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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.

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SDS GROUP BERHAD

Registration No. 201701026951 (1241117-T)
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

AND

PART B

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The above proposals will be tabled as Special Businesses at SDS Group Berhad's 7th Annual General Meeting ("AGM") which will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on Friday, 23 August 2024 at 10.00 a.m. The notice of the AGM and the Proxy Form are set out in the Company's Annual Report 2024.

If you are unable to attend and vote at the AGM in person, you are requested to complete the Proxy Form enclosed in the Annual Report 2024 in accordance with the instructions contained therein and deposit it at the Company's registered office at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form may also be lodged electronically via the Vote2U Online at <https://web.vote2u.my>. Please refer to the Administrative Guide for submission of the electronic Proxy Form. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting or adjourned meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 21 August 2024 at 10.00 a.m.
Date and time of AGM : Friday, 23 August 2024 at 10.00 a.m.

This Circular/Statement is dated 26 July 2024

DEFINITIONS

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

- Act** : Companies Act 2016, as amended from time to time and any re-enactment thereof
- AGM** : Annual General Meeting
- Board** : Board of Directors of SDSG
- Bursa Securities or the Exchange** : Bursa Malaysia Securities Berhad
- Circular/Statement** : This circular/statement to shareholders of SDSG dated 31 July 2023
- Daily Bakery** : Daily Bakery Sdn Bhd, a wholly-owned subsidiary of SDS Food
- Director(s)** : Director(s) of SDSG as per Paragraph 10.02(c) of the Listing Requirements
- EPS** : Earnings per share
- FYE** : Financial year ended/ending 31 March, as the case may be
- KS Tan Properties** : KS Tan Properties Sdn Bhd
- Listing Requirements** : Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof
- LPD** : 28 June 2024, being the latest practicable date prior to the despatch of this Circular/Statement, which shall not be more than 1 month prior to the date of this Circular/Statement
- Major Shareholder(s)** : Any 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:
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company
- This includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of SDSG as defined above or any other company which is a subsidiary or holding company of SDSG.
- For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act
- Mandate Period** : The period during which the Recurrent Related Party Transactions are to be entered into for which the Proposed Renewal of Shareholders' Mandate is being sought. This period shall commence immediately upon the passing of the ordinary resolution for the Proposed Renewal of Shareholders' Mandate during the forthcoming AGM until:
- (a) the conclusion of the next AGM, unless the authority is renewed by a 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 will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

DEFINITIONS

	(c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier
NA	: Net assets
Persons Connected	: This shall have the same meaning as in Chapter 1, Paragraph 1.01 of the Listing Requirements
Proposed Renewal of Share Buy-Back Authority	: Proposed renewal of the authority to enable the Company to purchase its own shares up to a maximum of ten per centum (10%) of the total number of issued shares of the Company
Proposed Renewal of Shareholders' Mandate	: Proposed renewal of shareholders' mandate for SDS Group to enter into Recurrent Related Party Transactions during the Mandate Period
Purchased Shares	: SDSG shares that have been purchased by the Company pursuant to Section 127 of the Act
Recurrent Related Party Transaction(s) or RRPT(s)	: Related party transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for the day-to-day operations of the SDS Group
Related Party(ies)	: Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s)
RM and sen	: Ringgit Malaysia and sen respectively
Rules on Take-Overs	: Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 as amended from time to time and any re-enactment thereof
SDSG or Company	: SDS Group Berhad
SDS Group or Group	: SDSG and its subsidiary companies collectively
SDS B&C	: SDS Bakery & Cafeteria Sdn Bhd, a wholly-owned subsidiary of SDS Food
SDS Food	: SDS Food Manufacturing Sdn Bhd, a wholly-owned subsidiary of SDSG
SDS Tan Properties	: SDS Tan Properties Sdn Bhd
SDS Top Baker	: SDS Top Baker Sdn Bhd, a wholly-owned subsidiary of SDS Food
Share(s) or SDSG Share(s)	: Ordinary share(s) in SDSG
Substantial Shareholder(s)	: Shall have the meaning given in Section 136 of the Act

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and *vice versa*. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Circular/Statement 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/Statement is a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables between the amounts listed and the totals in this Circular/Statement are due to rounding.

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PART A

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



SDS GROUP BERHAD
Registration No. 201701026951 (1241117-T)
(Incorporated in Malaysia)

Registered office:

Unit 7-01, Level 7, Lagenda Tower
No. 3 Jalan SS20/27
47400 Petaling Jaya
Selangor, Malaysia

26 July 2024

Board of Directors:

Dr Lim Pang Kiam (*Independent Non-Executive Chairman*)
Tan Kim Seng (*Managing Director*)
Tan Kim Chai (*Executive Director*)
Tan Yon Haw (*Executive Director*)
Tan Kee Jin (*Executive Director*)
Dato' Albert Ding Choo Earn (*Independent Non-Executive Director*)
Lee Yee Ling (*Independent Non-Executive Director*)
Patricia Rangene Packium (*Independent Non-Executive Director*)

To: The Shareholders of SDS Group Berhad

Dear Sir/Madam,

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

1. INTRODUCTION

- 1.1** At the 6th AGM held on 29 August 2023, the Company had obtained the shareholders' mandate for the Group to enter into certain recurrent related party transactions based on the terms set out in the Circular to Shareholders dated 31 July 2023. The said shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, which will be held on 23 August 2024 unless approval of the renewal of the shareholders' mandate is obtained from our shareholders at the forthcoming AGM.
- 1.2** On 19 July 2024, the Company had announced that it would seek the approval of the shareholders for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM of the Company. The Notice of AGM and the Proxy Form which are enclosed in the Annual Report 2024, have been despatched to you on 26 July 2024.

- 1.3** The purpose of this Circular is to provide shareholders with the relevant information on the Proposed Renewal of Shareholders' Mandate and to seek shareholders' approval for the Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of recurrent related party transactions which are necessary for its day-to-day operations subject to, amongst others, 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:
 - "in relation to a listed issuer with an issued capital which is less than RM60 million -
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
 - (ii) the percentage ratio of such RRPTs is 1% or more,whichever is the lower";
- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (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 immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, 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 Securities in its announcement.

- 2.2** The SDS Group has, in the ordinary course of its business, entered into certain RRPTs and it is anticipated that the companies within the SDS Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in Section 2.6. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.3 Accordingly, the Board proposes to seek the Proposed Renewal of Shareholders' Mandate for RRPTs to be entered into by SDS Group during the Mandate Period.

These RRPT(s) which are necessary for the day-to-day operations of SDS Group, have been/will be based on normal commercial terms, at arms' length, and have been/will be transacted on terms that are not more favourable to the Related Parties than those generally available to the public.

2.4 Validity period of the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming AGM, will take effect from the date of the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a 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 will 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 the earlier.

Thereafter, the approval of the shareholders of the Company will be sought for the renewal of the shareholders' mandate at each subsequent AGM of the Company.

2.5 Principal activities of the Group

The Company's principal activities are that of investment holding and provision of management services while the principal activities of its subsidiaries are as follows:

<u>Name of Subsidiary</u>	<u>Principal activities</u>	<u>Effective Equity Interest (%)</u>
SDS Food	Manufacturing and distributing of bakery products	100.0
SDS B&C	Operator of food & beverage outlets	100.0
SDS Top Baker	Manufacturing and distributing of bakery products	100.0
SDS Enterprise Sdn Bhd	Licensor of food & beverage outlets	100.0
Daily Bakery	Manufacturing and distributing of bakery products	100.0
City Cake House Sdn Bhd	Operator of food & beverage outlet	51.0
Super Arrow Trading Pte Ltd	Wholesale of bakery products in Singapore	100.0

2.6 Nature of the RRPTs and Class of Related Parties

The nature of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposed Renewal of Shareholders' Mandate are as follows:

	Nature of RRPTs	Transacting parties		Related Parties	Relationship of Related Parties with SDS Group ^(c)	Proposed Renewal of Shareholders' Mandate			
		Provider	Recipient			Estimated value during the period from 29 August 2023 to the forthcoming AGM (RM)	Actual value during the period from 29 August 2023 up to the LPD (RM)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM)	Estimated value to be transacted from the forthcoming AGM to the next AGM (RM)
(i)	Rental expense for the premise (2,886 sq ft) known as 22, Jalan Selatan 6/5, Taman Perusahaan Ringan Pulai, 81200 Johor Bahru, Johor for a renewed tenancy period from June 2022 to May 2025 used as warehouse.#	KS Tan Properties	SDS Food	<ul style="list-style-type: none"> • Tan Kim Seng • Tan Kee Jin 	Tan Kim Seng is Director and Major Shareholder of both SDSG and KS Tan Properties. Tan Kee Jin is a Director of SDSG and the son of Tan Kim Seng.	48,000	40,000	8,000	48,000
(ii)	Rental expense for the premise (3,152 sq ft) known as 41, Jalan Selatan 6/5, Taman Perusahaan Ringan Pulai, 81200 Johor Bahru, Johor for a tenancy period from October 2023 to September 2025 used as warehouse.#	SDS Tan Properties	SDS Top Baker	<ul style="list-style-type: none"> • Tan Kim Seng • Tan Kim Chai • Tan Kee Jin 	Tan Kim Seng and Tan Kim Chai are our Directors and Major Shareholders of both SDSG and SDS Tan Properties. Tan Kee Jin is a Director of SDSG and the son of Tan Kim Seng.	60,000	50,000	10,000	60,000
(iii)	Rental expense for the premises (3,120 sq ft) known as 33 & 33A, Jalan Selatan 6/5, Taman Perusahaan Ringan Pulai, 81200 Johor Bahru, Johor for a renewed tenancy period from November 2023 to October 2025 used as warehouse.#					59,600	49,600	10,000	60,000

(iv)	Rental expense for the premise (1,819 sq ft) known as 10, Jalan Kemakmuran 1, Taman Industri Kota, 81900 Kota Tinggi, Johor for a renewed tenancy period from July 2023 to June 2025 used as warehouse.#					20,400	17,000	3,400	20,400
(v)	Rental expense for the premise (1,400 sq ft) known as 5, Jalan Bayan, Taman Bunga Raya, 81750 Masai, Johor for a tenancy period from February 2024 to January 2026 used as food & beverage ("F&B") retail outlet.#	SDS Tan Properties	SDS B&C			52,000	43,000	9,000	54,000
(vi)	Rental expense for the premise (2,860 sq ft) known as 4/4A, Jalan Niaga 2, Bandar Baru Kota Tinggi, 81900 Kota Tinggi, Johor for renewed tenancy period from August 2023 to July 2025 used as F&B retail outlet.#					57,600	48,000	9,600	57,600
(vii)	Rental expense for the premise (2,800 sq ft) known as 36, Jalan Durian, Taman Tiram Baru, 81800 Ulu Tiram, Johor for renewed a tenancy period from August 2023 to July 2025 used as F&B retail outlet.#					49,200	41,000	8,200	49,200
(viii)	Rental expense for the premise (7,061 sq ft) known as 100/100A & 102/102A, Jalan Dedap 4, Johor Jaya, 81100 Johor Bahru, Johor for a renewed tenancy period from July 2023 to June 2025 used as F&B retail outlet (ground floor) and hostel for workers (second floor).#					144,000	120,000	24,000	144,000

(ix)	Rental expense for the premise (2,400 sq ft) known as 22, Jalan MJ 51, Taman Merdeka Jaya, Baru Berendam, 75350 Melaka for a tenancy period from November 2023 to October 2025 used as warehouse.#	SDS Tan Properties	Daily Bakery			14,000	11,600	2,400	14,400
(x)	Rental expense for the premise (1,792 sq ft) known as 11, Jalan Bukit Kempas 3, Taman Bukit Kempas, 81200 Johor Bahru, Johor for a tenancy period from November 2022 to October 2024 ^(a) used as hostel for workers.#	Ng Chau Meng	SDS Top Baker	<ul style="list-style-type: none"> Tan Kim Chai 	Ng Chau Meng is the spouse of Tan Kim Chai who is our Executive Director and Major shareholder of SDSG.	18,000	15,000	3,000	18,000
(xi)	Rental expense for the premise (2,132 sq ft) known as 16, Jalan Bukit Kempas 3/3, Taman Bukit Kempas, 81200 Johor Bahru, Johor for a tenancy period from December 2022 to November 2024 ^(b) used as hostel for workers.#	Tan Yon Haw	SDS Top Baker	<ul style="list-style-type: none"> Tan Yon Haw 	Tan Yon Haw is a Director of SDSG.	21,600	18,000	3,600	21,600
(xii)	Rental expense for the premise (2,860 sq ft) known as 21 & 21-01, Jalan Bukit Kempas 4/2, Taman Bukit Kempas, 81200 Johor Bahru, Johor for a tenancy period from August 2023 to July 2025 used as hostel for workers.#	Pua Geok Hong	SDS Top Baker	<ul style="list-style-type: none"> Tan Kim Seng Tan Kee Jin 	<p>Pua Geok Hong is the spouse of Tan Kim Seng who is Director and Major shareholder of SDSG.</p> <p>Tan Kee Jin is a Director of SDSG and the son of Tan Kim Seng and Pua Geok Hong.</p>	32,400	27,000	5,400	32,400

Notes:

The rental is paid on a monthly basis.

(a) The renewal period shall be from November 2024 to October 2025.

(b) The renewal period shall be from December 2024 to November 2025.

(c) The details of the direct and indirect shareholdings of Related Parties are disclosed in Item 6 of this Circular.

2.7 Amount due from and owing by Related Parties pursuant to the RRPT

As at the LPD, there is no amount due and owing by the Related Parties pursuant to the RRPTs that has exceeded the credit terms.

2.8 Review procedures for RRPT

The SDS Group has established the following review procedures to be carried out to ensure that the RRPTs are undertaken on transaction prices at arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company:

- (a) The definition of related party, list of related parties and the review procedures will be circulated and/or updated within the Group;
- (b) The duties and roles of the Audit Committee include the review of RRPTs;
- (c) Records will be maintained to record all RRPTs which are/will be entered into, which will be available for review by, among others, the auditors and Audit Committee, on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to RRPTs from independent sources or advisers;
- (d) Where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, pricing, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability for the same or substantially similar type of products/services and/or quantities. At least 2 other contemporaneous transactions with unrelated third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by all related parties are fair and reasonable and comparable to those offered to/by unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on usual business practices and policies of the Group to ensure that the recurrent related party transactions are not detrimental to SDSG or its Group;
- (e) The Audit Committee shall review procedures, and shall continue to review the established guidelines and procedures, on an annual basis and as and when required with the authority to subdelegate to individuals or committees within the Company as they deem appropriate;
- (f) The Audit Committee will report its findings to the Board for further action during the quarterly review. If the Audit Committee is of the view that the guidelines and procedures are not adhered to or are not sufficient to ensure that the RRPTs are carried on normal commercial terms and/or the RRPTs are deemed detrimental to the minority shareholders of the Company, the Audit Committee will:-
 - firstly, discuss and ascertain whether it is the guideline or procedure which is at fault or whether it is the fault of the person(s) delegated with the task of ensuring compliance or otherwise; and
 - secondly, if the fault is the person rather than the guideline or procedure, appropriate action will be taken against the person connected. If the defect lies with the guideline or procedure, then the Audit Committee will modify, supplement or replace as may be required, the relevant guideline or procedure and report such modification, supplemental or replacement to the Board;

- (g) Where any Director or person connected to him or the Audit Committee has an interest (direct and indirect) in any related party transactions or RRPTs, he will abstain from voting on any matter relating to any decision making by the Board or the Audit Committee in respect of the such transactions; and
- (h) There is no approval threshold for RRPT as all RRPTs will be reviewed by the Audit Committee and approved by the Board.

2.9 Disclosure in Annual Report

Disclosure will be made in the Company's annual report on the breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:

- (a) the type of RRPT made; and
- (b) the names of the Related Parties involved in each type of the RRPT and their relationship with the Group.

2.10 Statement by the Audit Committee

The Audit Committee has seen and reviewed the procedures mentioned in Section 2.8 above and is satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner as well as to ensure that the RRPT are carried out:

- (a) on terms not more favourable to the Related Parties than those generally available to the public;
- (b) at arm's length basis and on the Group's normal commercial terms; and
- (c) not detrimental to the minority shareholders of the Company.

The Audit Committee reviews the procedures in Section 2.8 periodically, as and when the need arises.

The Audit Committee is also of the view that the above procedures in Section 2.8 are sufficient to ensure that the RRPT are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The RRPTs envisaged in the Proposed Renewal of Shareholders' Mandate are all in the ordinary course of business. The RRPTs are recurring transactions of a revenue or trading nature which will occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs.

By obtaining the Proposed Renewal of Shareholders' Mandate on an annual basis, the necessity to make regular announcements to Bursa Securities and to convene separate general meetings to seek shareholders' approval from time to time is eliminated. This would substantially reduce administrative time, inconvenience and expenses associated with the making of announcements and convening of such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the SDS Group.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the share capital, shareholdings of the substantial shareholders, earnings and net assets of the SDS Group.

5. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON(S) CONNECTED TO THEM

As at the LPD, the shareholdings of the Interested Directors and Interested Major Shareholders and persons connected to them are set out as follows:

Name of Directors/ Major Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Kim Seng	99,040,780	24.18	6,811,620 ⁽¹⁾	1.66
Tan Kim Chai	98,885,580	24.14	1,691,620 ⁽²⁾	0.41
Tan Kee Jin	1,131,800	0.28	-	-
Tan Yon Haw	19,116,970	4.67	-	-

Note:

⁽¹⁾ Deemed interested by virtue of his shareholding in SDS Tan Properties pursuant to Section 8 of the Act and the shareholdings of his children, Tan Kee Meng and Tan Xin Ee, pursuant to Section 59(11)(c) of the Act

⁽²⁾ Deemed interested by virtue of his shareholding in SDS Tan Properties pursuant to Section 8 of the Act

By virtue of their directorships and shareholdings in SDSG, the Interested Directors, namely Tan Kim Seng, Tan Kim Chai, Tan Kee Jin and Tan Yon Haw have abstained and will continue to abstain from the Board's deliberations and voting on the relevant resolution. They will also abstain from voting in respect of their direct and/or indirect shareholdings in SDSG, on the resolution approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

In addition, the Interested Major Shareholders of the Company, namely Tan Kim Seng and Tan Kim Chai will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The aforementioned Interested Directors and Interested Major Shareholders of the Company have also undertaken to ensure that the persons connected to them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

7. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate are in the best interest of the Company and accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution on Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

8. AGM

The Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate has been incorporated in the Notice of AGM of SDSG's Annual Report 2024, which is being circulated together with this Circular. The AGM will be held on a fully virtual basis through live streaming and online remote

voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on Friday, 23 August 2024 at 10.00 a.m. or any adjournment thereof, to consider, if thought fit, to pass the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote at the AGM in person, you are requested to complete the Proxy Form enclosed in the Annual Report 2024 in accordance with the instructions contained therein and deposit it at the Company's registered office at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form may also be lodged electronically via the Vote2U Online at <https://web.vote2u.my>. Please refer to the Administrative Guide for submission of electronic Proxy Form. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

9. FURTHER INFORMATION

You are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
for and on behalf of the Board of
SDS GROUP BERHAD

DR LIM PANG KIAM
INDEPENDENT NON-EXECUTIVE CHAIRMAN

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PART B

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY



SDS GROUP BERHAD

Registration No. 201701026951 (1241117-T)
(Incorporated in Malaysia)

Registered office:

Unit 7-01, Level 7, Lagenda Tower
No. 3 Jalan SS20/27
47400 Petaling Jaya,
Selangor, Malaysia

26 July 2024

Board of Directors:

Dr Lim Pang Kiam (*Independent Non-Executive Chairman*)
Tan Kim Seng (*Managing Director*)
Tan Kim Chai (*Executive Director*)
Tan Yon Haw (*Executive Director*)
Tan Kee Jin (*Executive Director*)
Dato' Albert Ding Choo Earn (*Independent Non-Executive Director*)
Lee Yee Ling (*Independent Non-Executive Director*)
Patricia Rangene Packium (*Independent Non-Executive Director*)

To: The Shareholders of SDS Group Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

- 1.1** At the 6th AGM of the Company held on 29 August 2023, the Company had obtained the shareholders' approval for the authority to purchase up to ten per centum (10%) of the issued shares of the Company.
- 1.2** On 19 July 2024, the Company announced that the Company proposes to seek the approval of the shareholders to undertake the Proposed Renewal of Share Buy-Back Authority at the forthcoming 7th AGM of the Company.
- 1.3** The purpose of this Statement is to provide shareholders with details of the Proposed Renewal of Share Buy-Back Authority and to seek the shareholders' approval for the Ordinary Resolution to be tabled at the forthcoming 7th AGM of the Company.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 The Board is proposing to seek approval from the shareholders of the Company to purchase and/or hold its own shares not exceeding ten percent (10%) of the issued shares of the Company at any point in time and would be effective immediately upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming 7th AGM and shall be valid until:

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period.

2.2 Maximum Limit

The maximum aggregate number of Shares which may be purchased by the Company, shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time.

As at the LPD, the total number of issued Shares of the Company is represented by 409,630,765 ordinary shares. Hence, the maximum number of Shares that may be purchased or held as treasury shares by the Company is 40,963,076 Shares representing 10% of the total number of issued shares of the Company pursuant to the Proposed Renewal of Share Buy-Back Authority. As at LPD, no SDSG shares were bought back and held as treasury shares.

The actual number of SDSG Shares to be purchased by the Company and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company at the time of the purchase(s). The Proposed Renewal of Share Buy-Back Authority shall only be affected on the open market of the Exchange via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. The Proposed Renewal of Share Buy-Back Authority shall be transacted through the Company's appointed stockbroker(s) approved by Bursa Securities.

2.3 Source of Funds

The Proposed Renewal of Share Buy-Back Authority may be funded through internally generated funds and/or bank borrowings if the purchase is backed by an equivalent amount of retained profits of the Company, subject to compliance with the Prevailing Laws.

The Proposed Renewal of Share Buy-Back Authority, if funded through internally generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event the Proposed Renewal of Share Buy-Back Authority is to be financed by bank borrowings, the Board will ensure that the Company has the capability to repay such borrowings and that such repayment will not have a material effect on the cash flow of the Company.

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company at the time of purchase. As at the financial year ended 31 March 2024, the audited retained profit account of the Company stood at RM377,000.

Notwithstanding the above, the Company will ensure that there are sufficient retained profits at Company level prior to the share buy-back. In addition, the Company will ensure that the maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company at the time of purchase.

As required under Section 112(2) of the Act, the Company will have to perform a solvency test to satisfy the following conditions:

- (a) the share buy-back would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement; and
- (b) the Company will remain solvent after each buy-back during the period of six (6) months after the date of the declaration made by a majority of the Directors.

2.4 Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 26.60%.

The Board is mindful of the requirement that any share buy-back exercise must not result in the public shareholding spread of the Company falling below 25% of its issued and paid-up share capital.

2.5 Treatment of Purchased Shares

Pursuant to Section 127 of the Act, the Board may deal with the Purchased Shares in the following manner:

- (a) cancel all or part of the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares, to be distributed as dividends to the shareholders and/or resold on the market of Bursa Securities and/or transferred for the purposes of or under an employees' share scheme and/or transferred as purchase consideration; or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder; or
- (d) deal with the Shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time.

In considering how the Purchased Shares will be dealt with, an immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of Purchased Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

2.6 Purchase Price and Resale/Transfer Price

In accordance with the Listing Requirements, SDSG may only purchase its own shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of SDSG Shares for the five (5) Market Days immediately before the purchase. An immediate announcement will be made to Bursa Securities of any purchase(s) of its own shares on the day of purchase.

The Company may only resell the Purchased Shares held as treasury shares on Bursa Securities, the Company may only do so at:

- (a) a price which is not less than the weighted average market price for the SDSG Shares for the five (5) Market Days immediately before the resale or transfer; or
- (b) a discounted price of not more than five percent (5%) to the weighted average market price for the SDSG Shares for the (5) Market Days immediately before the resale or transfer provided that:
 - i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and

- ii) the resale price is not less than the cost of purchase of the SDSG Shares being resold or transferred.

2.7 Ranking of Purchased Shares

In the event the Purchased are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended.

2.8 Details of Purchases of Shares in the Previous Twelve (12) Months

As at the LPD, SDSG has not purchased any of its own Shares, retained its Shares as Treasury Shares or resale its Treasury Shares or cancelled its shares in the preceding twelve (12) months.

2.9 Historical Share Prices

The monthly highest and lowest prices of SDSG Shares traded on Bursa Securities for the past twelve (12) months from April 2023 to March 2024 are as follows:

Month	High (RM)	Low (RM)
April	0.82	0.675
May	0.74	0.635
June	0.655	0.54
July	0.735	0.57
August	0.655	0.60
September	0.63	0.58
October	0.625	0.58
November	0.685	0.60
December	0.75	0.645
January	0.785	0.69
February	0.845	0.735
March	0.865	0.78

(Source : Yahoo Finance)

The last transacted price of SDSG Shares on LPD was RM0.88.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority will enable the Company to utilise its surplus financial resources more efficiently, to stabilise the supply and demand of SDSG Shares traded on the Exchange and thereby support its fundamental value.

The Purchased Shares of the Company can be held as Treasury Shares and resold through the Exchange at a higher price and generate capital gains for the Company. The Purchased Shares retained as treasury shares can be distributed as share dividends to shareholders as a reward.

The Purchased Shares retained as treasury shares can be utilised as purchase consideration for corporate transaction(s) such as acquisition of land/property/assets, thereby reducing the capital outflow/financial burden of the Company and/or Group.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) Where the Directors resolve to cancel the SDSG Shares so purchased, the Company expects to enhance the EPS of the Group as a result of the reduction in the total number of the issued share,

thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company;

- (b) Allows the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of SDSG Shares and hence, enhance investors' confidence;
- (c) The Proposed Renewal of Share Buy-Back Authority will provide the Company with opportunities for potential gains if the Purchased Shares which are retained as Treasury Shares are resold at prices higher than their cost of purchase;
- (d) The Treasury Shares can also be distributed as share dividends to reward the shareholders; and
- (e) The Purchased Shares may be held as Treasury Shares and to be transferred for the purpose of or under the Employee Share Scheme established by the Company without the necessity of appointing trustee, thus, saving costs.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) Reduce the Group's financial resources and may result in the Group foregoing better investment opportunities that may emerge in the future or, at least, deprive the Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back Authority;
- (b) Result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase SDSG Shares; and
- (c) In the event that the Proposed Renewal of Share Buy-Back Authority is funded by external borrowings, the Company's net cash flow may decline to the extent of the interest costs associated with such borrowings.

Nevertheless, the Board in the view that the Proposed Renewal of Share Buy-Back Authority is not expected to cause any potential material disadvantage to the Company and its shareholders, and it will be implemented only after taking into consideration, amongst others, the financial resources of the Group, and of the resultant impact on the shareholders of the Company.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

(a) Share Capital

In the event that the Company acquires the full ten percent (10%) of the total number of issued shares of the Company authorised under the Proposed Renewal of Share Buy-Back Authority and all the SDSG Shares so acquired are cancelled, the total number of issued shares of the Company will be as follows:

	<u>No. of SDSG Shares</u>
Total number of issued shares as at LPD	409,630,765
Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full (up to 10%) and being cancelled	(40,963,076)
Total number of issued shares upon completion of the Proposed Renewal of Share Buy-Back Authority	368,667,689

The Proposed Renewal of Share Buy-Back Authority will have no effect on the issued share capital of the Company if all the Purchased Shares are to be retained as Treasury Shares, resold or distributed to the shareholders. In the event that the Purchased Shares are retained as Treasury Shares, the total issued capital of the Company will not be reduced but the rights attaching to the Treasury Shares as to

voting, dividends and participation in other distribution or otherwise will be suspended. While these Purchased Shares remain as Treasury Shares, the Act prohibits the taking into account of such Purchased Shares in calculating the number or percentage of Shares in the Company for any purpose whatsoever including, substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

(b) Working Capital

The Proposed Renewal of Share Buy-Back Authority could reduce the working capital and cashflow available to the Group, the extent of which will depend on the purchase price and the number of Shares purchased. Assuming that the Purchased Shares are retained as Treasury Shares and subsequently resold, the working capital and the cashflow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cashflow will depend on the actual selling price(s) of the Treasury Shares and the number of Treasury Shares resold.

(c) NA Per Share

The Proposed Renewal of Share Buy-Back Authority, if implemented, may increase or decrease the NA per Share depending on the purchase price(s) of the Shares to be purchased. The NA per Share will increase if the purchase price is less than the NA per Share at the time the Shares are purchased but will decrease if the purchase price exceeds the NA per Share at the time the Shares are purchased.

For the Purchased Shares and kept as Treasury Shares, upon resale, the NA per Share will increase if the gain from the Shares resold has been realised. However, the quantum of the increase in NA per Share will depend on the selling prices of the Treasury Shares and the number of Treasury Shares resold.

(d) EPS

The effects of the Proposed Renewal of Share Buy-Back Authority on the EPS of the SDS Group are dependent on the purchase price(s) of the Shares and the effective funding cost or loss in interest income to the SDS Group. Where the Purchased Shares are to be cancelled, the EPS of the SDS Group will generally, all else being equal, increase as a result of the reduction in the issued share capital of the Company.

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6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the substantial shareholders of SDSG based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at LPD assuming the Proposed Renewal of Share Buy-Back Authority is undertaken in full by SDSG, are as follows:

(a) Register of Directors' Shareholdings

Directors	As at LPD				After the Proposed Renewal of Share Buy-Back Authority and assuming the maximum Shares are purchased			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Kim Seng	99,040,780	24.18	6,811,620 ⁽¹⁾	1.66	99,040,780	26.86	6,811,620 ⁽¹⁾	1.85
Tan Kim Chai	98,885,580	24.14	1,691,620 ⁽²⁾	0.41	98,885,580	26.82	1,691,620 ⁽²⁾	0.46
Tan Yon Haw	19,116,970	4.67	-	-	19,116,970	5.19	-	-
Tan Kee Jin	1,131,800	0.28	-	-	1,131,800	0.31	-	-
Dr Lim Pang Kiam	37,000	0.01	-	-	37,000	0.01	-	-
Dato' Albert Ding Choo Earn	50,000	0.01	-	-	50,000	0.01	-	-
Patricia Rangene Packium	-	-	-	-	-	-	-	-
Lee Yee Ling	-	-	-	-	-	-	-	-

(b) Register of Substantial Shareholders

Substantial Shareholders	As at LPD				After the Proposed Renewal of Share Buy Back Authority and assuming the maximum Shares are purchased			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Kim Seng	99,040,780	24.18	6,811,620 ⁽¹⁾	1.66	99,040,780	26.86	6,811,620 ⁽¹⁾	1.85
Tan Kim Chai	98,885,580	24.14	1,691,620 ⁽²⁾	0.41	98,885,580	26.82	1,691,620 ⁽²⁾	0.46
Tan Yon Haw	19,116,970	4.67	-	-	19,116,970	5.19	-	-

Notes:

(1) Deemed interested by virtue of his shareholding in SDS Tan Properties Sdn Bhd pursuant to Section 8 of the Act and his children, Tan Kee Meng's and Tan Xin Ee's direct shareholdings in the Company pursuant to Section 59(11)(c) of the Act.

(2) Deemed interested by virtue of his shareholding in SDS Tan Properties Sdn Bhd pursuant to Section 8 of the Act.

7. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES OF TAKE-OVERS (THE CODE)

The Proposed Renewal of Share Buy-Back Authority may result in any director(s), substantial shareholder(s) and/or parties acting in concert triggering a mandatory general offer obligation. In the event the Proposed Renewal of Share Buy-Back Authority results in any director(s), substantial shareholder(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining SDGS Shares not held by him/them. The Board is mindful of the provision under the Code.

8. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to approval to be obtained from the shareholders at the forthcoming AGM of the Company.

9. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority set out in Section 6 of this Statement, none of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or the resale of treasury shares, if any.

10. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interests of the Company. Accordingly, the Board recommends that the shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM of the Company.

11. AGM

The AGM, the notice of which is enclosed in the Company's Annual Report 2024 will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on Friday, 23 August 2024 at 10.00 a.m. or any adjournment thereof, to consider, if thought fit, to pass the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority.

If you are unable to attend and vote at the AGM in person, you may complete the Proxy Form enclosed in the Annual Report 2024 in accordance with the instructions contained therein and deposit it at the Company's registered office at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form may also be lodged electronically via the Vote2U Online at <https://web.vote2u.my>. Please refer to the Administrative Guide for submission of electronic Proxy Form. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

12. FURTHER INFORMATION

You are requested to refer to the attached Appendix I contained in this Statement for further information.

Yours faithfully
for and on behalf of the Board of
SDS GROUP BERHAD

DR LIM PANG KIAM
INDEPENDENT NON-EXECUTIVE CHAIRMAN

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APPENDIX I – ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular/Statement has been seen and approved by the Board and its members who collectively and individually accept full responsibility for the accuracy of the information given 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 make any statement in this Circular/Statement misleading.

2. MATERIAL CONTRACTS

Save for the material contracts disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered by the Company and its subsidiaries during the two (2) years immediately preceding the date of this Circular:

- (a) Sale and Purchase Agreement dated 3 April 2023 with Yeap Shuh Sin and Yap Thean Mei for the acquisition of a plot of vacant agricultural land held under H.S.(M) 888 MLO 2536 Mukim Tebrau, Daerah Johor Bahru, Negeri Johor covering an area of approximately 1.2141 hectares for a total cash consideration of RM3,267,000;
- (b) Sale and Purchase Agreement dated 12 May 2023 with Haiyat Property Sdn Bhd for the acquisition of a vacant light industry land held under Geran Mukim 773 Lot 6976 Mukim Tebrau, Daerah Johor Bahru, Negeri Johor covering an area of approximately 1.623 hectares for a total cash consideration of RM6,114,430; and
- (c) Sale and Purchase Agreement dated 16 August 2023 with Long Shan Construction Sdn Bhd for the acquisition of a vacant industry land held under GM 1119 Lot 6974 Mukim Tebrau, Daerah Johor Bahru, Negeri Johor covering an area of approximately 1.264 hectares for a total cash consideration of RM4,353,786.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, SDS Group is not engaged in any material litigation, either as plaintiff or defendant, claims or arbitration and the Board is not aware of any proceedings, pending or threatened, against the Group or any facts likely to give rise to any proceedings which may materially affect the financial position and/or business of the Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office located at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor during office hours from Monday to Friday (except on public holidays) from the date of this Circular up to and including the date of the AGM:

- (a) Constitution of the Company; and
- (b) Audited financial statements of the Company for the FYEs 31 March 2023 and 2024.

APPENDIX II – INFORMATION ON SDS TAN PROPERTIES

1. INFORMATION ON SDS TAN PROPERTIES

SDS Tan Properties was incorporated as a private limited company in Malaysia on 29 June 1995.

As at the LPD, the Directors and Substantial Shareholders of SDS Tan Properties are as follows:

Directors		Nationality		Designation	
Tan Kim Seng		Malaysian		Director	
Tan Kim Chai		Malaysian		Director	
Teou Chau Hoyk		Malaysian		Director	
Substantial Shareholders	Nationality	Direct		Indirect	
		No of shares	%	No of shares	%
Tan Kim Seng	Malaysian	566,667	33.33	-	-
Tan Kim Chai	Malaysian	566,666	33.33	-	-
Teou Chau Hoyk	Malaysian	113,334	6.67	-	-
Tan Yon Haw	Malaysian	113,334	6.67	-	-
Tan Yong Thye	Malaysian	113,333	6.66	-	-
Tan Yong Ping	Malaysian	113,333	6.66	-	-
Tan Yong Heng	Malaysian	113,333	6.66	-	-

Notes:

- (1) Teou Chau Hoyk is the sister-in-law of Tan Kim Seng and Tan Kim Chai whilst Tan Yon Haw, Tan Yong Thye, Tan Yong Ping and Tan Yong Heng are nephews of Tan Kim Seng and Tan Kim Chai, both Directors and Major Shareholder of SDSG.
- (2) Teou Chau Hoyk is the mother of Tan Yon Haw, the Director of SDSG.

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APPENDIX III – INFORMATION ON KS TAN PROPERTIES

1. INFORMATION ON KS TAN PROPERTIES

KS Tan Properties was incorporated as a private limited company in Malaysia on 10 July 2002.

As at the LPD, the Directors and Substantial Shareholders of KS Tan Properties are as follows:

Directors		Nationality		Designation	
Tan Kim Seng		Malaysian		Director	
Pua Geok Hong		Malaysian		Director	
Substantial Shareholders	Nationality	Direct		Indirect	
		No of shares	%	No of shares	%
Tan Kim Seng	Malaysian	50,000	50	-	-
Pua Geok Hong	Malaysian	50,000	50	-	-

Notes:

- (1) Pua Geok Hong is the spouse of Tan Kim Seng, the Director and Major Shareholder of SDSG.

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ORDINARY RESOLUTION 7

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given to the Company and its subsidiary ("the Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 26 July 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or
- (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 will 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 the earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

ORDINARY RESOLUTION 8

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT, subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities ("MMLR") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (a) the aggregate number of shares purchased or held does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the retained profits of the Company. As at the financial year ended 31 March 2024, the audited retained profit account of the Company stood at RM377,000;
- (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) at the conclusion of the next AGM of the Company following the general meeting in which the authorisation is obtained, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT upon completion of the purchase(s) of the ordinary shares of the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares so purchased in the following manner:

- (a) to cancel the ordinary shares so purchase; or
- (b) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on Bursa Securities or subsequently cancelled; or
- (c) to retain part of the ordinary shares so purchased as treasury shares and cancel the remainder; or
- (d) in any other manner prescribed by the Act, rules, regulations and orders made to the Act, the MMLR and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."