

SASBADI HOLDINGS BERHAD
Registration No. 201201038178 (1022660-T)
(Incorporated in Malaysia)

Minutes of the Seventh Annual General Meeting of the Company held at The Greens III Function Room, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 13 February 2020 at 10.00 a.m.

PRESENT:

Board of Directors

Dato' Salleh Bin Mohd Husein – *Chairman*
Mr Law King Hui – *Group Managing Director*
Mr Lee Swee Hang
Ms Law Yi Chian
Mr Lim Hun Soon @ David Lim

Absent with apologies

Dato' Noor Rezan Binti Bapoo Hashim

In Attendance:

Ms Tan Fong Shian – Company Secretary
Mr Kevin Foo – Representing KPMG PLT
Ms Carmen Chung – Representing KPMG PLT

The attendance of Members/Corporate Representatives/Proxies is as per the Attendance List.

1. **INTRODUCTION**

Dato' Salleh Bin Mohd Husein, the Chairman of the Board of Directors ("the Chairman"), extended a warm welcome to all members present at the Company's Seventh Annual General Meeting ("AGM" or "Meeting") for the purpose of considering the business of the Company as set out in the Notice of AGM dated 30 December 2019.

The Chairman thereafter passed the time to Mr Law King Hui ("Mr Law"), the Group Managing Director, to read out the questions submitted by the Minority Shareholder Watch Group ("MSWG") vide letter dated 14 January 2020 and the Company's responses as per the slide presentation attached as Appendix I.

On behalf of the Board, Mr Law extended his appreciation to the shareholders present at the Meeting despite the recent Covid-19 outbreak and proceeded with his presentation.

After the presentation, the Chairman continued with the AGM.

2. **QUORUM**

The Company Secretary being called upon by the Chairman, confirmed that there was a quorum present for the Meeting.

The Chairman then called the Meeting to order.

3. SHAREHOLDERS' RIGHTS AS TO VOTING

The Company Secretary was called upon by the Chairman to explain how the shareholders present in person or by proxy or representative, may exercise their voting rights at the Meeting and the voting at the AGM would be conducted on a poll.

The Chairman informed that he would exercise his right as the Chairman of the Meeting to demand for a poll in accordance with the Clause 98(a) of the Company's Constitution in respect of all resolutions which would be put to vote at the Meeting.

He further informed that the polling process for all the resolutions would be conducted upon the completion of the deliberation of all items to be transacted at the AGM. The Company had appointed Boardroom Share Registrars Sdn Bhd as the Poll Administrator to conduct the polling process and Archer Consulting Group Sdn Bhd as the Scrutineers to verify the poll results.

4. NOTICE

There being no objection, the Notice convening the Meeting, having been circulated earlier to all the shareholders of the Company within the prescribed notice period, was taken as read.

The Chairman informed that in order to facilitate the orderly conduct of the Meeting, question & answer sessions would be held after the Meeting had procedurally moved each motion.

5. AUDITED FINANCIAL STATEMENTS AND REPORTS

The Audited Financial Statements ("AFS") of the Company for the financial year ended 31 August 2019 ("FYE2019") and the Reports of the Directors and Auditors thereon which had been circulated earlier to all members of the Company within the statutory period were tabled and laid before the Meeting.

The Chairman then invited questions from the floor.

Some of the main points raised by the shareholders/proxies/corporate representatives and duly responded to by Mr Law and Ms Chan Yuet Leng, the Group Chief Financial Officer ("CFO") are summarised below.

- (i) Mr Leo Ann Puat ("Mr Leo") suggested for Management to also present the 5-year financial highlights, page 5 of the Annual Report 2019 ("AR2019"), in a tabular form instead of only in the bar chart, which was duly noted by Management. Explanations/responses were given to several questions raised by Mr Leo as follows:-
 - (a) Mr Law explained the reason for the consistent fourth quarter losses was the Group's business operations are exposed to seasonality patterns as such the fourth quarter results has always been the slowest quarter for the Group. This is primarily due to the timing of the start of the academic year for national schools.

- (b) In order to mitigate the above, the Group has expanded into the non-academic print publication segment. The Group will continue to focus on growing the non-academic print publication segment, rights licensing and book export market and is optimistic about its prospects and performance for the financial year ending 31 August 2020 (“FYE2020”).
 - (c) In response to the question on revenue and profit contribution from the Government contracts and the stability of these contracts, Mr Law said that these contracts contribute approximately 10% of the Group’s revenue and there had been increasing tender opportunities in the past 2 years.
 - (d) The Group also sees the growth potential in the digital and technology-enabled solutions segment in line with the Ministry of Education’s (“MoE”) direction to go digital as the Group has extensive in-house developed technology for education.
 - (e) In response to the enquiry on when would digital learning segment overtake the print publishing segment, Mr Law said that Management is unable to gauge as it is driven by the MoE and the implementation of digital learning must not result in marginalisation of any students.
 - (f) With regards to the possibility for payment of dividend, Mr Law informed that despite the improvement in the Group’s results, the cash flow is still weak, therefore payment of dividend is still not feasible at the moment.
- (ii) In response to the request by Mr Chong Thin Tuck to elaborate on the areas of robotics, Mr Law informed that the Group had began championing the provision of innovative educational tools and dynamics platform that promote hands-on learning through applied learning tools in partnership with LEGO Education. Robotics have been proven to be one of the most effective ways to promote STEM, i.e. Science, Technology, Engineering and Mathematics education.

The STEM products are costly and therefore, not affordable to all schools/students. However, there has been increasing corporate sponsorship in this area to various schools. The Group is the strategic partner of the Ministry of Education (“MoE”) in organising numerous robotics competitions annually.

- (iii) Mr Muniandy A/L Karishnan (“Mr Muniandy”) raised the following matters, which were responded to as follows:
- (a) The CFO informed that as at 30 November 2019, the inventories and trade receivables stood at RM75.74 million and RM56.22 million respectively which were higher than FYE2019 due to higher sales as it was the beginning of the school term.
 - (b) Mr Law explained that the increase in stock returns was not due the issue of the pricing of the Group’s products as they are reasonably priced and this can be demonstrated by the Group’s strong market share in the industry.
- (iv) Mr Chua Song Yin (“Mr Chua”) enquired on the following matters, which were responded to as follows:-

- (a) With regards to the high bank overdraft interest as reflected on page 126 of the AR2019, the CFO explained that the bulk of the Group's bank overdraft interest expense were in the lower part of the range from 4.55% to 8.17%. The interest rate of 8.17% was due to some older facilities taken. For FYE2019, the interest rate was lower than the last year due to the downward revision by the bank during the year.
- (b) On the drop in the Gross Profit ("GP") margin from 43.1% in the previous year ("FYE2018") to 41.4% in FYE2019, the CFO informed that the lower GP margin was due to higher Cost of Sales as fixed cost such as salary has been included in the Cost of Sales.
- (c) In relation to the increase in refund liabilities, the CFO explained that the amount is calculated based on a certain percentage over sales, as such the amount will fluctuate according to the performance of the Group.
- (d) With regards to the decreasing value of the printing & publishing industry, Mr Law said that there had been no new indicators for the said industry for the past 2 years. However, he was of the opinion that the printing & publishing industry has shrunk.
- (e) On the finance cost of RM2.88 million for FYE2019, the CFO said that the average interest rate for FYE2019 was $\pm 6\%$.
- (v) Ms Lim Cian Yan, the Authorised Representative of MSWG raised the following matters, which were responded to as follows:-
 - (a) With regards to the extended credit limit given to suppliers, Mr Law said that the Group's collections has been improving.
 - (b) On the remaining contract value of the tenders awarded to the Group, the CFO apprised that there will be approximately RM5.0 million revenue contribution in FYE2020 and RM2.0 million more for the remaining duration of these contracts thereafter.
 - (c) On the disposal of non-core assets, the CFO said the assets concerned were three (3) units of 1½ storey terrace factory/office building owned by one of its subsidiaries.
- (vi) In response to the question by Mr Kok Wai Keat on the return of investment on the acquisition of United Publishing House (M) Sdn Bhd ("UPH") and Pinko Creative Sdn Bhd ("Pinko"), Mr Law informed that the transfer of Pinko's business operations to UPH was part of the Group's strategy to optimize the non-academic business segment. UPH Group (i.e. UPH and its subsidiaries) is expected to achieve a better performance in FYE2020.

There being no further questions raised, the AFS of the Company for FYE2019 and the Reports of the Directors and Auditors as laid before the Meeting were declared by the Chairman to be duly received.

6. ORDINARY RESOLUTION 1
DIRECTORS' FEES FOR FYE2020

Encik Ahmad Bin Ibrahim ("Encik Ahmad") proposed and Mr Chua seconded the following motion:-

"THAT the payment of a sum of not exceeding RM560,000-00 as total Directors' Fees and benefits for FYE2020 be and is hereby approved."

The Chairman informed that the poll would be conducted upon completion of the remaining business of the Meeting and invited questions from the floor.

There being no question raised from the floor, the Chairman proceeded with the next item on the agenda.

7. ORDINARY RESOLUTIONS 2, 3 AND 4
RE-ELECTION OF DIRECTORS

The Chairman informed the floor that as the next resolution concerned his own re-election as Director of the Company, the chair would be handed to Mr Law.

Mr Law informed the floor that pursuant to Clause 115 of the Company's Constitution, Dato' Salleh Bin Mohd Husein, Dato' Noor Rezan Binti Bapoo Hashim and Ms Law Yi Chian retire by rotation and being eligible, have offered themselves for re-election.

Tan Sri Abd Ghafar Bin Mahmud proposed and Encik Ahmad seconded the following motion:-

"THAT Dato' Salleh Bin Mohd Husein, the Director who is retiring pursuant to Clause 115 of the Company's Constitution, and being eligible, be and is hereby re-elected to the Board."

The following motion on the re-election of Dato' Noor Rezan Binti Bapoo Hashim was proposed by Mr Yeoh Chong Keat ("Mr Yeoh") and duly seconded by Mr Muniandy:-

"THAT Dato' Noor Rezan Binti Bapoo Hashim, the Director who is retiring pursuant to Clause 115 of the Company's Constitution, and being eligible, be and is hereby re-elected to the Board."

The following motion on the re-election of Ms Law Yi Chian was proposed by Mr Yeoh and duly seconded by Mr Chua:-

"THAT Ms Law Yi Chian, the Director who is retiring pursuant to Clause 115 of the Company's Constitution, and being eligible, be and is hereby re-elected to the Board."

Mr Law informed that the poll would be conducted upon completion of the remaining business of the Meeting and there was no question raised from the floor.

He then handed back the chair to the Chairman.

8. **ORDINARY RESOLUTION 5**
RE-APPOINTMENT OF AUDITORS

Upon the proposal by Mr Yeoh and duly seconded by Mr Leo, the following motion was moved:-

“THAT KPMG PLT be and are hereby re-appointed as the Company’s Auditors and to hold office until the conclusion of the next AGM AND THAT the Directors be and are hereby authorised to determine their remuneration.”

There being no questions raised from the floor, the Chairman informed that the poll would be conducted upon completion of the remaining business of the Meeting.

9. **SPECIAL BUSINESS**
ORDINARY RESOLUTION 6
AUTHORITY FOR DIRECTORS TO ISSUE SHARES

The Chairman informed that the next item on the agenda was to seek shareholders’ approval for the authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. The Chairman then proposed and Mr Yeoh seconded the following motion:-

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, 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 allot and 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 total number of issued shares 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.”

There being no questions raised from the floor, the Chairman informed that the poll would be conducted upon completion of the remaining business of the Meeting.

10. **SPECIAL BUSINESS**
ORDINARY RESOLUTION 7
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Chairman informed that the last item on the agenda was to seek shareholders’ approval for the Proposed Renewal of Share Buy-Back Authority. The relevant information on the Proposed Renewal of Share Buy-Back Authority was set out in the Statement to Shareholders dated 30 December 2019.

To an enquiry by Mr Muniandy whether Management has any intention to exercise the share buy-back authority, Mr Law informed that currently, the Company has no intention to purchase its own shares and the mandate sought from the shareholders will only be exercised once the cash flow of the Company has improved.

The following motion was proposed by Mr Muniandy and duly seconded by Encik Ahmad:-

“THAT subject to the provisions of the Companies Act 2016 (“the Act”), the Constitution 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 issued ordinary shares 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 total number of issued shares 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 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,

- (d) 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 (of which may be dealt with in accordance with Section 127(7) of the Act);
 - (iii) retain part of the Purchased Shares as treasury shares and cancel the remainder;
 - (iv) in any other manner as may be prescribed by the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.; or

any combination of the above (i), (ii), (iii) and (iv).

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.”

There being no questions raised from the floor, the Chairman informed that the voting on all the Ordinary Resolutions by poll would be conducted.

11. **POLLING**

As the Company had not received any notice for transaction of any other business at the Meeting, upon the Chairman's request, the Company Secretary explained the procedures for polling to the Meeting.

The computation of votes then took place immediately after all the shareholders had cast their votes and the Meeting was adjourned at 11.50 a.m. for 25 minutes for this purpose.

12. **RESULTS OF THE POLL**

At 12.15 p.m., the Chairman called the Meeting back to order for the declaration of results. He informed that he had received the poll results and the said results were verified by the Scrutineers. The Chairman invited the Company Secretary to read out the poll results.

The Company Secretary announced the poll results in respect of all the Ordinary Resolutions as set out below:

Resolution	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 Approval of the payment of Directors' Fees and benefits	216,123,725	99.9614	83,500	0.0386	Carried
Ordinary Resolution 2 Re-election of Dato' Salleh Bin Mohd Husein as Director	216,125,325	99.9621	82,000	0.0379	Carried
Ordinary Resolution 3 Re-election of Dato' Noor Rezan Binti Bapoo Hashim as Director	216,125,325	99.9621	82,000	0.0379	Carried
Ordinary Resolution 4 Re-election of Ms Law Yi Chian as Director	216,125,325	99.9621	82,000	0.0379	Carried
Ordinary Resolution 5 Re-appointment of KPMG PLT as Auditors of the Company	216,125,325	99.9621	82,000	0.0379	Carried

Resolution	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 6 Authority for Directors to issue shares	216,095,325	99.9482	112,000	0.0518	Carried
Ordinary Resolution 7 Proposed Renewal of Share Buy-Back Authority	216,117,825	99.9759	52,000	0.0241	Carried

The Chairman then declared that all Ordinary Resolutions were duly carried.

13. **CLOSURE**

There being no further business to be transacted, the Meeting was closed at 12.20 p.m. with a vote of thanks to the Chairman.

READ AND CONFIRMED BY

CHAIRMAN

Date: 13 March 2020