EDUCATION SOLUTIONS PROVIDER

SASBADI

2019

ANNUAL REPORT

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

SASBADI HOLDINGS BERHAD

Registration Number: 201201038178 (1022660-T)

SASBADI

Education Solutions Provider
since 1985

Nurturing Students for Tomorrow, Today.

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Selangor Darul Ehsan

CONTENTS

OUR CORPORATE INFORMATION

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

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

Lim Hun Soon @ David Lim
Independent Non-Executive Director

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
Dato' Noor Rezan Binti Bapoo Hashim

COMPANY SECRETARY

Tan Fong Shian @ Lim Fong Shian ***(MAICSA 7023187)***
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Selangor Darul Ehsan
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Fax: (603) 7721 3399

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank Islamic Berhad
Malayan Banking Berhad

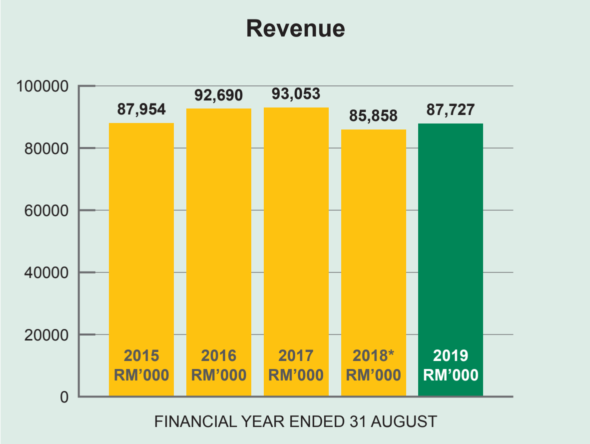
STOCK EXCHANGE LISTING

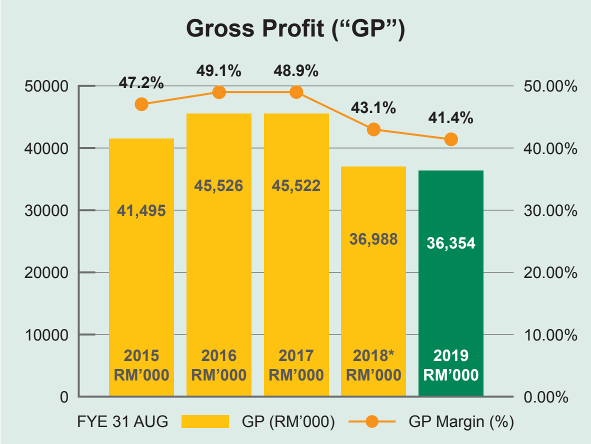
Main Market of Bursa Malaysia Securities Berhad
Sector: Telecommunications & Media
Stock Name: SASBADI
Stock Code: 5252

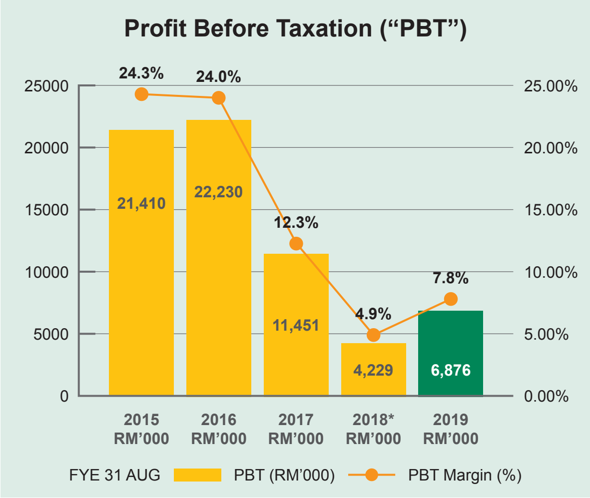
OUR GROUP OF COMPANIES

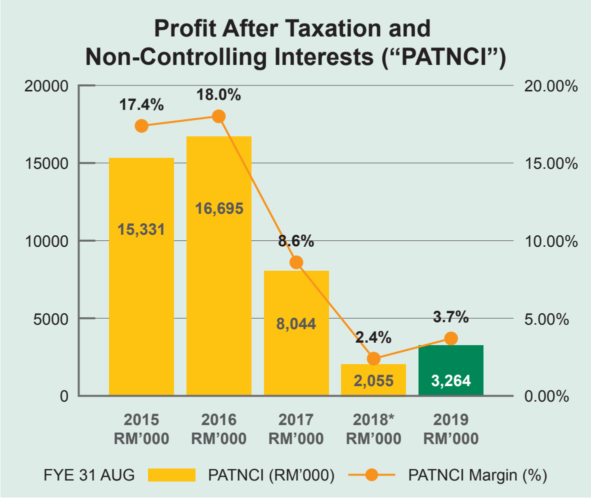
- Sasbadi Holdings Berhad
  - Sasbadi Sdn Bhd
  - Sanjung Unggul Sdn Bhd
    - The Malaya Press Sdn Bhd
      - Big Tree Publications Sdn Bhd
      - Media Distribution Sdn Bhd
      - Jinbang Publication Sdn Bhd
  - MindTech Education Sdn Bhd
  - Sasbadi Online Sdn Bhd
  - Orbit Buku Sdn Bhd
  - United Publishing House (M) Sdn Bhd
    - UPH Distributor Sdn Bhd
    - G-Apple Studio Sdn Bhd
    - Penerbitan Minda Sdn Bhd
    - Penerbitan Daya Sdn Bhd
    - Pinko Creative Sdn Bhd
  - MBP Publications Sdn Bhd
  - Malaysian Book Promotions Sdn Bhd
  - Maya Press Sdn Bhd
  - Sasbadi Learning Solutions Sdn Bhd
    - Distinct Motion Sdn Bhd
      - Distinct Element Sdn Bhd

OUR FINANCIAL HIGHLIGHTS









Restated for effects of MFRS 15

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2019

	RM'000
Property, plant and equipment	52,238
Investment properties	2,480
Goodwill	10,964
Intellectual properties and other intangible assets	14,092
Inventories	73,446
Trade receivables	44,030
Cash and cash equivalents	7,443
Other assets	16,775
Total assets	221,468
Shareholders' equity	154,942
Loans and borrowings	35,360
Trade payables	6,590
Deferred tax liabilities	8,275
Other liabilities	16,301
Total equity and liabilities	221,468

WHO WE ARE

At Sasbadi, we believe that education is a birthright and key to solving many of our world's most pressing issues such as inequality, poverty and environmental problems. It is the foundation for a constructive, progressive and caring society. Anchored by these beliefs and our aspiration to contribute to a better future, our motto has always been **"Nurturing Students for Tomorrow, Today"**.

From humble beginnings to being a household name

Since our beginnings in 1985, Sasbadi has been journeying with students throughout their schooling years by providing them with an array of quality academic books and educational materials. Just as students grow up with our content, so too does our brand mature with time. Today, Sasbadi is a trusted household name among students, teachers and parents, making us a proud Malaysian brand in education.

Building on our laurels and continuing to evolve with time

As a leading education solutions provider, we continuously strive to provide the best educational materials for our customers. This means that we are responsive to the changing education landscape and the corresponding needs of our stakeholders. We recognise that learning is an active process that engages the learner and is a life skill in its own right.

Since 2005, we began championing the provision of innovative educational tools and dynamic platforms that promote hands-on learning through applied learning tools in partnership with a global brand like LEGO Education. Robotics have been proven to be one of the most effective ways to promote Science, Technology, Engineering and Mathematics ("STEM") education. It engages, challenges and empowers students to harness their problem-solving skills, critical thinking skills, creativity and teamwork, all of which are highly sought after traits in the 21st Century. We are a Strategic Partner of the Ministry of Education Malaysia in organising numerous robotics competitions annually.

Lifelong learning brings endless possibilities in the 21st Century

Sasbadi sees the benefits of lifelong learning to keep our brains active, improve our skills and enhance our overall well-being.

We publish a wide range of fiction and non-fiction titles, illustrated storybooks, educational comics, encyclopedias, and books for young learners and pre-schoolers.

Since the dawn of the 21st Century and especially over the last decade, the Internet and Technology have shifted education's focus towards smart, mobile and interactive experiences. In response to this, we began in 2011 to develop and create digital solutions that are user-friendly, interactive and fun by leveraging on Information and Communications Technology ("ICT").

We support the aspirations in the Malaysia Education Blueprint 2013-2025 to transform the education system. In the area of technology, we are aligned to Shift 7 in the blueprint which emphasises on leveraging ICT to scale up quality learning across Malaysia.

A collaborative future forward

We believe that collaboration is the way forward for industries, including education. We must leverage on collective strengths to provide better values in our products and services. In this light, we continue to seek meaningful partnerships and collaborations with reputable organisations. Some of our notable collaborations include Foreign Language Teaching and Research Press, China Children's Press & Publication Group, The Commercial Press China, Animasia, Marshall Cavendish Education, University of Malaya and most recently, Cambridge Assessment English and NYC English.

At Sasbadi, we also recognise that quality education should be inclusive, affordable and personalised to needs. Therefore, we founded MindTech Education Sdn Bhd, our network marketing division to deliver a personal touch in making our digital education solutions available across Malaysia.

At Sasbadi, we believe that change is constant and necessary to propel us to innovate. Innovation is a key to be ahead of the curve in our fast-changing world, especially in light of the Fourth Industry Revolution. Anchored by our mission, **"Nurturing Students for Tomorrow, Today"**, we continuously innovate to stay ahead.

OUR AWARDS AND ACHIEVEMENTS

FLTRP Best B&R Partner Award 2019
Foreign Language Teaching & Research Press (“FLTRP”) Award for Best Belt & Road Category
Awarded to Sasbadi Holdings Berhad

Best Under Billion Awards 2017 by Focus Malaysia: Best in Online Presence
Awarded to Sasbadi Holdings Berhad

Industry Excellence Award 2019, Gold Winner for STEM Education, by the Institution of Engineering and Technology (“IET”)
Awarded to Sasbadi Learning Solutions Sdn Bhd

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

MLM Golden Midas Award 2016
Awarded to MindTech Education Sdn Bhd

Asia Pacific Golden Crown Award 2016-2017: The High Achievers Award
Awarded to 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

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

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

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

MESSAGE TO SHAREHOLDERS

On behalf of the Board of Directors ("the Board") of Sasbadi Holdings Berhad ("Sasbadi" or "the Group"), it is our pleasure to present to you Sasbadi's Annual Report for the financial year ended ("FYE") 31 August 2019.

Overview

Over the last 3 years, the Group has faced many challenges, largely owing to various external factors and economic developments. For our FYE 2019, we found that consumer sentiment was particularly low, which had a direct negative impact on our academic print publishing segment.

As part of the Ministry of Education's ("MoE") initiative to promote a more fun learning environment, primary schools have been given strict instructions to discontinue the use of workbooks for Year 1 to Year 3. The use of workbooks for Year 4 to Year 6 was limited to one title per subject. Further to that, with the MoE's goal to gradually revamp our education system by way of adopting digital and enquiry-based learning approaches, as stipulated in our Malaysia Education Blueprint 2013-2025, interactive textbooks containing elements of texts, graphics, audio visuals and animations are being introduced for selected subjects.

These are all aspects that have affected our academic print publishing segment. In the face of these adversities, we managed to perform rather well in our non-academic print publishing segment which allowed the Group to see marginal improvement in earnings for FYE 31 August 2019. This is mainly attributable to our fundamental strengths and tireless efforts in providing quality reading materials to our customers.

Prospects

The MoE's direction to go digital is not entirely unfavourable to us. Despite being a drawback for our print publications, it brings promising opportunities to our digital and technology-enabled solutions segment. The Group's extensive in-house developed technology for education could see us reaping the rewards through this transformation. We have various products and platforms that can meet the individual needs of students and teachers in schools, such as our flagship digital learning platform i-LEARN Ace which features self-paced learning, customisability and automated functions to make learning both effective and efficient. Additionally, with the 5G roll-out on the horizon, the Group has developed cutting-edge technology, such as our virtual classroom platform in anticipation of this game-changing infrastructure. As such, we believe an exhilarating turnaround can be expected from this segment.

There has also been heightened interest from both the private and public sectors towards our STEM (Science, Technology, Engineering and Mathematics) products, particularly for primary school students. The Group hopes to benefit from this as we prepare to launch a new range of LEGO Education products targeting children between the ages of 10 to 15 in January 2020.

Another new development for the Group is our recent appointment as the Preferred Partner for Cambridge Assessment English ("CAE") Linguaskill and Exclusive Partner for New York City ("NYC") English, an online English learning programme. Both these products are benchmarked to the Common European Framework of Reference for Languages ("CEFR"). These products will generate a new revenue stream for the Group as they target a whole new customer base which is made up of job seekers and working professionals. In addition to that, the demand for upskilling English proficiency for employment, professional development and career advancement is on the rise. Also to note that these products, being fully digital, are practical and user-friendly which meets the needs of society today.

Moving foward, we foresee the operating environment to remain challenging as we expect risk averse consumers to be spending conservatively in the next financial year. However, upon taking into consideration our initiatives currently in the pipeline, we are optimistic about the Group's performance in FYE 2020.

Appreciation

My sincerest thanks to our fellow Board members for leading the Group through this challenging year. To the management team and employees of Sasbadi, thank you for your tireless dedication and resilience in maintaining the Group's operations in the face of volatility. To our business associates, thank you for your trust in the Group and for your continuous support and confidence in us.

In anticipation of a better year ahead, and to appreciate our team, we are pleased to say that we have announced on 6 December 2019 an offer of options to eligible employees under our Employee Share Option Scheme ("ESOS") to subscribe for the new ordinary shares in Sasbadi. We hope this motivates our employees to give their very best in striving for greater results so that we may enjoy the fruition together as a Group.

The Group humbly requests for your continuous support and trust as we pave the way to greater heights in the years ahead.

Law King Hui
Group Managing Director

Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Operations

Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") is an investment holding company while the Group (i.e. Sasbadi Holdings and its subsidiaries) is an education solutions provider. Further details on the Group's subsidiaries are disclosed in Note 6 to the Financial Statements section of this Annual Report.

The Group's history began with the incorporation of Sasbadi Sdn Bhd ("SSB") in 1985, which commenced its operations as a publisher of printed educational materials within the same year. In order to meet the learning and teaching needs of the 21st Century, the Group evolved from being mainly an educational print publisher to a provider of diverse education solutions including digital technology that enables effective and efficient teaching and learning, applied learning tools that facilitate Science, Technology, Engineering and Mathematics ("STEM") education, education services, and a direct selling business, all of which complement our print publishing business. On 23 July 2014, the Company was successfully listed on the Main Market of Bursa Malaysia Securities Berhad.

The Group's premises include our Head Office in Kota Damansara, Petaling Jaya, Selangor, an office in Sungai Buloh, Selangor where Sanjung Unggul Sdn Bhd ("SUSB") and its subsidiaries ("SUSB Group") operate, an office in Sri Petaling, Kuala Lumpur where United Publishing House (M) Sdn Bhd ("UPH") and its subsidiaries ("UPH Group") operate, and an office in Cova Square, Kota Damansara, Petaling Jaya, Selangor where MindTech Education Sdn Bhd ("MindTech Education") operates.

The Group's operations are divided into the following segments:

(i) Print publishing, which is further divided into the following:

  (a) Academic print publishing focusing on both national and national-type (Chinese) schools and also early childhood education; and

  (b) Non-academic print publishing which includes comic books, novels, dictionaries and other general titles.

(ii) Digital/Online and technology-enabled solutions;

(iii) Applied Learning Products and STEM education services (collectively known as "ALP"); and

(iv) Direct selling business.

Financial Review

In the past few years, the Group has seen increasing difficulties in the retail market stemming from poor consumer sentiment. Despite growing challenges, the Group managed to achieve a higher revenue of RM87.727 million for the current financial year, an increase of RM1.869 million (equivalent to 2.2%) from RM85.858 million for the preceding financial year.

The increase in revenue was mainly attributed to the growth achieved by the Group's print publishing segment where it recorded an increase of RM3.302 million (equivalent to 4.4%) in revenue from RM75.827 million in the preceding financial year to RM79.129 million in the current financial year due to better performance from academic book sales.

The Group's ALP segment also recorded an increase in revenue by RM0.532 million (equivalent to 14.6%) from RM3.638 million for the preceding financial year to RM4.170 million for the current financial year.

However, the increase in revenue from both the print publishing segment and the ALP segment were partly offset by the lower contribution from the digital & direct selling segment, which declined by RM1.965 million (equivalent to 30.7%) from RM6.393 million for the preceding financial year to RM4.428 million for the current financial year.

The Group recorded a profit before tax ("PBT") of RM6.876 million for the current financial year vis-à-vis PBT of RM4.229 million for the preceding financial year, representing a significant increase of RM2.647 million (equivalent to 62.6%). The increase in PBT was mainly attributed to the higher revenue achieved and overall lower expenses incurred as a result of the Group's continuous effort to optimise operational efficiency. There were also lower impairment losses on trade receivables and provision for impairment of inventories which decreased from RM1.909 million and RM3.634 million in the preceding financial year to RM0.482 million and RM2.996 million respectively in the current financial year.

A detailed analysis of the operating segments is provided below.

During the FYE 31 August 2019, two mandatory standards had been adopted by the Group, which are MFRS 9, *Financial Instruments* and MFRS 15, *Revenue from Contract with Customers*. In respect of MFRS 9, the Group has adopted the transitional exemptions permitted under the standards, where comparative information for prior periods were not restated. The differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9, amounting to RM3.080 million were recognised directly in the Group's retained earnings and reserves as at 1 September 2018. Had the comparative information for prior year be restated, the PBT for the Group for the FYE 31 August 2018 would have been RM1.255 million.

As for MFRS 15, *Revenue from Contract with Customers*, the comparative information for prior periods have been restated as there is no transitional exemption applied.

After adjusting for the abovementioned effects from the adoption of MFRS 9 and MFRS 15, the equity attributable to owners of the Company increased marginally from RM154.739 million as at 31 August 2018 to RM154.942 million as at 31 August 2019.

In terms of earnings per share ("EPS"), the Group EPS increased by 0.29 sen from 0.49 sen for FYE 31 August 2018 to 0.78 sen for FYE 31 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

The Group's debt-to-equity ratio was 0.23 times as at 31 August 2019 vis-à-vis 0.28 times as at 31 August 2018. The decrease in the Group's debt-to-equity ratio was mainly due to the repayment of bank overdrafts, term loans and bankers' acceptances from the higher net cash generated from operations. The decrease in bank borrowings also resulted in the increase in current ratio from 2.88 times as at 31 August 2018 to 3.10 times as at 31 August 2019.

During the financial year, the Group did not incur any other major capital expenditure.

Review of Operating Segments

Print Publishing Business

The Group's print publishing segment's revenue increased from RM75.827 million for the preceding financial year to RM79.129 million for the current financial year, which was mainly due to better performance from academic book sales.

Academic Print Publishing – National and International Schools

The performance from academic book sales has improved from last year. This was mainly due to our efforts in publishing quality books/tittles at affordable prices for students and teachers. In order to address the weak retail market and the workbook "ban" for Standard 1 to 3 students enforced by the MoE, the Group scaled back the number of publications during FYE 31 August 2019 and instead focused on titles which were more popular and favourable to our markets. This was also part of our effort to optimise our cost.

The Group has also seen some positive results from our efforts initiated since the previous financial year to obtain new revenue streams via collaborative strategy.Our wholly-own subsidiary, Malaysian Book Promotions Sdn Bhd ("MBPSB") entered into a distribution agreement with Marshall Cavendish Education Pte Ltd in November 2017 for the exclusive right to distribute certain MCE-published titles in Malaysia for a term from 1 November 2017 to 30 September 2020 (with renewal options) as part of our collaborative initiatives to enter a new market segment, i.e. the private and international school market in Malaysia. For the FYE 31 August 2019, the contribution from the sales of MCE products increased from RM1.771 million for the preceding financial year to RM2.717 million for the current financial year (equivalent to 53.4%).

The revenue contribution from the new textbook contracts have also increased by RM1.897 million from RM11.475 million for the preceding financial year to RM13.372 million for the current financial year (equivalent to 16.5%). The increase is mainly attributable to tender contracts won in 2018.

Similar to 2018, the Group has successfully won six (6) new textbook contracts from the government in 2019. However, the value of the contracts are significantly lower than the prior year's value due to the nature and scope of Stage 2 education (Standard 4 to 6) which is typically much smaller due to the absence of activity books. Even though the tender business has never been regarded as a growth factor for the Group due to its unpredictability, nevertheless, with increasing tender opportunities under the present government which adopts the "no-direct-negotiations" policy, the Group continually strives to secure more tenders offered by the government.

Sasbadi's academic section at the Popular BookFest 2019

Non-Academic Print Publishing

For FYE 31 August 2019, the Group has seen better results from our non-academic related segment partly due to the sales of titles from Pinko Creative Sdn Bhd ("Pinko Creative"). The acquisition of 100% equity interest in Pinko Creative by the Group in May 2018 has enhanced our presence in the segment of Chinese Language comic book publishing and our overall sales of non-academic print publishing.

Going forward, the Group will focus on the marketing of non-academic related titles as a strategy for organic growth, especially by capitalising on the marketplace void created from the ban of workbooks where students can use their freed-up time to read non-academic books. In view of the government's aspiration to cultivate a fun learning environment, we expect to see heightened activity in our non-academic print publishing segment.

Sasbadi's non-academic section at the Popular BookFest 2019

Digital/Online & Technology-enabled Solutions and our Direct Selling Business

The Group's digital and direct selling segment showed a decrease in revenue for the current financial year due to a lower number of new members joining our direct selling team. The combined revenue of MindTech Education Sdn Bhd ("MTE") and Sasbadi Online Sdn Bhd decreased from RM6.393 million for FYE 31 August 2018 to RM4.428 million (equivalent to 30.7%) for FYE 31 August 2019.

The digital and direct selling segment has not unleashed its full potential as yet. Notwithstanding this, the Group continues to explore new products that can be suitably sold through our distribution channel.

Following the launch of i-LEARN Ace Junior for national primary school students from Standard 1 to 3 in August 2018, MTE launched the contents for national-type schools in January 2019. The product is now able to cater to the demand of students from both the national and national-type schools. i-LEARN Ace Junior is a learning engagement platform designed to nurture the intellectual, spiritual, and emotional development of primary school students from Standard 1 to 3. It is also built to integrate parents/guardians into the learning ecosystem of pupils at this crucial development stage by allowing parents/guardians to conveniently assess and reward their children based on their progress. In place of workbooks which are banned in schools for Standard 1 to 3 students, i-LEARN Ace Junior can be a suitable solution to complement their academic learning.

Applied Learning Products and STEM Education Services

The Group's ALP segment recorded an increase in revenue from RM3.638 million for FYE 31 August 2018 to RM4.170 million for FYE 31 August 2019 (equivalent to 14.6%). The increase was mainly attributable to a heightened interest from both the public and private schools towards our STEM products for elementary school.

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 won a gold and bronze medal for the Open Category - Junior High, and the Open Category - Elementary respectively at the prestigious World Robot Olympiad ("WRO") 2019 held in Győr, Hungary in November 2019. WRO 2019 was well attended by around 400 teams from over 60 countries. This programme has consistently generated interest among students, parents, and teachers for the STEM field.

In regards to the Group's collaborative research and product development efforts with the University of Malaya for the Professional Robotics Skills Certificate ("PRSC") Level 1 to Level 5 certification programme, the Group has done a third pilot during the NRC Finals in 2019 and decided to further improvise and enhance the contents of the certification programme. Currently the programme is under review by the University of Malaya. The PRSC certifies STEM related skills such as technical, creativity, innovation, and higher order thinking skills ("HOTS").

Robots ready for action at the national finals of National Robotics Competition 2019

Presentation of token by Yang Berhormat Dr. Maszlee Malik to Mr Law King Hui, Sasbadi Group Managing Director

The Malaysian Contingent to World Robot Olympiad 2019

Anticipated or Known Risks

Competition

We face competition from existing competitors as well as potential new entrants in the educational publishing industry. The barriers to entry into the industry are relatively low based on the capital requirements since most of the functions within the publishing processes may be outsourced to third parties. However, the product development and operating costs can be high as there is a long lead time between writing manuscripts and transforming them into end products ready for sale to customers.

Our competitive strengths such as our established track records from our 34 years in the industry, brand awareness among students, teachers and parents, extensive distribution network, large customer base, diverse product range, in-house content development, experienced management and editorial personnel, economies of scale and, in particular, in-house technology development put us in a strong position to fend off competition.

Seasonality

The Group's business operations are exposed to seasonality patterns as the Group generally experiences significantly higher quarterly sales in the second financial quarter (December to February) and lower quarterly sales in the fourth financial quarter (June to August) compared to the other two (2) financial quarters. This is primarily caused by the timing of the national school's academic year period. As a result, the seasonal sales patterns may adversely impact the Group's quarterly revenue, profit and cash flow.

The Group takes seasonality patterns into consideration for our cash flow planning. In addition, the Group is consistently seeking ways to reduce the impact of seasonality patterns such as stepping up our efforts to grow our non-academic and rights licensing segments, which are less prone to seasonality, and the private and international schools segment which follows a different academic year period from that of our national schools.

Fluctuations in the Price of Paper

Paper is a major raw material used in our business. As paper is a commodity, it is subject to fluctuations according to world paper prices. In the event that the increase in paper prices is prolonged, there is a risk that we may be unable to pass the price increase to our customers or, if we do, it may affect the affordability of our products. This may then adversely affect our financial performance.

To mitigate this risk, we maintain a certain level of paper inventory which can serve our purposes for up to six (6) months, and perhaps even longer when paper prices are on an uptrend.

Foreign Exchange Transaction Risk

As paper is a commodity traded worldwide, its prices are quoted in United States Dollar ("USD"). In this regard, even though our purchases of paper are invoiced to us in Ringgit Malaysia ("RM"), the invoiced prices are determined by spot exchange rates. As such, purchasing paper exposes us to foreign exchange transaction risk, albeit indirectly. In addition, our purchases of Lego Education robotics products are also denominated in USD whereas the purchase of MCE products are denominated in Singapore Dollar ("SGD").

Therefore, any unfavourable movement in USD and SGD against RM may have an impact on our profitability. For FYE 31 August 2019, we did not experience any material losses arising from these transactions. Our Group will use forward exchange contracts to hedge against this risk if necessary.

Stock Returns and Obsolescence

The Group typically publishes new editions of our educational materials every year. Some of the educational materials that we sell may be returned to us (subject to compliance with our return policy which requires that, among others, our approval is obtained prior to returning the stocks, stocks are returned to us within 12 months after the release of a new edition or when titles become out of print, stocks are returned in good condition, stocks are received at our warehouse within an agreed time frame, etc). for either a full refund or an offset against future sales. Such returned stocks are commonly resold to other customers. Returned stocks that are not resold after a period of time, as with all other stocks that cannot be sold after a period of time, will be obsolete and may need to be written off and sold as scrap. This may adversely affect our profitability if the volume of obsolete stocks is large.

To mitigate this risk, the Group has put in place an inventory management system to monitor the sales and distribution of stocks to our customers. This includes analysing historical and current trends of demand for our titles which enables us to plan our supply effectively to reduce the risk of overproduction and sales returns.

Infringement of Intellectual Properties ("IPs")

The Group develops and uses various IPs in connection with our business. In this regard, we are susceptible to claims by third parties to have infringed the copyright of their IPs and, similarly, we are also susceptible to the copyright of our IPs being infringed by third parties. As such, in defending our legal rights, the Group may be exposed to suits and counter suits by third parties. Such disputes and the resolution of such disputes may be time consuming and costly.

Therefore, the Group requires our authors to undertake to indemnify us of any losses and damages that arise should their works be found to have infringed on any copyright. We also own the copyrights to all published versions of our titles, which are protected under the Copyright Act 1987.

Changes in Educational Curriculum and Policies

As the Group is principally an education solutions provider, any changes in educational curriculum and policies may have an impact on our operations and would require us to react quickly. Nevertheless, the changes are usually announced ahead of time and this would allow sufficient time for us to align our business activities with the changes. In addition, having a pool of experienced editors puts us in a good position as we are able to react quickly to the changes.

Political, Economic and Regulatory Uncertainties

Any adverse development in the political, economic and regulatory environments in Malaysia may materially and adversely affect the financial and operational conditions of the Group. To mitigate this risk, the Group will continue to be prudent in management, remain vigilant and take precautionary measures against the uncertainties.

Dependency on Key Management Personnel and Experienced Editors

The Group's continued success will depend, to a significant extent, on the abilities, skills, experience, competency and continuous efforts of our key management personnel (which include our Executive Directors) and experienced editors. As such, the loss of any of our key management personnel and experienced editors, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. The Group recognises the importance of attracting and retaining our key management personnel and experienced editors, and have put in place competitive compensation packages.

As a gesture of appreciation to our management team and employees, we have announced an offer of options to eligible employees under ESOS for their hardwork and dedication. In addition, the Group provides a healthy working environment, practices a conducive work culture, upholds good work ethics, and fosters good working relationships among our employees. The Group has also put in place succession planning and provides training and career development opportunities to our employees.

Prospects

Based on the Economic Outlook 2020 report by the Ministry of Finance, Malaysia's real gross domestic product ("GDP") is expected to grow by 4.8% in 2020 underpinned by resilient domestic demand. Private sector expenditure continues to be the primary driver of growth with private investment and consumption growing 2.1% and 6.9%, respectively. Meanwhile, public sector expenditure is expected to rebound to positive growth of 0.8% largely driven by an acceleration of projects towards the tail-end of the Eleventh Malaysia Plan coupled with the revival of strategic projects. The economy will continue to operate under conditions of full employment with an unemployment rate of 3.3%, while inflation remains benign. Notwithstanding the above, we anticipate that the retail market conditions will continue to remain challenging for FYE 31 August 2020.

For FYE 31 August 2020, the Group hopes to pursue further growth through our English upskilling products. The Group has recently been appointed as the Preferred Partner of Cambridge Assessment English ("CAE") Linguaskill and Exclusive Partner for New York City ("NYC") English in Malaysia. Both CAE Linguaskill and NYC English are aligned to the Common European Framework of Reference for Languages ("CEFR"). Both these products aim to contribute to a new revenue stream for the Group by targeting a new segment i.e. the adult market. We expect the demand for English upskilling products to increase due to the fast changing and competitive nature of the job market. Being fully digital and highly functional, both products would be able to meet the diverse demands of the market today.

We also expect to see significant improvement for our direct selling business during the FYE 31 August 2020. The Group will continue to pursue growth through product enhancement and business plan refinement. In addition, our flag-ship product, i-LEARN Ace, has been enhanced with new features to meet the dynamic needs of students and teachers today. We also plan to extend these new features to our Indonesian partner who are licensing the i-LEARN Ace engine for their market. We believe that the 5G technology on the horizon will be a catalyst to new oppoprtunities for our digital business.

The Group will continue to focus on growing the non-academic print publication segment and hopes to ride on the wave of the ongoing 10-year National Reading Decade 2021-2030 programme launched by the Minister of Education with the aim of transforming Malaysia into a Reading Nation by 2030.

We will also continue to pursue growth through the rights licensing and book export market as the Group sees much potential in these relatively untapped markets, as well as continue to monitor the changes in the market closely to make timely responses by leveraging on our readily available resources.

Premised on the above and barring any unforeseen circumstances, the Group is optimistic about our prospects and performance for FYE 31 August 2020.

Sasbadi English for Careers' booth at myStarJob.com Fair 2019 on set-up day

Sasbadi English for Careers' booth at the myStarJob.com Fair 2019

Test takers posing with their Linguaskill from Cambridge results with Sasbadi staff

Dividend Policy

The Board of Directors did not recommend any payment of final dividend for FYE 31 August 2019.

OUR MILESTONES

1985

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

1987

• Publication of our first Textbook 'Bahasa Malaysia KBSM Tingkatan 1'

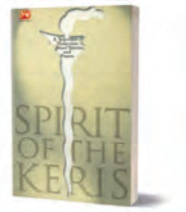
1997

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

MAYA PRESS

2002

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



2003

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

2012

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

WRO World Robot Olympiad Kuala Lumpur 2012

SASBADI

2013

• 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

i-tr1m Interaktif Tuisyen Rakyat 1Malaysia

PEARSON MALAYSIA

2014

• 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
• Incorporation of MBP Publications Sdn Bhd and Sasbadi Learning Solutions Sdn Bhd
• Granting of licence to PT Penerbit Erlangga to use our digital learning system
• Acquired IP for teacher education segment from Penerbitan Multimedia Sdn Bhd

SASBADI LEARNING

National Science Challenge

MBP PUBLICATIONS

2015

• Acquired 70% of 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")

马文化 金榜 大树出版社 MindTech

OUR MILESTONES
(continued)

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 partner of LEGO Education 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

2010

- Incorporation of Orbit Buku Sdn Bhd
- Acquired Malaysian Book Promotions Sdn Bhd

2011

- Incorporation of Sasbadi Online Sdn Bhd 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

2016

- Obtained direct sales license 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
- 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 awarded to MindTech Education & 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
- Signed an MoA with the University of Malaya to collaborate on research and product development of robotics in Science, Technology, Engineering and Mathematics ("STEM") education

2017

- Acquired the remaining 30% of Sanjung Unggul Sdn Bhd and its subsidiaries
- Launched the Professional Robotics Skills Certificate with the University of Malaya during the National Robotics Competition 2017
- Signed an agreement with Animasia Studio Sdn Bhd for the global rights to produce and market Chuck Chicken printed materials
- The Best Under Billion Award 2017 for the category of Best in Online Presence by Focus Malaysia was awarded to Sasbadi Holdings
- Signed an agreement with Marshall Cavendish Education Pte Ltd ("MCE") for the exclusive right to promote, market, advertise, sell and distribute certain MCE-published titles in Malaysia

2018

- Acquired Pinko Creative Sdn Bhd as a wholly-owned subsidiary of UPH
- MindTech Education received the renewal of the direct sales licence from the Ministry of Domestic Trade, Co-operatives and Consumerism for a period of two years from 26 April 2018
- Launched our digital Learning Engagement Platform for young learners, i-LEARN Ace Junior

2019

- Signed an MoU with the Malaysian English Language Teaching Association ("MELTA") to develop two English upskilling programmes for teachers
- Signed an MoU with People's Education Press China ("PEP") to develop two initiatives - Special Education Teaching Materials for Malaysian special education schools and Situational English Learning Programme for learners in China
- Signed an agreement with Cambridge Assessment English as the Preferred Partner for Linguaskill in Malaysia
- Signed an agreement with NYC English as the Exclusive Partner for NYC English products in Malaysia
- Our awards this year:
  - Foreign Language Teaching & Research Press ("FLTRP") Award for Best Belt & Road Category - Sasbadi Sdn Bhd
  - The Institution of Engineering and Technology ("IET") Industry Excellence Award, Gold Winner for STEM Education - Sasbadi Learning Solutions Sdn Bhd

OUR CORE COMPETENCIES

Scan the images on this page with the Sasbadi Play app for interactive content

At Sasbadi, our major businesses are anchored on these five strategic competencies:

Creating Contents

At Sasbadi, creating quality educational content is at the core of what we do. One of our best practices is working with only experienced writers and teachers as contributors to our academic publications. We believe in providing the best content to help national primary and secondary school students in Malaysia to excel in their academic pursuits.

Aside from publications for academic studies, we also produce content that nurtures one's love for reading and learning. For children, we publish supplementary educational materials which include fiction and non-fiction titles, a wide range of comics, illustrated storybooks, and internationally renowned titles which include works by award-winning authors. For adults, we support local content by publishing a variety of genres such as novels, short stories, poems, biographies, and young adult literatures by Malaysian writers.

Our pride lies in the quality of our content. Over the years, we were able to leverage and adapt our contents to meet a wide and diverse range of educational needs. This includes producing digital education solutions and technology-enabled blended learning products. We are dedicated to the continuous pursuit of quality and creativity, as well as staying current in creating contents for people of all ages.

Developing Technologies

At Sasbadi, we aim to be a game changer in the education technology space as we believe that the Fourth Industrial Revolution will bring a new wave of exciting opportunities for the education industry. As such, we have dedicated significant resources to continuously develop a host of cutting-edge technologies and digital classroom solutions to facilitate the 21st Century teaching and learning in Malaysia.

Our in-house team of programmers, designers and engineers create PC software, mobile applications and cloud-based solutions that include platforms for self-paced learning and the future classroom. We are also able to enhance the learner's experience via the conventional medium by incorporating Augmented Reality ("AR") and gamified features into our publications. One of our digital solutions is i-LEARN Ace, a mobile learning platform for Standard 1 to Form 5 students. In this new century, we embrace technology as a powerful enabler to foster dynamic and ubiquitous learning.

OUR CORE COMPETENCIES
(continued)

Scan the images on this page with the Sasbadi Play app for interactive content

Nurturing Skills

In Sasbadi, we take pride in championing STEM (Science, Technology, Engineering and Mathematics) education since 2005. We believe in the value of cultivating the young generation to be future thinkers, creators and innovators. We encourage them to harness their higher order thinking skills such as complex problem solving, critical thinking, creativity and collaboration.

We are working with a global brand like LEGO Education that focuses on providing fun and effective educational tools to promote hands-on learning through robotics and programming. Sasbadi is the organiser of annual robotics competitions such as the National Robotics Competition ("NRC"), National Robotics Open Competition ("NROC"), FIRST LEGO League ("FLL") Malaysia and FIRST LEGO League Junior ("FLL Jr.") Malaysia, in collaboration with the Ministry of Education Malaysia. To elevate to the next level, since 2016, we partnered with the University of Malaya on a robotics research and product development project for STEM education that aims to provide a comprehensive certification programme in the fields of robotic skills.

Enriching Life

At Sasbadi, we believe in continuous and lifelong learning. This is especially crucial in a hyper disruptive environment that runs on a knowledge-based economy. To facilitate a continuous learning journey that enriches the lives of our customers, Sasbadi aims to cater to customers of all ages through our wide array of offerings.

In 2019, we expanded into providing upskilling products by offering practical and effective English learning solutions for job seekers and working adults. We recognise the importance of English proficiency for employment, professional development and career advancement so we partnered with global experts in the English language to design unique and effective English learning programmes. Sasbadi is a Preferred Partner for Linguaskill by Cambridge Assessment English and an exclusive partner for NYC English products in Malaysia.

Forging Connections

In Sasbadi, we believe in the power of collaboration for the benefit of education. A high-quality education entails inclusiveness, ensures equity and uses technology for better learning. We recognise that this can be achieved more effectively through collaborative effort that is empowered by a network of passionate individuals who share the same goal.

As such, we founded MindTech Education Sdn Bhd ("MindTech Education"), our direct selling division to deliver a personal touch in providing our educational solutions across Malaysia. We understand that our diverse cultural backgrounds, level of accessibility, and experiences mean education solutions should be customisable and personalised to individual needs. Today, MindTech Education is actively reaching out to help close the gaps in education by making our digital education solution, i-LEARN Ace, highly accessible and affordable for all.

DIRECTORS' PROFILES

Lim Hun Soon @ David Lim
Independent Non-Executive Director

Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman

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

Law King Hui
Group Managing Director

Law Yi Chian
Executive Director

Lee Swee Hang
Executive Director

DIRECTORS' PROFILES
(continued)

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 First Class Honours from the University of Malaya and holds a Certificate in Education from Maktab Perguruan Sultan Idris, Perak. 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. In 1992, he was promoted to the Perak State Education Department as Principal Assistant Director in charge of administration and state education financing.

In 1993, he was made Principal of Sekolah Menengah Sains Tengku Abdullah, Raub, Pahang 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 to 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 Deputy Director of Schools Division, Ministry of Education Malaysia, to assist in policy matters and implementation. In 2003, he succeeded his predecessor as Director in this same division and served until 2006. In 2006, he was promoted as the Deputy Director General of the Ministry of Education Malaysia to be in charge of policy matters and implementation at Putrajaya, a position he held until his retirement from the civil service in 2007.

After his retirement from an accomplished career, Dato' Salleh served as a member of the Malaysian Education Service Commission at the Prime Minister's Department until 2011. In this role, he actively promoted quality education through recruitment, appointment and discipline of personnel. During these years, he was also 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.

Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman
Malaysian, Male, aged 68

Law King Hui
Group Managing Director
Malaysian, Male, aged 60

- Recipient of "Anugerah Perdana 2013 - Tokoh Industri Buku Negara" by Yayasan Pembangunan Buku Negara
- Recipient of the BrandLaureate Great Entrepreneur Brand Icon Award 2016
- Top Nominee in the Master Category of the EY Entrepreneur of the Year 2015 Malaysia Award

Law King Hui is the Managing Director of the Group and was appointed to the Board on 7 May 2013. 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. He started his career in 1980 with a semiconductor manufacturing company and left to join a local publishing company in January 1981 where he held various positions during his employment there. He left the company in April 1985 and co-founded Sasbadi Sdn. Bhd.

He leads the development of the Group's strategies and policies, and 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 that complement the print publishing business. These include digital learning technology, digital education products, applied learning tools that facilitate Science, Technology, Engineering and Mathematics ("STEM") education, education services via after-school training programmes, and a direct selling business.

He has enjoyed a colourful career as an entrepreneur with more than 38 years of experience in the education industry. He has held numerous key positions over a span of more than 30 years in various organisations, including the President of ASEAN Book Publishers Association ("ABPA"); Treasurer and Council Member of Majlis Buku Kebangsaan Malaysia ("MBKM"); Chairman and Treasurer of Malaysian Book Industry Council ("MBIC"); President, Vice President, Honorary Secretary and Executive Council Member of Malaysian Book Publishers Association ("MABOPA"); and a member of the Industry Advisory Panel for the Faculty of Language and Communications Studies, University Malaysia Sarawak.

He is also highly sought after in forums, round-tables, seminars, conferences, and lectures for his new ideas, concepts and strategies aimed at promoting a 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.

In recognition of his efforts and contributions in developing hands-on and experiential learning, he was elected as the Chairman of the World Robot Olympiad ("WRO") and served from 2016 to 2018. During his time with the WRO, he strengthened the role of robotics in developing STEM skills for students in line with the global movement. Currently, he serves as an ordinary member of the council.

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
(continued)

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 and started his career in 1975 as a Senior Malay Language Editor with a local publishing company. Here, 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 tenure with the company, he developed, trained and managed an editorial team and a panel of writers. He left the company in 1985 to co-find Sasbadi Sdn. Bhd..

As the Publishing Director, he is responsible for the editorial and production teams. During his tenure with the Group, he helped to train and upskill a team of dedicated writers, editors, designers and illustrators to ensure that the teams stayed ahead of the curve on changes in educational policies, production procedures and industry practices. He is also responsible for soliciting new authors and establishing a network of authors for the Group.

With his wealth of experience, he looks into editorial and commercial strategies. He takes charge of the types of books that the Group publishes yearly and ensures that the deadlines and publications standards are met. He also oversees the trading of copyrights with international buyers and sellers. To keep up with the latest trends and insights, he keeps abreast with the latest developments of the publishing industry, globally.

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.

Lee Swee Hang
Executive Director
Malaysian, Male, aged 66

Law Yi Chian is the 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 and Masters of Management in Marketing, both from the University of Melbourne, Australia. Prior to joining the Company as the Group Marketing and Communications ("MARCOM") Manager in December 2014, she had experience in media sales, marketing and communications. As the Head of MARCOM for the Group, she is responsible for planning and implementing marketing strategies for brand building and events management. She also manages the corporate communications with external stakeholders for the Group.

As the Executive Director, she also contributes towards ensuring the Group's objectives and strategic plans are aligned, and the Group's business is sustainable. In addition, she also assists the Group Managing Director in the management of the day-to-day operations of the Group.

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.

Law Yi Chian
Executive Director
Malaysian, Female, aged 31

DIRECTORS' PROFILES
(continued)

Dato' Noor Rezan Binti Bapoo Hashim is the Senior Independent Non-Executive Director of the Company. She was appointed to the Board as the 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 and was appointed as a member of the Remuneration Committee on 31 October 2017.

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

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

In 2003, she was promoted to the position of Deputy Director of Schools Division, Ministry of Education Malaysia. She then became the Education Director of the 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 Deputy Director-General of Education Malaysia overseeing operations of eight (8) divisions which are involved in schools operations in the Ministry. She held this position until her retirement in 2011.

After her retirement from 2011 to 2019, she served as the Education Advisor of Khazanah Nasional Berhad, advising on matters involving educational projects, such as Trust Schools, Teach for Malaysia and Promoting Intelligence, Nurturing Talents and Advocating Responsibility ("PINTAR") programme.

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.

Dato' Noor Rezan Binti Bapoo Hashim
Senior Independent Non-Executive Director
Malaysian, Female, aged 66

- Recipient of "Tokoh Kepimpinan Pendidikan Kebangsaan 2013"

Lim Hun Soon @ David Lim
Independent Non-Executive Director
Malaysian, Male, aged 64

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 the Remuneration Committee and a member of the Nomination Committee.

He graduated with a Bachelor of Arts in Economics from the University of Leeds, United Kingdom. He 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 member of the Institute of Chartered Accountants in England and Wales ("ICAEW") 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 spanning 33 years, serving as an Auditor at KPMG. 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, a role for which 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 May 2013, he was appointed to the council of ICAEW for a term of two years. In 2015, he was reappointed subsequently for a second term of two years. And in 2017, he was reappointed for a third and final term of two years which recently ended in 2019.

He is an Independent Non-Executive Director of Manulife Insurance Berhad, Manulife Holdings Berhad, Affin Investment Berhad (formerly known as Affin Investment Bank Berhad) (In Members Voluntary Winding Up), Affin Hwang Investment Bank Berhad, Kawan Food Berhad, Ranhill Holdings Berhad and Press Metal Aluminium Holdings Berhad. He also holds directorship in Rockwills Trustee Bhd and Fairview Schools Berhad.

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 2019.

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, i.e. 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:

Chan Yuet Leng *Group Chief Financial Officer*

Age: 48 **Gender:** Female **Nationality:** Malaysian

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

Working experience:
- More than 20 years of experience in the areas of auditing, accounting and finance, having worked in KPMG and subsequently in a few public listed companies prior to joining Sasbadi Group in August 2016 as Financial Controller. She was promoted to current position in May 2018

Appointment to the current position: May 2018

Chok Siew Sin *General Manager, Sasbadi Sdn Bhd*

Age: 47 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:
- More than 25 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: 59 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:
- More than 34 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: 55 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Pelajaran Malaysia ("SPM")

Working experience:
- More than 35 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

Law En Ruey *Strategy Director, Sasbadi Sdn Bhd*

Age: 34 **Gender:** Male **Nationality:** Malaysian

Qualification:
- MSc. Business Management, University of Bath (Hons)

Working experience:
- More than 10 years of business development experience

Appointment to the current position: October 2019

Kuan Shaw Ping *General Manager, United Publishing House (M) Sdn Bhd and The Malaya Press Sdn Bhd ("TMP"). Also, a Director of Sanjung Unggul Sdn Bhd ("SUSB"), i.e. the holding company of TMP, and all the subsidiaries of SUSB*

Age: 38 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:
- More than 15 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 Assistant General Manager and subsequently to current position

Appointment to the current position: September 2017

Chew Yoke Chen *Production Manager*

Age: 62 **Gender:** Female **Nationality:** Malaysian

Qualification:
- Diploma of Illustration, Malaysian Institute of Art, Kuala Lumpur

Working experience:
- More than 39 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: 42 **Gender:** Female **Nationality:** Malaysian

Qualification:
- Diploma in Accounting, LCCI International Qualifications

Working experience:
- More than 21 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: 46 **Gender:** Female **Nationality:** Malaysian

Qualification:
- Bachelor of Business Administration (Marketing), University of Wales

Working experience:
- More than 18 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

Additional notes on the above key senior management

Besides Law En Ruey, who is the son of Law King Hui and brother to Law Yi Chian, 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;
(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 2019, 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.

SUSTAINABILITY STATEMENT

Sasbadi Holdings Berhad ("Sasbadi" or "the Group") is pleased to present our Sustainability Statement which outlines our commitment towards being a sustainable organisation and our endeavours to continuously improve across the three pillars of sustainability, i.e. Economic, Environmental and Social ("EES").

SCOPE AND REPORTING BOUNDARY

Our sustainability statement covers the Group's efforts and initiatives undertaken within our financial year ended ("FYE") 31 August 2019. The disclosures within this statement are based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on sustainability disclosure.

Unless otherwise stated, this statement covers the overall EES performance of all the operating divisions of Sasbadi, all of which are located in the Klang Valley.

This statement is to be read in conjunction with the rest of Sasbadi's Annual Report FYE 31 August 2019, which highlights other financial and non-financial aspects of our operations.

SUSTAINABILITY STRATEGY

The strategy put in place revolves around our vision of becoming a total education solutions provider. As our operations impact not only the local economy but also the environment and society at large, sustainability has become an integral part of us where our stakeholders' interests are placed at the heart of our business.

The following serves as a guide for the sustainable growth of our business:

- Continuously support our stakeholders' sustainability initiatives, in both the upstream and downstream channels of our supply chain
- Improve resource efficiency by way of sustainable consumption and production throughout our supply chain, from design through to operation
- Develop new products and enhance our operating processes to include sustainable alternatives that reduce the consumption of natural resources where possible
- Minimise waste during production activities and incorporate recycling practices
- Develop measures to monitor and evaluate our Health, Safety, Environmental and Quality performance data, employee development methods, customer satisfaction feedback and our financial performance
- Promote philanthropic actions and behaviour amongst Sasbadi's employees to instil a sustainable mindset and promote harmonious living

GOVERNANCE STRUCTURE

We have established a governance structure to drive and manage sustainable practices across our various operations.

The Board of Directors ("BOD") leads the Group in managing sustainability matters relating to our business operations. They are supported by the Executive Director ("ED") who is responsible for recommending to the BOD strategies and initiatives to improve the Group's sustainability and obtaining the BOD's approval in the matter. The ED will then monitor the sustainability strategies carried out by members of the senior management team (collectively known as Management) and external advisers, if required. Management is also responsible for identifying, implementing and managing the sustainability initiatives across the Group.

STAKEHOLDER ENGAGEMENT

We strive towards ethical and transparent interactions with our internal and external stakeholders as we believe open platforms for stakeholders' engagement drives the continuous growth of our business.

The following presents identified key stakeholder groups, a non-exhaustive list of their areas of interest and our various forms of engagement with them. Stakeholders have been identified and profiled based on their influence on the Group or how they are impacted by the Group. Engagement with each stakeholder is made on an as-needed basis.

Stakeholders	Areas of Interest	Forms of Engagement
Regulatory, Government and Statutory Bodies	• Regulatory and governance compliance • Labour practices • Occupational safety and health	• Inspections/Inquiries by authorities • Reporting, if required • Meetings and engagements • Training programmes
Shareholders/Investors	• Group financial performance • Business strategy • Potential market size • Dividend • Corporate governance, transparency, ethics and integrity	• Annual and extraordinary general meetings • Annual and quarterly reports • Bursa announcements • Our website • Press release and coverage
Employees	• Performance management • Learning and development • Work safety • Working environment • Compensation • Balanced lifestyle	• Staff induction and appraisals • Circulation of internal policies and procedures • Training/guidance • Remuneration packages • Employee engagement activities
Customers	• Product quality • Delivery punctuality • Updated end-users' needs • Competitive pricing	• Regular client visits and meetings • Feedback sessions • Community and networking events • Exchange of product knowledge
Suppliers and Service Providers	• Credit terms • Pricing of services • Delivery time • Reliable supply • Business ethics	• Request for proposal • Evaluation and performance reviews • Contract negotiation • Delivery schedule • Meetings and engagements
Bankers	• Financial health, solvency • Covenants compliance	• Financial health review • Meetings and engagements
Our Community	• Community development • Social issues • Impact of business operations • Transparency and accountability	• Industrial membership • Donations to education, society and associations • Specific requests

MATERIALITY ASSESSMENT

Part of our ongoing effort is to identify, assess and prioritise sustainability matters that are relevant and significant to the Group and our stakeholders.

Organising and reviewing significant sustainable matters would enable the Group to manage them more effectively. As such, they are categorised into the three pillars of sustainability, the EES. The next section aims to provide insights into the Group's commitments and practices across the material EES matters.

SOLIDIFYING ECONOMIC PERFORMANCE

We have taken great measures to identify the economic scenarios and risks which influence the Group's strategies. Our Management and BOD have been taking preventive measures to mitigate the impact of these risks. Periodic and ad-hoc meetings with respective heads of departments are also conducted to formulate strategies that cater effectively to the market's needs.

Financial Performance Overview

The Group strives to generate sustainable financial and economic returns on top of the value we create for our stakeholders in order to ensure the sustainability of our business. Please refer to the Management Discussion and Analysis in our Annual Report for more details regarding the Group's financial performance.

Regulatory Compliance

Regulatory compliance is critical for protecting the Group's integrity and reputation as well as fostering our stakeholders' trust. We ensure on-going efforts in developing effective compliance-related programmes and policies for our operations.

Key regulations applicable to our operations are listed but not limited to the following:

- Bursa Malaysia Main Market: Listing Requirements
- Applicable Accounting Standards
- Employment Act 1955
- Personal Data Protection Act 2010
- Direct Sales and Anti-Pyramid Scheme Act 1993
- Copyright Act 1987

Ethics and Integrity

Our commitment to business is focused on strong corporate governance and prudent management in view of challenging internal and external environments. We strive to achieve this by observing the following practices. Further details of the practices below can be found on our website.

- Whistle Blowing Policy
- Code of Conduct
- Board Charter
- Corporate Governance and Compliance

The Group's Code of Conduct, which has been tailored to our current business operations, serves as a guiding framework for the ethical and legal business decision-making of our Directors, officers and employees. The areas covered are as follows:

- Compliance Procedures
- Conflict of Interest
- Confidentiality
- Insider Information and Securities Trading
- Fair Dealing
- Abuse of Power, Discrimination and Harassment
- Protection of Assets and Resources

We did not record any breach of the Code of Conduct in FYE 31 August 2019.

Investor Relations

We are committed to maintaining a strong relationship with our investors. We strive to be transparent in our ongoing engagement and communication with our investors as well as the general investment community to facilitate a mutual understanding of expectations. As such, we promptly update our investors with the latest information via the available channels such as our corporate website. Updates are made up of, amongst others, our financial results, annual reports, announcements, circulars and notices of general meetings.

Quality Control

The quality of our products and services remains a priority. This is so that we achieve customer satisfaction and trust which ultimately contribute towards sustainable earnings. To ensure a level of quality, we have identified the following two critical aspects in the production process and implemented quality control measures for them.

Product Responsibility

In order for Sasbadi's products to remain reliable and up to par with the current educational needs, we ensure that, amongst others:

- Authors and their materials are assessed by our Senior Editors, Commissioning Editors and Managing Editor on their qualifications, the quality of manuscript and its relevance to Sasbadi's publications. A descriptive and critical review process will be followed upon receiving of manuscripts for the purpose of quality control.
- Content development and modification goes through our Editorial and Production Departments. After various rounds of checking and review, the final manuscript is approved by our Publishing Manager before being published.
- Editors constantly undergo training to be in line with the direction set by the Ministry of Education and we encourage similar practices by our authors.

Copyright compliance is essential in our business. Thus, we carefully monitor the usage of contents and actively mitigate any copyright infringement risks. We also continuously educate our people on copyright and licensing issues.

We are committed to adhering to data protection as data is a valuable asset to the Group. We have developed a policy for information management to provide guidance to our employees on the control and usage as well as to restrict the access or use of our data whenever necessary to protect the interest of the Group.

Supply Chain Management

Supply chain management is critical in facilitating our operations and the Group aims to build mutually beneficial relationships with our suppliers for the long run. Therefore, we engage with suppliers fairly, transparently and ethically. We review our suppliers based on, amongst others, price and payment terms, product and service quality, operation scale and their geographical proximity to our facilities. Suppliers who share similar core values as us would normally be our preferred suppliers. We will take all reasonable efforts to conduct appropriate evaluations of our potential suppliers. We would regularly check on the supplies received and occasionally, engage other suppliers on trial basis. This is to promote healthy competition among our suppliers and encourage better performance.

One of our procurement practices is to source for materials locally whenever possible. As such, nearly all of our supplies are obtained in the Klang Valley, save and except for products that are not manufactured locally, such as simili paper. This is because we believe in contributing to our local economic growth and sustaining a healthy ecosystem for local players. We find that engaging local partners enhances the Group's efficiency by allowing us to deal with potential risks that may arise from supply chain disruptions. It also reduces the cost of purchasing and compliance, as well as minimises our carbon footprint by reducing emissions related to transportation supply chain.

CREATING A SUSTAINABLE WORKPLACE

Employees are our greatest assets. Their skills, dedication and care define us as a whole and bring out the best in us. We therefore strive to provide a positive working environment by constantly engaging our people, creating opportunities for their growth and development as well as emphasising the practice of a balanced lifestyle.

We have put in place human resource policies and guidelines in compliance with the relevant labour laws and regulations of the local government. These cover issues relating to compensation and dismissal, recruitment and promotion, working hours, leaves, career development, diversity, anti-discrimination and other employee welfare related matters.

Diversity and Equal Opportunities

At Sasbadi, we recruit our people mainly based on their skills, industry experience and interpersonal skills. We conduct a review and evaluation of our employees' competencies in the context of their roles annually. This will then be taken into account for their salary review and promotion appraisal. Aside from the annual reviews, we also adopt an "as need approach" for our staff to address their urgent needs and ad-hoc matters.

We believe our people deserve the opportunity to reach their highest potential and thrive in an inclusive and diverse workplace. We strive to accommodate and provide fair treatment to everyone regardless of their disabilities, gender, age, ethnicity or religion.

The majority of our people fall within the 30 to 50 years old age group, which indicates a mature and experienced workforce. At the same time, we also recruit a group of younger staff who are below 30 years of age to develop their career and grow with us. Our workforce is made up mainly of non-executives due to the nature of our operations.

We strongly believe that gender diversity leads to an improved team performance as guided by our Gender Diversity Policy. The gender distribution of Sasbadi is around 46% male to 54% female employees. Participation of female employees is present across all hierarchical positions in Sasbadi.

We encourage the recruitment of local employees as we believe that by providing job opportunities to locals, we are directly contributing to the elevation of Malaysians' socio-economic status. We are pleased to announce that our workforce is fully made up of Malaysians.

Developing Competencies

We aspire to grow with our people and we invest in both their work-related and personal development. In general, we continuously monitor our employees and offer training and upskilling opportunities that are relevant to their areas of work, positions, talents and interests. We provide both internal and external training, as well as on-the-job training, particularly in technical and management skills. Our established appraisal guidelines also enable us to identify and implement development programmes for our employees.

Occupational Safety and Health

The Group endeavours to ensure that a safe working environment is provided. This makes good business sense and would result in less work-related injuries and illnesses, which leads to more productive hours. We have developed and implemented initiatives and guidelines to prevent, reduce and address occupational injuries.

As part of our internal reporting protocol, any workplace accidents, identified cases of occupational diseases and health and safety incidents or near-misses that have occurred, shall be first reported to the Human Resource Department. This would then be escalated to the Management and subsequently highlighted to the BOD, if necessary, depending on the seriousness of the matter.

During the FYE 31 August 2019, there was one (1) incident of minor work-related injury. We are continuously implementing control measures to strive for a zero incident workplace.

ENVIRONMENTAL STEWARDSHIP

We acknowledge that for the long-term sustainability of our corporate strategy, sound environmental stewardship is necessary. Thus, we are committed to minimising any adverse impact of our operations on the environment.

Material Sourcing and Managing Waste

We place great care in the usage of our raw materials: paper. We manage material wastage arising from the manufacturing of books as well as excess stocks by applying stringent control over all our printers and making data-driven decisions to prevent over-printing. Proper care is placed in the storage of our raw materials and finished products to avoid damage. Older stocks still fit for use are cleared through markdown sales and donations to organisations while remainders are recycled.

For the FYE 31 August 2019, production wastage is kept at 1%, which is within the current standard set by the Group. We are continuously evaluating and improving processes in order to reduce wastage.

To the best of our abilities, purchases are made from manufacturers who are supportive of sustainability initiatives and bodies, such as the Sustainable Forestry Initiative ("SFI"), Forest Stewardship Council ("FSC") and Programme for the Endorsement of Forest Certification ("PEFC"). Without compromising quality, coupled with the consent of our customers, we would also incorporate the use of recycled papers into our product mix.

In order to meet the needs arising from the changing education landscape, we have dedicated a significant portion of our resources to developing digital education solutions. By introducing digital products, we are able to empower our customers with cutting edge educational technology while reducing our carbon footprint.

BUILDING A SUSTAINABLE COMMUNITY

Investing Into the Next Generation

We believe in playing our part to bridge the gap in education through our Corporate Social Responsibility efforts. Our goal is simple: to help more people gain access to educational resources, prioritising the underserved communities, so that they may benefit from the promise of knowledge in the classroom and beyond.

Supporting Underserved Communities

This year, we have sponsored a variety of reading materials to benefit about 300 refugee children and teenagers via Common Ground and the Malaysian Social Research Institution's ("MRSI") Charity Jingle Bazaar at Jaya One, Petaling Jaya.

During this event, we also conducted robotics workshops for the community throughout the day to promote a hands-on learning session that is fun for parents and children. This challenge-based workshop featured LEGO® Education SPIKE™ Prime, a new range of applied-learning products scheduled to be launched in January 2020.

Supporting English Literacy

Sasbadi has been a long-time supporter of The Reading Bus Club, a local NGO championing English literacy for underprivileged communities. This year, we sponsored around RM54,000 worth of English and STEM resources such as textbooks, workbooks, and revision guides for primary and secondary school students.

SUSTAINABILITY STATEMENT
(continued)

We believe that bridging the divide will require more than just the sponsorship of materials. Thus, in August 2019, some of our staff volunteered their time to support an English Camp for upper primary school students organised by The Reading Bus Club that took place at *Sekolah Kebangsaan Segambut Makmur*.

Group Photo with Yang Berhormat Hannah Yeoh, Deputy Minister of Women, Family & Community Development

Sasbadi employees handing out English workbooks to participants of the English Camp

Volunteers from Sasbadi at the English Camp organised by The Reading Bus Club

Equipping the Younger Generation with Skills in STEM

In the rapidly changing world of today, an estimated 65% of young people will work in jobs that have yet to exist *(source: The Future of Jobs Report by World Economic Forum)*. Sasbadi is committed to closing the gaps by equipping the younger generation with STEM (Science, Technology, Engineering and Mathematics) skills needed for tomorrow through computational thinking, problem solving, creativity and collaboration.

Each year, we invest into organising robotics competitions across the country. Sasbadi is a strategic partner of the Ministry of Education Malaysia ("MoE") for STEM Education and a partner of LEGO Education. We organise the National Robotics Competition ("NRC"), National Robotics Open Competition ("NROC"), FIRST LEGO League ("FLL") Malaysia and FIRST LEGO League Junior ("FLL Jr.") Malaysia, alongside workshops for educators.

Through these platforms, students are inspired to make a difference through meaningful hands-on learning experiences by tackling real world issues presented in the competition themes. Winners of the NRC would represent Malaysia in World Robot Olympiad ("WRO"), a prestigious global competition that provides the younger generation a head-start in becoming global citizens.

Participants of the First LEGO League Malaysia 2019 in action

Some participants of the LEGO Education Robotics Workshop for educators at Langkawi, Kedah

A team in action for the Open Category at the Kuala Lumpur State Level National Robotics Competition

Another successful season of the FIRST LEGO League Malaysia 2019

Some participants of the LEGO Education Robotics Workshop for educators at Pasir Gudang, Johor

Part of the team behind the National Robotics Competition 2019 at the National Finals in Alor Setar, Kedah

CONCLUSION

We acknowledge that there are still areas for improvement in various aspects of sustainability. As we continue on our sustainability journey, we hold steadfast to our goal, that is to build a sustainable business for the future. To achieve this, we will continuously keep abreast of developments in the environments we operate in, actively engage our stakeholders and further promote sustainable practices within our organisation.

CORPORATE GOVERNANCE OVERVIEW 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 our subsidiaries ("the Group") in order to safeguard stakeholders' investments and the Group's assets.

This statement provides an overview of the corporate governance practices by the Group during the financial year ended ("FYE") 31 August 2019. This overview takes guidance from the key principles laid out in the Malaysian Code on Corporate Governance ("MCCG") and is to be read together with the Corporate Governance Report which is available on the Company's website at www.sasbadiholdings.com.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

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, compliance with the relevant laws and regulations, and maintaining an oversight over Management.

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.

In order to ensure the effective discharge of the Board's functions and responsibilities, the Board delegates specific roles and responsibilities to three (3) Board Committees, i.e. Audit Committee, Nomination Committee and Remuneration Committee.

2. Separation of the 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 Mr 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.

3. Support of Qualified and Competent Company Secretaries

The Board is supported by two (2) qualified and experienced Company Secretaries, who are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") pertaining to corporate secretarial matters which include, among others, convening of Board, Board Committee and general meetings, preparation of circular resolutions and minutes of meetings, maintenance of statutory registers and records, prepare and release of announcements to Bursa Malaysia Securities Berhad ("Bursa Securities"), and advising the Board on compliance with the relevant laws and regulations and adoption of corporate governance best practices.

4. **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 effectively. 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.

At the invitation of the Board or Board Committees, key management, external auditors and outsourced internal auditors will attend the meetings to present reports or information pertaining to their respective areas to the Board or Board Committees.

5. **Board Meetings**

The Board shall meet at least four (4) times in a financial year, and additional meetings may be convened as and when necessary. All Directors shall comply with the attendance requirement as set out in the Main Market Listing Requirements ("MMLR") of Bursa Securities. Agenda for the meetings, Board papers and any other relevant documents shall be distributed in advance to enable the Board members to have sufficient time to prepare for the meeting and to arrive at informed decisions. The Board may also invite members of the Management to attend the Board meeting to provide further information or explanation to the Board members. Any Director who has interests or is conflicted with regard to the business transaction being deliberated at the meeting, shall abstain from participating in the discussion or decision process pertaining to the matter. The Company Secretaries shall keep minutes of the Board meetings.

For FYE 31 August 2019, 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	4 out of 5
Dato' Noor Rezan Binti Bapoo Hashim	5 out of 5
Lim Hun Soon @ David Lim	5 out of 5

6. **Code of Conduct and Whistle-Blowing Policy**

The Board has put in place 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 on 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 on the Company's website, www.sasbadiholdings.com. For FYE 31 August 2019, there was no report of any violation of the Code of Conduct.

7. **Board Composition**

The Board is made up of three (3) Executive Directors (including the Group Managing 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 Executive and Independent Directors.

The Board has also complied with paragraph 15.02 of the MMLR 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.

The Board through the Nomination Committee ("NC") assess the independence of the Independent Directors on an annual basis based on the criteria formulated by the Nomination Committee. This is to mitigate risks arising from conflict of interest or undue influences from interested parties. Based on the assessment in FYE 31 August 2019, the Board reviewed, assessed and was satisfied with the independence demonstrated by all of the Independent Directors, and their ability to act in the best interest of the Company.

MCCG 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 Company's 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 seven (7) years.

The NC has put in place a formal process and criteria for the recruitment of directors. The recruitment process involves assessment and recommendation by the NC (including conducting an interview on the shortlisted candidates), evaluation and decision by the Board, appointment to the Board, and induction programme for the new director being carried out by the NC. 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. There was no new Director recruited for FYE 31 August 2019.

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. The Board has adopted the Gender Diversity Policy and 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. Currently, the Board has two (2) female members out of a total of six (6) Board members, representing a percentage of approximately 33%.

8. Establishment of Nomination Committee

The Nomination Committee comprises the following members:

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)

All the members are Independent Non-Executive Directors and the Chairman, Dato' Noor Rezan Binti Bapoo Hashim is our Senior 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 on the Company's website, www.sasbadiholdings.com.

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.

A summary of the activities carried out by the Nomination Committee during FYE 31 August 2019 is as follows:

➢ Reviewed the Board's and Board Committees' 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 mix of skills 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. It was also concurred from the assessment that the Board could work as a team and arrive at consensual decisions.

- Reviewed and assessed the Directors who are subject to retirement by rotation and casual vacancy, before recommending to the Board the tabling for shareholders' approval of the re-election of the said Directors at the previous Annual General Meeting ("AGM") held on 29 January 2019.

- Reviewed the need for continuous training and development by the Directors.

9. Establishment of Remuneration Committee

The Remuneration Committee comprises the following members:

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)

All the members are Independent Non-Executive Directors.

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

A summary of the activities carried out by the Remuneration Committee during FYE 31 August 2019 is as follows:

- Discussed and reviewed the Directors' fees for FYE 31 August 2019 prior to recommending to the Board the tabling for shareholders' approval of the said fees at the previous AGM held on 29 January 2019.

- Discussed and reviewed the Executive Directors' remuneration.

- Reviewed the employees' unutilised annual leave.

- Reviewed the performance of the principal officers/key senior management of the Group for FYE 31 August 2018.

10. Board and Board Committee Evaluation

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.

11. Directors' Training

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

Details of the some of the training programmes/forums/seminars/conferences attended/participated by the Directors for FYE 31 August 2019 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	• LHAG Thursday Talk Series – Trade Facilitation: Investments, Trade Barriers and Remedies in Malaysia	5 September 2019
	• Seminar on "Education in Malaysia" organised by Tun Hamdan Tahir Foundation	23 January 2019
	• Sustainability Engagement Series for Directors	6 September 2018
Law King Hui	• Special Education International Conference (SEIC) 2019: "Special Education: Access and Quality"	26 – 27 September 2019
	• MDDA CEO Forum: The Future Landscape of Distributive Trade	25 September 2019
	• China Book International Foreign Consultants Seminar	19 August 2019
	• 28th MELTA International Conference 2019 – English Language Education and Society 5.0: Developing Sustainable Literacies	13 August 2019
	• IAB – Lawatan Penandaarasan Institusi Swasta Kohort Kedua 2019	16 July 2019
	• University Malaya Inaugural Lecture by Professor Dr. Loo Chu Kiong: Continual Learning with Neural Networks	13 June 2019
	• Industry 4.0: Demistify, Funding & Roadmap	30 April 2019
	• CNBC Managing Asia - Sustainable Entrepreneurship	21 March 2019
	• IAB – Lawatan Penandaarasan Institusi Swasta Kohort Pertama 2019	12 March 2019
	• MDDA SEMINAR on Voluntary Tax Disclosure by KPMG Tax Services Sdn Bhd	27 February 2019
	• MDDA Workshop on Direct Selling & Anti-Pyramid Scheme Act 1993	20 February 2019
Lee Swee Hang	• LHAG Thursday Talk Series – Trade Facilitation: Investments, Trade Barriers and Remedies in Malaysia	5 September 2019
Law Yi Chian	• LHAG Thursday Talk Series – Product Liability Lawsuits – What To Expect?	21 November 2019
	• Sustainability Engagement Series for Directors	6 September 2018

Director	Title of Training Programme/Forum/ Seminar/Conference	Date
Dato' Noor Rezan Binti Bapoo Hashim	• CSR Malaysia Award – Social Enterprise of the Year Award for Teach for Malaysia ("TFM") with Minister of Education	11 July 2019
	• TFM Innovation Week	22 June 2019
	• Educational School Visits to Semporna Sabah by Ministry of Education ("MOE")	7 – 8 March 2019
	• Presentation on TFM Accreditation with the MOE	24 January 2019
	• Motivational Speaker for ("TFM") Cohort Alumni Induction in Johor Bahru	23 November 2018
	• Study visit to four Universities and kindergartens in Guangzhou and Hai Kou, China	4 – 10 November 2018
	• Panel for forum on "Public-Private Partnership in "Teach for All" at Bangsar South, Kuala Lumpur"	26 October 2018
	• Motivational speaker for TFM Central Zone Reunion at Bahagian Pendidikan Guru (BPG), MOE	24 October 2018
Lim Hun Soon @ David Lim	• IIC-SIDC Governance Convention 2019: Rising Beyond Principles and Policies	18 November 2019
	• The ICLIF Leadership and Governance Centre – Understanding the Evolving Cybersecurity Landscape	23 April 2019
	• BNM-Financial Institutions Directors' Education ("FIDE") Forum: Dialogue with the Deputy Governor on the draft Risk Management in Technology ("RMIT") Policy	8 April 2019
	• FIDE Dinner Talk:- Digital Access: Global Trends, Legal Requirements and Opportunities for Financial Institutions	26 March 2019
	• Affin Bank Berhad – Half day talk on Cryptocurrency & Blockchain	13 March 2019
	• FIDE Forum – Reading the Signs: The Next Financial Crisis and Its Potential Impact on Asia	14 March 2019
	• FIDE Forum Workshop – Building an Effective Board – Board Selection	24 January 2019
	• Affin Bank Group Board of Directors and Management Training: Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 November 2018
	• Affin Hwang Capital Conference Series 2018: Rebuilding a New Malaysia	8 November 2018
	• Affin Hwang Investment Bank Bhd: Anti-Money Laundering (AMLA) Training	2 October 2018

12. Directors'/Key Management Personnel's Remuneration

The Remuneration Committee has put in place a Remuneration Framework and Policy with the objectives of creating a fair and transparent system for determining the appropriate levels of remuneration for both executive and non-executive directors, and to ensure that the levels of remuneration are sufficient to attract and retain persons having the right skills, experience, competence and expertise to serve as executive and non-executive directors in the Company.

Details of the aggregate remuneration received by the Directors from the Company and the Group for FYE 31 August 2019 are as follows:

Director	Fees RM'000	Salary RM'000	Employees' Provident Fund RM'000	Estimated Value of Benefits in Kind RM'000	Total RM'000
Dato' Salleh Bin Mohd Husein	72	–	–	–	72
Law King Hui	72	360	43	35	510
Lee Swee Hang	72	60	4	5	141
Law Yi Chian	72	216	26	18	332
Dato' Noor Rezan Binti Bapoo Hashim	72	–	–	–	72
Lim Hun Soon @ David Lim	72	–	–	–	72
Total	**432**	**636**	**73**	**58**	**1,199**

With the best interest of the Group in mind, and taking into consideration the sensitivity, privacy, security, issue of staff poaching, the Board has opted not to disclose on a named basis the top five senior management's remuneration in the bands of RM50,000. Instead, the Company will disclose the top five senior management's remuneration on an aggregate basis.

The top five senior management's remuneration on an aggregate for the FYE 31 August 2019, is as follows:

	RM'000
Salaries and bonus	1,062
Other Emoluments	126
Total	**1,188**

Other than the above, the Company has arranged for Directors' and Officers' Liability Insurance to indemnify the Directors and officers of the Group against liabilities incurred by them during the discharge of their duties while in office.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Audit Committee comprises the following members:

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)

Please refer to the Audit Committee Report contained in the Annual Report for more information.

2. Risk Management and Internal Control Framework

The Board recognises the importance of having effective governance, embedding risk management and internal control processes. The Board also acknowledges its overall responsibility for maintaining a sound risk management, internal control system and 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.

The Group has outsourced the internal audit function to a professional service firm, Sterling Business Alignment Consulting Sdn. Bhd., 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.

3. Relationship with the 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 2019, the fees incurred by the Group in relation to the non-audit services by the external auditors amounted to RM15,000.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

The Board recognises the importance of maintaining effective communication between the Company and its potential investors or shareholders together with timeliness and equal dissemination of information. This will enhance their understanding of the Group's performance and position and assist them into making informed decisions.

The Board believes the AGM is a principal forum for dialog and communication with the shareholders. Besides that, the stakeholders are able to obtain latest information on the Group on the Company's website and are encouraged to contact the Company should they require more information. In this regard, Management has meetings and engagements with shareholders regularly upon request and through roadshows, dialogues and forums.

2. Conduct of General Meetings

Notice of the AGM together with a copy of Annual Report are sent out to the shareholders at least 28 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 sufficient time during the AGM and extraordinary general meeting(s) ("EGM") for a Question-and-Answer session whereby the Chairman together with the other Board members will be present to answer any questions and possible concerns that the shareholders may have on the Group and its operations.

Senior Management and the Group's external auditors as well as the Company's advisers are also available to respond to shareholders' questions during the AGM/EGM as the case may be.

The Company shall conduct poll voting for all resolutions set out in the notice of any general meeting in accordance with the MMLR of Bursa Securities.

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 our 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)*

The composition of the Audit Committee complies with paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), as follows:

- The Audit Committee comprises three (3) members;
- All the members are independent Non-Executive Directors; and
- The Chairman, Lim Hun Soon @ David Lim, is a member of the Malaysian Institute of Accountants.

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 on the Company's website, www.sasbadiholdings.com.

ATTENDANCE OF MEETINGS

During the financial year ended ("FYE") 31 August 2019, 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	4 out of 5
Dato' Noor Rezan Binti Bapoo Hashim	5 out of 5

The agenda for the meetings, together with the relevant papers and reports and minutes of the previous meetings, were distributed to the members prior to the meetings. The Company Secretary attended all the meetings held during the financial year under review. In addition, the Group Managing Director and other Executive Directors, the Group Chief Financial Officer, key management personnel, external auditors and outsourced internal auditors also attended the meetings when invited by the Audit Committee to provide and present reports or information during the deliberation of matters pertaining to their respective areas, in the meetings.

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING FYE 31 AUGUST 2019

During FYE 31 August 2019, 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 Securities for the following financial quarters:

- Fourth quarter ended 31 August 2018
- First quarter ended 30 November 2018
- Second quarter ended 28 February 2019
- Third quarter ended 31 May 2019

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 MMLR of Bursa Securities. The review also covered, among others, the accuracy and adequacy of disclosure of information, the Group's performance and financial position for the respective quarters, segmental performance, seasonality of operations, prospects, etc.

➢ Reviewed the audited financial statements for FYE 31 August 2018 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 2016;

➢ 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 2018;

➢ 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 2018. The review was to ensure that the SORMIC and the AC Report were prepared in accordance with the MMLR of Bursa Securities; and

➢ Reviewed the Group's management budget for FYE 31 August 2019 before recommending for the Board's approval and adoption.

External audit

➢ Reviewed and discussed with the external auditors, i.e. KPMG PLT, on the audit for FYE 31 August 2018. At the meeting, KPMG PLT reported that, during the course of the performance of 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 being or which has been committed in the Group) to KPMG PLT;

➢ Without the presence of Executive Directors and Management, discussed with KPMG PLT on any issues, problems and reservations arising from the audit for FYE 31 August 2018, and any other matters that they would want to bring to the attention of the Audit Committee;

➢ Assessed the suitability of KPMG PLT based on the criteria in relation to the re-appointment of external auditors as prescribed under the MMLR of Bursa Securities such as the adequacy of KPMG PLT's experience and resources and the capability of the audit team assigned to the audit, as well as their independence, before recommending to the Board for the tabling to the shareholders for approval of the re-appointment of KPMG PLT as the external auditors of the Company, at the previous annual general meeting held on 29 January 2019;

➢ Reviewed and discussed with the external auditors on their audit plan for FYE 31 August 2019 covering the audit scope, audit methodology, timetable and milestones, audit materiality, audit focus areas and reported observations in prior year's audit, before endorsing and recommending to the Board for adoption; and

➢ Reviewed the audit and non-audit fees of the external auditors for FYE 31 August 2019 before recommending for the Board's approval.

AUDIT COMMITTEE REPORT
(continued)

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 2019 before recommending for the Board's endorsement; and

➢ 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 internal control environment for the functional areas/ sections covered by the outsourced internal auditors for FYE 31 August 2019 is considered "average" where controls are generally in place with some actions for improvement required.

Risk management

➢ Reviewed the updated Registry of Risks and Risk Matrix prepared by the Risk Management Team ("RMT"), whereby the total number of risk factors remained. The Audit Committee also take note of the changes in the rating of some of the risk factors.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn. Bhd., which is independent of the activities and operations of the Group. They carried out review on 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 2019 is as follows:

➢ Prepared and presented an internal audit plan for 2019 to the Audit Committee. The focus of the internal audit plan for 2019, as approved by the Audit Committee was on major subsidiaries of the Company;

➢ Undertook the internal control assessment in accordance with the internal audit plan for 2019, covering the following subsidiaries and functional areas/sections:

- Sasbadi Sdn Bhd, Orbit Buku Sdn Bhd, Sasbadi Online Sdn Bhd and Malaysian Book Promotions Sdn Bhd:
  - Inventory Management
  - Procurement

- Sasbadi Sdn Bhd:
  - Sales and Marketing

- Sasbadi Sdn Bhd:
  - Finance and Accounts

➢ Undertook follow-up review on previously reported audit findings to ensure weaknesses identified have been or are being addressed.

➢ 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 outsourced internal audit function for FYE 31 August 2019 were RM48,000.

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 our subsidiaries ("the Group") for the financial year ended ("FYE") 31 August 2019. 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 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 by 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 periodic management meetings 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, Board Committee and 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

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 areas for improvement, besides compliance with internal best practices, guidelines and objectives.

During the financial year under review, the outsourced internal auditors have carried out an internal control assessment based on the internal audit plan for 2019 as approved by the Audit Committee, covering the following subsidiaries and functional areas/sections:

i. Sasbadi Sdn Bhd, Orbit Buku Sdn Bhd, Sasbadi Online Sdn Bhd and Malaysian Book Promotions Sdn Bhd
   - Inventory Management, in respect of warehouse / store management, physical stock handling, receiving and delivery monitoring processes and procedures, stocks return handling, physical stock count procedures, stocks variance justification and verification control procedures, inventory system updating and recording and stocks valuation processes and procedures
   - Procurement, in respect of purchasing processes and procedures, supplier evaluation and control, outsourcing processes and procedures and outsourcing evaluation and control

ii. Sasbadi Sdn Bhd
   - Sales and Marketing, in respect of new market identification processes and procedures, distributor / agent appointment processes and procedures, pricing control processes and procedures, order processing, selling and distribution expenses allocation processes and procedures, credit and accounts receivable management, customer retention management, performance monitoring and reporting and implementation process of business development strategy
   - Finance and Accounts, in respect of billing and revenue recognition processes and procedures, collection and receivables processes and procedures, payment processes and procedures, debit note and credit note, cash flow management, capital asset management, development costs capitalisation and amortisation and inter-company billing

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 2019 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.

ADDITIONAL COMPLIANCE INFORMATION

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company has implemented an ESOS of up to ten percent (10%) of the Company's total number of issued shares (excluding treasury shares, if any) for the eligible employees and Executive Directors of the Group (i.e. Sasbadi Holdings and our subsidiaries) effective from 1 September 2016. During the financial year ended 31 August 2019, no options were granted by the Company under the ESOS.

Subsequent to the financial year end, the Company had on 6 December 2019, offered 10,000,000 options at an exercise of RM0.17 each to its eligible employees under the ESOS. The ESOS will be exercisable within one (1) year from the date of offer. There were no options offered to any director of the Company.

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 2019 are as follows:

	Company	Group
	RM'000	**RM'000**
Audit services		
– KPMG PLT	68	290
– Other auditors	–	6
Non-audit services	15	15

The non-audit services provided by the external auditors were in relation to the review of the Statement on Risk Management and Internal Control.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or our subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 August 2019 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 2019.

UTILISATION OF PROCEEDS

No proceeds were raised from any corporate proposals during the financial year ended 31 August 2019.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 ("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 2019, 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 20 December 2019.

FINANCIAL STATEMENTS

Directors' report for the year ended 31 August 2019

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 2019.

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.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM'000	**Company RM'000**
Net profit for the year attributable to:		
Owners of the Company	3,264	174

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

There were no dividends paid since the end of the previous financial year.

The Directors do not recommend any final dividend to be paid in respect of the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Salleh Bin Mohd Husein
Law King Hui
Lee Swee Hang
Dato' Noor Rezan Binti Bapoo Hashim
Lim Hun Soon @ David Lim
Law Yi Chian

The names of the Directors of subsidiaries are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' interests in shares

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 1.9.2018	**Bought**	**Sold**	**At 31.8.2019**
Interests in the Company:				
Dato' Salleh Bin Mohd Husein	300,000	-	-	300,000
Law King Hui				
- own	76,783,500	-	-	76,783,500
- others[(1)]	3,450,000	-	-	3,450,000
Lee Swee Hang	35,506,500	-	-	35,506,500
Dato' Noor Rezan Binti Bapoo Hashim	300,000	-	-	300,000
Lim Hun Soon @ David Lim	540,000	-	-	540,000
Deemed interests in the Company:				
Law King Hui[(2)]	76,200,001	-	-	76,200,001
Lee Swee Hang[(2)]	76,200,001	-	-	76,200,001

Notes:

(1) Interest held by spouse and children of the Director pursuant to Section 59(11)(c) of the Companies Act 2016.

(2) Deemed interested by virtue of their interests in Karya Kencana Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of their interests in the ordinary shares of the Company, Law King Hui and Lee Swee Hang 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 ordinary shares and options over ordinary 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 those fees and other benefits included in the aggregate amount of remuneration 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

There were no changes in the 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.

Qualification of subsidiaries' financial statements

The auditors' report on the audit of the financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

Indemnity and insurance costs

During the financial year, Directors and Officers of Sasbadi Holdings Berhad, together with its subsidiaries, are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM5 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM13,125.

There were no indemnity and insurance costs effected for auditors of the Group and Company during the financial year.

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.

Other statutory information (continued)

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.

In the opinion of the Directors, except as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 August 2019 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.

Subsequent events

Subsequent events are disclosed in Note 28 to the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

…………………………………………………………
Law King Hui
Director

…………………………………………………………
Lee Swee Hang
Director

Kuala Lumpur,

Date: 20 December 2019

Statements of financial position as at 31 August 2019

	Note	Group 31.8.2019 RM'000	Group 31.8.2018 RM'000 Restated	Group 1.9.2017 RM'000 Restated	Company 31.8.2019 RM'000	Company 31.8.2018 RM'000
Assets						
Property, plant and equipment	3	52,238	53,941	44,306	-	-
Investment properties	4	2,480	2,532	2,584	-	-
Intangible assets	5	25,056	26,075	26,217	-	-
Investments in subsidiaries	6	-	-	-	93,008	93,008
Other investments	7	265	246	371	-	-
Deferred tax assets	8	1,426	1,709	1,856	-	-
Total non-current assets		81,465	84,503	75,334	93,008	93,008
Inventories	9	73,446	73,462	65,188	-	-
Right to recover returned goods	10	2,035	1,257	1,384	-	-
Current tax assets		2,945	3,897	2,805	4	17
Contract costs	11	381	1,032	1,004	-	-
Trade and other receivables	12	49,482	56,032	54,122	23,101	16,028
Prepayments		4,271	3,371	2,888	9	9
Cash and cash equivalents	13	7,443	6,164	10,246	24	22
Total current assets		140,003	145,215	137,637	23,138	16,076
Total assets		221,468	229,718	212,971	116,146	109,084
Equity						
Share capital		108,210	108,210	108,210	108,210	108,210
Reserves		46,732	46,529	35,631	676	502
Total equity	14	154,942	154,739	143,841	108,886	108,712
Liabilities						
Loans and borrowings	15	13,033	16,558	20,429	-	-
Deferred tax liabilities	8	8,275	7,941	6,463	-	-
Total non-current liabilities		21,308	24,499	26,892	-	-
Loans and borrowings	15	22,327	26,097	16,267	-	-
Refund liabilities	10	3,851	2,349	2,587	-	-
Trade and other payables	16	17,484	18,992	20,351	7,260	372
Contract liabilities	11	1,239	3,042	3,033	-	-
Current tax liabilities		317	-	-	-	-
Total current liabilities		45,218	50,480	42,238	7,260	372
Total liabilities		66,526	74,979	69,130	7,260	372
Total equity and liabilities		221,468	229,718	212,971	116,146	109,084

The notes on pages 63 to 146 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 August 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Revenue	17	87,727	85,858	960	1,080
Cost of sales		(51,373)	(48,870)	-	-
Gross profit		36,354	36,988	960	1,080
Other operating income		460	739	-	-
Distribution expenses		(9,088)	(10,016)	-	-
Administrative expenses		(14,443)	(15,665)	(480)	(521)
Other operating expenses		(3,551)	(4,828)	(307)	(321)
Results from operating activities		9,732	7,218	173	238
Finance income		26	22	1	1
Finance costs	18	(2,882)	(3,011)	-	-
Profit before tax	19	6,876	4,229	174	239
Tax expense	20	(3,612)	(2,174)	-	2
Net profit for the year attributable to owners of the Company		3,264	2,055	174	241
Other comprehensive income for the year, net of tax:					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		-	8,888	-	-
Net changes in fair value of equity investments designated at fair value through other comprehensive income		19	-	-	-
Item that is or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		-	(45)	-	-
Total comprehensive income for the year attributable to owners of the Company		3,283	10,898	174	241
Basic earnings per ordinary share (sen)	21	0.78	0.49		

The notes on pages 63 to 146 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 August 2019

Group	Note	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
		<----Attributable to owners of the Company---->						
		<----Non-distributable---->					*Distributable*	
At 1 September 2017, *as previously reported*		108,210	(1)	(50,500)	20	13,596	74,058	145,383
Adjustment on initial application of MFRS 15, net of tax	30	-	-	-	-	-	(1,542)	(1,542)
At 1 September 2017, *restated*		108,210	(1)	(50,500)	20	13,596	72,516	143,841
Fair value of available-for-sale financial assets		-	-	-	(45)	-	-	(45)
Revaluation of property, plant and equipment, net of tax		-	-	-	-	8,888	-	8,888
Total other comprehensive (loss)/income		-	-	-	(45)	8,888	-	8,843
Net profit for the year		-	-	-	-	-	2,055	2,055
Total comprehensive (loss)/income for the year		-	-	-	(45)	8,888	2,055	10,898
At 31 August 2018, *restated*		108,210	(1)	(50,500)	(25)	22,484	74,571	154,739
		<----Note 14---->						

Consolidated statement of changes in equity for the year ended 31 August 2019 (continued)

		<-------------------------*Attributable to owners of the Company*------------------------->						
		<-------------------*Non-distributable*------------------->					*Distributable*	
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Merger deficit RM'000**	**Fair value reserve RM'000**	**Revaluation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 September 2018, *as previously reported*		108,210	(1)	(50,500)	(25)	22,484	76,099	156,267
Adjustment on initial application of MFRS 15, net of tax	30	-	-	-	-	-	(1,528)	(1,528)
Adjustment on initial application of MFRS 9, net of tax	30	-	-	-	-	-	(3,080)	(3,080)
At 1 September 2018, *restated*		108,210	(1)	(50,500)	(25)	22,484	71,491	151,659
Net change in fair value of equity investment designated at fair value through other comprehensive income		-	-	-	19	-	-	19
Total other comprehensive income		-	-	-	19	-	-	19
Net profit for the year		-	-	-	-	-	3,264	3,264
Total comprehensive income for the year		-	-	-	19	-	3,264	3,283
At 31 August 2019		108,210	(1)	(50,500)	(6)	22,484	74,755	154,942
		<---------------------Note 14--------------------->						

The notes on pages 63 to 146 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 August 2019

	<------Non-distributable------>		*Distributable*	
Company	**Share capital RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 September 2017	108,210	(1)	262	108,471
Net profit for the year	-	-	241	241
At 31 August 2018/ 1 September 2018	108,210	(1)	503	108,712
Net profit for the year	-	-	174	174
At 31 August 2019	108,210	(1)	677	108,886
	<--------------Note 14--------------->			

The notes on pages 63 to 146 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 August 2019

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Cash flows from operating activities				
Profit before tax	6,876	4,229	174	239
Adjustments for:				
Amortisation of intangible assets	1,407	1,292	-	-
Depreciation of property, plant and equipment	2,335	2,575	-	-
Property, plant and equipment written off	180	6	-	-
Depreciation of investment properties	52	52	-	-
Dividend income	(7)	(9)	(960)	(1,080)
Finance costs	2,882	3,011	-	-
Finance income	(26)	(22)	(1)	(1)
Gain on disposal of property, plant and equipment	(108)	(78)	-	-
Gain on disposal of other investments	-	(10)	-	-
Provision of inventories write-down, net	2,996	3,634	-	-
Impairment loss on trade receivables	482	1,909	-	-
Unrealised foreign exchange gain	(10)	-	-	-
Operating profit/(loss) before changes in working capital	17,059	16,589	(787)	(842)
Changes in inventories	(2,980)	(11,783)	-	-
Changes in trade and other receivables and prepayments	1,116	(3,792)	(340)	348
Changes in trade and other payables	(1,498)	(1,490)	35	(59)
Changes in contract costs	651	(28)	-	-
Changes in contract liabilities	(1,803)	9	-	-
Changes in right to recover returned goods	(778)	127	-	-
Changes in refund liabilities	1,502	(238)	-	-
Cash generated from/(used in) operations	13,269	(606)	(1,092)	(553)
Dividend received	-	-	1,080	480
Interest paid	(1,492)	(1,514)	-	-
Interest received	26	22	1	1
Tax paid	(5,164)	(6,047)	(4)	(12)
Tax refunded	4,410	1,580	17	9
Net cash generated from/(used in) operating activities	11,049	(6,565)	2	(75)

Statements of cash flows for the year ended 31 August 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Change in pledged deposits		(15)	42	-	-
Acquisition of intangible assets		(388)	(972)	-	-
Acquisition of property, plant and equipment	(i)	(538)	(520)	-	-
Acquisition of subsidiaries, net of cash and cash equivalents	29	-	(685)	-	-
Proceeds from disposal of property, plant and equipment		110	99	-	-
Proceeds from disposal of other investments		-	90	-	-
Dividend received from other investments		7	9	-	-
Net cash used in investing activities		(824)	(1,937)	-	-
Cash flows from financing activities					
Interest paid		(1,390)	(1,497)	-	-
Proceeds from term loan		-	1,661	-	-
Repayment of term loans		(3,795)	(5,410)	-	-
Repayment of finance lease liabilities		(40)	(28)	-	-
Drawdown of bankers' acceptance		14,752	12,987	-	-
Repayment of bankers' acceptance		(15,366)	(10,449)	-	-
Net cash used in financing activities		(5,839)	(2,736)	-	-
Net increase/(decrease) in cash and cash equivalents		4,386	(11,238)	2	(75)
Cash and cash equivalents at beginning of the financial year		(14,012)	(2,774)	22	97
Cash and cash equivalents at end of the financial year	(ii)	(9,626)	(14,012)	24	22

Statements of cash flows for the year ended 31 August 2019 (continued)

(i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM814,000 (2018: RM520,000), of which RM276,000 (2018: Nil) were acquired by means of finance leases.

(ii) 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	6,710	5,445	24	22
Deposits placed with licensed banks	733	719	-	-
	7,443	6,164	24	22
Less: Deposits pledged	(621)	(606)	-	-
Less: Bank overdraft	(16,448)	(19,570)	-	-
	(9,626)	(14,012)	24	22

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of borrowings in the statements of cash flows is as follows:

Group	At 1.9.2017 RM'000	Net changes from financing cash flows RM'000	At 31.8.2018/ 1.9.2018 RM'000	Acquisition of new lease RM'000	Net changes from financing cash flows RM'000	At 31.8.2019 RM'000
Finance lease liabilities	130	(28)	102	276	(40)	338
Term loans	24,194	(3,749)	20,445	-	(3,795)	16,650
Bankers' acceptances	-	2,538	2,538	-	(614)	1,924
	24,324	(1,239)	23,085	276	(4,449)	18,912

The notes on pages 63 to 146 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	**Registered office**
Lot 12, Jalan Teknologi 3/4	Suite 11.1A, Level 11
Taman Sains Selangor 1	Menara Weld
Kota Damansara	76 Jalan Raja Chulan
47810 Petaling Jaya	50200 Kuala Lumpur
Selangor	

The consolidated financial statements of the Company as at and for the financial year ended 31 August 2019 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 2019 do not include other entities.

The Company is principally engaged in investment holding activities whilst 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 20 December 2019.

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 the Companies Act 2016 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:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3*, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3*, Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9*, Financial Instruments,* MFRS 139*, Financial Instruments: Recognition and Measurement* and MFRS 7*, Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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*

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 2019 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019; and

- from the annual period beginning on 1 September 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments and 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:

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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Based on the Group's preliminary assessment, the estimated impact of initial application of MFRS 16 on its consolidated financial statements as at 1 September 2019 is additional lease liabilities of approximately RM931,000 with corresponding additional right-to-use assets of RM931,000. The estimated impact on initial application is based on assessment undertaken to date and the actual impact of adopting the standard may change.

(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.

1. Basis of preparation (continued)

(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 8 – deferred tax assets/(liabilities)
- Note 23 – measurement of expected credit loss ("ECL")
- 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.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments,* there are changes to the accounting policies of:

i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impact arising from the changes are disclosed in Note 30.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interest

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) 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.

(v) 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.

(vi) 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

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives. Accordingly, the information presented for 31 August 2018 and 1 September 2017 do not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement.*

(i) Recognition and initial 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.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

Equity investments

This category comprises investment in equity that is not held for trading, and the Group irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

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

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

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

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

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

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

Previous financial year (continued)

(b) Loans and receivables (continued)

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

(c) Available-for-sale financial assets

Available-for-sale category comprised investment in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were 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 were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

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

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) 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), contingent consideration in a business combination and financial liabilities 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 liabilities (continued)

Current financial year (continued)

(a) Fair value through profit or loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss were 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.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

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.

Settlement date accounting refers to:
(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(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 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.

2. Significant accounting policies (continued)

(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.

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 exchange 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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(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.

(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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(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.

(iv) Amortisation

Goodwill with indefinite useful lives 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	15 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.

2. Significant accounting policies (continued)

(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 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.

Cost includes expenditure that is directly attributable to the acquisition of the investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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.

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.

2. Significant accounting policies (continued)

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was 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 had been recognised in other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was 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.

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

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

2. Significant accounting policies (continued)

(l) Impairment (continued)

(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.

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.

2. Significant accounting policies (continued)

(m) 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.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share capital account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) 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.

(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.

2. Significant accounting policies (continued)

(o) 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.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Sale with right of return

In some contracts, an entity transfers control of a product to a customer and also grants the customer the right to return the product for various reasons and receive any combination of the following:

(a) a full or partial refund of any consideration paid;

(b) a credit that can be applied against amounts owed, or that will be owed, to the entity; and

(c) another product in exchange.

2. Significant accounting policies (continued)

(p) Revenue and other income (continued)

(ii) Sale with right of return (continued)

To account for the transfer of products with a right of return, an entity shall recognise all of the following:

(a) revenue for the transferred products in the amount of consideration to which the entity expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

(iii) 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.

(iv) 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.

(q) 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.

2. Significant accounting policies (continued)

(r) 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.

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.

(s) 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.

2. Significant accounting policies (continued)

(t) 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.

(u) 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.

2. Significant accounting policies (continued)

(v) 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 2017	298	15,425	26,026	9,585	3,587	1,196	2,107	58,224
Acquisitions through business combinations (Note 29)	-	-	-	-	22	9	11	42
Additions	-	-	-	77	201	89	153	520
Disposals	-	-	-	(628)	(53)	-	(77)	(758)
Written off	-	-	-	-	(18)	(9)	-	(27)
Adjustment for revaluation	22	10,260	(1,066)	-	-	-	-	9,216
At 31 August 2018/1 September 2018	320	25,685	24,960	9,034	3,739	1,285	2,194	67,217
Additions	-	-	-	335	241	135	103	814
Reclassification	-	7,165	(7,165)	-	-	-	-	-
Disposals	-	-	-	(888)	-	-	(5)	(893)
Written off	-	-	-	-	(141)	(164)	-	(305)
At 31 August 2019	320	32,850	17,795	8,481	3,839	1,256	2,292	66,833
Representing items at:								
Cost	-	-	-	8,481	3,839	1,256	2,292	15,868
Directors' valuation	320	32,850	17,795	-	-	-	-	50,965
At 31 August 2019	320	32,850	17,795	8,481	3,839	1,256	2,292	66,833

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
Accumulated depreciation								
At 1 September 2017	20	759	1,273	7,061	2,558	371	1,876	13,918
Acquisitions through business combinations (Note 29)	-	-	-	-	11	4	5	20
Charge for the year	5	427	555	1,103	195	102	188	2,575
Disposals	-	-	-	(611)	(50)	-	(76)	(737)
Written off	-	-	-	-	(17)	(4)	-	(21)
Adjustment for revaluation	(23)	(905)	(1,551)	-	-	-	-	(2,479)
At 31 August 2018/1 September 2018	2	281	277	7,553	2,697	473	1,993	13,276
Charge for the year	5	647	466	777	192	123	125	2,335
Reclassification	-	41	(41)	-	-	-	-	-
Disposals	-	-	-	(888)	-	-	(3)	(891)
Written off	-	-	-	-	(58)	(67)	-	(125)
At 31 August 2019	7	969	702	7,442	2,831	529	2,115	14,595
Carrying amounts								
At 1 September 2017	278	14,666	24,753	2,524	1,029	825	231	44,306
At 31 August 2018/1 September 2018	318	25,404	24,683	1,481	1,042	812	201	53,941
At 31 August 2019	313	31,881	17,093	1,039	1,008	727	177	52,238

3. Property, plant and equipment (continued)

Revaluation

The Group's condominiums, leasehold land and buildings are stated at Directors' valuation which is supported by the professional valuation done in February 2018 by an external independent valuation company, KGV International Property Consultants (M) 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	
	2019 RM'000	**2018 RM'000**
Condominiums	207	216
Leasehold land	5,900	6,009
Buildings	6,774	6,971
	12,881	13,196

Finance lease liabilities

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements with carrying amounts of RM346,000 (2018: RM39,000).

Security

Certain land and buildings of the Group with carrying amounts of RM46,354,000 (2018: RM47,415,000) were charged to banks as security for banking facilities granted to the Group (see Note 15).

4. Investment properties

	Buildings RM'000
Group	
Cost	
At 1 September 2017/31 August 2018/1 September 2018/ 31 August 2019	2,640
Accumulated depreciation	
At 1 September 2017	56
Charge for the year	52
At 31 August 2018/1 September 2018	108
Charge for the year	52
At 31 August 2019	160
Carrying amounts	
At 1 September 2017	2,584
At 31 August 2018/1 September 2018	2,532
At 31 August 2019	2,480

Investment properties comprise of commercial buildings that are leased to third parties. Each of the lease contains an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessees 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 15).

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2019 RM'000	2018 RM'000
Rental income	118	105
Direct operating expenses	(14)	(74)

Fair value information

Fair value of the investment properties are categorised as follows:

	Group Level 3	
	2019 RM'000	2018 RM'000
Commercial buildings	2,680	2,680

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 (RM138 to RM610)	The estimated fair value would increase if the price per square foot is higher.

5. Intangible assets

Group	Note	Goodwill RM'000	Development costs RM'000	Software RM'000	Intellectual properties RM'000	Total RM'000
Cost						
At 1 September 2017		10,786	1,570	120	18,545	31,021
Additions		-	969	3	-	972
Acquisitions through business combinations	29	178	-	-	-	178
At 31 August 2018/ 1 September 2018		10,964	2,539	123	18,545	32,171
Additions		-	388	-	-	388
At 31 August 2019		10,964	2,927	123	18,545	32,559
Accumulated amortisation						
At 1 September 2017		-	422	14	4,368	4,804
Charge for the year		-	165	12	1,115	1,292
At 31 August 2018/ 1 September 2018		-	587	26	5,483	6,096
Charge for the year		-	280	12	1,115	1,407
At 31 August 2019		-	867	38	6,598	7,503
Carrying amount						
At 1 September 2017		10,786	1,148	106	14,177	26,217
At 31 August 2018/ 1 September 2018		10,964	1,952	97	13,062	26,075
At 31 August 2019		10,964	2,060	85	11,947	25,056
		Note 5.1			Note 5.2	

5. Intangible assets (continued)

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”), Distinct Motion Sdn. Bhd. and its subsidiary (“Distinct Motion Group”) and Pinko Creative Sdn. Bhd. (“Pinko Creative”) into the Group’s existing publishing and applied learning products 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.

The intellectual properties are amortised over 15 years as the management estimates that the intellectual properties can be used for commercial activities for a duration of 15 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.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2019 **RM’000**	**2018** **RM’000**
Sanjung Unggul Group	10,253	10,253
Distinct Motion Group	533	533
Pinko Creative	178	178
	10,964	10,964

In assessing whether goodwill is impaired, the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.

5. Intangible assets (continued)

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

Sanjung Unggul Group

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 future cash flows to be generated from the continuing operation of the business as a book publisher and education and supplement material provider 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 in 2020 includes approximately RM275,000 of sales from new product line. The anticipated sales growth rate is 1.11% per annum from 2020 to 2024.
- The operating expenditure growth was assumed to be 2.41% per annum. The estimated growth rate was based on the average of historical growth levels experienced over the past 5 years and the forecasted inflation rate.
- 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 pre-tax discount rate of 11.5% (2018: 13.2%) was applied in determining the recoverable amount of the CGU. The discount rate applied was estimated based on the Group's weighted average cost of capital.

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 to exceed the recoverable amount of the CGU. Based on their review, there is no evidence of impairment on the goodwill allocated to the Sanjung Unggul Group.

5. Intangible assets (continued)

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

Distinct Motion Group

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 future cash flows to be generated from the continuing operation of the business as a provider of learning activities relating to robotics and science, technology, engineering and mathematics (STEM) education 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 is approximately RM750,000 in 2020. The anticipated sales growth rate is 2.41% per annum from 2021 to 2024.
- The operating expenditure growth was assumed to be 2.41% per annum. The estimated growth rate was based on the forecasted inflation rate.
- 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 pre-tax discount rate of 11.5% (2018: 13.2%) was applied in determining the recoverable amount of the CGU. The discount rate applied was estimated based on the Group's weighted average cost of capital.

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 to exceed the recoverable amount of the CGU. Based on their review, there is no evidence of impairment on the goodwill allocated to the Distinct Motion Group.

5. Intangible assets (continued)

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

Pinko Creative

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 future cash flows to be 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 is approximately RM1,500,000 per annum from 2020. The anticipated sales growth rate is 2.41% per annum from 2021 to 2024.
- The operating expenditure growth was assumed to be 2.41% per annum. The estimated growth rate was based on the forecasted inflation rate.
- 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 pre-tax discount rate of 11.5% (2018: 13.2%) was applied in determining the recoverable amount of the CGU. The discount rate applied was estimated based on the Group's weighted average cost of capital.

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 to exceed the recoverable amount of the CGU. Based on their review, there is no evidence of impairment on the goodwill allocated to Pinko Creative.

6. Investments in subsidiaries

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares, at cost	93,008	93,008

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

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
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
Mindtech Education Sdn. Bhd.	Direct marketing of online/digital educational products	100	100
Sanjung Unggul Sdn. Bhd.	General trade and investment holding	100	100
United Publishing House (M) Sdn. Bhd.	Publishing of dictionaries and books	100	100
Sasbadi Learning Solutions Sdn. Bhd.	Distribution of applied learning products	100	100
Subsidiary of Sanjung Unggul Sdn. Bhd.			
The Malaya Press Sdn. Bhd.	Publishing of books	100	100

6. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Subsidiaries of United Publishing House (M) Sdn. Bhd.			
G-Apple Studio Sdn. Bhd.	Dormant	100	100
Penerbitan Daya Sdn. Bhd.	Dormant	100	100
Penerbitan Minda Sdn. Bhd.	Dormant	100	100
UPH Distributor Sdn. Bhd.	Dormant	100	100
Pinko Creative Sdn. Bhd.*	Publishing of books and trading of all kinds of printed materials	100	100
Subsidiary of Sasbadi Learning Solutions Sdn. Bhd.			
Distinct Motion Sdn. Bhd.*	Provider of learning activities related to robotics and science, technology, engineering and mathematics (STEM) education	100	100
Subsidiaries of The Malaya Press Sdn. Bhd.			
Media Distribution Sdn. Bhd.	Dormant	100	100
Jinbang Publication Sdn. Bhd.	Publication of books	100	100
Big Tree Publications Sdn. Bhd.	Publication of books	100	100
Subsidiary of Distinct Motion Sdn. Bhd.			
Distinct Element Sdn. Bhd.*	Provider of learning activities related to robotics and STEM education	100	100

* Subsidiaries not audited by KPMG PLT.

7. Other investments

Group	Note	2019 RM'000
Fair value through profit or loss		
Club membership		37
Fair value through other comprehensive income		
Shares quoted in Malaysia	7.1	228
		265
Market value of quoted investments		228

		2018 RM'000
Available-for-sale financial assets		
Club membership		37
Shares quoted in Malaysia	7.1	209
		246
Market value of quoted investments		209

7.1 Equity investments designated at fair value through other comprehensive income

At 1 September 2018, the Group designated shares quoted in Malaysia as fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. At 31 August 2018, these investments were previously classified as available-for-sale financial assets.

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
Group	**2019 RM'000**	**2018 RM'000 Restated**	**2019 RM'000**	**2018 RM'000 Restated**	**2019 RM'000**	**2018 RM'000 Restated**
Property, plant and equipment						
- capital allowance	53	54	(206)	(426)	(153)	(372)
- revaluation	-	-	(7,103)	(7,112)	(7,103)	(7,112)
Intangible assets	-	-	(2,094)	(2,253)	(2,094)	(2,253)
Contract costs	-	-	(91)	(248)	(91)	(248)
Contract liabilities	297	730	-	-	297	730
Tax losses	505	419	-	-	505	419
Provisions	1,790	2,604	-	-	1,790	2,604
Tax assets/(liabilities)	2,645	3,807	(9,494)	(10,039)	(6,849)	(6,232)
Set off of tax	(1,219)	(2,098)	1,219	2,098	-	-
	1,426	1,709	(8,275)	(7,941)	(6,849)	(6,232)

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

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the financial year:

	At 1.9.2017 RM'000 Restated	Recognised in profit or loss (Note 20) RM'000 Restated	Recognised in revaluation reserve RM'000	Arising from business combinations (Note 29) RM'000	At 31.8.2018 RM'000 Restated	MFRS 9 adjustment (Note 30) RM'000	At 1.9.2018 RM'000 Restated	Recognised in profit or loss (Note 20) RM'000	At 31.8.2019 RM'000
Property, plant and equipment									
- capital allowance	(282)	(88)	-	(2)	(372)	-	(372)	219	(153)
- revaluation	(4,305)	-	(2,807)	-	(7,112)	-	(7,112)	9	(7,103)
Intangible assets	(2,435)	182	-	-	(2,253)	-	(2,253)	159	(2,094)
Contract costs	(241)	(7)	-	-	(248)	-	(248)	157	(91)
Contract liabilities	728	2	-	-	730	-	730	(433)	297
Tax losses	1,015	(596)	-	-	419	-	419	86	505
Provisions	913	1,691	-	-	2,604	972	3,576	(1,786)	1,790
	(4,607)	1,184	(2,807)	(2)	(6,232)	972	(5,260)	(1,589)	(6,849)

Unrecognised deferred tax assets

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

	Group 2019 RM'000	Group 2018 RM'000
Unutilised tax losses	2,792	142

Deferred tax assets have not been recognised in respect of these items because there is no sufficient future taxable profits available against which they can be utilised. Unutilised tax losses can be carried forward for seven consecutive years of assessment under current tax legislation.

9. Inventories

	Group 2019 RM'000	Group 2018 RM'000
At cost/net realisable value		
Raw materials	5,865	9,027
Finished goods	67,581	64,435
	73,446	73,462
Recognised in profit or loss:		
Inventories recognised as cost of sales	23,945	22,460
Provision of inventories write-down, net	2,996	3,634

10. Right to recover returned goods/(Refund liabilities)

	Group 2019 RM'000	Group 2018 RM'000
Right to recover returned goods	2,035	1,257
Refund liabilities	(3,851)	(2,349)

During the current financial year, on adoption of MFRS 15, *Revenue from Contracts with Customers*, an asset with a right to recover returned goods and the corresponding refund liabilities are recognised in relation to finished goods sold with a right of return.

These are measured by reference to the former carrying amounts of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned inventories.

11. Contract with customers

11.1 Contract costs

Group	2019 RM'000	2018 RM'000 Restated
Cost to obtain a contract	381	1,032

Cost to obtain a contract primarily comprises commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable.

Capitalised commission fees are amortised when the related revenues are recognised. During the current financial year, the amount of amortisation was RM1,930,000 (2018: RM2,689,000).

11. Contract with customers (continued)

11.2 Contract liabilities

Group	2019 RM'000	2018 RM'000 Restated
Contract liabilities	1,239	3,042

The contract liabilities primarily relate to the advance consideration received from customers for sale of online/digital materials, which revenue is recognised over time throughout the agreed period. The contract liabilities are expected to be recognised as revenue over a period of 180 days or 365 days.

Significant changes to contract liabilities balances during the period are as follows:

Group	2019 RM'000	2018 RM'000 Restated
Contract liabilities at the beginning of the period recognised as revenue	3,042	3,033

12. Trade and other receivables

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current					
Trade					
Trade receivables		52,154	51,510	-	-
Less: Impairment losses		(8,124)	(3,590)	-	-
		44,030	47,920	-	-
Non-trade					
Amount due from subsidiaries	12.1	-	-	23,099	16,025
Other receivables and deposits		5,452	8,112	2	3
		5,452	8,112	23,101	16,028
		49,482	56,032	23,101	16,028

12.1 Amount due from subsidiaries

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

13. Cash and cash equivalents

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances		6,710	5,445	24	22
Deposits placed with licensed banks	13.1	733	719	-	-
		7,443	6,164	24	22

13.1 Pledged deposits

Included in the deposits placed with a licensed bank of the Group is RM621,000 (2018: RM606,000) pledged for bank facilities granted to certain subsidiaries.

14. Capital and reserves

14.1 Share capital

	Group and Company			
	Number of shares 2019 '000	Amount 2019 RM'000	Number of shares 2018 '000	Amount 2018 RM'000
Issued and fully paid:				
Ordinary shares	419,100	108,210	419,100	108,210

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.

14. Capital and reserves (continued)

14.1 Share capital (continued)

Employees' share option scheme ("ESOS")

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

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

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 number of issued shares (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;

14. Capital and reserves (continued)

14.1 Share capital (continued)

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

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. Subsequent to year end, on 6 December 2019, the Company offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees under the ESOS.

14.2 Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the annual general meeting held on 29 January 2019, renewed their approval for the Company's plan to purchase up to ten percent (10%) of number of issued shares at any point of time.

The purchased shares are being held as treasury shares in accordance with the requirements under Section 127 of the Companies Act 2016.

14.3 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.

14.4 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.

14.5 Revaluation reserve

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

15. Loans and borrowings

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Finance lease liabilities	15.1	228	72
Term loans - secured	15.2	12,805	16,486
		13,033	16,558
Current			
Bank overdrafts - secured	15.3	16,448	19,570
Bankers' acceptances - secured	15.4	1,924	2,538
Finance lease liabilities	15.1	110	30
Term loans - secured	15.2	3,845	3,959
		22,327	26,097
		35,360	42,655

15.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group

	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Less than one year	125	(15)	110	34	(4)	30
Between one and five years	242	(14)	228	77	(5)	72
	367	(29)	338	111	(9)	102

15. Loans and borrowings (continued)

15.2 Term loans

The term loans of the Group are secured by charges over the land and buildings (Note 3), investment properties (Note 4), land and building of a company owned by a former director of a subsidiary, corporate guarantees by the Company and letter of negative pledge.

15.3 Bank overdrafts

The bank overdrafts of the Group are secured by charges over the land and buildings (Note 3), pledged deposits (Note 13.1), corporate guarantees by the Company, land and building of a company owned by a former director of a subsidiary, and letter of negative pledge.

15.4 Bankers' acceptances

The bankers' acceptances are secured by charges over the land and buildings (Note 3), corporate guarantees by the Company and letter of negative pledge.

16. Trade and other payables

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade payables		6,590	7,299	-	-
Non-trade					
Amount due to a subsidiary	16.1	-	-	6,853	-
Other payables and accrued expenses	16.2	10,894	11,693	407	372
		17,484	18,992	7,260	372

16.1 Amount due to a subsidiary

Amount due to a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

16.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are accrued royalties payable of RM4,351,000 (2018: RM5,614,000).

Included in other payables and accrued expenses of the Group and of the Company is an amount due to Directors of RM324,000 (2018: RM312,000).

17. Revenue

	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Revenue from contracts with customers				
Sale of printed books, distribution of applied learning products and trading of paper	83,299	79,465	-	-
Sale of online/digital educational material	4,428	6,393	-	-
	87,727	85,858	-	-
Other revenue				
Dividend income	-	-	960	1,080
Total revenue	87,727	85,858	960	1,080
Timing and recognition for revenue with contract customers				
At a point in time	83,299	79,465		
Over time	4,428	6,393		
	87,727	85,858		

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligations that have original expected duration of one year or less.

17. Revenue (continued)

17.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of printed books, distribution of applied learning products and trading of paper	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 90 days or 120 days from invoice date.	Early settlement rebates are given to customers for payment received within credit period.	The Group allows returns through exchange of goods or cash refund.	Assurance warranties of 24 months given for government contracts and 12 months for electronic parts of certain products.
Sale of online/digital educational material	Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided as the Group performs.	Not applicable.	Performance bonus classified as personal sales bonus and group network sales bonus are given to distributors for sales made to customers.	The Group allows returns through exchange of goods or cash refund.	Assurance warranties of 30 days from date of purchase given to customers.

18. Finance costs

	Group 2019 RM'000	Group 2018 RM'000
Interest expense:		
- bank facilities	2,876	3,005
- finance lease liabilities	6	6
	2,882	3,011

19. Profit before tax

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration				
Audit fees				
KPMG PLT	290	297	68	70
Other auditors	6	13	-	-
Non-audit fees				
KPMG PLT	15	15	15	15
Amortisation of intangible assets	1,407	1,292	-	-
Depreciation of property, plant and equipment	2,335	2,575	-	-
Depreciation of investment properties	52	52	-	-
Impairment loss on trade receivables	482	1,909	-	-
Trade receivables written off	-	7	-	-
Property, plant and equipment written off	180	6	-	-
Inventories write down	2,996	3,634	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employees' Provident Fund	2,345	2,698	-	-
- Wages, salaries and others	20,396	20,388	-	-
Realised foreign exchange loss	33	17	-	-
Rental of premises	947	873	-	-
Rental of machinery	45	25	-	-
Finance costs	2,882	3,011	-	-

19. Profit before tax (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after crediting:				
Bad debts recovered	-	6	-	-
Gain on disposal of property, plant and equipment	108	78	-	-
Gain on disposal of other investments	-	10	-	-
Dividend income from a				
- subsidiary (unquoted)	-	-	960	1,080
- other investments (quoted)	7	9	-	-
Finance income	26	22	1	1
Realised foreign exchange gain	-	33	-	-
Unrealised foreign exchange gain	10	-	-	-

20. Tax expense

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Current tax expense				
- current year	3,132	3,321	-	-
- prior year	(1,109)	37	-	(2)
	2,023	3,358	-	(2)
Deferred tax expense				
Origination and reversal of temporary differences	149	(1,368)	-	-
Under provision in prior year	1,440	184	-	-
	1,589	(1,184)	-	-
	3,612	2,174	-	(2)

20. Tax expense (continued)

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Reconciliation of tax expense				
Profit before tax	6,876	4,229	174	239
Income tax using Malaysian tax rate of 24% (2018: 24%)	1,650	1,015	42	57
Non-deductible expenses	1,010	958	188	202
Non-taxable income	(15)	(20)	(230)	(259)
Unrecognised deferred tax assets	636	-	-	-
	3,281	1,953	-	-
Under/(Over) provision in prior year	331	221	-	(2)
Tax expense	3,612	2,174	-	(2)

21. Earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 August 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2019	2018 Restated
Profit attributable to ordinary shareholders (RM'000)	3,264	2,055
Weighted average number of ordinary shares at 31 August ('000)	419,099	419,099
Basic earnings per ordinary shares (sen)	0.78	0.49

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 2019 (2018: None).

22. Operating segments

Segmental information is presented in accordance with the Group's operations and products.

For each operation and product, the Group's Managing Director ("GMD"), who is the chief operating decision maker, reviews internal management reports regularly.

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)

Group 2019	Print Publishing RM'000	Digital & Direct Selling * RM'000	ALP & STEM Education ^ RM'000	Corporate RM'000	Total RM'000
Segment profit	12,336	1,348	643	159	14,486
Included in the measure of segment profit are:					
Revenue from external customers	79,129	4,428	4,170	-	87,727
Inter-company revenue	12,503	2,307	663	960	16,433
Not included in the measure of segment profit but provided to GMD:					
Depreciation and amortisation	(3,348)	(383)	(63)	-	(3,794)
Finance income	25	-	-	1	26
Finance costs	(2,882)	-	-	-	(2,882)
Tax expense	(2,650)	(748)	(214)	-	(3,612)
Segmental assets	216,906	18,022	5,130	116,153	356,211
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets	674	389	139	-	1,202

* Digital/Online and Technology-enabled Solutions and Direct Selling Business Division
^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division

22. Operating segments (continued)

Group 2018	Print Publishing RM'000 Restated	Digital & Direct Selling * RM'000 Restated	ALP & STEM Education ^ RM'000	Corporate RM'000	Total RM'000 Restated
Segment profit/(loss)	10,752	1,247	(5)	223	12,217
Included in the measure of segment profit/(loss) are:					
Revenue from external customers	75,827	6,393	3,638	-	85,858
Inter-company revenue	14,946	3,119	673	1,080	19,818
Not included in the measure of segment profit/(loss) but provided to GMD:					
Depreciation and amortisation	(3,564)	(292)	(63)	-	(3,919)
Finance income	21	-	-	1	22
Finance costs	(3,011)	-	-	-	(3,011)
Tax expense	(1,853)	(230)	(93)	2	(2,174)
Segmental assets	216,986	20,551	4,271	109,093	350,901
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets	696	1,002	14	-	1,712

* Digital/Online and Technology-enabled Solutions and Direct Selling Business Division
^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division

22. Operating segments (continued)

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

	Group 2019 RM'000	Group 2018 RM'000 Restated
Profit or loss		
Total profit for reportable segments	14,486	12,217
Elimination of inter-segment profits	(960)	(1,080)
Depreciation and amortisation	(3,794)	(3,919)
Finance costs	(2,882)	(3,011)
Finance income	26	22
Consolidated profit before tax	6,876	4,229

Group	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2019						
Total reportable segments	104,160	(3,794)	(2,882)	26	356,211	1,202
Elimination of inter-segment transactions or balances	(16,433)	-	-	-	(134,743)	-
Consolidated total	87,727	(3,794)	(2,882)	26	221,468	1,202
2018 - restated						
Total reportable segments	105,676	(3,919)	(3,011)	22	350,901	1,712
Elimination of inter-segment transactions or balances	(19,818)	-	-	-	(121,183)	-
Consolidated total	85,858	(3,919)	(3,011)	22	229,718	1,712

22. Operating segments (continued)

Geographical segments

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

Major customer

Revenue from a customer of the Group amounted to RM9,157,000 (2018: RM10,559,000) contributed to more than 10% of the Group's revenue.

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 August 2019 categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")
 – Mandatorily required by MFRS 9
(c) Fair value through other comprehensive income ("FVOCI")
 – Equity instrument designated upon initial recognition ("EIDUIR")

2019	**Carrying amount RM'000**	**AC RM'000**	**FVTPL RM'000**	**FVOCI - EIDUIR RM'000**
Financial assets				
Group				
Other investments	265	-	37	228
Trade and other receivables	49,482	49,482	-	-
Cash and cash equivalents	7,443	7,443	-	-
	57,190	56,925	37	228
Company				
Trade and other receivables	23,101	23,101	-	-
Cash and cash equivalents	24	24	-	-
	23,125	23,125	-	-
Financial liabilities				
Group				
Loans and borrowings	(35,360)	(35,360)	-	-
Trade and other payables	(17,484)	(17,484)	-	-
	(52,844)	(52,844)	-	-
Company				
Trade and other payables	(7,260)	(7,260)	-	-

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 August 2018 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").

2018	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
Other investments	246	-	246
Trade and other receivables	56,032	56,032	-
Cash and cash equivalents	6,164	6,164	-
	62,442	62,196	246
Company			
Trade and other receivables	16,028	16,028	-
Cash and cash equivalents	22	22	-
	16,050	16,050	-
Financial liabilities			
Group			
Loans and borrowings	(42,655)	(42,655)	-
Trade and other payables	(18,992)	(18,992)	-
	(61,647)	(61,647)	-
Company			
Trade and other payables	(372)	(372)	-

23. Financial instruments (continued)

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gain/(loss) on:				
Equity instruments designated at fair value through other comprehensive income	7	-	-	-
Financial assets measured amortised cost	(456)	-	1	-
Financial liabilities at fair value through profit or loss	(2,905)	-	-	-
Loans and receivables	-	(1,888)	-	1
Financial liabilities measured at amortised cost	-	(2,995)	-	-
Available-for-sale financial assets	-	19	-	-
	(3,354)	(4,864)	1	1

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. There are no significant changes as compared to prior periods.

23. Financial instruments (continued)

23.4 Credit risk (continued)

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.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

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 2019, the Group has significant concentration of credit risk in the form of outstanding balances from 5 trade customers which amounted to RM10,718,000 (2018: RM10,617,000) representing 24% (2018: 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 5 customers after the reporting period; and
- The Directors have made assessments that all these customers have the ability to repay the balances outstanding.

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.

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

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Any receivables having significant balances past due more than 330 days, which are deemed to have higher credit risk, are monitored individually.

The Group uses an allowance matrix to measure ECLs of trade receivables. Consistent with the debt recovery process, invoices which are past due 690 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 690 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 August 2019 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2019			
Current (not past due)	19,005	(39)	18,966
1 - 30 days past due	5,188	(55)	5,133
31 - 180 days past due	16,861	(553)	16,308
181 - 330 days past due	2,841	(358)	2,483
	43,895	(1,005)	42,890
Credit impaired			
More than 330 days past due	5,581	(4,580)	1,001
Individually impaired	2,678	(2,539)	139
	52,154	(8,124)	44,030

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Trade receivables		
Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
2019			
Balance at 31 August 2018 as per MFRS 139	-	3,590	3,590
Adjustments on initial application of MFRS 9	4,052	-	4,052
Balance at 1 September 2018 as per MFRS 9	4,052	3,590	7,642
Net remeasurement of loss allowance	453	29	482
Balance at 31 August 2019	4,505	3,619	8,124

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 31 August 2018 was as follows:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2018			
Current (not past due)	17,436	-	17,436
1 - 30 days past due	6,102	-	6,102
31 - 180 days past due	15,915	-	15,915
181 - 330 days past due	2,444	-	2,444
More than 330 days past due	9,613	(3,590)	6,023
	51,510	(3,590)	47,920

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

	Group 2018 RM'000
At 1 September 2017	1,697
Impairment loss recognised	2,065
Impairment loss reversed	(156)
Impairment loss written off	(16)
At 31 August 2018	3,590

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risk. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes 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 RM35,022,000 (2018: RM40,693,000) representing the outstanding term loan, bankers acceptance 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.

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.

23. Financial instruments (continued)

23.4 Credit risk (continued)

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 ability of the subsidiaries to repay the loans and advances on an individual basis.

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.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

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:

2019	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
Group						
Non-derivative financial liabilities						
Bank overdrafts	16,448	4.55% to 8.17%	17,770	17,770	-	-
Bankers' acceptances	1,924	4.49%	1,924	1,924	-	-
Finance lease liabilities	338	2.49% to 3.39%	367	125	242	-
Term loans	16,650	4.87% to 9.92%	19,621	4,731	10,937	3,953
Trade and other payables	17,484	-	17,484	17,484	-	-
Financial guarantees	-	-	564	564	-	-
	52,844		57,730	42,598	11,179	3,953
Company						
Non-derivative financial liabilities						
Trade and other payables	407	-	407	407	-	-
Financial guarantees	-	-	35,022	35,022	-	-
	407		35,429	35,429	-	-

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

2018	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
Group						
Non-derivative financial liabilities						
Bank overdrafts	19,570	4.55% to 8.17%	21,132	21,132	-	-
Bankers' acceptances	2,538	5.70% to 5.75%	2,538	2,538	-	-
Finance lease liabilities	102	2.49% to 3.39%	111	34	77	-
Term loans	20,445	5.00% to 8.17%	26,813	5,240	14,885	6,688
Trade and other payables	18,992	-	18,992	18,992	-	-
Financial guarantees	-	-	598	598	-	-
	61,647		70,184	48,534	14,962	6,688
Company						
Non-derivative financial liabilities						
Trade and other payables	372	-	372	372	-	-
Financial guarantees	-	-	40,693	40,693	-	-
	372		41,065	41,065	-	-

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 currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Singapore Dollar ("SGD").

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	***2019 Denominated in***		***2018 Denominated in***	
	USD RM'000	**SGD RM'000**	**USD RM'000**	**SGD RM'000**
Trade payables	60	406	91	642

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	
	2019 RM'000	2018 RM'000
Floating rate instruments		
Financial liabilities	(33,098)	(40,012)
Fixed rate instruments		
Financial assets	733	719
Financial liabilities	(2,262)	(2,643)
	(1,529)	(1,924)

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	
Group	**100 bps increase RM'000**	**100 bps decrease RM'000**
2019		
Floating rate instruments	(252)	252
2018		
Floating rate instruments	(304)	304

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:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2019										
Financial assets										
Other investments	228	-	37	265	-	-	-	-	265	265
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	367	367	367	338
Term loans	-	-	-	-	-	-	17,734	17,734	17,734	16,650
	-	-	-	-	-	-	18,101	18,101	18,101	16,988
2018										
Financial assets										
Other investments	209	-	37	246	-	-	-	-	246	246
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	111	111	111	102
Term loans	-	-	-	-	-	-	21,304	21,304	21,304	20,445
	-	-	-	-	-	-	21,415	21,415	21,415	20,547

23. Financial instruments (continued)

23.7 Fair value information (continued)

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 (2018: no transfer in either directions).

Level 3 fair value

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

The following table shows the valuation technique used in the determination of fair values within Level 3.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease liabilities and term loans	Discounted cash flows using a rate based on the current market rate of borrowing of the Company at the reporting date.

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:

		Group	
	Note	2019 RM'000	2018 RM'000 Restated
Total loans and borrowings	15	35,360	42,655
Less: Cash and cash equivalents	13	(7,443)	(6,164)
Net debt		27,917	36,491
Total equity		154,942	154,739
Net debt-to-equity ratio		0.18	0.24

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

25. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	951	330
Between one and three years	783	175
	1,734	505

The Group leases a number of office premises under operating leases. The leases typically run for a period of one to three years, with an option to renew the lease after the date of expiration. None of the leases includes contingent rentals.

25. Operating leases (continued)

Leases as lessor

The Group leases out its investment properties (see Note 4). The future minimum lease receivables under non-cancellable leases are as as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	55	60
Between one and five years	-	55
	55	115

26. 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		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank guarantees obtained by the Group to the Ministry of Education	26.1	570	598	-	-
In respect of corporate guarantees issued for subsidiaries		-	-	35,022	40,693

26.1 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.

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 and key management personnel.

27. Related parties (continued)

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 12 and Note 16.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Subsidiary:				
Net advances given	-	-	221	243
Dividend income	-	-	(960)	(1,080)
Key management personnel:				
Directors' remuneration				
- Fees	432	462	432	462
- Other emoluments	709	1,149	-	-
	1,141	1,611	432	462

The estimated monetary value of Directors' benefit-in-kind of the Group is RM58,000 (2018: RM77,000).

28. Subsequent events

a) On 6 September 2019, United Publishing House (M) Sdn. Bhd., a wholly-owned subsidiary, entered into Sale and Purchase Agreement with The World Book Company (Malaya) Sdn. Bhd., a third party, for the acquisition of two office units for a total purchase consideration of RM2,100,000. As at the date of this report, ownership of the two office units has yet to be transferred to United Publishing House (M) Sdn. Bhd..

b) On 6 December 2019, the Company offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees under the Company's Employees' Share Option Scheme ("ESOS").

29. Acquisition of subsidiary

During the previous financial year, on 4 May 2018, United Publishing House (M) Sdn. Bhd. completed the acquisition of 100% equity interest in Pinko Creative Sdn. Bhd. ("Pinko Creative"), comprising 50,000 ordinary shares, for a total cash consideration of RM860,000.

From the date of acquisition of 4 May 2018 to 31 August 2018, Pinko Creative contributed Nil revenue and loss of RM41,000. If the acquisition had occurred on 1 September 2017, management estimates that Pinko Creative would have contributed revenue and loss of RM765,170 and RM165,519, respectively for the previous financial year.

29. Acquisition of subsidiary (continued)

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

	Group 2018 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	860
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	22
Trade and other receivables	510
Cash and cash equivalents	175
Inventories	125
Current tax liabilities	(17)
Trade and other payables	(131)
Deferred tax liabilities	(2)
Total identifiable net assets	682
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(860)
Cash and cash equivalents acquired	175
	(685)

Goodwill was recognised in the previous financial year for the acquisition of Pinko Creative as follows:

	Group 2018 RM'000
Total consideration transferred	860
Fair value of net identifiable assets	(682)
Goodwill	178

30. Significant changes in accounting policies

During the current financial year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

30.1 Impact on financial statements

The following tables summarise the impact arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial statements.

a. Statement of financial position

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
1 September 2017			
Deferred tax assets	1,369	487	1,856
Right to recover returned goods	-	1,384	1,384
Contract costs	-	1,004	1,004
Others	208,727	-	208,727
Total assets	210,096	2,875	212,971
Reserves	37,173	(1,542)	35,631
Share capital	108,210	-	108,210
Total equity	145,383	(1,542)	143,841
Refund liabilities	-	2,587	2,587
Contract liabilities	-	3,033	3,033
Provisions	1,203	(1,203)	-
Others	63,510	-	63,510
Total liabilities	64,713	4,417	69,130
Total equity and liabilities	210,096	2,875	212,971

30. Significant changes in accounting policies (continued)

30.1 Impact on financial statements (continued)

a. Statement of financial position (continued)

	31 August 2018			1 September 2018	
Group	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**	**MFRS 9 adjustments RM'000**	**As restated RM'000**
Deferred tax assets	1,227	482	1,709	972	2,681
Right to recover returned goods	-	1,257	1,257	-	1,257
Contract costs	-	1,032	1,032	-	1,032
Trade and other receivables	56,032	-	56,032	(4,052)	51,980
Others	169,688	-	169,688	-	169,688
Total assets	226,947	2,771	229,718	(3,080)	226,638
Reserves	48,057	(1,528)	46,529	(3,080)	43,449
Share capital	108,210	-	108,210	-	108,210
Total equity	156,267	(1,528)	154,739	(3,080)	151,659
Refund liabilities	-	2,349	2,349	-	2,349
Contract liabilities	-	3,042	3,042	-	3,042
Provisions	1,092	(1,092)	-	-	-
Others	69,588	-	69,588	-	69,588
Total liabilities	70,680	4,299	74,979	-	74,979
Total equity and liabilities	226,947	2,771	229,718	(3,080)	226,638

30. Significant changes in accounting policies (continued)

30.1 Impact on financial statements (continued)

b. Statement of profit or loss and other comprehensive income

Group	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**
For the year ended 31 August 2018			
Revenue	87,841	(1,983)	85,858
Cost of sales	(50,872)	2,002	(48,870)
Gross profit	36,969	19	36,988
Others	(29,770)	-	(29,770)
Results from operating activities	7,199	19	7,218
Net finance costs	(2,989)	-	(2,989)
Profit before tax	4,210	19	4,229
Tax expense	(2,169)	(5)	(2,174)
Net profit for the year attributable to owners of the Company	2,041	14	2,055
Other comprehensive income for the year, net of tax	8,843	-	8,843
Total comprehensive income for the year attributable to owners of the Company	10,884	14	10,898

Group	**As previously reported**	**As restated**
For the year ended 31 August 2018		
Basic earnings per ordinary share (sen)	0.49	0.49

c. Statement of cash flows

Group	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**
For the year ended 31 August 2018			
Profit before tax	4,210	19	4,229
Adjustments for:			
Changes in contract costs	-	(28)	(28)
Changes in contract liabilities	-	9	9
Changes in right to recover returned goods	-	127	127
Changes in refund liabilities	-	(238)	(238)
Others	(10,775)	111	(10,664)
Net cash used in operating activities	(6,565)	-	(6,565)

30. Significant changes in accounting policies (continued)

30.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 September 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement.*

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held; and

- the designation of certain investments in equity instruments not held for trading as at FVOCI.

iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

30. Significant changes in accounting policies (continued)

30.2 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 September 2018:

		1 September 2018			
			Reclassification to new MFRS 9 category		
Category under MFRS 139 Group	**31 August 2018 RM'000**	**Remeasurement RM'000**	**AC RM'000**	**FVTPL RM'000**	**FVOCI – Equity instrument RM'000**
Financial assets					
Loans and receivables					
Trade and other receivables	56,032	(4,052)	51,980	-	-
Cash and cash equivalents	6,164	-	6,164	-	-
	62,196	(4,052)	58,144	-	-
Financial assets					
Available-for-sale					
Other investments	246	-	-	37	209
Financial liabilities					
Other financial liabilities measured at amortised cost					
Loans and borrowings	42,655	-	42,655	-	-
Trade and other payables	18,992	-	18,992	-	-
	61,647	-	61,647	-	-

30. Significant changes in accounting policies (continued)

30.2 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

		1 September 2018			
			Reclassification to new MFRS 9 category		
Category under MFRS 139 Company	**31 August 2018 RM'000**	**Remeasurement RM'000**	**AC RM'000**	**FVTPL RM'000**	**FVOCI – Equity instrument RM'000**
Financial assets					
Loans and receivables					
Trade and other receivables	16,028	-	16,028	-	-
Cash and cash equivalents	22	-	22	-	-
	16,050	-	16,050	-	-
Financial liabilities					
Other financial liabilities measured at amortised cost					
Trade and other payables	372	-	372	-	-

(i) Reclassification from loans and receivables to amortised cost
Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM4,052,000 in allowance for impairment was recognised in opening retained earnings of the Group at 1 September 2018 on transition to MFRS 9.

(ii) Reclassification from AFS to FVOCI
Investment in unquoted shares are investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

(iii) Reclassification from AFS to FVTPL
These are the Group's investments which are not held for strategic purposes. As a result, the carrying amount of RM37,000 was reclassified from available-for-sale to fair value though profit or loss.

30. Significant changes in accounting policies (continued)

30.3 Accounting for revenue

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Sale of printed books, distribution of applied learning products and trading of paper	The Group previously recognised revenue when the goods were delivered to the customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at the point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.	Revenue is recognised at a point in time when the Group transfers control over a product or service to the customer. The goods are transferred when (or as) the customer obtains control of the asset.
	A provision for sales returns was recognised based on the estimated liabilities arising from the returns of goods sold by the customers.	Where revenue is not recognised for expected returns, it will be presented as a refund liability. In addition, the right to recover the returned goods is presented as part of inventory.
	Early settlement rebates was recognised when the amount was incurred as and when customers made payment.	Early settlement rebates is recognised based on estimate at the time the revenue is recognised.

30. Significant changes in accounting policies (continued)

30.3 Accounting for revenue (continued)

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Sale of online/digital educational material	The Group previously recognised revenue when the goods were delivered to the customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at the point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.	Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided as the Group performs.
	Performance bonus paid to its distributors was recognised in cost of sales when it was incurred.	Performance bonus paid to its distributors are classified as personal sales bonus and group network sales bonus. Personal sales bonus is recognised as a reduction of transaction price. It will be capitalised as costs to obtain the contract and will be amortised over time, consistent with the recognition of revenue. Group network sales bonus is a consideration paid to distributors for the provision of distinct services and will be recognised in cost of sales as it is incurred.

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 55 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

....
Law King Hui
Director

....
Lee Swee Hang
Director

Kuala Lumpur,

Date: 20 December 2019

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chan Yuet Leng**, 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 55 to 146 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chan Yuet Leng, NRIC: 710622-08-6002, MIA: CA 15995, at Kuala Lumpur in the Federal Territory on 20 December 2019.

....
Chan Yuet Leng

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sasbadi Holdings Berhad, which comprise the statements of financial position as at 31 August 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of intangible assets
Refer to Note 5 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Goodwill recognised in the consolidated statement of financial position mainly arose from the Group's acquisition of Sanjung Unggul Sdn. Bhd. and its subsidiaries, Distinct Motion Sdn. Bhd. and its subsidiary and Pinko Creative Sdn. Bhd. The Group estimated the recoverable amount of the cash generating units containing goodwill based on discounted future cash flow using estimates of profit forecast, including discount rate, sales growth rate, terminal growth rate and gross profit margin. There is a risk that the carrying value of this goodwill may not be recovered from future cash flows which may be affected due to the inherent uncertainty involved in forecasting and discounting future cash flows.	We performed the following audit procedures, amongst others, around the impairment of goodwill: • We assessed the key assumptions used in the cash flow forecast such as discount rate, sales growth rate, terminal growth rate and gross profit margin by comparing them to externally derived data as well as our own assessments which took into account historical trends; • We tested the sensitivity of the impairment calculations to changes in key assumptions used to evaluate the impact on recoverable amounts for each cash generating unit; and, • We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether the disclosures in relation to the sensitivity of outcome of the impairment assessment to changes in any assumptions reflected the risks inherent in the valuation.

Key Audit Matters (continued)

2. Valuation of trade receivables
Refer to Note 12 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group’s exposure to credit risk arises principally from its receivables from customers. MFRS 9, *Financial Instruments* became effective on 1 September 2018 for the Group. MFRS 9 requires the Group to change accounting policies to account for financial instruments. New judgments have been applied to classify financial assets and to measure impairment loss using the expected credit loss model. The adoption of MFRS 9 and recoverability of trade receivables is a key audit matter as the recoverability and the level of impairment loss of trade receivables involved Group’s judgement based upon the debtors’ credit risk evaluation, historical payment trends, subsequent to year end collections. These factors could have a material impact on the level of impairment loss determined by the Group.	We performed the following audit procedures, amongst others, around recoverability of trade receivables and the adoption of MFRS 9: • We tested the accuracy of trade receivables ageing; • We assessed the recoverability of receivables by checking past payment trend and assessing the receipts during the year and subsequent to year end collections. We also considered receivables where there is evidence that the credit quality of the debtor is considered a risk; • We evaluated the reasonableness of key judgments and estimates made in adopting MFRS 9, including selection and application of methods, assumptions and data in making the estimates; • We evaluated the appropriateness of the accounting policies based on the requirements of MFRS 9; and, • We assessed the completeness, accuracy and appropriateness of disclosures in the financial statements as required by MFRS 9.

Key Audit Matters (continued)

3. Valuation of inventories

Refer to Note 9 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The valuation of inventories is a key audit matter because of the judgement involved in assessing the level of allowance for inventories write down required and the inventories balance as at year end is material to the Group.	We performed the following audit procedures, amongst others, around the valuation of inventories: • We evaluated the design and implementation over the control of identification of slow moving inventories and tested their effectiveness; • From samples selected, we checked the inventories to sales subsequent to the year end to determine that these were sold at more than its cost; and, • We assessed the adequacy of the allowance for inventories write down at year end.

Key Audit Matters (continued)

4. Adoption of MFRS 15*, Revenue from Contracts with Customers*
Refer to Note 30 to the financial statements.

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>MFRS 15, Revenue from Contracts with Customers became effective on 1 September 2018 for the Group. Arising from the adoption of MFRS 15, the Group was required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time. In addition, there were new disclosures made in the financial statements.

The accounting policy change arising from the adoption of MFRS 15 is a key audit matter because it:

• requires involvement of our more senior personnel to assess the evaluation of the contracts with customers performed by the Group; and,

• requires us to exercise significant judgement to assess the timing of revenue recognition.</td><td>We performed the following audit procedures, amongst others, around the adoption of MFRS 15:

• We compared the accounting policies adopted with the requirements of MFRS 15;

• We obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of MFRS 15;

• We evaluated the estimates made for revenue recognition by determining that inputs applied were not biased and these were reasonable and supportable; and,

• We assessed the completeness, accuracy and appropriateness of disclosures in the financial statements as required by MFRS 15.</td></tr>
</table>

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors’ report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Foo Siak Chung
Approval Number: 03184/02/2020 J
Chartered Accountant

Petaling Jaya,

Date: 20 December 2019

LIST OF PROPERTIES
AS AT 31 AUGUST 2019

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 2019 (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	15	33,383	28.02.2018^
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	20	88	28.02.2018^
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	33	225	28.02.2018^
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	Leasehold (99 years expiring on 18.10.2106)	12,465/ 9,600	8	7,851	28.02.2018^
Sasbadi Sdn Bhd	L1-09 and L1-10, Cova Square, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan	Two (2) units of retail lots/ Rented out to fellow subsidiary, MindTech Education Sdn Bhd, for use as office and training centre	Leasehold (99 years expiring on 27.04.2107)	Not applicable/ Each measuring 2,260	10	2,620	28.02.2018^
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)	11,475/ 19,683	24	5,120	28.02.2018^
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	42	2,480	12.08.2016#

Notes:

^ *Date of valuation.*

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

ANALYSIS OF SHAREHOLDINGS
AS AT 29 NOVEMBER 2019

Number of Issued Shares : 419,099,500 *(Including 1,000 shares bought back and retained as treasury shares)*
Class of Shares : Ordinary
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	46	1.34	1,590	0.00
100 – 1,000	242	7.03	131,580	0.03
1,001 – 10,000	1,334	38.79	7,970,684	1.90
10,001 – 100,000	1,510	43.91	56,381,145	13.45
100,001 to 20,954,924 *	304	8.84	176,630,000	42.15
20,954,925 and above **	3	0.09	177,983,501	42.47
Total	**3,439**	**100.00**	**419,098,500**	**100.00**

Notes:
^ *Excluding a total of 1,000 shares bought back and retained as treasury shares*
* *Less than 5% of issued shares*
** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Director	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Dato' Salleh Bin Mohd Husein	300,000	0.07	–	–
Law King Hui	76,783,500	18.32	76,200,001(1)	18.18
	–	–	3,450,000(2)	0.82
Lee Swee Hang	35,506,500	8.47	76,200,001(1)	18.18
Law Yi Chian	–	–	–	–
Dato' Noor Rezan Binti Bapoo Hashim	300,000	0.07	–	–
Lim Hun Soon @ David Lim	540,000	0.13	–	–

Note:
(1) Deemed interest by virtue of his interest in Karya Kencana Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016
(2) Disclosure of shareholdings of spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS
AS AT 29 NOVEMBER 2019
(continued)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Direct		Indirect	
Name of Substantial Shareholder	No. of Shares Held	%	No. of Shares Held	%
Law King Hui	76,783,500	18.32	76,200,001[(1)]	18.18
Karya Kencana Sdn Bhd	76,200,001	18.18	–	–
Lee Swee Hang	35,506,500	8.47	76,200,001[(1)]	18.18
Lee Eng Sang	19,050,000	4.55	76,200,001[(1)]	18.18

Note:

(1) *Deemed interest by virtue of his interest in Karya Kencana Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016*

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)	76,783,500	18.32
2	KARYA KENCANA SDN BHD	76,200,001	18.18
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR LEE SWEE HANG (SMART)	25,000,000	5.97
4	LEE ENG SANG	19,050,000	4.55
5	LEE SWEE HANG	10,506,500	2.51
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	9,995,200	2.38
7	ANG CHING AN	7,279,700	1.74
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (BALANCE)	6,479,500	1.55
9	LAW KING YONG	5,450,000	1.30
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	4,617,950	1.10
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	3,608,100	0.86
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PEMBANGUNAN SUMBER MANUSIA BERHAD	3,552,700	0.85
13	LIM HOCK LEONG	3,239,000	0.77
14	CHEA LAI MENG	3,000,000	0.72
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA FAMILY TAKAFUL BERHAD (SHAREHOLDERS)	2,633,950	0.63
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MIDF AM IS EQ)	2,490,500	0.59

THIRTY LARGEST SHAREHOLDERS *(continued)*

AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
17	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	2,437,800	0.58
18	CHEONG KOK WAI	2,351,000	0.56
19	CHOK KWONG MING	2,073,000	0.49
20	LOW NAI TOH	2,000,000	0.48
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL ISLMC)	1,850,100	0.44
22	MA TIEN LEONG	1,396,200	0.33
23	CHAN YEE FUAN	1,383,000	0.33
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN VUN SU (8045771)	1,266,100	0.30
25	NG CHEE KWONG	1,241,600	0.30
26	LEE KIM SANG	1,180,000	0.28
27	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD SABAH ENERGY CORPORATION EMPLOYEE GRATUITY FUND	1,121,000	0.27
28	LIM HUAT BEE	1,000,000	0.24
29	LIM HUAT BEE	1,000,000	0.24
30	PANG CHONG LEONG	1,000,000	0.24
	TOTAL	**281,186,401**	**67.10**

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

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh 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, 13 February 2020 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 2019 and the Reports of Directors and Auditors thereon.
2. To approve the payment of a sum of not exceeding RM560,000.00 as total Directors' Fees and benefits for the financial year ending 31 August 2020. ***Resolution 1***
3. To re-elect the following Directors who are retiring by rotation pursuant to the Company's Constitution:-

    3.1 Dato' Salleh Bin Mohd Husein ***Resolution 2***
    3.2 Dato' Noor Rezan Binti Bapoo Hashim ***Resolution 3***
    3.3 Law Yi Chian ***Resolution 4***

4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 5***

SPECIAL BUSINESS

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

5. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES** ***Resolution 6***

    "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 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."

6. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** ***Resolution 7***

"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 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."

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board
SASBADI HOLDINGS BERHAD

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

Kuala Lumpur
30 December 2019

Notes:

(1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints more than one proxy to attend and vote at the Meeting, such 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.

(2) 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.

(3) Only a depositor whose name appears in the Company's Record of Depositors as at 6 February 2020 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

(4) 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.

(5) 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.

(6) 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 1

There is no increase in the Directors' Fees for the financial year ending 31 August 2020.

Ordinary Resolution 6

The proposed Ordinary Resolution 6, if passed, will renew the authority given to the Directors of the Company to allot and issue new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares 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 mandate obtained at the Sixth AGM of the Company held on 29 January 2019.

Ordinary Resolution 7

The proposed Ordinary Resolution 7, if passed, will renew the authority given to the Directors to purchase issued ordinary shares in the Company of not exceeding 10% of the total number of issued shares of the Company through Bursa Securities in accordance with the Companies Act 2016, the provisions of the Constitution 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 7 above are set out in the Statement to Shareholders dated 30 December 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No individual is standing for election as Director at the forthcoming Seventh Annual General Meeting of the Company.

FORM OF PROXY

SASBADI

SASBADI HOLDINGS BERHAD
Registration No. 201201038178 (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

Name of Proxy *(Full name)*	NRIC No./Passport No.	Percentage of shareholding
Address:		

* and/or failing him/her

Name of Proxy *(Full name)*	NRIC No./Passport No.	Percentage of shareholding
Address:		

or failing him/her, the CHAIRMAN OF THE MEETING* as my/our proxy(ies) to vote for me/us and on my/our behalf at the Seventh 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, 13 February 2020 at 10.00 a.m. and any adjournment thereof. My/Our proxy(ies) shall vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	Approval of the payment of Directors' Fees and benefits		
Ordinary Resolution 2	Re-election of Dato' Salleh Bin Mohd Husein as Director		
Ordinary Resolution 3	Re-election of Dato' Noor Rezan Binti Bapoo Hashim as Director		
Ordinary Resolution 4	Re-election of Ms Law Yi Chian as Director		
Ordinary Resolution 5	Re-appointment of KPMG PLT as Auditors of the Company		
Ordinary Resolution 6	Authority for Directors to issue shares		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority		

Please indicate with a "✓" or "✗" 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.

Number of ordinary shares held

Dated this ____________ day of ________________

Central Depository System Account No.

____
Signature/Common Seal of Member

** 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 of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints more than one proxy to attend and vote at the Meeting, such 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.

(2) 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.

(3) Only a depositor whose name appears in the Company's Record of Depositors as at 6 February 2020 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

(4) 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.

(5) 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.

(6) 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.

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

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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Nurturing Students For Tomorrow, Today.

SASBADI

SASBADI HOLDINGS BERHAD
Registration Number: 201201038178 (1022660-T)

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

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www.sasbadiholdings.com