

NOTICE OF 3RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting ("AGM") of SDS Group Berhad will be held at Mersing Hall, 1st floor, Impiana Hotel Senai, Jalan Impian Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor on Friday, 28 August 2020 at 10.00a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

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| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. | (Refer to
Explanatory Note 1) |
| 2. To approve the payment of Directors' Fees to Non-Executive Directors of the Company for the financial year ended 31 March 2020. | RESOLUTION 1 |
| 3. To approve the payment of Directors' Benefit up to an amount of RM20,000 for the period from the conclusion of the 3rd AGM of the Company scheduled on 28 August 2020 until the date of the 4th AGM of the Company. | RESOLUTION 2 |
| 4. To re-elect the following Directors, who retire in accordance with Article 18.2 of the Company's Constitution and being eligible, have offered themselves for re-election:
(i) Mr. Tan Kee Jin
(ii) Ms. Phang Sze Fui

<i>En. Azahar bin Baharudin who holds office until the conclusion of the 3rd AGM, has expressed his intention of not to seek for re-election and shall retain office until the conclusion of the 3rd AGM.</i> | RESOLUTION 3
RESOLUTION 4 |
| 5. To re-appoint Messrs Crowe Malaysia PLT (LLP0018817-LCA & AF1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

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| 6. ORDINARY RESOLUTION - AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES | RESOLUTION 6 |
| "THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, 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 pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act." | |
| 7. ORDINARY RESOLUTION - PROPOSED SHAREHOLDERS' RATIFICATION AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE | RESOLUTION 7 |
| "THAT approval be and is hereby given to the Company and its subsidiary ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 30 July 2020, provided that:
(a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
(b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
(c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
(d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
(i) the related transacting parties and their respective relationship with the Company; and
(ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:
(a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or
(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 7 October 2019, being the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.6 be and are hereby approved, confirmed and ratified;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." | |
| 8. To transact any other business for which due notice shall have been given. | |

BY ORDER OF THE BOARD

SIEW SUET WEI (MAICSA 7011254)
SSM Practising Certificate No. 202008001690
LIM YEN TENG (LS0010182)
SSM Practising Certificate No. 201908000028
Company Secretaries

Kuala Lumpur
Date: 30 July 2020

NOTES:

- In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 August 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints more than one (1) proxy but not more than two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notariarily certified copy of such power or authority, may be made in hard copy form or by electronic means. In case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. In the case of electronic appointment, the proxy form must be deposited via TIH Online at <https://tjih.online>.
- Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR"), voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.

EXPLANATORY NOTES

- Audited Financial Statements for the financial year ended 31 March 2020**
This Agenda No. 1 is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.
- Ordinary Resolution 1 & 2: Payment of Directors' Fees & Benefits**
Pursuant to Section 230(1) of the Companies Act 2016, the shareholders' approval is sought for the proposed payment of Directors' Fees for financial year ended 31 March 2020 and Benefits to the Non-Executive Directors ("NEDs") for the period from 28 August 2020 until the conclusion of the next AGM of the Company. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of NEDs in office until the next AGM remains the same.
- Ordinary Resolution 3 and 4: Re-election of Directors**
Article 18.2 of the Company's Constitution provides that an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Hence, three (3) out of eight (8) Directors are to retire in accordance with Article 18.2 of the Constitution.

Mr. Tan Kee Jin and Mdm. Phang Sze Fui are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election. The profiles of the Directors standing for re-election are set out in the Directors' Profile of this Annual Report 2020.

En. Azahar bin Baharudin who holds office until the conclusion of the 3rd AGM, has expressed his intention of not to seek for re-election and shall retain office until the conclusion of the 3rd AGM.

4. Ordinary Resolution 5: Re-appointment of Auditors

The Board and Audit Committee had at their respective meetings on 26 June 2020 recommended the re-appointment of Messrs Crowe Malaysia PLT for the financial year ending 31 March 2021. Messrs Crowe Malaysia PLT have met the criteria prescribed under the Rule 15.2.1 of the ACE Listing Requirements and indicated their willingness to continue their services for the next financial year.

5. Ordinary Resolution 6: Authority under Sections 75 And 76 of the Companies Act 2016 for the Directors to allot and issue shares

The proposed Ordinary Resolution 6 is a new general mandate and if passed, will empower the Directors of the Company 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 ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of any such shares issued during the preceding twelve (12) months, does not exceed 20% 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 20% General Mandate is pursuant to directive letter from Bursa Securities dated 16 April 2020 in relation to a temporary relief measures in view of the trying and challenging times due to the COVID-19 pandemic for listed issuer to seek a higher general mandate of not more than 20% of the total number of issued shares instead of 10%.

Having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the forthcoming 3rd AGM of the Company. The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected to be used as working capital to finance day-to-day operational expenses, ongoing projects or future projects/ investments to ensure the long-term sustainability of the Company. The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.

6. Ordinary Resolution 7: Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

For further information on the proposed Ordinary Resolution 7, please refer to the Circular to Shareholders dated 30 July 2020 accompanying the Annual Report 2020.

STATEMENT ACCOMPANYING NOTICE OF 3RD ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad)

1. Details of individual who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 3rd AGM of the Company.

2. General mandate for issue of securities in accordance with Rule 6.04 of the Listing Requirements of Bursa Securities

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 6 as stated in the Notice of the 3rd AGM of the Company for details.