

SCH GROUP BERHAD

(Company No. 972700-P)
(Incorporated in Malaysia)

MINUTES OF THE SEVENTH ANNUAL GENERAL MEETING ("7TH AGM") OF SCH GROUP BERHAD ("SCH" OR "THE COMPANY") HELD AT LOT 35, JALAN CJ 1/1, KAWASAN PERUSAHAAN CHERAS JAYA, 43200 CHERAS, SELANGOR DARUL EHSAN ON TUESDAY, 22 JANUARY 2019 AT 10.00 A.M.

Present : As per attendance list

(1) **CHAIRMAN**

Dato' Chan Choun Sien ("Datuk Chairman") presided at the meeting and welcomed the members to the 7th AGM of the Company.

(2) **QUORUM**

There being a quorum present at the meeting, the Chairman declared the meeting duly convened at 10.15 a.m.

(3) **NOTICE**

With the consent of the meeting, the Notice convening the meeting having been circulated within the prescribed period was taken as read.

(4) **PROCEEDING OF MEETING**

Dato' Chairman informed the meeting that pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"), all resolutions set out in the notice of a general meeting must be voted by poll. The company was also required to appoint at least one scrutineer to validate the votes cast at the general meeting. Dato' Chairman then declared that all resolutions in the Notice of the 7th AGM shall be and be voted by poll and Asia Securities Sdn Bhd ("ASSB") was the scrutineer for the poll to verify the poll results.

Dato' Chairman said Ordinary Resolutions 1 to 10 required a simple majority of more than 50% votes from those members present in person or by proxies and voting at this meeting. Whereas, the Special Resolution require 75% votes from those members present in person or by proxies and voting at the meeting.

With the consent and approval of the meeting, Dato' Chairman said the polling process for all the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the AGM.

(5) **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 ("FY2018") TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON ("AUDITED FINANCIAL STATEMENTS")**

Dato' Chairman dealt with the first agenda item, which was to receive the Audited Financial Statements. He explained that the agenda item was for discussion only as the provision of Section 248 of the Companies Act 2016 ("the Act") did not require a formal approval of the

shareholders for the Audited Financial Statements. Hence, the item would not forward for voting.

To a shareholder, Mr Poravi A/L SP Sithambaram Pilay's ("Mr Poravi") query on the loss of RM8.32 million for the FY2018, Dato' Ong Choo Meng ("Dato' Ong") said the Company had acquired two companies [i.e. PK Fertilizers (Sarawak) Sdn Bhd ("PK Fertilizers") and TK Rentals Sdn Bhd (formerly known as TK Tent & Air Conditioning Rental Sdn Bhd) ("TK Rentals") in FY2018 and Management foreseen that these two companies would contribute positively to the revenue and profit of the Group; and they would also expand their clientele to overseas like Hong Kong, Thailand and other regions.

To Mr Poravi's query, Dato' Ong said the impact from the new Government to the Company was minimal. He said in the current economic condition, the investors had lost business confidence and therefore, a lot of the projects were on hold as at today. In addition, the Government had cancelled lot of mega projects. This had resulted the orders from the customers were also slow or on-hold.

To reply a proxy holder, Mr Chong Woon Woo's ("Mr Chong") query on impairment, Dato' Ong said the Company had established an Inventory/Stock Written-Down Policy as follows:

FY2018

- (a) Inventory/stock over twelve months – to be written-down at 45%
- (b) Inventory/stock over thirty-six months – to be written-down at 100%

FY2019

- (a) Inventory/stock over twelve months – to be written-down at 25%
- (b) Inventory/stock over twenty-four months – to be written-down at 50%
- (c) Inventory/stock over thirty-six months – to be written-down at 100%

Mr Chong asked whether Management foreseen any huge sum of impairment in the near future, to which Dato' Ong replied negative.

To a proxy holder, Mr Teoh Kian Tat's query on the most profit segment, outlook and profit guarantee, Dato' Ong said moving forward, PK Fertilizers would be the largest contributor in term of revenue and profit. In addition, the vendor, Hextar Holdings Sdn Bhd ("HHSB") guaranteed that the aggregate profit after tax ("PAT") of at least RM15.5 million for FY2018-FY2020 to be attained by TK Rentals ("Guaranteed Sum"):

- (a) PAT of RM4.0 million for FY2018
- (b) PAT of RM5.0 million for FY2019
- (c) PAT of RM6.5 million for FY2020

To reply Mr Teoh's query, Dato' Ong said in the event of any actual PAT shortfall or excess in each of the abovesaid FY, such shortfall or excess shall be rolled over to the succeeding FY up to FY2020. HHSB shall be liable to pay any shortfall to the Guaranteed Sum within fourteen days after the Audited Financial Statements of TK Rentals for the YE2020 is made available. For avoidance of doubt, the achievability of the Guaranteed Sum would be computed on an aggregate basis and hence, the PAT position of TK Rentals for each individual year would not be taken into consideration.

After dealing with the questions from shareholders, the meeting proceeded with the next Agenda of the meeting.

(6) TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF RM162,000.00 TO NON-EXECUTIVE DIRECTORS ("NED") OF THE COMPANY FOR FY2018

Dato' Chairman said the next item on the agenda is to approve the payment of Directors' fees to the NED for the FY2018. He then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, Dato' Chairman said the voting by poll in respect of the following Ordinary Resolution 1 on the payment of Directors' fee would be deferred to the end of the meeting:

Ordinary Resolution 1

"THAT the payment of Directors' fee of RM162,000.00 to the Non-Executive Directors of the Company for the financial year ended 31 August 2018 be hereby approved."

(7) TO APPROVE THE PAYMENT OF DIRECTORS' FEES PAYABLE TO NED UP TO RM180,000.00 FOR THE PERIOD FROM 1 SEPTEMBER 2018 UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY

Dato' Chairman said the next item on the agenda is to approve the payment of Directors' fees payable to the NED up to RM180,000.00 for the period from 1 September 2018 until the conclusion of the next AGM of the Company. He then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, Dato' Chairman said the voting by poll in respect of the following Ordinary Resolution 2 on the payment of Directors' fee payable to the NED up to RM180,000.00 for the period from 1 September 2018 until the conclusion of the next AGM of the Company would be deferred to the end of the meeting:

Ordinary Resolution 2

"THAT the payment of Directors' fee payable to the Non-Executive Directors up to RM180,000.00 for the period from 1 September 2018 until the conclusion of the next Annual General meeting of the Company be hereby approved."

(8) TO APPROVE THE PAYMENT OF DIRECTORS' BENEFITS OF UP TO RM50,000.00 FOR THE PERIOD FROM 23 JANUARY 2019 UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY

Dato' Chairman said the next item on the agenda is to approve the payment of Directors' benefit of up to RM50,000.00 for the period from 23 January 2019 until the conclusion of the next AGM of the Company. He then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, Dato' Chairman said the voting by poll in respect of the following Ordinary Resolution 3 on the payment of Directors' benefit would be deferred to the end of the meeting:

Ordinary Resolution 3

"THAT the payment of Directors' benefits of up to RM50,000.00 for the period from 23 January 2019 until the conclusion of the next Annual General Meeting of the Company be hereby approved."

(9) TO RE-ELECT THE FOLLOWING DIRECTORS RETIRING PURSUANT TO THE ARTICLE 95 OF THE CONSTITUTION OF THE COMPANY:

- (a) KHOO CHEE SIANG
- (b) GAN KHONG AIK

Dato' Chairman referred to Ordinary Resolutions 4 to 5 on the re-election of Mr Khoo Chee Siang ("Mr Khoo") and Mr Gan Khong Aik ("Mr Gan") as Directors. He said the profile of Mr Khoo and Mr Gan could be viewed on pages 6 and 7 of the Annual Report 2018 ("AR"). Dato' Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, he said the voting by poll in respect of the following Ordinary Resolutions 4 and 5 on the re-election of Mr Khoo and Mr Gan would be deferred to the end of the meeting:

Ordinary Resolution 4

"THAT Mr Khoo Chee Siang retiring pursuant to Article 95 of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

Ordinary Resolution 5

"THAT Mr Gan Khong Aik retiring pursuant to Article 95 of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

(10) TO RE-ELECT THE FOLLOWING DIRECTORS RETIRING PURSUANT TO THE ARTICLE 100 OF THE CONSTITUTION OF THE COMPANY:

- (a) DATO' ONG CHOO MENG
- (b) DATO' CHAN CHOUN SIEN

Dato' Chairman referred to Ordinary Resolution 6 on the re-election of Dato' Ong Choo Meng ("Dato' Ong") as Director. He said the profile of Dato' Ong could be viewed on page 6 of the AR. Dato' Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, he said the voting by poll in respect of the following Ordinary Resolution 6 on the re-election of Dato' Ong would be deferred to the end of the meeting:

Ordinary Resolution 6

"THAT Dato' Ong Choo Meng retiring pursuant to Article 100 of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

Dato' Chairman referred to Ordinary Resolution 7 on the re-election of himself (Dato' Chan Choun Sien) as Director. He said since he was interested party to the resolution, he hand-over the chair to Mr Wong Kin Seng ("Mr Wong"), the Executive Director of the Company to put forth the motion of the meeting.

Mr Wong then referred to Ordinary Resolution 7 on the re-election of Dato' Chairman as Director. He said the profile of Dato' Chan could be viewed on page 5 of the AR. Mr Wong then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, he said the voting by poll in respect of the following Ordinary Resolution 7 on the re-election of Dato' Chairman would be deferred to the end of the meeting:

Ordinary Resolution 7

"THAT Dato' Chan Choun Sien retiring retiring pursuant to Article 100 of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

(11) TO RE-APPOINT MESSRS ECOVIS AHL PLT ("ECOVIS") AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

Dato' Chairman said the next item on the agenda is to the re-appointment of Ecovis as auditors of the Company. He then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, Dato' Chairman said the voting by poll in respect of the following Ordinary Resolution 8 on the re-appointment of Ecovis would be deferred to the end of the meeting:

Ordinary Resolution 8

"THAT Messrs Ecovis AHL PLT be appointed as auditors of the Company and to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors."

(12) AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE ACT

Dato' Chairman said the Company would seek shareholders' approval for the Directors to issue and allot shares up to a maximum of 10% of the total number of the issued shares (excluding treasury shares of the Company pursuant to Sections 75 and 76 of the Act. The new General mandate would provide flexibility to the Company for any fund raising exercise, including but not limited to further placing of shares, for the purpose of funding investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both cost and time consuming to organise a general meeting.

Dato' Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, he said the voting by poll in respect of the following Ordinary Resolution 9 on the authority to issue shares pursuant to Sections 75 and 76 of the Act would be deferred to the end of the meeting:

Ordinary Resolution 9

"THAT the Board of Directors be hereby authorise to issue and allot shares does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016."

(13) PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

Dato' Chairman referred to Resolution 10 on the Proposed Shareholders' Mandate. He said the Proposed Shareholders' Mandate would enable the Group to carry out RRPT necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This would substantially reduce the expenses, time and other resources associated with convening of general meetings and an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channelled towards attaining other corporate objectives.

In addition, the RRPT were intended to meet the business needs of the Group on the best possible terms, by transacting with the related parties, the Group would have an advantage of familiarity with the background and management of the related parties, thus enabling more informed commercial decisions to be made. In most dealings with the related parties, the Group and the related parties had close co-operation and a good understanding of each other's business needs thus providing a platform where all parties could benefit from conducting the RRPT.

Dato' Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, he said the voting by poll in respect of the following Ordinary Resolution 10 on the Proposed Shareholders' Mandate would be deferred to the end of the meeting:

Ordinary Resolution 10

"THAT the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature be hereby approved."

(14) PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

Dato' Chairman referred to Special Resolution 1 on the proposed adoption of the new Constitution of the Company. He said the Proposed Adoption was primarily to streamline and be aligned with the Act, which came into force on 31 January 2017. It was to provide clarity to certain provisions of the new Constitution, ensure consistency in cross reference as well as use of defined terms and correct typographical error.

Dato' Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question was raised by the shareholders or proxy holders, he said the voting by poll in respect of the following Special Resolution 1 on the Proposed Adoption would be deferred to the end of the meeting:

Special Resolution 1

"THAT the proposed adoption of the new Constitution of the Company be hereby approved."

(15) ANY OTHER BUSINESS

After verification and confirmation with the Company Secretary, Dato' Chairman informed that there was no notice to transact any other business received by the Company. He continued that the poll would be administrative by the share registrar, Tricor Investor & issuing House Services Sdn Bhd and appointed scrutineer was ASSB. Dato' Chairman then invited the share registrar to brief the meeting on the polling procedure before proceeding of the polling process.

Dato' Chairman then adjourned the meeting at 10.45 a.m. for the polling process, counting and verification of the poll results.

(16) DECLARATION OF RESULTS

Dato' Chairman called the meeting to order at 11.15 a.m. for the declaration of results.

Dato' Chairman invited the Scrutineers to read out the poll results to the shareholders and proxies present and declared that all the resolutions set out in the Notice of AGM dated 24 December 2018 were carried:

	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 1	61,861,343	99.9992	500	0.0008	Carried
Ordinary Resolution 2	61,858,543	99.9947	3,300	0.0053	Carried
Ordinary Resolution 3	41,411,160	99.9986	600	0.0014	Carried
Ordinary Resolution 4	234,065,243	99.9998	500	0.0002	Carried
Ordinary Resolution 5	234,065,243	99.9998	500	0.0002	Carried
Ordinary Resolution 6	62,331,343	99.9992	500	0.0008	Carried
Ordinary Resolution 7	234,065,243	99.9998	500	0.0002	Carried

SCH Group Berhad

Minutes of Seventh Annual General Meeting held on 22 January 2019

Ordinary Resolution 8	234,065,743	100.0000	0	0.0000	Carried
Ordinary Resolution 9	234,062,743	99.9987	3,000	0.0013	Carried
Ordinary Resolution 10	62,328,843	99.9952	3,000	0.0048	Carried
Special resolution 1	234,065,743	100.0000	0	0.0000	Carried

(17) TERMINATION

There being no other business, the meeting ended at 11.17 a.m. with a vote of thanks to the Dato' Chairman.

**Confirmed as a correct record of
the proceedings thereat**

- Signed -

Chairman
Selangor