Paramount shares from RM0.36 to RM1.70 per share which led to the increase of the fair value quoted price by RM11.2 million. The reason for the reduction in dividends was due to the lower dividend payout by Paramount.
10.	What are the factors that contributed to the core loss before tax in the oleochemical division in recent quarters? What measures are being taken to turn around the business? When does the Board expect the division to turn around?	The average selling price of glycerin, a byproduct of oleochemical production, has dropped by approximately 43.8%. Additionally, higher production costs due to increased energy tariffs and the significant volatility of commodity prices have affected margins. The subdued market sentiment, weak demand, and competitive landscape are also contributing to the current core loss before tax. The Board is actively working to optimize costs, improve efficiency, and identify value-added opportunities to lower energy costs. While government laws and taxation are beyond the Company's control, the management is doing its best to navigate these challenges. The division is expected to incur losses over the next couple of

<table>
<tr><td></td><td></td><td>years, with an anticipated budgeted loss of approximately RM15 million. Turning the situation around will take time.</td></tr>
<tr><td>11.</td><td>Would next year’s Annual General Meeting be physical as recommended by the SC?</td><td>The Board will consider holding a physical Annual General Meeting in the near future.</td></tr>
<tr><td>12.</td><td>The SC now encourages hybrid meetings. When can SAB move towards holding a hybrid Annual General Meeting?</td><td>SAB prefers to hold Annual General Meetings either entirely virtual or entirely physical, as hybrid meetings can be confusing and inefficient. The Board will decide on the format based on their assessment of whether a physical meeting would be preferable.</td></tr>
<tr><td>13.</td><td>The Statement of Cash Flows (page 102 of the Annual Report) reported that an amount of RM33.877 million was spent for the acquisition of property, plant and equipment (PPE).

a) Please elaborate what the PPE spent in Financial Year 2024.
b) The amount of Capex budgeted for Financial Year 2025 and the breakdown.</td><td>a) The PPE spent in Financial Year 2024 are as follows:-

(i) Bearer Plants – RM12 million
(ii) Medical Equipment – RM4 million
(iii) Upgrading of Hospital building – RM2 million
(iv) Land Improvement – RM3 million
(v) Plants and Machineries – RM6.7 miilion

b) The total Capex for Financial Year 2025 was highlighted in page 17 of the Annual Report i.e. RM43.8 million in which the breakdown was as follows:-
(i) Milling & Cultivation – RM25.4 million
(ii) Healthcare Services – RM10.7 million
(iii) Oleochemical Manufacturing – RM3.5 million
(iv) Investment and Services – RM4.2 million</td></tr>
<tr><td>14.</td><td>Will the Company consider a bonus issue of shares since the reserves are at a very strong level?</td><td>So far, the Board has not planned on any bonus issue of shares but the Board will consider the said proposal made by the Shareholder.</td></tr>
<tr><td>15.</td><td>Thangamallay Estate is classified as “Land held for property development” in the Balance Sheet.

a) Why is this land classified as “held for property development” when its current use is under “Oil Palm Plantation”?
b) The current book value if RM139.868 million. When was the land last valued?
c) What are the plans for this land as it is held for property development?</td><td>a) The piece of land was purchased in 1996 with the intention of property development and as such was classified as “land held for property development”. Based on Note 12, the classification remains until today.
b) Due to the intention of using the land for property development and based on the accounting standards, the said land cannot be revalued as it is considered as an “inventory”.
c) The Management will look into potential development in the future when the Management feels it would be the right time and have the necessary expertise on board. The Board also has to make sure the market environment is suitable for property development.</td></tr>
</table>

16.	What is the Board's plan for the 26 hectares of the Thangamallay Estate?	The Company is focusing on the 3 divisions i.e. Milling & Cultivation, Oleochemical Manufacturing and Healthcare services. The Company does not have any plans to develop the Thangamallay Estate at the moment.
17.	2 properties namely, Level 30 Centro Tower, Jalan Batu Tiga Lama and Industrial Land at Klang (Property No. 5 & 6 – List of Properties – Page 178 of the Annual Report) were left vacant. Why are these 2 properties left vacant? What are the future plans for the usage of these 2 properties and are there plans to dispose the properties if they are not used for the Group's operations?	SAB is currently operating from Level 29 and plans to expand its office to Level 30. Regarding the industrial land in Klang, this asset is being held by the Company, which is exploring the best use for it. The Board has no intention of selling these properties on the market
18.	SAB share prices had been trading well below its Net Assets Value per share for many years. Based on the last closing price of RM3.15, SAB is only trading at 0.55 times of its NAV per share. The Healthcare Division alone is worth more than RM500 million based on recent transactions of healthcare companies on Bursa Malaysia. What are the steps taken to improve the perception of investors to overcome the vastly undervaluation of SAB shares as elaborated above?	The Company's share prices are subject to market forces and the dynamics of willing buyers and sellers, which are beyond Management's control. The Management's main focus is to continue delivering shareholder value gradually over time. The Company will continue to manage its operations in a slow and steady manner to avoid significant risks. SAB's assets have been growing steadily, and the Management believes that the current operations are beneficial to the Company.
19.	Look at performance of the company for the last 10 years in term of dividend, there's no growth at all in gross dividend i.e. 5 sen since year 2015 and the directors fee & allowances keep increasing. There are also no capital changes (either bonus or rights issues). Is there is any KPI for the directors or the senior management?	The Company's Dividend Policy has consistently been set at 5 cents per share, regardless of the profit made by the Company over the last few years. While cash reserves have increased, the Company is preparing for future activities and plans to acquire more land in Indonesia. Based on the financial reports, the Company's Net Asset Value has doubled compared to 2015. Management believes that the Company are reinvesting value into the Company, ensuring consistent, steady, and stable growth. Nomination and Remuneration Committee ("NRC") conducts annual appraisals to assess the performance of the Directors based on criteria derived from best practices recommended by the MCCG. Regarding the KPIs for Management, the Company has a set of KPIs to assess the performance of staff and management. In response to the question related to the Directors Fee, the recommended Directors' Fee, assessed and recommended by the SAB NRC to the Board, is intended to attract directors of the right caliber and experience to serve on the Board. The amount is set based on market rates.