

SCH GROUP BERHAD

[Registration No. 201101044580 (972700-P)]
(Incorporated in Malaysia)

MINUTES OF THE EIGHTH ANNUAL GENERAL MEETING ("8TH 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 FRIDAY, 14 FEBRUARY 2020 AT 10.00 A.M.

Present : As per attendance list

(1) **CHAIRMAN**

Dato' Chan Choun Sien ("Dato' Chan" or "the Chairman") presided at the meeting and welcomed the members to the 8th AGM of the Company.

(2) **QUORUM**

There being a quorum present at the meeting, the Chairman declared the meeting duly convened at 10.02 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**

Before proceeding with the agenda of the meeting, the Chairman explained to the meeting on how a resolution is determined. He informed that pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("LR"), the Company must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company must appoint at least 1 scrutineer to validate the votes cast at the general meeting. Such scrutineer must not be an officer of the Company or its related corporation and must be independent of the person undertaking the polling process.

The Chairman further informed the meeting that the Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. to conduct the polling process, and Asia Securities Sdn Berhad as Scrutineers to verify the poll results.

With the consent and approval of the meeting, the Chairman informed that 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 2019 ("FYE2019") TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON ("AUDITED FINANCIAL STATEMENTS")**

The Audited Financial Statements of the Company and of the Group for the financial year ended 31 August 2019 ("FYE 2019") together with the Reports of the Directors and Auditors thereon ("Audited Financial Statements") were tabled to the shareholders for discussion.

The Chairman informed that the Audited Financial Statements of the Group for the FYE2019 was meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") provides that the Audited Financial Statements are to be laid in the general meeting and does not require formal approval of the shareholders. Hence, it is not putting forward for voting. However, the Company is pleased to deal with any questions from shareholders relating to the Audited Financial Statements.

The Chairman informed the meeting that the Company has received a letter from the Minority Shareholders Watch Group ("MSWG") dated 30 January 2020. He thereafter read out the questions listed in the MSWG's letter and the Company's responses which were displayed on the screen during the meeting.

The Chairman informed that the MSWG's questions together with the Company's reply, attached herewith as **Appendix I and II** respectively, will be uploaded to the Company's website for the shareholders' reference.

In addition to the issues which have been highlighted in the MSWG's letter, the following questions were raised by the shareholders / proxies, during the meeting and duly replied by the Company, as follows:

Q1. TK Rentals Sdn Bhd ("TK Rentals") has expanded its business to regional markets such as Hong Kong, Japan and Singapore. With this expansion, will the Company still be profitable in providing services to an event held outside Malaysia?

In response to the query, Mr De Souza Michael Lawrence ("Mr Michael") said that by expanding the business to the regional market, the Group have a better earning power. Therefore, events that are held in Hong Kong and Singapore are high-profile events and tends to be more profitable. For instances, the events that held in Hong Kong such as Formula E and Art Central, both were international events that took place around the world and Hong Kong was one of the selected country to host this prestigious event. Likewise, for Singapore due to its strategic location near to Malaysia, the logistics and manpower to hold an event in Singapore is much more convenient and economical.

As for Japan, Mr Michael said the Company had secured a job for the Rugby World Cup 2019 which is held once in every four years period. This year, the Company had managed to secure another job for the 2020 Olympics event to be held in Tokyo, Japan. Both major events which were held four years period are high-profile job and the budget allocation for these events are usually substantial, which subsequently lead to high profit contribution to the Group.

Q2. Is it necessary and economical for TK Rentals to ship all equipments to a foreign country, when the hosting country itself has their resources to manage the event?

In response to the question, Mr Michael said that as most of the events are high-profile events and the requirements/obligations to meet those mega events are large scale and high. As a result, the country's resources itself is not sufficient to cater/accommodate these mega events and hence, assistance from neighbouring countries to lease the equipments is required. TK Rentals has all the equipments which can be used for a period at least 15 years. The leasing and shipping fees for the equipment is much lower than compared to acquiring new equipment by the hosting country.

Additionally, Mr Michael said that most of the jobs secured by the Company was attributed to the relationship established over the times with the partners in those countries.

Q3. Does TK Rentals involve with events held by Petronas (Oil & Gas Industry) which is held two years once in Kuala Lumpur Conventional Centre ("KLCC")?

In response to the query, Mr Michael said that KLCC acquired its permanent fixture/tent and it is permanently constructed or built next to KLCC for event purposes. Generally, KLCC has indoor exhibition hall that matches all activities to be taken place. But, if additional space is needed, they will move out of the hall to the permanent tent. Unfortunately, TK Rentals does not participate in any events organized by Petronas as KLCC has acquired their permanent fixture.

Q4. Types of local projects managed by TK Rentals in Malaysia?

In response to the query, Mr Michael said that 80% of the Company's business is local business and currently, the majority of the Company's business are focused in the event sector. For examples, outdoor car launches for promotional events or launching of a new brand. At the end of last year, the Company

had managed an events for BMW and Mercedes-Benz. Car launches were one of the popular events that the Company engaged in Malaysia.

In addition, the Company also provides industry solutions to the manufacturing sector. For instances, when a factory production facilities requires to be shut down for cooling purposes or for power requirements, the Company will be engaged to provide cooling and power solutions during their downtime. The Company also secured two jobs in Kulim, Kedah, namely Intel and First Solar factory plant. The Company also provides services for unplanned circumstances such as unexpected breakdowns that require cooling and power solutions. Nevertheless, the Company is slowly moving its business to the international market.

Q5. Based on the Annual Report 2019, if the gain on Property Plant and Equipment (“PPE”) of RM7.7 million is to be excluded, the Group was in a lost position. What is the future prospect of the Company?

In response to the question, Dato’ Ong Choo Meng (“Dato Eddie”) said that if excluded the gain on PPE, the Group was in a lost position. In fact, last year the fertilizers business was not performing so well due to decrease in the crude palm oil (“CPO”) prices. When SCH acquired TK Rentals and PK Fertilizers (Sarawak) Sdn Bhd (“PKFS”), TK Rentals was a very solid Company with a good profit margin from its rental business. TK Rentals was also secured by a profit guarantee from Hextar Holdings Berhad (“HHB”) for a period of three years. The Group expect the business of TK Rentals to contribute good profit but, due to the recent outbreak of Covid-19, many major events have been postponed and this will eventually affect the business of TK Rentals.

As for PKFS, the main reason SCH diversified into fertilizer business is that the quarry industry business is a niche market and which does not carry significant contribution to the listed company. In order to generate significant profits for the Company, the Company need to venture into a big industry such as fertilizer. SCH had diversified its business into the fertilizer industry as this industry has a huge market in Malaysia. Unfortunately, as SCH entered into the fertilizer industry, CPO prices are in a downtrend which has affected SCH’s overall profits. Nevertheless, the Company had already entered into a big industry, and is optimistic that it would generate good profits for the Group in the future.

Q6. SCH is in the business of supplying quarry industrial equipment for the quarry industry, have SCH explore to own a quarry to complement the existing business of the Company?

In response to the query, Dato’ Eddie said that in the past year, there were many proposals have been made to SCH such as entering into a joint venture or acquisition of a quarry. Nevertheless, after reviewing the proposals, SCH declined all the proposals, since there were not many quarries left in Malaysia and most of the projects were government-related or secured by certain parties which are not much on local demand.

Q7. Based on the Statement of Financial Position of the Company, it was noted that amounts of Current Assets were almost the same as Current Liabilities, which show an indication there might be a cash flow constraint. Is there a Cash Flow issue for the Group?

In response to the query, Dato’ Eddie replied that the cash position of the Company is solid. SCH has approximately RM20.6 million cash at bank as at 30 November 2019 (Q1 FY2020 quarterly Bursa Announcement). Moving forward, if SCH were to expand its fertilizers business, the Company will generate more funds either by bank borrowings or through corporate exercise, such as right issue of new shares.

After dealing with the questions from shareholders, the Chairman declared that the Audited Financial Statements for the FYE2019 together with the Reports of the Directors and Auditors thereon were duly received and laid at the meeting in accordance with Section 340(1)(a) of the Companies Act, 2016.

The meeting proceeded with the next Agenda of the meeting.

(6) **ORDINARY RESOLUTION 1**
TO APPROVE THE PAYMENT OF DIRECTORS' FEES PAYABLE TO THE NON-EXECUTIVES DIRECTORS UP TO RM200,000 FOR THE PERIOD FROM 15 FEBRUARY 2020 UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY

The Chairman informed the shareholders that the next item on the agenda is to approve the payment of Directors' fees to the Non-Executives Directors up to RM200,000 for the period from 15 February 2020 until the conclusion of the next AGM.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item.

The following question was raised by the shareholders / proxies during the meeting and duly replied by the Company as follows:-

Q1. Detailed information for the proposed RM200,000 payment of Directors' Fees payable to Non-Executive Directors?

In response, Mr Voo Lip Sang @ Philip ("Mr Philip") the Financial Controller of the Group said that the RM200,000 Directors fees proposed for payment of monthly fees of RM2,500 to RM3,500 to the Non-Executive Directors. The amount is determined based on the number of Non-Executive Directors in the Company.

As there was no further question raised, the following resolution was put to the meeting for voting by way of poll:-

"THAT the payment of Directors' fee payable to the Non-Executives Directors of the Company up to RM200,000 for the period from 15 February 2020 until the conclusion of the next AGM be hereby approved."

(7) **ORDINARY RESOLUTION 2**
TO APPROVE THE PAYMENT OF DIRECTORS' BENEFITS OF UP TO RM50,000 FOR THE PERIOD FROM 15 FEBRUARY 2020 UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY

The Chairman informed the shareholders that the next item on the agenda is to approve the payment of Directors' benefit of up to RM50,000 for the period from 15 February 2020 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 raised, the following resolution was put to the meeting for voting by way of poll:-

"THAT the payment of Directors' benefits of up to RM50,000 for the period from 15 February 2020 until the conclusion of the next Annual General Meeting of the Company be hereby approved."

(8) **ORDINARY RESOLUTION 3 TO 4**
TO RE-ELECT THE FOLLOWING DIRECTORS RETIRING PURSUANT TO CLAUSE 103(1) OF THE CONSTITUTION OF THE COMPANY:

- (a) SIM YEE FUAN
- (b) WONG KIN SENG

The Chairman referred to resolutions no. 3 to 4 on the re-election of Mr Sim Yee Fuan ("Mr Sim") and Mr Wong Kin Seng ("Mr Wong") who retires in accordance to Clause 103(1) of the Constitution of the Company and being eligible, had offered themselves for re-election.

He then invited the shareholders and proxy holders to raise their questions on the agenda item. As there was no question raised, the following resolution no. 3 and 4 were put to the meeting for voting by way of poll:-

Ordinary Resolution 3

"THAT Mr Sim Yee Fuan who is retiring pursuant to Clause 103(1) of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

Ordinary Resolution 4

"THAT Mr Wong Kin Seng who is retiring pursuant to Clause 103(1) of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

(9) **ORDINARY RESOLUTION 5**
TO RE-ELECT MR DE SOUZA MICHAEL LAWRENCE RETIRING PURSUANT TO THE CLAUSE 110 OF THE CONSTITUTION OF THE COMPANY:

The Chairman referred to resolution no. 5 on the re-election of Mr De Souza Michael Lawrence ("Mr Michael") who retires in accordance with Clause 110 of the Constitution of the Company and being eligible, had offered himself for re-election.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there were no questions raised, the following resolution no. 5 was put to the meeting for voting by way of poll :-

"THAT Mr De Souza Michael Lawrence who is retiring pursuant to Clause 110 of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

(10) **ORDINARY RESOLUTION 6**
TO RE-APPOINT MESSRS ECOVIS MALAYSIA PLT AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman informed that resolution no. 6 of the meeting is to re-appoint Messrs Ecovis Malaysia PLT as the Company's auditors and to authorise the Directors to fix their remuneration.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item.

The following question was raised by the shareholders / proxies during the meeting and duly replied by the Auditors as follows :

Q1. Do the new standards of MFRS 9, 15 and 16 has any impact on the Company? Auditors to provide an explanation on the Expected Credit Loss ("ECL").

In response, Mr Chua the Auditors of the Company explained that the calculation of the ECL was carried out by the management. It is divided into three stages whereby stage 2 is based on the ECL where the management has put in the forward-looking condition using the Gross Domestic Product ("GDP"), historical data, and the current year forecast on the receivables. As for stage 3, it will be on the specific allowances. Auditors will do their assessment based on the calculation and forecast given by the management.

As for MFRS 15, there is no financial impact on the financial statement of the Company and for MFRS 16, it is not applicable to the Company yet and the Auditors has yet to be engaged to assess the MFRS 16.

After dealing with the questions from shareholders / proxies, the following resolution was put to the meeting for voting by way of poll :-

"THAT Messrs Ecovis Malaysia PLT be and is hereby appointed as auditors of the Company and to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Board of Directors."

(11) **SPECIAL BUSINESS - ORDINARY RESOLUTION 7**
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The Chairman informed that the next resolution no. 7 under special business was to seek approval from the shareholders to authorise the Directors of the Company to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item. As there were no questions raised, the following resolution was put to the meeting for voting by way of poll :-

"THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and 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 to be issued does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(12) **ANY OTHER BUSINESS**

After verification and confirmation with the Company Secretary, the Chairman informed there was no notice to transact any other business received by the Company and the meeting proceeded with the proceeding of the polling process. The Chairman then invited the Share Registrar to brief the meeting on the polling procedure before proceeding with the polling process.

The Chairman then adjourned the meeting at 11.00 a.m. for the polling process, counting and verification of the poll results.

(13) **DECLARATION OF POLL RESULTS**

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

The 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 31 December 2019 were carried:

	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 1	1,068,710	98.1180	20,500	1.8820	Carried
Ordinary Resolution 2	21,518,793	99.9050	20,500	0.0950	Carried
Ordinary Resolution 3	193,693,193	100.0000	0	0	Carried
Ordinary Resolution 4	193,743,193	100.0000	0	0	Carried
Ordinary Resolution 5	193,743,193	100.0000	0	0	Carried
Ordinary Resolution 6	193,743,193	100.0000	0	0	Carried
Ordinary Resolution 7	193,702,693	99.9790	40,500	0.0210	Carried

(14) **TERMINATION**

There being no other matters, the meeting concluded at 11.20 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record of
 the proceedings thereat

- Signed -

Chairman