

The Summary of Key Matters discussed at Southern Acids (M) Berhad (“SAB”) 37th Annual General Meeting held on 30 August 2018

<b>No</b>	<b>Questions Raised</b>	<b>Response</b>
1	What is the expected capital expenditure to be incurred for the ageing plant in the oleochemical segment?	The Company has budgeted approximately RM10.9 million in capital expenditure for the oleochemical segment for the financial year ending 31 March 2019.
2	Did the Company has any strategic plans to develop the land in Kota Kemuning ?	The Company do not have any plan for development for the time being and will maintain the said land as ongoing estate. Should there be any plan for development, the shareholders will be informed accordingly.
3	Did the Company have any dividend policy? The Company have consistently been maintained at 5 sen per ordinary share for several years.	SAB do not have any dividend policy and the dividend payment have been maintained at 5 sen per ordinary share for the last 10 years. In regard to which the strong balance sheet and cash flow position, it was explained that the oleochemical segment generated an average revenue of about RM100 million every quarter and the strong cash flow position is essential for the handling of its operations. Due to the ageing plant in oleochemical segment, the Company has to provide for the high capital expenditure to be incurred to upgrade the facilities for the plant as and when the need arises. As such, the Company would not be able to declare a higher dividend at the moment.
4	The Company had generated cash flow of RM60 million to RM70 million every year and can the Company declare a higher dividend pay-out and not to use the available funds for investment in the stock market.	There is no new investment in the stock market by the Company and that the current quoted share position in the stock market was an ‘inherited’ issue.
5	What is the nature of development cost of RM5,583,000 (under Land Held for Property Development)?	The development cost was incurred in year 1996 to 2008 which was for planning cost including the engagement of consultants for the land.

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6	What is the contingency liabilities of the Company?	The contingency liabilities was in regard to the corporate guarantee provided by the Company for the facilities granted to its wholly-owned subsidiary, Southern Acids Industries Sdn Bhd.
7	There is a huge amount of cash being held in the Company but there was no new areas of business by the Company and enquired on the reason for holding of the cash in the Group.	The Board has performed its role to protect the Company and to create value for the Company and highlighted that SAB is listed under industrial sector (specifically in chemical). As the plant is more than 30 years old, there is a lot of things that needs to be done to maintain the plant and the Board is still looking at the potential on expansion and evaluating all possible options for the Company. Additional cash injection from shareholders may be called if the Company should decide to go ahead on the expansion.