

2021

ANNUAL REPORT



EARTH

EDUCATION SOLUTIONS PROVIDER

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





Education Solutions Provider
since 1985

Download the Sasbadi Play app
for interactive content



Printed in Malaysia by:
VINLIN Press Sdn. Bhd. (25680-X)
No. 2, Jalan Meranti Permai 1,
Meranti Permai Industrial Park, Batu 15,
Jalan Puchong, 47100, Puchong,
Selangor Darul Ehsan

CONTENTS

3	Corporate Information
4	Who We Are & What We Do
6	Our Major Milestones
8	Our Core Competencies
10	Group of Companies
11	Financial Highlights
12	Message to Shareholders
14	Management Discussion and Analysis
22	Board of Directors
24	Directors' Profiles
30	Key Senior Management's Profiles
32	Sustainability Statement
41	Corporate Governance Overview Statement
50	Audit Committee Report
53	Statement on Risk Management and Internal Control
55	Additional Compliance Information
56	Statement on Directors' Responsibility
57	Financial Statements
123	List of Properties
124	Analysis of Shareholdings
127	Notice of Ninth Annual General Meeting
130	Statement Accompanying Notice of Annual General Meeting
	Form of Proxy

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

Tang Yuen Kin

Independent Non-Executive Director

AUDIT COMMITTEE

Tang Yuen Kin (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

Tang Yuen Kin

REMUNERATION COMMITTEE

Tang Yuen Kin (Chairman)

Dato' Salleh Bin Mohd Husein

Dato' Noor Rezan Binti Bapoo Hashim

COMPANY SECRETARY

Tan Fong Shian @ Lim Fong Shian

(SSM PC No. 201908004045) (MAICSA 7023187)

Lim Fei Chia

(SSM PC No. 202008000515) (MAICSA 7036158)

REGISTERED OFFICE

Suite 11.1A, Level 11

Menara Weld

76, Jalan Raja Chulan

50200 Kuala Lumpur

Tel: (603) 2031 1988

Fax: (603) 2031 9788

HEAD OFFICE

Lot 12, Jalan Teknologi 3/4

Taman Sains Selangor 1

Kota Damansara

47810 Petaling Jaya

Selangor Darul Ehsan

Tel: (603) 6145 1188

Fax: (603) 6145 1199

Website: www.sasbadiholdings.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Tel: (603) 7890 4700

Fax: (603) 7890 4670

Website: www.boardroomlimited.com

AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)

Level 8, BDO @ Menara CenTARa

360, Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

Federal Territory of Kuala Lumpur

Tel: (603) 2616 2888

Fax: (603) 2616 3191

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad

Alliance Islamic 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

WHO WE ARE & WHAT WE DO



Scan this page with the Sasbadi Play app for interactive content

At Sasbadi Holdings Berhad, providing quality learning materials and resources to ensure our children have the best for their educational needs is at the core of our operations.

Incorporation of
Sasbadi Sdn Bhd



1985

2004

Moved into our purpose-built head office in
KOTA DAMANSARA, SELANGOR



Debuted on the
Main Market of
Bursa Malaysia



2014

21

SUBSIDIARIES
Sasbadi Goup of
Companies

OVER
10
YEARS

of experience
in developing
digital education
solutions

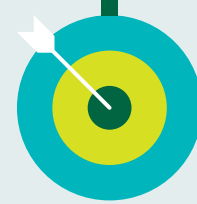
OUR VISION

To be a total education solutions provider by evolving to meet the dynamic demands of the 21st century and provide quality education for all Malaysian students.



OUR MISSION

1. Create value through product innovations
2. Be Malaysia's top digital solutions provider in education
3. Be Malaysia's top STEM education provider



**RM62.9
MILLION**
Turnover in 2021*

OPERATING SEGMENTS



Print
Publishing



Digital & Network
Marketing



ALP & STEM
Education**

* Financial year ended ("FYE") 31 August 2021

** Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division

CORE VALUES

Our guiding principles in serving as Malaysia's education solutions provider.



Excellence &
Innovation



Partnership



Corporate
Citizenship



Integrity

NOTABLE AWARDS SINCE 2016



Anugerah Buku Malaysia 2020, by the Malaysian Book Publishers Association ("MABOPA")
"Anugerah Buku Pendidikan Sekolah (Rendah & Menengah)", "Anugerah Buku Bukan Fiksyen", "Anugerah Kulit Buku Terbaik", "Anugerah Buku Bahasa Inggeris" and "Anugerah Buku Bahasa Cina" awarded to Sasbadi Group



Most Outstanding
Malaysian Brand 2019
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



Best Under Billion Awards 2017 by Focus Malaysia: Best in Online Presence
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



Creating
Contents



Developing
Technologies



Nurturing
Skills



Enriching
Life



Forging
Connections

OUR CORE COMPETENCIES

1985



- 1987



- 1991



- 2002



MAYA PRESS

- 2005

-
- A detailed LEGO Technic model of a car chassis. It features a white motor at the rear, connected to a series of black gears. A large black wheel is mounted on the right side, and a smaller black wheel is visible on the left. The chassis is constructed from various colored Technic beams and connectors, including white, black, and red. A black cable is connected to the motor.



- 2014



SASBADI



- 2012



SASBAD



- 2011

2015



-

2016

- 



DISTINCT MOTION

2017

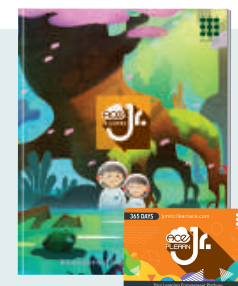
-



Linguaskill 
from Cambridge



- 2019



- 2018

2020

-



2021

- 



OUR CORE COMPETENCIES



Scan this page with the Sasbadi Play app for interactive content

The strengths of Sasbadi Group are anchored on these five strategic competencies which drive the Group's missions and vision.

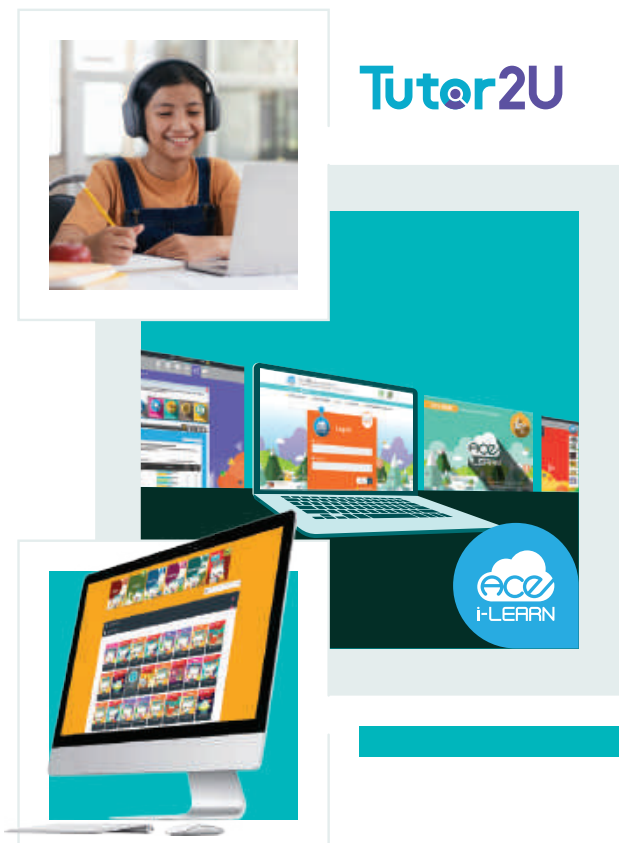
Creating Contents

At Sasbadi, creating quality educational content is at the core of what we do. One of our best practices is working only with experienced writers and teachers for our academic publications. We strive to provide 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 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 leader 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 cutting-edge technologies and digital classroom solutions to facilitate 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 Year 1 to Form 5 students. A new addition will be our e-tuition and learning resources platform, "Tutor2U", through which students can attend live classes and subscribe to learning materials prepared by tutors across Malaysia, remotely and on-demand. This platform also enables the Group to tap into the gig economy business. In this new century, we embrace technology as a powerful enabler to foster dynamic and ubiquitous learning.



OUR CORE COMPETENCIES



Scan this page with the Sasbadi Play app for interactive content

Nurturing Skills

Sasbadi takes pride in championing Science, Technology, Engineering and Mathematics ("STEM") 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 work with the global brand LEGO Education to provide fun and effective educational tools and platforms that 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 strengthen the role of robotics in Malaysia's education landscape, we are working with the University of Malaya on research and product development with an aim to provide a comprehensive certification programme in the field of STEM and robotics skills.



Linguaskill
from Cambridge



Enriching Life

One of Sasbadi's mission is to facilitate people of all ages on their continuous journey of lifelong learning. In a hyper disruptive environment that runs on a knowledge-based economy, it is crucial for our society to be provided with products and solutions that enable continuous learning. Sasbadi aims to cater to young learners and adults alike through our 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

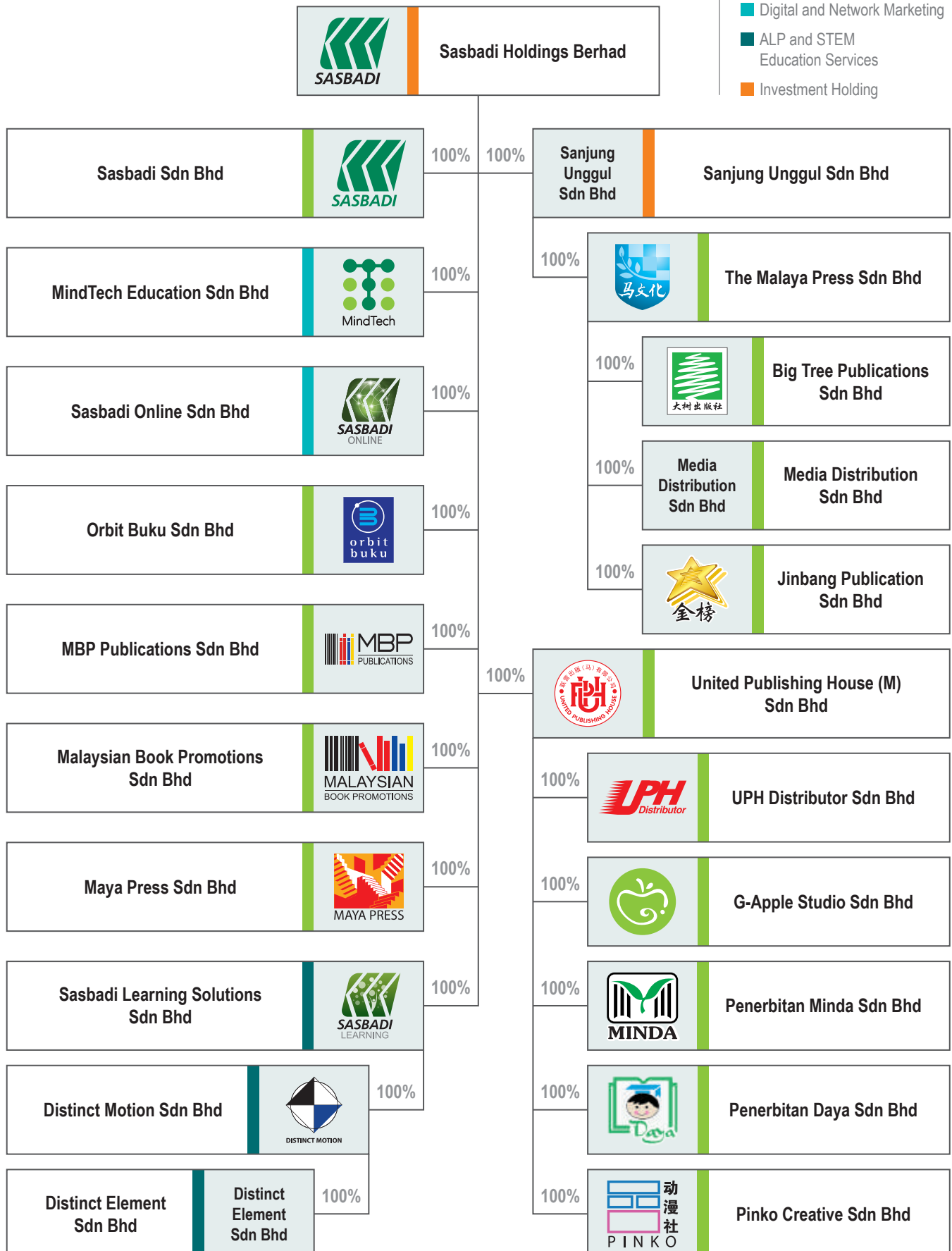
At Sasbadi, we believe collaboration is key in providing value to our customers and stakeholders. Innovation, inclusiveness, and equity are crucial elements in the process of making learning happen. To leverage on the collaborative effort of passionate individuals who share the same goal, we founded MindTech Education, our network marketing 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.



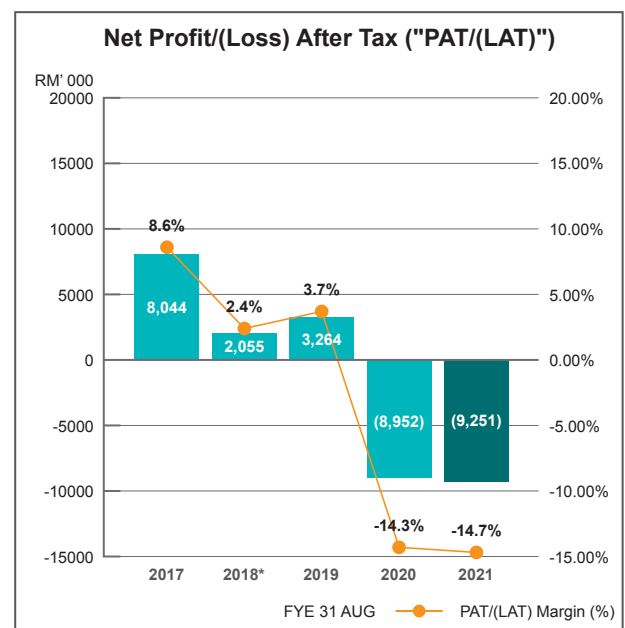
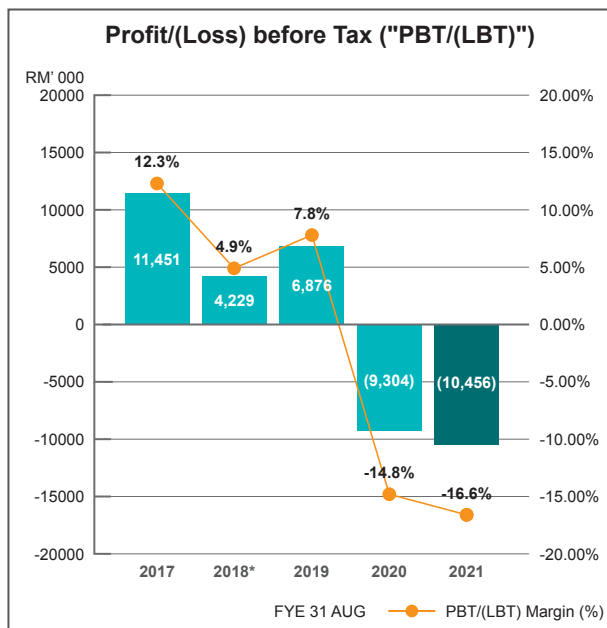
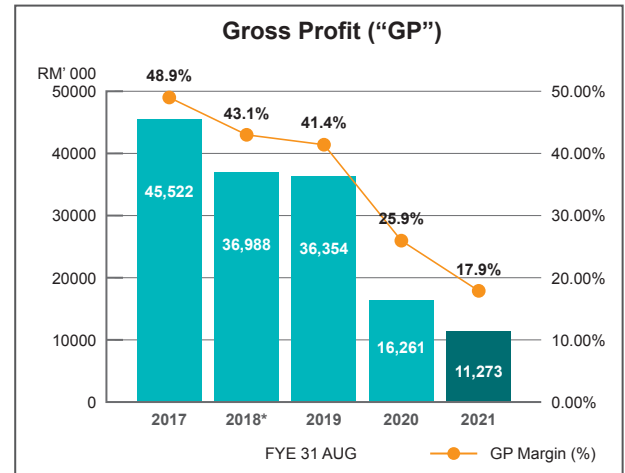
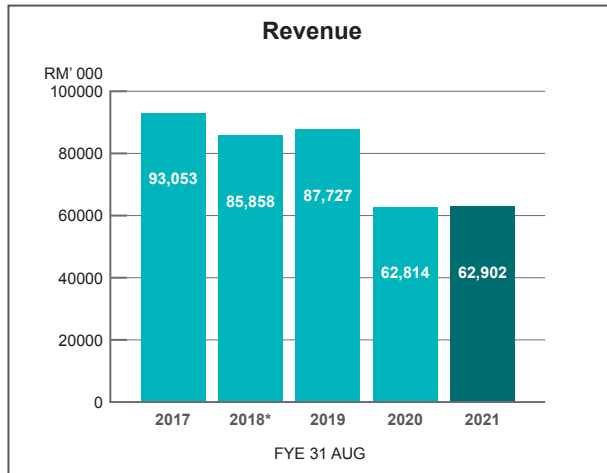
GROUP OF COMPANIES

Operating Segments:

- Print Publishing
- Digital and Network Marketing
- ALP and STEM Education Services
- Investment Holding



FINANCIAL HIGHLIGHTS



*Restated for effect of MFRS 15

Assets as at 31 August 2021 (RM'000)



Property, plant and equipment	RM39,392 (21.9%)
Investment properties	RM2,373 (1.3%)
Intangible assets	RM21,709 (12.1%)
Inventories	RM58,530 (32.6%)
Trade and other receivables	RM39,311 (21.9%)
Cash and cash equivalents	RM8,184 (4.6%)
Other assets	RM10,028 (5.6%)

Equity and Liabilities as at 31 August 2021 (RM'000)



Shareholders' equity	RM137,888 (76.8%)
Loans and borrowings	RM17,491 (9.7%)
Trade and other payables	RM13,942 (7.8%)
Deferred tax liabilities	RM5,254 (2.9%)
Other liabilities	RM4,952 (2.8%)

MESSAGE TO SHAREHOLDERS

Dear shareholders,

The COVID-19 pandemic continued to bring upon numerous challenges to our Group's operations, but we are optimistic that the worst is now behind us. We remain steadfast in our mission as a leading education solutions provider in Malaysia poised to embrace the nation's transition towards the era of digital education.

Law King Hui

*Group Managing Director
(Left)*

Dato' Salleh Bin Mohd Husein

*Independent Non-Executive Chairman
(Right)*



MESSAGE TO SHAREHOLDERS

(continued)

On behalf of the Board of Directors (“the Board”) of Sasbadi Holdings Berhad (“Sasbadi Holdings” or “the Group”), it is our pleasure to present to you the Group’s Annual Report for the financial year ended (“FYE”) 31 August 2021.

Overview

In the first half of FYE 31 August 2021, the Group experienced encouraging recovery in tandem with the nation’s improving COVID-19 pandemic situation. The delay of the 2021 new school term to 20 January 2021, commencement of physical classes in March and April 2021, and rescheduled Sijil Pelajaran Malaysia (“SPM”) and Sijil Tinggi Persekolahan Malaysia (“STPM”) 2020 examinations to the months of February and March 2021 bode well for the demand for our education solution offerings. Suffice to say, the Group was hopeful that the nation and our business operations would soon return to normalcy.

However, our nation experienced an unfortunate resurgence of COVID-19 cases. A significant number of cases were recorded during the months of May to October 2021, with the peak occurring in August. This once again, threw our nation, economy and society into disarray. The Movement Control Order (“MCO”) was reimplemented in June 2021, followed by the implementation of the National Recovery Plan (“NRP”) over an extended period. Schools were forced to close once more, and coupled with a slowdown of economic activity, our Group’s operations were inevitably hindered significantly. Furthermore, the Ministry of Education (“MOE”) announced that the Form 5 and Form 6 public examinations i.e. SPM and STPM respectively were postponed to 2022. Concurrently, the MOE also announced the cancellation and permanent abolishment of the public examination for Year 6, i.e. Ujian Penilaian Sekolah Rendah (“UPSR”) for the year 2021 and onwards, and the cancellation of 2021’s public examination for Form 3 i.e. Pentaksiran Tingkatan Tiga (“PT3”). These factors had adversely impacted the Group’s recovery, notably during the second half of FYE 31 August 2021.

In these trying times, the Group has consolidated resources, enhanced cost efficiencies and implemented various cost cutting measures. At the same time, we strived to develop products that met the current needs of the market by innovating our solutions to facilitate remote learning and teaching.

Prospects

Similar to the previous financial year, the Group continues to place heavy emphasis on the development and enhancement of our in-house developed educational technology. School closures and widespread learning from home placed the Group, being supported by over 10 years of digital education expertise, in a strategic position to meet current market demands via our innovate digital learning solutions. Accordingly, we ensured that i-LEARN Ace, our flagship digital learning platform, is consistently updated to adhere to the latest national curriculum of Malaysia and intend to further enhance its functions in anticipation of the nation’s deeper embrace of digital education moving forward. Besides i-LEARN Ace, the Group will also continually develop our home-grown online

tuition platform, Tutor2U, which allows students to receive on-demand 1-to-1 e-tuition services from qualified tutors across the nation. We anticipate Tutor2U will gain more traction in tandem with current online learning trends.

Another area of focus for the Group is the early childhood education market. Peapod Readers, a series comprising 200 titles of levelled and Common European Framework of Reference for Languages (“CEFR”)–aligned English readers developed by Collins, is a powerful educational tool for young children to kick-start their early English literacy journey. We have leveraged on our educational technology expertise to develop companion mobile applications which can be used in conjunction with the readers to assist with the development of children’s listening skills. Going forward, we intend to further develop the product with additional digital offerings and classroom solutions that target pre-schoolers and primary school year 1-3 students. The Group believes that these efforts will be instrumental towards growing our market share in the early childhood education market.

With heightened vaccination rates, tapering COVID-19 cases and the government’s efforts to revitalise the economy, we believe that our nation is on track to a solid recovery in the coming year. Nonetheless, we anticipate that retail market conditions will remain challenging as consumers may continue to spend conservatively due to the detrimental effects of the pandemic. However, taking into consideration the government’s emphasis on education recovery and our ability to respond, coupled with our ongoing initiatives currently in the pipeline, we are conservatively optimistic about our prospects and performance for the FYE 31 August 2022.

Offer of Options Under Employees’ Share Option Scheme (“ESOS”)

On 6 December 2019, the Group offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees under the ESOS. These options have expired on 5 December 2020 and none of the options granted were exercised.

On 17 February 2021, the Board of Directors approved the extension of the ESOS expiring on 31 August 2021, for a further period of five (5) years to 31 August 2026. Of even date, the Group offered another 10,000,000 options at an exercise price of RM0.12 each to its eligible employees under the ESOS. As at the end of the FYE 31 August 2021, 5,075,000 options granted under this tranche have been exercised. The offer was made in appreciation of our team and as a form of motivation for our employees to strive for greater results.

Appreciation

Our sincerest thanks to our fellow Board members for leading the Group through these unprecedented times. To the management team and employees of Sasbadi, thank you for your tireless efforts and relentless dedication to maintain the Group’s operations in the face of great volatility. To our business associates, thank you for your support and the continuous trust and confidence you place in the Group.

The Group humbly requests for your continuing cooperation and trust as we strive to achieve greater heights in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

FYE 31 August 2021 has been a challenging year for our Group. The resurgence of COVID-19 cases which led to school closures and a slow-down of economic activities had adversely impacted our business operations. With that said, it was an opportune time for us to place added focus on our digital education solutions in response to the rising needs of online learning. This is an area of expertise which we will continually develop and strengthen in tandem with the shifting education landscape.

Law King Hui

*Group Managing Director
(Left)*

Chan Yuet Leng

*Group Chief Financial Officer
(Right)*



MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

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 8 to the Financial Statements section in 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 teaching and learning needs of the 21st century, the Group evolved from being mainly an educational print publisher to a provider of diverse education solutions which include digital technology that enables effective and efficient teaching and learning, applied learning tools that facilitate Science, Technology, Engineering, and Mathematics (“STEM”) education, education services, English language learning cum assessment solutions 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 and network marketing; and
- (iii) Applied learning products (“ALP”) and STEM education services

Financial Review

Similar to our preceding financial year, the financial year ended (“FYE”) 31 August 2021 continued to be a challenging year for the Group, largely due to the resurgence of COVID-19 cases and the reimplementing of the Movement Control Order (“MCO”) which adversely impacted the Group’s overall operations. Despite this, the Group recorded a revenue of RM62.902 million for the current financial year as compared to RM62.814 million for the preceding financial year, representing a marginal increase of RM0.088 million (equivalent to 0.14%).

Across the Group’s segments, the Print Publishing segment recorded a revenue of RM57.214 million in the current financial

year compared to RM57.279 million in the preceding financial year, representing a marginal decrease of RM0.065 million (equivalent to 0.11%). The Digital Network Marketing segment recorded a revenue of RM3.493 million for the current financial year as compared to RM2.833 million for the preceding financial year, representing an increase of RM0.660 million (equivalent to 23.30%). Lastly, our ALP and STEM segment recorded a revenue of RM2.195 million for the current financial year as compared to RM2.702 million for the preceding financial year, representing a decrease of RM0.507 million (equivalent to 18.76%).

Despite an increase in overall revenue, the Group recorded a higher loss before tax (“LBT”) of RM10.456 million for the current financial year vis-à-vis a LBT of RM9.304 million for the preceding financial year. The higher loss of RM1.152 million was mainly attributed to the higher provision of inventories write down of RM10.997 million recognised during the current financial year as compared to RM5.293 million in the preceding financial year. However, this was partly set-off by the reversal of impairment loss on trade receivables by RM0.913 million as compared to impairment charges of RM1.544 million in the preceding financial year and lower operation expenses incurred attributed to our various cost optimisation measures.

A detailed analysis of the operating segments is provided below.

The equity attributable to owners of the Company decreased from RM146.042 million as at 31 August 2020 to RM137.888 million as at 31 August 2021.

The Group recorded a loss per share (“LPS”) of 2.20 sen for FYE 31 August 2021 as compared to a LPS of 2.14 sen for FYE 31 August 2020 as a result of the higher loss incurred during the financial year.

The Group’s debt-to-equity ratio was 0.13 times as at 31 August 2021 vis-à-vis 0.26 times as at 31 August 2020. The decrease in the Group’s debt-to-equity ratio was mainly due to lower loan and borrowings which decreased from RM37.443 million to RM17.491 million as at 31 August 2020 and 31 August 2021 respectively. The decrease in loan and borrowings were mainly attributed to the Group’s cash management measures where we disposed our non-core assets to increase liquidity and reduce finance cost.

The decrease in loan and bank borrowings also resulted in the improvement of the current ratio from 3.01 times as at 31 August 2020 to 3.42 times as at 31 August 2021.

For the FYE 31 August 2021, the Group did not incur any major capital expenditure.

Dividend Policy

The Board of Directors do not recommend the payment of any final dividend for the FYE 31 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Review of Operating Segments



Print Publishing Business

The Group's print publishing segment's revenue decreased from RM57.279 million for the preceding financial year to RM57.214 million for the current financial year, representing a marginal decrease of RM0.065 million (equivalent to 0.11%).

The Group's academic print publishing segment got off to a promising start in the first half of FYE 31 August 2021. With the delay of the 2021 new academic year to 20 January 2021, orders for our academic products were delayed accordingly from the fourth financial quarters of FYE 31 August 2020 to the first and second financial quarters of FYE 31 August 2021. Further enhancing the demand during the same period was the rescheduling of Sijil Pelajaran Malaysia ("SPM") and Sijil Tinggi Persekolahan Malaysia ("STPM") 2020 examinations to the months of February and March 2021.

However, our nation soon fell into another nationwide lockdown in June 2021, prompting schools to close once more in addition to a slowdown of retail and economic activities. The Ministry of Education ("MOE") also announced the cancellation and permanent abolishment of the public examination for Year 6 students, i.e. Ujian Penilaian Sekolah Rendah ("UPSR") from the year 2021 and onwards, and the cancellation of the public examination for Form 3 students, i.e. Pentaksiran Tingkatan Tiga ("PT3") for the year 2021. Meanwhile, the Form 5 and Form 6 public examinations i.e. SPM and STPM respectively are postponed to 2022. These changes have had a negative impact on the Group as they reduced the demand for our academic products.

In response to this, much emphasis was placed in providing quality educational products for SPM and STPM candidates whose study progresses have inadvertently been impacted by school closures. These publications which complied with the MOE's latest SPM examination formats were able to assist them in home-based learning and to complete the academic syllabus more efficiently and effectively. In addition, we hosted a series of webinars named BONGKAR SPM which were free of charge and aimed to help SPM 2021 candidates be better prepared for their examinations.

On the textbook publishing front, during the financial year, the Group managed to secure four (4) new textbook contracts from the government which were valued at an estimated total of RM2.494 million. The value of textbook contracts secured by the Group in the current year has decreased by RM3.754 million (equivalent to 60.00%) as compared to the previous year's total contract value of RM6.248 million due to smaller order quantity and fewer contracts won. Subsequent to the financial year end, the Group secured an additional new textbook contract valued at an estimated total of RM0.725 million. The revenue for these textbook contracts will be reflected in the financial year ending 31 August 2022.

The revenue contribution from the new textbook contracts for the FYE 31 August 2021 has increased by RM1.738 million from RM7.341 million for the preceding financial year to RM9.079 million for the current financial year (equivalent to 23.68%). The increase was mainly attributable to a spillover

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

effect from previously won textbook contracts into FYE 31 August 2021.

Similar to the Academic Print Publishing segment, the results from the non-academic related segment were also affected by the impact from the MCO and consumers' conservative spending habits. The various lockdowns have caused our sales channels for non-academic publications, such as book fairs, school exhibitions, and traditional bookstores, to be negatively impacted due to forced closures and reduced retail activity.



Moving forward, our Group intends to establish a stronger presence in the early childhood education segment. In November 2020, our wholly-owned subsidiary, Sasbadi Sdn Bhd ("Licensee"), entered into a licensing agreement with HarperCollins Publishers Limited for the exclusive rights to market a series of English Readers comprising 200 titles of levelled and Common European Framework of Reference for Languages ("CEFR")-aligned books named the Peapod Readers. The licensing agreement grants us the exclusive right to distribute print volumes and non-exclusive right to distribute electronic versions in Malaysia, Singapore, and Brunei. These readers are highly relevant in meeting the early literacy needs of preschool and lower primary school children. In addition, we have also developed companion mobile applications which facilitate the learning of listening and speaking skills. The Group will continue to develop the Peapod Readers series as it is instrumental towards growing our market share in the early childhood education market.

Digital and Network Marketing Business

The Group's digital and network marketing segment showed an increase in revenue for the current financial year from RM2.833 million for FYE 31 August 2020 to RM3.493 million (equivalent to 23.30%) for the FYE 31 August 2021. The increase in revenue was mainly attributed to our English competency assessment product, Linguaskill by Cambridge Assessment English ("Linguaskill"), which increased to RM0.671 million in FYE 31 August 2021 from its maiden contribution of RM0.042 million in FYE 31 August 2020. Linguaskill received its recognition from the Ministry of Higher Learning ("MOHE"), Malaysian Qualification Agency ("MQA") and Education Malaysia Global Services ("EMGS") as an official English competency test for private university admission and benchmarking as well as for International Student Visa applications.

It has also been accepted by the MOE as one of the approved CEFR competency tests to assess the readiness of English teachers in Malaysia. The Group recorded an actual sales value of RM4.190 million for the FYE 31 August 2021 as compared to RM4.439 million in the previous financial year, representing a decrease of RM0.249 million (equivalent to 5.61%) for our online digital product, i-LEARN Ace. The lower sales during FYE 31 August 2021 were partly attributed to our corporate social responsibility initiative which provided free i-LEARN Ace access to SPM 2020 candidates during the year (further elaborated below).

It is to be noted that the revenue stated in the financial statement for i-LEARN Ace products has taken into consideration the accounting adjustments required under the MFRS 15, Revenue Contract with Customers, where income from the actual sales of products were amortised over the period of its performance obligation.

The Covid-19 pandemic has transformed our nation's educational landscape as home-based learning became the norm which resulted in both teachers and students adopting digital solutions for their teaching and learning respectively. Our flagship digital learning product, i-LEARN Ace, served as the ideal solution to address these needs. To ensure that our products are also accessible to vulnerable groups that have been severely impacted by the pandemic, the Group has partnered with Huawei Technologies (Malaysia) and TM ONE as our Technology Enabler and Cloud Service Provider respectively, to launch an initiative in December 2020 that provided all SPM 2020 candidates free access to i-LEARN Ace until the end of the SPM examinations in March 2021. Even though this had inevitably resulted in a negative impact to the revenue of our digital and direct selling segment, the Group was compelled to assist the community and provide the much-needed support in their hour of need. Post the campaign, we received overwhelming feedback and testimonies from these SPM students who managed to achieve excellent results thanks to i-LEARN Ace.

Applied Learning Products ("ALP") and STEM Education Services

The Group's ALP and STEM segment recorded a decrease in revenue from RM2.702 million for the FYE 31 August 2020 to RM2.195 million for the FYE 31 August 2021 (equivalent to 18.76%). The decrease was mainly attributable to the closure of schools and robotics training centres during the MCO period and also the cancellation of physical robotics competitions, leading to a reduced demand for our products.

Despite the cancellation of physical competitions during the year, the Group continued to pursue its flagship applied learning programme with the MOE, i.e. the National Robotics Competition, virtually and has continued to win international accolades despite the current constraints. The Malaysian contingent, represented by six (6) teams, emerged as the overall champion at the prestigious World Robot Olympiad ("WRO") 2021 that was held virtually. WRO 2021 was well participated by more than 200 teams from 65 member countries. The National Robotics Competition has consistently generated interest in the STEM field among students, parents and teachers.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Risks & How We Mitigate Them

Anticipated or Known Risks

Competition

We face competition from existing competitors as well as potential new entrants to the educational publishing industry. The barriers to entry in the industry are relatively low based on capital requirements since most of the functions in the publishing processes may be outsourced to third parties. However, product development and operating costs can be high as there is a long lead time between conceptualisation to completion in product development.

Our competitive strengths such as our established track record of 36 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 attributed to the timing of the national schools' academic year period. As a result, the seasonal sales patterns may adversely impact the Group's quarterly revenues, 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 digital solutions 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 while we source for alternative paper sources that are favourable.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

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.

Therefore, any unfavourable movements in USD against RM may have an impact on our profitability. For the FYE 31 August 2021, 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.



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 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 which provides us sufficient time to align our business activities with the changes. In addition, having a pool of experienced editors puts us in a good position to respond in a timely manner.

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 purchases. 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 become 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. 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.

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, including Employees' Share Option Scheme ("ESOS"). 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.

Compliance Management

During the course of business, the Group is subject to the risk of legal or regulatory sanctions, financial loss or damage to reputation resulting from failure to comply with laws, regulations, rules, other regulatory requirements or codes of conducts. To mitigate this risk, the Group actively identifies and assesses all applicable laws, regulations, rules and policies (including internal policies) applicable to all our operating activities to ensure compliance. Furthermore, we take active steps in implementing good corporate governance in compliance to the Malaysian Code on Corporate Governance ("MCCG") to promote corporate accountability and to build sustainable value.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Future Prospects

Looking back at FYE 31 August 2021, the resurgence of COVID-19 cases and reimplementation of total lockdowns with tight MCO restrictions had resulted in significant challenges to the Malaysian economy and our Group's operations. With the sluggish performance of the retail sector and widespread closure of schools, our Group experienced severe disruptions to our robust recovery during the first six months of the current financial year, as illustrated by the financial performances of the Group's third and fourth financial quarters. However, our Group remains cautiously optimistic of our prospects for FYE 31 August 2022, notably with the resumption of economic activities due to impressive vaccination progress and the gradual reopening of schools which began in early October 2021 that is anticipated to ramp up as the nation's COVID-19 pandemic situation continues to improve over time. In addition, several competing education solutions providers in Malaysia had scaled-down their operations/exited the market due to the detrimental effects of the pandemic, serving as a prime opportunity for our Group to increase our market share and further cement our presence in the Malaysian educational landscape in FYE 31 August 2022 and beyond.

However, with the recent announcement by the MOE regarding the delayed commencement of the new academic year in March 2022, our Group foresees an impact towards our seasonal first financial quarter performance for FYE 31 August 2022 as book orders will inevitably be delayed. With that said, our Group expects the orders to pick up over the second and third financial quarters for FYE 31 August 2022, particularly so because the MOE had at the same time announced an evaluation/intervention period during the months of January and February 2022 to gauge the readiness of students in advancing to the next academic year. Our Group believes that this evaluation period will create additional demand for our education solutions, notably our hybrid print publishing products that combine conventional print media and digital solutions, which have been well-received by teachers and students alike in the 2021 academic year.

“

As we transition to digital and online learning, Sasbadi Group is well poised to capitalise on this opportunity with our years of digital education experience and expertise.

”

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Scan this page with the Sasbadi Play app for interactive content



During the course of the pandemic, we have seen the importance of incorporating digital elements into our education solutions as teachers and students nationwide are forced to conduct teaching and learning remotely. Further cementing the importance and necessity of digital education solutions, the education sector has also been identified as one of the key sectors-in-focus within the Malaysia Digital Economy Blueprint with a core target for all schools to adopt digital solutions and technology in the delivery of education by 2025, and within the Twelfth Malaysian Plan ("12MP") 2021-2025 with a key objective to improve the country's education system via the enhancement of digital education. With over 10 years of experience in developing digital education solutions for the Malaysian market, our Group is confident that we are able to capitalise on this opportunity and assist in the digital transformation of Malaysia's education sector.



As a testament to our digital education expertise, our home-grown online tuition platform, Tutor2U, allows students to receive on-demand 1-to-1 e-tuition services from qualified tutors across the nation. On the other hand, our Group's flagship e-learning platform i-LEARN Ace, which is aligned with the requirements of the latest national curriculum, continues to be well-received by students as it allows them to access quality digital educational contents remotely in an efficient, effective, and convenient manner. With the rise of home-based learning due to the pandemic, we are hopeful that Tutor2U and i-LEARN Ace will continue to gain more traction in tandem with current online learning trends. Concurrently, we have also been heightening efforts in our Network Marketing Business Division to promote and market i-LEARN Ace to the masses.



The Group has also been placing focus on our early English literacy development product, the CEFR-aligned Peapod Readers by Collins. In tandem with the 10-year National Reading Decade 2021-2030 programme launched by the MOE, our Peapod Readers series comprising 200 titles targeting pre-schoolers and primary school Year 1-3 students will be instrumental towards growing our market share in the early childhood education market. We believe Peapod Readers is a powerful educational tool for young children to kick-start their early English literacy journey and as such, have been increasing marketing and product awareness efforts targeting parents and teachers nationwide.

“ English development and upskilling is an increasing area of focus for our Group as we pivot towards improving the English competency of Malaysians. ”

In terms of our English competency assessment product, Linguaskill by Cambridge Assessment English, the product has been well received by institutions of higher learning during the 2021 academic year and we are optimistic that the product will garner more momentum in the 2022 academic year as the product becomes increasingly established and well-known in the Malaysian market. This is further supported by the official recognition of Linguaskill by Cambridge Assessment as an official English competency test for university admissions and benchmarking from the Ministry of Higher Learning ("MOHE"), Malaysian Qualifications Agency ("MQA") and Education Malaysia Global Services ("EMGS").

Moving forward, the Group aims to expand its market share through various offerings of products that can meet diverse demands. The Group also aims to make bigger inroads into the digital education business through the continued development of our digital learning solutions and by riding on government initiatives to accelerate the digitalisation of Malaysia's education system and sector. We will continue to monitor our risk management strategies, including cost reduction measures and liquidity management, which will benefit the Group by strengthening its economies of scale and financial position. All things considered, we are optimistic about the Group's prospects for FYE 31 August 2022 despite these challenging times.

BOARD OF DIRECTORS



Tang Yuen Kin
Independent
Non-Executive
Director

Law Yi Chian
Executive Director

Law King Hui
Group Managing
Director

Lee Swee Hang
Executive Director

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

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

DIRECTORS' PROFILES

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 the 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

Gender - Male

Nationality - Malaysian

Age - 70

DIRECTORS' PROFILES

(continued)



LAW KING HUI

Group Managing Director

Gender - Male

Nationality - Malaysian

Age - 62

- 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 online platform, English language learning and assessment solutions and a network marketing business.

He has enjoyed a colourful career as an entrepreneur with more than 40 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 Chairman of the World Robot Olympiad (WRO) Advisory Council; President of the ASEAN Book Publishers Association (ABPA); Chairman of the Malaysian Book Industry Council (MBIC); President of the Malaysian Book Publishers Association (MABOPA); Treasurer of the Majlis Buku Kebangsaan Malaysia (MBKM) and Treasurer of the Malaysian Chinese Language Council (MCLC). He is currently a member of the WRO Advisory Council, a member of the Industry Advisory Panel for the Faculty of Language and Communications Studies, University Malaysia Sarawak (UNIMAS) and a member of the Industry Advisory Committee, Politeknik Sultan Salahuddin Abdul Aziz Shah.

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"¹ 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.

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.

¹ Md Sidin Ahmad Ishak. 2011. *Tokoh-tokoh Malaysia*. Kuala Lumpur: Perpustakaan Negara Malaysia. ISBN 978-967-931-236-2.

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-found 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 vast 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 that are happening 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

Gender - Male

Nationality - Malaysian

Age - 68

DIRECTORS' PROFILES

(continued)

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

She graduated with a Bachelor of Arts in Media and Communications 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 an 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

Gender - Female

Nationality - Malaysian

Age - 33

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

Gender - Female

Nationality - Malaysian

Age - 68

- Recipient of "Tokoh Kepimpinan Pendidikan Kebangsaan 2013"

DIRECTORS' PROFILES

(continued)



TANG YUEN KIN

Independent Non-Executive Director

Gender - Male

Nationality - Malaysian

Age - 50

Tang Yuen Kin is the Independent Non-Executive Director of the Company and was appointed to the Board on 30 July 2020. He is also the Chairman of the Audit Committee and the Remuneration Committee, as well as a member of the Nomination Committee.

He graduated with a Bachelor of Accounting with First Class Honours from the University of Malaya, Malaysia in 1995. In 2000, he earned a Master of Business Administration (Banking & Finance) from Nanyang Technological University, Singapore. He also obtained a Master of Law Executive (Business Law) from International Islamic University, Malaysia in 2006.

He has been a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants since 2000 and 2015 respectively. Over the span of more than 22 years, he has gained vast experience in the areas of audit, accounting and finance, corporate finance and corporate planning, having worked in, among others, Price Waterhouse (now known as PricewaterhouseCoopers PLT), Securities Commission Malaysia, KPMG Corporate Advisory Sdn. Bhd., AmlInvestment Bank Berhad and Alliance Investment Bank Berhad.

His history with the Company began in 2014 when he joined the Group as the Chief Financial Officer and served in that position until 2018. Subsequently, he joined Dancomech Holdings Berhad as the Group Chief Financial Officer where he is presently still serving in that position.

He is currently holding a directorship at Powerwell Holdings Berhad as the Independent Non-Executive Chairman, and 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 2021.

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: 50 **Gender:** Female **Nationality:** Malaysian

Qualification(s):

- Bachelor of Accounting (Honours), Universiti Utara Malaysia, Kedah
- Diploma in Accountancy, Politeknik Ungku Omar, Ipoh, Perak
- Chartered Accountant, Malaysian Institute of Accountants

Working experience:

- More than 25 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 prior to being promoted to current position in May 2018

Appointment to the current position: May 2018

HO MEE LIAN *Group Human Resource Manager*

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

Qualification:

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

Working experience:

- More than 21 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

CHAN YEE FUAN *Group Purchasing Manager*

Age: 44 **Gender:** Female **Nationality:** Malaysian

Qualification:

- Diploma in Accounting, LCCI International Qualifications

Working experience:

- More than 24 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

WAN MEOW SANG *Sales Director, Sasbadi Learning Solutions Sdn Bhd*

Age: 57 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Pelajaran Malaysia ("SPM")

Working experience:

- More than 38 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: 36 **Gender:** Male **Nationality:** Malaysian

Qualification:

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

Working experience:

- More than 12 years of business development experience

Appointment to the current position: October 2019

KEY SENIOR MANAGEMENT'S PROFILES

(continued)

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: 40 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:

- More than 19 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

CHOK SIEW SIN *General Manager, Sasbadi Sdn Bhd*

Age: 49 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:

- More than 28 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: 61 **Gender:** Male **Nationality:** Malaysian

Qualification: Sijil Tinggi Pelajaran Malaysia ("STPM")

Working experience:

- More than 37 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

CHEW YOKE CHEN *Production Manager, Sasbadi Sdn Bhd*

Age: 64 **Gender:** Female **Nationality:** Malaysian

Qualification:

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

Working experience:

- More than 42 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

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:

- directorship in public companies and listed issuers;
- family relationship with any Director and/or major shareholder of the Company;
- conflict of interests with the Company; and
- 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 2021, 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

“

Our sustainability strategy in place revolves around our vision of becoming a total education solutions provider.

”

As one of Malaysia's largest education solutions provider, we understand that our Group's operations can have a significant impact on the economy, environment and society. We take active measures in ensuring raw materials are sourced locally and responsibly. Socially, we place great importance on ensuring our products are accessible to all, particular to vulnerable groups. These aspects, including our other sustainable practices, serve as the foundation for Sasbadi's ongoing and future business strategies.

Law Yi Chian

Executive Director



SUSTAINABILITY STATEMENT

(continued)

Sasbadi Holdings Berhad (“Sasbadi” or “the Group”) hereby 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, REPORTING BOUNDARY AND FRAMEWORK

Our sustainability statement covers the Group’s efforts and initiatives undertaken within our financial year ended (“FYE”) 31 August 2021. 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 for all the operating divisions of Sasbadi, all of which are located in the Klang Valley. There are no changes to the reporting boundary as compared to the previous financial year.

This statement is to be read in conjunction with the rest of Sasbadi’s Annual Report FYE 31 August 2021, which further highlights our corporate governance, risk management and internal controls as well as 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:

- 1 Support our stakeholders’ sustainability initiatives, in both the upstream and downstream channels of our supply chain
- 2 Improve resource efficiency by way of sustainable consumption and production throughout our supply chain, from design through to operations
- 3 Include sustainable alternatives in our development of new products and operating processes to reduce the consumption of natural resources whenever possible
- 4 Minimise waste during production activities and incorporate recycling practices
- 5 Develop measures to monitor and evaluate our Health, Safety, Environmental and Quality performance data, employee development methods, customer satisfaction and our financial performance
- 6 Promote philanthropic actions and behaviour amongst Sasbadi’s employees to instil a sustainable mindset and promote harmonious living

GOVERNANCE STRUCTURE

The Board of Directors (“BOD”) leads the Group in managing sustainability matters relating to our business operations. They are supported by the Executive Directors (“ED”) who are responsible for recommending to the BOD strategies and initiatives to improve the Group’s sustainability and obtaining the BOD’s approval in these matters. 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.

SUSTAINABILITY STATEMENT

(continued)

STAKEHOLDER ENGAGEMENT

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

The following indicates key stakeholder groups, a non-exhaustive list of their areas of interest and our various forms of engagement with them. These 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 • Necessary reporting • 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 • Compensation • Workplace safety • Working environment • Balanced lifestyle	• Circulation of internal policies and procedures • Staff induction and appraisals • Remuneration packages • Training/guidance • Employee engagement activities
Customers	• Product quality • Order fulfilment matters • End-user needs • Pricing	• Regular communication with clients • Feedback sessions • Community and networking events • Surveys for product research and development
Suppliers and Service Providers	• Credit terms • Pricing • Order fulfilment matters • Reliability of supply • Business ethics	• Products and services proposals • Evaluation and performance reviews • Contract negotiations • Delivery schedules • 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 • Corporate social responsibility programmes and activities related to education, society and associations • Requests and enquiries

SUSTAINABILITY STATEMENT

(continued)

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 these sustainability matters would enable the Group to manage them more effectively. As such, they are categorised into the three pillars of sustainability that are the EES.

It is appropriate to note here that the impact of the COVID-19 pandemic highlights the importance of dynamic materiality. The Group has seen certain EES issues, particularly those related to managing human resources such as employee health, safety and well-being, presenting heightened risks to the Group's operation and sustainability. Management's timely response in adopting various measures to address these matters proved crucial in ensuring the safety of our employees and our business continuity. The impact of the pandemic as well as the Group's commitments and practices across the material EES matters are further elaborated in the following sections.

SOLIDIFYING ECONOMIC PERFORMANCE

The pandemic has caused huge disruptions to the Group's operations, requiring Management and BOD to stay vigilant and act responsively to ensure our business continuity. As such, fundamental reviews of the Group's business and its strategies against the operating environment were conducted. Regular and ad-hoc meetings with respective heads of departments were held to formulate strategies that effectively catered to the market's current needs. Under the current circumstances, it has become clear that being adaptive and responsive is key to the Group's relevance and sustainability.

Financial Performance Overview

In terms of reporting and communication of information, we strive to:

- 1 Provide timely and relevant information to our stakeholders to aid their decision-making, especially during these unpredictable times when it is even more important to gauge the Group's standing. A dedicated team was formed to ensure the consistency, completeness and timeliness of our reporting and to report to the Management and BOD on a frequent basis.
- 2 Generate sustainable financial and economic returns without compromising on the value to our stakeholders in order to ensure the sustainability of our business. Please refer to the Management Discussion and Analysis section of this 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 ongoing 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
- Malaysian Anti-Corruption Commission Act 2009
- Direct Sales and Anti-Pyramid Scheme Act 1993
- Copyright Act 1987

During the FYE 31 August 2021, there were no fines (monetary and non-monetary sanctions) imposed for non-compliance with laws and regulations onto the Group.

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 below practices can be found on our website.

- Whistle Blowing Policy
- Code of Conduct
- Anti Bribery & Corruption Policy
- Board Charter
- Corporate Governance and Compliance

SUSTAINABILITY STATEMENT

(continued)

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 in the Code of Conduct in FYE 31 August 2021.

Investor Relations

We are committed to maintaining a strong relationship with our investors. We strive to be transparent in our ongoing engagements 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:

- 1 Authors and their materials are assessed by our Senior Editors, Commissioning Editors and Managing Editor with respect to their qualifications, quality and relevance to Sasbadi's publications. A descriptive and critical review process will take place upon receiving the manuscripts for the purpose of quality control.
- 2 Content development and modification are overseen by the Editorial and Production departments. After multiple rounds of checking and review, the final manuscript will be approved by our Publishing Manager before being published.
- 3 Editors undergo regular training to ensure they are up to date with the requirements and direction set by the Ministry of Education. We also encourage our authors to keep abreast with such developments.

Copyright compliance is also essential to 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 which provides guidance to our employees on how to control the usage of and restrict access to our data whenever necessary, in the interest of the Group.

Supply Chain Management

Supply chain management is critical in facilitating our operations and the Group strives to build long term mutually beneficial relationships with our suppliers. Therefore, we engage with our suppliers in a fair, transparent and ethical manner. 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 with us would be our preferred suppliers. We take all reasonable effort to conduct appropriate evaluations of our potential suppliers. We would regularly check on the supplies received and occasionally, engage other suppliers on a trial basis. This is to promote healthy competition among our suppliers and encourage better performance.

SUSTAINABILITY STATEMENT

(continued)

One of our procurement practices is to source for materials locally whenever possible. As such, nearly all of our supplies are obtained from 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 cost of purchasing and compliance, as well as minimises our carbon footprint by reducing emissions related to transportation in the supply chain.

CREATING A SUSTAINABLE WORKPLACE

Our employees are at the core of our existence and our greatest asset. Their skills, dedication and care define the success of the Group. We 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. This is doubly important in times of the pandemic, where livelihoods are threatened and job security becomes a key concern for many employees.

As such, we have put in place policies and guidelines that help our employees navigate through these uncertain times. In line with the relevant labour laws and regulations, they cover issues relating to compensation and dismissal, recruitment and promotion, working hours, leave, career development, diversity, anti-discrimination and other employee welfare related matters. Throughout the pandemic, we also engage with our employees on a regular basis to provide updates on the Group's developments, as well as to motivate them and address any difficulties they may be facing.

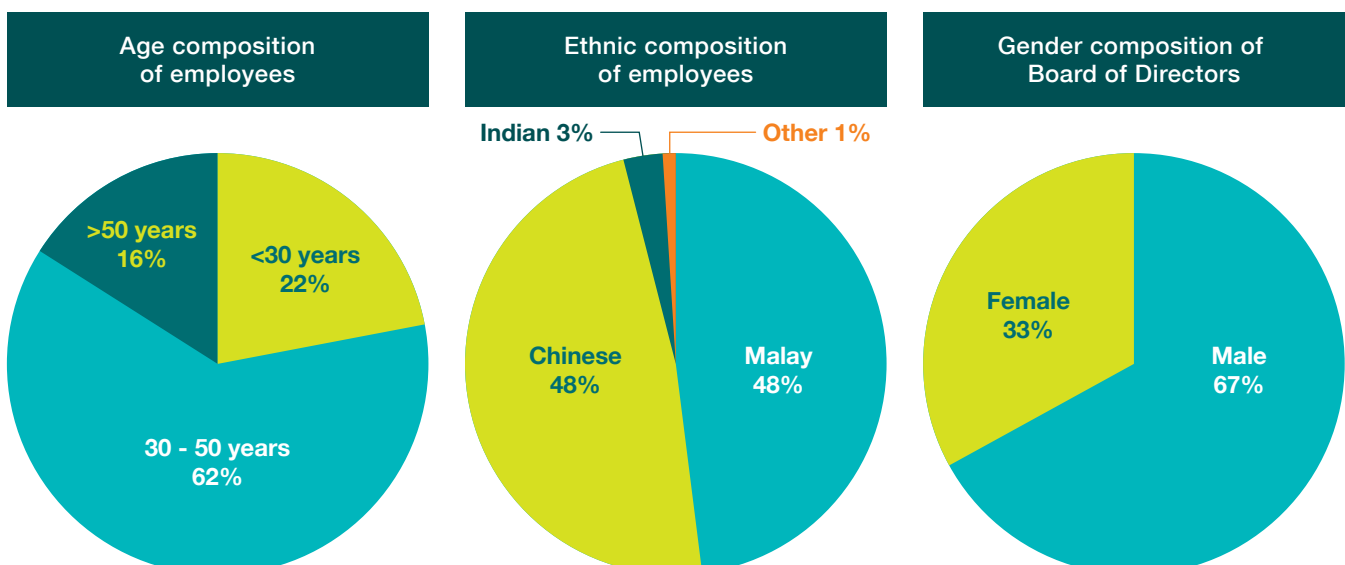
Diversity and Equal Opportunities

At Sasbadi, we recruit our people mainly based on their skills, industry experience and interpersonal skills. We conduct an annual review to evaluate our employees' progress and competencies in the context of their roles. This will then be taken into account for their salary and promotion appraisals. Aside from the annual reviews, we also adopt an as needed approach when it comes to reviewing their performance so that we may address matters that require immediate attention.

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.

Approximately 62% 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, approximately 22% who are below 30 years old to develop their careers and grow with us. Our workforce is made up of mainly non-executives due to the nature of our operations.

We strongly believe that gender and ethnic diversity leads to an improved team performance. In terms of ethnic distribution, our employee composition comprises Malay; 48%, Chinese; 48%, Indian; 3%, Others; 1%. The gender distribution, as guided by the Gender Diversity Policy of Sasbadi is around 46% male to 54% female employees. Participation of female employees are present across all hierarchical positions in Sasbadi. In terms of the Board of Directors, the gender distribution is 67% male to 33% female, which adheres to the Malaysian Code on Corporate Governance (MCCG) 2021 requirement of having at least 30% women directors.



SUSTAINABILITY STATEMENT

(continued)

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 our employees work in a safe and healthy environment. Not only does it benefit the well-being of our employees, it ensures the Group's productivity which is crucial during these challenging times. We have implemented guidelines and regulations to prevent, reduce and address occupational injuries as well as to stem the spread of COVID-19.

Our internal reporting protocol dictates that any workplace accidents, occupational diseases and matters relating to the health and safety of our employees shall first be reported to the Human Resources Department. They would subsequently be escalated to Management followed by the BOD if necessary, depending on the severity of the matter.

As part of our fight to curb the spread of COVID-19, the Group continues to enforce safe distancing measures, introduced shift-based work hours and embraced telecommuting arrangements for employees who can effectively fulfil their roles doing so. Other efforts include the provision of face masks and hand sanitisers to employees, and to actively promote the wearing of face masks at all times. Any suspicion of an infection is actively monitored and the employee will be immediately sent for screening and should their results return positive, they would immediately be required to adhere to the SOP set by the Ministry of Health. As an additional precautionary measure, we have also been conducting company-wide sanitisation twice weekly.

During the FYE 31 August 2021, there has not been any incident of work-related injuries or fatalities and the managing of COVID-19 was not detrimental to our business operations other than the series of MCOs implemented by the government where we were required to periodically suspend our operations. We will continue to implement control measures and strive for a zero-incident workplace.

ENVIRONMENTAL STEWARDSHIP

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

Material Sourcing and Managing Waste

We place great care in the usage of our raw material: paper. We manage material wastage arising from the manufacturing of books as well as excess stocks by applying stringent controls on our printers and making data-driven decisions to prevent over-printing. Proper care is taken to store our raw materials and finished products so as to avoid damages. Older stocks still fit for use are cleared through markdown sales and donated to organisations while remainders are recycled. For the FYE 31 August 2021, production wastage is kept at 1%, which is within the current standard set by the Group. We are continuously evaluating and improving our processes to reduce wastage.

To the best of our abilities, our purchase of raw materials are made from manufacturers who support 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 on quality and with the consent of our customers, we would also incorporate products made from recycled paper into our product mix.

To meet the needs arising from the ever changing educational landscape, we have dedicated a significant portion of our resources to developing digital education solutions. By offering digital products, we are able to empower our customers with 21st century educational technology while reducing our carbon footprint and other negative impacts on the environment.

SUSTAINABILITY STATEMENT

(continued)

Scan this page with the Sasbadi Play app for interactive content



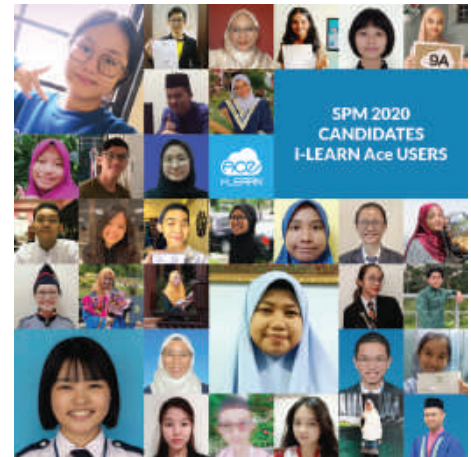
BUILDING A SUSTAINABLE COMMUNITY

Every year, the Group undertakes various initiatives as a way to give back to society, particularly in the area of education which is our passion and expertise. Our Corporate Social Responsibility activities are an important part of the Group's endeavour to make quality education accessible to all.

Bridging the Digital Divide amidst the pandemic

The sudden onset of the COVID-19 pandemic has sparked an urgent need for quality digital solutions to aid teachers and students in carrying out nationwide home-based learning. This in particular had severely affected the year 2020 SPM examination candidates who fell behind in their preparations due to school closures and a multitude of uncertainties.

In response, the Group stepped forward to provide these SPM examination candidates free access to our e-learning platform, i-LEARN Ace – a comprehensive self-paced learning solution designed to help students study more effectively and efficiently. These SPM candidates were able to access i-LEARN Ace till the end of SPM examination in March 2021. Post the CSR campaign, the Group received overwhelming feedback and testimonies from SPM students who managed to achieve excellent results thanks to i-LEARN Ace.



Connecting Teachers and Students

In June-July 2021, the Group hosted a series of 21 webinars named BONGKAR SPM which covered 13 SPM subjects for Form 4 and 5 students to attend free of charge. The webinars featured well experienced teachers as our speakers, many of whom are esteemed authors for the Group's academic publications. Similar to the i-LEARN Ace CSR campaign which aimed to help the SPM 2020 candidates, the BONGKAR SPM webinars were organised to give SPM 2021 students much-needed support in their exam preparations as they had not been able to attend school for most of the year due to the MCO. BONGKAR SPM received more than 18,000 registrations and 500 to 1,000 participants present per session depending on the subject.

Supporting underserved communities

Over the years, Sasbadi has been actively donating our books to students and families in need. One particular organisation which we have been working with since 2005 is The Reading Bus Club, a Non-Governmental Organisation who seeks to address the basic literacy and reading needs of students from marginalised and low-income families. The Reading Bus Club started by visiting villages located a few hours out of Kuching, Sarawak; driving books and volunteers to read to and interact with the children there. Their mission is one that we wholeheartedly share: to provide every child with the opportunity to enjoy school and life through reading.

Over the last 16 years, Sasbadi has supported The Reading Bus Club with a variety of books which includes reference books, workbooks, storybooks, illustrated books, dictionaries and educational comic books. This year, we have donated more than RM90,000 worth of books to benefit school children.



SUSTAINABILITY STATEMENT

(continued)

Championing STEM Education

In the rapidly changing environment of the 21st century, it has become increasingly important for educators to equip the young generation with critical skills that would determine their competitive strength in the future. As such, Sasbadi has been championing Science, Technology, Engineering, and Mathematics (“STEM”) education for Malaysian students since 2005. We have teamed up with like-minded organisations such as LEGO Education to provide products and tools to facilitate 21st century and STEAM learning. We have been the Ministry of Education’s (“MOE”) partner in organising robotics competitions as an avenue for students to not only nurture these important skills but also their love for science and technology. For 16 years now, Sasbadi has been providing the technical expertise, manpower and resources to support these meaningful events.



Since 2020, virtual competitions were conducted in place of the physical events due to the pandemic. Sasbadi continued to provide the usual support via virtual means, as well as organised the necessary upskilling trainings for teachers and students to familiarise them with the digital toolkits used in the virtual competitions.

In 2021, Sasbadi Learning Solutions has organised 5 robotics competitions at the national level together with the MOE. They involved the participation of 5,542 students, some of whom continued to compete in 3 virtual competitions at the international level. Thanks to our combined effort, the Malaysian contingent was successfully ranked as the Overall Champion for the 10th time after winning the World Robot Olympiad Robot Virtual Games (“WRO RVG”) 2021, Germany with 6 Golds, 6 Silvers, and 5 Bronzes, and the WRO Online International Final 2021, Germany with 2 Golds, 1 Silver, 1 Bronze, and 1 Excellence Award.

As a result of the hard work and determination from everyone involved, the Malaysian Contingent records 38 Gold, 28 Silver and 32 Bronze medals from the WRO championship since 2005, which is a testament to the great potential of our nation's young minds.

Our nation's children are our greatest inspirers; our reminder to keep going when the going gets tough, so that we may emerge from the storm together to build a brighter tomorrow.

CONCLUSION

We acknowledge that there are still areas for improvement with respect to sustainability. This year continues to be exceptionally challenging with the inclusion of heightened risks attributed to the COVID-19 pandemic. As the Group continues to establish our strategies to mitigate and recover from the effects of the pandemic, we hold steadfast to our goal of building a sustainable business for the future. We will continue to keep abreast with developments in our operating environments, actively engage our stakeholders and build on our foundation to further promote sustainable practices within our organisation.

FEEDBACK

We welcome our stakeholders to share your feedback on our sustainability approach or queries regarding the content of this statement. Your concerns can be directed to our corporate website: <https://www.sasbadi.com/contact.php>.

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 2021. 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 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”) and are qualified pursuant to the requirements of the Companies Act 2016, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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 the FYE 31 August 2021, 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	5 out of 5
Dato' Noor Rezan Binti Bapoo Hashim	5 out of 5
Tang Yuen Kin (<i>retired on 4 February 2021 and reappointed on 3 May 2021</i>)	4 out of 4

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the FYE 31 August 2021 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

6. Code of Conduct, Whistle-Blowing Policy and Anti Bribery and Corruption 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 the FYE 31 August 2021, there was no report of any violation of the Code of Conduct.

The Group also established and adopted the Anti-Bribery and Corruption Policy ("ABC Policy"), guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018). The ABC Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices and to provide information and guidance to all employees, Directors and associated third parties on how to recognise and deal with bribery and corruption issues. The Group is committed to conducting business dealings in an honest and ethical manner. The ABC Policy can be viewed on the Company's website, www.sasbadiholdings.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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 composition and size of the Board are assessed by the Board through the Nomination Committee appointed by the Board annually or as and when the need arises.

The Board through the Nomination Committee 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 2021, 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 nine (9) years.

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)

Tang Yuen Kin (Independent Non-Executive Director)

(retired on 4 February 2021 and reappointed on 3 May 2021)

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 activities carried out by the Nomination Committee during the FYE 31 August 2021 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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 4 February 2021.
- Reviewed the need for continuous training and development by the Directors.
- Reviewed the term of office and performance of the Audit Committee and each of its members and was satisfied that the Audit Committee had carried out its duties in accordance with its Terms of Reference.
- Reviewed the list of key senior management (including their profiles) and their potential successors.
- Reviewed and recommended to the Board the reappointment of Mr Tang Yuen Kin ("Mr Tang") as Independent Non-Executive Director. The Nomination Committee also recommended Mr Tang to be reappointed as the Chairman of the Audit Committee and Remuneration Committee as well as a member of the Nomination Committee. Mr Tang retired from the Board at the conclusion of the previous Annual General Meeting on 4 February 2021 as he was unable to meet the enhanced definition of 'independent director' pursuant to Paragraph 1.01 of the MMLR of Bursa Securities which came into effect on 1 October 2020 ("Enhance Definition"). He was reappointed to the Board on 3 May 2021 upon meeting the Enhanced Definition requirement.

The Board is satisfied with the level of time committed by the Directors in discharging their respective duties and roles as Directors of the Company. All the Directors of the Company have complied with paragraph 15.06 of the MMLR of Bursa Securities on the restriction on the number of directorships held in public listed companies.

9. Establishment of Remuneration Committee

The Remuneration Committee comprises the following members:

Chairman : Tang Yuen Kin (Independent Non-Executive Director)

(retired on 4 February 2021 and reappointed on 3 May 2021)

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 activities carried out by the Remuneration Committee during the FYE 31 August 2021 is as follows:

- Discussed and reviewed Directors' fees for the FYE 31 August 2021 prior to recommending to the Board the tabling for shareholders' approval of the said fees at the previous AGM held on 4 February 2021.
- 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 the FYE 31 August 2020.
- Reviewed and recommended to the Board the extension of the ESOS expiring on 31 August 2021, for a further period of five (5) years to 31 August 2026 and implementation of the Employees' Share Option Scheme to the senior management of the Group.
- Discussed and reviewed that the Directors' fees for the FYE 31 August 2022 will be maintained as per prior year where the Directors' fee was reduced from RM72,000 per annum to RM40,000 in view of the poor performance of the Group albeit a total Directors' fees not exceeding RM560,000 for the FYE 31 August 2022 have been approved by the shareholders of the Company at the last AGM held on 4 February 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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 some of the training programmes/forums/seminars/conferences attended/participated by the Directors for the FYE 31 August 2021 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	• IKRAM Webinar: <i>Analisis Bajet 2022 Dari Perspektif Pembinaan Negara</i>	21 November 2021
	• PERKAMA International Webinar: <i>Minda Profesor Kaunseling</i>	12 October 2021
	• Boardroom JRC: ESG Reporting Health Check	22 July 2021
	• Malaysian Alliance of Corporate Directors: Value Creation Strategies – An Innovative Take On Creating Impactful, Healthy Companies	16 July 2021
	• Malaysian Alliance of Corporate Directors: Corporate Governance Revisited – The Co-Existence of Ethics & Law Sets You Free	9 July 2021
	• Standard Chartered Borderless Business: Intra-ASEAN	7 July 2021
	• Nikkei Asia Webinar: The Asian Century in 2040	7 October 2020
Law King Hui	• Bursa Virtual IMKL Series 3: Sustainable Growth	10 November 2021
	• Penerbit USM The Emdash Show: <i>Phoenix Mahu Bangkit – Cabaran dan Masa Depan Industri Buku</i>	30 September 2021
	• CIMB Private Bank Investment Solutions Team: Resurgence, Recalibration and Risk – The World in Transition	23 September 2021
	• G25 Malaysia: Reflection On The Malaysia Education Blueprint	9 September 2021
	• Academy of Sciences Malaysia: Second Workshop of the Development of National Robotics Roadmap 2021 – 2030	23 July 2021
	• Malaysian Industry-Government Group for High Technology (MIGHT): Local Capability in Edu Tech (Panelist)	6 April 2021
	• Maybank Wealth Talk 2021: New Decade, New Cycle, New Market Environment	6 February 2021
	• Malaysian Institute of Translation & Books: <i>Wawancara Layar Putih – Pengajaran dan Pembelajaran Secara Dalam Talian – Cabaran dan Pengalaman Dalam Norma Baharu</i>	5 February 2021
	• CIMB Private Bank Investment Solutions Team: Building Resilience In Business and Legacy Planning – Navigating Through a Covid-19 World	24 September 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Director	Title of Training Programme/Forum/Seminar/Conference	Date
Lee Swee Hang	• RDS Webinar: ESG Compliance and Due Diligence – What Business Owners Need To Know	2 December 2021
	• Boardroom JRC: ESG Reporting Health Check	22 July 2021
	• Malaysian Alliance of Corporate Directors: Value Creation Strategies – An Innovative Take On Creating Impactful, Healthy Companies	16 July 2021
	• Malaysian Alliance of Corporate Directors: Corporate Governance Revisited – The Co-Existence of Ethics & Law Sets You Free	9 July 2021
	• KPMG Captains' Forum: Transformation Towards Recovery (Operational Resilience)	9 October 2020
	• KPMG: Captains' Forum: Transformation Towards Recovery (Financial Resilience)	25 September 2020
	• BDO RDS: Restructuring Options and Legal Updates	23 September 2020
Law Yi Chian	• Rebecca Adlard (Author and Editor of the Peapod Readers): Nurturing a Reading Habit	21 November 2021
	• MDDA: Social Media Sales Masterclass	3 November 2021
	• PERKESO: Digital Marketing	31 May to 4 June 2021
Dato' Noor Rezan Binti Bapoo Hashim	• Webinar <i>Program Sekolah Transformasi Sekolah 2025 (TS25) dan Program Sekolah Amanah (PSA)</i> : Partnership in Transforming Quality of Education	18 November 2021
	• Yayasan Amir: Certification of Trust School for 18 schools in Johor	29 September 2020
	• Public Private Partnership ("PPP") for Social Good (CAPS X) and UNICEF Hong Kong: Interview On PPP – The Malaysian Experience	25 September 2020
Tang Yuen Kin	• University of Illinois at Urbana-Champaign, United States of America: Business Administration (Online) – iMBA Program	Commenced on 17 March 2021, and on-going
	• Securities Commission's Audit Oversight Board Conversation with Audit Committees	29 November 2021
	• Bursa Malaysia Climate Change Thematic Workshop: Practical Steps in Measuring & Managing Greenhouse Gas (GHG) Emissions	14 September 2021
	• BDO Webinar: Executing Effective Mergers & Acquisitions (M&A)	18 August 2021
	• Skrine Webinar: Housekeeping – Disciplinary Action Against Employees	5 August 2021
	• BDO Webinar: The Future of e-Commerce	14 July 2021
	• BDO Tax Services Sdn Bhd: BDO Tax Budget Webinar 2020	18 November 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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 aggregate remuneration received by the Directors from the Company and the Group for the FYE 31 August 2021 are as follows:

Director	Fees RM'000	Salaries RM'000	Employees' Provident Fund RM'000	Estimated Value of Benefit -in-Kind RM'000	Total RM'000
Dato' Salleh Bin Mohd Husein	40	–	–	–	40
Law King Hui	40	141	6	35	222
Lee Swee Hang	40	151	7	7	205
Law Yi Chian	40	175	22	17	254
Dato' Noor Rezan Binti Bapoo Hashim	40	–	–	–	40
Tang Yuen Kin (<i>retired on 4 February 2021 and reappointed on 3 May 2021</i>)	30	–	–	–	30
Total	230	467	35	59	791

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 2021, is as follows:

	RM'000
Salaries and bonus	800
Other Emoluments	164
Total	964

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Audit Committee comprises the following members:

- Chairman** : Tang Yuen Kin (Independent Non-Executive Director)
(retired on 4 February 2021 and reappointed on 3 May 2021)
- 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 services 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 the FYE 31 August 2021, the fees incurred by the Group in relation to the non-audit services by the external auditors amounts to RM8,000.

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 shareholders. Stakeholders are also able to obtain latest information on the Group from the Company's website and are encouraged to contact the Company should they require more information. In this regard, Management hold meetings and engagements with stakeholders 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 sufficient time to prepare for the meeting and to make informed decisions at the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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.

COMPLIANCE STATEMENT

The Board is satisfied that throughout FYE 31 August 2021, the Company has applied the principles and recommendations of the corporate governance set out in the MCCG, where necessary and appropriate.

This Corporate Governance Overview Statement were approved by the Board on 17 December 2021.

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 Audit Committee comprises the following members:

- Chairman** : Tang Yuen Kin (Independent Non-Executive Director)
(retired on 4 February 2021 and reappointed on 3 May 2021)
- 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, Tang Yuen Kin, 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 2021, 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
Dato’ Salleh Bin Mohd Husein	5 out of 5
Dato’ Noor Rezan Binti Bapoo Hashim	5 out of 5
Tang Yuen Kin <i>(retired on 4 February 2021 and reappointed on 3 May 2021)</i>	4 out of 4

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.

AUDIT COMMITTEE REPORT

(continued)

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FYE 31 AUGUST 2021

During the FYE 31 August 2021, 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 2020
 - First quarter ended 30 November 2020
 - Second quarter ended 28 February 2021
 - Third quarter ended 31 May 2021

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 the FYE 31 August 2020 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 the FYE 31 August 2020;
- Reviewed and recommended for the Board's approval the SORMIC and the Audit Committee Report ("AC Report") for inclusion in the Annual Report for the FYE 31 August 2020. The review was to ensure that the SORMIC and the AC Report were prepared in accordance with the MMLR of Bursa Securities;
- Reviewed the Group's management budget for the FYE 31 August 2021 before recommending for the Board's approval and adoption; and
- Reviewed the revised Audit Committee Terms of Reference before recommending for the Board's endorsement.

External audit

- Reviewed and discussed with the external auditors, i.e. KPMG PLT, on the audit for the FYE 31 August 2020. 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 the FYE 31 August 2020, and any other matters that they would want to bring to the attention of the Audit Committee;
- Assessed the suitability of BDO PLT as the new external auditors of the Group, replacing of KPMG PLT who had on 29 July 2020 informed the Audit Committee that they would not be seeking for reappointment as external auditors of the Company for the FYE 31 August 2021, based on the criteria in relation to the appointment of external auditors as prescribed under the MMLR of Bursa Securities, such as the adequacy of BDO 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 appointment of BDO PLT as the external auditors of the Company, at the previous annual general meeting held on 4 February 2021;

AUDIT COMMITTEE REPORT

(continued)

- Reviewed and discussed with the external auditors, BDO PLT, on their audit plan for the FYE 31 August 2021 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 the FYE 31 August 2021 before recommending for the Board's approval.

Internal audit

- Reviewed, discussed and approved the outsourced internal auditors' audit plan (covering the scope of work, subsidiaries being audited, estimated number of man-days, audit schedule and reporting timeline) and fees for the FYE 31 August 2021 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 the FYE 31 August 2021 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 and ratings remained. The Audit Committee also take note of the changes in the suggested risk control action.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn Bhd, an external professional firm 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 during the FYE 31 August 2021 is as follows:

- Prepared and presented an internal audit plan for the FYE 31 August 2021 to the Audit Committee. The focus of the internal audit plan for the FYE 31 August 2021, 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 the FYE 31 August 2021, covering the following companies and functional areas/sections:
 - The Malaya Press Sdn Bhd, Big Tree Publications Sdn Bhd and Jinbang Publications Sdn Bhd
 - Sales and Marketing
 - Procurement
 - Sasbadi Holdings Berhad, MindTech Education Sdn Bhd and Sasbadi Online Sdn Bhd
 - Management Information Systems (including I-Learn Ace)
- Undertook follow-up review on previously reported audit findings to ensure weaknesses identified have been or are being addressed; and
- 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 the FYE 31 August 2021 were RM30,000.

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 2021. This Statement has been prepared in accordance with the Statement on Risk Management and 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 RESPONSIBILITIES

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 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, who 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, Whistleblowing Policy and Anti Bribery and Corruption 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 the FYE 31 August 2021 as approved by the Audit Committee, covering the following subsidiaries and functional areas/sections:

- i. The Malaya Press Sdn Bhd, Big Tree Publications Sdn Bhd and Jinbang Publications 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, goods return management, customer retention management, performance monitoring and reporting and implementation process of business development strategy
 - Procurement, in respect of purchasing processes and procedures, supplier evaluation and control, outsourcing processes and procedures, outsourcing evaluation and control, purchasing planning processes and procedures, purchase requisition processes, receiving and inspection processes and procedures and follow-up on goods receiving.
- ii. Sasbadi Holdings Berhad, MindTech Education Sdn Bhd and Sasbadi Online Sdn Bhd
 - Management Information Systems (including I-Learn Ace), in respect of software and hardware maintenance and management, software licensing management, purchasing / disposing of computer software and hardware, database management, change request control processes and procedures, virus protection and security management, access security and data integrity management, data backup and restore policies and procedures, redemption point management, third-party contract management, performance monitoring and access management control procedures, apps application (mobile) maintenance and management and disaster recovery / business continuity planning
- iii. Follow-up review on previously reported audit findings to ensure weaknesses identified have been or are being addressed

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 2021 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 for a duration of five (5) years, expiring on 31 August 2021. On 17 February 2021, the Board of Directors has approved the extension of the ESOS for a further period of five (5) years to 31 August 2026.

The Company had on 6 December 2019, offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees under ESOS. These options have expired on 5 December 2020 and none of the options granted were exercised.

On 17 February 2021, the Company had offered another 10,000,000 options at an exercise price of RM0.12 each to its eligible employees under the ESOS. These ESOS will be exercisable within one (1) year from the date of offer. As at end of the financial year ended ("FYE") 31 August 2021, 5,075,000 options granted under this tranche have been exercised. The total number of outstanding ESOS options as at FYE 31 August 2021 was 4,925,000.

In accordance with the By-Laws of the ESOS, not more than 80% of the options available under the ESOS shall be allocated, in aggregate to the Executive Directors and senior management. The total ESOS options granted to the senior management represents 32.50% and 38.75% of the total ESOS options granted during the FYE 31 August 2021 and since the commencement of the ESOS respectively.

There were no options offered to any Director of the Company in respect of FYE 31 August 2021 and since commencement of the ESOS.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred by the Company and the Group for services rendered by the external auditors or a firm or corporation affiliated to the external auditors to the Company and the Group during the FYE 31 August 2021 are as follows:

	Company	Group
	RM'000	RM'000
Audit services		
– BDO PLT	60	267
Non-audit services	8	8

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 FYE 31 August 2021 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 FYE 31 August 2021.

UTILISATION OF PROCEEDS

No proceeds were raised from any corporate proposals during the FYE 31 August 2021.

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 2021, 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 17 December 2021.

FINANCIAL STATEMENTS

Directors' Report	58
Statement by Directors	63
Statutory Declaration	63
Independent Auditor's Report	64
Statements of Financial Position	71
Statements of Profit or Loss and Other Comprehensive Income	72
Consolidated Statement of Changes in Equity	73
Statement of Changes in Equity	74
Statements of Cash Flows	75
Notes to the Financial Statements	78

FINANCIAL STATEMENTS

(continued)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 August 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities and details of its subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to owners of the Company	<u>(9,251)</u>	<u>(939)</u>

DIVIDENDS

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 419,099,500 to 424,174,500 by way of issuance of 5,075,000 new ordinary shares pursuant to options exercised under the Employee's Share Option Scheme ("ESOS") at an exercise price of RM0.12 per ordinary share for cash. The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures 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 apart from the issue of options pursuant to the ESOS as disclosed in Note 18 to the financial statements.

FINANCIAL STATEMENTS

(continued)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Salleh Bin Mohd Husein
 Law King Hui
 Lee Swee Hang
 Dato' Noor Rezan Binti Bapoo Hashim
 Law Yi Chian
 Tang Yuen Kin (retired on 4 February 2021 and reappointed on 3 May 2021)

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

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:

	Balance as at 1.9.2020	Number of ordinary shares		Balance as at 31.8.2021
		Bought	Sold	
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⁾	4,700,000	400,000	-	5,100,000
Lee Swee Hang	35,506,500	-	-	35,506,500
Dato' Noor Rezan Binti Bapoo Hashim	300,000	-	-	300,000
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.

The other Directors holding office at 31 August 2021 had no interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

FINANCIAL STATEMENTS

(continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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 made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 RM12,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

FINANCIAL STATEMENTS

(continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD

Significant event during the financial year and subsequent to the end of the reporting period is disclosed in Note 30 to the financial statements.

FINANCIAL STATEMENTS

(continued)

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF0206), have expressed their willingness to continue in office.

Details of auditors' remuneration are disclosed in Note 23 to the financial statements.

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

.....
Law King Hui
Director

.....
Lee Swee Hang
Director

Kuala Lumpur
17 December 2021

FINANCIAL STATEMENTS

(continued)

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 71 to 122 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 at 31 August 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Law King Hui
 Director

.....
Lee Swee Hang
 Director

Kuala Lumpur
 17 December 2021

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chan Yuet Leng (MIA: CA 15995), being 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 71 to 122 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
 declared by the abovenamed at
 Kuala Lumpur on
 17 December 2021

.....
Chan Yuet Leng (MIA: CA 15995)

Before me:

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (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 2021 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 122.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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.

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matters of the Group

1. Annual impairment assessment of the carrying amount of goodwill

The carrying amount of goodwill of Sanjung Unggul Sdn. Bhd. and its subsidiaries amounted to RM10,253,000 as disclosed in Note 7 to the financial statements.

We determined the annual assessment of impairment of goodwill to be a key audit matter because of the significance of goodwill to the Group's consolidated financial position and it requires significant management judgement and assumptions in determining the value-in-use of the cash generating units based on probability weighted approach to determine the expected cash flows. These judgements and assumptions include projected growth in future revenues and profit margins, as well as determining appropriate pre-tax discount rates, growth rates and considering the impact of COVID-19 pandemic.

Audit response

Our audit procedures included the following:

- a. Compared prior period projection to actual outcome to assess reliability of management's projections;
- b. Compared cash flow projections against the CGU's recent performance, then assessed and evaluated the key assumptions made in the forecast and projections;
- c. Verified projected profit margins, growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;
- d. Verified pre-tax discount rate used by management for each CGU by comparing to market rate, weighted average cost of capital of the Group and relevant risk factors; and
- e. Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

2. Impairment assessment of trade receivables

As at 31 August 2021, the gross trade receivables of the Group was RM39,174,000 and the associated impairment losses of trade receivables was RM5,507,000, as disclosed in Note 15 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

2. Impairment assessment of trade receivables (continued)

Audit response

Our audit procedures included the following:

- a. Understood management's internal control and assessment process for impairment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated with this accounting estimate;
- b. Evaluated management's assessment and explanations on the individually significant trade receivables that were past due as at 31 August 2021 with reference to supporting evidence such as payment record of the customers and correspondences with customers; and
- c. Evaluated the appropriateness of expected credit loss allowance including examining correlation coefficient between the macroeconomic indicators applied by the Group in calculating probability of default using historical data and forward-looking information adjustment.

3. Valuation of inventories

As at 31 August 2021, the carrying amount of inventories of the Group was RM58,530,000 and the associated allowance for inventories write down was RM10,997,000, as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in assessing the level of allowance for inventories write down required.

Audit response

Our audit procedures included the following:

- a. Evaluated the design and implementation over the control of identification of slow moving inventories and tested their effectiveness;
- b. Checked selected inventories samples to sales subsequent to the financial year end to determine that these were sold at more than its cost; and
- c. Assessed the adequacy of the allowance for inventories write down at year end.

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matters of the Company

Impairment assessment of investments in subsidiaries

As at 31 August 2021, the carrying amount of the investments in subsidiaries for unquoted equity shares were RM90,414,000 as disclosed in Note 8 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the recoverable amount, estimating the future results and key assumptions applied to cash flow projections of these subsidiaries. These key assumptions include forecast growth in future revenues and operating profit margin, as well as determining an appropriate pre-tax discount rate, considering the impact of COVID-19 pandemic.

Audit response

Our audit procedures included the following:

- a. Compared prior period projection to actual outcome to assess reliability of management's projections;
- b. Compared cash flow projections against the subsidiaries' recent performance, then assessed and evaluated the key assumptions made in the forecast and projections;
- c. Verified projected profit margins, growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;
- d. Verified pre-tax discount rate used by management for each subsidiaries by comparing to market rate, weighted average cost of capital of the Group and relevant risk factors; and
- e. Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

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 other information and we do not express any form of assurance or conclusion thereon.

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information 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 this other information, 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 MFRSs, IFRSs 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 a going concern, 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 or 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 ISAs 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.

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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.
- (e) 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 achieves fair presentation.
- (f) 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.

FINANCIAL STATEMENTS

(continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SASBADI HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

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

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.

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The financial statements of the Company for the financial year ended 31 August 2020 were audited by another firm of chartered accountants, whose report dated 18 December 2020 expressed an unqualified opinion on those statements.

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
17 December 2021

Tan Seong Yuh
03314/07/2023 J
Chartered Accountant

FINANCIAL STATEMENTS

(continued)

STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Property, plant and equipment	5	39,392	46,992	-	-
Investment properties	6	2,373	2,426	-	-
Intangible assets	7	21,709	23,650	-	-
Investment in subsidiaries	8	-	-	90,414	92,730
Other investments	9	215	227	-	-
Deferred tax assets	10	1,115	1,396	-	-
Total non-current assets		64,804	74,691	90,414	92,730
Inventories	12	58,530	69,386	-	-
Right to recover returned goods	13	990	1,283	-	-
Current tax assets		2,613	5,537	6	6
Contract costs	14	579	597	-	-
Trade and other receivables	15	39,311	40,356	25,943	23,529
Prepayments		4,516	4,688	41	9
Cash and cash equivalents	16	8,184	6,230	52	47
		114,723	128,077	26,042	23,591
Asset classified as held for sale	17	-	6,998	-	-
Total current assets		114,723	135,075	26,042	23,591
TOTAL ASSETS		179,527	209,766	116,456	116,321
EQUITY					
Share capital	18	109,073	108,210	109,073	108,210
Reserves	18	28,815	37,832	417	1,110
TOTAL EQUITY		137,888	146,042	109,490	109,320
LIABILITIES					
Loans and borrowings	19	2,215	10,149	-	-
Lease liabilities	11	674	1,318	-	-
Deferred tax liabilities	10	5,254	7,332	-	-
Total non-current liabilities		8,143	18,799	-	-
Loans and borrowings	19	15,276	27,294	-	-
Lease liabilities	11	561	993	-	-
Refund liabilities	13	1,876	2,414	-	-
Trade and other payables	20	13,942	12,284	6,966	7,001
Contract liabilities	14	1,841	1,940	-	-
Total current liabilities		33,496	44,925	6,966	7,001
TOTAL LIABILITIES		41,639	63,724	6,966	7,001
TOTAL EQUITY AND LIABILITIES		179,527	209,766	116,456	116,321

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

(continued)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	21	62,902	62,814	5,241	840
Cost of sales		(51,629)	(46,553)	-	-
Gross profit		11,273	16,261	5,241	840
Other operating income		1,120	1,450	-	-
Distribution expenses		(5,884)	(7,536)	-	-
Administrative expenses		(12,514)	(12,562)	(271)	(296)
Net gain/(loss) on impairment of financial instruments		913	(1,544)	(3,233)	-
Other operating expenses		(3,751)	(3,116)	(2,677)	(511)
Results from operating activities		(8,843)	(7,047)	(940)	33
Finance income		10	22	1	1
Finance costs	22	(1,623)	(2,279)	-	-
(Loss)/Profit before tax	23	(10,456)	(9,304)	(939)	34
Taxation	24	1,205	352	-	-
Net (loss)/profit for the financial year attributable to owners of the Company		(9,251)	(8,952)	(939)	34
Other comprehensive (loss)/income for the financial year, net of tax:					
Items that will not be reclassified subsequently to profit or loss					
Reversal of revaluation gain on property, plant and equipment		-	(310)	-	-
Net changes in fair value of equity investments designated at fair value through other comprehensive income		(12)	(38)	-	-
		(12)	(348)	-	-
Total comprehensive (loss)/income for the financial year attributable to owners of the Company		(9,263)	(9,300)	(939)	34
Loss per share (sen)	25				
- Basic		(2.20)	(2.14)		
- Diluted		(2.20)	(2.14)		

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

(continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

Group	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Share options reserve RM'000	Total retained earnings RM'000
As at 1 September 2019	108,210	(1)	(50,500)	(6)	22,484	-	74,755
Net loss for the financial year	-	-	-	-	-	-	(8,952)
Other comprehensive loss, net of tax	-	-	-	(38)	(310)	-	(348)
Total comprehensive loss for the financial year	-	-	-	(38)	(310)	-	(8,952)
<i>Transaction with owners of the Company</i>							
Share-based payment transactions	-	-	-	-	-	400	400
As at 31 August 2020/1 September 2020	108,210	(1)	(50,500)	(44)	22,174	400	65,803
Net loss for the financial year	-	-	-	-	-	-	(9,251)
Other comprehensive loss, net of tax	-	-	-	(12)	-	-	(12)
Total comprehensive loss for the financial year	-	-	-	(12)	-	-	(9,251)
Transfer upon disposal of properties	-	-	-	-	(3,818)	-	3,818
<i>Transactions with owners of the Company</i>							
Ordinary shares issued pursuant to ESOS	863	-	-	-	-	(254)	-
Expiry of share options under ESOS	-	-	-	-	-	(400)	400
Share-based payment transactions	-	-	-	-	-	500	-
Total transactions with owners	863	-	-	-	-	(154)	1,109
As at 31 August 2021	109,073	(1)	(50,500)	(56)	18,356	246	60,770

Note 18

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

(continued)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

Company	<-----Non-distributable----->			Distributable	
	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 September 2019	108,210	(1)	-	677	108,886
Net profit and total comprehensive income for the financial year	-	-	-	34	34
<i>Transaction with owners of the Company</i>					
Share-based payment transactions	-	-	400	-	400
At 31 August 2020/ 1 September 2020	108,210	(1)	400	711	109,320
Net loss and total comprehensive loss for the financial year	-	-	-	(939)	(939)
<i>Transactions with owners of the Company</i>					
Ordinary shares issued pursuant to ESOS	863	-	(254)	-	609
Expiry of share options under ESOS	-	-	(400)	400	-
Share-based payment transactions	-	-	500	-	500
Total transactions with owners	863	-	(154)	400	1,109
As at 31 August 2021	109,073	(1)	246	172	109,490

<-----Note 18----->

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

(continued)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(10,456)	(9,304)	(939)	34
<i>Adjustments for:</i>					
Amortisation of intangible assets	7	1,422	1,421	-	-
Depreciation of property, plant and equipment	5	2,517	2,763	-	-
Depreciation of investment properties	6	53	54	-	-
Dividend income		(1)	(5)	(5,241)	(840)
Finance costs	22	1,623	2,279	-	-
Finance income		(10)	(22)	(1)	(1)
Gain on disposals of property, plant and equipment		(211)	(133)	-	-
Impairment loss on amount due from subsidiaries	15	-	-	3,233	-
Impairment loss on property, plant and equipment	5	-	345	-	-
Impairment loss on investment in subsidiaries	8	-	-	2,316	278
Impairment loss on goodwill	7	533	-	-	-
Income from rent concession		-	(12)	-	-
Net write down of inventories	12	10,997	5,293	-	-
Net (reversal)/impairment loss on trade receivables	15	(913)	1,544	-	-
Property, plant and equipment written off	5	28	-	-	-
Share-based payment	29	500	400	-	-
Operating profit/(loss) before changes in working capital		6,082	4,623	(632)	(529)
Changes in working capital:					
Inventories		(141)	(1,233)	-	-
Trade and other receivables and prepayments		5,378	5,665	(32)	(148)
Trade and other payables		1,658	(5,200)	(32)	(259)
Contract costs	14	18	(216)	-	-
Contract liabilities	14	(99)	701	-	-
Right to recover returned goods	13	293	752	-	-
Refund liabilities	13	(538)	(1,437)	-	-
Cash generated from/(used in) operations		12,651	3,655	(696)	(936)
Dividend received		-	-	960	960
Interest paid		(1,179)	(1,430)	-	-
Interest received		10	22	1	1
Tax paid		(2,474)	(4,258)	-	(2)
Tax refunded		4,806	886	-	-
Net cash from/(used in) operating activities		13,814	(1,125)	265	23

FINANCIAL STATEMENTS

(continued)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021 (continued)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in pledged deposits	16	(500)	(10)	-	-
Acquisition of intangible assets	7	(14)	(15)	-	-
Acquisition of property, plant and equipment	5(b)	(103)	(908)	-	-
Net advances to subsidiaries		-	-	(869)	-
Proceeds from disposals of:					
- property, plant and equipment		2,075	164	-	-
- assets held for sale		7,150	-	-	-
Dividend received from other investments		1	5	-	-
Net cash from/(used in) investing activities		8,609	(764)	(869)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(444)	(849)	-	-
Payment of lease liabilities		(1,182)	(746)	-	-
Repayment of term loans	19	(7,683)	(2,367)	-	-
Repayment of hire purchase	19	(37)	(17)	-	-
Net (repayment)/drawdown of bankers' acceptance	19	(2,914)	2,999	-	-
Proceeds from issuance of shares pursuant to ESOS		609	-	609	-
Net cash (used in)/from financing activities		(11,651)	(980)	609	-
Net increase/(decrease) in cash and cash equivalents		10,772	(2,869)	5	23
Cash and cash equivalents at beginning of the financial year		(12,495)	(9,626)	47	24
Cash and cash equivalents at end of the financial year		(1,723)	(12,495)	52	47

FINANCIAL STATEMENTS

(continued)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021 (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.9.2019 RM'000	Addition of new lease RM'000	Income from rent concession RM'000	Net changes from financing cash flows RM'000	At 31.8.2020/ 1.9.2020 RM'000	Addition of new lease RM'000	Net changes from financing cash flows RM'000	At 31.8.2021 RM'000
Term loans	16,650	-	-	(2,367)	14,283	-	(7,683)	6,600
Bankers' acceptances	1,924	-	-	2,999	4,923	-	(2,914)	2,009
Hire purchase	-	160	-	(17)	143	-	(37)	106
Lease liabilities	1,945	1,124	(12)	(746)	2,311	106	(1,182)	1,235
	20,519	1,284	(12)	(131)	21,660	106	(11,816)	9,950

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

(continued)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Sasbadi Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements of the Company for the financial year ended 31 August 2021 comprise the Company and its subsidiaries (together referred to as “the Group”). These financial statements are presented in Ringgit Malaysia (‘RM’), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 December 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities and details of its subsidiaries are as stated in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (‘MFRSs’), International Financial Reporting Standards (‘IFRSs’) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

FINANCIAL STATEMENTS

(continued)

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)</i>	1 April 2021 (early adopted)

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 141 Agriculture</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

FINANCIAL STATEMENTS

(continued)

5. 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								
Balance as at 1 September 2019	320	32,850	19,402	8,481	3,839	1,256	2,292	68,440
Additions	-	-	3,224	207	50	47	164	3,692
Disposals	-	-	-	(563)	(2)	-	-	(565)
Written off	-	-	-	-	(321)	(25)	(24)	(370)
Adjustment for revaluation	-	(206)	(24)	-	-	-	-	(230)
Transfer to asset classified as held for sale	-	(6,959)	(810)	-	-	-	-	(7,769)
Balance as at 31 August 2020/ 1 September 2020	320	25,685	21,792	8,125	3,566	1,278	2,432	63,198
Additions	-	-	106	-	66	-	37	209
Disposals	-	(4,305)	(1,645)	(107)	(108)	(2)	(18)	(6,185)
Written off	-	-	-	-	(134)	(29)	(50)	(213)
Balance as at 31 August 2021	320	21,380	20,253	8,018	3,390	1,247	2,401	57,009
Representing items at:								
Cost	-	-	2,133	8,018	3,390	1,247	2,401	17,189
Directors' valuation	320	21,380	18,120	-	-	-	-	39,820
Balance as at 31 August 2021	320	21,380	20,253	8,018	3,390	1,247	2,401	57,009

FINANCIAL STATEMENTS

(continued)

5. 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 and impairment loss								
Balance as at 1 September 2019	7	969	702	7,442	2,831	529	2,115	14,595
Charge for the financial year	5	642	1,199	502	186	107	122	2,763
Disposals	-	-	-	(533)	(1)	-	-	(534)
Written off	-	-	-	-	(321)	(25)	(24)	(370)
Impairment loss during the financial year	-	310	35	-	-	-	-	345
Adjustment on revaluation	-	159	19	-	-	-	-	178
Transfer to asset classified as held for sale	-	(363)	(63)	-	-	-	-	(426)
- accumulated depreciation	-	(310)	(35)	-	-	-	-	(345)
- accumulated impairment loss	-	(310)	(35)	-	-	-	-	(345)
Balance as at 31 August 2020/1 September 2020	12	1,407	1,857	7,411	2,695	611	2,213	16,206
Charge for the financial year	5	539	1,327	255	178	108	105	2,517
Disposals	-	(206)	(529)	(108)	(59)	(1)	(18)	(921)
Written off	-	-	-	-	(116)	(19)	(50)	(185)
Balance as at 31 August 2021	17	1,740	2,655	7,558	2,698	699	2,250	17,617
Carrying amounts								
Balance as at 31 August 2020	308	24,278	19,935	714	871	667	219	46,992
Balance as at 31 August 2021	303	19,640	17,598	460	692	548	151	39,392

FINANCIAL STATEMENTS

(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially recognised at cost. After initial recognition, property, plant and equipment are stated at cost (other than the properties comprising condominiums and leasehold land and buildings which are revalued 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), less accumulated depreciation and any accumulated impairment losses. Additions subsequent to the date of valuation are stated at cost until the next revaluation exercise.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry. The principal depreciation 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

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

Group	2021 RM'000	2020 RM'000
Purchase of property, plant and equipment	209	3,692
Hire purchase	-	(160)
Leases	(106)	(1,124)
Contra of amount due from a vendor	-	(1,500)
Cash payments to purchase property, plant and equipment	<u>103</u>	<u>908</u>

- (c) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed under Note 11.
- (d) Certain land and buildings of the Group with carrying amounts of RM33,665,000 (2020: RM37,542,000) were charged to banks as security for banking facilities granted to the Group (Note 19).

FINANCIAL STATEMENTS

(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (e) 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	2021 RM'000	2020 RM'000
Condominiums	189	198
Leasehold land	1,919	2,940
Buildings	7,572	8,410
	<u>9,680</u>	<u>11,548</u>

6. INVESTMENT PROPERTIES

Group	Buildings RM'000
Cost	
Balance as at 1 September 2019/31 August 2020/1 September 2020/ 31 August 2021	<u>2,640</u>
Accumulated depreciation	
Balance as at 1 September 2019	160
Charge for the financial year	<u>54</u>
Balance as at 31 August 2020 / 1 September 2020	214
Charge for the financial year	<u>53</u>
Balance as at 31 August 2021	<u>267</u>
Carrying amounts	
Balance as at 31 August 2020	<u>2,426</u>
Balance as at 31 August 2021	<u>2,373</u>

- (a) 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.
- (b) Investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses.

The depreciation policy adopted for investment properties is similar to property assets under property, plant and equipment.

FINANCIAL STATEMENTS

(continued)

6. INVESTMENT PROPERTIES (continued)

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

	Group	
	2021 RM'000	2020 RM'000
Rental income	116	108
Direct operating expenses	<u>(16)</u>	<u>(16)</u>

(d) Fair value of the investment properties is categorised as follows:

Group	Level 3	
	2021 RM'000	2020 RM'000
Commercial buildings	<u>2,680</u>	<u>2,680</u>

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.

(e) The aggregate future minimum lease receivable as at the end of each reporting period as follows:

Group	2021 RM'000	2020 RM'000
Less than one (1) year	112	70
One (1) to two (2) years	<u>10</u>	<u>55</u>
	<u>122</u>	<u>125</u>

FINANCIAL STATEMENTS

(continued)

7. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Software RM'000	Intellectual properties RM'000	Total RM'000
Cost					
As at 1 September 2019	10,964	2,927	123	18,545	32,559
Additions	-	-	15	-	15
As at 31 August 2020/ 1 September 2020	10,964	2,927	138	18,545	32,574
Additions	-	-	14	-	14
As at 31 August 2021	10,964	2,927	152	18,545	32,588
Accumulated amortisation and impairment loss					
As at 1 September 2019	-	867	38	6,598	7,503
Charge for the financial year	-	293	14	1,114	1,421
As at 31 August 2020 / 1 September 2020	-	1,160	52	7,712	8,924
Charge for the financial year	-	292	15	1,115	1,422
Impairment loss recognised during the financial year	533	-	-	-	533
As at 31 August 2021	533	1,452	67	8,827	10,879
Carrying amount					
As at 31 August 2020	10,964	1,767	86	10,833	23,650
As at 31 August 2021	10,431	1,475	85	9,718	21,709

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (b) 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.

FINANCIAL STATEMENTS

(continued)

7. INTANGIBLE ASSETS (continued)

- (c) 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. Development costs and software are amortised over 10 years.

- (d) 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	2021 RM'000	2020 RM'000
Sanjung Unggul Group	10,253	10,253
Distinct Motion Group	-	533
Pinko Creative	178	178
	<u>10,431</u>	<u>10,964</u>

During the financial year, an impairment loss on goodwill amounting to RM533,000 (2020: Nil) has been recognised in respect of Distinct Motion Group CGU within other operating expenses in the statements of profit or loss due to its deteriorating financial performance arising from COVID-19 pandemic.

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

FINANCIAL STATEMENTS

(continued)

7. INTANGIBLE ASSETS (continued)

(d) 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 2022 includes approximately RM241,000 of sales from new product line. The anticipated sales growth rate are in the range of 2.00% - 25.00% from 2022 to 2026.
- The operating expenditure growth was assumed to be 2.00% 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 14.66% (2020: 11.84%) 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 and reflect the current market assessment of the risks specific to the CGU.

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.

FINANCIAL STATEMENTS

(continued)

7. INTANGIBLE ASSETS (continued)

(d) 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 RM943,000 in 2022. The anticipated sales growth rate is 2.00% per annum from 2022 to 2026.
- The operating expenditure growth was assumed to be 2.00% 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 14.66% (2020: 11.84%) 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 and reflect the current market assessment of the risks specific to the CGU.

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.

Due to the inherent uncertainties arising from the COVID-19 pandemic, the Group has adopted the Expected Cash Flow approach in performing its annual impairment assessment of goodwill on consolidating during the current financial year. The cash flow projections used in determining the value-in-use calculations were probability weighted based on the following scenarios:

Scenario	Weighting	Assumptions
Base case	80%	Based on the key assumptions above.
Best case	10%	Revenue annual growth rates forecasted to be at around 2% - 66%.
Worst case	10%	Revenue annual growth rates forecasted to be at around 0% - 5%.

The above key assumptions are determined based on management's assessment of future trends in the respective business units, which are, among others, dependent on forecasted economic conditions affected by COVID-19 pandemic. Any differences in expectations from the original estimates might impact the impairment losses amount in respect of the goodwill of the Group.

FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS IN SUBSIDIARIES

Company	2021 RM'000	2020 RM'000
Unquoted shares, at cost	93,008	93,008
Less: Impairment loss	(2,594)	(278)
	<u>90,414</u>	<u>92,730</u>

- (a) Investment in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less any impairment losses.
- (b) Details of the subsidiaries, which are all incorporated and operating in Malaysia, are as follows:

Name of Company	Effective ownership interest and voting interest		Principal activities
	2021 %	2020 %	
Sasbadi Sdn. Bhd.	100	100	Publisher of printed educational materials, distribution of applied learning products, and trading of paper
Maya Press Sdn. Bhd.	100	100	Imprint for general titles
Orbit Buku Sdn. Bhd.	100	100	Publisher of supplementary educational materials
Sasbadi Online Sdn. Bhd.	100	100	Publisher of online/digital educational materials
Malaysian Book Promotions Sdn. Bhd.	100	100	Publishing and distribution of printed educational materials and organiser of book fairs and exhibitions
MBP Publications Sdn. Bhd.	100	100	Imprint for printed educational materials
Mindtech Education Sdn. Bhd.	100	100	Direct marketing of online/digital educational products
Sanjung Unggul Sdn. Bhd.	100	100	General trade and investment holding
United Publishing House (M) Sdn. Bhd.	100	100	Publishing of dictionaries and books
Sasbadi Learning Solutions Sdn. Bhd.	100	100	Distribution of applied learning products

FINANCIAL STATEMENTS

(continued)

8. INVESTMENT IN SUBSIDIARIES (continued)

- (b) Details of the subsidiaries, which are all incorporated and operating in Malaysia, are as follows: (continued)

Name of Company	Effective ownership interest and voting interest		Principal activities
	2021 %	2020 %	
Subsidiary of Sanjung Unggul Sdn. Bhd.			
The Malaya Press Sdn. Bhd.	100	100	Publishing of books
Subsidiaries of United Publishing House (M) Sdn. Bhd.			
G-Apple Studio Sdn. Bhd.	100	100	Dormant
Penerbitan Daya Sdn. Bhd.	100	100	Dormant
Penerbitan Minda Sdn. Bhd.	100	100	Dormant
UPH Distributor Sdn. Bhd.	100	100	Dormant
Pinko Creative Sdn. Bhd.	100	100	Publishing of books and trading of all kinds of printed materials
Subsidiary of Sasbadi Learning Solutions Sdn. Bhd.			
Distinct Motion Sdn. Bhd.	100	100	Provider of learning activities related to robotics and science, technology, engineering and mathematics ("STEM") education
Subsidiaries of The Malaya Press Sdn. Bhd.			
Media Distribution Sdn. Bhd.	100	100	Dormant
Jinbang Publication Sdn. Bhd.	100	100	Publication of books
Big Tree Publications Sdn. Bhd.	100	100	Publication of books
Subsidiary of Distinct Motion Sdn. Bhd.			
Distinct Element Sdn. Bhd.	100	100	Dormant

FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value in use of the respective subsidiaries. The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.
- (d) As at the end of reporting period, the Company had made impairment of RM2,316,000 (2020: RM278,000) in respect of a subsidiary due to poor financial position of the subsidiary. The recoverable amount of the cost of investment in the subsidiary is based on its fair value less cost to sell ("FVLCTS") of the underlying assets. The net assets of the subsidiary are used as a proxy for its recoverable amount based on FVLCTS method and are within Level 3 of the fair value hierarchy.

9. OTHER INVESTMENTS

Group	2021 RM'000	2020 RM'000
Fair value through profit or loss		
Club membership	37	37
Fair value through other comprehensive income		
Shares quoted in Malaysia	178	190
	<u>215</u>	<u>227</u>
Market value of quoted investments	<u>178</u>	<u>190</u>

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.

Shares quoted in Malaysia of the Group are categorised as Level 1 in the fair value hierarchy. The fair value of investments is determined based on quoted market prices at the reporting date. The club membership of the Group is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in hierarchy during the financial year.

FINANCIAL STATEMENTS

(continued)

9. OTHER INVESTMENTS (continued)

The following table shows a reconciliation of Level 1 fair values of shares quoted in Malaysia:

Group	2021 RM'000	2020 RM'000
Balance as at 1 September	190	228
Fair value changes	(12)	(38)
Balance as at 31 August	178	190

Sensitivity analysis for other investments is not material to the Group.

As these are domestic securities, the maximum exposure to credit risk is represented by the carrying amount of the other investments of the Group.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

Group	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment						
- capital allowance	129	8	(79)	(249)	50	(241)
- revaluation	-	-	(6,882)	(6,991)	(6,882)	(6,991)
Right-of-use assets	-	-	(295)	(546)	(295)	(546)
Lease liabilities	306	559	-	-	306	559
Intangible assets	-	-	(1,710)	(1,891)	(1,710)	(1,891)
Contract costs	-	-	(250)	(110)	(250)	(110)
Contract liabilities	442	332	-	-	442	332
Unutilised tax losses	2,357	1,297	-	-	2,357	1,297
Other deductible temporary differences	1,843	1,655	-	-	1,843	1,655
Tax assets/(liabilities)	5,077	3,851	(9,216)	(9,787)	(4,139)	(5,936)
Set off of tax	(3,962)	(2,455)	3,962	2,455	-	-
	1,115	1,396	(5,254)	(7,332)	(4,139)	(5,936)

FINANCIAL STATEMENTS

(continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Movement in temporary differences during the financial year:

Group	Balance as at 1.9.2019 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in revaluation reserve RM'000	Balance as at 31.8.2020/ 1.9.2020 RM'000	Recognised in profit or loss (Note 24) RM'000	Balance as at 31.8.2021 RM'000
Property, plant and equipment						
- capital allowance	(153)	(88)	-	(241)	291	50
- revaluation	(7,103)	14	98	(6,991)	109	(6,882)
Right-of-use assets	-	(546)	-	(546)	251	(295)
Lease liabilities	-	559	-	559	(253)	306
Intangible assets	(2,094)	203	-	(1,891)	181	(1,710)
Contract costs	(91)	(19)	-	(110)	(140)	(250)
Contract liabilities	297	35	-	332	110	442
Unutilised tax losses	505	792	-	1,297	1,060	2,357
Other deductible temporary differences	1,790	(135)	-	1,655	188	1,843
	(6,849)	815	98	(5,936)	1,797	(4,139)

FINANCIAL STATEMENTS

(continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Unrecognised deferred tax assets

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

Group	2021 RM'000	2020 RM'000
Unutilised tax losses		
- Expires by 31 August 2025	2,395	2,722
- Expires by 31 August 2029	1,866	1,866
- Expires by 31 August 2030	3,270	1,736
- Expires by 31 August 2031	3,115	-
Unabsorbed capital allowances	2,221	2,781
Contract liabilities	868	686
Other deductible temporary differences	580	558
	<u>14,315</u>	<u>10,349</u>

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 ten (10) consecutive years of assessment whilst the unabsorbed capital allowances do not expire under the current tax legislation. These items are subject to the agreement of the Inland Revenue Board.

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES)

The Group as a lessee

Right-of-use assets classified within property, plant and equipment

Group	31.8.2021 RM'000	31.8.2020 RM'000
Condominium	303	308
Leasehold land	19,640	24,278
Buildings	17,598	19,935
Motor vehicles	187	265
Total	<u>37,728</u>	<u>44,786</u>

Right-of-use assets classified within asset classified as held for sale

Group	31.8.2020 RM'000
Leasehold land	6,286
Buildings	712
Total	<u>6,998</u>

Lease liabilities

	Balance as at 1.9.2020 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.08.2021 RM'000
Carrying amount					
Buildings	2,077	106	(1,161)	85	1,107
Motor vehicles	234	-	(115)	9	128
	<u>2,311</u>	<u>106</u>	<u>(1,276)</u>	<u>94</u>	<u>1,235</u>

FINANCIAL STATEMENTS

(continued)

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES) (continued)

The Group as lessee (continued)
Lease liabilities (continued)

Carrying	Balance as at 1.9.2019 RM'000	Additions RM'000	Lease payments RM'000	Rent concession RM'000	Interest expense RM'000	Balance as at 31.08.2020 RM'000
Buildings	1,607	1,124	(720)	(12)	78	2,077
Motor vehicles	338	-	(119)	-	15	234
	1,945	1,124	(839)	(12)	93	2,311

Represented by:	Group 2021 RM'000	2020 RM'000
Current liabilities	561	993
Non-current liabilities	674	1,318
	1,235	2,311
Lease liabilities owing to financial institutions	128	234
Lease liabilities owing to non-financial institutions	1,107	2,077
	1,235	2,311

(a) Nature of the leasing activities

Condominiums, leasehold land and buildings

The Group has made upfront payments to secure the right-of-use of condominiums, leasehold land and buildings for its operations. The Group also leases warehouses and residential properties for the purpose of staff accommodation. These leasehold land and buildings, and related leases which have a lease term of more than 12 months are recognised within property, plant and equipment (Note 5) and asset classified as held for sale (Note 17).

Motor vehicles

The Group leases motor vehicles for employees for use in operations.

(b) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The Group has certain leases with lease term less than twelve (12) months, and low value leases of office of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term.

FINANCIAL STATEMENTS

(continued)

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES) (continued)

(c) Additions to right-of-use assets during the financial year

Group	2021 RM'000	2020 RM'000
Buildings	106	3,224

(d) Depreciation charged during the financial year

Group	2021 RM'000	2020 RM'000
Condominium	5	5
Leasehold land	539	642
Buildings	1,327	1,199
Motor vehicles	77	81
Total	1,948	1,927

(e) Extension options

Some leases of buildings contain extension options up to 3 years, which are exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstance within its control.

As at 31 August 2021, there is no undiscounted potential future rental payments that are not included in the lease term.

(f) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	2021 RM'000	2020 RM'000
On demand or within one year	608	1,088
One to five years	707	1,398
	1,315	2,486

(g) Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases. The lease payments are discounted using the annual incremental borrowing rate of the Group in range of 2.49% to 5.17% (2020: 2.49% to 5.17%).

FINANCIAL STATEMENTS

(continued)

12. INVENTORIES

Group	2021 RM'000	2020 RM'000
At cost/net realisable value		
Raw materials	2,568	3,757
Finished goods	55,962	65,629
	<u>58,530</u>	<u>69,386</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	18,745	27,802
Write down of inventories	<u>10,997</u>	<u>5,293</u>

Cost of inventories is determined using the first-in first-out and weighted average method and are stated at lower of cost and net realisable value.

The Group writes down its obsolete or slow moving inventories based on assessment of their product lifecycle and nature. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

13. RIGHT TO RECOVER RETURNED GOODS/(REFUND LIABILITIES)

Group	2021 RM'000	2020 RM'000
Right to recover returned goods	<u>990</u>	<u>1,283</u>
Refund liabilities	<u>(1,876)</u>	<u>(2,414)</u>

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.

14. CONTRACT WITH CUSTOMERS

(a) Contract costs

Group	2021 RM'000	2020 RM'000
Cost to obtain a contract	<u>579</u>	<u>597</u>

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 RM1,311,000 (2020: RM1,159,000).

FINANCIAL STATEMENTS

(continued)

14. CONTRACT WITH CUSTOMERS (continued)

(b) Contract liabilities

Group	2021 RM'000	2020 RM'000
Contract liabilities	<u>1,841</u>	<u>1,940</u>

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 financial year are as follows:

Group	2021 RM'000	2020 RM'000
Contract liabilities at the beginning of the period recognised as revenue	<u>1,940</u>	<u>1,239</u>

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current Trade				
Trade receivables	39,174	46,656	-	-
Less: Impairment loss	(5,507)	(9,668)	-	-
	<u>33,667</u>	<u>36,988</u>	<u>-</u>	<u>-</u>
Non-trade				
Amount due from subsidiaries	-	-	29,174	23,527
Less: Impairment loss	-	-	(3,233)	-
Other receivables and deposits	5,644	3,270	2	2
	<u>5,644</u>	<u>3,270</u>	<u>25,943</u>	<u>23,529</u>
	<u>39,311</u>	<u>40,258</u>	<u>25,943</u>	<u>23,529</u>
Accrued income	-	98	-	-
	<u>39,311</u>	<u>40,356</u>	<u>25,943</u>	<u>23,529</u>

- Trade and other receivables are classified as financial assets and are measured at amortised cost.
- These are non-interest bearing and the normal credit terms granted by the Group and Company ranges from cash term to 90 days (2020: cash term to 90 days). Trade and other receivables are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- Trade and other receivables are denominated in Ringgit Malaysia.
- Amounts due from subsidiaries are non-trade in nature, unsecured, interest free and repayable in cash and cash equivalents within the next twelve (12) months.

FINANCIAL STATEMENTS

(continued)

15. TRADE AND OTHER RECEIVABLES (continued)

- (e) In the previous financial year, accrued income relates to the Group's rights to consideration for goods delivered but not yet billed at reporting date.
- (f) Credit risk and impairment policy for trade receivables

As at the end of the reporting period, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

As at 31 August 2021, the Group has significant concentration of credit risk in the form of outstanding balances from 5 trade customers, which amounted to RM6,636,000 (2020: RM8,500,000) representing 17% (2020: 18%) of gross trade receivables. The Directors are of the opinion that the outstanding balances from these customers are fully recoverable based on the following:

- i) Significant payments have been subsequently received from 5 customers after the reporting period; and
- ii) The Directors have made assessments that all these customers have the ability to repay the balances outstanding.

- (f) Credit risk and impairment policy for trade receivables (continued)

The Group has also entered into small number of contracts, all of which are monitored individually for completion and payment. The management is 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.

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 gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group 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.

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables based on the simplified approach. Consistent with the debt recovery process, invoices which are past due 690 days will be considered as credit impaired. Expected loss rates are calculated using the '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 the differences between (a) economic conditions during the period over which the historical data has been collected, (b) current economic conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. The Group adjusted the loss rates to reflect current and forward-looking information such as gross domestic product, unemployment rate, inflation rate, bank lending rate, non-performing loan ratio and services sector gross domestic product.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward-looking information in assessing the expected credit loss allowance.

FINANCIAL STATEMENTS

(continued)

15. TRADE AND OTHER RECEIVABLES (continued)

(f) Credit risk and impairment policy for trade receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables 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
2021			
Current (not past due)	6,120	(20)	6,100
1 - 30 days past due	4,144	(40)	4,104
31 - 180 days past due	20,692	(280)	20,412
181 - 330 days past due	2,042	(157)	1,885
More than 330 days past due	4,769	(3,603)	1,166
	37,767	(4,100)	33,667
Credit impaired			
Individually impaired	1,407	(1,407)	-
	39,174	(5,507)	33,667

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2020			
Current (not past due)	10,213	(41)	10,172
1 - 30 days past due	925	(15)	910
31 - 180 days past due	21,032	(912)	20,120
181 - 330 days past due	5,397	(759)	4,638
More than 330 days past due	5,618	(4,493)	1,125
	43,185	(6,220)	36,965
Credit impaired			
Individually impaired	3,471	(3,448)	23
	46,656	(9,668)	36,988

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

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Trade			
Balance as at 1 September 2019	4,528	3,596	8,124
Net remeasurement of loss allowance	1,692	(148)	1,544
Balance as at 31 August 2020/1 September 2020	6,220	3,448	9,668
Net remeasurement of loss allowance	(1,318)	405	(913)
Receivables written off	(802)	(2,446)	(3,248)
Balance as at 31 August 2021	4,100	1,407	5,507

FINANCIAL STATEMENTS

(continued)

15. TRADE AND OTHER RECEIVABLES (continued)

(f) Credit risk and impairment policy for trade receivables (continued)

The movements in the allowance for impairment in respect of trade and other receivables during the financial year are shown below. (continued)

	Company Lifetime ECL RM'000
Non-trade	
Balance as at 31 August 2020/1 September 2020	-
Net remeasurement of loss allowance	<u>3,233</u>
Balance as at 31 August 2021	<u><u>3,233</u></u>

(g) Credit risk and impairment policy for amounts due from subsidiaries and other receivables

As at the end of the reporting period, the maximum credit risk exposure is equivalent to the carrying amounts of amounts due from subsidiaries and other receivables of the Group and Company.

The Group and Company monitors the ability of the subsidiaries and other receivables to repay on an individual basis. These amounts are not secured by any collateral or supported by any other credit enhancements.

Generally, the Group and Company considers amount due from subsidiaries and other receivables to have low credit risk. The Group and Company assumes that there is a significant increase in credit risk when a subsidiary's and other receivables' financial position deteriorates significantly or when the counterparty is unable to pay when demanded. As the Company is able to determine the timing of payments of the amount due from subsidiaries when they are payable, the Company considers these to be in default when the subsidiaries are not able to pay when demanded. It is considered to be credit impaired when:

- i) The subsidiary is unlikely to repay its amount due to the Company in full; or
- ii) The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Group and Company have exercised judgement in determining the probability of default for these amounts due, by obtaining without undue cost or effort both quantitative and qualitative information, including historical experience also ensuring that they are reasonable and supportable.

FINANCIAL STATEMENTS

(continued)

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	6,615	5,485	52	47
Deposits placed with licensed banks	<u>1,569</u>	<u>745</u>	<u>-</u>	<u>-</u>
As reported in the statements of financial position	8,184	6,230	52	47
Less: Deposits pledged	(1,131)	(631)	-	-
Less: Bank overdraft	<u>(8,776)</u>	<u>(18,094)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents included in the statements of cash flows	<u>(1,723)</u>	<u>(12,495)</u>	<u>52</u>	<u>47</u>

(a) Included in the deposits placed with a licensed bank of the Group is RM1,131,000 (2020: RM631,000) pledged for bank facilities granted to certain subsidiaries (Note 19).

(b) Cash and cash equivalents are denominated in Ringgit Malaysia.

(c) As at the end of the reporting period, the maximum credit risk exposure is equivalent to the carrying amount of cash and cash equivalents of the Group.

No expected credit losses were recognised arising from the deposits with these banks and financial institutions because the probability of default by these financial institutions were negligible.

(d) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period are as follows:

	Group	
	2021	2020
Fixed rates	<u>1.61%</u>	<u>1.57%</u>

17. ASSET CLASSIFIED AS HELD FOR SALE

Group	2020 RM'000
Cost	7,769
Accumulated depreciation	(426)
Accumulated impairment loss	<u>(345)</u>
	<u>6,998</u>

On 17 August 2020, the Group entered into a Sale and Purchase Agreement for the sale of leasehold land and building for a total consideration of RM7,150,000. Accordingly, the asset is reclassified to asset held for sale. As at 31 August 2020, the asset was stated at cost less accumulated depreciation and impairment loss at the date of reclassification. The disposal had been completed during the financial year ended 31 August 2021.

As at 31 August 2020, the asset was charged to banks as security for banking facilities granted to the Group (Note 19).

FINANCIAL STATEMENTS

(continued)

18. SHARE CAPITAL AND RESERVES

(a) Share capital

	Group and Company			
	2021		2020	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary shares with no par value				
As at 1 September	419,100	108,210	419,100	108,210
Issuance pursuant to ESOS exercised	5,075	863	-	-
As at 31 August	<u>424,175</u>	<u>109,073</u>	<u>419,100</u>	<u>108,210</u>

- i) The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- ii) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 419,099,500 to 424,174,500 by way of issuance of 5,075,000 new ordinary shares pursuant to options exercised under the ESOS at an exercise price of RM0.12 per ordinary share for cash.

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the annual general meeting held on 4 February 2021, renewed their approval for the Company's plan to purchase up to ten percent (10%) of the total 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.

(c) 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.

(d) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income until the investments are derecognised or impaired.

FINANCIAL STATEMENTS

(continued)

18. SHARE CAPITAL AND RESERVES (continued)

(e) Revaluation reserve

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

(f) Share option reserve

Share option reserve represents the effect of equity-settled share option granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share option. Share option reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

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 total number of issued shares (excluding treasury shares, if any) of the Company;

FINANCIAL STATEMENTS

(continued)

18. SHARE CAPITAL AND RESERVES (continued)

(f) Share option reserve (continued)

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

- iv) Not more than 80% of the options available under the ESOS shall be allocated, in aggregate to executive directors and senior management;
- v) The ESOS shall be in force for a period of five (5) years from the effective date of 1 September 2016, and may be extended for a further five (5) years or a shorter period from the expiry of the first five (5) years; and
- vi) The exercise price shall be fixed based on the higher of a discount of not more than 10% to the five (5)-day volume weighted average market price of the shares of the Company immediately preceding the date of offer or the par value of the shares of the Company;

The Company has received all the relevant approvals, complied with the requirements pertaining to the ESOS, and submitted the final copy of the By-Laws of the ESOS to Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to paragraph 6.42 of the Bursa Securities Listing Requirements on 1 September 2016. The implementation of ESOS is thus effective from 1 September 2016. On 17 February 2021, the Board of Directors has approved the extension of the ESOS which will be expiring on 31 August 2021, for a further period of five (5) years from 1 September 2021 to 31 August 2026.

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. These options were not exercised and had lapsed on 5 December 2020. Subsequently, on 17 February 2021, the Company offered 10,000,000 options at an exercise price of RM0.12 each to its eligible employees under the ESOS.

In accordance with the ESOS, holders of vested ESOS options are entitled to purchase the Company's shares at the exercise price at the date of grant.

The terms and conditions related to the grants of the share option programme are as follows:

Group	Number of options ('000)	Vesting conditions	Contractual life of option
Grant date			
6 December 2019	10,000	No vesting conditions	1 year
17 February 2021	<u>10,000</u>	No vesting conditions	<u>2 years</u>

FINANCIAL STATEMENTS

(continued)

18. SHARE CAPITAL AND RESERVES (continued)

(f) Share option reserve (continued)

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

The number and weighted average exercise prices of share options are as follows:

Group	2021		2020	
	Exercise price RM	Number of options '000	Exercise price RM	Number of options '000
Outstanding at 1 September 2020 / 2019	0.17	10,000	-	-
Granted during the financial year	0.12	10,000	0.17	10,000
Exercised	0.12	(5,075)	-	-
Lapsed	0.17	(10,000)	-	-
Outstanding at 31 August	0.12	4,925	0.17	10,000
Exercisable at 31 August	0.12	4,925	0.17	10,000

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model, with the following inputs:

Group	2021 RM	2020 RM
Fair value of share options and assumptions		
Fair value of grant date	0.05	0.04
Volume-weighted average share price	0.1296	0.1722
Exercise price	0.1200	0.1700
Option life	2 years	1 year

Value of employee services received for issue of share options

Group	2021 RM'000	2020 RM'000
Share options granted, representing expenses recognised	500	400

The share options expense is not recognised in the profit or loss of the Company as it has been re-charged to the subsidiaries benefiting from the services of the employees.

FINANCIAL STATEMENTS

(continued)

19. LOANS AND BORROWINGS

Group	2021 RM'000	2020 RM'000
Non-current		
Hire purchase	66	104
Term loans - secured	2,149	10,045
	<u>2,215</u>	<u>10,149</u>
Current		
Hire purchase	40	39
Term loans - secured	4,451	4,238
Bank overdrafts - secured	8,776	18,094
Bankers' acceptances - secured	2,009	4,923
	<u>15,276</u>	<u>27,294</u>
	<u>17,491</u>	<u>37,443</u>

- (a) Loans and borrowings are classified as financial liabilities measured at amortised cost.
- (b) Loans and borrowings are denominated in Ringgit Malaysia.
- (c) The term loans of the Group are secured by charges over the land and buildings (Note 5), asset classified as held for sale (Note 17), corporate guarantees by the Company and letter of negative pledged.
- (d) The bank overdrafts of the Group are secured by charges over the land and buildings (Note 5), pledged deposits (Note 16), asset classified as held for sale (Note 17), corporate guarantees by the Company and letter of negative pledge.
- (e) The bankers' acceptances are secured by charges over the land and buildings (Note 5), asset classified as held for sale (Note 17), corporate guarantees by the Company and letter of negative pledge.
- (f) Fair value of the Group's hire purchase is categorised as Level 3 in the fair value hierarchy, which is estimated by discounting expected future cash flows at current market interest rates available for similar financial instruments. There were no transfers between levels in the hierarchy during the financial year. Hire purchase that is not carried at fair value and together with its carrying amount, is as follows:

Group	2021		2020	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Hire purchase	<u>106</u>	<u>115</u>	<u>143</u>	<u>156</u>

The carrying amounts of short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amount of term loans is reasonable approximation of fair value as they are floating rate instruments that are re-priced to market interest rate on or near to the reporting period.

FINANCIAL STATEMENTS

(continued)

19. LOANS AND BORROWINGS (continued)

- (g) The contractual interest/profit rates and interest profile of the loans and borrowings are as follows:

Group		2021 %	2020 %
Hire purchase	Fixed rates	2.32 - 2.53	2.32 - 2.53
Term loans	Floating rates	3.92 - 5.67	3.92 - 5.67
Bank overdrafts	Floating rates	5.67 - 7.90	5.67 - 7.90
Bankers' acceptances	Fixed rates	<u>3.14 - 3.48</u>	<u>3.33 - 3.87</u>

The exposure to interest rate risk of the Group is not significant and therefore, sensitivity analysis is not presented.

- (h) Maturity profile based on contractual undiscounted repayment obligations

The maturity profile of loans and borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 August 2021				
Hire purchase	44	70	-	114
Term loans	4,701	2,659	-	7,360
Bank overdrafts	8,776	-	-	8,776
Bankers' acceptances	2,009	-	-	2,009
	<u>15,530</u>	<u>2,729</u>	<u>-</u>	<u>18,259</u>
As at 31 August 2020				
Hire purchase	44	112	-	156
Term loans	5,139	8,380	2,416	15,935
Bank overdrafts	18,094	-	-	18,094
Bankers' acceptances	4,923	-	-	4,923
	<u>28,200</u>	<u>8,492</u>	<u>2,416</u>	<u>39,108</u>

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade				
Trade payables	<u>3,362</u>	<u>2,661</u>	<u>-</u>	<u>-</u>

FINANCIAL STATEMENTS

(continued)

20. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-trade				
Amount due to a subsidiary	-	-	6,773	6,776
Other payables and accrued expenses	10,580	9,623	193	225
	<u>13,942</u>	<u>12,284</u>	<u>6,966</u>	<u>7,001</u>

- (a) Trade and other payables are classified as financial liabilities and measured at amortised cost.
- (b) These are non-interest bearing and the normal credit terms granted to the Group and Company ranges from cash term to 90 days (2020: cash term to 90 days) respectively. Trade and other payables are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Trade and other payables are denominated in Ringgit Malaysia.
- (d) Amount due to a subsidiary is non-trade in nature, unsecured, interest free and repayable in cash and cash equivalents within the next twelve (12) months.
- (e) Included in other payables and accrued expenses of the Group are accrued royalties payable of RM3,780,000 (2020: RM3,104,000).
- (f) Included in other payables and accrued expenses of the Group and of the Company is an amount due to Directors of RM110,000 (2020: RM163,000).
- (g) The maturity profile of trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

21. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
Sale of printed books, distribution of applied learning products and trading of paper	59,639	59,978	-	-
Sale of online/digital educational material	3,263	2,836	-	-
	<u>62,902</u>	<u>62,814</u>	<u>-</u>	<u>-</u>
Other revenue				
Dividend income	-	-	5,241	840
Total revenue	<u>62,902</u>	<u>62,814</u>	<u>5,241</u>	<u>840</u>

FINANCIAL STATEMENTS

(continued)

21. REVENUE (continued)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Timing and recognition for revenue from contracts with customers				
At a point in time	59,639	59,978	-	-
Over time	3,263	2,836	-	-
	<u>62,902</u>	<u>62,814</u>	<u>-</u>	<u>-</u>

- (a) Sale of printed books, distribution of applied learning products and trading of paper is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.
- (b) Sale of online/digital educational material is recognised over time as the customer simultaneously receives and consumes the benefits provided as the Group performs.
- (c) Some contracts for the sales of printed books, distribution of applied learning products and trading of paper and online/digital educational material provide customers with a right of return the goods within a specified period. Under MFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. To account for the transfer of products with a right of return, the Group recognises all of the following:
- (i) 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);
 - (ii) a refund liability; and
 - (iii) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.
- (d) Dividend income is recognised when the shareholder's right to receive payment is established.
- (e) There is no significant financing component in the revenue arising as the sales and services are made on the normal credit terms not exceeding twelve (12) months.

22. FINANCE COSTS

Group	2021	2020
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	1,529	2,186
Interest expense on lease liabilities	94	93
	<u>1,623</u>	<u>2,279</u>

Finance 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.

FINANCIAL STATEMENTS

(continued)

23. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, (loss)/profit before tax is arrived at:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After charging:				
Auditors' remuneration				
- statutory audit	267	288	60	60
- non-audit services	8	15	8	15
Amortisation of intangible assets	1,422	1,421	-	-
Depreciation of property, plant and equipment	2,517	2,763	-	-
Depreciation of investment properties	53	54	-	-
Expenses related to short-term leases and low-value assets	221	383	-	-
Impairment loss on property, plant and equipment	-	345	-	-
Impairment loss on investment in subsidiaries	-	-	2,316	278
Impairment of goodwill	533	-	-	-
Interest expenses in relation to lease liabilities	94	93	-	-
Net write down of inventories	10,997	5,293	-	-
Property, plant and equipment written off	28	-	-	-
Personnel expenses:				
- Contributions to Employees' Provident Fund	2,116	2,318	-	-
- Wages, salaries and others	17,094	18,960	-	-
- Share-based payments	500	400	-	-
Realised foreign exchange loss	13	4	-	-

FINANCIAL STATEMENTS

(continued)

23. (LOSS)/PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, (loss)/profit before tax is arrived at: (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After crediting:				
Bad debts recovered	-	(400)	-	-
Dividend income from:				
- subsidiaries (unquoted)	-	-	(5,241)	(840)
- other investments (quoted)	(1)	(5)	-	-
Finance income	(10)	(22)	(1)	-
Gain on disposal of property, plant and equipment	(211)	(133)	-	-
Income from rent concession	-	(12)	-	-
Net (reversal)/impairment loss on trade receivables	(913)	1,544	3,233	-
Rental income from investment properties	(116)	(108)	-	-

Interest income is recognised as it accrues, using the effective interest method.

Rental income is accounted for on a straight line basis over the lease term.

24. TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax				
Current year	536	382	-	-
Under provision in prior years	56	81	-	-
	<u>592</u>	<u>463</u>	<u>-</u>	<u>-</u>
Deferred tax				
Origination and reversal of temporary differences	(2,266)	(808)	-	-
Under/(Over) provision in prior years	469	(7)	-	-
	<u>(1,797)</u>	<u>(815)</u>	<u>-</u>	<u>-</u>
	<u>(1,205)</u>	<u>(352)</u>	<u>-</u>	<u>-</u>

FINANCIAL STATEMENTS

(continued)

24. TAXATION (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Reconciliation of taxation				
(Loss)/Profit before tax	(10,456)	(9,304)	(939)	34
Income tax using Malaysian tax rate of 24% (2020: 24%)	(2,510)	(2,233)	(225)	8
Non-deductible expenses	763	901	1,483	194
Non-taxable income	(515)	(21)	(1,258)	(202)
Crystallisation of deferred tax	(419)	-	-	-
Unrecognised deferred tax assets	951	927	-	-
	(1,730)	(426)	-	-
Under provision in prior years	525	74	-	-
	(1,205)	(352)	-	-

25. LOSS PER ORDINARY SHARE ("LPS")

The calculation of basic LPS was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2021	2020
Loss attributable to ordinary shareholders (RM'000)	(9,251)	(8,952)
Weighted average number of ordinary shares ('000)	420,541	419,099
Basic loss per ordinary share (sen)	(2.20)	(2.14)

Diluted EPS is equivalent to the basic EPS as the share option had an anti-dilutive effect of the basic EPS and the Group has no other instruments with potential dilutive effects as at 31 August 2021.

FINANCIAL STATEMENTS

(continued)

26. 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 ("EBITDA"), 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 is 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.

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 RM7,696,000 (2020: RM9,132,000) contributed to more than 10% of the Group's revenue.

FINANCIAL STATEMENTS

(continued)

26. OPERATING SEGMENTS (continued)

Group 2021	Print Publishing RM'000	Digital and Network Marketing* RM'000	ALP and STEM Education^ RM'000	Corporate RM'000	Total RM'000
Segment (loss)/profit before tax (EBITDA)	(3,964)	295	(5)	4,064	390
Included in the measure of segment (loss)/profit before tax are:					
Revenue from external customers	57,214	3,493	2,195	-	62,902
Inter-company revenue	1,237	640	-	5,241	7,118
Not included in the measure of segment (loss)/profit before tax but provided to GMD:					
Depreciation and amortisation	(3,485)	(485)	(22)	-	(3,992)
Finance income	9	-	-	1	10
Finance costs	(1,623)	-	-	-	(1,623)
Taxation	1,246	(148)	(107)	-	1,205
Segment assets	171,259	15,891	4,391	116,463	308,004
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets	170	-	53	-	223

* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division

FINANCIAL STATEMENTS

(continued)

26. OPERATING SEGMENTS (continued)

Group 2020	Print Publishing RM'000	Digital and Network Marketing* RM'000	ALP and STEM Education^ RM'000	Corporate RM'000	Total RM'000
Segment (loss)/profit before tax (EBITDA)	(636)	(1,172)	(182)	21	(1,969)
Included in the measure of segment (loss)/profit before tax are:					
Revenue from external customers	57,279	2,833	2,702	-	62,814
Inter-company revenue	6,430	1,453	27	840	8,750
Not included in the measure of segment (loss)/profit before tax but provided to GMD:					
Depreciation and amortisation	(3,794)	(410)	(34)	-	(4,238)
Finance income	21	-	-	1	22
Finance costs	(2,279)	-	-	-	(2,279)
Taxation	540	(168)	(20)	-	352
Segment assets	208,314	17,717	5,184	116,327	347,542
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets	3,685	21	1	-	3,707

* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division

(continued)

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

	Group 2021	Group 2020	
	RM'000	RM'000	
Profit or loss			
Total profit/(loss) for reportable segments (EBITDA)	390	(1,969)	
Elimination of inter-segment profits	(5,241)	(840)	
Depreciation and amortisation	(3,992)	(4,238)	
Finance costs	(1,623)	(2,279)	
Finance income	10	22	
Consolidated loss before tax	(10,456)	(9,304)	
Group 2021			Additions to non-current assets RM'000
Total reportable segments	70,020	(3,992)	(1,623)
Elimination of inter-segment transactions or balances	(7,118)	-	-
Consolidated total	62,902	(3,992)	10
			179,527
			-
			223
2020			
Total reportable segments	71,564	(4,238)	(2,279)
Elimination of inter-segment transactions or balances	(8,750)	-	-
Consolidated total	62,814	(4,238)	(2,279)
			22
			347,542
			3,707
			-
			209,766
			3,707

FINANCIAL STATEMENTS

(continued)

27. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) 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 requirements.

The debt-to-equity ratios are as follows:

Group	2021 RM'000	2020 RM'000
Total loans and borrowings	17,491	37,443
Less: Cash and cash equivalents	(8,184)	(6,230)
Net debt	9,307	31,213
Total equity	137,888	146,042
Net debt-to-equity ratio	0.07	0.21

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

(b) Financial risk management

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

- i) Credit risk
- ii) Liquidity risk
- iii) Interest rate risk

i) 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 and the Company's exposure to credit risk arises principally from its loans and advances to its subsidiaries. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

FINANCIAL STATEMENTS

(continued)

27. CAPITAL AND FINANCIAL RISK MANAGEMENT

(b) Financial risk management (continued)

i) Credit risk (continued)

Receivables (continued)

Information regarding credit risk concentration for trade and other receivables is disclosed in Note 15 to the financial statements.

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.

Information regarding credit risk concentration for cash and cash equivalents is disclosed in Note 16 to the financial statements.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company 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 RM17,386,000 (2020: RM37,263,000) representing the outstanding term loans, bankers' acceptances 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.

Other investments

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.

Information regarding credit risk concentration for other investments is disclosed in Note 9 to the financial statements.

FINANCIAL STATEMENTS

(continued)

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

i) Credit risk (continued)

Other investments (continued)

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

ii) 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 and the Company's exposure to liquidity risk and the maturity profiles are as follows:

- (a) Lease liabilities, as disclosed in Note 11 to the financial statements;
- (b) Loans and borrowings, as disclosed in Note 19 to the financial statements; and
- (c) Trade and other payables, as disclosed in Note 20 to the financial statements.

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

iii) 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.

The Group's and the Company's exposure to interest rate risk and the relating interest rate profiles are as follows:

- (a) Lease liabilities, as disclosed in Note 11 to the financial statements;
- (b) Cash and cash equivalents, as disclosed in Note 16 to the financial statements; and
- (c) Loans and borrowings, as disclosed in Note 19 to the financial statements.

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.

FINANCIAL STATEMENTS

(continued)

28. 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.

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Bank guarantees obtained by the Group to the Ministry of Education	415	592	-	-
In respect of corporate guarantees issued for subsidiaries	-	-	17,386	37,263

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.

29. 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 refer to the Directors of the Group.

The Group and the Company have related party relationship with its subsidiaries and key management personnel.

Related party transactions have been entered in the normal course of business under negotiated terms. The significant related party transactions are shown below.

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Share-based payments	-	-	(500)	(400)
Dividend income	-	-	(5,241)	(840)
Key management personnel:				
Directors' remuneration				
- Fees	230	243	230	243
- Other emoluments	502	453	-	-
	732	696	230	243

The estimated monetary value of Directors' benefit-in-kind of the Group is RM59,100 (2020: RM52,000).

FINANCIAL STATEMENTS

(continued)

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD

The World Health Organisation (WHO) declared COVID-19 a global pandemic on 11 March 2020. Following this, the Government of Malaysia had imposed a series of Movement Control Order ("MCO") pursuant to the Prevention and Control of Disease Act 1988 ("PCDA"), which resulted in major disruptions to the Company's business operations all round.

The Group had to temporarily suspend its operations periodically throughout the series of MCOs and were only allowed to operate during the CMCO and RMCO periods. This came with the requirements to adhere to the various standard operating procedures and directives issued. The Group had also activated its Business Continuity Plan to ensure the stakeholders' interests were safeguarded.

The Group was impacted financially mainly in terms of its diminished sources of income whilst fixed overheads such as salaries, security expenses and rental continues to be incurred.

The Group has assessed the impact of this pandemic across its business operations and has accounted for the necessary provisions in its judgements and assumptions during the preparation of the financial statements for the financial year ended 31 August 2021.

The Group will continue to actively monitor and manage its funds and operations to minimise any further adverse impacts arising from this pandemic.

LIST OF PROPERTIES

AS AT 31 AUGUST 2021

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 2021 (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	17	31,628	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	22	86	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	35	217	28.02.2018 [^]
Sasbadi Sdn Bhd	L1-09 and L1-10, Cova Square, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara PUJ 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	12	2,505	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, Off Jalan Pahang 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	44	2,373	12.08.2016 [#]
United Publishing House (M) Sdn Bhd	Lot 3-055 and 3-056, Endah Parade, Jalan 1/149E, Taman Sri Endah, 57000 Wilayah Persekutuan Kuala Lumpur.	Two (2) units of retail lots/Office	Leasehold (93 years expiring on 19.02.2083)	Not applicable/ 12,884	23	2,037	18.03.2020

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

ANALYSIS OF SHAREHOLDINGS

AS AT 30 NOVEMBER 2021

Number of Issued Shares : 424,384,500 (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	59	1.25	2,169	0.00
100 – 1,000	449	9.48	241,474	0.06
1,001 – 10,000	1,951	41.19	12,216,161	2.88
10,001 – 100,000	1,955	41.27	69,955,345	16.48
100,001 – 21,219,174 *	320	6.75	153,478,350	36.16
21,219,175 and above **	3	0.06	188,490,001	44.42
Total	4,737	100.00	424,383,500	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

Name of Director	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Salleh Bin Mohd Husein	300,000	0.07	–	–
Law King Hui				
– own	76,783,500	18.09	76,200,001 ⁽¹⁾	17.96
– others	–	–	5,100,000 ⁽²⁾	1.20
Lee Swee Hang	35,506,500	8.37	76,200,001 ⁽¹⁾	17.96
Law Yi Chian	–	–	–	–
Dato' Noor Rezan Binti Bapoo Hashim	300,000	0.07	–	–
Tang Yuen Kin	–	–	–	–

Note:

(1) Deemed interested 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 30 NOVEMBER 2021

(continued)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Substantial Shareholder	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Law King Hui	76,783,500	18.09	76,200,001 ⁽¹⁾	17.96
Karya Kencana Sdn Bhd	76,200,001	17.96	–	–
Lee Swee Hang	35,506,500	8.37	76,200,001 ⁽¹⁾	17.96
Lee Eng Sang	19,050,000	4.49	76,200,001 ⁽¹⁾	17.96

Note:

(1) Deemed interested 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	18.09
2	KARYA KENCANA SDN BHD	76,200,001	17.96
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR LEE SWEET HANG (SMART)	35,506,500	8.37
4	LEE ENG SANG	19,050,000	4.49
5	CHAN HOE HOCK	10,000,000	2.36
6	LAW KING YONG	5,450,000	1.28
7	CHEA LAI MING	4,250,000	1.00
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PEMBANGUNAN SUMBER MANUSIA BERHAD	3,552,700	0.84
9	GRUP BUKU KARANGKRAF SDN. BHD.	3,000,000	0.71
10	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON (MY1055)	2,700,000	0.64
11	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEN VOON	2,600,000	0.61
12	MOHAMMAD AZMAN BIN ZANUDIN	2,200,000	0.52
13	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IOANNIS KOROMILAS	2,000,000	0.47
14	CHEONG KOK WAI	1,796,000	0.42
15	MARYAM @ MUHAINI BINTI MOHAMAD ARIFF	1,740,000	0.41
16	CHAN YEE FUAN	1,683,000	0.40
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUAY CHEW JIN (MY0102)	1,500,000	0.35

ANALYSIS OF SHAREHOLDINGS

AS AT 30 NOVEMBER 2021

(continued)

THIRTY LARGEST SHAREHOLDERS (continued)

AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL)	1,500,000	0.35
19	MA TIEN LEONG	1,396,200	0.33
20	LIM HUAT BEE	1,304,500	0.31
21	LOW CHI CHENG	1,275,000	0.30
22	CHEN YEE CHEONG	1,198,100	0.28
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	1,187,000	0.28
24	HELMINIRY HAD BIN SABTU	1,104,000	0.26
25	YOUNG PEY FEEI	1,070,000	0.25
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOW EE @ ONG CHIEW CHUEN	1,025,100	0.24
27	LIM HUAT BEE	1,000,000	0.24
28	LOW NAI TOH	1,000,000	0.24
29	PANG CHONG LEONG	1,000,000	0.24
30	TAY HOCK SOON	1,000,000	0.24
TOTAL		265,071,601	62.48

NOTICE OF NINTH ANNUAL GENERAL MEETING



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

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Sasbadi Holdings Berhad will be conducted on a fully virtual basis through live streaming from the Broadcast Venue at Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 16 February 2022 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 2021 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 2022. **Resolution 1**
3. To reelect the following Directors who are retiring by rotation pursuant to Clause 115 of the Company's Constitution:-
 - 3.1 Dato' Salleh Bin Mohd Husein **Resolution 2**
 - 3.2 Dato' Noor Rezan Binti Bapoo Hashim **Resolution 3**
4. To reelect Mr Tang Yuen Kin who is retiring by casual vacancy pursuant to Clause 118 of the Company's Constitution. **Resolution 4**
5. To reappoint BDO PLT as the Auditors of the Company and to authorise the Board of 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:-

6. **AUTHORITY FOR DIRECTORS TO 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 (excluding treasury shares) 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."

NOTICE OF NINTH ANNUAL GENERAL MEETING

(continued)

7. 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."

- 8. 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.

NOTICE OF NINTH ANNUAL GENERAL MEETING

(continued)

By Order of the Board
SASBADI HOLDINGS BERHAD

TAN FONG SHIAN (SSM PC No. 201908004045) (MAICSA 7023187)
LIM FEI CHIA (SSM PC No. 202008000515) (MAICSA 7036158)
Secretaries

Kuala Lumpur
30 December 2021

Notes:

(1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Shareholders/ proxies from the public will NOT be allowed to be physically present at the Broadcast Venue. Shareholders who wish to participate the AGM will have to register online and attend remotely.*

Kindly read and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.

- (2) *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 shall 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.*
- (3) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- (4) *Only a depositor whose name appears in the Company's Record of Depositors as at 9 February 2022 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.*
- (5) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- (6) *The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Poll Administrator's Office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or submitted via email to AGM-support.Sasbadi@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*
- (7) *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.*

NOTICE OF NINTH ANNUAL GENERAL MEETING

(continued)

EXPLANATORY NOTES

Resolution 1

There is no increase in the Directors' Fees for the financial year ending 31 August 2022.

Resolution 6

The proposed 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 Eighth AGM of the Company held on 4 February 2021.

Resolution 7

The proposed 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 Resolution 7 above are set out in the Statement to Shareholders dated 30 December 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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



SASBADI

FORM OF PROXY

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

Full Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Email Address	Mobile No.		

* and/or

Full Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Email Address	Mobile No.		

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 Ninth Annual General Meeting of the Company to be held on a fully virtual basis at the Broadcast Venue at Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 16 February 2022 at 10.00 a.m. and any adjournment thereof. My/Our proxy(ies) shall vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
Resolution 1	Approval of the payment of Directors' Fees and benefits		
Resolution 2	Reelection of Dato' Salleh Bin Mohd Husein as Director		
Resolution 3	Reelection of Dato' Noor Rezan Binti Bapoo Hashim as Director		
Resolution 4	Reelection of Mr Tang Yuen Kin as Director		
Resolution 5	Reappointment of BDO PLT as Auditors of the Company		
Resolution 6	Authority for Directors to issue shares		
Resolution 7	Proposed Renewal of Share Buy-Back Authority		

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

Dated this _____ day of _____

Number of ordinary shares held

Signature/Common Seal of Member

Central Depository System Account No.

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

Notes:-

- (1) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Shareholders/ proxies from the public will NOT be allowed to be physically present at the Broadcast Venue. Shareholders who wish to participate the AGM will have to register online and attend remotely.
Kindly read and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.
- (2) 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 shall 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.
- (3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (4) Only a depositor whose name appears in the Company's Record of Depositors as at 9 February 2022 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.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (6) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Poll Administrator's Office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or submitted via email to AGM-support.Sasbadi@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.
- (7) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

AFFIX
STAMP

Sasbadi Holdings Berhad
Registration No. 201201038178 (1022660-T)
c/o Poll Administrator's Office
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

FIRST FOLD HERE

Nurturing Students For Tomorrow, Today.



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.



+603-6145 1188



+603-6145 1199



www.sasbadiholdings.com