

**Summary of Key Matters at Southern Acids (M) Berhad (“SAB”) 44<sup>th</sup> Annual General Meeting held on 29 August 2025**

No.	Question	Reply
1.	<p><i>Referring to page 186 of the Annual Report, (i) Item 1 (Pembinaan Gejati Sdn Bhd – Thangamallay Estate), (ii) Item 4 (Southern Acids Industries – Golconda Estate) and (iii) Item 5 (Imayos Letting Sdn Bhd – Level 30, Centro Tower), the following questions were asked:-</i></p>	
	<p><b>(a) Are any property developments occurring at those three (3) locations?</b></p>	<ul style="list-style-type: none"> <li>• <i>Item 1 (Thangamallay Estate) – As the Management is focusing on the Company’s core businesses, no team has been deployed to look into the development of the said land. It would be difficult to develop the said property due to the current market of unsold units. Therefore, it is not the right time to invest and put the Company at risk. However, the Management is monitoring the situation.</i></li> <li>• <i>Item 4 (Golconda Estate) – SAI’s oleochemical plant is located on the land area of Golconda Estate, which covers a total land area of approximately 27.9 acres. The land does not belong to the Company but is rented from the substantial shareholder, Southern Realty Malaya Sdn. Bhd. (“SRM”). The Company has leased the said land from SRM.</i></li> <li>• <i>Item 5 (Level 30, Centro) – The Company is planning to use the space on Level 30, Centro Tower as an office space for the Company’s internal operations.</i></li> </ul>
	<p><b>(b) When was the last revaluation of property carried out?</b></p>	<p><i>Thangamallay Estate was classified as Land held for property development in the Company’s accounts since the land was purchased in 1995. Based on the Malaysian Financial Reporting Standard (MFRS), there is no requirement to revalue the land.</i></p>
2	<p><b>Why the Company has not built a new hospital to expand its medical business when the Company is cash rich at the Group level?</b></p>	<p><i>Sri Kota Specialist Medical Centre has been in operation since 1998. The business was in the “red” for approximately 14 to 15 years before showing signs of improvement. Opening a new healthcare center is a significant financial commitment, often</i></p>

		<p><i>resulting in negative cash flow for the first seven to eight years. It is important to identify a suitable location and solutions for the community.</i></p> <p><i>The Company business model differs from larger corporate healthcare providers, focusing instead on providing more affordable services to the local community.</i></p> <p><i>The Company will consider opportunities to build a new hospital, but will make expansion decisions cautiously, based on the right opportunity, rather than on a rushed pursuit of income. The current priority is to ensure consistent profitability and to further enhance the quality of services for the existing hospital.</i></p>
<p><b>3</b></p>	<p><b>(a) What is the estimated profit derived from the oil palm plantation activity carried out at the Thangamallay Estate? How much of the oil palm are matured?</b></p>	<p><i>Out of a total of 261 hectares of land, approximately 180 hectares consist of trees aged between 9 to 15 years, while 80 hectares are aged about 26 years. The Company plans to undertake replanting on the 80 hectares within the next 12 months.</i></p> <p><i>Regarding the profit generated from the oil palm plantation at Thangamallay Estate, the CFO said that the core profit amounted to about RM2.07 million for FY2025.</i></p>
	<p><b>(b) In relation to the oleochemical manufacturing business segment, although revenue has increased, the Company nevertheless recorded a loss. Could the losses be attributed to higher manufacturing costs?</b></p>	<p><i>Over the past few years, oleochemical industry has faced an oversupply situation, largely driven by increased production capacity, particularly in countries like Indonesia. The current supply is estimated to be around 160% of the demand, leading to intense competition for sales. This increased competition has severely impacted profit margins. In the past, the margin for the cost of raw materials was RM2K to RM3K whilst today the margin has decreased as much as RM800 to RM900. Consequently, many oleochemical factories in Malaysia have incurred losses, primarily due to fluctuations in raw material costs.</i></p> <p><i>Oleochemical Manufacturing segment recorded a net loss of RM23 million for financial year ended 31 March 2025, but the actual operational loss was RM16 million, with the RM7 million being a one-time write-off for the Oleochemical Plant. The</i></p>

		<p>Company is actively implementing measures to reduce costs.</p> <p>Oleochemical Manufacturing performance over the last twelve months has also been significantly affected by rising operational costs, including increased costs in electricity, water, tariffs, and Sales and Service Tax (SST). Additionally, a decrease in sales volume has been attributed to softer demand from international buyers, particularly in the United States.</p>
	<p><b>(c) With respect to the land on which the hospital has been built, the title has not yet been transferred to Noble Interest Sdn Bhd. What is the current status of this matter?</b></p>	<p>The land title has not been transferred. The Management has placed a caveat on the land until year 2028. SRM has consented to the placing of the caveat on the land. The Independent Director of the Company is currently in discussion with the key representatives of SRM to resolve this matter.</p>
<p><b>4</b></p>	<p><b>A. <u>Hospital Assets on land bought from SRM in 1995</u></b></p> <p><b>(a) Noble Interest Sdn Bhd (NISB) entered into a Sale and Purchase Agreement (SPA) to purchase the land for RM4.95 million from SRM in a Related Party Transaction as per note 13 of the Audited Financial Statements but the Memorandum of Transfer (MOT) was not perfected, after more than 25 years for reasons not disclosed save a statement that the MOT and transfer will be done eventually. What is the reason behind the non-perfection of the transfer and whether such terms were stated in the SPA?</b></p> <p><b>(b) Which legal firm was acting for NISB and whether the Solicitors had advised that the transfer was not in accordance with the standard conveyancing practice?</b></p> <p><b>(c) Was the MOT (Borang 14A) executed by SRM and kept in custody by the legal firm?</b></p>	<p>SRM is the vendor who sold the land to NISB in 1995. Based on the accounting entry, the purchase price payment for the said land was made in year 2000. The Company will resolve this matter amicably with SRM. This matter is currently being handled by Mr Stephen Wan, the Independent Director of the Company. Mr Stephen Wan has discussed with the Managing Director of SRM regarding this matter and assured that the transfer of land will be perfected after sorting certain material matters. Assurance was also provided by the Managing Director of SRM that the value of the land will not be undermined.</p> <p>The Board of Directors has a fiduciary duty to safeguard the interests of all shareholders. If the matter is pursued too aggressively with SRM, it may cause unnecessary complications; therefore, the Board is adopting a cautious approach, avoiding additional risks. The purchase of the land took place 29 years ago, with payment having been made 26 years ago. None of the directors today were on the Board at that time. As such, the current Board is working to rectify the matter that was committed in the year 2000. While the matter cannot be taken lightly, the Managing Director of the Company assured that steps</p>

<p><b>(d) If the transfer was not adjudicated in year 2000, there could be possible stamp duty issues resulting in penalties for late stamping and higher valuation at the current market price. Please provide clarification.</b></p> <p><b>(e) Since the transfer has not been perfected, NISB is only an equitable owner. What is the value of fixed assets recognized in the Company's Audited Financial Statements and why the Board of Directors and Auditors said that impairment is not necessary? Can the Auditors confirm that this is in full compliance with the Malaysian Accounting Standards?</b></p> <p><b>(f) In the event there is a substantially higher stamp duty to be incurred, will the Board of Directors jointly and severally indemnify NISB/SAB for this oversight in delaying the perfection of transfer?</b></p> <p><b>(g) Since all the terms of the SPA had been complied with and the land is a freehold land without any restrictions to transfer, can the Board set a clear timeline to have the transfer perfected?</b></p>	<p>are being taken and the issue will be resolved.</p> <p>In relation to Question A(b), Messrs. Lovelace &amp; Hastings was the legal firm which handled the transaction.</p> <p>For questions related to the stamp duty for MOT, it was noted that the stamp duty, based on the original acquisition price, was only RM10,000 more than what would have been paid if the MOT had been executed in 1995. Despite the additional RM10,000 cost, the overall financial outcome was considered beneficial, primarily due to the significant change in the value of money over the intervening years.</p> <p>For Question A(e), based on the notes on Property, Plant and Equipment under the Malaysian Financial Reporting Standards, recognition on the impairment of asset is based on control, and future economic benefit not solely on legal title. The value of the fixed asset where the land is recognized in the financial statements as carrying amount which reflects the cost incurred and it is supported by the Company's control over the asset and its ability to derive future economic benefit with a specific value recognized. Hence, based on this, there is no reason to impair the asset and recoverable amount is slightly higher than the value of the asset. The Board understands the concern of the Shareholders with regards to the land transfer and the Board is working earnestly to resolve this matter.</p> <p>Further, Sri Kota Medical hospital has been operating without any issue. The hospital was built in 1998 and commenced operations since 1999. To-date, there has been no issues on claims from SRM. This proves that SRM does not intend to harm SAB in any matter. Therefore, the Board requested that the Shareholders give the Board more time to sort out this matter.</p> <p>The Board acknowledged and understood the risks associated with this matter. However, there is a gap between the timing of the transfer and payment made for the</p>
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		land transfer which needs to be sorted out first.
	<p><b><u>B. Leased Land for Oleochemical Factory</u></b></p> <p>(a) <i>The land for which the Company's oleochemical factory is leased from SRM for a short tenure of 3 years vis a vis the factory with hefty Capex over the years. Please explain the rationale for not negotiating with the landlord (a related party) for a longer tenure with certainty of rental.</i></p> <p>(b) <i>What was the rental amount payable to SRM for the past 3 terms of the lease and whether the rental was concluded at arm's length basis with professional benchmarking to the market rates for similar properties within the same vicinity?</i></p> <p>(c) <i>If SAB continues to incur Capex over the years in the oleochemical business despite it having incurred losses in the past few quarters, can the Board share with the shareholders on the outlook of the business in the near future? If there is no visibility of turnaround, it may be better to consider totally hiving off the oleochemical business.</i></p> <p>(d) <i>The Group has substantial cash in the bank. Why is the Company not considering to purchase its own oleochemical factory if the business is viable to continue?</i></p>	<p><i>In relation to Question B(a) and (b), SAI has consistently leased land from SRM on a three-year basis. The lease was conducted on an arm's length basis, based on a 3<sup>rd</sup> party valuation report of the land. The Company is currently negotiating the next lease renewal. The Board understands the shareholders' interest in a longer lease term. However, securing a longer lease would also signify the Company's long-term commitment to the oleochemical business.</i></p> <p><i>Deciding whether to remain in or exit from the oleochemical business is a critical decision. The Company has already established a brand name and customer base. Once the Company exits the market, it would be nearly impossible to re-enter the business. Therefore, a proper and well-considered plan is required for the next few years to decide whether to stay or exit the market. At present, the plan is for the Company to remain in the oleochemical business. Should the Company decide to expand its oleochemical operations, it would require substantial capital expenditure ("Capex").</i></p>
5	(a) <i>Based on the estimated profit of RM2.07 million derived from the oil palm plantation activity on the Thangamallay Estate from 260 hectares annually, in which 80 hectares are 26 years old, instead of spending about RM2 million for replanting, the Company should opt for a short term cash call instead.</i>	The opinion of the matter was acknowledged.

<p><b>(b) In relation to the palm olein factories where the plant is old and with the US tariffs in place, the Company may have to spend nearly RM500 million to redo the factory. Hence, why should the Company continue with this business? The Company should close the factory and focus on trading instead.</b></p>	<p>All decision on SAI operation is currently under consideration and evaluation.</p>
<p><b>(c) The Indonesian plantation lease expiry will end in year 2032. Hence, how will the Company secure the oil palm on the land to protect its interest?</b></p>	<p>Following Indonesian law, the Company has “the right to use the land” which will end in 7 years’ time. The Management and operations team has commenced on the paperwork to extend the right to use the land for a further 35 years. It would take time for the renewal to be approved.</p>
<p><b>(d) The Company should increase its dividend payout to shareholders considering the Company’s assets which is worth millions. The shareholder requested for the dividend per share to be increased from 5 cents to 8 or 10cents per share i.e. being 3% of the assets.</b></p>	<p>The Company has been consistent with declaring a dividend of 5 cents per share annually, under the current Managing Director’s tenure. The Managing Director of the Company understood that as a Shareholder, he/she has a choice to invest in the Company, create value and grow the Company. He wanted a trajectory where the growth is stable. RM300 million worth of cash is considered very small from a Company’s perspective. However, the Board noted of the opinion.</p>
<p><b>(e) Reference to page 125, Note 46 of the Annual Report, please explain the Compensation Received of RM20,950,000 and Compensation Paid to Lessee of RM15,000,000.</b></p>	<p>With reference to page 184 of the Annual Report, during the financial year, the Group entered into two consent judgments, and the decisions were as follows:-</p> <p>(i) The first consent judgment was sealed between Pembinaan Gejati Sdn Bhd (PGET), a subsidiary of the Group, a third party Co-Plaintiff and various Defendants for a settlement sum concerning land-related claims of trespassing, the use of the existing access road on PGET’s land and matters arising from a compulsory land acquisition.</p> <ul style="list-style-type: none"> <li>• The first settlement sum of RM20.95 million was paid to PGET in December 2024 as disclosed in the Audited Financial Statements. Out of RM20.95 million, RM15 million was paid to the Co-Plaintiff i.e. the lessee of the land.</li> <li>• The second settlement sum of a total amount of RM24 million in three</li> </ul>

	<p><i>separate instalments is scheduled to be paid.</i></p> <p><i>(ii) The second consent judgment sealed was in relation to a settlement of a Judicial Review concerning the process of the compulsory land acquisition by authorities, which was concluded that the compulsory land acquisition will not proceed.</i></p> <p><i>The contract was related to an advertisement project and there was to be profit-sharing in the long term however the contract was terminated. Hence, the Company protected the rights of PGET over its assets.</i></p>
<p><b>(f) With reference to Note 29 of the Annual Report, the cost of investment in Associated Company, PKE (Malaysia) Sdn Bhd was RM2.4 million, why did the Company sell its associated company to a Related Party at RM1.9 million?</b></p>	<p><i>The transaction was not a Related Party Transaction. Three years prior, the Managing Director had clearly communicated to shareholders his intention to focus on the Company's core businesses. At that time, PKE (Malaysia) Sdn Bhd had suffered two consecutive years of losses.</i></p> <p><i>The Company actually sold PKE (Malaysia) Sdn Bhd at a premium, as its value was approximately RM1.3 million at the time the contract was signed. The contractual documents for this sale, which had been pending, were finalized this month. As at 31 March 2025, PKE (Malaysia) Sdn Bhd is still an Associated Company of SAB.</i></p>
<p><b>(g) Why was there no impairment on the possible loss of RM500k from the sale of the Associated Company, PKE (Malaysia) Sdn Bhd?</b></p>	<p><i>The impairment assessment was carried out for the asset held for sale, and since the impairment amount was not material, no adjustment was made.</i></p>
<p><b>(h) Does the Company intend to maintain the investment with Paramount Corporation Berhad as the shares have been held for a long time?</b></p>	<p><i>The Management's current focus is not on equity. The Company will look into the strategic investment once the core businesses are more stable.</i></p>
<p><b>6 With reference to Page 153 of the Annual Report, a shareholder sought the clarification as to Datuk Wira Lim Kim Long's and Dato' Sri Dr Low Kok Thye's interests in the Indonesian Companies.</b></p>	<p><i>There is an error on the page and it was confirmed that Datuk Wira Lim Kim Long and Dato' Sri Dr Low Kok Thye have no interest as Directors and Shareholders in the following Indonesian Companies i.e. Kelompok Tani Anugerah Logas, Kelompok Tani Anugerah Tanjung Medang, Kelompok Tani Anugerah Sahabat Sejati, PT Mikroba Anugerah Perkasa, PT Anugerah Serasi Abadi</i></p>

		and PT Mandiri Bakti Nusantara, PT Anugrah Serasi Abadi, PT Mandiri Bakti Nusantaa and CV. Anugrah Daya Adhitama.
7	<p><b>A. Why were there so many Related Party Transaction (RPT) announcements during the last year involving the Indonesian subsidiary company and another Indonesian local company named PT Mikroba Anugrah Perkasa (PTMAP) while the mandate for RRPT has been given at the previous 2024 AGM?</b></p>	It was mainly due to the increase in the actual average price of CPO and FFB against the estimated price and increase in FFB production by PTMAP. The Company did not expect the CPO price to more than 12% above the budgeted figure.
	<p><b>B. Regarding the circulars to shareholders on related party transactions for 2023, 2024 and 2025, it was noticed that :-</b></p> <p><b>(a) For PTMAS, the related party transaction in the latest circular only shows a person named Herry Mukiat, whereas in the past it also showed another person named Herry Amin. Why is there this change?</b></p>	Mr Herry Amin was not re-elected as a Director for PT Mustika Agro Sari (PTMAS) and PT Wanasari Nusantara (PTWan) at their respective Annual General Meetings in 2024, and therefore his directorships had ceased. Mr Herry Amin no longer plays an active role in the day-to-day operations of either company. To date, he remains a shareholder of PT Wan.
	<p><b>(b) In the 2025 circular, Herry Amin is no longer listed as a shareholder of PT. Mustika Agro Sari, and only remains in PT Wanasari Nusantara but with much fewer shares compared to 2024. What happened to the balance shares? Did Firstview Development Sdn Bhd buy over the shares? If yes, shouldn't this be announced just like when Firstview Development Sdn Bhd bought shares from Low Mong Hua Sdn Bhd?</b></p>	Firstview Development Sdn Bhd did not purchase the shares from Mr Herry Amin. The shares held by Mr Herry Amin in PTMAS was transferred to his mother, Madam Winianty, as directed by Indonesian Court.
8	<p><b>Why the rental payment to Southern Realty (Malaya) Sdn Bhd (SRM) for the Oleochemical Manufacturing factory was not included as Recurrent Related Party Transaction?</b></p>	The rental payment to SRM was not a RRPT as under the Bursa Malaysia Main Market Listing Requirements, the entry into or renewal of tenancy of properties of not more than 3 years, the terms of which are supported by an independent valuation are not regarded as RRPT.