



- Creating Contents
- Developing Technologies
- Nurturing Skills
- Enriching Life
- Forging Connections

EDUCATION SOLUTIONS PROVIDER

ANNUAL
REPORT
2016



Education Solutions Provider



AUGMENTED REALITY

(Integration of digital information with user's environment in real time)

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When you see it, scan the page with the **Sasbadi Annual Report 2016** app.

Enjoy!



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43300 Seri Kembangan
Selangor Darul Ehsan*

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*Nurturing Students
For Tomorrow, Today.*



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CORPORATE INFORMATION ◀



AUGMENTED REALITY

BOARD OF DIRECTORS

Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman

Law King Hui
Group Managing Director

Lee Swee Hang
Executive Director

Law Yi Chian
Executive Director

Lee Eng Sang
Non-Independent Non-Executive Director

Dato' Noor Rezan Binti Bapoo Hashim
Senior Independent Non-Executive Director

Lim Hun Soon @ David Lim
Independent Non-Executive Director

*"As an education
solutions provider, we
evolve to meet the
dynamic demands of the
21st century."*

AUDIT COMMITTEE

Lim Hun Soon @ David Lim (*Chairman*)
Dato' Salleh Bin Mohd Husein
Dato' Noor Rezan Binti Bapoo Hashim

NOMINATION COMMITTEE

Dato' Noor Rezan Binti Bapoo Hashim (*Chairman*)
Dato' Salleh Bin Mohd Husein
Lim Hun Soon @ David Lim

REMUNERATION COMMITTEE

Lim Hun Soon @ David Lim (*Chairman*)
Dato' Salleh Bin Mohd Husein
Law King Hui

COMPANY SECRETARIES

Tan Fong Shian @ Lim Fong Shian
(*MAICSA 7023187*)
Lim Fei Chia (*MAICSA 7036158*)

REGISTERED OFFICE

Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (603) 2031 1988
Fax: (603) 2031 9788

HEAD OFFICE

Lot 12, Jalan Teknologi 3/4
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 6145 1188
Fax: (603) 6145 1199
Website: www.sasbadiholdings.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (*378993-D*)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7849 0777 (Helpdesk)
Fax: (603) 7841 8151/52

AUDITORS

KPMG (*AF 0758*)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7721 3388
Fax: (603) 7721 3399

PRINCIPAL BANKERS

Malayan Banking Berhad (*3813-K*)
Alliance Bank Malaysia Berhad (*88103-W*)

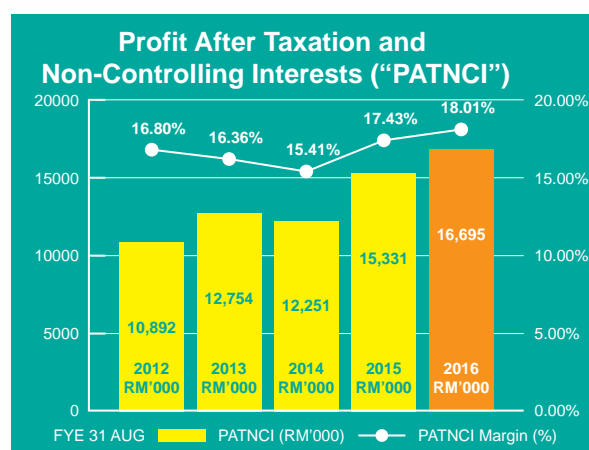
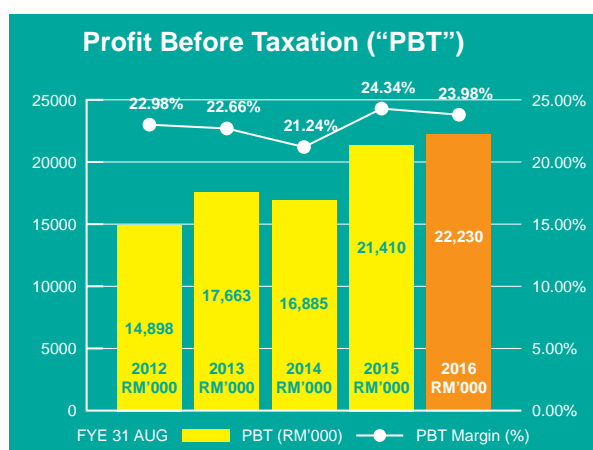
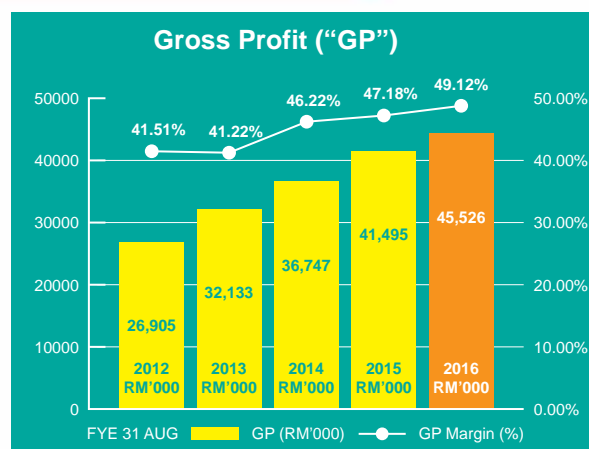
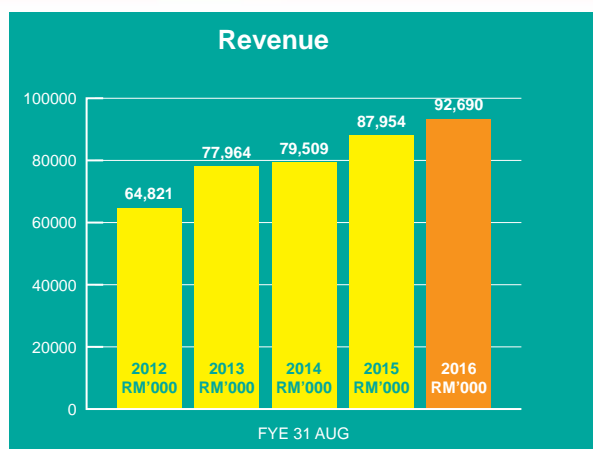
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Consumer Products
Stock Name: SASBADI
Stock Code: 5252

FINANCIAL HIGHLIGHTS



AUGMENTED REALITY



BALANCE SHEET AS AT 31 AUGUST 2016

	RM'000
Property, plant and equipment	42,581
Investment properties	2,637
Goodwill	10,253
Intellectual properties and other intangible assets	17,484
Inventories	47,869
Trade receivables	45,780
Cash and cash equivalents	25,885
Other assets	12,437
Total assets	204,926
Shareholders' equity	147,644
Non-controlling interests	5,467
Loans and borrowings	20,036
Trade payables	11,188
Deferred tax liabilities	7,429
Provisions and other liabilities	13,162
Total equity and liabilities	204,926

► MESSAGE TO SHAREHOLDERS

On behalf of the Board of Directors ("the Board") of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company"), it is our pleasure to present to you the Annual Report and the Audited Financial Statements of Sasbadi Holdings and its subsidiaries ("the Group") for the financial year ended ("FYE") 31 August 2016.

Financial Review

The Group recorded an increase in revenue of RM4.74 million (equivalent to 5.4%) from RM87.95 million for FYE 31 August 2015 to RM92.69 million for FYE 31 August 2016. Similarly, the Group also recorded an increase in gross profit, from RM41.50 million for FYE 31 August 2015 to RM45.53 million for FYE 31 August 2016. The increase in revenue and gross profit was mainly attributable to the consolidation of the full year's results of Sanjung Unggul Sdn Bhd ("Sanjung Unggul") and its subsidiaries ("Sanjung Unggul Group") for FYE 31 August 2016. In addition, the post-acquisition revenue and gross profit of United Publishing House (M) Sdn Bhd ("UPH") and its subsidiaries ("UPH Group") also contributed to the increase in the Group's revenue and gross profit. To recap, the Company had completed the acquisitions of 70% equity interest in Sanjung Unggul and 100% equity interest in UPH on 21 August 2015 and 12 August 2016, respectively.

The Group also recorded a higher net profit attributable to the owners of the Company of RM16.70 million for FYE 31 August 2016 vis-à-vis RM15.33 million for FYE 31 August 2015 mainly due to the gain arising from the acquisition of UPH of RM4.32 million, offset by lower profits recorded by the existing subsidiaries of the Group due to slower retail market and higher costs incurred (e.g. increased staff costs owing to expansion and capacity building, higher amount of amortisation of intellectual properties, etc).

In terms of earnings per share ("EPS"), the Group's EPS increased by 0.15 sen (equivalent to 2.5%) from 6.04 sen for FYE 31 August 2015 (restated after reflecting the 1-into-2 share split completed by the Company on 9 March 2016) to 6.19 sen for FYE 31 August 2016.

The Group's equity attributable to owners of the Company stood at RM147.64 million as at 31 August 2016 vis-à-vis RM105.23 million as at 31 August 2015, while the Group's debt-to-equity ratio was 0.14 times as at 31 August 2016 vis-à-vis 0.09 times as at 31 August 2015.

Review of the Group's Operations and Prospects

Over the last few decades, we have witnessed the trend of the working class being left behind economically. Many of them are not equipped with the necessary knowledge and skill sets to cope with the rapid changes associated with globalisation, trade and technological advancements.

We at Sasbadi Holdings believe the world will change with greater pace in the years ahead owing to technological advancements and political and societal shifts both regionally and globally. Education thus becomes even more important in these uncertain times. During the FYE 31 August 2016, the Group carried out a number of activities that have strengthened the Group's capabilities to support the Ministry of Education Malaysia ("MoE")'s efforts to implement the Malaysia Education Blueprint 2013-2025 ("Malaysia Education Blueprint") which aims to equip future generations with pivotal skills to compete in the modern and uncertain world.

Digital/Online and Technology-enabled Solutions

The Group has intensified its efforts in the development of our digital/online and technology-enabled solutions to support Shift 7 of the Malaysia Education Blueprint, i.e. to leverage information and communications technology ("ICT") to scale up quality learning across Malaysia.



Firstly, our wholly-owned subsidiary, MindTech Education Sdn Bhd, obtained a direct selling licence from the authorities on 26 April 2016. The licence is primarily being used to promote and sell our interactive digital/online learning portal, i.e. i-LEARN Ace, directly to users. The Group is striving diligently to grow this distributor network across urban and rural areas throughout Malaysia. Our commitment is to ensure that high quality ICT-based teaching and learning materials are accessible to all, regardless of the location, and to support the aspirations outlined in the Malaysia Education Blueprint.

In addition, the Group continued to develop technology to widen our product base and better serve students. An exciting example is our "My Fashion World" series - a series of colouring books that utilises our in-house developed augmented reality ("AR") technology to turn children's colouring work into virtual 3D models. The AR technology, and other digital applications, will also be used to create new learning experiences and enhance the delivery of the contents in our syllabus and non-syllabus based products to students, including the new textbooks won by us in 2016.

We are confident that the demand for digital/online and technology-enabled solutions in teaching and learning will increase at an accelerated rate in the coming years. This demand will be driven by students, and even teachers, who are digital natives.

Applied Learning

The Group's flagship applied learning programme with the MoE, i.e. the National Robotics Competition ("NRC"), has continued to win accolades year after year. The Malaysian contingent has emerged as the overall champion for the sixth (6th) time in the last eight (8) years at the prestigious World Robot Olympiad ("WRO") 2016. The just-concluded WRO 2016 held in New Delhi, India, was well attended by approximately 500 teams coming from 57 countries. This programme has consistently generated strong interest among students, parents, and teachers in relation to the science, technology, engineering and mathematics ("STEM") field.

In October 2016, the Group secured a supply contract of RM3.85 million from the MoE for the expansion of the robotics programme, which we have implemented during the first quarter of FYE 31 August 2017. This development can be viewed as an acknowledgement of the Group's success in championing applied learning programmes and initiatives.

We have also established our own applied learning centre via the acquisition in October 2016 of Distinct Motion Sdn Bhd and its subsidiary ("Distinct Motion Group"), which operate the centre known as "Little Botz". The centre offers children the opportunity to develop STEM-related skills pertaining to coding and robotics technology. The Group will also be enhancing Little Botz's offerings with additional in-house STEM content. We believe our applied learning solutions will have strong commercial and educational appeal, and are suitable to be marketed in regional markets.

In early December 2016, the Group entered into a Memorandum of Agreement with the University of Malaya to collaborate on research and product development related to robotics and STEM education. The collaboration encompasses syllabus development, conducting workshops for students and teachers, workbook development, and certification for students and teachers. The key objective is to promote and further enhance Malaysian students' STEM education and Higher Order Thinking Skills ("HOTS").

With these ventures, the Group is moving ahead to become the market leader for providing quality STEM education solutions in tandem with international standards and Shift 1 of the Malaysia Education Blueprint (where our Government is putting emphasis on strengthening STEM education). We are confident that STEM education, and the associated HOTS, will play crucial roles in the world of the future.



Content Creation and Print Publishing

The Group's content creation and print publishing activities remain our core business. During FYE 31 August 2016, the Group continued implementing our growth strategy of expanding into the Chinese school ("SJKC") segment via the acquisition of the UPH Group.

The UPH Group has a large number of syllabus and non-syllabus based titles and an established distribution network in the Chinese school segment. This acquisition, along with the acquisition of the Sanjung Unggul Group in FYE 31 August 2015, gives a significant boost to the Group's market share and product range for the SJKC segment, thus enabling us to support the MoE's effort under Shift 2 of the Malaysia Education Blueprint, which is to encourage every child to learn an additional language besides becoming proficient in Bahasa Malaysia and English Language.

On the textbook publishing front, The Malaya Press Sdn Berhad (a wholly-owned subsidiary of Sanjung Unggul) has successfully won three (3) contracts to publish, print, and supply three (3) new titles for the MoE at a total value of RM5.45 million, namely Chinese Language textbook for Form 1 in national schools, and Chinese Language and Physical Education and Health Education textbooks for Year 1 in SJKC. With another subsidiary of ours, i.e. Sasbadi Sdn Bhd, also winning a contract (Mathematics textbook for Year 1 in SJKC) valued at RM3.89 million, the Group collectively won four (4) textbook contracts valued at RM9.34 million in FYE 31 August 2016. The Group will continue to participate in textbook tenders in FYE 31 August 2017.

For FYE 31 August 2016, the Group published approximately 1,200 titles covering national school syllabus-based titles as well as non-syllabus based titles. The Group will continue to grow our print publishing segment covering both syllabus-based and non-syllabus based titles, including print materials that are embedded with our in-house developed technology to enhance students' learning experience.



Acquisition Strategy

As mentioned above, the Group completed the acquisition of the UPH Group and the Distinct Motion Group in August 2016 and October 2016, respectively. The Group will continue with the plans to use acquisitions to accelerate our growth and enhance our capabilities to serve the objectives of the Malaysia Education Blueprint.

The Group's acquisition strategy is to focus on target companies or businesses (i) with innovative or valuable intellectual properties (which will benefit from our wide distribution network and other competencies); (ii) that are able to enjoy the economies of scale upon being acquired by us; or (iii) that will give us access to markets where the Group has no or little presence.

Nonetheless, we will remain diligent in identifying, evaluating, and structuring any acquisition deals to ensure that the acquisitions are accretive in value, and that we are able to fully realise the value of the acquisitions.

Dividends

The Board is recommending a final single-tier dividend of 1.25 sen per ordinary share of RM0.25 each in respect of FYE 31 August 2016 ("Recommended Final Dividend"), which will be presented to our shareholders for approval at the forthcoming Annual General Meeting. Based on the existing issued and paid-up share capital of 279,399,000 ordinary shares of RM0.25 each (excluding 1,000 ordinary shares held as treasury shares), the Recommended Final Dividend will amount to RM3.49 million. In addition, on 9 June 2016, the Company paid an interim single-tier dividend of 1 sen per ordinary share of RM0.25 each amounting to RM2.79 million in respect of FYE 31 August 2016 ("Interim Dividend").

With the Interim Dividend and the Recommended Final Dividend, the Company will be paying a total dividend of RM6.28 million in respect of FYE 31 August 2016, representing a pay-out ratio of approximately 37.6% of the Group's net profit attributable to owners of the Company for FYE 31 August 2016 of RM16.70 million, in line with the Company's policy of paying out up to 50% of our yearly profits as dividends.

Appreciation

In conclusion, the Group mainly focused on building capacity and future proofing our businesses during FYE 31 August 2016. We completed two (2) strategic acquisitions in 2016, launched a new direct selling distribution channel, and continued developing new products and technologies which allow the Group to better serve our stakeholders.

The Group has developed and will continue to further improve our abilities to support Malaysia's education transformation programme and provide students with the education to excel in the future.

We are grateful and appreciative to all our shareholders, our fellow Board members, the management team and employees, our customers and our suppliers, associates and business partners for their unwavering support during FYE 31 August 2016. To achieve the objectives outlined, the Group humbly requests for your continuing contribution and trust for the years ahead.



Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman

Law King Hui
Group Managing Director

► WHO WE ARE



AUGMENTED REALITY

Since 1985, Sasbadi has been producing quality books and educational materials to help individuals on their journey through school and life.

Students, teachers and parents trust our publications and materials because we are ever responsive to changing technologies and changing times, and therefore ready to meet the requirements of the market. We are able to produce materials that are current and relevant.

We have responded to the needs of learning and teaching in the 21st century by creating solutions that are user-friendly, interactive and fun for teachers and students, leveraging on information and communications technology ("ICT"). They include educational games, mobile applications and cloud-based platforms suited for self-paced learning as well as for the future classroom.

Back in 2005, Sasbadi recognised the transformation in educational objectives to meet the demands of the 21st century – critical skill sets were needed for the work force of the future. These skills would include the individual's ability to solve problems, to think critically, to be creative, to effectively communicate, collaborate and innovate. Sasbadi responded to the new challenge by introducing a range of dynamic learning tools to help Malaysian students develop these required skills.

We formed partnerships with international brands like LEGO Education, PITSCO Education and National Instruments to devise ways of injecting hands-on, engaging and fun approaches to learning.

Sasbadi has also joined up with the Ministry of Education Malaysia to provide students a platform to hone the required skills and develop their interest in science, technology, engineering and mathematics ("STEM") through the National Robotics Competition ("NRC").

It doesn't stop there. Education, to Sasbadi, is a lifelong process. Thus, promoting reading as a lifestyle preoccupation is important to us. In this regard, we publish a wide range of fiction and non-fiction titles, illustrated storybooks, educational comics, encyclopaedias and, more recently, technologically integrated titles such as our Augmented Reality series.

We don't only care for students in the classroom, we also care for people engaged in life after school. We don't only provide for current education needs, we also look forward to the future.

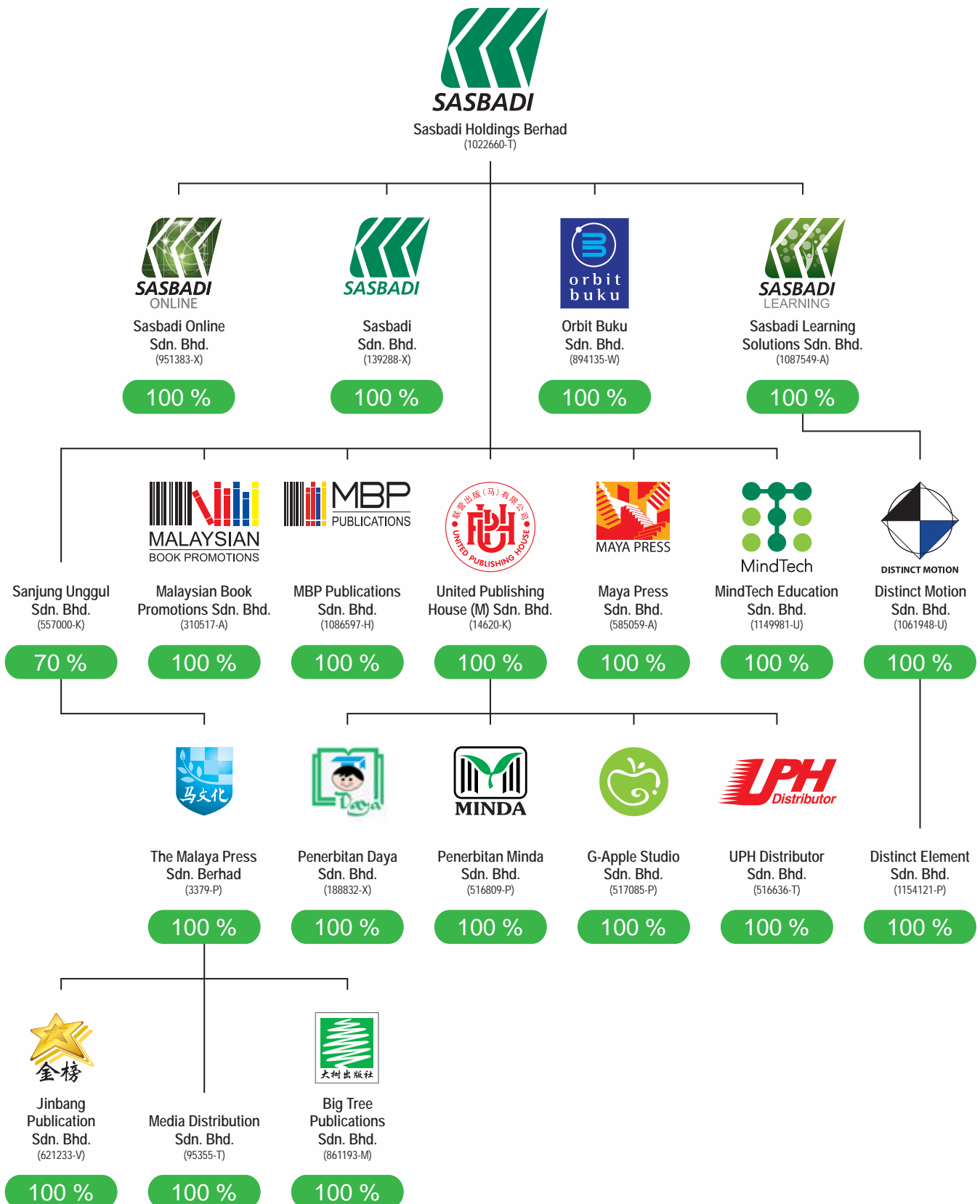
We have been able to do this because we believe that education is a birthright. We are proud to have served its cause since 1985 – *Nurturing Students For Tomorrow, Today.*



CORPORATE STRUCTURE



AUGMENTED REALITY



► AWARDS AND ACHIEVEMENTS



**Anugerah Perdana Munsyi Abdullah:
Penerbit Swasta -
Anugerah Buku Negara 2010**
Awarded to Sasbadi Sdn Bhd



**Master Category of the EY Entrepreneur
Of The Year 2015 Malaysia Award:
Top Nominee**
*Awarded to Mr Law King Hui,
Group Managing Director
of Sasbadi Holdings Berhad*



MLM Golden Midas Award 2016
Awarded to MindTech Education Sdn Bhd



Asia Yes Brand Award 2016
*Awarded to i-LEARN Ace (product of
MindTech Education Sdn Bhd)*



**Anugerah Perdana (Tokoh Industri Buku
Negara): Anugerah Buku Negara 2013**
*Awarded to Mr Law King Hui,
Group Managing Director
of Sasbadi Holdings Berhad*



**The BrandLaureate Great Entrepreneur
Brand Icon Leadership Award 2016**
*Awarded to Mr Law King Hui,
Group Managing Director
of Sasbadi Holdings Berhad*



**Asia Pacific Golden Crown Award
2016-2017: The High Achievers Award**
Awarded to Sasbadi Holdings Berhad

OUR JOURNEY SO FAR ◀



AUGMENTED REALITY

1985

Incorporation of Sasbadi Sdn Bhd ("Sasbadi") and commencement of operations



SASBADI

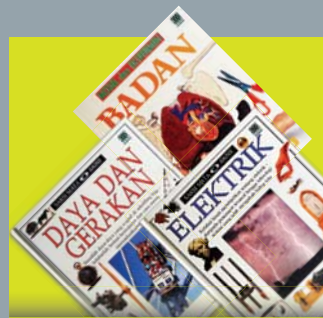
1987

Publication of our first textbook 'Bahasa Malaysia KBSM Tingkatan 1'



1997

Publication of our first Malay translated publications – 'Make It Work!' and 'Eyewitness Science'.



2002

Incorporation of Maya Press Sdn Bhd ("Maya Press") as an imprint for general titles for Sasbadi



MAYA PRESS



**orbit
buku**



**MALAYSIAN
BOOK PROMOTIONS**

- Incorporation of Orbit Buku Sdn Bhd ("Orbit Buku")
- Acquired Malaysian Book Promotions Sdn Bhd ("Malaysian Book Promotions")



**SASBADI
ONLINE**



**NATIONAL
INSTRUMENTS
LabVIEW™**

- Incorporation of Sasbadi Online Sdn Bhd ("Sasbadi Online") and launched the first online teaching product, Penjana Pentaksiran Instan
- Appointed as the distributor of National Instruments for a range of applied learning products for schools in Malaysia



WRO™
World Robot Olympiad
Kuala Lumpur 2012

- Co-organised the World Robot Olympiad 2012 with the Government of Malaysia in Kuala Lumpur
- Incorporation of Sasbadi Holdings Berhad ("Sasbadi Holdings")



i-trim
Interaktif-Tuisyen Rakyat 1Malaysia

- Signed an MoU with Yayasan Guru Malaysia Berhad for 20,000 UPSR and SPM candidates for 2013 in Perak under i-TR1M (Interaktif Tuisyen Rakyat 1Malaysia)
- Sasbadi acquired the rights for National School Curriculum based IP from Pearson Malaysia

2010

2011

2012

2013

2003

Publication of our first general title, 'Spirit of the Keris', under the imprint of Maya Press



2004

Moved into our purpose-built head office in Kota Damansara, Selangor Darul Ehsan



2005

- Launched 'Total eDictionary', our first generation electronic dictionary
- Secured the rights as sole distributor and exclusive partner of LEGO Education products for Brunei and Malaysia
- Organised our first Malaysia Robot Olympiad (now known as National Robotics Competition)



2009

- Organised our first book fair, 'Bazar Baca'. A total of 112 book fairs organised in that year
- Secured exclusive distributorship of PITSCO Education products to early childhood institutions and schools in Malaysia



- Debuted on the Main Market of Bursa Malaysia as a Public Listed Company
- Sasbadi Online was appointed as the National Science Challenge ("NSC") preliminary level online system developer and smart partner for 2014 NSC
- Incorporation of MBP Publications Sdn Bhd and Sasbadi Learning Solutions Sdn Bhd
- Granting of licence to PT Penerbit Erlangga to use our online learning system
- Acquired IP for teacher education segment from Penerbitan Multimedia Sdn Bhd



- Acquired Sanjung Unggul Sdn Bhd and its subsidiaries (comprising The Malaya Press Sdn Bhd, Jinbang Publication Sdn Bhd, Media Distribution Sdn Bhd and Big Tree Publications Sdn Bhd)
- Celebrated Sasbadi's 30th Anniversary
- Incorporation of MindTech Education Sdn Bhd ("MindTech Education")



- Obtained direct sales licence from the Ministry of Domestic Trade, Co-operatives and Consumerism for MindTech Education
- Acquired United Publishing House Sdn Bhd ("UPH") and its subsidiaries (comprising Penerbitan Daya Sdn Bhd, Penerbitan Minda Sdn Bhd, G-Apple Studio Sdn Bhd and UPH Distributor Sdn Bhd)
- Acquired Distinct Motion Sdn Bhd and its subsidiary (Distinct Element Sdn Bhd) which operates the robotics centre, Little Botz
- The BrandLaureate Great Entrepreneur Brand Icon Leadership Award 2016 was awarded to Mr Law King Hui, Group Managing Director of Sasbadi Holdings
- The MLM Golden Midas Award 2016 and the Asia Yes Brand Award 2016 were awarded to MindTech Education and i-LEARN Ace (product of MindTech Education) respectively
- The High Achievers Award of the Asia Pacific Golden Crown Award 2016-2017 was awarded to Sasbadi Holdings

2014

2015

2016

OUR CORE COMPETENCIES ◀

Creating Contents

At Sasbadi, we concentrate on creating quality educational content. We have dedicated ourselves to doing this since our inception more than 30 years ago.

In the beginning, we focused on producing learning materials for students of Malaysia's national primary and secondary schools, including textbooks, reference books, workbooks, test papers and various other educational aids. Through commissioning only seasoned writers and professionals with teaching experience to contribute to our publications, we managed to develop Sasbadi into a brand trusted by students, teachers, and parents.

Today, the company has evolved into being an education solutions provider, creating content that fulfils a wide range of educational needs. We are constantly innovating and developing new ways to engage our readers, to accompany them on their exploration of education and to cultivate in them the love for learning. Going into the 21st century, Sasbadi now produces content that is accessible from the conventional print form to the modern digital platforms.

We will continue on this path and ensure that content creation is our key focus. Our true value lies in the quality of the content we provide. We believe in it, and we believe it will provide students the support they need in their pursuit of excellence.



► CREATING CONTENTS



OUR CORE COMPETENCIES ◀

Developing Technologies

Technology plays an essential role in today's education, because skills related to information and communications technology ("ICT") will undeniably be a requirement for future careers. As such, Sasbadi is heavily invested in developing powerful and interactive technology to not only enhance the learning experience but also to help students develop the skills required for their future.

Working with a talented team of programmers, designers and engineers, Sasbadi has to date developed a variety of classroom solutions that facilitate 21st century teaching and learning in Malaysia.

In time to come, we aim to be the main provider of education technologies.



► DEVELOPING TECHNOLOGIES



OUR CORE COMPETENCIES ◀

Nurturing Skills

Education isn't just about academic performance; it's also very much about life skills. Our children today need to acquire 21st century skills to ensure their future success. They need to be creative, to think critically, to communicate well and to collaborate with others.

Sasbadi firmly believes one thing that is pivotal to the development of these crucial skills is experiential learning.

As such, we set up a division as early as 2005 to focus on developing educational tools and platforms that would promote hands-on learning. The educational tools we carry, like those of LEGO Education, and the platforms we have established together with the Government, like the National Robotics Competition ("NRC"), are part of our mission to instil 21st century skills in students.

In 2016, we expanded into providing education services through Little Botz, our centre which offers children the opportunity to develop skills related to science, technology, engineering and mathematics ("STEM") in an experiential classroom.

We are determined to become the leading provider of solutions that nurture 21st century and STEM skills for all Malaysian students so that they will be equipped to be globally competitive.





OUR CORE COMPETENCIES ◀

Enriching Life

At Sasbadi, we believe that learning is not bound to the classroom alone; it is a lifelong process. "Never stop learning, because life never stops teaching" is an inspirational quote we subscribe to.

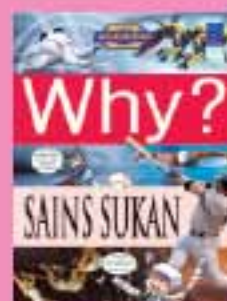
As such, we are committed to providing quality reading materials not only for students but for people of all ages. We believe that enriching life with knowledge is an important quest for everyone.

For children, we publish supplementary educational materials which include comics, illustrated storybooks and internationally renowned titles such as 'Discovery Education', 'Animal Planet' and the global bestselling series 'WHY?'

Keeping abreast of the latest developments, we also carry titles which leverage on technology to enhance reader experience, such as our Augmented Reality series.

Catering for adults, we support Malaysian writers by publishing a variety of genres, ranging from novels to short stories to poems to biographies.

Our ongoing aim is to promote reading as a popular habit among Malaysians and we dedicate a significant part of our business toward this.





OUR CORE COMPETENCIES ◀

Forging Connections

Education in a multicultural nation like Malaysia is a complex proposition. Teachers, students and families can have different inclinations for choosing their educational materials. Factors that come into play include age, culture, language, genre, technology, just to name a few.

In order to communicate meaningfully with education-seekers and understand their individual needs so as to provide them the appropriate materials, Sasbadi set up MindTech Education, our network marketing division.

MindTech Education is now actively educating Malaysians about 21st century learning as well as providing a variety of educational materials with a personal touch.

It draws on Sasbadi's substantial experience in education and ensures that quality is always at the forefront of our priorities.



► FORGING CONNECTIONS



DIRECTORS' PROFILES ◀

BOARD OF DIRECTORS

■ **Law Yi Chian**
Executive Director

■ **Dato' Noor Rezan
Binti Bapoo Hashim**
*Senior Independent
Non-Executive
Director*

■ **Law King Hui**
*Group Managing
Director*



■ **Dato' Salleh Bin Mohd Husein**
*Independent
Non-Executive
Chairman*

■ **Lim Hun Soon
@ David Lim**
*Independent
Non-Executive
Director*

■ **Lee Swee Hang**
Executive Director

■ **Lee Eng Sang**
*Non-Independent
Non-Executive
Director*



DIRECTORS' PROFILES ◀



Dato' Salleh Bin Mohd Husein

Malaysian, Male, aged 65

Independent Non-Executive Chairman

Dato' Salleh Bin Mohd Husein is the Independent Non-Executive Chairman of the Company and was appointed to the Board on 7 May 2013. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Arts with 1st Class Honours from the University of Malaya in 1974. He also holds a Certificate in Education from Maktab Perguruan Sultan Idris, Tanjung Malim, obtained in 1970.

He joined the teaching profession as a teacher at Sekolah Kebangsaan Kayan, Setiawan, Perak in 1971. From 1974 to 1992, he served as Acting Principal and Principal at various schools in Perak. Having served in Perak schools, he was promoted to the Perak State Education Department as Principal Assistant Director in charge of administration and state education financing from 1992 to 1993. He was then made Principal of Sekolah Menengah Sains Tengku Abdullah, Raub, Pahang in 1993 before serving at King Edward VII School of Taiping in 1994, also as Principal. His next service saw him being made District Education Officer at the Manjong District Education Office from 1996 to 1997 where he was tasked to implement education programmes. Thereafter, he was promoted as Sector Head in charge of administration and school leadership at the Perak State Education Department where he served from 1997 to 2001.

Having served well in Perak, he was appointed Principal Assistant Director in charge of curriculum development at the Centre for Curriculum Development, Ministry of Education Malaysia in 2001. Then, he became Principal at Language Institute,

Lembah Pantai, Kuala Lumpur from 2001 to 2002. In 2002, he was promoted to become Deputy Director of Schools Division, Ministry of Education Malaysia to assist the Director in policy matters and implementation. In 2003, he succeeded his predecessor as Director in this same division at the Ministry of Education Malaysia and served there until 2006. In 2006, he was promoted to be the Deputy Director General of Education Malaysia in charge of policy matters and implementation at Putrajaya, a position he held until his retirement from the civil service in 2007.

From 2008 to 2011, he served as a member of the Malaysian Education Service Commission, Prime Minister's Department to promote quality education whereby the said Commission looks into matters relating to recruitment, appointment and discipline of personnel. During those years, he was a member of the Advisory Panel for Excellent School Cluster until 2012.

He does not hold directorship in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company.

Law King Hui
Malaysian, Male, aged 57
Group Managing Director



Law King Hui is the Managing Director of the Group and was appointed to the Board on 7 May 2013. He is a member of the Remuneration Committee. As one of the co-founders, he has been instrumental in the development, growth and success of the Group.

He graduated from Tunku Abdul Rahman College with a Certificate in Electronics Engineering in 1980. He started his career in 1980 with a manufacturing company and left to join a local publishing company in January 1981 where he held a diverse range of positions during his employment there. He left the company in April 1985 and co-founded Sasbadi Sdn Bhd.

Besides being responsible for the development of the Group's strategies and policies, he also plays an active role in product development and innovation. His contributions have led to the transformation of the Group from a pure educational print publisher to a Group with diverse learning and teaching solutions, including technology that enables online learning, a wide range of digital education products, applied learning tools that facilitate Science, Technology, Engineering and Mathematics ("STEM") education, education services via learning centres, and a network marketing business, all of which complement the print publishing business.

An entrepreneur with more than 35 years of experience in the education industry, he has been appointed by the Minister of Education Malaysia to be a member of the Board of Directors of Perbadanan Kota Buku and a council member of Majlis Buku Kebangsaan Malaysia ("MBKM") currently. Also, he has, in the past, held key positions in different organisations such as Malaysian Book Industry Council ("MBIC") (as Chairman and Treasurer), Malaysian Book Publishers Association ("MABOPA") (as President, Vice President, Honorary Secretary and Executive Council Member), and ASEAN Book Publishers Association

("ABPA") (as President) over a span of more than 20 years. He has participated in numerous forums, round-tables, seminars, conferences, and lectures where he contributed ideas, new concepts and strategies aimed at promoting reading culture and expanding Malaysia's book industry.

His contributions led to him being selected as one of the 21 personalities documented in the publication, "Tokoh-tokoh Perbukuan Malaysia" by the National Library Malaysia, which recognises book activists and professionals who have made significant contributions towards the development of the book industry and reading culture in the country. He was also the recipient of "Anugerah Perdana (Tokoh Industri Buku Negara) 2013" awarded by Yayasan Pembangunan Buku Negara.

In recognition of his efforts and contributions in developing hands-on and experiential learning, he has been elected to serve as the Chairman of the Advisory Council of the World Robot Olympiad ("WRO"), an organisation joined by more than 60 member countries, for a period of three (3) years from 2016 to 2018. He aims to strengthen the roles of robotics in developing students' STEM skills in line with the global movement, via the WRO platform.

He was named as one of the Top Nominees in the Master category of the EY Entrepreneur Of The Year 2015 Malaysia Award. In 2016, he received The BrandLaureate Great Entrepreneur Brand Icon Leadership Award 2016.

He holds directorship in Perbadanan Kota Buku. Save for the family relationship with Law Yi Chian, who is his daughter, he has no family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interests with the Company.

DIRECTORS' PROFILES



Lee Swee Hang
Malaysian, Male, aged 63
Executive Director

Lee Swee Hang is the Publishing Director of the Group and was appointed to the Board on 7 May 2013. He is one of the co-founders of the Group.

He obtained his Higher School Certificate ("HSC") in 1974. He started his career in 1975 as Senior Malay Language Editor with a local publishing company where he was tasked to translate, proofread, edit and prepare manuscripts for Bahasa Malaysia publications. He left the company in 1978 and subsequently joined another publishing company in 1979 as Chief Editor. During his six (6) years with the company, he developed, trained and managed an editorial team and a panel of writers. He left the company in 1985 to co-found Sasbadi Sdn Bhd.

As the Publishing Director, he is responsible for the editorial and production teams. He is also responsible for soliciting new authors and establishing a network of authors for the Group. He has helped the Group to build and manage a team of dedicated writers, editors, book designers and illustrators and is responsible for training and improving the skills and knowledge of the editorial and production teams, especially with respect to educational policy changes, industry practices and production procedures of the publishing industry.

He also determines the types of books that the Group publishes each year and ensures that the publications meet set deadlines and reflect the agreed editorial standards and commercial strategy. He actively keeps abreast with the latest development and information of the publishing industry around the world and is tasked to oversee the trading of copyrights with overseas buyers and sellers.

He does not hold directorship in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company.

Law Yi Chian
Malaysian, Female, aged 28
Executive Director



Law Yi Chian is an Executive Director of the Group and was appointed to the Board on 3 May 2016.

She graduated with a Bachelor of Arts in Media & Communication in 2009 and Master of Management in Marketing in 2011, both from the University of Melbourne, Australia.

She had approximately two-and-a-half (2½) years of experience in the areas of media sales, marketing and communications prior to joining the Company as the Group Marketing and Communications ("MARCOM") Manager in December 2014.

As the Group's Head of MARCOM, she is responsible for planning and implementing marketing strategies for the Group to generate brand and product awareness. She also oversees the Group's marketing events which involve business and consumer interactions, and manages the Group's corporate communications with external stakeholders in relation to brand and product related matters.

As an Executive Director, she also contributes towards ensuring the Group's objectives and strategic plans are met, and the Group's business is sustainable.

She does not hold directorship in any other public companies and listed issuers. Save for the family relationship with Law King Hui, who is her father, she has no family relationship with any other director and/or major shareholder of the Company. She does not have any conflict of interests with the Company.



Lee Eng Sang

Malaysian, Male, aged 65

Non-Independent Non-Executive Director

Lee Eng Sang is the Non-Independent Non-Executive Director of the Company. He was appointed to the Board as Executive Director on 7 May 2013 and re-designated to Non-Executive Director on 1 November 2014. He is one of the co-founders of the Group.

He obtained his Malaysian Certificate of Education ("MCE") in 1969. He served as a school teacher from 1970 to 1977. In 1978, he joined a local publishing company as a sales personnel. He left the company in 1979 and subsequently joined another publishing company as a Sales Representative in 1980. He was promoted to Regional Manager in 1983 where he was tasked to manage a sales team and was in charge of sales for the Northern region of Peninsular Malaysia. He left the company in 1985 to co-found Sasbadi Sdn Bhd.

As one of the co-founders, he had established a formidable marketing and sales force that led the Group to grow to the size it is today. He introduced personal training and development programmes to help build and improve the skills, productivity and morale of sales team members. The sales teams are able to build rapport and lasting relationships with the customers in tandem with the Group's growth.

Under his leadership, the Group's sales teams had penetrated markets in the whole of Malaysia, encompassing schools and customers in suburban and rural areas. He had also trained the Group's marketing personnel to gather up-to-date market information so that the Group is able to better understand the customers' needs.

He does not hold directorship in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company.

Dato' Noor Rezan Binti Bapoo Hashim
 Malaysian, Female, aged 63
 Senior Independent Non-Executive Director



Dato' Noor Rezan Binti Bapoo Hashim is the Senior Independent Non-Executive Director of the Company. She was appointed to the Board as Independent Non-Executive Director on 7 May 2013 and as Senior Independent Non-Executive Director on 22 August 2014. She is the Chairman of the Nomination Committee and a member of the Audit Committee.

She graduated with a Bachelor of Arts with Honours from the University of Malaya in 1974 and Master of Arts (TESL) (Teaching of English as a second language) from the University of Hawaii, the United States of America in 1982. She also holds a Diploma in Education (with Distinction) received from the University of Malaya in 1975, and a Certificate in Managing Education (English Language Teaching) received from the College of St. Mark & St. John, Plymouth, England in 1995.

During the period from 1975 to 1988, she taught English at various secondary schools in Peninsular Malaysia. Subsequently, she was promoted to become the Afternoon Supervisor and later the Administrative Senior Assistant of Sekolah Menengah Kebangsaan Raja Ali, Kuala Lumpur from 1988 to 1995. She was later promoted to become Principal of various schools in Kuala Lumpur from 1995 to 2003.

In 2003, she was promoted to the position of Deputy Director of Schools Division, Ministry of Education Malaysia until 2004. She then became the Education Director of Federal Territory of Kuala Lumpur from 2004 to 2006. In 2006, she was promoted to the position of Director of Schools Division, Ministry of Education Malaysia, overseeing all schools under the purview of the Ministry. In 2007, she was promoted to the position of the Deputy Director-General of Education Malaysia overseeing

operations of eight (8) divisions in the Ministry which are involved in school operations. She held this position until her retirement in 2011.

From 2011 to 2012, she served as the Education Advisor of Khazanah Nasional Berhad, advising on matters pertaining to their projects involving education, such as Trust Schools, Teach for Malaysia and Promoting Intelligence, Nurturing Talents and Advocating Responsibility ("PINTAR") programme. Currently, she is Consultant Education Advisor to Khazanah Nasional Berhad. She was the recipient of "Tokoh Kepimpinan Pendidikan Kebangsaan 2013".

She does not hold directorship in any other public companies and listed issuers. She has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interests with the Company.



Lim Hun Soon @ David Lim

Malaysian, Male, aged 61

Independent Non-Executive Director

Lim Hun Soon @ David Lim is the Independent Non-Executive Director of the Company and was appointed to the Board on 7 May 2013. He is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee.

He graduated with a Bachelor of Arts in Economics from the University of Leeds in 1978 and subsequently joined Peat Marwick Mitchell (now known as KPMG) in the United Kingdom in 1978. He qualified as a member of the Institute of Taxation, United Kingdom in 1981 and as a Chartered Accountant in England and Wales in 1982. He returned to Malaysia in 1982 to continue his service with KPMG, and was admitted as a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants ("MICPA")) in 1982 and 1984 respectively.

He has had an extensive career serving as an Auditor at KPMG, spanning 33 years. During his career with KPMG, he was admitted as Partner of the firm in 1990 and served in the Management Committee of the firm from 1997 to 2001 and in KPMG's Partnership Supervisory Council from 2002 to 2010. He was also the Asian Anchor Practice representative for Marketing from 2000 to 2001, in which role he gained extensive and insightful knowledge from KPMG Global counterparts worldwide.

In 2006, he was tasked to start up the Audit Committee Institute, Malaysia ("ACI Malaysia"), which is a virtual worldwide initiative sponsored by KPMG to assist independent directors in enhancing their awareness and ability to implement effective board processes.

He actively served as an examiner for Company Law examinations conducted by the MICPA for over a period of ten (10) years. He was the Chairman of the MICPA Code of Ethics Committee and a member of the MIA Code of Ethics Committee, both from 2002 to 2004. He retired from KPMG in 2011. In 2013, he was appointed as the representative of Malaysia to sit in the Council of the Institute of Chartered Accountants in England and Wales for a term of two (2) years which he had completed in 2015, and was renewed for a further term of two (2) years till May 2017.

He is an Independent Non-Executive Director of Affin Investment Bank Berhad, Manulife Insurance Berhad, Manulife Holdings Berhad, Ann Joo Resources Berhad, Affin Hwang Investment Bank Berhad, Kawan Food Berhad and Ranhill Holdings Berhad. He also holds directorship in Rockwills Trustee Bhd.

He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests with the Company.

Additional notes on the Directors:

None of the Directors has any:

- (i) conviction for offences within the past five (5) years; and
- (ii) public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 August 2016,

which require disclosure pursuant to paragraph 3(h) of Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

► KEY SENIOR MANAGEMENT'S PROFILES

The Management of the Group is headed by the Group Managing Director, Law King Hui, and he is assisted by the Executive Directors, i.e. Lee Swee Hang and Law Yi Chian, and the following key senior management:

Tang Yuen Kin Group Chief Financial Officer

Age: 45 **Gender:** Male **Nationality:** Malaysian

Qualifications:

- Master of Law Executive (Business Law), International Islamic University Malaysia, Kuala Lumpur
- Master of Business Administration (Banking & Finance) (Gold Medal), Nanyang Technological University, Singapore (under the ASEAN Postgraduate Scholarship)
- Bachelor of Accounting (First Class Honours), University of Malaya, Kuala Lumpur
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Public Accountant, Malaysian Institute of Certified Public Accountants

Working experience:

- More than 18 years of experience in the areas of audit, finance and corporate finance, having worked in, among others, Price Waterhouse (now known as PricewaterhouseCoopers), Securities Commission Malaysia, KPMG Corporate Advisory Sdn Bhd, AmlInvestment Bank Berhad and Alliance Investment Bank Berhad ("AllianceIB")
- Last position held prior to joining Sasbadi Holdings Berhad in November 2014 was Senior Vice President, Head of Capital Market – Equity Execution at AllianceIB

Appointment to the current position: November 2014

Chok Siew Sin General Manager, Sasbadi Sdn Bhd

Age: 44 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:

- More than 20 years of experience in the areas of academic publishing, sales and marketing.
- Joined the editorial department of the Group in July 1993 before moving to the sales department in 1995
- Has served and moved up the ranks in the sales and marketing departments of the Group, including holding the positions of Area Sales Manager, Regional Sales Manager and National Sales Manager (LEGO Education Division)
- Was promoted to Group Marketing Manager in 2009 and to current position in September 2015

Appointment to the current position: September 2015

Chen Yee Cheong Sales Director, Sasbadi Sdn Bhd

Age: 56 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:

- More than 32 years of experience in the academic publishing industry
- Was working in the sales department of a local academic publishing company prior to joining the Group in August 1985
- Has served and moved up the ranks in the sales department of the Group prior to promotion to current position

Appointment to the current position: November 2001

Wan Meow Sang Sales Director, Sasbadi Learning Solutions Sdn Bhd

Age: 52 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Pelajaran Malaysia ("SPM")

Working experience:

- More than 33 years of experience in the academic publishing industry
- Was working in the sales department of a local academic publishing company prior to joining the Group in April 1986
- Has served and moved up the ranks in the sales department of the Group prior to promotion to current position

Appointment to the current position: November 2001

Wong Chee Kheong General Manager, United Publishing House (M) Sdn Bhd ("UPH")

Age: 62 **Gender:** Male **Nationality:** Malaysian

Qualification: Higher School Certificate ("HSC")

Working experience:

- More than 32 years of experience in the book publishing industry
- Was the owner/Managing Director of the UPH group of companies prior to UPH being acquired by Sasbadi Holdings Berhad in August 2016

Appointment to the current position: August 2016

KEY SENIOR MANAGEMENT'S PROFILES

Tan Ban Kiat

General Manager, MindTech Education Sdn Bhd

Age: 50 **Gender:** Male **Nationality:** Malaysian

Qualification:

Bachelor of Social Science (Honours) with specialisation in Political Science, Universiti Sains Malaysia, Penang

Working experience:

- More than 24 years of experience in the areas of marketing, sales development and business development, both in conventional business and multi-level marketing
- Last position held prior to joining the Group in May 2015 was Chief Executive Officer cum General Manager at a China-headquartered multi-level marketing company in Malaysia

Appointment to the current position: May 2015

Chan Yuet Leng

Financial Controller

Age: 45 **Gender:** Female **Nationality:** Malaysian

Qualifications:

- Bachelor of Accounting (Honours), Universiti Utara Malaysia, Kedah
- Chartered Accountant, Malaysian Institute of Accountants

Working experience:

- More than 18 years of experience in the areas of audit, accounting and finance, having worked in a Big Four accounting firm and subsequently in a few public listed companies prior to joining the Group at current position in August 2016

Appointment to the current position: August 2016

Kuan Shaw Ping

Assistant General Manager, The Malaya Press Sdn Berhad ("TMP"). Also, a Director of Sanjung Unggul Sdn Bhd ("SUSB"), the holding company of TMP, and all the subsidiaries of SUSB

Age: 35 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:

- More than 13 years of experience in the academic publishing industry, having joined TMP in May 2002
- Has served and moved up the ranks in the sales department of TMP prior to promotion to current position

Appointment to the current position: September 2015

Additional notes on the above key senior management

None of the above key senior management has any:

- (i) directorship in public companies and listed issuers; (ii) family relationship with any director and/or major shareholder of the Company; (iii) conflict of interests with the Company; and (iv) conviction for offences within the past five (5) years, and public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 August 2016, which require disclosure pursuant to paragraph 4A(g) of Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Chew Yoke Chen

Production Manager

Age: 59 **Gender:** Female **Nationality:** Malaysian

Qualification:

Diploma of Illustration, Malaysian Institute of Art, Kuala Lumpur

Working experience:

- More than 37 years of experience in the academic publishing industry
- Was working in the production department of a local academic publishing company prior to joining the Group in August 1988
- Has served and moved up the ranks in the production department of the Group prior to promotion to current position

Appointment to the current position: May 2004

Chan Yee Fuan

Group Purchasing Manager

Age: 39 **Gender:** Female **Nationality:** Malaysian

Qualification:

Diploma in Accounting, LCCI International Qualifications

Working experience:

- More than 19 years of experience in the areas of accounting and purchasing, having worked in the accounts department of a few private companies prior to joining the accounts department of the Group in September 2005
- Was promoted to the current position to manage the Group's purchases and supply chain in 2012

Appointment to the current position: December 2012

Ho Mee Lian

Group Human Resource Manager

Age: 43 **Gender:** Female **Nationality:** Malaysian

Qualification:

Bachelor of Business Administration (Marketing), University of Wales

Working experience:

- More than 16 years of experience in the areas of human resources and administration
- Joined the Group at current position in December 2014

Appointment to the current position: December 2014

► SENIOR MANAGEMENT TEAM



Lee Swee Hang



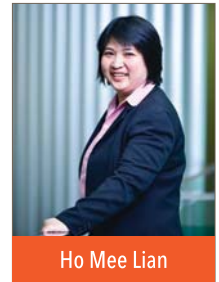
Zaiton Binti Saad



Tengku Hazrul
Bin Tengku Haizar



Chia Pek Harn



Ho Mee Lian



Tang Yuen Kin



Lok Kah Fai



Chew Yoke Chen



Wong Yee Joong



Chok Siew Sin



Wan Meow Sang



Law King Hui



Goh Khee Aik



Noor Faiz
Bin Zulkiflee



Chia Chen Eng



Chan Yee Fuan



Wong Chun Keit



Chan Yuet Leng



Law Yi Chian



Ho Chin Siew



Wong Chee Kheong



Chen Yee Cheong



Koo Kwong Seng



Chua Siow Nam



Ahmad Tajudin
Bin Atan



Wong Lai Peng



Lew Yok Long



Tan Ban Kiat



Kuan Shaw Ping



Ahmad Fauzi
Bin Mohd Yusoff

CORPORATE SOCIAL RESPONSIBILITY ◀

FOR OUR PEOPLE

At Sasbadi Holdings Berhad, our people are regarded as the Company's most valuable asset. As a competitive education solutions provider, the future of our Group largely lies in the hands of our employees, and having a passionate and capable talent pool is crucial to our growth and success.

We understand that in order for the Group to grow, our people must also undergo continuous development and grow both personally and career-wise. We also know that a positive environment fosters productive and effective people, as well as attracts them. Most importantly, we know that a family that cares for one another stays together.

Employee Development

In order for our employees to reach their highest potential, they are provided with specific internal and external training relating to their areas of work. This includes receiving on-the-job training particularly for technical and management skills, committee involvement to inculcate accountability and decision-making skills, as well as attending seminars or talks to broaden their knowledge and understanding of the subject matter.



'Sasbadians' gathering to decide on team allocations and the nomination of their team leaders.



'Sasbadians' celebrating 30 years of education solutions; employees receiving the long service award.

'Sasbadians' attending a talk jointly organised by Bursa Malaysia Securities Berhad ('Bursa Securities') and Sasbadi Holdings Berhad held at our Head Office in Kota Damansara.



Rewarding Our People

We appreciate all the efforts and sacrifices our employees make every day for the betterment of the Group, and we take every opportunity possible to acknowledge and reward them.

One of the ways we show our appreciation is through our annual Hari Raya Aidilfitri celebrations. We would host a party where our people gather together for merriment and are pampered with good food, wonderful performances and exciting lucky draws.

2015 was a special year for us as we celebrated our 30th Anniversary and everyone enjoyed a glitzy night of glamour at The Majestic Hotel in Kuala Lumpur.

'Sasbadians' showing their dramatic side as they perform to compete for the grand prize during our Hari Raya Aidilfitri celebrations.



Building Team Spirit

As a Group with over 400 employees working in various departments, many of our people do not often get the opportunity to interact with one another. As such, we have formed a committee called the Sasbadi Recreation Committee ("SRC") which consists of members representing various departments with the purpose of planning at least three (3) activities a year to build a sense of community among all 'Sasbadians' as a whole.

For 2016, the SRC has organised a number of activities aimed at cultivating a sense of togetherness and team spirit among our people.



Our people sweating it out on the courts during the 3-day badminton tournament.

Some hidden talents were discovered at the bowling alley.



FOR THE COMMUNITY

We recognise the importance of corporate social responsibility and believe it is our duty as a Malaysian corporate citizen to give back to the community and help those in need.

Helping children with educational needs holds a special place in our hearts because we believe education is a birthright. We stand firm that every child deserves equal opportunity and access to education, especially in order to build a better future for the child and his or her family.

Every year, we support various initiatives both in the form of donations and resources to help children and students in need of aid to pursue their education.

Symposium on Science Education 2015 & 2016



Organised by Universiti Tunku Abdul Rahman, Majlis Profesor Negara and Kuala Lumpur Engineering Science Fair, Sasbadi has supported the Symposium on Science Education ("SoSE") for two (2) consecutive years. SoSE aims to share different ideas and techniques on innovative and effective teaching methods for science, technology, engineering and mathematics ("STEM") subjects.

We support this initiative by sharing our insights on how to make the classroom fun, engaging and interactive for students while they learn about mathematics and science with LEGO Education products as effective tools.

Educational Visit for Universiti Teknologi MARA ("UiTM") Melaka Students



We hosted an educational visit by 24 Mass Communications students from UiTM Melaka (Alor Gajah Campus) to our Head Office where the students were given a presentation on our structure and operations. They also took the opportunity to tour the various departments within the Group and interview some of our personnel on the process of book publishing. The students also toured VIVAR Printing Sdn Bhd, a printing company and long-time business partner of the Group.

National Robotics Competition (“NRC”), FIRST LEGO League (“FLL”) Malaysia and National University Robotics Competition (“NURC”) 2016

Being an advocator for hands-on learning, we aspire to build a platform where students can engage in competitive fun and apply knowledge through critical thinking, collaboration and creativity. Closely aligned with the Government’s aspirations, we partnered with the Ministry of Education Malaysia early on in 2005 to organise the first NRC. Today, the NRC has become a yearly event that many look forward to because it functions as an effective platform to nurture 21st century skills and STEM knowledge among students. The FLL Malaysia and NURC are other robotics competitions organised by us annually. We are honoured to support these competitions with manpower, technical support, prize sponsorships and financial contributions.



Book donations to Kampung Orang Asli

In support of Universiti Sains Islam Malaysia, we donated books suitable for children aged one (1) to six (6) years old for a programme to encourage young Orang Asli children in Ulu Chembong, Negeri Sembilan to study. We have also made a similar donation through KidZania Kuala Lumpur to support educational activities in Kampung Orang Asli Bukit Kepong, also in Negeri Sembilan.



Hari Potensi 2016

Tabika KEMAS Jabatan Perdana Menteri (“JPM”) organised a programme called Hari Potensi with the purpose of highlighting the importance of knowledge and reading among the children of Tabika KEMAS JPM. In support of this initiative, we donated reading materials suitable for children aged five (5) to six (6) years old for use in their activities.

Fo Guang Shan Hsing Ma Si Education Centre, Skudai

The Malaysian Fo Guang Shan group has completed a new temple in Skudai, Johor serving as an education centre to cultivate a culture of learning among the local community. The centre is built to accommodate various activities relating to arts and education. We have donated approximately RM10,000 worth of books to the centre’s library.



► CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of Sasbadi Holdings Berhad (“Sasbadi Holdings” or “the Company”) is committed to implementing and maintaining principles and practices of good corporate governance within Sasbadi Holdings and its subsidiaries (“the Group”) in order to safeguard stakeholders’ investments and the Group’s assets.

As such, the Board is pleased to present the following Corporate Governance Statement outlining the manner and extent to which the Group has applied the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) for the financial year ended (“FYE”) 31 August 2016.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Recommendation 1.1 – Clear Functions for the Board and the Management

The Board, comprising members with diverse skills, experience and qualifications, recognises the clear distinction of the roles and responsibilities between the Board and the Management. The Board is responsible for the overall strategic direction and leadership of the Group, the adequacy and effectiveness of the Group’s risk management and internal control system, and compliance with the relevant laws and regulations. The Management is, on the other hand, responsible for assisting the Board in implementing the policies and procedures adopted by the Board to achieve the Group’s objectives and in running the Group’s day-to-day business operations.

Recommendation 1.2 – Clear Roles and Responsibilities for the Board

The Board is guided by the Company’s Board Charter which outlines the roles and responsibilities, operation and processes of the Board. The roles and responsibilities of the Board include, among others, the following:

- Review, challenge and approve the strategic plan prepared by the Management for the Group and to monitor the implementation of the plan;
- Oversee the conduct of the Group’s business to ensure the objectives are met, the business is sustainable, and the relevant regulations are complied with;
- Identify, assess and manage the principal risks affecting the Group through the implementation of an adequate and effective system;
- Ensure that there are plans in place for orderly succession of senior management;
- Review the adequacy and effectiveness of the Group’s risk management and internal control system; and
- Oversee the implementation of an investor relations policy to enable effective communication between the Group and the shareholders and other stakeholders.

The Board has delegated some of the above roles and responsibilities to the three (3) Board Committees, i.e. Audit Committee, Nomination Committee and Remuneration Committee. These Committees undertake their duties and responsibilities according to their delegated functions as set out in their respective Terms of Reference.

Recommendation 1.3 – Code of Conduct

The Board has formalised and adopted a Code of Conduct which sets out certain values, principles and standards of good conduct expected of the Directors and employees at work. A copy of the Code of Conduct can be viewed at the Company’s website, www.sasbadiholdings.com. The Code of Conduct will be reviewed from time to time for changes and new developments in the external and internal environment.

Any Director or employee who knows of, or suspects, a violation of the Code of Conduct, is encouraged to whistle-blow or report the violation or suspected violation through the Whistle-Blowing Policy of the Company. A copy of the Whistle-Blowing Policy of the Company can be viewed at the Company’s website, www.sasbadiholdings.com.

Recommendation 1.4 – Promote Sustainability

As set out in the Company’s Board Charter and Code of Conduct, the Board shall ensure that its short-term and long-term strategies promote sustainability to the environmental, social and governance aspects of the Group’s business. In this regard, the Directors and employees of the Group are expected to carry out their roles and responsibilities in accordance to that.

Recommendation 1.5 – Procedures for Board Members to Have Access to Information and Advice

The Directors have full and unrestricted access to all information of the Group on a timely and accurate manner to enable them to discharge their roles and responsibilities. In addition, the Directors have full and unrestricted access to the Company Secretaries, the external auditors and the outsourced internal auditors for advice and services. If required, the Directors, collectively and individually, are also entitled to seek external independent professional advice at the Company’s expense. This is provided for in the Company’s Board Charter.

Recommendation 1.6 – Support of Qualified and Competent Company Secretaries

The Board is supported by qualified and experienced Company Secretaries pertaining to corporate secretarial matters which include, among others, convening of Board and general meetings, preparation of circular resolutions and minutes of meetings, maintenance of statutory registers and records, release of announcements to Bursa Malaysia Securities Berhad (“Bursa Securities”), and advising the Board on compliance with the relevant laws and regulations.

Recommendation 1.7 – Board Charter

The Board is guided by the Company’s Board Charter which sets out, among others, the roles and responsibilities of the Board (including the division of responsibilities and power between the Board and Management, the different Committees, and between the Chairman and the Managing Director of the Group). The Board Charter serves as a source of reference and primary induction literature for prospective board members and senior management. A copy of the Board Charter can be viewed at the Company’s website, www.sasbadiholdings.com. The Board Charter will be reviewed from time to time to ensure that it remains consistent with the Board’s objectives, and current law and practices.

PRINCIPLE 2 – STRENGTHEN COMPOSITION**Recommendation 2.1 – Nomination Committee**

The Board has established the Nomination Committee comprising the following members, all of whom are Independent Non-Executive Directors:

Chairman:

Dato’ Noor Rezan Binti Bapoo Hashim (*Senior Independent Non-Executive Director*)

Members:

Dato’ Salleh Bin Mohd Husein (*Independent Non-Executive Chairman*)

Lim Hun Soon @ David Lim (*Independent Non-Executive Director*)

The full Terms of Reference setting out the Nomination Committee’s composition, meeting proceedings, functions and reporting procedures, can be viewed at the Company’s website, www.sasbadiholdings.com.

During FYE 31 August 2016, the Nomination Committee held a total of two (2) meetings. The attendance of the members of the Nomination Committee at the meetings is as follows:

Member	Attendance
Dato’ Noor Rezan Binti Bapoo Hashim	2 out of 2
Dato’ Salleh Bin Mohd Husein	2 out of 2
Lim Hun Soon @ David Lim	1 out of 2

A summary of the activities carried out by the Nomination Committee during FYE 31 August 2016 is as follows:

- Reviewed and approved the Group’s Succession Planning Policy before recommending to the Board for endorsement.
- Reviewed the Board structure, size, composition and diversity, and was satisfied with the review given the size of the Group and its business operations.
- Reviewed the assessment of performance of the individual Directors, the Board as a whole and the Board Committees, and the independence of the Independent Directors, and was satisfied with the experiences, contributions, competencies and skill mix of the Directors to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively, as well as with the independence of the Independent Directors.
- Reviewed and assessed the Directors standing for re-election, before recommending to the Board the tabling for shareholders’ approval of the re-election of the said Directors at the last Annual General Meeting (“AGM”) held on 18 February 2016.
- Reviewed the need for continuous training by the Directors.

- Reviewed and approved the amendments to the Terms of Reference for the Nomination Committee before recommending to the Board for endorsement. The amendments included, among others, the additional function of the Nomination Committee, i.e. to review on an annual basis the term of office and performance of the Audit Committee and each of its members in carrying out his or her duties, in line with the amendments to the Main Market Listing Requirements of Bursa Securities.
- Reviewed and approved the Group's formalised Director Recruitment Process and Criteria before recommending to the Board for endorsement.

Recommendation 2.2 – Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors

The functions of the Nomination Committee under its Terms of Reference include, among others, assessing and recommending candidates for directorships to the Board and undertaking annual assessment of the effectiveness of the Directors individually and as a whole.

The Nomination Committee has, on 26 July 2016, put in place the formalised Director Recruitment Process and Criteria. The recruitment process involves assessment and recommendation by the Nomination Committee (including conducting an interview on the shortlisted candidate), evaluation and decision by the Board, appointment to the Board, and induction programme for the new director being carried out by the Nomination Committee. The recruitment criteria involve assessment of, among others, the candidate's personal and professional ethics and integrity, independence, objectivity and potential conflicts of interest, understanding of the duties and responsibilities of a director of a listed entity, level of advocacy of good corporate governance, interpersonal skills, knowledge of the industry or work experience, and relevant academic and/or professional qualifications, as well as the Board's overall mix of skills, independence and diversity.

The Board acknowledges that gender diversity is one of the key attributes to an effective and balanced board. In this regard, it is committed to having female representation on the Board though no specific target percentage is set. Currently, the Board has two (2) female members out of a total of seven (7) Board members, representing a percentage of approximately 29%. In any event, the Group ensures equal opportunity is given to an individual whether for appointment as a director or employment within the Group, based on merits and not on any gender, age or racial bias.

The Board has also put in place a formal process for the assessment of performance of the individual Directors, the Board as a whole and the Board Committees, as well as the independence of the Independent Directors, and the assessment is done on an annual basis.

Recommendation 2.3 – Remuneration Committee and Remuneration Policies and Procedures

The Board has established the Remuneration Committee comprising the following members, majority of whom are Non-Executive Directors:

Chairman:

Lim Hun Soon @ David Lim (*Independent Non-Executive Director*)

Members:

Dato' Salleh Bin Mohd Husein (*Independent Non-Executive Chairman*)

Law King Hui (*Group Managing Director*)

The full Terms of Reference setting out the Remuneration Committee's composition, meeting proceedings, functions and reporting procedures, can be viewed at the Company's website, www.sasbadiholdings.com.

During FYE 31 August 2016, the Remuneration Committee held a total of two (2) meetings. The attendance of the members of the Remuneration Committee at the meetings is as follows:

Member	Attendance
Lim Hun Soon @ David Lim	2 out of 2
Dato' Salleh Bin Mohd Husein	2 out of 2
Law King Hui	2 out of 2

A summary of the activities carried out by the Remuneration Committee during FYE 31 August 2016 is as follows:

- Reviewed and endorsed the new bonus structure and salary increment framework for the employees.
- Reviewed and approved the service contracts for the Executive Directors, i.e. Law King Hui and Lee Swee Hang, prior to recommending to the Board for execution.
- Discussed and reviewed the Directors' fees for FYE 31 August 2016 prior to recommending to the Board the tabling for shareholders' approval of the said fees at the last AGM held on 18 February 2016 (with the respective Remuneration Committee members abstaining from deliberation of his own interest in the fees).
- Reviewed and endorsed the Remuneration Policy for the Directors setting out the procedures for determining the remuneration packages for Executive and Non-Executive Directors.

Details of the aggregate remuneration received by the Directors from the Company and the Group for FYE 31 August 2016 are as follows:

	Company	Group
	RM'000	RM'000
Executive Directors		
Fees	233	233
Salaries, bonuses and EPF	–	1,637*
Estimated monetary value of benefits-in-kind	–	65*
Total	233	1,935*
Non-Executive Directors		
Fees	400	400
Salaries, bonuses and EPF	–	–
Estimated monetary value of benefits-in-kind	–	–
Total	400	400

Note:

* Does not include the remuneration of Law Yi Chian prior to the date of her appointment to the Board on 3 May 2016.

The number of Directors whose remuneration for FYE 31 August 2016 fall under the following bands of RM50,000 is presented below:

Remuneration Band	No. of Executive Directors	No. of Non-Executive Directors
RM50,001 to RM100,000	-	4
RM100,001 to RM150,001	1	-
RM650,001 to RM700,000	1	-
RM1,100,001 to RM1,150,000	1	-

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Recommendation 3.1 – Annual Assessment of Independent Directors

The Board shall assess the independence of the Independent Directors on an annual basis based on the criteria to be formulated by the Nomination Committee. During FYE 31 August 2016, the Board reviewed and assessed the independence of the Independent Directors of the Company for FYE 31 August 2015, and has done the same for FYE 31 August 2016 as at the date of approval for the issuance of this Statement.

Recommendation 3.2 – Tenure of Independent Directors

MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years and, upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

The Board has incorporated this recommendation into the Board Charter. As at the date of approval for issuance of this Statement, the Company's Independent Directors have served on the Board for less than four (4) years.

Recommendation 3.3 – Retention of Independent Directors Whose Tenure Exceeds Nine (9) Years

MCCG 2012 recommends that the board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

The Board has incorporated this recommendation into the Board Charter. As at the date of approval for issuance of this Statement, the Company's Independent Directors have served on the Board for less than four (4) years.

Recommendation 3.4 – Separation of Positions of Chairman and Managing Director

The Board practises the separation of the positions of Chairman and Managing Director and the division in their responsibilities.

Dato' Salleh Bin Mohd Husein, who is an Independent Non-Executive Director, is the Chairman of the Group and he leads the Board in the oversight of Management while Law King Hui, who is the Managing Director of the Group, focuses on the running of the business and day-to-day management of the Group.

Recommendation 3.5 – Board Composition

The Board is made up of three (3) Executive Directors (including the Group Managing Director), one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors (including the Chairman). The Board composition provides a good mix of experience and diversity in skills and expertise while maintaining a good balance between Non-Independent and Independent Directors.

The Board has also complied with paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent.

PRINCIPLE 4 – FOSTER COMMITMENT**Recommendation 4.1 – Time Commitment by Directors**

The Directors are expected to devote sufficient time to carry out their roles and responsibilities for the Group. In this regard, all Directors are required to notify the Chairman (of the Board) prior to accepting any new directorship and if there is any conflict of interest arising from the appointment.

For FYE 31 August 2016, there were five (5) Board meetings held and the attendance records of the Directors are as follows:

Member	Attendance
Dato' Salleh Bin Mohd Husein	5 out of 5
Law King Hui	5 out of 5
Lee Swee Hang	5 out of 5
Law Yi Chian*	1 out of 1
Lee Eng Sang	5 out of 5
Dato' Noor Rezan Binti Bapoo Hashim	5 out of 5
Lim Hun Soon @ David Lim	4 out of 5

Note:

* Law Yi Chian was appointed to the Board on 3 May 2016.

Save for Lim Hun Soon @ David Lim, the Directors do not have directorship in any other listed companies. As for Lim Hun Soon @ David Lim, he does not hold more than five (5) directorships in listed companies in compliance with paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities.

Recommendation 4.2 – Continuing Education Programmes for Directors

The Directors are encouraged to attend continuing education programmes to upgrade their knowledge and enhance their skills.

Details of some of the training programmes/forums/seminars/conferences attended/participated by the Directors for FYE 31 August 2016 and up to the date of approval for issuance of this Statement are as follows:

Director	Title of Training Programme/Forum/Seminar/Conference	Date
Dato' Salleh Bin Mohd Husein	• Corporate Governance Breakfast Series: Thought Leadership Session for Directors – How to Leverage on AGMs for Better Engagement with Shareholders	21 Nov 2016
	• Finance for Non-Finance Senior Management: Awareness and Introduction	26 Apr 2016
	• Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom	9 Mar 2016
	• The Interplay Between CG, Non-Financial Information (NFI) and Investment Decision	22 Sep 2015
Law King Hui	• Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom	27 Jun 2016
	• Finance for Non-Finance Senior Management: Awareness and Introduction	26 Apr 2016
	• Fraud Risk Management – Workshop	5 Apr 2016
	• International Book Conference 2015	26 Nov 2015
Lee Swee Hang	• Regulatory Updates – Recent Amendments to Listing Requirements 2015 and 2016	28 Sep 2016
	• Finance for Non-Finance Senior Management: Awareness and Introduction	26 Apr 2016
Law Yi Chian	• Corporate Mergers, Acquisitions and Reorganisations: The Industrial Relations Perspective	17 Oct 2016
	• Mandatory Accreditation Programme for Directors of Public Listed Companies	13 & 14 Jul 2016
	• Finance for Non-Finance Senior Management: Awareness and Introduction	26 Apr 2016
Lee Eng Sang	• Regulatory Updates – Recent Amendments to Listing Requirements 2015 and 2016	28 Sep 2016
	• Finance for Non-Finance Senior Management: Awareness and Introduction	26 Apr 2016
Dato' Noor Rezan Binti Bapoo Hashim	• Bicara Tokoh – Cabaran dan Realiti Seorang Pemimpin Berprestasi Tinggi	11 Nov 2016
	• 12 th Khazanah Global Lecture	31 Oct 2016
	• Khazanah MEGATRENDS Forum 2016	26 & 27 Sep 2016
	• Ladies International Symposium	13 Aug 2016
	• Finance for Non-Finance Senior Management: Awareness and Introduction	26 Apr 2016
	• Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom	9 Mar 2016
	• 2015 Global Transformation Forum: Operationalising Transformation – Shifting Dialogue to Effective Action	21 & 22 Oct 2015

Director	Title of Training Programme/Forum/Seminar/Conference	Date
Lim Hun Soon @ David Lim	• Cyber-Security Workshop	6 Sep 2016
	• Securities Commission – FIDE Forum Dialogue: FinTech's Impact on Financial Institutions	29 Aug 2016
	• Directors Risk Management Programme – I am Ready to Manage Risks!	4 Aug 2016
	• Half Day Risk Management Workshop on Cyber-Security and Fraud	9 May 2016
	• FIDE Forum: Dialogue with Deputy Governor on the Corporate Governance Concept Paper	26 Apr 2016
	• FIDE Forum: 2nd Distinguished Board Leadership Series – Avoiding Financial Myopia	19 Apr 2016
	• e-Vite/MFRS/FRS Update 2015/2016 Seminar (Run 2)	23 Mar 2016
	• FIDE Forum: 1st Distinguished Board Leadership Series – Cyber-Risk Oversight	16 Mar 2016
	• FIDE Forum: Industry Briefing on Directors Register Implementation	17 Feb 2016
	• Half Day Talk on Economic and Financial Market Post Global Financial Crisis, Economic Outlook, Issues and Prospect & Addressing Concerns on TPPA	11 Nov 2015

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

Recommendation 5.1 – Compliance with Applicable Financial Reporting Standards

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year under review and their results and cash flows for the financial year then ended. In addition, the financial statements are to be prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965.

The Board has delegated the task to the Audit Committee while maintaining overall responsibility for the financial statements. Information on the activities undertaken by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

Recommendation 5.2 – Suitability and Independence of External Auditors

The Audit Committee reviews and monitors the suitability and independence of the external auditors on an annual basis. In addition, the Audit Committee has obtained confirmation from the external auditors that they are and have been independent throughout the conduct of the audit engagement. For FYE 31 August 2016, the fees incurred by the Group in relation to the non-audit services by the external auditors amounted to RM23,000.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

Recommendation 6.1 – Establishment of a Sound Framework to Manage Risks

The Board recognises the importance of having effective governance embedding risk management and internal control processes, and acknowledges its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness in order to safeguard stakeholders' investments and the Group's assets.

Details on the risk management and internal control system of the Group are set out in the Statement on Risk Management and Internal Control of this Annual Report.

Recommendation 6.2 – Establishment of an Internal Audit Function

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced internal auditors report directly to the Audit Committee. Details on the internal audit function are set out in the Audit Committee Report and the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Recommendation 7.1 – Appropriate Corporate Disclosure Policies and Procedures

The Board takes cognisance of the need for the Group to comply with the applicable laws and regulations pertaining to corporate disclosures, handling of material information as well as maintenance of confidentiality, and has and will continue to act accordingly.

Recommendation 7.2 – Leverage on Information Technology for Effective Dissemination of Information

Shareholders, investors and the general public are able to obtain information on the Group at the Company's website, www.sasbadiholdings.com. In addition, the Investor Relations section within the Company's website provides information such as the latest media coverage, announcements to Bursa Securities and press releases on the Group, as well as on corporate governance matters, to the shareholders, investors and general public.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Recommendation 8.1 – Encourage Shareholder Participation at General Meetings

Notice of the forthcoming AGM together with this Annual Report will be sent out to the shareholders at least 21 days before the date of the meeting to provide the shareholders with sufficient time to prepare for the meeting and to make informed decisions at the meeting.

The Company will allocate time during the AGM for a Question-and-Answer session whereby the Chairman together with the other Board members will be present to answer any questions that the shareholders may have on the Group and its operations.

Recommendation 8.2 – Poll Voting

Effective 1 July 2016, the Company shall be conducting poll voting for all resolutions set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, following the amendments to the Main Market Listing Requirements of Bursa Securities.

Recommendation 8.3 – Effective Communication and Proactive Engagements with Shareholders

The Board believes the AGM is a principal forum for communication with the shareholders. As mentioned above, the Company will allocate time during the AGM for shareholders to ask questions about the Group and its operations.

In addition, shareholders are able to obtain latest information on the Group at the Company's website and are encouraged to contact the Company should they require more information (*Note: Contact details are listed on the website*).

► AUDIT COMMITTEE REPORT

The Audit Committee has been established to assist the Board of Directors ("the Board") of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal controls, audit process and monitoring of compliance with laws and regulations (*Note: Sasbadi Holdings and its subsidiaries are collectively referred to as "the Group" herein*).

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee are as follows:

Chairman:

Lim Hun Soon @ David Lim (*Independent Non-Executive Director*)

Members:

Dato' Salleh Bin Mohd Husein (*Independent Non-Executive Chairman*)

Dato' Noor Rezan Binti Bapoo Hashim (*Senior Independent Non-Executive Director*)

TERMS OF REFERENCE

The full Terms of Reference setting out the Audit Committee's composition, meeting proceedings, authority, and functions and duties can be viewed at the Company's website, www.sasbadiholding.com.

ATTENDANCE OF MEETINGS

During the financial year ended ("FYE") 31 August 2016, the Audit Committee held a total of five (5) meetings. The attendance of the members of the Audit Committee at the meetings is as follows:

Member	Attendance
Lim Hun Soon @ David Lim	5 out of 5
Dato' Salleh Bin Mohd Husein	5 out of 5
Dato' Noor Rezan Binti Bapoo Hashim	5 out of 5

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING FYE 31 AUGUST 2016

During FYE 31 August 2016, the Audit Committee had, in discharging its functions and duties, carried out, among others, the following work:

Financial reporting/Annual reporting

- Reviewed and recommended for the Board's approval the unaudited financial results of the Group for announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") for the following financial quarters:
 - Fourth quarter ended 31 August 2015
 - First quarter ended 30 November 2015
 - Second quarter ended 29 February 2016
 - Third quarter ended 31 May 2016

The review was to ensure that the unaudited quarterly financial results were prepared in accordance with the requirements of Malaysian Financial Reporting Standard 134, International Accounting Standard 34: Interim Financial Reporting, and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements ("MMLR") of Bursa Securities.

- Reviewed the audited financial statements for FYE 31 August 2015 before recommending for the Board's approval. The review was to ensure that the financial statements were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965.

- Reviewed the assessment report/checklist relating to risk management and internal control prepared by Management for the purpose of the Statement on Risk Management and Internal Control ("SORMIC") for inclusion in the Annual Report for FYE 31 August 2015.
- Reviewed and recommended for the Board's approval the SORMIC and the Audit Committee Report ("AC Report") for inclusion in the Annual Report for FYE 31 August 2015. The review was to ensure that the SORMIC and the AC Report were prepared in accordance with the MMLR of Bursa Securities.
- Reviewed the Group's management budget for FYE 31 August 2016 before recommending for the Board's approval and adoption.

External audit

- Reviewed and discussed with the external auditors on the audit for FYE 31 August 2015. Also, without the presence of Executive Directors and Management, discussed with the external auditors on the assistance provided by Management to them during the course of the audit for FYE 31 August 2015 and if there were any matters that they would want to bring to the attention of the Audit Committee.
- Assessed the suitability of Messrs. KPMG based on, among others, their independence, the quality and number of staff assigned to the audit, the registration of Messrs. KPMG and the relevant audit partners with the Audit Oversight Board of the Securities Commission Malaysia, and their willingness to accept re-appointment, before recommending to the Board the tabling for shareholders' approval the re-appointment of Messrs. KPMG as the external auditors of the Company, at the annual general meeting held in February 2016.
- Reviewed and discussed with the external auditors on their audit plan for FYE 31 August 2016 covering the audit scope, audit methodology, timetable and milestones, audit materiality, audit focus areas, emerging issues, and reported observations in prior year's audit, before endorsing and recommending to the Board for adoption. During the meeting, Messrs. KPMG also reported that, in the course of planning the audit, they had not been made aware of any serious offence involving fraud or dishonesty being or which has been committed in the Group. The Management also represented, among others, the same (i.e. no knowledge of any serious offence involving fraud or dishonesty) to Messrs. KPMG.
- Reviewed the audit and non-audit fees of the external auditors for FYEs 31 August 2015 and 31 August 2016 (at separate Audit Committee meetings) before recommending for the Board's approval.

Internal audit

- Reviewed, discussed and approved the outsourced internal auditors' audit plan (covering the scope of work, subsidiaries being audited, estimated number of man days, audit schedule and reporting timeline) and fees for 2016 before recommending for the Board's endorsement.
- Reviewed and deliberated on the outsourced internal auditors' reports as detailed in the Internal Audit Function section below. The Audit Committee took note that, overall, the Group has put in place satisfactory controls for the functional areas/sections covered by the outsourced internal auditors for FYE 31 August 2016.

Risk management

- Reviewed and approved the Group's Risk Management Framework formulated to assist the Group in managing the various risks faced in its daily operations. Under the Risk Management Framework, a Risk Management Team ("RMT") headed by the Group Chief Financial Officer and comprising the Heads of various functions and departments within the Group, has been established to actively manage the risks faced by the Group. Details on the work carried out by the RMT in FYE 31 August 2016 are set out in the SORMIC included in this Annual Report.

Other matters

- Undertook a staffing assessment of the Group's Finance Department in view of the growth in the Group's business and was satisfied with the assessment in terms of the staff strength and experience.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to a professional service firm, which is independent of the activities and operations of the Group, to review the adequacy of the internal control system of the Group. The outsourced internal auditors report directly to the Audit Committee.

A summary of the work carried out by the outsourced internal auditors in FYE 31 August 2016 is as follows:

- Prepared and presented an internal audit plan for 2016 to the Audit Committee. The focus of the internal audit plan for 2016, as approved by the Audit Committee, was on the active subsidiaries of Sanjung Unggul Sdn Bhd ("Sanjung Unggul"), i.e. The Malaya Press Sdn Berhad, Big Tree Publications Sdn Bhd and Jinbang Publication Sdn Bhd. The Company had completed the acquisition of 70% equity interest in Sanjung Unggul on 21 August 2015.
- Undertook the internal control assessment on the active subsidiaries of Sanjung Unggul in accordance with the internal audit plan for 2016, covering the functional areas/sections of (i) Revenue and Receivables; (ii) Sales and Distribution; (iii) Procurement (Materials and Services); (iv) Payments and Payables (Materials, Services and Royalties); and (v) Logistic and Warehousing (Inventory) *(started in August 2016 but only completed in October 2016)*. In addition, the outsourced internal auditors also covered the functional area of Inventory Management for the existing subsidiaries in the Group, i.e. Sasbadi Sdn Bhd, Sasbadi Online Sdn Bhd, Orbit Buku Sdn Bhd and Malaysian Book Promotions Sdn Bhd.
- Presented the reports on internal control assessment setting out their findings and recommendations, and Management's responses and actions, to the Audit Committee for deliberation.

The fees incurred by the Group in relation to the outsourced internal audit function for FYE 31 August 2016 was RM40,200.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL ◀

INTRODUCTION

The Board of Directors (“the Board”) of Sasbadi Holdings Berhad (“Sasbadi Holdings” or “the Company”) is pleased to present the following Statement on Risk Management and Internal Control of Sasbadi Holdings and its subsidiaries (“the Group”) for the financial year ended (“FYE”) 31 August 2016. This Statement has been prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board recognises the importance of having effective governance embedding risk management and internal control processes in order for the Group to achieve its objectives and sustain growth and success in its business operations. In this regard, the Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness in order to safeguard stakeholders’ investments and the Group’s assets. While maintaining overall responsibility, the Board has delegated its functions pertaining to risk management and internal controls to the Audit Committee. In addition, the Board and the Audit Committee are assisted by the Management in the implementation of the policies and procedures established by the Board on risk management and internal controls.

The Board, however, recognises that, due to the limitations inherent in any internal control system, the system is designed to manage, and not to eliminate, the risk of failure to achieve the Group’s business objectives, and it can only provide reasonable but not absolute assurance against material misstatement of financial information and records, or against financial losses or fraud.

RISK MANAGEMENT

The Group has, since 29 October 2015, put in place a risk management framework (“RM Framework”) to assist the Group in managing the various risks faced in its daily business operations. Under the RM Framework, a Risk Management Team (“RMT”), headed by the Group Chief Financial Officer and comprising the Heads of various functions and departments within the Group, has been established to actively manage the risks faced the Group. The RMT reports to the Executive Management Team (“EMT”) comprising the Executive Directors, and the Audit Committee, both in turn report to the Board.

The RMT adopts a strategic approach towards risk management which involves risk identification, evaluation, treatment, monitoring and review. The RMT has been assessing, monitoring and managing the risks on a monthly basis via the use of a checklist of risks. In addition, the risks identified together with the steps taken/to be taken to mitigate the risks are deliberated during the monthly management meeting attended by the EMT and the RMT.

INTERNAL CONTROL SYSTEM

The key elements of the Group’s internal control system include, among others, the following:

- Defined organisation structure with proper segregation of duties, responsibilities and authorities among the Directors, management and employees;
- Board Committees (i.e. Audit Committee, Nomination Committee and Remuneration Committee) which undertake their duties and responsibilities according to their delegated functions as set out in their respective Terms of Reference;
- Formalised Code of Conduct and Whistleblowing Policy. For the financial year under review, there were no concerns raised of any wrongdoing or improper conduct involving the Group or its Directors or employees;
- Documentation of key business processes and authority matrix to ensure decisions are made by the relevant individuals/groups within the authority limits established;
- Periodic Board and Board Committee meetings and monthly management meetings to discuss, among others, financial, operational, risk and compliance matters;

- Annual budgeting process whereby the annual budget prepared by management is tabled for the Audit Committee's review before being approved by the Board;
- Outsourced internal audit function which reports to the Audit Committee;
- Employment procedures and process to facilitate the recruitment and evaluation of employees; and
- Insurance coverage on the Group's assets, where necessary.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to a professional service firm, which is independent of the activities and operations of the Group, to review the adequacy of the internal control system of the Group. The outsourced internal auditors, which report directly to the Audit Committee, conducted internal control assessment on the Group in order to identify potential areas with weak internal controls, non-compliance of policies and procedures and/or unsound business practices.

During the financial year under review, the outsourced internal auditors have carried out an internal control assessment based on the internal audit plan for 2016 as approved by the Audit Committee. The focus of the internal control assessment for FYE 31 August 2016 was on the active subsidiaries of Sanjung Unggul Sdn Bhd (*Note: The Company had completed the acquisition of 70% equity interest in Sanjung Unggul Sdn Bhd on 21 August 2015*), i.e. The Malaya Press Sdn Berhad, Big Tree Publications Sdn Bhd and Jinbang Publication Sdn Bhd, covering the following functional areas/sections:

- Revenue and Receivables
- Sales and Distribution
- Procurement (Materials and Services)
- Payments and Payables (Materials, Services and Royalties); and
- Logistic and Warehousing (Inventory) (*started in August 2016 but only completed in October 2016*).

In addition, the internal control assessment by the outsourced internal auditors also covered the function of Inventory Management for the existing subsidiaries in the Group, i.e. Sasbadi Sdn Bhd, Sasbadi Online Sdn Bhd, Orbit Buku Sdn Bhd and Malaysian Book Promotions Sdn Bhd.

Upon completion of the work, the outsourced internal auditors presented their reports to the Audit Committee during the quarterly meetings whereby the outsourced internal auditors' findings and recommendations as well as the Management's responses and action plans were deliberated.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES, IF ANY

During FYE 31 August 2016 and up to the date of approval for issuance of this Statement, there were no material losses incurred by the Group arising from weaknesses in its internal control system.

CONCLUSION

Based on the foregoing, the Board is of the view that the Group's risk management and internal control system is adequate and effective.

The Board has also received assurance from the Group Managing Director and the Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the existing risk management and internal control system of the Group.

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

(i) Public Issue

Sasbadi Holdings Berhad (“Sasbadi Holdings” or “the Company”) was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 23 July 2014 (“Listing”). In conjunction with the Listing, the Company undertook a public issue of 21,200,000 new ordinary shares of RM0.50 each at an issue price of RM1.19 per share (“Public Issue”), raising gross proceeds of RM25.228 million. The Public Issue proceeds have been fully utilised as proposed, as at 9 December 2016.

(ii) Private Placement

On 20 January 2016, Sasbadi Holdings completed a private placement exercise involving the placement of 12,700,000 new ordinary shares of RM0.50 each in the Company at RM2.49 per share to third party investors (“Placement”), raising gross proceeds of RM31.623 million. The status of the utilisation of the Placement proceeds as at 9 December 2016 is as follows:

Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation
	RM'000	RM'000	RM'000	RM'000	
Part-financing of future acquisition(s) of publishing/education/ education-related business(es), or intellectual property rights	11,000 [^]	(6,000)	–	5,000	By 19 July 2017
Part repayment of bank borrowings	12,400 [^]	(12,400)	–	–	By 31 October 2016 [^]
Working capital	5,103	(5,236)*	133*	–	By 19 July 2016
Estimated expenses in relation to the corporate proposals	520	(387)*	(133)*	–	By 19 April 2016 ^{^^}
Financing of proposed acquisition of properties	2,600 [^]	(260)	–	2,340	By 28 February 2017 [^]
Total gross proceeds	31,623	(24,283)	–	7,340	

Notes:

[^] Revised as per the Company's announcement dated 9 September 2016.

^{^^} Revised as per the Company's announcement dated 18 February 2016.

* The variation in the actual amount of the expenses was re-allocated for working capital purposes as per the Company's announcement dated 21 December 2015.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company has implemented an ESOS of up to ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible employees and executive directors of the Group (i.e. Sasbadi Holdings and its subsidiaries) effective from 1 September 2016. As at 9 December 2016, the Company has yet to grant any options under the ESOS.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred by the Company and the Group for services rendered by the external auditors or a firm or corporation affiliated to the external auditors to the Company and the Group during the financial year ended 31 August 2016 are as follows:

	Company	Group
	RM'000	RM'000
Audit services		
– Messrs KPMG	50	250
– Other auditors	–	12
Non-audit services	23	23

The non-audit services provided by the external auditors were in relation to the review of the Statement on Risk Management and Internal Control, and the review of the breakdown of realised and unrealised profits or losses.

MATERIAL CONTACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 August 2016 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions entered into by the Group during the financial year ended 31 August 2016.

STATEMENT ON DIRECTORS' RESPONSIBILITY ◀

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year under review and their results and cash flows for the financial year then ended. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia.

In preparing the financial statements of the Group and the Company for the financial year ended 31 August 2016, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been complied with, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect fraud and other such irregularities.

This statement is made in accordance with the resolution of the Board dated 9 December 2016.

► FINANCIAL STATEMENTS



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DIRECTORS' REPORT ◀

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 August 2016.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year attributable to:		
Owners of the Company	16,695	9,394
Non-controlling interests	399	-
	<u>17,094</u>	<u>9,394</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 2.00 sen per ordinary share totalling RM2,794,000 in respect of the financial year ended 31 August 2015 on 18 March 2016; and
- ii) an interim dividend of 1.00 sen per ordinary share totalling RM2,794,000 in respect of the financial year ended 31 August 2016 on 9 June 2016.

On 31 October 2016, the Directors proposed a final dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 August 2016. The financial statements for the current financial year do not reflect this dividend. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 August 2017.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Salleh Bin Mohd Husein
Law King Hui
Lee Swee Hang
Lee Eng Sang
Dato' Noor Rezan Binti Bapoo Hashim
Lim Hun Soon @ David Lim
Law Yi Chian (appointed on 3 May 2016)

Directors' interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 01.09.2015 at RM0.50 each	Bought	Sold	Share split at 09.03.2016 ⁽²⁾	At 31.08.2016 at RM0.25 each
Interests in the Company:					
Dato' Salleh Bin Mohd Husein	100,000	-	-	100,000	200,000
Law King Hui					
- own	25,594,500	-	-	25,594,500	51,189,000
- others	150,000	-	-	150,000	300,000
Lee Swee Hang	12,835,500	-	(1,000,000)	11,835,500	23,671,000
Lee Eng Sang	6,350,000	-	-	6,350,000	12,700,000
Dato' Noor Rezan Binti Bapoo					
Hashim	100,000	-	-	100,000	200,000
Lim Hun Soon @ David Lim	100,000	80,000	-	180,000	360,000
Deemed interests in the Company					
Law King Hui ⁽¹⁾	25,400,000	-	-	25,400,000	50,800,000
Lee Swee Hang ⁽¹⁾	25,400,000	-	-	25,400,000	50,800,000
Lee Eng Sang ⁽¹⁾	25,400,000	-	-	25,400,000	50,800,000

Notes:

- (1) Deemed interested by virtue of their interests in Karya Kencana Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.
- (2) Share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each into two (2) ordinary shares of RM0.25 each.

Directors' interests (continued)

By virtue of their interests in the ordinary shares of the Company, Law King Hui, Lee Swee Hang and Lee Eng Sang are also deemed interested in the ordinary shares of the subsidiaries during the financial year to the extent that Sasbadi Holdings Berhad has an interest.

Law Yi Chian did not have any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company:

- i) issued 12,700,000 new ordinary shares of RM0.50 each in the Company at RM2.49 per share via a private placement to third party investors for a total cash consideration of RM31,623,000; and
- ii) implemented a share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each in the Company into two (2) ordinary shares of RM0.25 each in the Company. Accordingly, the authorised share capital of the Company was subdivided from RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 2,000,000,000 ordinary shares of RM0.25 each to facilitate the implementation of the share split.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 19 July 2016, the Company's shareholders approved the implementation of an Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible employees and Executive Directors of the Group as disclosed in Note 11.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Other statutory information (continued)

In the opinion of the Directors, other than the effect arising from the acquisition of subsidiaries as disclosed in Note 29 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 August 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 28 to the financial statements.

Subsequent events

Subsequent events after the financial year are disclosed in Note 30 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Law King Hui

.....
Lee Swee Hang

Kuala Lumpur,

Date: 9 December 2016

► STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Property, plant and equipment	3	42,581	30,872	-	-
Investment properties	4	2,637	-	-	-
Intangible assets	5	27,737	22,326	-	-
Investments in subsidiaries	6	-	-	83,608	75,758
Other investments	7	367	343	-	-
Deferred tax assets	13	1,018	64	-	-
Total non-current assets		<u>74,340</u>	<u>53,605</u>	<u>83,608</u>	<u>75,758</u>
Inventories	8	47,869	37,060	-	-
Current tax assets		2,657	1,144	-	-
Trade and other receivables	9	51,689	40,417	24,122	1,143
Prepayments		2,486	244	-	-
Cash and cash equivalents	10	25,885	8,338	4,891	1,122
Total current assets		<u>130,586</u>	<u>87,203</u>	<u>29,013</u>	<u>2,265</u>
Total assets		<u>204,926</u>	<u>140,808</u>	<u>112,621</u>	<u>78,023</u>
Equity					
Share capital		69,850	63,500	69,850	63,500
Share premium		38,401	13,461	38,401	13,461
Reserves		<u>39,393</u>	<u>28,269</u>	<u>3,985</u>	<u>179</u>
Equity attributable to owners of the Company	11	147,644	105,230	112,236	77,140
Non-controlling interests		<u>5,467</u>	<u>5,061</u>	<u>-</u>	<u>-</u>
Total equity		<u>153,111</u>	<u>110,291</u>	<u>112,236</u>	<u>77,140</u>
Liabilities					
Loans and borrowings	12	9,517	99	-	-
Deferred tax liabilities	13	<u>7,429</u>	<u>6,092</u>	<u>-</u>	<u>-</u>
Total non-current liabilities		<u>16,946</u>	<u>6,191</u>	<u>-</u>	<u>-</u>
Loans and borrowings	12	10,519	9,333	-	-
Provisions	14	1,062	1,199	-	-
Trade and other payables	15	22,351	13,438	379	883
Current tax liabilities		<u>937</u>	<u>356</u>	<u>6</u>	<u>-</u>
Total current liabilities		<u>34,869</u>	<u>24,326</u>	<u>385</u>	<u>883</u>
Total liabilities		<u>51,815</u>	<u>30,517</u>	<u>385</u>	<u>883</u>
Total equity and liabilities		<u>204,926</u>	<u>140,808</u>	<u>112,621</u>	<u>78,023</u>

The notes on pages 71 to 134 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ◀

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	16	92,690	87,954	10,680	3,840
Cost of sales		(47,164)	(46,459)	-	-
Gross profit		45,526	41,495	10,680	3,840
Other operating income		5,117	398	-	-
Distribution expenses		(9,682)	(7,326)	(15)	(8)
Administrative expenses		(15,971)	(12,010)	(689)	(821)
Other operating expenses		(2,139)	(1,122)	(656)	(299)
Results from operating activities		22,851	21,435	9,320	2,712
Finance income		426	447	205	447
Finance costs	17	(1,047)	(472)	-	-
Profit before tax	18	22,230	21,410	9,525	3,159
Tax expense	19	(5,136)	(5,624)	(131)	(15)
Net profit for the year		17,094	15,786	9,394	3,144
Other comprehensive income for the year, net of tax:					
Item that is or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		24	-	-	-
Total comprehensive income for the financial year		17,118	15,786	9,394	3,144
Net profit for the year attributable to:					
Owners of the Company		16,695	15,331	9,394	3,144
Non-controlling interests		399	455	-	-
		17,094	15,786	9,394	3,144
Total comprehensive income attributable to:					
Owners of the Company		16,712	15,331	9,394	3,144
Non-controlling interests		406	455	-	-
		17,118	15,786	9,394	3,144
Basic earnings per ordinary share (sen)	21	6.19	6.04^		

^ The comparative figures have been restated to reflect the effects of the share split disclosed in Note 11.1

The notes on pages 71 to 134 are an integral part of these financial statements.

► CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

Group	<-----Non-distributable----->					Distributable			
	Share capital RM'000	Share premium RM'000	Merger reserve/ (deficit) RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 September 2014	63,500	13,461	(50,500)	-	13,596	53,652	93,709	-	93,709
Profit and total comprehensive income for the financial year	-	-	-	-	-	15,331	15,331	455	15,786
Contributions by and distributions to owners of the Company									
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	4,606	4,606
Dividends to owners of the Company (Note 20)	-	-	-	-	-	(3,810)	(3,810)	-	(3,810)
Total transactions with owners of the Company	-	-	-	-	-	(3,810)	(3,810)	4,606	796
At 31 August 2015	63,500	13,461	(50,500)	-	13,596	65,173	105,230	5,061	110,291

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

Group	<-----Non-distributable----->					Distributable			
	Share capital RM'000	Share premium RM'000	Merger reserve/ (deficit) RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 September 2015	63,500	13,461	(50,500)	-	13,596	65,173	105,230	5,061	110,291
Fair value of available-for-sale financial assets	-	-	-	17	-	-	17	7	24
Total other comprehensive income	-	-	-	17	-	-	17	7	24
Net profit for the year	-	-	-	-	-	16,695	16,695	399	17,094
Total comprehensive income for the financial year	-	-	-	17	-	16,695	16,712	406	17,118
Contributions by and distributions to owners of the Company									
Issue of ordinary shares	6,350	25,273	-	-	-	-	31,623	-	31,623
Share issuance expenses	-	(333)	-	-	-	-	(333)	-	(333)
Dividends to owners of the Company (Note 20)	-	-	-	-	-	(5,588)	(5,588)	-	(5,588)
Total transactions with owners of the Company	6,350	24,940	-	-	-	(5,588)	25,702	-	25,702
At 31 August 2016	69,850	38,401	(50,500)	17	13,596	76,280	147,644	5,467	153,111
	Note 11.1	Note 11.2	Note 11.3	Note 11.4					

The notes on pages 71 to 134 are an integral part of these financial statements.

► STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

Company	<i>Non-distributable</i> Share capital RM'000	Share premium RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
At 1 September 2014	63,500	13,461	845	77,806
Net profit for the year	-	-	3,144	3,144
<i>Contributions by and distributions to owners of the Company</i>				
Dividends to owners of the Company (Note 20)	-	-	(3,810)	(3,810)
Total transactions with owners of the Company	-	-	(3,810)	(3,810)
At 31 August 2015/1 September 2015	63,500	13,461	179	77,140
Net profit for the year	-	-	9,394	9,394
<i>Contributions by and distributions to owners of the Company</i>				
Issue of ordinary shares	6,350	25,273	-	31,623
Share issuance expenses	-	(333)	-	(333)
Dividends to owners of the Company (Note 20)	-	-	(5,588)	(5,588)
Total transactions with owners of the Company	6,350	24,940	(5,588)	25,702
At 31 August 2016	69,850	38,401	3,985	112,236
	Note 11.1	Note 11.2		

The notes on pages 71 to 134 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS ◀

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		22,230	21,410	9,525	3,159
<i>Adjustments for:</i>					
Amortisation of intangible assets	5	1,573	617	-	-
Depreciation on property, plant and equipment	3	2,513	2,306	-	-
Depreciation of investment properties	4	3	-	-	-
Dividend income		-	-	(10,680)	(3,840)
Finance costs		997	434	-	-
Finance income		(426)	(447)	(205)	(447)
Bargain purchase gain	29	(4,315)	-	-	-
Gain on disposal of property, plant and equipment		(294)	(132)	-	-
Reversal of impairment loss on trade receivables		(27)	-	-	-
(Reversal of)/Inventories write-down		(1,356)	2,043	-	-
Impairment loss on available-for-sale financial assets		-	2	-	-
Reversal of provision for sales returns		(137)	(484)	-	-
Operating profit/(loss) before changes in working capital		20,761	25,749	(1,360)	(1,128)
Changes in inventories		(6,270)	(13,056)	-	-
Changes in trade and other receivables and prepayments		(5,849)	(3,765)	(22,979)	4,898
Changes in trade and other payables		76	1,399	(504)	838
Cash generated from/(used in) operations		8,718	10,327	(24,843)	4,608
Dividend received		-	-	10,680	3,840
Interest paid		(750)	(422)	-	-
Interest received		426	447	205	447
Tax paid		(6,870)	(5,892)	(125)	(15)
Tax refunded		150	-	-	-
Net cash generated from/(used in) operating activities		1,674	4,460	(14,083)	8,880

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of intangible assets		(109)	(1,000)	-	-
Acquisition of property, plant and equipment		(8,965)	(2,509)	-	-
Acquisition of subsidiaries, (net of cash and cash equivalents)	29	(6,146)	(18,633)	(7,850)	(22,500)
Proceeds from disposal of property, plant and equipment		310	145	-	-
Net cash used in investing activities		<u>(14,910)</u>	<u>(21,997)</u>	<u>(7,850)</u>	<u>(22,500)</u>
Cash flows from financing activities					
Dividends paid to owners of the Company		(5,588)	(3,810)	(5,588)	(3,810)
Interest paid		(247)	(12)	-	-
Proceeds from term loan		6,300	-	-	-
Proceeds from issuance of shares		31,623	-	31,623	-
Repayment of finance lease liabilities		(103)	(99)	-	-
Repayment of term loans		(227)	-	-	-
(Repayment)/Drawdown of bankers' acceptances		(941)	941	-	-
Share issuance expenses paid		(333)	-	(333)	-
Net cash generated from/(used in) financing activities		<u>30,484</u>	<u>(2,980)</u>	<u>25,702</u>	<u>(3,810)</u>
Net increase/(decrease) in cash and cash equivalents		17,248	(20,517)	3,769	(17,430)
Cash and cash equivalents at beginning of the financial year		45	20,562	1,122	18,552
Cash and cash equivalents at end of the financial year	(i)	<u>17,293</u>	<u>45</u>	<u>4,891</u>	<u>1,122</u>

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	15,017	8,299	4,891	1,122
Short term funds	10,199	-	-	-
Deposit placed with a licensed bank	669	39	-	-
	<u>25,885</u>	<u>8,338</u>	<u>4,891</u>	<u>1,122</u>
Less: Bank overdrafts	(8,592)	(8,293)	-	-
	<u>17,293</u>	<u>45</u>	<u>4,891</u>	<u>1,122</u>

The notes on pages 71 to 134 are an integral part of these financial statements.

► NOTES TO THE FINANCIAL STATEMENTS

Sasbadi Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 12, Jalan Teknologi 3/4
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor

Registered office

Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 August 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 August 2016 do not include other entities.

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 9 December 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 September 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;
- from the annual period beginning on 1 September 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 September 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018; and,
- from the annual period beginning on 1 September 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 – measurement of the recoverable amounts of cash-generating units
- Note 13 – deferred tax assets
- Note 14 – provisions
- Note 29 – business combinations

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income for the year between non-controlling interests and the owners of the Company.

Loss applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise and measure financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(a) *Financial assets at fair value through profit or loss (continued)*

Other financial assets categorised as fair value through profit or loss are subsequently measured at the fair values with the gain or loss recognised in profit or loss.

(b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair values arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets (continued)

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising condominiums and leasehold land and buildings every 4 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to the date of valuation are stated at cost until the next revaluation exercise.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Condominiums	50 years
Leasehold land	60 to 99 years
Buildings	50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	10 years
Renovation	10 years
Computers	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of intellectual properties acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Intellectual properties	10 years
Development costs	10 years
Software	10 years

Amortisation methods, useful lives, and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment properties

Investment properties are land and/or buildings which are held to earn rental income or for capital appreciation or for both. Investment properties are stated at cost/revaluation less accumulated depreciation and impairment losses. The depreciation policy adopted for investment properties is similar to property assets under property, plant and equipment as disclosed under Note 2(d) to the financial statements.

The Group revalues its investment properties every 4 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the period of retirement or disposal.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out and weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

2. Significant accounting policies (continued)

(h) Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, and balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(l) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Sales returns

A provision for sales returns is recognised based on the estimated liabilities arising from the returns of goods sold by the customers. The estimated liabilities are made after taking into consideration the historical trend of sales returns.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. Significant accounting policies (continued)

(p) Tax expense (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (continued)

(s) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Condominiums RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Total RM'000
Cost/Valuation								
At 1 September 2014	298	11,350	14,650	8,661	1,807	268	1,347	38,381
Acquisitions through business combinations	-	-	-	961	536	14	286	1,797
Additions	-	-	-	2,100	221	3	185	2,509
Disposals	-	-	-	(820)	(20)	-	-	(840)
At 31 August 2015/1 September 2015	298	11,350	14,650	10,902	2,544	285	1,818	41,847
Acquisitions through business combinations	-	4,075	940	276	536	24	17	5,868
Additions	-	-	7,770	931	66	38	160	8,965
Disposals	-	-	-	(1,669)	-	-	-	(1,669)
Written-off	-	-	-	-	(5)	-	-	(5)
At 31 August 2016	298	15,425	23,360	10,440	3,141	347	1,995	55,006
Representing items at:								
Cost	-	4,075	8,710	10,440	3,141	347	1,995	28,708
Directors' valuation	298	11,350	14,650	-	-	-	-	26,298
At 31 August 2016	298	15,425	23,360	10,440	3,141	347	1,995	55,006

3. Property, plant and equipment (continued)

Group	Condominiums RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Total RM'000
<i>Accumulated depreciation</i>								
At 1 September 2014	8	-	-	5,522	1,267	230	1,093	8,120
Acquisitions through business combinations	-	-	-	752	380	1	243	1,376
Charge for the year	4	232	366	1,423	125	8	148	2,306
Disposals	-	-	-	(820)	(7)	-	-	(827)
At 31 August 2015/1 September 2015	12	232	366	6,877	1,765	239	1,484	10,975
Acquisitions through business combinations	-	-	-	91	463	24	17	595
Charge for the year	4	234	417	1,528	140	12	178	2,513
Disposals	-	-	-	(1,653)	-	-	-	(1,653)
Written-off	-	-	-	-	(5)	-	-	(5)
At 31 August 2016	16	466	783	6,843	2,363	275	1,679	12,425
<i>Carrying amounts</i>								
At 1 September 2014	290	11,350	14,650	3,139	540	38	254	30,261
At 31 August 2015/1 September 2015	286	11,118	14,284	4,025	779	46	334	30,872
At 31 August 2016	282	14,959	22,577	3,597	778	72	316	42,581

3. Property, plant and equipment (continued)

Titles

The strata title for the condominiums and individual title for certain leasehold land have not yet been issued to a subsidiary. The lease period of the leasehold land expires between 21 November 2061 and 18 May 2083.

Revaluation

The Group's condominiums, leasehold land and buildings are stated at Directors' valuation which is supported by the professional valuation done in April 2014 by an external independent valuation company, City Valuers & Consultants Sdn. Bhd., using the Market Value basis of valuation.

Had the condominiums, leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued assets that would have been included in the financial statements at the end of the financial year are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Condominiums	234	243
Leasehold land	2,154	2,200
Buildings	6,427	6,606
	<u>8,815</u>	<u>9,049</u>

Finance lease liabilities

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements with carrying amounts of RM364,000 (2015: RM335,000).

Security

Certain land and buildings of the Group with carrying amounts of RM37,536,000 (2015: RM25,485,000) were charged to banks as security for banking facilities granted to the Group (see Note 12).

4. Investment properties

	Group	
	2016 RM'000	2015 RM'000
<i>Cost/Valuation</i>		
At 1 September 2015/2014	-	-
Acquisitions through business combinations	2,640	-
At 31 August	<u>2,640</u>	<u>-</u>
<i>Accumulated depreciation</i>		
At 1 September 2015/2014	-	-
Charge for the year	3	-
At 31 August	<u>3</u>	<u>-</u>
<i>Carrying amounts</i>		
At 1 September 2014	-	-
At 31 August 2015/1 September 2015	-	-
At 31 August 2016	<u>2,637</u>	<u>-</u>

Investment properties comprise of commercial buildings that are leased to third parties. Each of the leases contain an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee with an average renewal period of 2 years. No contingent rents are charged.

The investment properties of the Group are charged to banks as security for banking facilities granted to the Group (see Note 12).

Fair value information

Fair value of the investment properties are categorised as follows:

Group	2016		2015	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Commercial buildings	<u>2,640</u>	<u>2,640</u>	<u>-</u>	<u>-</u>

4. Investment properties (continued)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation techniques and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Sales comparison method: Entails recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustment made for differences in location, physical characteristics, time element, if any and other relevant characteristics to arrive at the market value.	Price per square foot (RM114 to RM384)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

5. Intangible assets

Group		Goodwill	Development costs	Software	Intellectual properties	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
At 1 September 2014		-	-	-	5,500	5,500
Additions		-	-	-	1,000	1,000
Acquisitions through business combinations		10,253	-	-	6,740	16,993
At 31 August 2015/ 1 September 2015		10,253	-	-	13,240	23,493
Additions		-	-	109	-	109
Acquisitions through business combinations	29	-	-	-	5,305	5,305
Transfer		-	1,570	-	-	1,570
At 31 August 2016		10,253	1,570	109	18,545	30,477
Accumulated amortisation						
At 1 September 2014		-	-	-	550	550
Charge for the year		-	-	-	617	617
At 31 August 2015/ 1 September 2015		-	-	-	1,167	1,167
Charge for the year		-	224	3	1,346	1,573
At 31 August 2016		-	224	3	2,513	2,740

5. Intangible assets (continued)

Group		Goodwill	Development costs	Software	Intellectual properties	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Carrying amount</i>						
At 1 September 2014		-	-	-	4,950	4,950
At 31 August 2015/ 1 September 2015		10,253	-	-	12,073	22,326
At 31 August 2016		10,253	1,346	106	16,032	27,737
		Note 5.1			Note 5.2	

5.1 Goodwill

Subsumed within goodwill are the brand names and the synergies expected to be achieved from integrating Sanjung Unggul Sdn. Bhd. ("Sanjung Unggul") and its subsidiaries ("Sanjung Unggul Group") into the Group's existing publishing business.

5.2 Intellectual properties

The intellectual properties comprise the publishing rights and production files in relation to educational and learning materials for national schools and institutes of teacher education acquired by the Group as well as the publishing rights and production files in relation to dictionaries, comics, storybooks, educational and learning materials for early education and national-type Chinese schools recognised through the acquisitions of United Publishing House (M) Sdn. Bhd. and Sanjung Unggul by the Company during the current year and prior year respectively (as disclosed in Note 29).

The intellectual properties are amortised over 10 years as the management estimates that the intellectual properties can be used for commercial activities for a duration of 10 years.

5.3 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill of RM10,253,000 is allocated to the Sanjung Unggul Group.

5. Intangible assets (continued)

5.3 Impairment testing for cash-generating units containing goodwill (continued)

In assessing whether goodwill is impaired, the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. The recoverable amount is the higher of value in use and fair value less cost of disposal.

The recoverable amount of the business unit is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting the future cash flows generated from the continuing operation of the business as a book publisher and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and financial budget approved by management covering a 5-year business plan.
- The anticipated sales and cost of sales growth rate of 5% per annum.
- The projected gross margins which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resource efficiency.
- The unit will continue its operations indefinitely.
- A discount rate used of 8.6% (2015: 12%) which approximates the Group's weighted average cost of capital, was applied.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

Sensitivity analysis

Management believe that any reasonably possible change in the key assumptions would not cause the carrying amount of goodwill and intangible assets to exceed the recoverable amount of the CGU. Based on their review, there is no evidence of impairment on the Group's goodwill and intangible assets.

6. Investments in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	<u>83,608</u>	<u>75,758</u>

6. Investments in subsidiaries (continued)

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of subsidiary	Principal activities	Effective ownership interest and voting interest	
		2016 %	2015 %
Sasbadi Sdn. Bhd.	Publisher of printed educational materials, distribution of applied learning products, and trading of paper	100	100
Maya Press Sdn. Bhd.	Imprint for general titles	100	100
Orbit Buku Sdn. Bhd.	Publisher of supplementary educational materials	100	100
Sasbadi Online Sdn. Bhd.	Publisher of online/digital educational materials	100	100
Malaysian Book Promotions Sdn. Bhd.	Publishing and distribution of printed educational materials and organiser of book fairs and exhibitions	100	100
MBP Publications Sdn. Bhd.	Imprint for printed educational materials	100	100
Sasbadi Learning Solutions Sdn. Bhd.	Distribution of applied learning products	100	100
Mindtech Education Sdn. Bhd. [^]	Direct marketing of online/digital educational products	100	100
Sanjung Unggul Sdn. Bhd.	General trade and investment holding	70	70
United Publishing House (M) Sdn. Bhd.*	Publishing of dictionaries and books	100	-
<i>Subsidiary of Sanjung Unggul Sdn. Bhd.</i>			
The Malaya Press Sdn. Bhd.	Publishing of books	70	70

6. Investments in subsidiaries (continued)

		Effective ownership interest and voting interest	
Name of subsidiary	Principal activities	2016 %	2015 %
<i>Subsidiaries of United Publishing House (M) Sdn. Bhd.</i>			
G-Apple Studio Sdn. Bhd.*	Dormant	100	-
Penerbitan Daya Sdn. Bhd.*	Dormant	100	-
Penerbitan Minda Sdn. Bhd.*	Dormant	100	-
UPH Distributor Sdn. Bhd.*	Dormant	100	-
<i>Subsidiaries of The Malaya Press Sdn. Bhd.</i>			
Media Distribution Sdn. Bhd.	Dormant	70	70
Jinbang Publication Sdn. Bhd.	Publication of books	70	70
Big Tree Publications Sdn. Bhd.	Publication of books	70	70

* Subsidiaries not audited by KPMG.

^ On 18 March 2016, Mindtech Education Sdn. Bhd. ("MindTech") increased its issued and paid-up share capital from RM1,500,000 to RM5,000,000 through the subscription by the Company of additional 3,500,000 ordinary shares of RM1.00 each for a cash consideration of RM3,500,000.

7. Other investments

	Group	
	2016 RM'000	2015 RM'000
Available-for-sale financial assets		
Club membership	37	37
Shares quoted in Malaysia	330	306
	<u>367</u>	<u>343</u>
Market value of quoted investments	<u>330</u>	<u>306</u>

8. Inventories

	Group	
	2016	2015
	RM'000	RM'000
At cost/net realisable value		
Raw materials	8,029	7,749
Finished goods	39,840	29,311
	<u>47,869</u>	<u>37,060</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	33,778	28,109
(Reversal of write down)/Write-down to net realisable value	<u>(1,356)</u>	<u>2,043</u>

9. Trade and other receivables

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade receivables		46,516	37,202	-	-
Less: Allowance for impairment losses		(736)	(475)	-	-
		<u>45,780</u>	<u>36,727</u>	<u>-</u>	<u>-</u>
Non-trade					
Amount due from subsidiaries	9.1	-	-	24,118	141
Other receivables and deposits	9.2	5,909	3,690	4	1,002
		<u>5,909</u>	<u>3,690</u>	<u>24,122</u>	<u>1,143</u>
		<u>51,689</u>	<u>40,417</u>	<u>24,122</u>	<u>1,143</u>

9.1 Amount due from subsidiaries

The amount due from subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand.

9.2 Other receivables and deposits

Included in other receivables and deposits of the Group in the current financial year is RM52,000 paid to a third party for the proposed acquisition of two (2) units of retail lots, each measuring 2,260 square feet held on a leasehold master title. This transaction is pending completion as at the date of this report as disclosed in Note 30(b).

9. Trade and other receivables (continued)

9.2 Other receivables and deposits (continued)

Included in other receivables and deposits of the Group in the previous financial year were:-

- i) RM1,000,000 paid to the vendors for the proposed acquisition of PMI Education Sdn. Bhd. This transaction was terminated during the current financial year as disclosed in Note 28(a).
- ii) RM750,000 paid to the vendor for the proposed acquisition of a parcel of leasehold industrial land with a three (3)-storey factory building erected thereon. The proposed acquisition was completed during the current financial year as disclosed in Note 28(b).

10. Cash and cash equivalents

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances		15,017	8,299	4,891	1,122
Short term funds	10.1	10,199	-	-	-
Deposit placed with a licensed bank		669	39	-	-
		<u>25,885</u>	<u>8,338</u>	<u>4,891</u>	<u>1,122</u>

10.1 Short term funds

Short term funds of the Group represent placement with a short term money market fund which is redeemable with one (1) day notice.

11. Capital and reserves

11.1 Share capital

	Group and Company			
	Number of shares 2016 '000	Amount 2016 RM'000	Number of shares 2015 '000	Amount 2015 RM'000
Authorised:				
At 1 September 2015/2014 (ordinary shares of RM0.50 each)	1,000,000	500,000	1,000,000	500,000
Share split into ordinary shares of RM0.25 each	1,000,000	-	-	-
At 31 August	<u>2,000,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>500,000</u>

11. Capital and reserves (continued)

11.1 Share capital (continued)

	Number of shares 2016 '000	Group and Company Amount 2016 RM'000	Number of shares 2015 '000	Amount 2015 RM'000
Issued and fully paid:				
At 1 September 2015/2014 (ordinary shares of RM0.50 each)	127,000	63,500	127,000	63,500
Issued for cash under private placement	12,700	6,350	-	-
Share split into ordinary shares of RM0.25 each	139,700	-	-	-
At 31 August	<u>279,400</u>	<u>69,850</u>	<u>127,000</u>	<u>63,500</u>

Share split

During the current financial year, the Company implemented a share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each in the Company into two (2) ordinary shares of RM0.25 each in the Company.

Accordingly, the authorised share capital of the Company was subdivided from RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 2,000,000,000 ordinary shares of RM0.25 each to facilitate the implementation of the share split.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the current financial year, the Company obtained all the relevant approvals to purchase up to ten percent (10%) of its issued and paid-up capital at any point of time. The purchase shares will be held as treasury shares in accordance with the requirements under Section 67A of the Companies Act, 1965. No shares were repurchased during the current financial year.

Employees' share option scheme ("ESOS")

The salient features of the ESOS are, inter alia, as follows:

- The maximum number of shares which may be issued and allotted pursuant to the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company (excluding treasury shares, if any), at any point of time during the duration of the ESOS;

11. Capital and reserves (continued)

11.1 Share capital (continued)

Employees' share option scheme ("ESOS") (continued)

- ii) Any employee or executive director of the Group is eligible to participate in the ESOS provided that, as at the date of offer:
 - a) The employee or executive director is a Malaysian citizen who has attained eighteen (18) years of age;
 - b) The employee or executive director is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - c) The employee or executive director must have been confirmed in service and have served at least six (6) months in the employment of the Group;
 - d) Where the employee or executive director is under an employment contract, the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of offer; and
 - e) The employee or executive director has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.

Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of the eligibility conditions set out above.

- iii) Not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible person, who, either singly or collectively through persons connected with the eligible person, holds 20% or more of the issued and paid-up share capital (excluding treasury shares, if any) of the Company;
- iv) Not more than 80% of the options available under the ESOS shall be allocated, in aggregate to executive directors and senior management;
- v) The ESOS shall be in force for a period of five (5) years from the effective date of 1 September 2016, and may be extended for a further five (5) years or a shorter period from the expiry of the first five (5) years; and
- vi) The exercise price shall be fixed based on the higher of a discount of not more than 10% to the five (5)-day volume weighted average market price of the shares of the Company immediately preceding the date of offer or the par value of the shares of the Company;

The Company has received all the relevant approvals, complied with the requirements pertaining to the ESOS, and submitted the final copy of the By-Laws of the ESOS to Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to paragraph 6.42 of the Bursa Securities Listing Requirements on 1 September 2016. The implementation of ESOS is thus effective from 1 September 2016. As at the date of this report, no options have been granted pursuant to the ESOS.

11. Capital and reserves (continued)

11.2 Share premium

Share premium comprises the premium paid on subscriptions of shares in the Company over and above the par value of the shares.

11.3 Merger deficit

The merger deficit comprises the differences between the cost of acquisition and the nominal value of shares acquired during the acquisition of Sasbadi Sdn. Bhd. in 2014.

11.4 Revaluation reserve

The revaluation reserve relates to the revaluation of condominiums, leasehold land and buildings.

11.5 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

12. Loans and borrowings

	Note	Group	
		2016 RM'000	2015 RM'000
Non-current			
Finance lease liabilities	12.1	123	99
Term loans - secured	12.2	9,394	-
		<u>9,517</u>	<u>99</u>
Current			
Bank overdrafts - secured	12.3	8,592	8,293
Bankers' acceptances - secured	12.4	807	941
Finance lease liabilities	12.1	125	99
Term loans - secured	12.2	995	-
		<u>10,519</u>	<u>9,333</u>
		<u>20,036</u>	<u>9,432</u>

12. Loans and borrowings (continued)

12.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group

	Future minimum lease payments 2016 RM'000		Present value of minimum lease payments 2016 RM'000		Future minimum lease payments 2015 RM'000		Present value of minimum lease payments 2015 RM'000	
Less than one year	145	(20)	125		111	(12)	99	
Between one and five years	133	(20)	113		110	(11)	99	
More than five years	12	(2)	10		-	-	-	
	<u>290</u>	<u>(42)</u>	<u>248</u>		<u>221</u>	<u>(23)</u>	<u>198</u>	

12.2 The term loans of the Group are secured by charges over the land and buildings (Note 3), investment properties (Note 4), corporate guarantees by the Group and letter of negative pledge.

12.3 The bank overdrafts of the Group are secured by charges over the land and buildings (Note 3), corporate guarantees by the Group and letter of negative pledge.

12.4 The bankers' acceptances are secured by charges over the land and buildings, corporate guarantees of the Group, a third party land and building and personal guarantee from a former director of a subsidiary.

13. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

Group	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment						
- capital allowance	30	-	(400)	(384)	(370)	(384)
- revaluation	-	-	(4,305)	(4,209)	(4,305)	(4,209)
Intangible assets	-	-	(2,724)	(1,685)	(2,724)	(1,685)
Tax losses	548	-	-	-	548	-
Provisions	440	250	-	-	440	250
Tax assets/(liabilities)	1,018	250	(7,429)	(6,278)	(6,411)	(6,028)
Set off of tax	-	(186)	-	186	-	-
	<u>1,018</u>	<u>64</u>	<u>(7,429)</u>	<u>(6,092)</u>	<u>(6,411)</u>	<u>(6,028)</u>

Movement in temporary differences during the financial year:

	Recognised			At 31.8.2015/ 1.9.2015 RM'000	Recognised		
	At 1.9.2014 RM'000	in profit or loss (Note 19) RM'000	Arising from business combinations RM'000		in profit or loss (Note 19) RM'000	Arising from business combinations RM'000	At 31.8.2016 RM'000
Property, plant and equipment							
- capital allowance	(370)	40	(54)	(384)	14	-	(370)
- revaluation	(4,301)	92	-	(4,209)	168	(264)	(4,305)
Intangible assets	-	-	(1,685)	(1,685)	235	(1,274)	(2,724)
Tax losses	-	-	-	-	152	396	548
Provisions	339	(89)	-	250	190	-	440
	<u>(4,332)</u>	<u>43</u>	<u>(1,739)</u>	<u>(6,028)</u>	<u>759</u>	<u>(1,142)</u>	<u>(6,411)</u>

13. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016	2015
	RM'000	RM'000
Unutilised tax losses	4	379
Property, plant and equipment	(1)	-
Other deductible temporary differences	27	-
	<u>30</u>	<u>379</u>

The deductible temporary differences and unutilised tax losses do not expire under current tax legislation. The utilisation of the unrecognised deferred tax assets as disclosed above is depending on the future taxable profits of the Group entities.

14. Provisions

	Group	
	2016	2015
	RM'000	RM'000
Sales returns		
At 1 September 2015/2014	1,199	1,683
Provision made during the year	99	-
Provision reversed during the year	(236)	(484)
At 31 August	<u>1,062</u>	<u>1,199</u>

The Group has a formal policy for the provision of sales return from customers. The estimated liabilities are made after taking into consideration the historical trends of sales returns.

15. Trade and other payables

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		11,188	3,618	-	-
Non-trade					
Amount due to a subsidiary	15.1	-	-	-	171
Other payables and accrued expenses	15.2	11,163	9,820	379	712
		<u>22,351</u>	<u>13,438</u>	<u>379</u>	<u>883</u>

15. Trade and other payables (continued)

15.1 Amount due to a subsidiary

The amount due to a subsidiary that is non-trade in nature is unsecured, interest free and repayable in demand.

15.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are accrued royalties payable of RM7,900,000 (2015: RM6,567,000).

Included in other payables and accrued expenses of the Group and of the Company is an amount due to Directors of RM328,000 (2015: RM652,000).

16. Revenue

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sale of goods	92,690	87,954	-	-
Dividend income	-	-	10,680	3,840
	<u>92,690</u>	<u>87,954</u>	<u>10,680</u>	<u>3,840</u>

17. Finance costs

	Group	
	2016	2015
	RM'000	RM'000
Interest expense:		
- bank facilities	985	422
- finance lease liabilities	12	12
Other finance costs	50	38
	<u>1,047</u>	<u>472</u>

18. Profit before tax

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the year is arrived at after charging:				
Auditors' remuneration				
Audit fees				
KPMG Malaysia	250	190	50	50
Other auditors	12	6	-	-
Non-audit fees				
KPMG Malaysia	23	23	-	-
Amortisation of intangible assets	1,573	617	-	-
Depreciation on property, plant and equipment	2,513	2,306	-	-
Depreciation on investment properties	3	-	-	-
Impairment loss on				
- Trade receivables	-	52	-	-
- Available-for-sale financial assets	-	2	-	-
Inventories write-down	115	2,043	-	-
Provision for sales returns	99	-	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employees' Provident Fund	2,476	1,756	-	-
- Wages, salaries and others	18,791	14,058	-	-
Realised foreign exchange loss	21	164	-	-
and after crediting:				
Bargain purchase gain	4,315	-	-	-
Gain on disposal of property, plant and equipment	294	132	-	-
Dividend income from a subsidiary (unquoted)	-	-	10,680	3,840
Finance income	426	447	205	447
Reversal of impairment loss on trade receivables	27	-	-	-
Reversal of inventories write-down	1,471	-	-	-
Reversal of provision for sales returns	236	484	-	-

19. Tax expense

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current year	5,609	5,319	43	-
- prior year	286	348	88	15
	<u>5,895</u>	<u>5,667</u>	<u>131</u>	<u>15</u>
Deferred tax expense				
Current year	(285)	55	-	-
Over provision in prior year	(474)	(6)	-	-
Crystallisation of deferred tax liability on revaluation surplus of properties	-	(92)	-	-
	<u>(759)</u>	<u>(43)</u>	<u>-</u>	<u>-</u>
	<u>5,136</u>	<u>5,624</u>	<u>131</u>	<u>15</u>
Reconciliation of tax expense				
Profit before tax	<u>22,230</u>	<u>21,410</u>	<u>9,525</u>	<u>3,159</u>
Income tax using Malaysian tax rate of 24% (2015: 25%)	5,335	5,353	2,286	790
Non-deductible expenses	113	157	320	170
Non-taxable income	-	-	(2,563)	(960)
Recognition of previously unrecognised deferred tax assets	<u>(124)</u>	<u>(136)</u>	<u>-</u>	<u>-</u>
	5,324	5,374	43	-
(Over)/Underprovision in prior year	<u>(188)</u>	<u>342</u>	<u>88</u>	<u>15</u>
Crystallisation of deferred tax liability on revaluation surplus of properties	-	(92)	-	-
Tax expense	<u>5,136</u>	<u>5,624</u>	<u>131</u>	<u>15</u>

20. Dividends

Dividends recognised by the Group:

	Sen per share	Total amount RM'000	Date of payment
2016			
Final 2015 ordinary	2	2,794	18 March 2016
Interim 2016 ordinary	1	<u>2,794</u>	9 June 2016
		<u>5,588</u>	
2015			
Interim 2015 ordinary	3	<u>3,810</u>	23 March 2015

On 31 October 2016, the Directors proposed a final dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 August 2016. The financial statements for the current financial year do not reflect this dividend. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 August 2017.

21. Earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 August 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2016 RM'000	2015 RM'000
Profit attributable to ordinary shareholders	<u>16,695</u>	<u>15,331</u>
	2016 '000	2015 '000
Weighted average number of ordinary shares at 31 August	<u>269,615</u>	<u>254,000[^]</u>
	2016 sen	2015 sen
Profit attributable to ordinary shareholders	<u>6.19</u>	<u>6.04[^]</u>

[^] The comparative figures have been restated to reflect the effects of the share split disclosed in Note 11.1.

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 31 August 2016 (2015: None).

22. Operating segments

The Group reportable segments are organised in accordance with the Group entities, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director ("GMD"), who is the chief operating decision maker, reviews internal management reports regularly. The principal activities of the Group entities are as disclosed in Note 6 to the financial statements.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the GMD. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the GMD. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

22. Operating segments (continued)

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn. Bhd. RM'000	Sasbadi Online Sdn. Bhd. & Mindtech Education Sdn. Bhd. RM'000	Orbit Buku Sdn. Bhd. RM'000	Malaysian Book Promotions Sdn. Bhd. RM'000	Sasbadi Learning Solutions Sdn. Bhd. RM'000	Sanjung Unggul Group RM'000	United Publishing House Group RM'000	Other dormant entities RM'000	Total RM'000
Group 2016										
Segment profit/(loss)	9,320	19,664	(624)	98	1,705	(319)	2,635	841	(15)	33,305
Included in the measure of segment profit/(loss) are:										
Revenue from external customers	-	64,064	2,079	2,014	4,356	4,887	14,426	864	-	92,690
Inter-company revenue	10,680	8,550	1,566	53	125	49	749	511	-	22,283
Not included in the measure of segment profit/(loss) but provided to GMD:										
Depreciation and amortisation	-	(2,931)	(274)	(1)	-	-	(852)	(31)	-	(4,089)
Bargain purchase gain	4,315	-	-	-	-	-	-	-	-	4,315
Finance costs	-	(989)	(20)	(1)	-	(5)	-	(32)	-	(1,047)
Tax expense	(131)	(4,277)	332	-	(457)	73	(474)	(202)	-	(5,136)
Interest income	205	199	-	-	-	-	22	-	-	426
Segmental assets	112,621	137,605	14,134	4,605	10,062	5,692	21,607	19,452	7	325,785
Included in the measure of segment assets are:										
Additions to non-current assets other than financial instruments and deferred tax assets	-	8,624	2	2	-	-	337	-	-	8,965

22. Operating segments (continued)

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn. Bhd. RM'000	Sasbadi Online Sdn. Bhd. RM'000	Orbit Buku Sdn. Bhd. RM'000	Malaysian Book Promotions Sdn. Bhd. RM'000	Sasbadi Learning Solutions Sdn. Bhd. RM'000	Sanjung Unggul Group RM'000	Other dormant entities RM'000	Total RM'000
Group 2015									
Segment profit/(loss)	2,712	18,185	(232)	564	3,711	1,217	2,059	(18)	28,198
Included in the measure of segment profit/(loss) are:									
Revenue from external customers	-	68,373	1,837	1,820	6,218	4,879	4,827	-	87,954
Inter-company revenue	3,840	4,532	158	173	826	12	-	-	9,541
Not included in the measure of segment profit/(loss) but provided to GMD:									
Depreciation and amortisation	-	(2,870)	(48)	(1)	-	-	(4)	-	(2,923)
Finance costs	-	(467)	(1)	(1)	-	(3)	-	-	(472)
Tax expense	(15)	(3,712)	-	(141)	(928)	(289)	(539)	-	(5,624)
Interest income	447	-	-	-	-	-	-	-	447
Segmental assets	78,023	103,280	5,102	2,843	10,725	2,677	20,045	1,509	224,204
Included in the measure of segment assets are:									
Additions to non-current assets other than financial instruments and deferred tax assets	-	2,491	2	-	-	-	16	-	2,509

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	2016	2015
	RM'000	RM'000
Profit or loss		
Total profit for reportable segments	33,305	28,198
Elimination of inter-segment profits	(10,680)	(3,840)
Depreciation and amortisation	(4,089)	(2,923)
Bargain purchase gain	4,315	-
Finance costs	(1,047)	(472)
Interest income	426	447
Consolidated profit before tax	22,230	21,410

Group	Depreciation				Additions to non-current assets
	External revenue RM'000	and amortisation RM'000	Finance costs RM'000	Interest income RM'000	
2016					
Total reportable segments	114,973	(4,089)	(1,047)	426	8,965
Elimination of inter-segment transactions or balances	(22,283)	-	-	-	-
Consolidated total	92,690	(4,089)	(1,047)	426	8,965
2015					
Total reportable segments	97,495	(2,923)	(472)	447	2,509
Elimination of inter-segment transactions or balances	(9,541)	-	-	-	-
Consolidated total	87,954	(2,923)	(472)	447	2,509

22. Operating segments (continued)

Geographical segments

The Group operates primarily in Malaysia and as such, there are no geographical segment disclosures.

Major customers

The Group has a major customer, with revenue generated for the financial year ended 31 August 2016 amounting to RM9,446,000 (2015: RM8,382,000).

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”); and
- (c) Financial liabilities measured at amortised cost (“FL”).

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
2016			
Financial assets			
Group			
Other investments	367	-	367
Trade and other receivables	51,689	51,689	-
Cash and cash equivalents	25,885	25,885	-
	<u>77,941</u>	<u>77,574</u>	<u>367</u>
Company			
Trade and other receivables	24,122	24,122	-
Cash and cash equivalents	4,891	4,891	-
	<u>29,013</u>	<u>29,013</u>	<u>-</u>
Financial liabilities			
Group			
Loans and borrowings	(20,036)	(20,036)	-
Trade and other payables	(22,351)	(22,351)	-
	<u>(42,387)</u>	<u>(42,387)</u>	<u>-</u>
Company			
Trade and other payables	<u>(379)</u>	<u>(379)</u>	<u>-</u>

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

	Carrying Amount RM'000	L&R/ (FL) RM'000	AFS RM'000
2015			
Financial assets			
Group			
Other investments	343	-	343
Trade and other receivables	40,417	40,417	-
Cash and cash equivalents	8,338	8,338	-
	<u>49,098</u>	<u>48,755</u>	<u>343</u>
Company			
Trade and other receivables	1,143	1,143	-
Cash and cash equivalents	1,122	1,122	-
	<u>2,265</u>	<u>2,265</u>	<u>-</u>
Financial liabilities			
Group			
Borrowings	(9,432)	(9,432)	-
Trade and other payables	(13,438)	(13,438)	-
	<u>(22,870)</u>	<u>(22,870)</u>	<u>-</u>
Company			
Trade and other payables	<u>(883)</u>	<u>(883)</u>	<u>-</u>

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net gain/(loss) on:				
Loans and receivables	453	395	205	447
Financial liabilities measured at amortised cost	(1,119)	(636)	-	-
Available-for-sale financial assets	-	(2)	-	-
	<u>(666)</u>	<u>(243)</u>	<u>205</u>	<u>447</u>

23. Financial instruments (continued)

23.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, whilst the Company's credit exposure arises principally from its loans and advances to its subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

As at 31 August 2016, the Group has significant concentration of credit risk in the form of outstanding balances from 5 trade customers which amounted to RM9,900,000 representing 22% of total trade receivables. The Directors are of the opinion that the outstanding balances from these customers are fully recoverable based on the following:

- Significant payments have subsequently been received from 4 customers after the reporting period;
- The Directors have made assessments that all these customers have the ability to repay the balances outstanding; and
- The Directors have received confirmations that all these customers will repay the balances outstanding within agreed timelines.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The Group is involved in the contracting business where the nature is such that the timing of receipts are uncertain for various reasons, including timing of certification of work done and timing of repayment from the main contractor. The Group has entered into a small number of contracts, all of which are monitored individually for completion and payment by the Directors and management. The Directors are confident that, based on their knowledge of payment patterns and subsequent payments received, the Group is able to fully recover the amounts due from its customers.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

Where applicable, the Group will demand for guarantees from shareholders/Directors of their customers as a form of safeguard over the outstanding debts.

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	13,909	-	13,909
Past due 0 - 30 days	3,626	-	3,626
Past due 31 - 120 days	12,352	-	12,352
Past due more than 120 days	16,629	(736)	15,893
	<u>46,516</u>	<u>(736)</u>	<u>45,780</u>
2015			
Not past due	16,153	-	16,153
Past due 0 - 30 days	4,524	-	4,524
Past due 31 - 120 days	8,685	-	8,685
Past due more than 120 days	7,840	(475)	7,365
	<u>37,202</u>	<u>(475)</u>	<u>36,727</u>

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2016	2015
	RM'000	RM'000
At 1 September 2015/2014	475	423
Acquisitions through business combinations	288	-
Impairment loss recognised	-	52
Impairment loss reversed	(27)	-
At 31 August	<u>736</u>	<u>475</u>

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and process for managing the risk

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Group monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM18,981,000 representing the outstanding term loan and bank overdrafts of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments, if any, are with approved financial institutions.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Investments and other financial assets (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The investments and other financial assets are unsecured.

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2016 Group	Carrying amount RM'000	Contractual interest/Profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>						
Bank overdrafts	8,592	4.55% to 8.17%	8,592	8,592	-	-
Bankers' acceptances	807	4.99%	807	807	-	-
Finance lease liabilities	248	4.43% to 6.25%	290	145	133	12
Term loans	10,389	5.17% to 16.0%	13,997	1,570	5,247	7,180
Trade and other payables	22,351	-	22,351	22,351	-	-
	<u>42,387</u>		<u>46,037</u>	<u>33,465</u>	<u>5,380</u>	<u>7,192</u>
Company						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	379	-	379	379	-	-
	<u>379</u>		<u>379</u>	<u>379</u>	<u>-</u>	<u>-</u>

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

2015 Group	Carrying amount RM'000	Contractual Interest/Profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>						
Bank overdraft	8,293	8.35%	8,293	8,293	-	-
Bankers' acceptances	941	8.35%	941	941	-	-
Finance lease liabilities	198	4.43%	221	111	110	-
Trade and other payables	13,438	-	13,438	13,438	-	-
	<u>22,870</u>		<u>22,893</u>	<u>22,783</u>	<u>110</u>	<u>-</u>
Company						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	883	-	883	883	-	-
	<u>883</u>		<u>883</u>	<u>883</u>	<u>-</u>	<u>-</u>

23. Financial instruments (continued)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

23.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group's exposure to foreign currency risk is monitored on an ongoing basis and forward exchange contracts are used to hedge foreign currency risk when necessary. Forward exchange contracts, if any, would have maturities of less than one year. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	<i>Denominated in USD</i>	
	2016 RM'000	2015 RM'000
Trade payables	-	21
Exposure in the statements of financial position	-	21

Foreign currency risk arises from the aforementioned exposures is not material, hence, sensitivity analysis is not presented.

23.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek for alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2016	2015
	RM'000	RM'000
Floating rate instruments		
Financial assets	10,868	507
Financial liabilities	(18,546)	(8,293)
	<u>(7,678)</u>	<u>(7,786)</u>
Fixed rate instruments		
Financial liabilities	<u>(1,490)</u>	<u>(1,139)</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bps increase	100 bps decrease
	RM'000	RM'000
Group		
2016		
Floating rate instruments	<u>(58)</u>	<u>58</u>
2015		
Floating rate instruments	<u>(58)</u>	<u>58</u>

23. Financial instruments (continued)

23.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Total RM'000	RM'000
2016								
Financial assets								
Available-for-sale financial assets	330	-	-	330	-	-	-	330
Financial liabilities								
Finance lease liabilities	-	-	-	-	-	-	290	248
Term loans	-	-	-	-	-	-	13,997	10,389
2015								
Financial assets								
Available-for-sale financial assets	306	-	-	306	-	-	-	306
Financial liabilities								
Finance lease liabilities	-	-	-	-	-	-	221	198

23. Financial instruments (continued)

23.7 Fair value information (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2016	2015
Finance lease liabilities	4.43%	4.43%
Term loans	5.17%	-

23.7.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

24. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirement.

The debt-to-equity ratios are as follows:

	Note	Group 2016 RM'000	2015 RM'000
Total loans and borrowings	12	20,036	9,432
Less: Cash and cash equivalents	10	(25,885)	(8,338)
Net (cash)/debt		(5,849)	1,094
Total equity		153,111	110,291
Net debt-to-equity ratios		-	0.01

There was no change in the Group's approach to capital management during the financial year.

25. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Note	Group 2016 RM'000	2015 RM'000
Bank guarantees obtained by the Group to the Ministry of Education	(i)	338	488

- (i) As part of the agreements with the Ministry of Education, the Group has issued performance bond in the form of bank guarantees to the Ministry of Education for the supply of text books and applied learning products.

26. Capital and other commitments

	Group 2016 RM'000	2015 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	2,600	-
Contracted but not provided for	-	7,500

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group refers to the Directors of the Group.

The Group and the Company have related party relationship with its subsidiaries, key management personnel and a company controlled by a close member of the family of a Director of the Company.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 9 and Note 15.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subsidiary:				
Net advances given	-	-	(19,347)	(2,166)
Dividend income	-	-	(10,680)	(3,840)
Key management personnel:				
Directors' remuneration				
- Fees	633	650	633	650
- Other emoluments	1,637	1,495	-	-
	<u>2,270</u>	<u>2,145</u>	<u>633</u>	<u>650</u>

The estimated monetary value of Directors' benefit-in-kind of the Group is RM65,400 (2015: RM67,000).

28. Significant events

- a) On 29 June 2015, the Company entered into a conditional Share Sale Agreement with Chua Chong Keow, Amir Hamzah Bin Mohd Yusof and Norizan Binti Samausi to acquire 100% of the issued and paid-up share capital of PMI Education Sdn. Bhd. ("PMI"), comprising 1,000,000 ordinary shares of RM1.00 each, for a purchase price of RM2,600,000 to be settled via cash. The proposed acquisition was terminated via a notice dated 29 January 2016 from the Company to the vendors of PMI, due to the non-fulfilment of several conditions precedents by the vendors as required under the Share Sale Agreement.
- b) On 13 August 2015, Sasbadi Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with Tama Equity Sdn. Bhd. to acquire a parcel of leasehold industrial land held under H.S.(D) 283534, PT 12527, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor, measuring approximately 1,157.993 square meters (equivalent to 12,464.53 square feet) with a three (3) – storey factory building erected thereon, for a total cash consideration of RM7,500,000. The proposed acquisition was completed on 29 January 2016.
- c) On 26 April 2016, Mindtech Education Sdn. Bhd. obtained a direct sales licence under the Direct Sales and Anti-Pyramid Scheme Act 1993 from the Ministry of Domestic Trade, Co-operatives and Consumerism Malaysia for a period of two (2) years.
- d) On 15 July 2016, the Company entered into a share acquisition agreement with Wong Chee Kheong and Lim Biou Chong to acquire 100% of the issued and paid-up share capital of United Publishing House (M) Sdn. Bhd., comprising 200,000 ordinary shares of RM1.00 each, for a purchase price of RM4,350,000, which was settled by cash. The acquisition was completed on 12 August 2016.

29. Acquisition of subsidiaries

On 12 August 2016, the Company completed the acquisition of 100% equity interest in United Publishing House (M) Sdn Bhd ("United Publishing") for a total cash consideration of RM4,350,000. United Publishing has four (4) wholly-owned subsidiaries, i.e. Penerbitan Daya Sdn. Bhd., UPH Distributor Sdn. Bhd., G-Apple Studio Sdn. Bhd. and Penerbitan Minda Sdn. Bhd. (Note: United Publishing and its subsidiaries are herein collectively known as "United Publishing Group"). In the nineteen days to 31 August 2016, the United Publishing Group contributed revenue of RM1,376,000 and profit of RM593,000.

On 21 August 2015, the Group acquired 70% equity interest in Sanjung Unggul Sdn. Bhd. ("Sanjung Unggul") for a total cash consideration of RM21,000,000. Sanjung Unggul has a wholly-owned subsidiary, i.e. The Malaya Press Sdn. Bhd, which, in turn, has three (3) wholly-owned subsidiaries, i.e. Big Tree Publications Sdn. Bhd., Jinbang Publication Sdn. Bhd. and Media Distribution Sdn. Bhd. (Note: Sanjung Unggul and its subsidiaries are herein collectively known as "the Sanjung Unggul Group"). In the ten days to 31 August 2015, the subsidiary contributed revenue of RM4,827,000 and profit of RM1,515,000.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the respective acquisition dates:

	Group	
	2016	2015
	RM'000	RM'000
Fair value of consideration transferred		
Cash and cash equivalents	4,350	21,000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	5,273	421
Investment properties	2,640	-
Other investments	-	308
Intangible assets – Intellectual properties	5,305	6,740
Deferred tax assets	396	30
Trade and other receivables	7,638	4,847
Cash and cash equivalents	(1,796)	2,367
Inventories	4,753	5,832
Current tax assets	107	933
Trade and other payables	(8,837)	(4,033)
Borrowings	(5,276)	-
Current tax liabilities	-	(323)
Deferred tax liabilities	(1,538)	(1,769)
Total identifiable net assets	8,665	15,353
Net cash outflow arising from acquisition of subsidiaries		
Purchase consideration settled in cash and cash equivalents	(4,350)	(21,000)
Cash and cash equivalents acquired	(1,796)	2,367
	(6,146)	(18,633)

29. Acquisition of subsidiaries (continued)

Bargain purchase gain was recognised in the current financial year for the acquisition of the United Publishing Group as follows:

	Group 2016 RM'000
Fair value of net identifiable assets	8,665
Total consideration transferred	<u>(4,350)</u>
Bargain purchase gain	<u><u>4,315</u></u>

Goodwill was recognised in the previous financial year as a result of the acquisition of the Sanjung Unggul Group as follows:

	Group 2015 RM'000
Fair value of net identifiable assets	15,353
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquisition	<u>(4,606)</u>
Total consideration transferred	<u>(21,000)</u>
Goodwill	<u><u>(10,253)</u></u>

30. Subsequent events

- a) On 6 September 2016, the Company purchased 1,000 of its own shares from the open market at a price of RM1.11 per share, which was financed by internally generated funds. The purchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. The shareholders of the Company had on 19 July 2016 given the approval for the Company to purchase up to ten percent (10%) of its issued and paid up share capital at any point in time.
- b) On 9 September 2016, Sasbadi Sdn. Bhd., entered into two (2) conditional sale and purchase agreements with THHT Resources Sdn. Bhd. to acquire two (2) units of retail lots distinguished as Parcel Nos. L1.09 and L1.10, each measuring 2,260 square feet, within Storey No. First Floor, Cova Square, held on all that leasehold land held under Master Title No. PN 80337 Lot 54636, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor, for a total purchase price of RM2,600,000 (each unit of the properties for a purchase price of RM1,300,000), to be settled by cash ("Proposed Acquisition"). The Proposed Acquisition is currently pending fulfilment of conditions precedent.
- c) On 15 September 2016, Sasbadi Learning Solutions Sdn. Bhd. entered into a share acquisition agreement with Lok Kah Fai and Ainaa Atikah Binti Rosli to acquire 100% equity interest in Distinct Motion Sdn. Bhd. ("Distinct Motion") comprising 740,000 ordinary shares of RM1.00 each, for a total purchase price of RM850,000, which was settled by cash. Distinct Motion has a wholly owned subsidiary, Distinct Element Sdn. Bhd. The acquisition was completed on 21 October 2016.

31. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company at 31 August, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	83,776	70,661	3,985	179
- unrealised	(7,496)	(5,488)	-	-
Total retained earnings	<u>76,280</u>	<u>65,173</u>	<u>3,985</u>	<u>179</u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

► STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 63 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 on page 134 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Law King Hui

.....
Lee Swee Hang

Kuala Lumpur,

Date: 9 December 2016

STATUTORY DECLARATION ◀

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Tang Yuen Kin**, the officer primarily responsible for the financial management of Sasbadi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 9 December 2016.

.....
Tang Yuen Kin

Before me:

► INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SASBADI HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of Sasbadi Holdings Berhad, which comprise the statements of financial position as at 31 August 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 63 to 133.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 August 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 on page 134 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,

Date: 9 December 2016

Foo Siak Chung

Approval Number: 3184/02/18(J)
Chartered Accountant

LIST OF PROPERTIES ▲

AS AT 31 AUGUST 2016

Registered/ Beneficial Owner	Location	Description/ Existing Use	Tenure	Land Area/ Built-up Area (sq. ft.)	Approximate Age of Building (Years)	Net Book Value as at 31 August 2016 (RM'000)	Date of Valuation/ Acquisition
Sasbadi Sdn Bhd	Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	Industrial land erected upon with a single storey warehouse building with a three (3)-storey office cum internal warehouse building annex/Industrial warehouse and office	Registered lease 60 years (from 22.11.2001 to 21.11.2061)	105,562/ 76,945	12	24,805	25.04.2014 [^]
Sasbadi Sdn Bhd	Unit No. C-10-5, Block C, Bay View Villas, PD World Marina International Resort, 6th Mile Jalan Pantai, Teluk Kemang, 71050 Port Dickson, Negeri Sembilan Darul Khusus	Three (3)-bedroom apartment/Apartment (currently unoccupied)	Leasehold (99 years expiring on 17.12.2101)	Not applicable/ 1,278	17	81	28.04.2014 [^]
Sasbadi Sdn Bhd	Unit No. B 1-2, Block B, The Regency Tanjung Tuan Beach Resort, 5th Mile, Jalan Pantai, 71050 Port Dickson, Negeri Sembilan Darul Khusus	Two (2)-bedroom apartment/Holiday apartment	Leasehold (99 years expiring on 13.05.2081)	Not applicable/ 969	30	201	28.04.2014 [^]
Sasbadi Sdn Bhd	2, Jalan Teknologi 3/5A, Pusat Teknologi Sinar Damansara, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	Three (3)-storey factory building/Office and warehouse (currently unoccupied)	Leasehold (99 years expiring on 18.10.2106)	12,464.53/ 9,600	5	7,720	29.01.2016 [*]
United Publishing House (M) Sdn Bhd	Nos. 5077-5079, Lorong 18/64A, Taman Sri Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	Three (3) units of adjoining one-and-a-half (1½) storey terrace factory buildings/Office and warehouse	Leasehold (99 years expiring on 18.05.2083)	11,474.7/ 19,683	21	5,011 ^{**}	12.08.2016 [#]
United Publishing House (M) Sdn Bhd	Nos. 21 (Basement, Ground and Mezzanine Floors), 23 (Basement, Ground and Mezzanine Floors), 25 (Basement) and 27 (Basement), Jalan Taiping, 50410 Kuala Lumpur	Four (4) basement, two (2) ground and two (2) mezzanine floors of four (4) units of adjoining four-and- a-half (4½) storey shop/ office/apartment buildings/ Rented out as investment properties	Freehold	Not applicable/ 13,832	39	2,637 ^{**}	12.08.2016 [#]

Notes:

[^] Date of valuation.

^{*} Date of acquisition.

^{**} The net book value as at 12 August 2016 (i.e. date of acquisition of United Publishing House (M) Sdn Bhd by Sasbadi Holdings Berhad) and 31 August 2016 reflects the valuation of the properties carried out on 8 September 2016.

[#] Date of acquisition of United Publishing House (M) Sdn Bhd by Sasbadi Holdings Berhad.

► ANALYSIS OF SHAREHOLDINGS

AS AT 30 NOVEMBER 2016

Authorised Share Capital	: RM500,000,000.00
Issued and Fully Paid-Up Share Capital	: RM69,850,000.00 comprising 279,400,000 Ordinary Shares of RM0.25 each
Class of Shares	: Ordinary Shares of RM0.25 each
Voting Rights	: One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

AS PER THE RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held [^]	% of Issued Share Capital
Less than 100	7	0.62	100	0.00
100 – 1,000	132	11.62	90,500	0.03
1,001 – 10,000	562	49.47	2,968,200	1.06
10,001 – 100,000	301	26.50	10,220,500	3.66
100,001 to 13,969,949 *	131	11.53	140,459,700	50.27
13,969,950 and above **	3	0.26	125,660,000	44.98
Total	1,136	100.00	279,399,000	100.00

Notes:

[^] Excluding a total of 1,000 shares bought back and retained as treasury shares by Sasbadi Holdings Berhad

* Less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Director	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Salleh Bin Mohd Husein	200,000	0.07	–	–
Law King Hui	51,189,000	18.32	50,800,000 ⁽¹⁾	18.18
Lee Swee Hang	23,671,000	8.47	50,800,000 ⁽¹⁾	18.18
Law Yi Chian	–	–	–	–
Lee Eng Sang	12,700,000	4.55	50,800,000 ⁽¹⁾	18.18
Dato' Noor Rezan Binti Bapoo Hashim	200,000	0.07	–	–
Lim Hun Soon @ David Lim	360,000	0.13	–	–

Note:

(1) Deemed interest by virtue of his interest in Karya Kencana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Substantial Shareholder	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Law King Hui	51,189,000	18.32	50,800,000 ⁽¹⁾	18.18
Karya Kencana Sdn Bhd	50,800,000	18.18	–	–
Lee Swee Hang	23,671,000	8.47	50,800,000 ⁽¹⁾	18.18
Lee Eng Sang	12,700,000	4.55	50,800,000 ⁽¹⁾	18.18
Employees Provident Fund Board	19,321,800	6.92	–	–

Note:

- (1) Deemed interest by virtue of his interest in Karya Kencana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

THIRTY LARGEST SHAREHOLDERS

AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAW KING HUI (PB)	51,189,000	18.32
2	KARYA KENCANA SDN BHD	50,800,000	18.18
3	LEE SWEE HANG	23,671,000	8.47
4	LEE ENG SANG	12,700,000	4.55
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	11,865,800	4.25
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	8,000,000	2.86
7	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	5,792,300	2.07
8	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	5,484,800	1.96
9	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	4,764,900	1.71
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	4,665,600	1.67
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	4,473,000	1.60
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	4,439,300	1.59
13	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB SMART TREASURE FUND	4,382,000	1.57
14	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	3,349,700	1.20

THIRTY LARGEST SHAREHOLDERS (cont'd)

AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (BALANCE FUND)	3,047,000	1.09
16	MA TIEN LEONG	2,530,800	0.91
17	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (AMUNDI MALAYSIA)	2,500,200	0.89
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	2,466,300	0.88
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	2,364,700	0.85
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB EQUITY TRUST	2,326,000	0.83
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (ANNUITY PIF EQ)	2,162,400	0.77
22	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	1,855,000	0.66
23	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB PRIVATE FUND – SERIES 3	1,690,800	0.61
24	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD MIDF AMANAH ASSET MANAGEMENT BERHAD FOR TAKAFUL IKHLAS BERHAD (JS487)	1,580,000	0.57
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB PRNCP ISLM)	1,575,500	0.56
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	1,466,700	0.52
27	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD MIDF AMANAH ASSET MANAGEMENT BERHAD FOR UNIVERSITI MALAYA (JG488)	1,380,700	0.49
28	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	1,377,600	0.49
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	1,377,000	0.49
30	CHAU MING CHIEW @ CHAW MING CHIEW	1,260,000	0.45
TOTAL		226,538,100	81.08

NOTICE OF FOURTH ANNUAL GENERAL MEETING ◀



SASBADI HOLDINGS BERHAD

(Company No.: 1022660-T)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Sasbadi Holdings Berhad will be held at The Greens III Function Room, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 January 2017 at 10.00 a.m. to transact the following business:-

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 August 2016 and the Reports of Directors and Auditors thereon.
2. To approve the payment of a final single tier dividend of 1.25 sen per ordinary share of RM0.25 each for the financial year ended 31 August 2016. **Resolution 1**
3. To approve the payment of a sum of not exceeding RM700,000.00 as total Directors' Fees for the financial year ending 31 August 2017 **Resolution 2**
4. To re-elect the following Directors who are retiring by rotation pursuant to Article 84 of the Company's Articles of Association:-
 - 4.1 Dato' Salleh Bin Mohd Husein **Resolution 3**
 - 4.2 Dato' Noor Rezan Binti Bapoo Hashim **Resolution 4**
 - 4.3 Mr Law King Hui **Resolution 5**
5. To re-elect Ms Law Yi Chian as Director, who is retiring by casual vacancy pursuant to Article 87 of the Company's Articles of Association. **Resolution 6**
6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

Special Business

To consider and if deemed fit, with or without any modification(s), to pass the following Ordinary Resolutions:-

7. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES** **Resolution 8**

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company."

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

Resolution 9

"That subject to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.25 each in the share capital of the Company 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 in the interest of the Company provided that:-

- (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the issued and paid-up share capital of the Company ("Purchased Shares") at any point in time;
- (b) the maximum amount of funds to be allocated by the Company for the purposes of purchasing the Purchased Shares shall not exceed the aggregate amount of the retained earnings and share premium of the Company at the time of purchase;
- (c) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:-
 - (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless it 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) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting;
 whichever occurs first,
- (c) upon completion of the purchase by the Company of the Purchased Shares, the Directors of the Company be and are hereby empowered to deal with Purchased Shares in the following manner:-
 - (i) cancel the Purchased Shares;
 - (ii) retain the Purchased Shares as treasury shares;
 - (iii) retain part of the Purchased Shares as treasury shares and cancel the remainder;
 - (iv) distribute the treasury shares as share dividends to the shareholders;
 - (v) resell the treasury shares on Bursa Securities; or
 - any combination of the above (i), (ii), (iii), (iv) and (v).

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and to do all acts and things as may be required (including executing all documents) to give full effect to the purchase of the Company's own shares, with full power to assent to any conditions, variations, modifications, and/or amendments in any manner as may be required or permitted by any relevant authorities or as may be deemed necessary by the Board of Directors and in the best interests of the Company."

- 9. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

FURTHER NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Fourth Annual General Meeting to be held on Thursday, 19 January 2017, a final single tier dividend of 1.25 sen per ordinary share of RM0.25 each for the financial year ended 31 August 2016 will be payable on 22 February 2017 to Depositors registered in the Record of Depositors on 31 January 2017.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 January 2017 in respect of ordinary transfer; and
- (a) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board
SASBADI HOLDINGS BERHAD

TAN FONG SHIAN (MAICSA 7023187)
LIM FEI CHIA (MAICSA 7036158)
Secretaries

Kuala Lumpur
28 December 2016

Notes:

- (1) *A member may appoint up to two (2) proxies to attend and vote instead of him/her at the meeting. If the member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.*
- (2) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (3) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- (4) *Only a depositor whose name appears in the Company's Record of Depositors as at 12 January 2017 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.*
- (5) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- (6) *The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*
- (7) *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.*

EXPLANATORY NOTES

Ordinary Resolution 2

There is no increase in the Directors' Fees for the financial year ending 31 August 2017.

Ordinary Resolution 8

The proposed Ordinary Resolution 8, if passed, will renew the authority given to the Directors of the Company to allot and issue new shares in the Company pursuant to Section 132D of the Companies Act, 1965 ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the nominal value of the total issued share capital of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The purpose to seek the General Mandate is to enable the Company to raise funds expeditiously for the purpose of funding future investment project(s), working capital, repayment of borrowings and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

The Company did not issue any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the Third AGM of the Company held on 18 February 2016.

Ordinary Resolution 9

The proposed Ordinary Resolution 9, if passed, will renew the authority given to the Directors to purchase ordinary shares of RM0.25 each in the Company of not exceeding 10% of the existing issued and paid-up share capital of the Company through Bursa Securities in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements of Bursa Securities. This authority unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Details on the proposal contained under Ordinary Resolution 9 above are set out in the Statement to Shareholders in relation to Proposed Renewal of Share Buy-Back Authority dated 28 December 2016.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election are set out in the Directors' Profile Section of the Annual Report 2016.

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FORM OF PROXY



SASBADI HOLDINGS BERHAD (1022660-T)
(Incorporated in Malaysia)

I/We _____ NRIC/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

being a member of **SASBADI HOLDINGS BERHAD**, hereby appoint _____
(FULL NAME IN BLOCK LETTERS & NRIC NO.)

_____ of _____
(ADDRESS)

or failing him/her _____
(FULL NAME IN BLOCK LETTERS & NRIC NO.)

of _____
(ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING* as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at The Greens III Function Room, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 January 2017 at 10.00 a.m. and any adjournment thereof. My/Our proxy/proxies shall vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
Resolution 1	To approve the payment of a final single tier dividend of 1.25 sen per ordinary share of RM0.25 each for the financial year ended 31 August 2016		
Resolution 2	To approve the payment of a sum of not exceeding RM700,000.00 as total Directors' Fees for the financial year ending 31 August 2017		
Resolution 3	To re-elect Dato' Salleh Bin Mohd Husein as Director		
Resolution 4	To re-elect Dato' Noor Rezan Binti Bapoo Hashim as Director		
Resolution 5	To re-elect Mr Law King Hui as Director		
Resolution 6	To re-elect Ms Law Yi Chian as Director		
Resolution 7	To re-appoint Messrs KPMG as Auditors of the Company		
SPECIAL BUSINESS			
Resolution 8	Authority for Directors to issue shares		
Resolution 9	Proposed Renewal of Share Buy-Back Authority		

Please indicate with a "✓" or "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he or she thinks fit, or, at his or her discretion, abstain from voting.

Dated this _____ day of _____

Number of ordinary shares held

Signature/Common Seal of Member

Central Depository System Account No.

*Delete the words "the CHAIRMAN OF THE MEETING" if you wish to appoint some other person(s) only to be your proxy/proxies.

Notes:-

- (1) A member may appoint up to two (2) proxies to attend and vote instead of him/her at the meeting. If the member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
- (2) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (4) Only a depositor whose name appears in the Company's Record of Depositors as at 12 January 2017 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (6) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.
- (7) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.

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AFFIX
STAMP

The Company Secretary
Sasbadi Holdings Berhad
c/o Archer Corporate Services Sdn Bhd
Suite 11.1A Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

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SASBADI HOLDINGS BERHAD **1022660-T**

 Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1,
Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

 +603-6145 1188

 +603-6145 1199

 www.sasbadiholdings.com