

The summary of key matters discussed at Southern Acids (M) Berhad (“SAB”) 35th Annual General Meeting held on 24 August 2016

	Questions Raised	Reply By SAB
1	<p>Question by Mr Teh Kian Lang:</p> <p>Referring to the Company’s announcement to Bursa dated 23 August 2016 on the Thangamallay Estate, the following paragraph (extracted) was quoted:- “Besides the consent been given by the Board and the construction and maintenance costs to be borne by BRSB, all other terms and conditions are still being negotiated. This indicates the strong working relationship, built on goodwill, between Gejati, BRSB and likely other property development project owners in the neighboring area. Once the terms and conditions are mutually agreed upon and finalized, it will thereafter be translated into a formal agreement”. He then enquired whether the on-going negotiation is for compensation.</p>	<p>Reply by the Executive Director, Mr Lim Kim Long (“ED Lim”):</p> <p>The agreement has yet to be finalized between the parties involved (for the use of the 9 km access road) and there is no compensation (for the approximately 20.83 acres of land) as the legal ownership of the said land for the 2.2 km part of a 9.0 km multi-connectivity access road constructed by BRSB sits on the said land that belongs to Gejati.</p>
2	<p>Question by Mr Teh Kian Lang:</p> <p>Will SAB consider revalue its Thangamallay estates?</p>	<p>Reply by Mr. Cheong Kee Yoong, the Chief Financial Officer:</p> <p>Thangamallay estates are currently categorized “Land held for property development” which falls under Financial Reporting Standard 201. Under this accounting standard adopted by SAB, the said land should be held at cost less accumulated impairment losses. Hence, it is not permissible for SAB to revalue the said land.</p>
3	<p>Question by Mr Chee Sai Mun:</p> <p>We just lost about 20 acres of the Thangamallay estates which estimated about RM25 million which was given for free. He highlighted that the Company has a long term objective of increasing shareholders’ value. Hence how to reconcile by losing the said RM25 million worth of land and to increase shareholders’ value over long term? The shareholders’ fund return is only 3% which is low. He further asked how the Company would improve the return to the shareholders’ fund.</p>	<p>Reply by the Managing Director, Dr Low Kok Thye (“MD Dr Nick”):</p> <p>The 20.83 acres of land area used for the construction of the said 2.2 km part is not lost as it is still part of the Company’s assets.</p>

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4	<p>Question by Mr Chee Sai Mun:</p> <p>Me. Chee Sai Mun further highlighted that since the Company has no plan to venture into property development when will the land be surrendered to the authorities.</p>	<p>Reply by MD Dr Nick:</p> <p>The Board is of the view that it is not timely to venture into property development. The said 2.2 km part will eventually be surrendered to the local authorities when the Company decided (that it is timely) to venture into property development in the future.</p>
5	<p>Question by Mr Teh Kian Lang:</p> <p>He enquired whether there was any compulsory acquisition on Thangamallay estates.</p>	<p>Reply by ED Lim:</p> <p>There was a compulsory acquisition some years back on part of the land but it was subsequently withdrawn.</p>
6	<p>Question by Mr Teh Kian Lang:</p> <p>What is SAB's plan for the cash in hand of RM164.0 million?</p>	<p>Reply by ED Lim:</p> <p>The current proposed capital expenditure (as presented) already required about MYR50.0 million. An Oleochemical plant replacement will cost between MYR150.0 million to MYR200.0 million. Hence MYR164.0 million is actually not sufficient.</p>