

www.sasbadiholdings.com

SASBADI HOLDINGS BERHAD
(Company No.: 1022660-T)

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SASBADI HOLDINGS BERHAD (Company No. 1022660-T)

PROSPECTUS



SASBADI HOLDINGS BERHAD
(Company No. 1022660-T)
(Incorporated in Malaysia under the Companies Act, 1965)



PROSPECTUS

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 21,200,000 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") IN THE FOLLOWING MANNER:

- 6,350,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC;
- 5,700,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 9,150,000 NEW SHARES BY WAY OF PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF UP TO 35,950,000 EXISTING SHARES IN THE FOLLOWING MANNER:

- 12,700,000 EXISTING SHARES BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;
- 23,250,000 EXISTING SHARES BY WAY OF PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE/OFFER PRICE OF RM1.19 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Underwriter and Placement Agent

 **ALLIANCE INVESTMENT BANK**
Alliance Investment Bank Berhad (21605-D)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR THE 'RISK FACTORS'.

THIS PROSPECTUS IS DATED 7 JULY 2014

RESPONSIBILITY STATEMENTS

Our Board, Promoters and Offerors (as defined herein) have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance Investment Bank Berhad, being our Principal Adviser, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Public Issue and Offer for Sale (as defined herein).

STATEMENTS OF DISCLAIMER

The Securities Commission of Malaysia (“SC”) has approved the Public Issue and Offer for Sale (as defined herein) and a copy of this Prospectus has been registered with the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends our Public Issue and Offer for Sale or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by the SC on the value of the subject assets.

Approval has been obtained from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation for the securities being offered. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our Public Issue and Offer for Sale, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the application forms has also been lodged with the Registrar of Companies (“**ROC**”) who takes no responsibility for its contents.

OTHER STATEMENTS

As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to amongst others, this Prospectus, our latest financial statements and corporate announcements. You are strongly recommended to seek advice from your stockbroker, solicitor, accountant or other professional advisers.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 (“**CMSA**”). Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our Public Issue and Offer for Sale for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus are as per the contents of the copy of this Prospectus registered with the SC.

You may also obtain a copy of the electronic Prospectus from the website of Affin Bank Berhad at www.affinOnline.com, the website of Affin Investment Bank Berhad at www.affintrade.com, the website of CIMB Investment Bank Berhad at www.eipocimb.com, the website of CIMB Bank Berhad at www.cimbclicks.com.my, the website of Malayan Banking Berhad at www.maybank2u.com.my, the website of RHB Bank Berhad at www.rhb.com.my, and the website of Public Bank Berhad at www.pbebank.com.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application is subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. (Internet Participating Financial Institutions are listed in Section 17 of this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of an electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of this Prospectus.

The electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper/printed copy. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed as the Internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on an applicant's personal computer.

This Prospectus is prepared and published solely for our Public Issue and Offer for Sale in Malaysia under the laws of Malaysia. Our Issue Shares (as defined herein) are issued in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our Public Issue and Offer for Sale, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our Public Issue and Offer for Sale would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our Public Issue and Offer for Sale would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our Public Issue and Offer for Sale in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the accompanying documents are subject to Malaysian laws. Our Board, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Board, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent have not taken any action to permit a Public Issue and Offer for Sale of our securities based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used as an offer to sell or an invitation to buy our securities in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our securities to any person to whom it is unlawful to do so. Our Board, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent require you to inform yourself and to observe such restrictions.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities is set out below:

EVENT	TENTATIVE DATE / TIME
Issuance of Prospectus/Opening of application for our IPO	7 July 2014 at 10.00 a.m.
Closing of application for our IPO	14 July 2014 at 5.00 p.m.
Balloting of applications	16 July 2014
Allotment of shares to successful applicants	21 July 2014
Listing on the Main Market of Bursa Securities	23 July 2014

Our Board, Promoters and Offerors together with Alliance, may mutually decide at their absolute discretion to extend the date for the closing of applications to any later date or dates. If the date of closing of application is extended, the dates of balloting, allotment and listing would be extended accordingly. We will publish any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” or “Sasbadi Holdings” in this Prospectus are to Sasbadi Holdings Berhad, while references to “our Group” are to our Company and our subsidiary companies. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our Key Management Personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Board.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any enactment in this Prospectus shall be a reference to that enactment as for the time being or amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Vital Factor (hereinafter defined), an independent business and market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our Principal Adviser have independently verified these data. Neither we nor our Principal Adviser make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than those of historical facts including amongst others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 - Risk Factors and Section 12 - Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects, of this Prospectus.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained herein.

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DEFINITIONS

Unless otherwise defined or the context otherwise requires, the following definitions shall apply throughout this Prospectus:

AAGR	:	Average Annual Growth Rate
Acquisitions	:	Acquisition of Sasbadi, Acquisition of Maya Press, Acquisition of Orbit Buku, Acquisition of Sasbadi Online and Acquisition of Malaysian Book Promotions collectively
Acquisition of Malaysian Book Promotions	:	Acquisition by Sasbadi Holdings of the entire issued and paid-up share capital in Malaysian Book Promotions of RM75,005 comprising 75,005 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM77,754 which was reflected as amount owing by Sasbadi Holdings to Sasbadi
Acquisition of Maya Press	:	Acquisition by Sasbadi Holdings of the entire issued and paid-up share capital in Maya Press of RM2.00 comprising two (2) ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM1.00 which was reflected as amount owing by Sasbadi Holdings to Sasbadi
Acquisition of Orbit Buku	:	Acquisition by Sasbadi Holdings of the entire issued and paid-up share capital in Orbit Buku of RM10,000 comprising 10,000 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM1.00 which was reflected as amount owing by Sasbadi Holdings to Sasbadi
Acquisition of Sasbadi	:	Acquisition by Sasbadi Holdings of the entire issued and paid-up share capital in Sasbadi of RM2,400,000 comprising 2,400,000 ordinary shares of RM1.00 each from the Vendors for a total purchase consideration of RM52,899,998 which was entirely satisfied by the issuance of 105,799,996 new Sasbadi Holdings Shares at an issue price of RM0.50 per share credited as fully paid
Acquisition of Sasbadi Online	:	Acquisition by Sasbadi Holdings of the entire issued and paid-up share capital in Sasbadi Online of RM10,000 comprising 10,000 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM277,919 which was reflected as amount owing by Sasbadi Holdings to Sasbadi
Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Alliance or Principal Adviser or Underwriter or Placement Agent	:	Alliance Investment Bank Berhad (21605-D)
Application Form(s)	:	The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ASEAN	:	Association of South East Asian Nations
ATM(s)	:	Automated Teller Machine(s)
Board	:	Board of Directors of Sasbadi Holdings
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)

DEFINITIONS (Cont'd)

CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor to record deposits or withdrawals of securities and for dealings in such securities by the depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Dividend Payment	:	Dividend totalling RM8.5 million paid by Sasbadi to the Vendors before the Acquisition of Sasbadi
EPS	:	Earnings per share
ESA or Electronic Share Application	:	Application for our Public Issue Shares through a Participating Financial Institution's ATM
FPE	:	Financial period ended/ending
FYE	:	Financial year ended/ending
IMR Report	:	Vital Factor's Independent Market Research Report titled 'Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia' included in Section 7 of this Prospectus
Incorporation of Subsidiaries	:	Incorporation of MBP Publications on 28 March 2014 and Sasbadi Learning Solutions on 3 April 2014
Independent Property Valuer	:	City Valuers & Consultants Sdn Bhd (98373-K)
IPO	:	Public Issue and Offer for Sale, collectively
IPO Price	:	The issue/offer price of RM1.19 per IPO Share
IPO Share(s)	:	The Public Issue Shares and the Offer for Sale Shares, collectively
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd (258345-X)
Karya Kencana	:	Karya Kencana Sdn Bhd (1039847-X)
Karya Kencana Shares	:	Ordinary share(s) of RM1.00 each in Karya Kencana
KPMG or Reporting Accountants	:	KPMG (AF0758)
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 Shares on the Main Market of Bursa Securities

DEFINITIONS (Cont'd)

Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	: The Dividend Payment, Acquisitions, Public Issue, Offer for Sale, Vendors' Shareholdings Reorganisation and Listing collectively
LPD	: 19 May 2014, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Book Promotions	: Malaysian Book Promotions Sdn Bhd (310517-A)
Market Day	: Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
Maya Press	: Maya Press Sdn Bhd (585059-A)
MBP Publications	: MBP Publications Sdn Bhd (1086597-H)
MITI	: Ministry of International Trade and Industry, Malaysia
MOU	: Memorandum of understanding
MyIPO	: Perbadanan Harta Intelek Malaysia or Intellectual Property Corporation of Malaysia
NA	: Net assets
NBV	: Net book value
Offer for Sale	: Offer for sale by the Offerors of up to 35,950,000 Sasbadi Holdings Shares by way of placement to Bumiputera investors approved by the MITI and selected investors at the IPO Price
Offer for Sale Share(s) or Offer Share(s)	: Up to 35,950,000 Sasbadi Holdings Shares to be offered for sale by the Offerors
Offerors	: Law King Hui, Lee Swee Hang and Lee Eng Sang collectively
Orbit Buku	: Orbit Buku Sdn Bhd (894135-W)
Participating Financial Institution(s)	: The participating financial institution(s) for the ESA as listed in Section 17 of this Prospectus
PAT	: Profit after tax
PBT	: Profit before tax
PE Multiple	: Price-earnings multiple
Pearson Malaysia	: Pearson Malaysia Sdn Bhd (4409-W)
Promoters	: Karya Kencana, Law King Hui, Lee Swee Hang, Lee Eng Sang and Law En Ruey collectively
Prospectus	: This prospectus dated 7 July 2014 in relation to our IPO

DEFINITIONS (Cont'd)

Public	: All persons or members of the public but excluding our Directors, substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	: The 21,200,000 new Sasbadi Holdings Shares, representing approximately 16.7% of the enlarged issued and paid-up share capital of Sasbadi Holdings at the IPO Price
Public Issue Share(s) or Issue Share(s)	: 21,200,000 new Sasbadi Holdings Shares to be issued pursuant to the Public Issue
RM and sen	: Ringgit Malaysia and sen, respectively
Rules	: The Rules of the Bursa Depository, including any amendment that may be made from time to time
Sasbadi	: Sasbadi Sdn Bhd (139288-X)
Sasbadi Holdings or Company	: Sasbadi Holdings Berhad (1022660-T)
Sasbadi Holdings Group or Group	: Sasbadi Holdings and its direct wholly-owned subsidiary companies, namely Sasbadi, Maya Press, Orbit Buku, Sasbadi Online, Malaysian Book Promotions, MBP Publications and Sasbadi Learning Solutions collectively
Sasbadi Holdings Share(s) or Share(s)	: Ordinary share(s) of RM0.50 each in Sasbadi Holdings
Sasbadi Learning Solutions	: Sasbadi Learning Solutions Sdn Bhd (1087549-A)
Sasbadi Online	: Sasbadi Online Sdn Bhd (951383-X)
SC	: Securities Commission of Malaysia
sq. ft.	: Square feet
Underwriting Agreement	: The underwriting agreement dated 18 June 2014 made between our Company and our Underwriter for the underwriting of up to 12,050,000 Public Issue Shares
USD	: United States Dollar
Vendors	: Law King Hui, Lee Swee Hang and Lee Eng Sang collectively
Vendors' Shareholdings Reorganisation	: The reorganisation of the Vendors' shareholdings in Sasbadi Holdings during the prescribed period involving the transfer of 25,400,000 Sasbadi Holdings Shares which they collectively received from the Acquisition of Sasbadi to Karya Kencana, an investment holding company substantially owned by the Vendors
Vital Factor	: Vital Factor Consulting Sdn Bhd (266797-T)

DEFINITIONS (Cont'd)

YGMB : Yayasan Guru Malaysia Berhad (2951523-T). YGMB was incorporated on 7 March 1994 in Malaysia under the Act as a company limited by guarantee. It is run by a board of trustees, and the main objective for the establishment of YGMB is to look after the welfare of teachers, especially members of YGMB, through support/assistance in areas such as education, health, cases of death, disasters etc

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GLOSSARY OF TECHNICAL TERMS AND ACRONYMS

applied learning products	: Products that enable learners to experience practical and hands-on learning as opposed to theoretical and classroom learning from written materials. In addition, applied learning products serve to stimulate learners' creativity and higher order thinking skills
applied learning centre	: A centre that facilitates practical and hands-on learning methods as opposed to theoretical and classroom learning from written materials. In addition, an applied learning centre helps cultivate creativity and higher order thinking skills through play and "learning by making"
assessment books	: Non-prescribed National School Curriculum based educational materials developed for students and teachers to test and evaluate students' understanding and knowledge of a particular topic and subject
children's books	: Books intended for children to develop their reading and comprehension skills, and general knowledge. Some examples of children's books may include activity books, readers, illustrated storybooks, illustrated reference books, poems, educational comics, fiction books and informational books
cloud-computing	: Provision of ICT services through the internet where users do not need to own physical infrastructure or software used for accessing services. Cloud computing generally covers the use of one or more combination of processors, storage, software and platforms
digital format	: A form of representation of materials or contents which may be stored, manipulated and transmitted electronically
digital publishing	: Publication materials where the contents are stored in digital format and may be downloaded from an electronic storage site onto another device or made available through optical discs
educational publishing	: Publication of materials designed to teach or to enable the users or consumers to learn and acquire knowledge and skills through these materials
ELT	: English Language Teaching
general titles	: Publications commonly intended for personal interest and development. Some examples of these include fiction, literature, art and cultural publications. Nevertheless, general titles may be used for educational and academic purposes in the relevant fields of studies. In the context of this Prospectus, it mainly refers to publications not generally used for school education purposes. Used interchangeably with general title books
higher education	: Education provided by an education institution leading to the award of a diploma, degree or equivalent thereof
ICT	: Information and communications technology
IT	: Information technology
ISBN	: International Standard Book Number, a unique numerical code given as an identifier for a specific edition or version of a publication
KBSM	: Kurikulum Bersepadu Sekolah Menengah - Integrated Curriculum for Secondary Schools in Malaysia

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS (*Cont'd*)

KBSR	: Kurikulum Bersepadu Sekolah Rendah – Integrated Curriculum for Primary Schools in Malaysia
KSSM	: Kurikulum Standard Sekolah Menengah - Standard Curriculum for Secondary Schools in Malaysia (with effect from 2017)
KSSR	: Kurikulum Standard Sekolah Rendah – Standard Curriculum for Primary Schools in Malaysia (with effect from 2011)
materials	: In the context of this Prospectus, it is used to refer to contents comprising one or some combination of literacy works, artistic works, data, information, still images, moving images and sound
MELTA	: Malaysian English Language Teaching Association
Ministry of Education	: Refers to the Ministry of Education, Malaysia, unless otherwise stated
model test papers	: Non-prescribed National School Curriculum based educational materials, which simulate national examination papers and/or examination papers in line with prevailing national examination standards. These materials are developed for students to use as practice and exercise materials for their preparations for examinations as well as for teachers to assess students' performance on a particular subject
National Curriculum	: Used interchangeably with National School Curriculum
National Education System	: According to the Education Act 1996, the National Education System in Malaysia comprises the following: <ul style="list-style-type: none"> - pre-school education; - primary education; - secondary education; - post-secondary education; and - higher education. <p>In the context of this Prospectus, the National Education System refers mainly to primary and secondary education in Malaysia.</p> <p>The National Education System for primary and secondary education in Malaysia primarily uses the National School Curriculum.</p>
national schools	: Used interchangeably with public schools
National School Curriculum	: In the context of this Prospectus, it refers to the Malaysian National School Curriculum. The National School Curriculum is a series of standardised courses prescribed by the Ministry of Education for conducting education in all kindergartens, primary and secondary schools, excluding international, expatriate, correspondence and some special education and religious schools, in Malaysia. It also includes government or government-aided colleges that provide post-secondary education

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS (*Cont'd*)

- National School Curriculum based educational materials : In the context of this Prospectus, it refers to educational publications developed based on the National School Curriculum. National School Curriculum based educational materials may cover prescribed and non-prescribed materials. Prescribed materials commonly refer to textbooks, which are compulsory educational materials prescribed by the Ministry of Education for use in schools. Non-prescribed materials commonly include workbooks, revision guides, assessment books, model test papers, actual past year examination papers and readers, which are not compulsory materials prescribed by the Ministry of Education for use in schools but containing contents that comply with the National School Curriculum
- online : Digital data, tools and resources made available through the internet. Used interchangeably with web-based
- online publishing : Publication materials where the contents are accessible through a website
- past year examination papers : Examination papers from past years' national examinations such as UPSR, PMR, SPM and STAM
- PMR : Penilaian Menengah Rendah - Lower Secondary Assessment, set and run by Malaysian Examinations Syndicate. It is intended for:
 - school candidates which are form 3 students of government secondary schools, government aided secondary schools or other schools recognised by the Ministry of Education
 - private candidates who have sat for PMR/SRP/Lower Certificate of Education/Sabah Junior School Certificate/Sarawak Junior School Certificate or undergone a course of studies recognised by State Directors of Education comprising the same level with Form 3 in schools that receive government aids
- post-secondary education : In the context of this Prospectus, it refers to education for individuals who have completed secondary education but does not include higher education
- print publishing : Publication of materials in printed format
- private schools : Generally, it refers to schools maintained out of private funds. It comprises primary and secondary:
 - private academic schools;
 - private religious schools;
 - private special education schools;
 - international schools;
 - expatriate schools; and
 - correspondence schools.
and also
 - Chinese independent secondary schools.
Private schools also use the National School Curriculum with the exception of international, expatriate, correspondence and some special education and religious schools.

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS (Cont'd)

- public schools : It refers to schools maintained out of public funds. It comprises the following:
Primary Education:
 - national primary schools;
 - national-type schools (Chinese);
 - national-type schools (Tamil);
 - government aided religious schools; and
 - special education schools.
Secondary Education:
 - national secondary schools;
 - government aided religious school;
 - national religious schools;
 - special education schools;
 - fully residential schools;
 - arts and sports schools; and
 - technical/vocational schools.
- publication materials : In the context of this Prospectus, all publication materials are assumed to be print publications, unless stated otherwise
- publishing : The process of acquiring, preparing, producing and disseminating materials to the masses or some special interest groups
- readers : In the context of this Prospectus, it refers to educational materials developed to improve reading and comprehension skills
- revision guides : In the context of this Prospectus, it refers to non-prescribed National School Curriculum based educational materials developed for revision purposes. These materials are commonly use as study companions and teaching references
- SaaS : Software-as-a-Service, which refers to software for which a user pays a recurring fee for the continuing right to use the software, as opposed to making a single payment or fixed price for the right to use the software on a permanent basis. The recurring fee may be charged based on usage or time periods
- SJK(C) : Sekolah Jenis Kebangsaan (Cina) (national-type school (Chinese))
- SPM : Sijil Pelajaran Malaysia - Malaysian Certificate of Education, set and run by Malaysian Examinations Syndicate. It is intended for:
 - school candidates which are Form 5 students of government schools, government aided schools, government aided religious schools, schools under other government agencies, state religious secondary schools, private schools registered with the Ministry of Education, people's religious secondary schools, and have reached the age of 16 on 1 January of the examination year,
 - private candidates who have sat for SPM/SPM (Vocational)/Malaysian Vocational Certificate of Education (SPVM)/Malaysian Certificate of Education (MCE), or have sat for PMR at least one year before applying to register for SPM, or have reached the age of 17 on 1 January of the examination year
- SRP : Sijil Rendah Pelajaran - Lower Certificate of Education. SRP was replaced by PMR in 1993

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS (Cont'd)

STAM	: Sijil Tinggi Agama Malaysia – Malaysian Higher Certificate of Religious Education, set and run by Malaysian Examinations Syndicate. It is intended for students who have undergone course of studies using the curriculum of Ma'ahad Bu'uth Al-Azhar, have sat for SPM or have reached the age of 18 on 1 January of the examination year
STPM	: Sijil Tinggi Pelajaran Malaysia – Malaysian Higher School Certificate, set and run by Malaysian Examination Council. It is generally intended for candidates who have passed Malay Language examination in the SPM examination, and has obtained one of the following qualifications for at least two (2) years before being eligible for STPM examination: <ul style="list-style-type: none"> - SPM in 1999 or previous years; - SPM (Vocational); - Malaysian Certificate of Education (MCE); - Federation of Malaya Certificate of Education; - Cambridge School Certificate; - General Certificate of Education (GCE)/Sijil Am Pelajaran (SAP) (Malaysia or Cambridge, with three (3) normal passes acquired in one (1) sitting of an examination); and - SPM in 2000 to 2011 which was obtained in one (1) examination with a minimum grade of C for three (3) subjects or a minimum grade of C for two (2) subjects and a pass in four (4) other subjects.
supplementary educational materials	: In the context of this Prospectus, it refers to non-curriculum based materials intended for general teaching, learning as well as to facilitate the learning process
textbooks	: In the context of this Prospectus, it refers to National School Curriculum based educational materials prescribed by the Ministry of Education as the main source of learning materials for use in primary and secondary schools, covering primary, secondary and post-secondary levels of education
title	: In reference to the publication industry, each published work is referred to as a title For example, a title could be a specific book. The book could be for a particular subject in a particular level of education. A book may also have various editions with the same name. Each edition is considered as a separate title. Usually each title will have its own ISBN (ISBN is not compulsory)
UPSR	: Ujian Pencapaian Sekolah Rendah – Primary School Achievement Test, set and run by Malaysian Examinations Syndicate. It is intended for year six students of national schools, national-type schools and private schools that are registered with the Ministry of Education
web-based	: Used interchangeably with online
workbooks	: In the context of this Prospectus, it refers to non-prescribed National School Curriculum based educational materials developed for the use as homework or formative exercises in schools. These materials are sometimes selected by school authorities for inclusion as part of their educational materials used in schools

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name/Designation	Address	Occupation	Nationality
Dato' Salleh bin Mohd Husein <i>Independent Non-Executive Chairman</i>	4, Jalan 7D/KU5 Taman Aman Perdana 41050 Klang Selangor Darul Ehsan	Director	Malaysian
Law King Hui <i>Managing Director</i>	14, Jalan TR 8/3 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Lee Swee Hang <i>Executive Director</i>	21, Jalan Tropicana Utama Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Lee Eng Sang <i>Executive Director</i>	8, Jalan Kenyalang 11/17 Botanic Villa Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Law En Ruey <i>Executive Director</i>	14, Jalan TR 8/3 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Dato' Noor Rezan binti Bapoo Hashim <i>Independent Non-Executive Director</i>	10, Lorong 2/27D Section 6, Wangsa Maju Setapak 53300 Kuala Lumpur	Director	Malaysian
Lim Hun Soon @ David Lim <i>Independent Non-Executive Director</i>	18, Jalan Taban 4 Taman Lucky, Bangsar 59100 Kuala Lumpur	Director	Malaysian

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1. **CORPORATE DIRECTORY (Cont'd)**

AUDIT COMMITTEE

Name	Designation	Directorship
Lim Hun Soon @ David Lim	Chairman	Independent Non-Executive Director
Dato' Salleh bin Mohd Husein	Member	Independent Non-Executive Chairman
Dato' Noor Rezan binti Bapoo Hashim	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Noor Rezan binti Bapoo Hashim	Chairman	Independent Non-Executive Director
Dato' Salleh bin Mohd Husein	Member	Independent Non-Executive Chairman
Lim Hun Soon @ David Lim	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Lim Hun Soon @ David Lim	Chairman	Independent Non-Executive Director
Dato' Salleh bin Mohd Husein	Member	Independent Non-Executive Chairman
Law King Hui	Member	Managing Director

COMPANY SECRETARY

: Yeoh Chong Keat (MIA 2736)
Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (603) 2031 1988
Fax: (603) 2031 9788

Lim Fei Chia (MAICSA 7036158)
Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (603) 2031 1988
Fax: (603) 2031 9788

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

1. CORPORATE DIRECTORY (Cont'd)

- REPORTING ACCOUNTANTS & AUDITORS** : KPMG (AF 0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7721 3388
Fax: (603) 7721 3399
- SOLICITORS** : **in respect of legal due diligence**
Amin, Wern Li & Associates
Fraser Business Park
50-3A, Jalan Metro Pudu
Off Jalan Yew
55100 Kuala Lumpur
Tel: (603) 9222 8121
Fax: (603) 9223 8121
- in respect of prospectus drafting**
Teh & Lee
A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: (603) 2283 2800
Fax: (603) 2283 2500
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6, Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7931 3188
Fax: (603) 7931 2188
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)
Taman Tun Dr. Ismail Branch
2, Lorong Rahim Kajai 14
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: (603) 7729 3671
Fax: (603) 7729 2770
- Alliance Bank Malaysia Berhad (88103-W)
Menara Multi-Purpose, Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: (603) 2604 3333
Fax: (603) 2694 6727
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8000
Fax: (603) 7841 8150

1. CORPORATE DIRECTORY (Cont'd)

- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8000
Fax: (603) 7841 8151
- INDEPENDENT PROPERTY VALUER** : City Valuers & Consultants Sdn Bhd (98373-K)
(Registration No. VE (1) 0015)
Suites B-9-12, 13 & 13A
Gateway Corporate Suites
No. 1, Jalan Desa Kiara, Mont Kiara
50480 Kuala Lumpur
Tel: (603) 6205 2882
Fax: (603) 6201 9009
- PRINCIPAL ADVISER,
UNDERWRITER AND PLACEMENT
AGENT** : Alliance Investment Bank Berhad (21605-D)
Level 3, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: (603) 2604 3333
Fax: (603) 2694 6200
- LISTING SOUGHT** : Main Market of Bursa Securities

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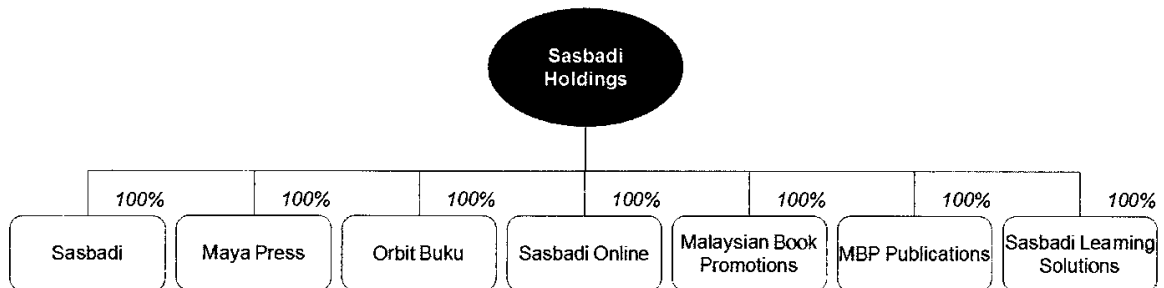
2. INFORMATION SUMMARY

THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 OUR HISTORY AND BUSINESS

We are principally a publisher of educational materials. We mainly undertake print publishing focusing on primary and secondary school education. While most of our educational materials are based on the Malaysian National School Curriculum, we also publish other non-curriculum based educational materials. We also undertake online publishing of educational materials based on the Malaysian National School Curriculum.

Our group structure is as follows:



Our principal activities are as follows:

Company	Principal Activities
Sasbadi Holdings	Investment holding
Sasbadi	Publisher of printed educational materials, distribution of applied learning products and trading of paper
Maya Press	Imprint for general titles*
Orbit Buku	Publisher of supplementary educational materials
Sasbadi Online	Publisher of online educational resources
Malaysian Book Promotions	Publishing and distribution of printed educational materials ⁽¹⁾
MBP Publications	Imprint for printed educational materials [^]
Sasbadi Learning Solutions	Dormant ⁽²⁾

Notes:

* *Maya Press is an imprint i.e. a trade name under which general titles are published by Sasbadi. Sasbadi bears all costs and receives all revenue arising from these activities.*

[^] *MBP Publications is an imprint for printed educational materials published by Malaysian Book Promotions. Malaysian Book Promotions bears all costs and receives all revenue arising from these activities.*

⁽¹⁾ *Additional intended activity is to undertake organisation of book fairs and exhibitions.*

⁽²⁾ *The intended activity is to undertake the distribution of applied learning products and operation of applied learning centres.*

Our Group was co-founded by Mr Law King Hui, our Managing Director, together with Mr Lee Swee Hang and Mr Lee Eng Sang, our Executive Directors, with the aim of publishing quality educational materials to students in Malaysia. Each of our founders has between 33 and 39 years of experience in the publishing industry. Over the years, each of them has contributed significantly to the development, growth and success of our Group. Please refer to Section 8.2.1 of this Prospectus for their respective profiles.

2. INFORMATION SUMMARY (Cont'd)

The history of our business can be traced back to 1985 with the incorporation of Sasbadi where in the same year we commenced operations as a publisher of educational materials. Our first publication was a series of workbooks for primary six students, aimed at preparing these students for secondary levels of education.

In 1986, we published a series of KBSM workbooks, entitled 'Strategi'. This was our first series of workbook with a 3-in-1 packaging involving three (3) different books bound into one (1), where each of these books are detachable for independent use.

In 1987, we published our first textbook approved by the Ministry of Education, entitled 'Bahasa Malaysia KBSM Tingkatan 1'. Since then, we have published textbooks of various other subjects for both primary and secondary levels of education including, amongst others, English, Geography, Science, Principles of Accounting, Basic Economics and Mathematics.

In the same year, we extended our product range to include a series of KBSR workbooks for various subjects such as Bahasa Malaysia, English and Mathematics for primary levels of education.

In line with our business growth, in 1989, we acquired a four (4)-storey shoplot in Damansara Utama, Selangor Darul Ehsan and moved into the building in 1990. Thereafter, we also rented two (2) other four (4)-storey shoplots in the same area to cater to our expanding business operations.

Subsequently in 1997, we began publishing Malay translated publications after securing the rights from Two-Can Publishing Limited, London and Dorling Kindersley Limited, London to publish their English science books namely 'Make It Work!' and 'Eyewitness Science' respectively. Since then, we have continued to secure rights from various foreign publishing houses where we reproduced translated publications for the Malaysian market. In the same year, we published our first teaching guide, 'Sumber Dalam Fail'.

In 2002, we began our collaboration with MELTA to publish ELT materials. In the same year, in collaboration with MELTA we launched our first publication of ELT material, 'Developing Reading Skills'. MELTA's role in the collaboration included writing while our role was focused on editing, design and distribution. Since then, we have published a series of ELT materials through our collaboration with MELTA.

Maya Press was incorporated in 2002 as an imprint for Sasbadi to publish general titles in support of Malaysian authors, who write in English. The first title published under the trade name of Maya Press, in 2003, was entitled 'Spirit of the Keris', an anthology by a number of Malaysian authors.

In 2002, we also acquired a piece of leasehold land in Kota Damansara, Selangor Darul Ehsan, for the construction of our office and warehouse. In 2004, we moved into our own purpose-built building with an approximate built-up area of 76,945 sq. ft. in Kota Damansara, Selangor Darul Ehsan.

In 2005, we ventured into supply of digital educational resources by developing and launching Total eDictionary, our first generation electronic dictionary targeted for use by students. Subsequently, in 2009, we launched eleksisPro, our second generation electronic dictionary. Our electronic dictionaries are manufactured by third party manufacturer under our specifications. As at LPD, we have ceased the production of our electronic dictionaries as we shift our focus from supply of digital educational resources towards online educational resources.

2. INFORMATION SUMMARY (Cont'd)

As part of management's intention to broaden our range of educational products, we secured the rights from LEGO Systems A/S to be the sole distributor of and exclusive partner in LEGO Education products for Brunei and Malaysia since 2005. LEGO Education offers a range of applied learning products for children. In 2005, we organised our first Malaysia Robot Olympiad (now known as National Robotics Competition). Since then, we have continued to champion the hands-on learning platform in schools in Malaysia which is supported by the Ministry of Education. To date, we have organised nine (9) consecutive years of the annual National Robotics Competition in Malaysia, which has grown from approximately 100 teams in 2005 to approximately 2,800 teams in 2013.

In 2009, we organised our first book fair namely Bazar Baca in Malaysia. In the same year, we organised a total of 112 book fairs throughout Malaysia. The Bazar Baca book fair has since been discontinued. During the same year in 2009, we were appointed as the exclusive distributor of Pitsco Inc for the sale and distribution of Pitsco products to early childhood institutions and schools in Malaysia. Pitsco products generally include a range of robotics products and devices. In addition, we were also granted non-exclusive right to market and sell Pitsco products to private users (home learning) in Malaysia. However, the non-exclusive right does not permit us to market and sell Pitsco products via retail outlets. To the best of our management's knowledge, we are not aware of any parties other than our Group which have been granted the non-exclusive right to market and sell Pitsco products to private users (home learning) in Malaysia.

Orbit Buku was incorporated in 2010 and commenced operation in 2011 to expand our range of supplementary educational materials. Some of these include children's books such as fiction and informational books. These books are mainly targeted at households with school going children and school libraries.

During 2010, Sasbadi, as the World Robot Olympiad national organiser of Malaysia, won the rights from the World Robot Olympiad Advisory Committee to co-organise the World Robot Olympiad 2012 in Malaysia.

Also, in 2010, we were appointed by YGMB to reprint, distribute, market and sell past year examination papers for SPM and STAM. Subsequently, over the years, we were awarded the licence by YGMB to reprint, distribute, market and sell past year examination papers for UPSR, PMR, STAM and SPM. However, the licence was not renewed upon its expiry on 14 September 2013, and we have ceased the reprinting, distributing, marketing and selling of the past year examination papers with effect from 15 September 2013.

During the same year in 2010, we recorded our first export sales to Indonesia for the translation rights of a range of Sasbadi's publications. However, this was on a small scale basis. We also acquired Malaysian Book Promotions, an event management company specialising in organising book fairs and conferences. After the acquisition, this company ceased operations as an event management company before resuming operations in September 2013 to distribute printed educational materials.

In 2011, Sasbadi Online was incorporated as part of our intention to expand into publishing of online educational resources targeting both teachers and students. During the same year, we launched our first online teaching product, namely Penjana Pentaksiran Instan, an instant assessment paper generator. Since then, we have launched various online educational resources including i-Teach, i-Learn and iPBS, which are cloud-based teaching and learning platforms based on subscription.

During the same year in 2011, National Instruments Singapore (Pte) Ltd appointed us as its exclusive Malaysian distributor for a range of applied learning products namely NI myDAQ and LabVIEW for Education to primary and secondary educational institutions for educational purposes. NI myDAQ is a portable data acquisition device used with a computer for measuring and analysing live signals including voltage, current, temperature, pressure and sound. LabVIEW for Education is a software that provides tools to create measurement and control systems.

2. INFORMATION SUMMARY (Cont'd)

In 2012, we co-organised with the Government of Malaysia, the World Robot Olympiad 2012 in Kuala Lumpur. As at 21 February 2013, the event was the largest in the history of World Robot Olympiad with a record participation of 403 teams from 30 countries.

Sasbadi Holdings was incorporated in Malaysia under the Act in 30 October 2012 and converted into a public limited company on 15 March 2013 to serve as an investment holding company and the listing vehicle of our Group.

On 2 April 2013, Sasbadi signed an MOU with YGMB to offer and support an online tutorial programme with self-assessment for 20,000 candidates of UPSR and SPM for 2013 in selected schools in Perak Darul Ridzuan. This was undertaken under i-TRIM (Interaktif Tuisyen Rakyat 1Malaysia), a government education initiative. This involved the supply and implementation of our online educational resources, namely i-Learn. Based on the said MOU, our Group had billed YGMB on a quarterly basis based on a fixed schedule. The MOU was valid until end of 2013.

On 5 August 2013 and 30 September 2013, Sasbadi signed a letter of intent and an Intellectual Property Rights Assignment Agreement, respectively, to acquire from Pearson Malaysia the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials (i.e. revision guides, workbooks, assessment books and model test papers) for RM5.5 million. In conjunction with the acquisition of the publishing rights and production files, Sasbadi has also acquired stocks of educational materials for approximately RM1.6 million and paper for approximately RM0.6 million from Pearson Malaysia. Under the Intellectual Property Rights Assignment Agreement, Sasbadi is allowed until 31 March 2014 to reprint the titles acquired under the Pearson brand and to continue to sell the reprinted/ acquired Pearson branded stocks until 31 December 2014. All stocks printed after 31 March 2014 are to be branded under our Group. The acquisition of the publishing rights and production files for the list of titles was completed on 30 September 2013. The acquisition of Pearson Malaysia's publishing rights and production files, stocks of educational materials and paper were funded by internally generated funds. In September 2013, our subsidiary company, Malaysian Book Promotions resumed operations and started distributing the acquired stocks of National School Curriculum based educational materials from Pearson Malaysia. Subsequently in May 2014, Malaysian Book Promotions started publishing printed educational materials under the imprint of MBP Publications.

In February 2014, Sasbadi Online was appointed by the Academy of Sciences Malaysia as the National Science Challenge ("NSC") preliminary level online system developer and smart partner for 2014 NSC. In this regard, the 2014 NSC preliminary level is administered based on the engines used in our online educational resources. This enables us to showcase our online educational capabilities on a national scale and helps create greater market awareness for our online educational resources.

MBP Publications was incorporated on 28 March 2014 and it is an imprint for Malaysian Book Promotions to publish printed educational materials. On 3 April 2014, Sasbadi Learning Solutions was incorporated and is currently dormant. Its intended activity is to undertake the distribution of applied learning products and operation of applied learning centres.

In April 2014, Sasbadi renewed its appointment as a distributor for National Instruments' applied learning products in Malaysia under a non-exclusive arrangement which is valid until 31 December 2014. In May 2014, Sasbadi won its most recent tender from the Ministry of Education to publish, print and supply textbooks for Design and Technology subject for Year 5 (Chinese) primary level of education. The letter of acceptance to publish, print and supply the textbooks for Design and Technology subject is valid from 2014 to 2016. Sasbadi Online had in May 2014, agreed in principle to grant a publishing house in Jakarta, Indonesia the rights to use and sell i-Learn in Indonesia under licence. This is pending the signing of the license and services agreement which is exclusive for the territory of Indonesia.

2. INFORMATION SUMMARY (Cont'd)

As at LPD, Sasbadi Online has finished developing and launched two (2) new products namely Mind-Map and Most Essential Exam Techniques (MEET). Mind-Map, which is an interactive system that allows users to build mind maps on computers, tablets or smart phones, can be used in a classroom environment either as individual or collaborative work among students. MEET is a collection of videos aimed at tackling difficult questions in Malaysian school exams.

Since we began our operations in 1985, we have established ourselves as a reputable publisher of educational materials in Malaysia. We currently publish under the brand names of 'Sasbadi', 'Sasbadi Online', 'Maya Press', 'Orbit Buku' and 'MBP Publications'. For the FYE 31 August 2013, we achieved total revenue of RM78.0 million and PAT of RM12.8 million.

On 19 May 2014, we completed the Acquisitions. Details of our Group, our business and our future plans are set out in Sections 5 and 6 of this Prospectus.

2.2 SUMMARY OF OUR PUBLIC ISSUE

Size of our Public Issue : 21,200,000 new Sasbadi Holdings Shares, representing approximately 16.7% of our Company's enlarged issued and paid-up share capital which are reserved for the application by the Public, eligible Directors, employees of our Group and persons who have contributed to the success of our Group and selected investors, of which at least 50% of the Public Tranche (as defined in Section 3.1.1(i) of this Prospectus) will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions

Size of our Offer for Sale : Up to 35,950,000 Sasbadi Holdings Shares, representing approximately up to 28.3% of our Company's enlarged issued and paid-up share capital to be offered for sale by the Offerors to selected investors and Bumiputera investors approved by the MITI

IPO Price : RM1.19 per IPO Share

Utilisation of proceeds from the Public Issue : The gross proceeds from the Public Issue amounting to RM25,228,000 is intended to be utilised in the following manner:

Purpose	RM'000	%
Establishment of applied learning centres	1,000	4.0
Part-financing of proposed acquisition of publishing businesses	11,500	45.6
Financing of proposed acquisition of an office cum warehouse building	7,000	27.7
Working capital	2,728	10.8
Estimated listing expenses	3,000	11.9
Total gross proceeds	<u>25,228</u>	<u>100.0</u>

Total enlarged issued and paid-up share capital after Listing : RM63,500,000 comprising 127,000,000 Shares

Market capitalisation upon Listing : RM151,130,000

Further details of our IPO and utilisation of proceeds from our Public Issue are set out in Sections 3.1 and 3.6 respectively of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.3 FINANCIAL HIGHLIGHTS

2.3.1 Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income

The table below sets out our pro forma consolidated statement of profit or loss and other comprehensive income for the past four (4) FYE 31 August 2010 to FYE 31 August 2013 and FPE 28 February 2014, which have been prepared for illustrative purposes only assuming that our current Group structure has been in existence throughout the financial years/period under review. In addition, the unaudited consolidated financial information for FPE 28 February 2013 has been prepared for information only.

You should read the summary of our pro forma consolidated statement of profit or loss and other comprehensive income for the past four (4) FYE 31 August 2010 to FYE 31 August 2013 and FPE 28 February 2014 which has been presented below together with the management's discussion and analysis of financial condition and results of operations as set out in Section 12 of this Prospectus and the accompanying notes and assumptions included in the Independent Reporting Accountants' Report On The Compilation Of Pro Forma Financial Information Included In A Prospectus as set out in Section 11.4 of this Prospectus.

	←-----Audited-----→				Unaudited FPE 28 February 2013	Audited 2014
	←-----FYE 31 August-----→					
	2010	2011	2012	2013		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	47,012	59,961	64,821	77,964	49,986	43,992
Cost of sales	(28,460)	(35,143)	(37,916)	(45,831)	(27,753)	(22,343)
Gross profit	18,552	24,818	26,905	32,133	22,233	21,649
Other operating income	300	364	812	806	153	94
Distribution costs	(4,492)	(5,216)	(5,245)	(5,535)	(2,753)	(3,294)
Administrative expenses	(5,922)	(6,857)	(7,311)	(9,365)	(4,632)	(5,176)
Other operating expenses	(243)	(341)	(296)	(476)	(181)	(2,222)
Results from operating activities	8,195	12,768	14,865	17,563	14,820	11,051
Interest income	177	223	92	173	145	55
Finance costs	(126)	(49)	(59)	(73)	(25)	(170)
Profit before tax	8,246	12,942	14,898	17,663	14,940	10,936
Income tax expense	(2,176)	(3,466)	(4,006)	(4,909)	(4,114)	(2,906)
Profit for the financial year/period	6,070	9,476	10,892	12,754	10,826	8,030
Other comprehensive income, net of tax						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Revaluation of property, plant and equipment	4,172	-	4,168	-	-	-
Total comprehensive income for the financial year/period	10,242	9,476	15,060	12,754	10,826	8,030
Profit attributable to:						
Owners of the Company	6,070	9,476	10,892	12,754	10,826	8,030
Total comprehensive income attributable to:						
Owners of the Company	10,242	9,476	15,060	12,754	10,826	8,030

2. INFORMATION SUMMARY (Cont'd)

Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income
(continued)

	-----Audited-----				Unaudited FPE 28 February 2013	Audited 2014
	-----FYE 31 August-----					
	2010	2011	2012	2013		
(i) Gross profit margin (%) *	39.5	41.4	41.5	41.2	44.5	49.2
(ii) Interest income (RM'000)	177	223	92	173	145	55
(iii) Interest expense (RM'000)	105	33	32	36	18	106
(iv) Depreciation and amortisation (RM'000)	1,184	1,355	1,618	1,916	949	1,301
(v) Earnings before interest, taxation, depreciation and amortisation (EBITDA) (RM'000)	9,358	14,107	16,456	19,442	15,762	12,288
(vi) Profit before tax margin (%) ^	17.5	21.6	23.0	22.7	29.9	24.9
(vii) Profit after tax margin (%) θ	12.9	15.8	16.8	16.4	21.7	18.3
(viii) Number of ordinary shares assumed in issue ('000) #	105,800	105,800	105,800	105,800	105,800	105,800
(ix) Basic and diluted earnings per ordinary share (sen) @,α	5.74	8.96	10.29	12.05	20.47^^	15.18^^

Notes:

- * Gross profit margin is computed based on the gross profit divided by the revenue for the respective financial years/periods under review.
- ^ Profit before tax margin is computed based on the profit before tax divided by the revenue for the respective financial years/periods under review.
- θ Profit after tax margin is computed based on the profit after tax divided by the revenue for the respective financial years/periods under review.
- # Based on the issued and paid-up share capital of 105,800,000 Shares after the Acquisitions.
- @ Basic earnings per ordinary share is computed based on the profit for the financial years/periods attributed to the owners of the Company divided by the number of ordinary shares assumed in issue.
- α No dilution of earnings per ordinary share.
- ^^ Annualised to 12 months for comparison purposes.

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2. INFORMATION SUMMARY (Cont'd)

2.3.2 Pro Forma Consolidated Statement of Financial Position

Our pro forma consolidated statement of financial position as set out below has been prepared for illustrative purposes only, based on our audited statement of financial position as at 28 February 2014 assuming that our Public Issue and utilisation of proceeds had been effected as at that date.

We advise you to read the pro forma consolidated statement of financial position presented below together with the notes and assumptions included in the Independent Reporting Accountants' Report On The Compilation Of Pro Forma Financial Information Included In A Prospectus as set out in Section 11.4 of this Prospectus.

	Audited statement of financial position at 28 February 2014 RM'000	Pro forma I After Incorporation of Subsidiaries [^] , Dividend Payment and Acquisitions RM'000	Pro forma II After Pro forma I, IPO, Vendors' Shareholdings Reorganisation and Listing RM'000	Pro forma III After Pro forma II and utilisation of the proceeds from IPO RM'000
Assets				
Property, plant and equipment	-	27,650	27,650	35,650
Other investments	-	37	37	37
Intangible assets	-	5,225	5,225	5,225
Total non-current assets	-	32,912	32,912	40,912
Inventories	-	15,952	15,952	15,952
Trade and other receivables, and other assets	-	34,463	34,463	34,463
Prepayments	193	657	657	464
Current tax assets	-	318	318	318
Cash and cash equivalents	*	9,180	34,408	24,538
Total current assets	193	60,570	85,798	75,735
Total assets	193	93,482	118,710	116,647
Equity				
Share capital	*	52,900	63,500	63,500
Share premium	-	-	14,628	13,644
Revaluation reserve	-	11,340	11,340	11,340
Merger deficit	-	(50,500)	(50,500)	(50,500)
Retained earnings	(955)	49,432	49,432	48,353
Total equity attributable to owners of the Company	(955)	63,172	88,400	86,337
Liabilities				
Borrowings	-	247	247	247
Deferred tax liabilities	-	2,975	2,975	2,975
Total non-current liabilities	-	3,222	3,222	3,222
Borrowings	-	8,944	8,944	8,944
Trade and other payables	1,148	11,524	11,524	11,524
Provisions	-	4,149	4,149	4,149
Current tax liabilities	-	2,471	2,471	2,471
Total current liabilities	1,148	27,088	27,088	27,088
Total liabilities	1,148	30,310	30,310	30,310
Total equity and liabilities	193	93,482	118,710	116,647

2. INFORMATION SUMMARY (Cont'd)

	Audited statement of financial position at 28 February 2014 RM'000	Pro forma I After Incorporation of Subsidiaries[^], Dividend Payment and Acquisitions RM'000	Pro forma II After Pro forma I, IPO, Vendors' Shareholdings Reorganisation and Listing RM'000	Pro forma III After Pro forma II and utilisation of the proceeds from IPO RM'000
No. of shares in issue ('000)	**	105,800	127,000	127,000
Net (liabilities)/ assets (RM'000)	(955)	63,172	88,400	86,337
Net (liabilities)/ assets per share attributable to owners of the Company (RM)	(238,750)	0.60	0.70	0.68

Notes:

* Denotes RM2.

** Represents 4 shares.

^ Includes the unaudited financial statements of MBP Publications and Sasbadi Learning Solutions on incorporation prepared by us as both subsidiaries were incorporated after FPE 28 February 2014.

2.4 DIVIDEND POLICY

Upon Listing, our Board intends to adopt the policy of recommending up to fifty percent (50%) of the profit attributable to the owners of our Company in each financial year to be distributed as dividends to allow our shareholders to participate in the profits of our Group. However, our ability to declare dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds which are not required to be retained to fund our business.

Our Board will consider the following factors that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) The level of cash and level of indebtedness;
- (ii) Required and expected interest expense, cash flow, our profits and return on equity and retained earnings;
- (iii) Our expected results of operations and future level of operations; and
- (iv) Our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends and distributions to our shareholders will be at the discretion of our Board and will depend on factors stated above. There can be no assurance as to whether dividend distribution will occur as intended, the amount of dividend payment or the timing of such payment.

Details of our dividend policy are also set out in Section 12.4 of this Prospectus.

2. INFORMATION SUMMARY *(Cont'd)*

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive), and are summarised below:

Risks relating to our business and industry:

- Fluctuations in price of paper;
- Dependency on suppliers;
- Dependency on customers;
- Inability to fully mitigate the loss in potential financial contribution resulting from the non-renewal of licence from YGMB for past year examination papers;
- Revocation of exclusive distributorship of LEGO Education products;
- Dependency on successful textbook tender from the Ministry of Education;
- Absence of long term contracts with customers;
- Stock returns and obsolescence;
- Seasonality;
- Dependency on Executive Directors and key management personnel;
- Infringement of intellectual property rights;
- Growing trend towards online publishing;
- Credit risk;
- Changes in National Curriculum and educational policies;
- Abolishment of national examinations;
- Dependency on experienced and skilled editors;
- Political, economic and regulatory uncertainties;
- Inadequate insurance coverage;
- Foreign exchange transaction risk;
- Unauthorised use of our brand names;
- Competition; and
- Utilisation of external writers in creating publications.

Risks relating to investment in our Shares:

- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price;
- Control by Promoters; and
- Payment of dividends.

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3. PARTICULARS OF OUR IPO

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR IPO SHARES.

3.1 OUR IPO

3.1.1 Public Issue

Our Public Issue is subject to the terms and conditions of this Prospectus, and upon acceptance, will be allocated the aggregate of 21,200,000 new Shares in the manner explained below which is subject to clawback and reallocation:

(i) Public (“Public Tranche”)

6,350,000 Public Issue Shares, representing 5.0% of our enlarged issued and paid-up share capital, will be available for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares reserved under the Public Tranche which are not fully subscribed for by the Public will be made available for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Tranche as described in Section 3.1.1(ii) below. Any remaining Public Issue Shares will subsequently be made available for subscription by our selected investors as described in Section 3.1.1(iii) and Section 3.1.2(ii) below and, if undersubscribed, such Public Issue Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

(ii) Our eligible Directors, employees and persons who have contributed to the success of our Group (“Pink Form Tranche”)

In recognition of their contributions to the success of our Group, we have reserved 5,700,000 Public Issue Shares, representing approximately 4.5% of our enlarged issued and paid-up share capital, for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group.

We will allocate the Public Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group in the following manner:

Eligibility	No. of Eligible Persons	No. of Shares Allocated '000
Our eligible Directors ⁽¹⁾	4	400
Our eligible employees ⁽²⁾	241	2,981
Eligible persons who have contributed to the success of our Group ⁽³⁾	261	2,319
Total	506	5,700

3. PARTICULARS OF OUR IPO (Cont'd)

Notes:

- (1) *As approved by our Board, the criteria for allocation to our eligible Directors are based on, amongst others, their position in our Group. The Public Issue Shares under the Pink Form Tranche to be allocated to our eligible Directors are as follows:*

Name	Designation	No. of Shares Allocated ('000)
Dato' Salleh bin Mohd Husein	Independent Non-Executive Chairman	100
Dato' Noor Rezan binti Bapoo Hashim	Independent Non-Executive Director	100
Lim Hun Soon @ David Lim	Independent Non-Executive Director	100
Law En Ruey	Executive Director	100
		400

- (2) *As approved by our Board, the criteria for allocation to our eligible employees are based on, amongst others, seniority, length of service and job performance in our Group.*
- (3) *The criteria for allocation to eligible persons who have contributed to the success of our Group, are based on, amongst others, length of business relationship, and value of transactions.*

Any Public Issue Shares reserved under the Pink Form Tranche which are not taken up will be made available for subscription by other eligible Directors, employees and persons who have contributed to the success of our Group. Any remaining Public Issue Shares will subsequently be made available for subscription by the Public under the Public Tranche as described in Section 3.1.1(i) above and/or our selected investors as described in Section 3.1.1(iii) and Section 3.1.2(ii) below and, if undersubscribed, such Public Issue Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

(iii) Selected Investors via Placement (“Placement Tranche”)

9,150,000 Public Issue Shares, representing approximately 7.2% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Public Issue Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective selected investors.

The basis of allocation for our Public Issue Shares takes into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholders base to meet the public spread requirements as per the Listing Requirements and to establish a liquid and an adequate market for our Shares.

There is no over-allotment or ‘greenshoe’ option that will result in an increase in the amount of Public Issue Shares.

The salient terms of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

3. PARTICULARS OF OUR IPO (*Cont'd*)

3.1.2 Offer for Sale

Concurrent with our Public Issue, the Offerors will offer for sale up to 35,950,000 Offer Shares representing approximately up to 28.3% of our enlarged issued and paid-up share capital at the IPO Price to be allocated in the following manner:

(i) Bumiputera Investors Approved by the MITI (“MITI Tranche”)

Up to 12,700,000 Offer Shares, representing up to 10.0% of our enlarged issued and paid-up share capital to Bumiputera investors approved by the MITI.

The Offer for Sale Shares for placement to Bumiputera investors approved by MITI under the MITI Tranche shall be subject to the following reallocation provisions:

- (a) Any of the Offer for Sale Shares not subscribed by the Bumiputera investors under the MITI Tranche shall be made available for application by the Bumiputera public who are applicants under the Public Tranche;
- (b) If there are insufficient Bumiputera public applicants under the Public Tranche for reallocation of unsubscribed Offer for Sale Shares pursuant to paragraph (a) above, such unsubscribed Offer for Sale Shares shall be made available for application by the Public; and
- (c) Subsequently, any unsubscribed Offer for Sale Shares by the Public pursuant to paragraph (b) above will be made available for subscription by our selected investors and/or our eligible Directors, employees and person who have contributed to the success of our Group.

Should the MITI Tranche be thereafter undersubscribed, the Offerors will retain the unsubscribed Offer for Sale Shares. The Offer for Sale Shares under the MITI Tranche are not underwritten by our Underwriter.

(ii) Selected Investors via Placement (“Non-MITI Tranche”)

Up to 23,250,000 Offer Shares, representing approximately up to 18.3% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Offer for Sale Shares reserved under the Non-MITI Tranche are not underwritten as written irrevocable undertakings to subscribe for these Offer for Sale Shares have been procured from the respective selected investors.

3.1.3 Listing on Bursa Securities

Bursa Securities had on 10 April 2014, approved the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 Shares on the Main Market of Bursa Securities.

3. PARTICULARS OF OUR IPO (Cont'd)

3.1.4 Offerors

The details and shareholding of the Offerors before and after the IPO are as follows:

Offerors / Address	Relationship with our Group	< ----- Before IPO ----- >		< - Offer for Sale of Shares - - >		< ----- After IPO ----- >	
		No. of Shares held	% held*	No. of Shares held	% held*	No. of Shares held	% held^
Law King Hui/ 14, Jalan TR 8/3 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Promoter/ Managing Director/ Substantial shareholder	52,900,000	50.0	14,800,000	14.0	38,100,000#	30.0
Lee Swee Hang/ 21, Jalan Tropicana Utama Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Promoter/ Executive Director/ Substantial shareholder	26,450,000	25.0	7,400,000	7.0	19,050,000#	15.0
Lee Eng Sang/ 8, Jalan Kenyalang 11/17 Botanic Villa Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Promoter/ Executive Director/ Substantial shareholder	26,450,000	25.0	13,750,000	13.0	12,700,000#	10.0

Notes:

* Based on our issued and paid-up share capital of 105,800,000 Shares after the Acquisitions but before our IPO.

^ Based on our enlarged issued and paid-up share capital of 127,000,000 Shares after our IPO.

Before taking into consideration the Vendors' Shareholdings Reorganisation. Please refer to Section 5.4.5 of this Prospectus for further details on the Vendors' Shareholdings Reorganisation.

3. PARTICULARS OF OUR IPO (Cont'd)

3.2 SHARE CAPITAL

	RM
<i>Authorised share capital</i>	
1,000,000,000 ordinary shares of RM0.50 each	500,000,000
<i>Issued and fully paid-up share capital as at the date of this Prospectus</i>	52,900,000
105,800,000 ordinary shares of RM0.50 each	
<i>To be issued and credited as fully paid-up pursuant to our Public Issue</i>	10,600,000
21,200,000 new ordinary shares of RM0.50 each	
<i>Enlarged issued and paid-up share capital upon Listing</i>	63,500,000
127,000,000 ordinary shares of RM0.50 each	
IPO Price	1.19
<i>Market capitalisation upon Listing</i>	151,130,000

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each. Our Public Issue Shares will upon allotment rank *pari passu* in all respects with one another and all other existing Shares in our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of our Public Issue Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the capital paid-up on the shares held by them, be entitled to share in the whole of the distributable profits paid out by us as dividends and other distributions, and in the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Each shareholder is entitled to vote at our general meetings in person or by proxy or by authorised representative or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share held. A proxy may but need not be a member of our Company or a qualified legal practitioner or an approved company auditor or a person approved by CCM and the provisions of Section 149(1) of the Act shall not apply to our Company.

3.3 PURPOSES OF OUR IPO AND LISTING

The purposes of our IPO and Listing are:

- (i) to enable us to gain access to the capital market to raise funds for our future expansion and growth when the need arises in the future, through other forms of capital raising avenues;
- (ii) to provide an opportunity for investors (including our eligible Directors, employees and persons who have contributed to the success of our Group) and institutions to participate in the continuing growth of our Group; and
- (iii) to enhance our stature and heighten our public profile as well as increase market awareness of our products and services so as to assist us in expanding our customer base.

3. PARTICULARS OF OUR IPO (Cont'd)

3.4 PRICING OF OUR IPO SHARES

The IPO Price was determined and agreed upon by our Directors, Promoters, Offerors and Alliance as our Principal Adviser, Underwriter and Placement Agent, after taking into account the prevailing market conditions and the following factors:

- (i) A net PE multiple of 9.25 times based on our pro forma net EPS of approximately 12.86 sen, computed based on our pro forma PAT of approximately RM13.61 million (after adding back listing expenses of approximately RM0.85 million charged to the consolidated statement of profit and loss) for the FYE 31 August 2013 and our enlarged issued and paid-up share capital of 105,800,000 Shares after the Acquisitions.
- (ii) Our pro forma consolidated NA per share of approximately RM0.68 per Share, computed based on our pro forma NA of approximately RM86.3 million as at 28 February 2014 after taking into consideration the Public Issue and utilisation of proceeds and our enlarged issued and paid-up share capital of 127,000,000 Shares; and
- (iii) Our competitive advantages and key strengths:
 - Brand awareness;
 - Established track record;
 - Extensive distribution network;
 - Large customer base;
 - Diversity in product range;
 - In-house content development;
 - Availability of large range of publications;
 - Economies of scale; and
 - Experienced management and editorial personnel.

Further details of our competitive advantages are described in Section 6.1 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding on whether to invest in our Shares.

3.5 DILUTION

Dilution is the amount by which the IPO Price to be paid by applicants for our IPO Shares exceeds our NA per Share after the IPO as follows:

	RM
IPO Price	1.19
Pro forma consolidated NA per Share as at 28 February 2014 after Incorporation of Subsidiaries, Dividend Payment and Acquisitions but before our IPO	0.60
Increase in pro forma consolidated NA per Share contributed by new investors	0.08
Pro forma consolidated NA per Share after our IPO (after adjusting the effect of the utilisation of proceeds)	0.68
Dilution in the pro forma consolidated NA per Share to new investors	0.51
Dilution in the pro forma consolidated NA per Share as a percentage of the IPO Price	42.9%

3. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of Shares acquired by our Directors, Promoters, Offerors, substantial shareholders, key management personnel or persons connected to them during the past four (4) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to the IPO:

Promoters, Directors, Offerors, substantial shareholders, key management personnel or persons connected to them	No. of Shares Before IPO	No. of Shares From IPO[^]	Total Consideration RM	Average Cost Per Share RM
Promoters, Substantial Shareholders, Directors and Offerors				
Law King Hui	52,900,000	-	26,450,000	0.50
Lee Swee Hang	26,450,000	-	13,225,000	0.50
Lee Eng Sang	26,450,000	-	13,225,000	0.50
Other Promoter and Substantial Shareholder				
Karya Kencana	-	25,400,000 [#]	30,226,000	1.19
Other Promoter and Director				
Law En Ruey	-	100,000 [^]	119,000	1.19
Other Directors				
Dato' Salleh bin Mohd Husein	-	100,000 [^]	119,000	1.19
Dato' Noor Rezan binti Bapoo Hashim	-	100,000 [^]	119,000	1.19
Lim Hun Soon @ David Lim	-	100,000 [^]	119,000	1.19
Key management personnel				
Tan Shea Sheak	-	40,000 [^]	47,600	1.19
Chen Yee Cheong	-	80,000 [^]	95,200	1.19
Wan Meow Sang	-	80,000 [^]	95,200	1.19
Chok Siew Sin	-	80,000 [^]	95,200	1.19
Roslan bin Yahya	-	60,000 [^]	71,400	1.19
Chew Yoke Chen	-	60,000 [^]	71,400	1.19
Chan Yee Fuan	-	60,000 [^]	71,400	1.19
Wong Yee Joong	-	50,000 [^]	59,500	1.19
Wong Kok Shin	-	30,000 [^]	35,700	1.19
Chua Siow Nam	-	50,000 [^]	59,500	1.19
New investors				
Public Issue	-	21,200,000 [*]	25,228,000	1.19
Offer for Sale	-	35,950,000	42,780,500	1.19

Notes:

[#] Pursuant to the Vendors' Shareholdings Reorganisation. Please refer to Section 5.4.5 of this Prospectus for further details on the Vendors' Shareholdings Reorganisation.

[^] Assuming full subscription of his/her Pink Form Tranche allocation.

^{*} Prior to netting off the Pink Form Tranche allocation.

3. PARTICULARS OF OUR IPO (Cont'd)

3.6 UTILISATION OF PROCEEDS

We will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting up to RM42,780,500 will accrue entirely to the Offerors. The Offerors shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.

Based on the IPO Price, gross proceeds of RM25,228,000 will be raised from our Public Issue. The proceeds shall accrue entirely to our Company and are intended to be utilised in the following manner:

	Purposes	RM'000	%	Estimated timeframe for use (from the listing date)
(i)	Establishment of applied learning centres	1,000	4.0	Within two (2) years
(ii)	Part-financing of proposed acquisition of publishing businesses	11,500	45.6	Within two (2) years
(iii)	Financing of proposed acquisition of an office cum warehouse building	7,000	27.7	Within two (2) years
(iv)	Working capital*	2,728	10.8	Within one (1) year
(v)	Estimated listing expenses*	3,000	11.9	Upon Listing
	Total gross proceeds	<u>25,228</u>	<u>100.0</u>	

Notes:

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

(i) Establishment of applied learning centres

We plan to utilise RM1.0 million from our IPO proceeds to set-up applied learning centres within 24 months from the date of listing. However, as this is still in the preliminary stages, we have yet to identify any suitable location for the setting up of the applied learning centres. Any additional funding required will be met through internally generated funds and/or external funding. Please refer to Section 6.18.1(iii) of this Prospectus for further details on our Group's future plans to establish applied learning centres.

(ii) Part-financing of proposed acquisition of publishing businesses

Having published National School Curriculum based educational materials mainly in Bahasa Malaysia and English to cater for national schools, we plan to acquire into publishing businesses that focus on educational materials for national-type schools (Chinese) and general titles (in Bahasa Malaysia and Chinese). Please refer to Section 6.18.1(i) of this Prospectus for further details on our Group's future plans in relation to the acquisition of publishing businesses.

As at LPD, our Group has not entered into any active discussion or negotiation to acquire any of the said publishing businesses. The final cost of the acquisition is dependent upon, amongst others, earnings potential, market reputation, brand names and future prospects of the businesses. The exact terms will only be finalised after negotiation and upon agreement with potential vendors. The acquisition may be funded via a combination of IPO proceeds, internally generated funds and/or external funding. Our Group has earmarked RM11.5 million from our IPO proceeds for this purpose which is expected to be implemented within 24 months from the date of listing.

(iii) Financing of proposed acquisition of an office cum warehouse building

As part of our business expansion plan, we intend to utilise RM7.0 million from our IPO proceeds to acquire another office cum warehouse building with a built-up area of approximately 10,000 sq. ft. in the Klang Valley within 24 months from the date of listing. Any additional funding required will be met through internally generated funds and/or external funding. As at LPD, we have yet to identify a suitable property for this purpose. Please refer to Section 6.18.1(ii) of this Prospectus for further details on our Group's future plans in relation to the acquisition of an office cum warehouse building.

(iv) Working capital

Our requirement for working capital will increase in tandem with our future plans. Therefore, we expect to utilise approximately RM2.7 million of the proceeds raised as additional working capital to finance our day-to-day operations, including inter-alia, payment to trade suppliers, salaries for an expanded workforce and defrayment of operational expenses.

3. PARTICULARS OF OUR IPO (Cont'd)(v) *Estimated listing expenses**The estimated listing expenses for the Listing to be borne by us are as follows:*

	RM'000
<i>Professional advisory fees[^]</i>	1,688
<i>Fees to the authorities and Issuing House</i>	282
<i>Underwriting commission, placement fee and brokerage fees</i>	580
<i>Printing and advertising cost</i>	290
<i>Other incidental charges</i>	160
<i>Total</i>	<u>3,000</u>

Note:

[^] Includes fees of the Principal Adviser, Reporting Accountants, Solicitors, Independent Business and Market Research Consultants and other professional advisers for our IPO.

Pending the utilisation of the proceeds from our Public Issue as mentioned above, the proceeds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

3.7 FINANCIAL IMPACT FROM THE UTILISATION OF PROCEEDS

The utilisation of proceeds from our Public Issue is expected to have the following financial impact on our Group:

(a) Enhancement of Working Capital

The additional working capital of RM2.7 million arising from the Public Issue is expected to strengthen our liquidity and cash flow position and enable us to conduct our day-to-day operations without being overly dependent on external funding.

(b) Increase in Revenue

The allocation of the IPO proceeds of RM12.5 million for the proposed establishment of applied learning centres and proposed acquisition of publishing businesses are expected to improve our Group's product and services by enhancing the diversity of product offering to include, amongst others, educational materials for national-type schools (Chinese) and general titles (in Bahasa Malaysia and Chinese). This will contribute to our Group's future revenue growth and profitability.

(c) Improve productivity and efficiency

The capital expenditure of RM7.0 million for the proposed acquisition of an office cum warehouse building with a built-up area of approximately 10,000 sq. ft. will provide additional space to cater for our Group's business expansion. Please refer to Section 6.18.1(ii) of this Prospectus for further details on the utilisation of the additional spacing.

3. PARTICULARS OF OUR IPO (*Cont'd*)

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to our 6,350,000 Public Issue Shares made available for application by the Public is payable by us at the rate of 1.0% of the IPO Price, in respect of successful applications bearing the stamp of Alliance, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

Underwriting commission

Alliance, as our Underwriter, has agreed to underwrite up to 12,050,000 Public Issue Shares as set out in Sections 3.1.1(i) and (ii) of this Prospectus. Underwriting commission is payable by us to our Underwriter at the rate 2.25% of the total value of the underwritten Shares based on the IPO Price.

Placement fee

Alliance, as our Placement Agent, has agreed to place the IPO Shares available under the Placement Tranche, MITI Tranche and Non-MITI Tranche as set out in Sections 3.1.1(iii), 3.1.2(i) and (ii) of this Prospectus.

Accordingly, our Company will pay the placement fee to be incurred on the sale of the Public Issue Shares under Section 3.1.1(iii) of this Prospectus at the rate of between 0.5% and 2.25% of the value of the IPO Shares based on the IPO Price.

The Offerors will pay the placement fee to be incurred on the sale of the Offer Shares under Sections 3.1.2(i) and (ii) of this Prospectus at the rate of between 0.5% and 2.25% of the value of the IPO Shares based on the IPO Price.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an underwriting agreement with Alliance on 18 June 2014 (“Underwriting Agreement”) to underwrite up to 12,050,000 Public Issue Shares as set out in Sections 3.1.1(i) and (ii) of this Prospectus subject to the clawback and reallocation provisions as set out therein. The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

2. AGREEMENT TO UNDERWRITE

2.2 The obligations of the Underwriter under this Agreement are conditional on the performance by the Company of all its obligations under this Agreement and upon:

2.2.1 there having been on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial, business, operations or otherwise) of the Company or its subsidiary companies, which is material in the context of the Initial Public Offering from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the opinion of the Underwriter, which makes any of the representations and warranties contained in Clause 3 untrue and incorrect in any respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;

3. PARTICULARS OF OUR IPO (*Cont'd*)

- 2.2.2 the delivery to the Underwriter:
 - 2.2.2.1 prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the Initial Public Offering and authorising the execution of this Agreement and the issuance of the Prospectus; and
 - 2.2.2.2 a certificate, in the form or substantially in the form contained in the **SECOND SCHEDULE**, dated the date of the Prospectus signed by a duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.2.1.
- 2.2.3 the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Group;
- 2.2.4 the Initial Public Offering not being prohibited or impeded by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia, including but not limited to Bursa Securities and the SC;
- 2.2.5 the Underwriter having been satisfied that the Company has complied with and that the Initial Public Offering is in compliance with the CMSA, policies, guidelines and requirements of the relevant authorities (including Bursa Securities and/or the SC) and all revisions, amendments and/or supplements thereto;
- 2.2.6 the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Initial Public Offering and the lodgement of the Prospectus with the ROC on or before their release under the Initial Public Offering or in accordance with the CMSA together with copies of all documents required under the CMSA;
- 2.2.7 this Agreement having been duly executed by the Parties and stamped;
- 2.2.8 the Prospectus being in form and substance satisfactory to the Underwriter and the issue of the Prospectus being not later than one (1) month from the Agreement date or such later date as the Underwriter may from time to time agree in writing; and
- 2.2.9 the approval of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire enlarged issued and paid-up share capital being obtained on terms acceptable to the Underwriter and remaining in full force and effect and that all conditions precedent to the approval have been complied with to the satisfaction of the Underwriter and such approval has not been withdrawn.

3. PARTICULARS OF OUR IPO (Cont'd)

- 2.3 If any of the conditions set out in Clause 2.2 is not satisfied by the Closing Date, the Underwriter shall thereupon be entitled to terminate this Agreement by notice and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 12 incurred prior to the termination and any claims pursuant to Clause 3.3.1, there shall be no further claims by the Underwriter against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Underwriter may at its absolute discretion waive compliance with any of the provisions of Clause 2.2 except for any conditions required by any laws, rules, regulations and guidelines or by any regulatory or governmental authorities/bodies.

8. TERMINATION

- 8.1 Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

- 8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Underwriter, or by the Closing Date, whichever is earlier; or
- 8.1.2 there is withholding of information which is required to be disclosed to the Underwriter pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Initial Public Offering, or the distribution or sale of the Public Issue Shares; or
- 8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:
- (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;
 - (b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Underwriter or any event or series of events beyond the reasonable control of the Underwriter;
 - (c) any material and adverse change to the business or financial condition of the Company or the Group;
 - (d) approval for the Initial Public Offering is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the Initial Public Offering, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

3. PARTICULARS OF OUR IPO (Cont'd)

- 8.1.4 there is failure on the part of the Company to perform any of its obligations herein contained; or
- 8.1.5 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company and the Underwriter may mutually agree upon in writing, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Underwriter will be released and discharged from its obligations.
- 8.2 Subject to prior consultation with the Company, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:
- 8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any company in the Group;
- 8.2.2 any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FBM KLCI is, at the close of normal trading on Bursa Securities, on any Market Day:
- (i) on or after the date of this Agreement; and
- (ii) prior to the Listing Date,
- lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or
- 8.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days.
- 8.3 Upon such notice(s) being given under this Clause 8, the Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3, any antecedent breaches and under Clause 12 for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within seven (7) days from the date of the same being due.

9 FORCE MAJEURE

- 9.1 It will be an event of force majeure if the Underwriter is unable to perform its obligations stipulated herein resulting from any event or series of events beyond the reasonable control of the Underwriter, including without limitation any of the following: (i) acts of God, (ii) national disorder, (iii) armed conflict or serious threat of the same, (iv) hostilities, (v) embargo, (vi) detention, (vii) revolution, (viii) riot, (ix) looting or other labour disputes, (x) any unavailability of transportation or severe economic dislocation, (xi) earthquake, (xii) typhoon, (xiii) outbreak of war, (xiv) outbreak of disease, (xv) acts of terrorism or (xvi) the declaration of a state of national emergency.

3. PARTICULARS OF OUR IPO (Cont'd)

- 9.2 In the event of a force majeure pursuant to Clause 9.1, the Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date:
- 9.2.1 terminate this Agreement by giving notice to the Company in the manner as set out in Clause 13; or
- 9.2.2 request for the Closing Date to be extended to such reasonable date as the Underwriter may decide.
- 9.3 Upon delivery of the notice of termination pursuant to Clause 9.2.1 and in the manner as set out in Clause 13, this Agreement will terminate whereupon each Party's rights and obligations will cease and none of the Parties will have any claim against each other, except that the Company will remain liable in respect of antecedent breaches and its obligations under Clauses 3 and 12.
- 9.4 In the event of a delivery of a request under Clause 9.2.2, the Company shall procure that the Closing Date be extended as requested.
- 9.5 The delivery of a request under Clause 9.2.2 shall not preclude the Underwriter from giving a further request for extension pursuant to Clause 9.2.2 or giving of a notice to terminate pursuant to Clause 9.2.1.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

4.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRY

4.1.1 Fluctuations in price of paper

Paper is a major raw material used in our business operations. It constitutes the bulk of our direct operating costs. For the FYE 31 August 2013 and FPE 28 February 2014, paper materials contributed 43.9% and 42.8% to our total purchases of materials, services and products respectively.

As paper is a commodity, it is subjected to fluctuations in world paper prices. Paper prices are affected by various factors, notably, prices of raw materials including virgin pulp and pulp from used/recycled paper as well as demand and supply conditions. In the event of a sustained increase in the price of paper, there is a risk that we may be unable to pass the price increase to our customers or, if we do, we may not be price competitive. Under such scenarios, paper price increases may adversely affect our financial performance.

The following provides some indication of prices of printing and writing paper commonly used by the print publishing industry:

- Between 2009 and 2013, the average price of uncoated woodfree paper (local production) increased at an AAGR of 0.6% whilst the average price of newsprint (imported) decreased at an average annual rate of 9.3%.

The following provides some indication on the supply conditions of the paper industry in Malaysia:

- Between 2009 and 2013, production quantity of uncoated woodfree paper increased at an AAGR of 4.5%;
- Between 2009 and 2013, the import quantity of uncoated printing and writing paper increased at an AAGR of 5.9%; and
- In 2010, there were 175 establishments involved in the manufacture of pulp, papers and paperboard in Malaysia.

(Source: Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor)

We also keep a certain level of inventory of paper for our Group's needs for up to six (6) months, especially when paper prices are on the uptrend. In instances of a downtrend in paper prices, our Group would adopt a prudent approach by restraining from stocking up on our paper. In the event of a drop in the price of paper, we would be using relatively more expensive inventory paper compared to publishers that purchase paper on the spot market. If our competitors drop their publication prices as a result of lower paper costs, we may not be able to act promptly or, if we drop our publication prices, it may affect our profit margin. Similarly, in the event price of paper were to increase, we would be using relatively cheaper inventory paper compared to publishers that purchase paper on the spot market. Nevertheless, all publishers will be equally affected by fluctuations in the price of paper. As such, it is unlikely for any one (1) publisher to have a sustained cost advantage over other publishers.

4. RISK FACTORS (Cont'd)

Over the past four (4) FYE 31 August 2010 to 2013 as well as FPE 28 February 2014, we have not experienced any material impact on our profitability arising from fluctuations in paper prices. This is substantiated by our continued growth and positive PBT of RM8.2 million, RM12.9 million, RM14.9 million and RM17.7 million for FYE 31 August 2010, 2011, 2012 and 2013 respectively, as well as positive PBT of RM10.9 million for FPE 28 February 2014. However, there is no assurance that our operating results may not be affected by fluctuations in paper prices in the future.

4.1.2 Dependency on suppliers

We are dependent on Singa Trading (Malaysia) Sdn Bhd for the supply of paper as it contributed 22.4%, 10.8%, 40.0%, 29.5% and 22.6% of our total purchases of materials, services and products for FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014 respectively. Etamax Sdn Bhd, which also supplies paper to our Group, contributed 13.1% of our total purchases of materials, services and products for FPE 28 February 2014, while its contributions to our total purchases of materials, services and products for FYE 31 August 2010, 2011, 2012 and 2013 were 5.8%, 7.3%, 2.5% and 4.1% respectively. In addition, Modern Alpine Sdn Bhd was also one of our major suppliers of paper as it contributed 10.1% and 12.7% of our total purchases of materials, services and products for FYE 31 August 2010 and 2011 respectively. The contribution from Modern Alpine Sdn Bhd in FYE 31 August 2012 and 2013 had, however been reduced to 0.1% and 0.01% of our total purchases of materials, services and products respectively. We did not purchase any paper from Modern Alpine Sdn Bhd for FPE 28 February 2014.

In mitigation, we have established a stable business relationship with Singa Trading (Malaysia) Sdn Bhd and Etamax Sdn Bhd for 29 years and 23 years respectively. As such, the stable relationship will provide us with the basis for continuing supply of paper.

As paper is a commodity, it is widely available from other suppliers. Currently, we also source from several other suppliers of paper, such as Kertas Krafik Sdn Bhd and Intrapac Trading (M) Sdn Bhd. Thus, in the unlikely event that Singa Trading (Malaysia) Sdn Bhd and Etamax Sdn Bhd are unable to supply us with sufficient paper at cost competitive prices, we can promptly purchase from alternative suppliers.

Although we do not foresee any difficulties in procurement of paper and have not previously experienced any material disruptions in the supply of paper, there is no assurance that we can continue to source sufficient quantity of paper at competitive prices.

4.1.3 Dependency on customers

For the past four (4) FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014, we have been dependent on our major customer, namely Popular Book Co. (Malaysia) Sdn Bhd by virtue of its revenue contribution of 9.3%, 9.4%, 10.3%, 10.3% and 8.1% of our total Group revenue respectively.

In mitigation, we have been dealing with Popular Book Co. (Malaysia) Sdn Bhd for approximately 28 years. This demonstrates a stable and long-term business relationship with this customer. Furthermore, our risk of dependency on this customer is minimised by our diverse base of approximately 1,380 and 620 active customers for FYE 31 August 2013 and FPE 28 February 2014 respectively. Our customer diversity is further substantiated where our top 10 customers accounted for only 32.6% and 28.7% of our total revenue for FYE 31 August 2013 and FPE 28 February 2014 respectively.

Nevertheless, there is no assurance that our dependency on this major customer will not have a significant impact on our future business performance.

4. RISK FACTORS (Cont'd)

4.1.4 Inability to fully mitigate the loss in potential financial contribution resulting from the non-renewal of licence from YGMB for past year examination papers

Our licence from YGMB to reprint, distribute, market and sell past year examination papers of UPSR, PMR, STAM and SPM has not been renewed upon its expiry on 14 September 2013. In this regard, we have ceased reprinting, distributing, marketing and selling the past year examination papers with effect from 15 September 2013. For the past four (4) FYE 31 August 2010, 2011, 2012 and 2013, this series of publication constituted 7.7%, 17.7%, 23.6% and 17.7% of our total revenue respectively. For FPE 28 February 2014, there was no revenue contribution from this series of publication.

The non-renewal of this licensing agreement may financially affect our operational results in the future. However, our Group has taken steps to reduce the impact of the non-renewal of this agreement such as increasing our range of publications via the acquisition of the publication rights and production files for a list of titles for National School Curriculum based educational materials from Pearson Malaysia as detailed in Section 5.1 of this Prospectus, launching our new range of publications and growing our online publishing segment.

Nevertheless, there can be no assurance that we will be able to fully mitigate the financial impact from the non-renewal of the licence to reprint, distribute, market and sell past year examination papers of UPSR, PMR, STAM and SPM.

4.1.5 Revocation of exclusive distributorship of LEGO Education products

We have been dealing with LEGO System A/S, which has its headquarters in Denmark, as the exclusive distributor of LEGO Education products in Malaysia and Brunei, which includes early learning products, machines and mechanisms, and robotics since 2005. Our existing agreement with LEGO System A/S is valid until 31 December 2014.

For the FYE 31 August 2013 and FPE 28 February 2014, sales from LEGO Education products contributed the majority of our applied learning products which accounted for 5.4% and 4.5% of our total revenue respectively. As such, our dependency on the distribution of LEGO Education products is relatively low and a revocation of the exclusive distributorship of LEGO Education products may not have a material financial impact on our operational results.

Apart from LEGO Education products, we are also appointed as a distributor of other applied learning products by Pitsco and National Instruments, both of which have their headquarters in the United States. The contribution from Pitsco products for FYE 31 August 2013 were approximately RM0.3 million or 7.1% of the total contribution of applied learning products of RM4.2 million while the remaining contribution of applied learning products of approximately RM3.9 million or 92.9% were from LEGO Education products. Meanwhile, the contribution from Pitsco products for FPE 28 February 2014 were approximately RM45,000 or 2.3% of the total contribution of applied learning products of RM2.0 million while the remaining contribution of applied learning products of approximately RM1.9 million or 97.7% were from LEGO Education products. In addition, we can also source similar products from other manufacturers or suppliers. This would lower our dependency on the exclusive distributorship of LEGO Education products.

Nevertheless, there can be no assurance that a revocation or non-renewal of our exclusive distributorship for LEGO Education products will not have a material adverse impact on our business in the future.

4. RISK FACTORS (Cont'd)

4.1.6 Dependency on successful textbook tender from the Ministry of Education

We currently have agreements with the Ministry of Education to publish a range of textbooks for primary and secondary levels of education. Generally, these agreements would have an initial contract period of three (3) years. Subsequent extension/renewal period of one (1) to three (3) years will be given at the discretion of the Ministry of Education, until there is a revision to the said curriculum. These textbooks under the agreements are geographically exclusive in nature (i.e. the mandatory usage of the publisher's textbook(s) for a certain subject and level in a particular territory or area within Malaysia). As at LPD, our agreements with the Ministry of Education for the publishing of textbooks have expiry dates ranging from July 2014 to December 2016.

Publishing of textbooks is dependent on our ability in winning textbook tenders from the Ministry of Education. For the past four (4) FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014, our revenue generated from sales of textbooks contributed 4.5%, 11.6%, 5.6%, 9.5% and 1.3% to our total revenue respectively. As such, our dependency on textbook tenders from the Ministry of Education is relatively low. Nevertheless, in the event that we fail to sustain the number of successful textbook tenders in the future, our business performance may be somewhat affected.

Our strengths and competitive advantages include our strong brand name, established track record in the educational publishing industry since our business commencement in 1985, proven track record with the Ministry of Education as we have won numerous tenders and successfully met our tender obligations, long term business relationship with the Ministry of Education since we won our first textbook tender in 1987, and our financial strengths to promptly undertake large volume printing and distribution of textbooks to national schools in Malaysia. These strengths and competitive advantages help position us in winning future tenders to publish textbooks from the Ministry of Education.

Nevertheless, there can be no assurance that in the future we will continue to win sufficient number of textbook tenders and that our failure to win textbook tenders will not have a material adverse impact on our financial performance.

4.1.7 Absence of long term contracts with customers

With the exception of the Ministry of Education, we do not have any long term contracts with our customers as the majority of our sales are based on purchase orders. This is a common practice in the industry. As such, the uncertainty in sales may impact on our business performance.

We have a large customer base and established business relationships with our customers. For FYE 31 August 2013 and FPE 28 February 2014, we have approximately 1,380 and 620 active customers, respectively. Our top ten (10) customers for FPE 28 February 2014 have been dealing with us for at least 13 years.

Although we have not previously experienced any material impact due to the absence of long term contracts, there can be no assurance that our customers will continue to purchase sufficient quantity of our products.

4. RISK FACTORS *(Cont'd)*

4.1.8 Stock returns and obsolescence

We typically publish new edition of educational materials every year. Some of the educational materials that we sell may be returned to us for either a full refund or offset against future sales. Such returns are commonly resold to other customers or placed back into our inventory with all other stocks for future resale. Returns that are not resold over a period of time, as with all other stocks which cannot be sold after a period of time, will be deemed obsolete and subsequently written off and disposed as scrap. As a result, we may face the risk of holding obsolete stocks which may financially affect our operational results if the volume of obsolete stocks is large and are written off or sold at a discount.

To manage and control our sales returns, we have in place an inventory management system to monitor the sales and distribution of our stocks to our customers across Malaysia. Following this, we could analyse the historical and current trends in demand for our titles, which provides us with purchasing data to enable us to anticipate demand for our titles and therefore, enable us to plan our supply, lessening the risk to overproduce and control cost over-run as well as minimising any subsequent sales returns. This is demonstrated by the fact that for the FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014, the value from credit notes issued for stock returns amounted to RM9.7 million, RM11.6 million, RM10.9 million, RM10.8 million and RM7.5 million respectively as compared to gross revenue approximately RM56.7 million, RM71.5 million, RM75.7 million, RM90.7 million and RM58.2 million for FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014 respectively. In this regard, for the FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014, actual sales returns as a percentage of the relevant financial year's/period's gross sales have been declining from 17.1% to 16.2%, 14.4%, 11.9% and 12.9% respectively.

Over the past four (4) FYE 31 August 2010 to 2013 as well as FPE 28 February 2014, we have not experienced any material impact on our profitability arising from stock returns or obsolescence. This is substantiated by our continued growth and positive PBT of RM8.2 million, RM12.9 million, RM14.9 million and RM17.7 million for FYE 31 August 2010, 2011, 2012 and 2013 respectively, as well as positive PBT of RM10.9 million for FPE 28 February 2014.

In addition, our focus is on National School Curriculum educational materials, which would normally stay relevant for a number of years. Even if there is a change in the curriculum, we usually have sufficient notice to adjust our production accordingly. Furthermore, our educational materials such as workbooks, revision guides, assessment books and model test papers are not perishables and their storage life in our warehouse is approximately three (3) years before they are written down to zero and eventually disposed of as scrap. Our Group adopts a three (3) years policy to write down these educational materials as, based on our past experience, there is still demand for these materials even when a new edition is available in the market. Our workbooks, revision guides, assessment books and model test papers can be used independently or collectively as revision and practice materials. The older edition of these educational materials, which are in line with the National School Curriculum, are still relevant for use in schools and by students, as different editions of these educational materials generally contain different sets of questions and exercises. Our Group adopts product bundling and discount pricing strategies to promote older editions of these educational materials. Textbooks, on the other hand, are considered obsolete when there is a change in the National School Curriculum.

4. RISK FACTORS (Cont'd)

All other books such as supplementary educational materials, general titles, readers, applied learning products and electronic dictionaries are not subject to any write-down policy as these products continue to be relevant and useful over long periods of time, notwithstanding changes in the National School Curriculum. For example, the content of our Group's general title "Spirit of the Keris", a selection of short stories, would continue to entertain readers at any point in time. Supplementary materials such as our Group's educational comic that teaches about the human body would continue to be relevant and useful over long periods of time. Similarly, our Group's applied learning products are mainly used to educate children about robotics. They will continue to be relevant and useful for a long period of time because the basic principles, mechanics and electronics of robotics do not normally change. Hence, these products will be written down in full only when there is no longer market demand for the product.

As mentioned in Section 6.2.3 of this Prospectus, we have ceased the production of our electronic dictionaries and as at LPD, we have remaining stocks of electronic dictionaries carried at the cost of RM151,250 in our inventory.

Our inventory of printed access code cards are access passes to our Group's online resources and the contents of these online resources are continuously being updated to comply with the National School Curriculum and to meet customers' needs. As such, the printed access code cards are not subject to any obsolescence at present.

However, despite our efforts, there can be no assurance that the operational and financial position of our Group will not be affected by stock returns or obsolescence and/or slow-moving stocks.

4.1.9 Seasonality

Our business operations are exposed to seasonality patterns. For the last four (4) financial years between FYE 31 August 2010 and 2013, our second financial quarter (December to February) consistently experienced the highest quarterly sales, which contributed an average of 49.9% of total sales for each financial year. Conversely, we had consistently been recording lowest quarterly sales for our fourth financial quarter (June to August), which contributed an average of 6.2% of total sales for each financial year. Our first financial quarter (September to November) and third financial quarter (March to May) contributed an average of 25.0% and 18.9% respectively of the total sales for each of the last four (4) financial years between FYE 31 August 2010 and 2013.

These seasonality patterns are primarily caused by the timing of the start of the academic year for national schools. As a result, our seasonal sales pattern may adversely impact on our quarterly profits and cash flow. However, these seasonality patterns have been consistent for the past four (4) financial years under review and such seasonality patterns are taken into consideration by our Group in our cash flow planning.

For FYE 31 August 2014, we expect some changes in our seasonality patterns due to the abolishment of PMR to be replaced by Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3) as per the circular by the Ministry of Education on 31 March 2014. In this regard, in June 2014, our Group has launched new series of model test papers based on the PT3 format for lower secondary levels of education. In addition, our Group is also in the midst of publishing new series of assessment books and revision guides based on the PT3 format. As such, we expect to record sales from PT3 educational materials in our fourth financial quarter (June to August) of 2014.

Moving forward, we also expect to record sales of post-secondary educational materials in our fourth financial quarter (June to August), which coincides with the intake of post-secondary students in May for national schools.

4. RISK FACTORS *(Cont'd)*

4.1.10 Dependency on Executive Directors and key management personnel

As in any other businesses, our Group believes that its continued success will depend, to a significant extent, upon the abilities, skills, experience, competency and continuous efforts of our existing Executive Directors and management team. Over the years, we have built a strong management and operations team that has vast experience in the educational publishing industry and knowledge of our business as well as understanding of end-consumers' needs and requirements. As such, the loss of any of our Executive Directors and key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. The profiles of our Board of Directors and key management personnel are set out in Sections 8.2.1 and 8.4.1 of this Prospectus respectively.

We recognise the importance of attracting and retaining our key management personnel and have put in place competitive compensation packages for their contribution towards our continuing success. In addition, we provide a healthy working environment, practise conducive workplace culture, uphold good work ethics to create a sense of belonging and foster good working relationships amongst our employees. We also have in place a management succession plan and provide training and career development opportunities for our employees.

Whilst we depend on our Executive Directors and key management personnel, we are not overly dependent on any one of them. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining our key management personnel or ensuring a smooth transition should changes occur.

4.1.11 Infringement of intellectual property rights

We have developed and used various intellectual properties in connection with our business. We are susceptible to claims by third parties to have infringed their intellectual property rights. Similarly, we are also susceptible to infringement of our intellectual property rights by third parties. In defending our legal rights and entitlements, we may be exposed to suits and counter suits by third parties. Such disputes as to the ownership of intellectual property rights and the resolution of such disputes, by litigation or otherwise, may be time consuming and costly. Any of the above could have an adverse impact on our business, operations and financial conditions.

Therefore, our Group requires our authors to undertake to indemnify us for losses and damages arising out of the contents of their works which has infringed the rights of third parties. We also own the copyrights to all published versions of our titles, which are protected under the Copyright Act 1987. This is further explained in Section 6.15 of this Prospectus. In the event of third party infringing our intellectual property rights, we will undertake necessary legal actions to seek damages as well as to protect our rights. Our Group has also put in place a policy of using only licensed softwares in our business. As at LPD, neither have we filed nor have we been served with any legal process in relation to any infringement of intellectual property rights.

There can be no assurance that there will be no future infringement of intellectual property rights, which may have a material adverse impact on our business and operations.

4. RISK FACTORS (Cont'd)

4.1.12 Growing trend towards online publishing

Under the Household Use of the Internet Survey 2011 conducted by the Malaysian Communications and Multimedia Commission (MCMC), it was estimated that 63.5% of households used the internet for educational purposes as compared to 46.0% in 2009. With the aim of improving the quality of learning across Malaysia, the Malaysian Government has commenced the implementation of 1BestariNet, which provides high speed internet access and virtual learning environment for 10,000 schools nationwide. The increased usage of online learning materials may threaten and reduce the usage of print educational materials, hence posing a risk to the industry.

In line with the growing trend of learning via online medium, educational publishers that are involved in print publication should consider diversifying into or strengthening their online publishing as a complementary business activity. There are synergies between print and online publishing as the same content and material can be used for both medium of publishing. In addition, digital publications including online publications can be more engaging and interactive, which could be useful for publishers to create brand loyalty among consumers.

(Source: Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor)

For the FYE 31 August 2013 and FPE 28 February 2014, print publishing of educational materials accounted for 82.6% and 92.9% of our total revenue respectively. As such, a growing trend towards online publishing may affect our business.

To keep up with the developments towards on-line learning, our Group has embarked on online publishing since 2011. Our online educational resources include cloud-based teaching and learning content, tools and platforms. Our online publishing revenue has increased by 866.7% from approximately RM0.6 million in FYE 31 August 2011 to approximately RM5.8 million in FYE 31 August 2013. For FPE 28 February 2014, we have recorded online publishing revenue of approximately RM83,000 (after netting off sales returns of approximately RM0.6 million mainly due to sales returns for our iPBS online educational products). In line with our emphasis on growing the online publishing, we will continue to develop and introduce new online educational resources in the future. This is expected to grow in the coming years, while our print publishing operations will continue to meet the existing demands in the market.

In recognition of our online educational resources, we had, on 2 April 2013, successfully secured an MOU with YGMB to offer and support an online tutorial programme with self-assessment for 20,000 candidates of UPSR and SPM for 2013 in selected schools in Perak Darul Ridzuan. This was undertaken under i-TR1M (Interaktif Tuisyen Rakyat 1Malaysia), a government education initiative. This involved the supply and implementation of our online educational resources, namely i-Learn. Under the said MOU, our Group had billed YGMB on a quarterly basis based on a fixed schedule. The MOU was valid until end of 2013.

Nevertheless, despite our online efforts, there can be no assurance that the growing trends towards online publishing will not materially impact on our business.

4.1.13 Credit risk

We generally grant our customers credit periods of between 60 days and 90 days. We are exposed to credit risks arising from trade receivables which may arise from events and circumstances beyond our control or events which are difficult to anticipate or detect, such as an economic downturn or deterioration. In the event of significant delay or default in payment by our customers or where our customers face significant financial difficulties, we will have to make allowance for impairment losses on trade receivables or write off trade receivables as bad debts, which may adversely affect our financial performance.

4. RISK FACTORS *(Cont'd)*

For the past four (4) FYE 31 August 2010 to 2013 and FPE 28 February 2014, our Group has not written off any bad debts directly to the statement of profit or loss. However, our Group has recognised allowance for impairment losses on trade receivables of RM80,000, RM92,000, RM9,000, RM130,000 and RM198,000 in the statement of profit or loss for FYE 31 August 2010 to 2013 and FPE 28 February 2014 respectively. As at 31 August 2010, 2011, 2012, 2013 and as at 28 February 2014, the balance of the allowance for impairment losses on trade receivables in the statement of financial position amounted to approximately RM0.6 million, RM0.7 million, RM0.1 million, RM0.2 million and RM0.4 million respectively.

Notwithstanding the above, there is no assurance that we will not encounter significant allowance for impairment losses on trade receivables or bad debts in the future that may materially affect our financial performance.

4.1.14 Changes in National Curriculum and educational policies

We are principally a publisher of educational materials focusing on primary and secondary school education based on the Malaysian National School Curriculum. In the event of a change in curriculum or educational policies such as medium of instruction, publishing business like ours may not be able to react quickly to such changes.

However, changes to the Malaysian National School Curriculum are announced ahead of time, and this would usually allow sufficient time for our Group to realign our business activities. An example of such changes is the reversion of Mathematics and Science to be taught in Bahasa Malaysia instead of English and the introduction of KSSM to replace KBSM in 2017.

A change in curriculum is generally positive for publishers, as it would encourage end-users to buy new educational materials when the older publications are made obsolete by the new curriculum. An example is the new KSSR curriculum incorporating school based assessment and national examination namely UPSR. This curriculum change may stimulate demand for additional purchases of educational materials, such as revision materials, during the academic year.

Publishers with a ready pool of experienced writers and editors with the appropriate subject matter and language skills would be in a better position to quickly adapt to changes in curriculum to minimise any adverse impact, and at the same time benefit from first-mover advantage or fast-to-market.

(Source: Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor).

Our Group has an experienced management and editorial team with the capabilities to develop National School Curriculum based and supplementary educational materials in a timely manner to meet any new National School Curriculum requirements and educational policies. Our Group has published various National School Curriculum based educational materials, including textbooks, in Bahasa Malaysia and English for primary and secondary levels of education as well as some in Chinese for national-type schools (Chinese). With these capabilities, we are able to react quickly to changes in national curriculum and educational policies. Please refer to Section 6.1(c) of this Prospectus for further details of our Group's competitive advantages and key strengths.

However, there can be no assurance that changes in curriculum and educational policies may not have material adverse impact on our business in the future.

4. RISK FACTORS *(Cont'd)*

4.1.15 Abolishment of national examinations

In Malaysia, the majority of educational materials are examination oriented, targeted at students preparing to undertake national examinations such as Primary School Achievement Test (UPSR - Ujian Pencapaian Sekolah Rendah), Lower Secondary Assessment (PMR - Penilaian Menengah Rendah) and the Malaysian Certificate of Education (SPM - Sijil Pelajaran Malaysia). As of January 2014, the PMR examination has been abolished with 2013 being the last year of centralised examinations for Form 3 students. As such, publishers may face lower demand for educational materials for PMR.

Based on the circular by the Ministry of Education on 31 March 2014, PMR will be replaced by Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3) whereby the results of the PT3 will be used as a basis for admission of students into certain types of schools and streaming of students for upper secondary levels of education.

(Source: Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor)

In the same announcement by the Ministry of Education, the Document of Performance Standard (DSP – Dokumen Standard Prestasi), which are guidelines used by teachers to assess and report on students' achievements, has been simplified into a Student Learning Progress Guide (PPPM – Panduan Perkembangan Pembelajaran Murid). This guideline will form part of the School-Based Assessment (PBS) that will be effective for students in Year 1, 2 and 3 under primary levels of education and Form 1, 2 and 3 under lower secondary levels of education for the academic year of 2014.

In April 2014, our Group has published a new series of PBS educational materials based on PPPM. Also, in June 2014, our Group has launched new series of model test papers based on the PT3 format for lower secondary levels of education. In addition, our Group is also in the midst of publishing new series of assessment books and revision guides based on the PT3 format. Our educational materials which were originally published under our PMR series remain relevant as general revision materials for teachers and students alike.

Nonetheless, there can be no assurance that the abolishment of national examinations will not have a material adverse impact on our business performance.

4.1.16 Dependency on experienced and skilled editors

We believe that human capital is one of our key success factors. Our editorial personnel are critical in maintaining the quality of our publications as well as our brand and market reputation. We must continue to attract and retain experienced and skilled editorial personnel who have a strong command of the subject areas and relevant experience in editing. The lack of experienced and skilled editors may lead to a deterioration of quality of our publications and may impact on our brand names as well as market reputation, thus adversely affecting our business and financial performance.

We provide competitive remuneration packages to attract and retain experienced and skilled editors. In addition, we strive to maintain the quality of our staff by providing continuous training and development opportunities. Please refer to Section 8.9.2 of this Prospectus for our Group's training and development. Despite our efforts, there can be no assurance that we will continuously be able to maintain a sufficient pool of editors and it will not have a material impact on our business.

4. RISK FACTORS *(Cont'd)*

4.1.17 Political, economic and regulatory uncertainties

Any adverse development in the political, economic and regulatory environment in Malaysia could materially and adversely affect the financial and operational conditions as well as the overall profitability of our Group.

We will be affected by any changes in the political leadership and/or regulatory and government policies. Such political and/or regulatory changes or uncertainties include (but are not limited to) introduction of new laws and regulations which impose and/or increase restrictions on the publishing industry, political or social development, risk of war, expropriation, nationalisation and renegotiation or nullification of existing contracts.

Any widespread and/or prolonged economic slowdown would affect consumer and business confidence, and subsequently their tendency to spend. The uncertainty over the global economies, particularly resulting from the euro zone debt problem, may also impact on the local economy. This may cause consumers to be more cautious in their spending patterns, thus leading to a slowdown in consumer spending. However, the demand for educational materials like textbooks is generally more resilient to an economic slowdown as these form part of the requirements of the national school curriculum. In addition, consumers are generally less sensitive to changes in economic conditions when considering expenditure for educational purposes. This is substantiated by the fact that while the Malaysian economy experienced a 1.5% decline in real gross domestic product in 2009, real household final consumption on education increased by 11.5% in the same year.

(Source: Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor)

We do not possess any printing press machines or publish periodicals, the two (2) matters requiring approvals from the Ministry of Home Affairs under the Printing Presses and Publications Act 1984. We outsource the printing of all our materials. Therefore, we do not need any licence for printing press or permit for periodicals save for the licence to participate in e-perolehan from the Ministry of Finance as disclosed in Section 6.14.1 of this Prospectus.

Whilst we have not experienced any severe restrictions on the conduct of our business, we will continue to take precautionary measures such as efficient operation procedures and take steps to comply with any new laws and regulations imposed. There is no assurance that any adverse development or change in the political, economic and regulatory environment would not have any adverse impact on our business and financial performance.

4.1.18 Inadequate insurance coverage

We maintain general insurance policies where practicable, covering both our assets and employees in line with general business practices in the publishing industry, with policy specifications and insured limits which we believe are reasonable. However, in the event that the amount of such claims exceed the coverage of general insurance policies which we have taken up, we may be liable for shortfalls in the amounts claimed. In such events, our business and financial position will be adversely affected. Our Directors have confirmed that there has not been any claim which has exceeded the coverage of our general insurance policies in the past.

4. RISK FACTORS (Cont'd)

In ensuring such risks are kept to a minimum level, we review and ensure adequate coverage for our assets on a continuous basis. We ensure the continuity of our insurance by renewing the insurance policies annually. The total amount insured is RM15.6 million on our motor vehicles, property, plant and equipment representing approximately 89.6% of the NBV of our property, plant and equipment (including motor vehicles, office equipment and buildings but excluding the NBV for land amounting to RM10.2 million) as at 28 February 2014. Our Group has also insured up to RM10.0 million of our inventories representing approximately 70.9% of our Group's inventories (excluding papers amounting to RM1.8 million held in the premises of our paper suppliers and printers) as at 28 February 2014. Although we have taken necessary steps to adequately insure our assets, there can be no assurance that our insurance coverage would be adequate to compensate the replacement costs of the assets or any consequential losses arising thereof.

4.1.19 Foreign exchange transaction risk

Some of our sales as well as our purchases of applied learning products are transacted in foreign currencies. As such, we are exposed to foreign exchange transaction risk. An unfavourable foreign exchange movement against the RM may have an impact on our profitability.

For FYE 31 August 2013 and FPE 28 February 2014, 5.5% and 9.3% of our purchases of materials, services and products were transacted in USD respectively. In addition, 0.5% of our revenue for FYE 31 August 2013 was transacted in USD and Brunei Dollar. There was no revenue transacted in USD for FPE 28 February 2014, whilst we have recorded minimal negative revenue in Brunei Dollar in the financial period under review as a result of sales return from the Brunei market. Due to the transactions in foreign currencies being not material, fluctuations in foreign exchange rates will not have a material impact on our purchases as well as revenue. For FYE 31 August 2013 and FPE 28 February 2014, we did not experience any material losses arising from foreign exchange transactions. Please refer to Section 12.2.10 of this Prospectus for further information on the impact of foreign exchange fluctuations on our financial performance.

Nevertheless, there can be no assurance that any foreign currency fluctuations in the future will not adversely affect our financial performance.

4.1.20 Unauthorised use of our brand names

We place great emphasis on the reputation of our brand names, namely 'Sasbadi', 'Sasbadi Online', 'Maya Press', 'Orbit Buku', 'Sasbadi Learning' and 'MBP Publications', as negative connotations could have an adverse impact on the sales of our products. In order to prevent the unauthorised use of our brand names, we have applied to register the said brand names and related logos with MyIPO. The registrations of our trademarks are in various stages of the approval and registration process. Please refer to Section 6.15 of this Prospectus for our Group's intellectual property rights.

Nonetheless, even when the brand names have been registered, there can be no assurance that there will not be unauthorised third party copying, using or exploiting our brand names and logos.

4. RISK FACTORS *(Cont'd)*

4.1.21 Competition

We face competition from existing competitors as well as potential new entrants in the educational publishing industry.

The barriers to entry into the educational publishing industry are relatively low based on capital requirements as most functions within the process of transforming a manuscript into the end-product may be outsourced to third parties.

The entry cost for online publishing is even lower as there are no printing costs involved compared to print publishing. In addition, distribution costs for online publishing are minimal as it is made available through the internet. As such, competition within the educational publishing industry may increase.

However, while set-up costs may be low, operating costs are considerably higher. This is due to the need to pay professional staff as well as to extend credit terms to resellers and retailers. In addition, there is a long lead time between obtaining manuscripts and transforming them into final products suitable for sales to consumers. All these factors would pose barriers to entry for new entrants. Furthermore, a more established publisher with a strong brand name, a wide distribution network whilst enjoying economies of scale, would be in a stronger position to compete in the market.

(Source: Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor)

We leverage on our competitive strengths such as our established track record, brand awareness, extensive distribution network, large customer base, diversity in product range, in-house content development, availability of large range of publications, economies of scale as well as our experienced management and editorial personnel as set out in Section 6.1(c) of this Prospectus. While we continuously strive to maintain and adopt appropriate strategies to remain competitive, there can be no assurance that a change in the competitive environment would not have a material adverse impact on our business and financial performance.

4.1.22 Utilisation of external writers in creating publications

Our Group utilises contents developed in-house as well as external writers for our publications. It is common for us to acquire manuscripts from experienced lecturers, teachers and examiners as well as commissioning external writers for our National School Curriculum based and supplementary educational materials. For the FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014, 44.5%, 35.7%, 30.9%, 22.3% and 29.1% respectively of the new titles published by our Group were developed based on manuscripts of external writers. As such, we may face competition in engaging and retaining external writers from being sourced by our competitors.

Nevertheless, our Group has an experienced in-house editorial team that is capable of developing contents for publication. This enables us to develop and write our own publications without relying solely on external writers and third party manuscripts. As at LPD, our Group has 64 personnel in our editorial team including managerial personnel. Of these, approximately 53.1% of our editorial team members have between 7 and 26 years of experience as writers for publications. For the FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014, the remaining 55.5%, 64.3%, 69.1%, 77.7% and 70.9% respectively, were for new titles developed based on in-house created contents and in combination with third parties.

4. RISK FACTORS (Cont'd)

Furthermore, the external writers shall also not write or edit a competitive work for any other publishers and shall not publish such work himself for so long as their work is still in current publication by our Group. Our Group also has an advantage in sourcing for quality external writers due to, amongst others, our established brand name and the ability to market our products through a wide distribution network.

Although we have not experienced difficulties in creating publications due to shortage of contents or manuscripts, there is no assurance that we can continue to create and source sufficient contents and manuscripts for our publications.

Notwithstanding the above measures, steps and efforts undertaken by our Group to mitigate the above-mentioned risks relating to our business and industry, there can be no assurance and guarantee that we can successfully manage all the risks including our ability to compete successfully in the future and our ability to obtain sufficient supply of materials from our regular suppliers.

Further, there is no assurance that our customers will continue to place orders with us in the future and at the same levels as they had previously, or our ability to attract and to retain our key management personnel with similar level of experience and capabilities.

Failure to do so could have a material and adverse impact on our business, financial condition and the results of our operations.

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4. RISK FACTORS *(Cont'd)*

4.2 RISKS RELATING TO INVESTMENT IN OUR SHARES

4.2.1 Delay or abortion of our Listing

Our Listing may be potentially delayed or aborted in the event of the following:

- (a) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations; or
- (b) we are unable to meet the public spread requirement of at least 25% of our enlarged issued and paid-up share capital to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each, at the time of our Listing.

We expect to meet the public shareholding requirement at the point of Listing by allocating the IPO Shares to the required number of public shareholders during the balloting/private placement processes. However, in the event that we are unable to meet the above requirement, monies paid in respect of any application accepted will be returned to you without interest within fourteen (14) days after we become liable to repay it. If any such monies are not repaid within fourteen (14) days after we and the Offerors become liable to repay it, then the provisions under sub-section 243(2) and 243(6) of the CMSA shall apply.

4.2.2 No prior market for our Shares and possible volatility of our Share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than our IPO Price as a result of many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing global and local economic conditions, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

4.2.3 Control by Promoters

Upon Listing, our Promoters will collectively hold approximately 55.1% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed three (3) Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter-alia*, any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

4.2.4 Payment of dividends

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiary companies. Hence, our ability to pay future dividends is largely dependent on the performance of our subsidiary companies.

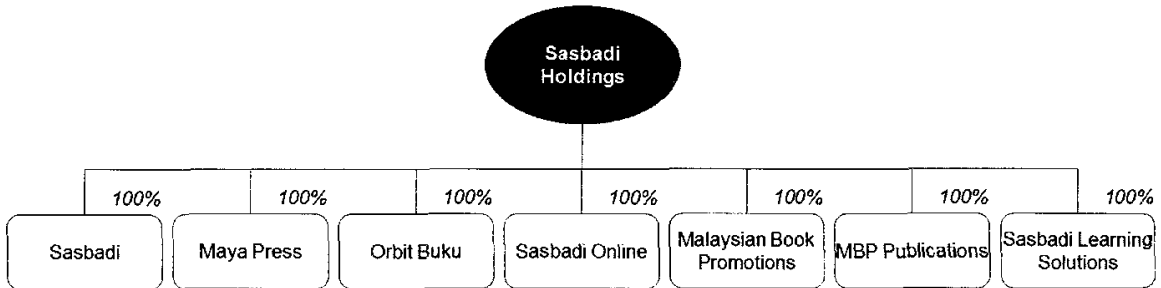
In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but are not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements. Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future as a result of factors stated above. Please refer to Section 12.4 of this Prospectus for further information on our dividend policy.

5. INFORMATION ON OUR GROUP

5.1 OUR HISTORY

We are principally a publisher of educational materials. We mainly undertake print publishing focusing on primary and secondary school education. While most of our educational materials are based on the Malaysian National School Curriculum, we also publish other non-curriculum based educational materials. We also undertake online publishing of educational materials based on the Malaysian National School Curriculum.

Our group structure is as follows:



Our principal activities are as follows:

Company	Principal Activities
Sasbadi Holdings	Investment holding
Sasbadi	Publisher of printed educational materials, distribution of applied learning products and trading of paper
Maya Press	Imprint for general titles*
Orbit Buku	Publisher of supplementary educational materials
Sasbadi Online	Publisher of online educational resources
Malaysian Book Promotions	Publishing and distribution of printed educational materials ⁽¹⁾
MBP Publications	Imprint for printed educational materials ^
Sasbadi Learning Solutions	Dormant ⁽²⁾

Notes:

* *Maya Press is an imprint i.e. a trade name under which general titles are published by Sasbadi. Sasbadi bears all costs and receives all revenue arising from these activities.*

^ *MBP Publications is an imprint for printed educational materials published by Malaysian Book Promotions. Malaysian Book Promotions bears all costs and receives all revenue arising from these activities.*

(1) *Additional intended activity is to undertake organisation of book fairs and exhibitions.*

(2) *The intended activity is to undertake the distribution of applied learning products and operation of applied learning centres.*

Our Group was co-founded by Mr Law King Hui, our Managing Director, together with Mr Lee Swee Hang and Mr Lee Eng Sang, our Executive Directors, with the aim of publishing quality educational materials to students in Malaysia. Each of our founders has between 33 and 39 years of experience in the publishing industry. Over the years, each of them has contributed significantly to the development, growth and success of our Group.

5. INFORMATION ON OUR GROUP (Cont'd)

The history of our business can be traced back to 1985 with the incorporation of Sasbadi where in the same year we commenced operations as a publisher of educational materials. Our first publication was a series of workbooks for primary six students, aimed at preparing these students for secondary levels of education.

In 1986, we published a series of KBSM workbooks, entitled 'Strategi'. This was our first series of workbook with a 3-in-1 packaging involving three (3) different books bound into one (1), where each of these books are detachable for independent use.

In 1987, we published our first textbook approved by the Ministry of Education, entitled 'Bahasa Malaysia KBSM Tingkatan 1'. Since then, we have published textbooks of various other subjects for both primary and secondary levels of education including, amongst others, English, Geography, Science, Principles of Accounting, Basic Economics and Mathematics.

In the same year, we extended our product range to include a series of KBSR workbooks for various subjects such as Bahasa Malaysia, English and Mathematics for primary levels of education.

In line with our business growth, in 1989, we acquired a four (4)-storey shoplot in Damansara Utama, Selangor Darul Ehsan and moved into the building in 1990. Thereafter, we also rented two (2) other four (4)-storey shoplots in the same area to cater to our expanding business operations.

Subsequently in 1997, we began publishing Malay translated publications after securing the rights from Two-Can Publishing Limited, London and Dorling Kindersley Limited, London to publish their English science books namely 'Make It Work!' and 'Eyewitness Science' respectively. Since then, we have continued to secure rights from various foreign publishing houses where we reproduced translated publications for the Malaysian market. In the same year, we published our first teaching guide, 'Sumber Dalam Fail'.

In 2002, we began our collaboration with MELTA to publish ELT materials. In the same year, in collaboration with MELTA we launched our first publication of ELT material, 'Developing Reading Skills'. MELTA's role in the collaboration included writing while our role was focused on editing, design and distribution. Since then, we have published a series of ELT materials through our collaboration with MELTA.

Maya Press was also incorporated in 2002 as an imprint for Sasbadi to publish general titles in support of Malaysian authors, who write in English. The first title published under the trade name of Maya Press, in 2003 was entitled 'Spirit of the Keris', an anthology by a number of Malaysian authors.

In 2002, we also acquired a piece of leasehold land in Kota Damansara, Selangor Darul Ehsan for the construction of our office and warehouse. In 2004, we moved into our own purpose-built building with an approximate built-up area of 76,945 sq. ft. in Kota Damansara, Selangor Darul Ehsan.

In 2005, we ventured into supply of digital educational resources by developing and launching Total eDictionary, our first generation electronic dictionary targeted for use by students. Subsequently, in 2009, we launched eleksisPro, our second generation electronic dictionary. Our electronic dictionaries are manufactured by third party manufacturer under our specifications. As at LPD, we have ceased the production of our electronic dictionaries as we shift our focus from supply of digital educational resources towards online educational resources.

5. INFORMATION ON OUR GROUP *(Cont'd)*

As part of management's intention to broaden our range of educational products, we secured the rights from LEGO System A/S to be the sole distributor of and exclusive partner in LEGO Education products for Brunei and Malaysia since 2005. LEGO Education offers a range of applied learning products for children. In 2005, we organised our first Malaysia Robot Olympiad (now known as National Robotics Competition). Since then, we have continued to champion the hands-on learning platform in schools in Malaysia which is supported by the Ministry of Education. To date, we have organised nine (9) consecutive years of the annual National Robotics Competition in Malaysia, which has grown from approximately 100 teams in 2005 to approximately 2,800 teams in 2013.

In 2009, we organised our first book fair namely Bazar Baca in Malaysia. In the same year, we organised a total of 112 book fairs throughout Malaysia. The Bazar Baca book fair has since been discontinued. During the same year in 2009, we were appointed as the exclusive distributor of Pitsco Inc for the sale and distribution of Pitsco products to early childhood institutions and schools in Malaysia. Pitsco products generally include a range of robotics products and devices. In addition, we were also granted non-exclusive right to market and sell Pitsco products to private users (home learning) in Malaysia. However, the non-exclusive right does not permit us to market and sell Pitsco products via retail outlets. To the best of our management's knowledge, we are not aware of any parties other than our Group which have been granted the non-exclusive right to market and sell Pitsco products to private users (home learning) in Malaysia.

Orbit Buku was incorporated in 2010 and commenced operation in 2011 to expand our range of supplementary educational materials. Some of these include children's books such as fiction and informational books. These books are mainly targeted at households with school going children and school libraries.

During 2010, Sasbadi, as the World Robot Olympiad national organiser of Malaysia, won the rights from the World Robot Olympiad Advisory Committee to co-organise the World Robot Olympiad 2012 in Malaysia.

Also, in 2010, we were appointed by YGMB to reprint, distribute, market and sell past year examination papers for SPM and STAM. Subsequently, over the years, we were awarded the licence by YGMB to reprint, distribute, market and sell past year examination papers for UPSR, PMR, STAM and SPM. However, the licence was not renewed upon its expiry on 14 September 2013, and we have ceased the reprinting, distributing, marketing and selling of the past year examination papers with effect from 15 September 2013.

During the same year in 2010, we recorded our first export sales to Indonesia for the translation rights of a range of Sasbadi's publications. However, this was on a small scale basis. We also acquired Malaysian Book Promotions, an event management company specialising in organising book fairs and conferences. After the acquisition, this company ceased operations as an event management company before resuming operations in September 2013 to distribute printed educational materials.

In 2011, Sasbadi Online was incorporated as part of our intention to expand into publishing of online educational resources targeting both teachers and students. During the same year, we launched our first online teaching product, namely Penjana Pentaksiran Instan, an instant assessment paper generator. Since then, we have launched various online educational resources including i-Teach, i-Learn and iPBS, which are cloud-based teaching and learning platforms based on subscription.

During the same year in 2011, National Instruments Singapore (Pte) Ltd appointed us as its exclusive Malaysian distributor for a range of applied learning products namely NI myDAQ and LabVIEW for Education to primary and secondary educational institutions for educational purposes. NI myDAQ is a portable data acquisition device used with a computer for measuring and analysing live signals including voltage, current, temperature, pressure and sound. LabVIEW for Education is a software that provides tools to create measurement and control systems.

5. INFORMATION ON OUR GROUP (Cont'd)

In 2012, we co-organised with the Government of Malaysia, the World Robot Olympiad 2012 in Kuala Lumpur. As at 21 February 2013, the event was the largest in the history of World Robot Olympiad with a record participation of 403 teams from 30 countries.

Sasbadi Holdings was incorporated in Malaysia under the Act on 30 October 2012 and converted into a public limited company on 15 March 2013 to serve as an investment holding company and the listing vehicle of our Group.

On 2 April 2013, Sasbadi signed an MOU with YGMB to offer and support an online tutorial programme with self-assessment for 20,000 candidates of UPSR and SPM for 2013 in selected schools in Perak Darul Ridzuan. This was undertaken under i-TR1M (Interaktif Tuisyen Rakyat 1Malaysia), a government education initiative. This involved the supply and implementation of our online educational resources, namely i-Learn. Based on the said MOU, our Group had billed YGMB on a quarterly basis based on a fixed schedule. The MOU was valid until end of 2013.

On 5 August 2013 and 30 September 2013, Sasbadi signed a letter of intent and an Intellectual Property Rights Assignment Agreement, respectively, to acquire from Pearson Malaysia the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials (i.e. revision guides, workbooks, assessment books and model test papers) for RM5.5 million. In conjunction with the acquisition of the publishing rights and production files, Sasbadi has also acquired stocks of educational materials for approximately RM1.6 million and paper for approximately RM0.6 million from Pearson Malaysia. Under the Intellectual Property Rights Assignment Agreement, Sasbadi is allowed until 31 March 2014 to reprint the titles acquired under the Pearson brand and to continue to sell the reprinted/ acquired Pearson branded stocks until 31 December 2014. All stocks printed after 31 March 2014 are to be branded under our Group. The acquisition of the publishing rights and production files for the list of titles was completed on 30 September 2013. The acquisition of Pearson Malaysia's publishing rights and production files, stocks of educational materials and paper were funded by internally generated funds. In September 2013, our subsidiary company, Malaysian Book Promotions resumed operations and started distributing the acquired stocks of National School Curriculum based educational materials from Pearson Malaysia. Subsequently in May 2014, Malaysian Book Promotions started publishing printed educational materials under the imprint of MBP Publications.

In February 2014, Sasbadi Online was appointed by the Academy of Sciences Malaysia as the National Science Challenge ("NSC") preliminary level online system developer and smart partner for 2014 NSC. In this regard, the 2014 NSC preliminary level is administered based on the engines used in our online educational resources. This enables us to showcase our online educational capabilities on a national scale and helps create greater market awareness for our online educational resources.

MBP Publications was incorporated on 28 March 2014 and it is an imprint for Malaysian Book Promotions to publish printed educational materials. On 3 April 2014, Sasbadi Learning Solutions was incorporated and is currently dormant. Its intended activity is to undertake the distribution of applied learning products and operation of applied learning centres.

In April 2014, Sasbadi renewed its appointment as a distributor for National Instruments' applied learning products in Malaysia under a non-exclusive arrangement which is valid until 31 December 2014. In May 2014, Sasbadi won its most recent tender from the Ministry of Education to publish, print and supply textbooks for Design and Technology subject for Year 5 (Chinese) primary level of education. The letter of acceptance to publish, print and supply the textbooks for Design and Technology subject is valid from 2014 to 2016. Sasbadi Online had in May 2014, agreed in principle to grant a publishing house in Jakarta, Indonesia the rights to use and sell i-Learn in Indonesia under licence. This is pending the signing of the license and services agreement which is exclusive for the territory of Indonesia.

5. INFORMATION ON OUR GROUP (Cont'd)

As at LPD, Sasbadi Online has finished developing and launched two (2) new products namely Mind-Map and Most Essential Exam Techniques (MEET). Mind-Map, which is an interactive system that allows users to build mind maps on computers, tablets or smart phones, can be used in a classroom environment either as individual or collaborative work among students. MEET is a collection of videos aimed at tackling difficult questions in Malaysian school exams.

Since we began our operations in 1985, we have established ourselves as a reputable publisher of educational materials in Malaysia. We currently publish under the brand names of 'Sasbadi', 'Sasbadi Online', 'Maya Press', 'Orbit Buku' and 'MBP Publications'. For the FYE 31 August 2013, we achieved total revenue of RM78.0 million and PAT of RM12.8 million.

On 19 May 2014, we completed the Acquisitions. Details of our Group, our business and our future plans are set out in this Sections 5 and 6 of this Prospectus.

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5. INFORMATION ON OUR GROUP *(Cont'd)*

5.2 SHARE CAPITAL

Our present authorised share capital is RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each, of which RM52,900,000 comprising 105,800,000 Shares have been issued and credited as fully paid-up. Upon completion of our IPO, our issued and paid-up share capital will increase to RM63,500,000 comprising 127,000,000 Shares. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration ⁽¹⁾	Cumulative Total RM
30.10.2012	2	1.00	Cash	2.00
13.03.2013	2*	0.50	Subdivision of Shares	2.00
19.05.2014	105,799,996	0.50	Acquisition of Sasbadi	52,900,000

Notes:

* After subdivision, our Company's issued and paid-up share capital translated from two (2) ordinary shares of RM1.00 each to four (4) ordinary shares of RM0.50 each.

(1) There were no discounts, special terms or instalment payment terms provided in relation to these transactions.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5.3 SUBSIDIARY COMPANIES

5.3.1 Sasbadi

(i) History and Business

Sasbadi was incorporated on 3 May 1985 in Malaysia under the Act as a private limited company and commenced operations in 1985. It is principally involved in publishing printed educational materials, distribution of applied learning products and trading of paper.

(ii) Share Capital

Sasbadi's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM2,400,000 comprising 2,400,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of Sasbadi for the past three (3) years up to LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sasbadi.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Shareholders and Directors

Sasbadi is our direct wholly-owned subsidiary and its Directors are Law King Hui, Lee Swee Hang, Lee Eng Sang and Law En Ruey.

(iv) Subsidiary and Associated Companies

Sasbadi does not have any subsidiary or associated company.

5.3.2 Maya Press

(i) History and Business

Maya Press was incorporated on 3 July 2002 in Malaysia under the Act as a private limited company and commenced operations in 2003. Maya Press is an imprint for general titles for Sasbadi.

(ii) Share Capital

Maya Press' present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM2.00 comprising two (2) ordinary shares of RM1.00 each have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of Maya Press for the past three (3) years up to LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Maya Press.

(iii) Shareholders and Directors

Maya Press is our direct wholly-owned subsidiary and its Directors are Law King Hui and Lee Swee Hang.

(iv) Subsidiary and Associated Companies

Maya Press does not have any subsidiary or associated company.

5.3.3 Orbit Buku

(i) History and Business

Orbit Buku was incorporated on 19 March 2010 in Malaysia under the Act as a private limited company and commenced operations in 2011. It is principally involved in publishing supplementary educational materials.

(ii) Share Capital

Orbit Buku's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM10,000 comprising 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

5. INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and paid-up share capital of Orbit Buku for the past three (3) years up to LPD are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration ⁽¹⁾	Cumulative Total RM
05.03.2013	9,998	1.00	Cash	10,000

Note:

(1) There were no discounts, special terms or instalment payment terms provided in relation to this transaction.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Orbit Buku.

(iii) Shareholders and Directors

Orbit Buku is our direct wholly-owned subsidiary and its Directors are Law King Hui and Lee Swee Hang.

(iv) Subsidiary and Associated Companies

Orbit Buku does not have any subsidiary or associated company.

5.3.4 Sasbadi Online

(i) History and Business

Sasbadi Online was incorporated on 5 July 2011 in Malaysia under the Act as a private limited company and commenced operations in 2011. It is principally involved in publishing online educational resources.

(ii) Share Capital

Sasbadi Online's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM10,000 comprising 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Sasbadi Online since its incorporation up to LPD are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration ⁽¹⁾	Cumulative Total RM
05.07.2011	2	1.00	Cash	2.00
05.03.2013	9,998	1.00	Cash	10,000

Note:

(1) There were no discounts, special terms or instalment payment terms provided in relation to these transactions.

5. INFORMATION ON OUR GROUP *(Cont'd)*

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sasbadi Online.

(iii) Shareholders and Directors

Sasbadi Online is our direct wholly-owned subsidiary and its Directors are Law King Hui and Lee Swee Hang.

(iv) Subsidiary and Associated Companies

Sasbadi Online does not have any subsidiary or associated company.

5.3.5 Malaysian Book Promotions

(i) History and Business

Malaysian Book Promotions was incorporated on 4 August 1994 in Malaysia under the Act as a private limited company. It was previously inactive before resuming operations in September 2013. It is principally involved in publishing and distribution of printed educational materials. Additional intended activity is to undertake organisation of book fairs and exhibitions.

(ii) Share Capital

Malaysian Book Promotions' present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM75,005 comprising 75,005 ordinary shares of RM1.00 each have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of Malaysian Book Promotions for the past three (3) years up to LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Malaysian Book Promotions.

(iii) Shareholders and Directors

Malaysian Book Promotions is our direct wholly-owned subsidiary and its Directors are Law King Hui and Lee Swee Hang.

(iv) Subsidiary and Associated Companies

Malaysian Book Promotions does not have any subsidiary or associated company.

5.3.6 MBP Publications

(i) History and Business

MBP Publications was incorporated on 28 March 2014 in Malaysia under the Act as a private limited company and commenced operations in May 2014. MBP Publications is an imprint for printed educational materials for Malaysian Book Promotions.

(ii) Share Capital

MBP Publications' present authorised share capital is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which RM1,000 comprising 1,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

5. INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and paid-up share capital of MBP Publications since its incorporation up to LPD are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration ⁽¹⁾	Cumulative Total RM
28.03.2014	1,000	1.00	Cash	1,000

Note:

(1) There were no discounts, special terms or instalment payment terms provided in relation to this transaction.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in MBP Publications.

(iii) Shareholders and Directors

MBP Publications is our direct wholly-owned subsidiary and its Directors are Law King Hui and Lee Swee Hang.

(iv) Subsidiary and Associated Companies

MBP Publications does not have any subsidiary or associated company.

5.3.7 Sasbadi Learning Solutions

(i) History and Business

Sasbadi Learning Solutions was incorporated on 3 April 2014 in Malaysia under the Act as a private limited company. It is currently dormant and its intended activity is to undertake the distribution of applied learning products and operation of applied learning centres.

(ii) Share Capital

Sasbadi Learning Solutions' present authorised share capital is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which RM1,000 comprising 1,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Sasbadi Learning Solutions since its incorporation up to LPD are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration ⁽¹⁾	Cumulative Total RM
03.04.2014	1,000	1.00	Cash	1,000

Note:

(1) There were no discounts, special terms or instalment payment terms provided in relation to this transaction.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sasbadi Learning Solutions.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Shareholders and Directors

Sasbadi Learning Solutions is our direct wholly-owned subsidiary and its Directors are Law King Hui and Lee Swee Hang.

(iv) Subsidiary and Associated Companies

Sasbadi Learning Solutions does not have any subsidiary or associated company.

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5. INFORMATION ON OUR GROUP *(Cont'd)*

5.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we proposed a Listing Scheme which was approved by the SC on 30 January 2014. The Listing Scheme involves the following:

- (i) Dividend Payment;
- (ii) Acquisitions;
- (iii) Public Issue;
- (iv) Offer for sale;
- (v) Vendors' Shareholdings Reorganisation; and
- (vi) Listing and quotation on Bursa Securities

The above are inter-conditional and are viewed as one exercise undertaken to facilitate the Listing of our Company.

5.4.1 Dividend Payment

Prior to the Acquisition of Sasbadi as set out in Section 5.4.2(i) of this Prospectus, Sasbadi had, on 3 April 2014 and 16 May 2014, paid to the Vendors dividend totalling RM8.5 million.

5.4.2 Acquisitions

(i) Sasbadi

Pursuant to the conditional sale and purchase agreement dated 3 May 2013, Sasbadi Holdings acquired the entire issued and paid-up share capital in Sasbadi of RM2,400,000 comprising 2,400,000 ordinary shares of RM1.00 each from the Vendors for a total purchase consideration of RM52,899,998 which was entirely satisfied by the issuance of 105,799,996 new Sasbadi Holdings Shares at an issue price of RM0.50 per Share credited as fully paid.

The purchase consideration of RM52,899,998 was arrived at on a willing buyer-willing seller basis and after taking into account the audited consolidated NA position of Sasbadi as at 31 August 2012 of RM50,887,000.

The Acquisition of Sasbadi was completed on 19 May 2014.

(ii) Maya Press

Pursuant to the conditional sale and purchase agreement dated 3 May 2013, Sasbadi Holdings acquired the entire issued and paid-up share capital in Maya Press of RM2.00 comprising two (2) ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM1.00 which was reflected as amount owing by Sasbadi Holdings to Sasbadi.

The purchase consideration of RM1.00 was arrived at on a willing buyer-willing seller basis and after taking into account the audited net liabilities position of Maya Press as at 31 August 2012 of RM21,308.

The Acquisition of Maya Press was completed on 19 May 2014.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Malaysian Book Promotions

Pursuant to the conditional sale and purchase agreement dated 3 May 2013, Sasbadi Holdings acquired the entire issued and paid-up share capital in Malaysian Book Promotions of RM75,005 comprising 75,005 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM77,754 which was reflected as amount owing by Sasbadi Holdings to Sasbadi.

The purchase consideration of RM77,754 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA position of Malaysian Book Promotions as at 31 August 2012 of RM77,754.

The Acquisition of Malaysian Book Promotions was completed on 19 May 2014.

(iv) Orbit Buku

Pursuant to the conditional sale and purchase agreement dated 3 May 2013, Sasbadi Holdings acquired the entire issued and paid-up share capital in Orbit Buku of RM10,000 comprising 10,000 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM1.00 which was reflected as amount owing by Sasbadi Holdings to Sasbadi.

The purchase consideration of RM1.00 was arrived at on a willing buyer-willing seller basis and after taking into account the audited net liabilities position of Orbit Buku as at 31 August 2012 of RM511,294 and the increase in its paid-up share capital of RM9,998 comprising 9,998 ordinary shares of RM1.00 each on 5 March 2013.

The Acquisition of Orbit Buku was completed on 19 May 2014.

(v) Sasbadi Online

Pursuant to the conditional sale and purchase agreement dated 3 May 2013, Sasbadi Holdings acquired the entire issued and paid-up share capital in Sasbadi Online of RM10,000 comprising 10,000 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM277,919 which was reflected as amount owing by Sasbadi Holdings to Sasbadi.

The purchase consideration of RM277,919 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA position of Sasbadi Online as at 31 August 2012 of RM267,921 and the increase in its paid-up share capital of RM9,998 comprising 9,998 ordinary shares of RM1.00 each on 5 March 2013.

The Acquisition of Sasbadi Online was completed on 19 May 2014.

5. INFORMATION ON OUR GROUP *(Cont'd)*

5.4.3 Public Issue

In conjunction with our Listing, we will undertake a public issue of 21,200,000 new Shares, representing approximately 16.7% of our enlarged issued and paid-up share capital at the IPO Price to be allocated in the following manner:

(i) **Public Tranche**

6,350,000 Public Issue Shares, representing 5.0% of our enlarged issued and paid-up share capital, have been reserved for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

(ii) **Pink Form Tranche**

5,700,000 Public Issue Shares, representing approximately 4.5% of our enlarged issued and paid-up share capital, have been reserved for application by our eligible Directors, employees and persons who have contributed to the success of our Group.

(iii) **Placement Tranche**

9,150,000 Public Issue Shares, representing approximately 7.2% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Public Issue Shares shall rank *pari passu* in all respects with our existing issued and paid-up Shares, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment thereof.

5.4.4 Offer for Sale

In conjunction with our Listing, the Offerors will offer up to 35,950,000 Offer Shares representing approximately up to 28.3% of our enlarged issued and paid-up share capital at the IPO Price to be allocated in the following manner:

(i) **MITI Tranche**

Up to 12,700,000 Offer Shares, representing up to 10.0% of our enlarged issued and paid-up share capital to Bumiputera investors approved by the MITI; and

(ii) **Non-MITI Tranche**

Up to 23,250,000 Offer Shares, representing approximately up to 18.3% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.5 Vendors' Shareholdings Reorganisation

During the prescription period, the Vendors will undertake a reorganisation exercise involving the transfer of 25,400,000 Sasbadi Holdings Shares which they received from the Acquisition of Sasbadi to Karya Kencana, an investment holding company substantially owned by the Vendors. In this regard, the Vendors have on 29 May 2013, entered into a conditional share sale agreement with Karya Kencana in respect of the Vendors' Shareholdings Reorganisation for a purchase consideration of RM30,226,000. The purchase consideration will be satisfied via issuance of 99,000 new Karya Kencana Shares and the balance will be reflected as amount owing by Karya Kencana to the Vendors. Please refer to Section 8.1.2 of this Prospectus for further details on Karya Kencana. Details of the Vendors' Shareholdings Reorganisation are as follows:

	No. of Shares to be transferred under the Vendors' Shareholdings Reorganisation	To be satisfied via	
		New Karya Kencana Shares	Cash* RM
Law King Hui	12,700,000	49,500	15,063,500
Lee Swee Hang	6,350,000	24,750	7,531,750
Lee Eng Sang	6,350,000	24,750	7,531,750
	25,400,000	99,000	30,127,000

Note:

* Reflected as amount owing by Karya Kencana to the respective vendors.

5.4.6 Listing on Bursa Securities

Bursa Securities had on 10 April 2014, approved the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 Shares on the Main Market of Bursa Securities.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.5 KEY ACHIEVEMENTS, MILESTONES AND AWARDS

(i) Our key achievements and milestones since inception are as follows:

Year	Key Achievements And Milestones
1985	<ul style="list-style-type: none"> Incorporation of Sasbadi and commenced operations as a publisher of educational materials. Our first publication was a series of workbooks for primary six students, aimed at preparing these students for secondary levels of education.
1987	<ul style="list-style-type: none"> Published our first textbook approved by the Ministry of Education, entitled 'Bahasa Malaysia KBSM Tingkatan 1'.
1997	<ul style="list-style-type: none"> Began publishing Malay translated publications after securing the rights from Two-Can Publishing Limited, London and Dorling Kindersley Limited, London to publish their English science books namely 'Make It Work!' and 'Eyewitness Science' respectively.
2002	<ul style="list-style-type: none"> Began our collaboration with MELTA in the publishing of ELT materials. Incorporation of Maya Press as an imprint for general titles for Sasbadi.
2003	<ul style="list-style-type: none"> The first general title 'Spirit of the Keris' was published under the imprint of Maya Press.
2004	<ul style="list-style-type: none"> Moved into our own purpose-built building with an approximate built-up area of 76,945 sq. ft. in Kota Damansara, Selangor Darul Ehsan.
2005	<ul style="list-style-type: none"> Broadened our range of educational products by securing the rights from LEGO Systems A/S to be the sole distributor of and exclusive partner in LEGO Education products for Brunei and Malaysia. Organised our first Malaysia Robot Olympiad (now known as National Robotics Competition).
2009	<ul style="list-style-type: none"> Organised our first book fair namely Bazar Baca in Malaysia and a total of 112 book fairs were organised throughout Malaysia. The Bazar Baca book fair has since been discontinued. Appointed as the exclusive distributor of Pitsco Inc for the sale and distribution of Pitsco products to early childhood institutions and schools in Malaysia and granted non-exclusive right to market and sell Pitsco products to private users (home learning) in Malaysia.
2010	<ul style="list-style-type: none"> Incorporation of Orbit Buku to expand our range of supplementary educational materials. Sasbadi successfully won the rights from World Robot Olympiad Advisory Committee to co-organise the World Robot Olympiad 2012 in Malaysia.

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Key Achievements And Milestones
2010 (Cont'd)	<ul style="list-style-type: none"> Acquired Malaysian Book Promotions, a company involved in event management specialising in organising book fairs and conferences. After acquisition, this company ceased operations as event management company.
2011	<ul style="list-style-type: none"> Orbit Buku commenced operations as a publisher of supplementary educational materials. Incorporation of Sasbadi Online as part of our intention to expand into publishing of online educational resources targeting both teachers and students. Launched our first online teaching product, Penjana Pentaksiran Instan, an instant assessment paper generator. Appointed as the exclusive distributor of National Instruments Singapore (Pte) Ltd in Malaysia for the distribution of a range of applied learning products namely NI myDAQ and LabVIEW for Education to primary and secondary educational institutions for educational purposes. This was renewed in April 2014 under a non-exclusive arrangement which is valid until 31 December 2014.
2012	<ul style="list-style-type: none"> Co-organised the World Robot Olympiad 2012 with the Government of Malaysia in Kuala Lumpur, the largest in the history of World Robot Olympiad (up to 21 February 2013) with a record participation of 403 teams from 30 countries. Incorporation of Sasbadi Holdings.
2013	<ul style="list-style-type: none"> Sasbadi Holdings converted into a public limited company to serve as an investment holding company and a vehicle for our proposed listing on the Main Market of Bursa Securities. Sasbadi signed an MOU with YGMB to offer and support an online tutorial programme with self-assessment for 20,000 candidates of UPSR and SPM for 2013 in selected schools in Perak Darul Ridzuan under i-TRIM (Interaktif Tuisyen Rakyat 1Malaysia). Sasbadi acquired the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials from Pearson Malaysia. Malaysian Book Promotions resumed operations to distribute printed educational materials.
2014	<ul style="list-style-type: none"> Sasbadi Online was appointed by the Academy of Sciences Malaysia as the National Science Challenge ("NSC") preliminary level online system developer and smart partner for 2014 NSC. Incorporation of MBP Publications as an imprint for printed educational materials for Malaysian Book Promotions. Incorporation of Sasbadi Learning Solutions.

5. INFORMATION ON OUR GROUP (Cont'd)

We are the recipients of the following awards and recognition in the course of our operations:

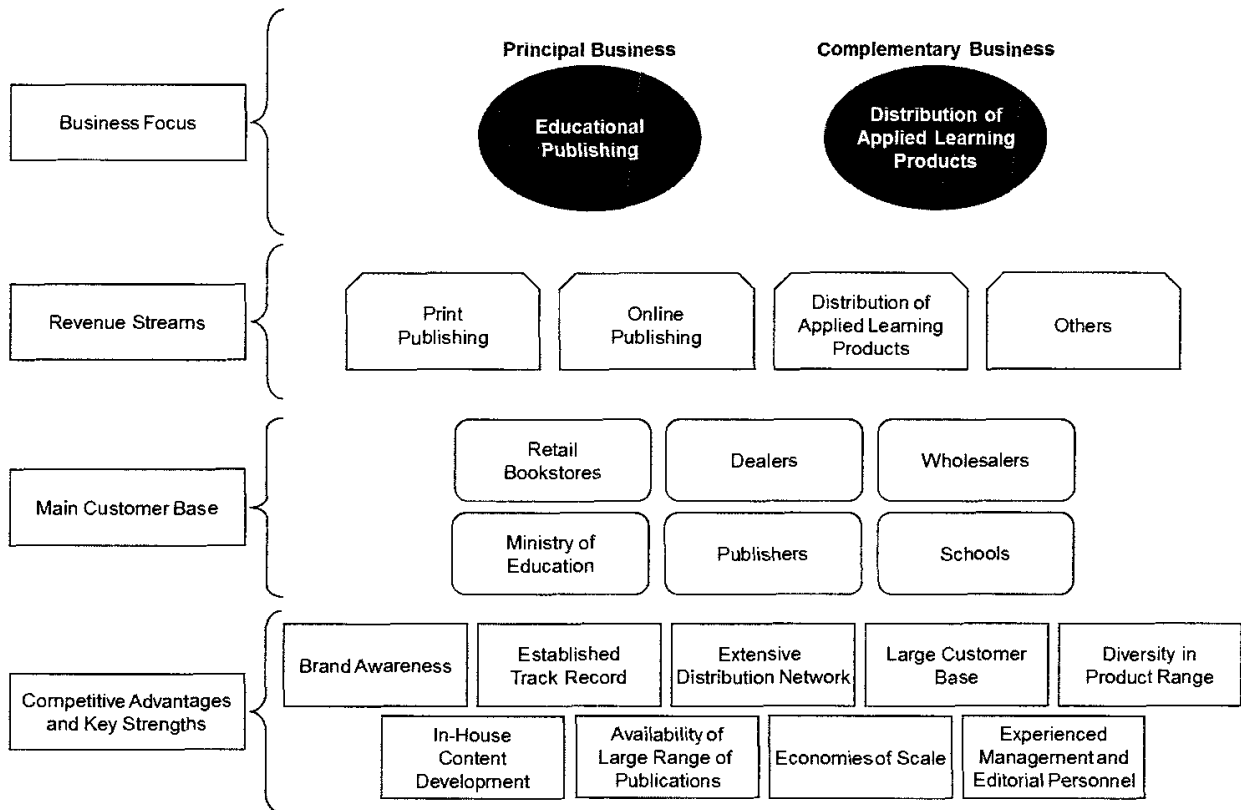
Year	Types of Awards and Recognition
2008	<ul style="list-style-type: none"> • Certificate of appreciation from Chairman of World Olympiad Steering Committee in recognition of the extraordinary efforts of the World Robot Olympiad 2008 National Organiser, Mr Law King Hui of Sasbadi.
2010	<ul style="list-style-type: none"> • National Book Award 2010 - Anugerah Perdana Munsyi Abdullah, Private Publisher category by Yayasan Pembangunan Buku Negara. • Certificate of appreciation from the Division of Sports, Arts and Co-curriculum of the Ministry of Education for the contribution of Sasbadi in the World Robot Olympiad 2010 held between 5 and 7 November 2010.
2011	<ul style="list-style-type: none"> • Certificate of appreciation from the Ministry of Education for the contribution of Sasbadi in the World Robot Olympiad 2011 held between 18 and 20 November 2011.
2012	<ul style="list-style-type: none"> • Sasbadi Online's i-Learn - shortlist in the MSC Malaysia Asia Pacific ICT Awards (MSC Malaysia APICTA) 2012 under the Best of eLearning category. • Certificate of appreciation from the Ministry of Education for the contribution of Sasbadi in the World Robot Olympiad 2012 held between 9 and 11 November 2012. • Certificate of appreciation from YAB Tan Sri Dato' Haji Muhyiddin bin Haji Mohd. Yassin, the Deputy Prime Minister and Minister of Education Malaysia and Chairman of World Robot Olympiad Board of Trustees in recognition of Sasbadi's valuable contributions and support in the 9th World Robot Olympiad held between 9 and 11 November 2012.
2013	<ul style="list-style-type: none"> • Letter of recognition from the World Robot Olympiad Secretariat in respect of the World Robot Olympiad 2012 held in Kuala Lumpur, Malaysia, which was the largest in the history of the World Robot Olympiad (up to 21 February 2013) with a record participation of 403 teams from 30 countries.

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6. BUSINESS OVERVIEW

6.1 OUR PRINCIPAL BUSINESS ACTIVITIES

Our Group’s business model is summarised as below:



(a) Business Focus and Revenue Stream

We are principally a publisher of educational materials. We mainly undertake print publishing focusing on primary and secondary school education. While most of our educational materials are based on the Malaysian National School Curriculum, we also publish other non-curriculum based educational materials and undertake online publishing. For the FYE 31 August 2013 and FPE 28 February 2014, educational publishing accounted for 90.0% and 93.1% of our total revenue respectively of which online publishing accounted for 7.4% and 0.2% (after netting off sales returns of approximately RM0.6 million mainly due to sales returns for our iPBS online educational products) of our total revenue respectively.

Our business is complemented by distribution of applied learning products. These products comprise miniature building blocks and mechanical, electrical and electronic components, as well as devices for measuring and analysing live signals like electricity, sound and pressure, and software to create measurement and control systems. These products are designed to provide hands-on learning experience to students. Distribution of applied learning products accounted for 5.4% and 4.5% of our total revenue for the FYE 31 August 2013 and FPE 28 February 2014.

6. BUSINESS OVERVIEW (Cont'd)

A small proportion of our business is in other activities such as, amongst others, supply of electronic dictionaries, publishing of general title books, distribution of third party publications and trading of paper. For the FYE 31 August 2013 and FPE 28 February 2014, other activities accounted for 4.6% and 2.5% of our total revenue respectively.

(b) Main Customer Base

As a publisher, one of our main functions is the distribution of our books and other materials to reach as many end-users or consumers as possible. As such, we rely on our customers who are primarily resellers that have their own network to sell to wide base of end-users and consumers.

Our customer base mainly comprises the following:

- Retail bookstores, which constitute independent or chain bookstores that primarily sell to end users and consumers;
- Dealers, which are individuals and companies that service schools and households directly. Some of these dealers that service schools also operate retail bookstores and school bookshops;
- Wholesalers, which mainly resell our products to dealers;
- Ministry of Education, whereby we publish and distribute textbooks to schools under the National Education System as well as for installation of applied learning products in schools;
- Publishers, who resell our products via their own networks and purchase paper from us; and
- Schools, who purchase our products including publications and applied learning products from us.

We also service other categories of customers including, amongst others, educational training and learning centres, and the general public who make direct purchases with us during book fairs and exhibitions or place orders directly via our websites as well as walk-in customers who make purchases from our office. However, these categories of customers only contributed 6.2% and 3.8% of our total revenue for the FYE 31 August 2013 and FPE 28 February 2014 respectively.

(c) Competitive Advantages and Key Strengths

(i) Brand Awareness

We enjoy brand awareness of our 'Sasbadi' brand among school students, teachers and parents alike. Our brand awareness spans two generations, comprising parents and their school going children. This is the result of our 29 years of operations as a publisher of educational materials in the Malaysian market. Over the years, our publications have been used by many of our target customer groups and have thus provided us with a continuous process of increasing our brand awareness. During the past four and a half (4^{1/2}) financial years of 31 August 2010 up to FPE 28 February 2014, we sold approximately 56 million copies of our publications.

In addition, we have also been dealing with the Ministry of Education for approximately 27 years since 1987. This has helped us to develop brand awareness within the Ministry of Education where brand recognition is important when we tender for publication of textbooks. Our cloud-based learning educational resources, namely i-Learn was shortlisted as one of the finalists under the Best of eLearning category in the MSC Malaysia APICTA 2012.

6. BUSINESS OVERVIEW (Cont'd)

The brand awareness that we have created provides us with a competitive advantage that enables us to sustain and grow our business. This is a key marketing advantage when compared to other publication companies with shorter operating history for brand building.

(ii) Established Track Record

We have a proven track record as a publisher of educational materials in Malaysia since 1985 where we grew from a small publishing house with revenue of RM0.7 million for the FPE 30 April 1986 to become one of the most established publishers in Malaysia with revenue of RM78.0 million for the FYE 31 August 2013. Our long established track record demonstrates our business resilience and sustainability compared to other publication businesses with much shorter operating history. This will form the basis for our continuing growth.

Our established track record has also enabled us to leverage from our core competency in print publishing to expand our business into the next phase of online publishing. Online publishing accounted for 7.4% and 0.2% (after netting off sales returns of approximately RM0.6 million mainly due to sales returns for our iPBS online educational products) of our total revenue for FYE 31 August 2013 and FPE 28 February 2014 respectively.

(iii) Extensive Distribution Network

An extensive distribution network is key in ensuring that our products reach as many students, teachers and parents as possible. Our extensive distribution network is mainly based on our customers who are intermediaries where each of them uses its own network to sell to the end-users and consumers.

For FYE 31 August 2013 and FPE 28 February 2014, our publications were directly distributed to approximately 130 and 90 retail bookstore customers operating approximately 200 and 190 retail bookstores in Malaysia respectively. For FYE 31 August 2013 and FPE 28 February 2014, our products were directly distributed to approximately 570 and 400 active dealers with their own network of distribution to schools and households in Malaysia respectively. The ease of availability of our products provides convenience and easy access for end-users who are mainly students and teachers.

(iv) Large Customer Base

For FYE 31 August 2013 and FPE 28 February 2014, our Group has built a base of approximately 1,380 and 620 active* customers respectively comprising mainly retail bookstores, dealers, wholesalers, the Ministry of Education, schools, educational training and learning centres and publishers.

Note:

* *Active customers refer to customers that have made at least one purchase from us during the FYE 31 August 2013 or FPE 28 February 2014, but exclude the general public who make direct purchases with us during book fairs and exhibitions or place orders directly via our websites as well as walk-in customers who make purchases from our office.*

Our large customer base is important because as a publisher, one of our main functions is to make our publications available to as many people as possible. As such, our large number of customers, each with their own retail outlets and sales points, will help us disseminate our products to reach a wide target market in Malaysia.

6. BUSINESS OVERVIEW *(Cont'd)*

Our wide customer base will also provide us with the platform for business growth as we are able to introduce our new publications and products to them.

(v) **Diversity in Product Range**

We publish a diverse range of educational materials including printed and online educational resources, and general title books. This diversity enables us to meet a wide range of educational needs of our end-users namely students and teachers.

Within printed educational materials, we provide both National School Curriculum based and supplementary educational materials. Our National School Curriculum based educational materials for primary and secondary schools mainly include textbooks, revision guides, workbooks, assessment books, model test papers and readers covering various topics and subjects. Our supplementary educational materials mainly include a range of children's books, teaching guides, language guides, glossaries and logbooks. Children's books mainly include fiction and informational books such as educational comics, illustrated storybooks and illustrated reference books.

Our online educational resources include cloud-based teaching and learning content, tools and platforms.

Apart from educational materials, we also publish a range of general title books by Malaysian authors.

Our range of applied learning products from LEGO Education, Pitsco and National Instruments are part of the hands-on learning tools that we provide to students.

(vi) **In-House Content Development**

Our Group has an experienced in-house editorial team that is also capable of developing contents for publication. This enables us to develop and write our own publications without relying solely on external authors and third party manuscripts.

Our editorial team is able to develop National School Curriculum based and supplementary educational materials without relying on external authors. As at LPD, most of our members on the editorial team have experience as writers for publications. Approximately 53.1% of our editorial team members have between 7 and 26 years of experience as writers for publications.

With our in-house content development ability, we are able to react faster to changes in regulations, policies and practices from the Ministry of Education, as well as meeting changes in technological and market conditions as well as end-user preferences.

(vii) **Availability of Large Range of Publications**

Since the beginning of our operations in 1985 up to LPD, our Group has published approximately 11,460 titles. For FPE 28 February 2014, our Group has approximately 1,660 titles in circulation comprising approximately 790 existing titles and approximately 870 new titles (of which there were no new titles of past year examination papers) (*Note: We have ceased reprinting, distributing, marketing and selling the past year examination papers with effect from 15 September 2013*). For FYE 31 August 2013, our Group has approximately 1,800 titles in circulation comprising approximately 1,000 existing titles and approximately 800 new titles (of which 37 were new titles of past year examination papers). Our Group has published approximately 450 new titles (of which 17 new titles of past year examination papers) for FYE 31 August 2010 and approximately 740 new titles (of which 36 were new titles of past year examination papers) for FYE 31 August 2011.

6. BUSINESS OVERVIEW (Cont'd)

The increase in the number of new titles published was mainly due to the publishing of new series of workbooks and past year examination papers, expansion of existing series of revision guides as well as publishing of new translation works by Orbit Buku. Our Group published approximately 840 new titles (of which 38 were new titles of past year examination papers) for FYE 31 August 2012.

We are able to leverage on the contents in these large range of publications for our online educational resources as well as new printed publications. By leveraging on our large range of existing publications, we are able to reduce the cost of developing new publications as well as reduce development time enabling faster time-to-market. In addition, our printed publications also serve as major sources of reference materials for development of online educational content for teachers and students.

As it takes a long period of time to build a database of educational content, availability of large range of publications as resources provides us with a competitive advantage over new entrants and/or smaller players with minimal content ownership.

(viii) Economies of Scale

We publish a wide range of educational materials focusing on National School Curriculum amounting to approximately 11,460 titles since we commenced business. In Malaysia, our publications are relevant to approximately five (5) million primary and secondary school students as at 30 June 2013. As such, we enjoy economies of scale where we are able to sell a wide range of our products to a large potential target customer group. This enables us to defray our overhead costs across a wide range of products to service a large end-user base.

We utilise third party printing services, and we purchase paper for the printing of our own publications. As such, we enjoy economies of scale through large volume printing orders for our publications and bulk purchases of paper. This provides us with strong bargaining power to obtain favourable commercial terms from our suppliers such as bulk discounts, good credit terms and prompt logistics arrangements.

Economies of scale is one of our key strengths to enable us to remain cost competitive to date.

(ix) Experienced Management and Editorial Personnel

We have an experienced management team to lead and manage our business operations. Our Managing Director, Law King Hui, together with Lee Swee Hang and Lee Eng Sang, our Executive Directors, have been managing our Group since we began operations in 1985. Each of them has between 33 and 39 years of experience in the publishing industry.

In addition, as at LPD, we have 64 personnel on our editorial team including managerial personnel. Approximately 46.9% of our editorial team members have been with our Group for at least 7 years. Our editorial team is headed by Roslan bin Yahya, our Publishing Manager with approximately 26 years of experience in the publishing industry.

Our team of experienced editorial personnel is capable of creating our own publications in-house to ensure that we are not fully dependent on external authors.

6. BUSINESS OVERVIEW (Cont'd)

The long years of service by our management and editorial teams indicate stable and continuing relationships with our Group, which are beneficial to our business operations, sustainability and growth.

6.2 OUR PRODUCTS AND SERVICES

Our business activities comprise:

- Educational publishing;
- Distribution of applied learning products; and
- Other activities.

We are principally a publisher of educational materials. We mainly undertake print publishing focusing on primary and secondary school education. While most of our educational materials are based on the Malaysian National School Curriculum, we also publish other non-curriculum based educational materials. We also undertake online publishing.

Our business is complemented by distribution of applied learning products. These products comprise miniature building blocks and mechanical, electrical and electronic components, as well as devices for measuring and analysing live signals like electricity, sound and pressure, and software to create measurement and control systems.

A small proportion of our business is in other activities such as supply of electronic dictionaries, publishing of general title books, distribution of third party publications and trading of paper.

6.2.1 Educational Publishing

Overall Educational Publishing

Our educational publishing activity is undertaken by our subsidiary companies, Sasbadi, Orbit Buku, Sasbadi Online and Malaysian Book Promotions. Each of our four (4) subsidiary companies focuses on the publishing of different types of materials. These are as follows:

Subsidiary Company	Main Types of Publications
Sasbadi	National School Curriculum based educational materials and supplementary educational materials
Orbit Buku	Supplementary educational materials
Sasbadi Online	Online educational resources
Malaysian Book Promotions	National School Curriculum based educational materials

The publishing of National School Curriculum based educational materials is undertaken by our subsidiary companies, Sasbadi and Malaysian Book Promotions. Our National School Curriculum based educational materials are mainly for primary and secondary levels of education. In addition, we also offer post-secondary educational materials as at LPD. Our National School Curriculum based educational materials include prescribed materials by the Ministry of Education as well as non-prescribed materials.

The publishing of supplementary educational materials is mainly undertaken by our subsidiary companies, Sasbadi and Orbit Buku. Our supplementary educational materials are mainly non-curriculum based materials for general teaching, learning as well as to facilitate the learning process.

6. BUSINESS OVERVIEW (Cont'd)

The publishing of online educational resources is mainly undertaken by our subsidiary company, Sasbadi Online. Our online educational resources include a range of online contents.

Our educational publishing operations mainly involve the following activities:

(i) Content Development

We have an in-house editorial team that is responsible for content development for our educational materials. Through our in-house content development efforts, we have successfully developed and published a range of National School Curriculum based educational publications for primary and secondary levels of education and supplementary educational materials which were written and edited in-house. We are also involved in content development for various online software and databases for teaching and learning purposes through joint-effort with our technology partner. Please refer to Section 6.11 of this Prospectus for further details on the joint-effort with our technology partner.

As at LPD, we have an editorial team of 64 personnel (including managers) who are involved in content development on National School Curriculum based educational materials and online educational resources.

(ii) Manuscript Sourcing

As a publisher, we rely on contents developed in-house as well as external writers for our publications. It is common for us to acquire manuscripts from experienced lecturers, teachers and examiners as well as commissioning external writers for our National School Curriculum based and supplementary educational materials. Please refer to Section 4.1.22 of this Prospectus for further details on the utilisation of external writers in creating publications.

(iii) Translation Rights and Territorial Rights Acquisition

We also acquire translation rights and territorial rights for our supplementary educational materials. We may acquire translation rights from foreign publishers to translate foreign language publication into Bahasa Malaysia for reproduction and distribution in Malaysia. Similarly, we may also acquire territorial rights from foreign publishers to reproduce and distribute a selection of their publications in Malaysia.

(iv) Editing

We undertake in-house editing for almost all of our publications. Editing commonly involve various processes such as selection, syntax and content correction, condensation, expansion, organisation and modification of information in the manuscripts as well as alignment of writing styles to in-house styles to produce final texts that are complete and accurate for our publications.

As at LPD, we have an editorial team of 64 personnel (including managers), who work closely with external authors for the development of our educational materials.

6. BUSINESS OVERVIEW (Cont'd)

(v) Artwork and Design

We undertake in-house artwork and design for our publications. Artwork and design commonly involve the following:

- Insertion of artworks and images such as pictures, photographs, symbols and illustrations;
- Layout and cover design of publications;
- Selection and determination of font styles and sizes, colours of texts and layout, paper specifications and quality as well as binding methods;
- Typesetting and typography; and
- Proof reading and pre-press proofing prior to production and printing.

As at LPD, we have a total of 42 personnel (includes managers, designers, illustrators and desktop publishing operators), who are involved in artwork and design.

(vi) Printing and Production

Printing and production of our publications is entirely sub-contracted to third party printers. However, majority of the materials required for the printing and production process including paper, packaging materials, printing plates and films are provided by us.

(vii) Software Development

We are actively involved in software development through collaboration with our technology partner for our online educational resources. These activities include system planning and specification, system and web design, programming and system testing.

(viii) Content Database Development and Maintenance

We are involved in developing and maintaining a content database of our publications. This database of our contents is used to develop our online resources. In addition, we also use our content database to develop new educational materials as a large proportion of the educational content are relatively static information comprising historical and geographical information, language syntax and vocabulary, and various scientific and mathematical information, rules, theorems and formulae.

The database serves as a useful resource for all our in-house writers and editors.

(ix) Marketing and Distribution

As a publisher, one of our key functions is the marketing and distribution of materials to reach the end-user or consumers. As such, we undertake marketing for all our publications, and we distribute our publications through various channels comprising retail bookstores, dealers, wholesalers, schools and publishers. We also supply to schools through the Ministry of Education.

In addition, other modes of distribution include, amongst others:

- Internet sales for our range of supplementary and online educational resources;
- Sales of our educational publications via book fairs and exhibitions in which we participate;
- Direct distribution of our applied learning products to educational training and learning centres; and
- Sales to walk-in customers who make purchases from our office.

6. BUSINESS OVERVIEW *(Cont'd)*

Nevertheless, sales via internet, book fairs, exhibitions, educational training and learning centres, at our office and others are undertaken on a small scale basis.

As at LPD, we have 53 sales and marketing personnel (including managers and directors), who work closely with our customers.

6.2.1.1 Print Publishing

Our print publishing activity includes publishing National School Curriculum based educational materials and supplementary educational materials.

Our Group published approximately 450 new titles for FYE 31 August 2010 (of which 17 were new titles of past year examination papers), approximately 740 new titles for FYE 31 August 2011 (of which 36 were new titles of past year examination papers), approximately 840 new titles for FYE 31 August 2012 (of which 38 were new titles of past year examination papers), approximately 800 new titles for FYE 31 August 2013 (of which 37 were new titles of past year examination papers) and approximately 870 new titles for FPE 28 February 2014 (of which there were no new titles of past year examination papers). The number of new titles that we publish yearly is primarily dependent on meeting market needs and consumer preference, our ability to source external materials, secure publishing rights from government authority and third parties, as well as output from our internal technical team. In that regard, we do not have a fixed capacity and when required we can increase our in-house technical team members as well as source more external materials to increase the number of new titles that we publish in any one year.

(i) National School Curriculum Based Educational Materials

Our range of National School Curriculum based educational materials mainly include:

- Textbooks;
- Revision guides;
- Workbooks;
- Assessment books;
- Model test papers;
- Readers; and
- Past year examination papers (*Note: We have ceased reprinting, distributing, marketing and selling the past year examination papers with effect from 15 September 2013*).

(a) Textbooks

Textbooks are National School Curriculum based educational materials prescribed by the Ministry of Education as the main source of teaching and learning materials for use in classrooms. Textbooks normally cover the syllabuses outlined in the National School Curriculum. Some of our textbooks also come with CD-ROM which contains a variety of exercises, information and internet links to complement the contents in the textbooks.

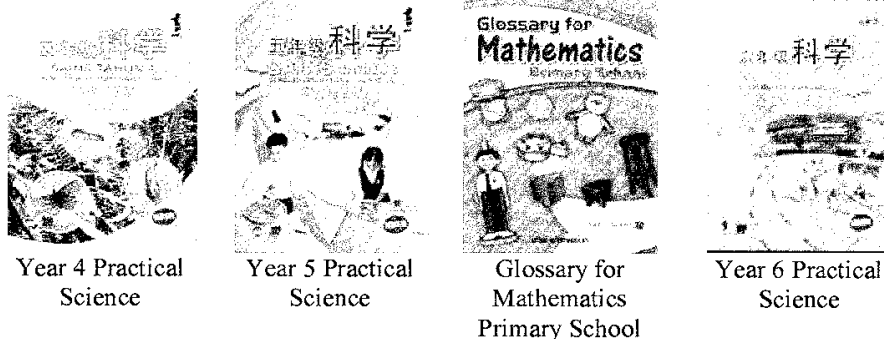
As at LPD, we mainly publish textbooks of the following subjects for primary levels of education:

6. BUSINESS OVERVIEW (Cont'd)

Subject	Primary Levels of Education
Science	Year 4 to Year 6
Mathematics	Primary

Some examples of our textbooks for primary levels of education are shown below:

Primary Levels of Education

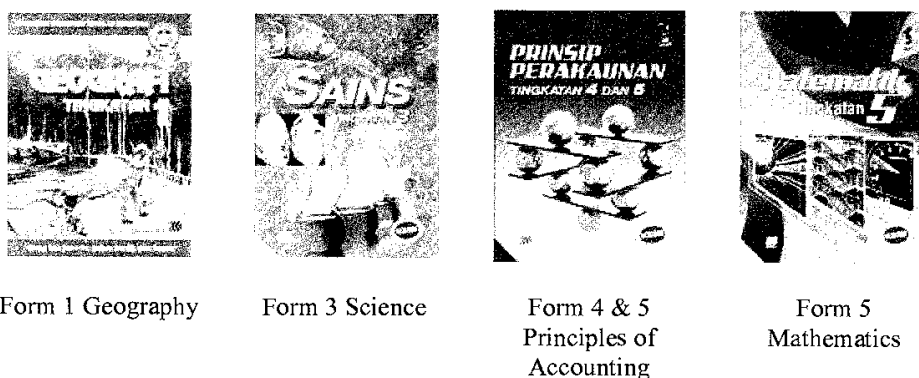


As at LPD, we mainly publish textbooks of the following subjects for secondary levels of education:

Subject	Secondary Levels of Education
Science	Form 2 to Form 3
Principles of Accounting	Form 4 to Form 5
English	Form 1
Geography	
Basic Economics	Form 4
Mathematics	Form 5

Some examples of our textbooks for secondary levels of education are shown below:

Secondary Levels of Education



6. BUSINESS OVERVIEW (Cont'd)

(b) Revision Guides

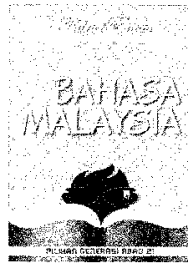
Our revision guides are developed based on the syllabuses in the National School Curriculum for revision purposes. We mainly publish revision guides for primary and secondary levels of education and a small proportion for post-secondary levels of education. Our revision guides are mainly used by students as study companions as well as teachers as teaching references. We have various collections of revision guides to cater for quick and comprehensive revisions.

For primary levels of education, we mainly publish revision guides of the following subjects for primary school achievement test (UPSR) preparations:

- English;
- Bahasa Malaysia;
- Mathematics; and
- Science.

Some examples of our collections of revision guides for primary levels of education are shown below:

Kunci Emas KSSR



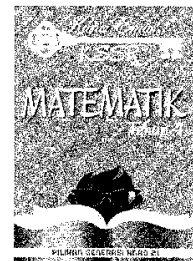
Year 4 Bahasa Malaysia



Year 4 History

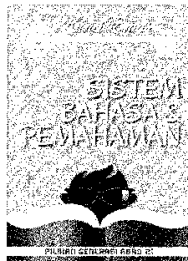


Year 4 Science

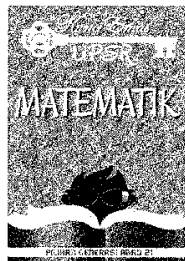


Year 4 Mathematics

Kunci Emas UPSR



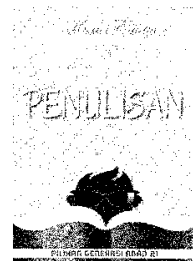
Bahasa Malaysia Language System and Comprehension



Mathematics



Science



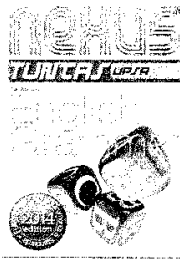
Bahasa Malaysia Writing

6. BUSINESS OVERVIEW (Cont'd)

Nexus Tuntas UPSR



Bahasa Malaysia
Writing



English Grammar



Mathematics



Science

Target Tuntas UPSR



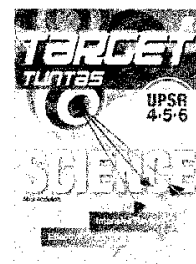
Bahasa Malaysia



English



Mathematics

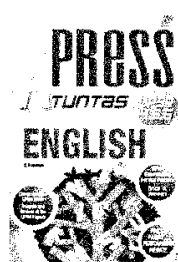


Science

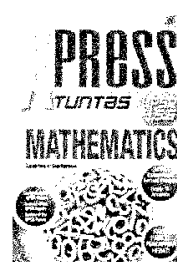
Xpress Tuntas UPSR



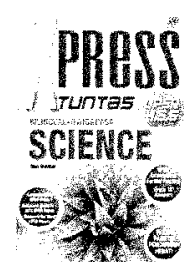
Bahasa Malaysia



English



Mathematics



Science

6. BUSINESS OVERVIEW (Cont'd)

For secondary and post-secondary levels of education, we mainly publish revision guides for the following subjects:

Subject	Secondary and Post-Secondary Levels of Education
English	Form 1 to Form 3; SPM
Mathematics	
Bahasa Malaysia	Form 1 to Form 3; SPM and STPM
Geography	
History	
Biology	Form 4 to Form 5; SPM and STPM
Chemistry	
Physics	
Islamic Studies	Form 1 to Form 5; SPM
Science	
Literature ⁽¹⁾	
Living Skills: Commerce and Entrepreneurship	Form 1 to Form 3
Living Skills: Home Economics	
Living Skills: Technical Skills	
Moral Education	SPM
Additional Mathematics	Form 4 to Form 5; SPM
Basic Economics	
Commerce	
Islamic Concepts	
Principles of Accounting	
Business Studies	STPM
Economics	
General Studies	
Mathematics (Technology)	
Malaysian University English Test (MUET)	

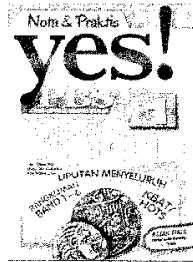
Note:

- (1) Literature is a component of the Bahasa Malaysia and English subjects. It is not a standalone subject within the National School Curriculum. This includes publication for Form 1 to Form 5 and SPM.

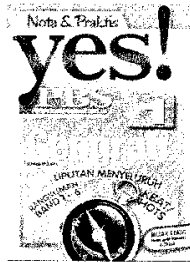
6. BUSINESS OVERVIEW (Cont'd)

Some examples of our collections of revision guides for secondary levels of education are shown below:

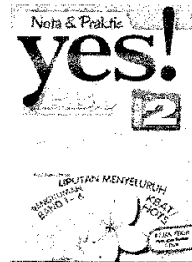
Nota & Praktis Yes! PBS



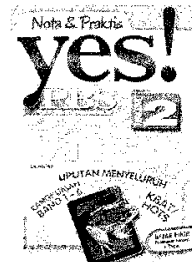
Form 1 History



Form 1 Geography



Form 2 Islamic Studies



Form 2 Science

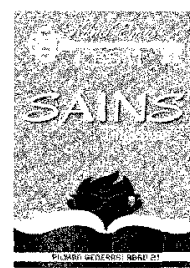
Kunci Emas KBSM



Form 1 Living Skills: Technical Skills



Form 1 Living Skills: Home Economics

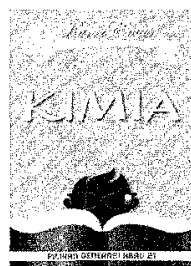


Form 2 Science



Form 3 History

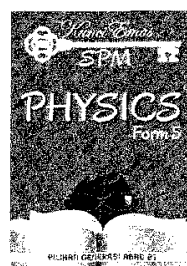
Kunci Emas SPM



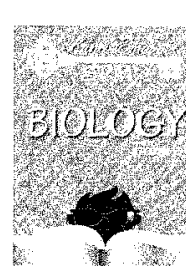
Form 4 Chemistry



Form 4 Principles of Accounting



Form 5 Physics



Form 5 Biology

6. BUSINESS OVERVIEW (Cont'd)

Nexus Tuntas SPM



Bahasa Malaysia



English 1119



Chemistry



History

Target Tuntas SPM



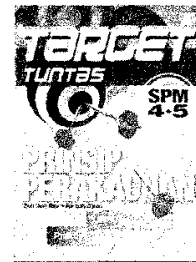
Bahasa Malaysia
Essay



Additional
Mathematics

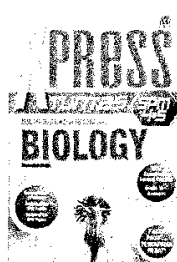


Islamic Studies



Principles of
Accounting

Xpress Tuntas SPM



Biology



History



Islamic Studies



Basic Economics

6. BUSINESS OVERVIEW (Cont'd)

Kupasan & Kajian Tuntas Komsas



Form 1 Literature



Form 2 Literature

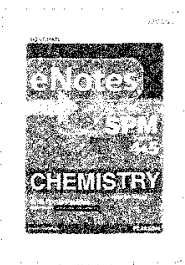


Form 3 Literature

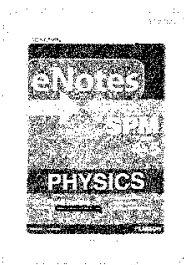


Form 5 Literature

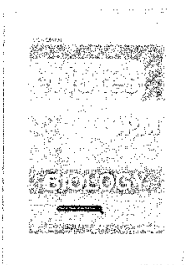
eNotes SPM



Chemistry



Physics



Biology

Write It Right!



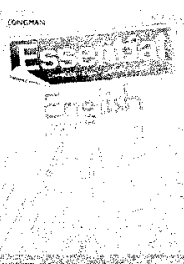
SPM English
1119

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

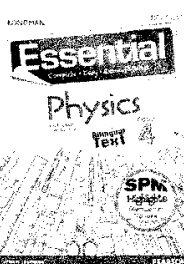
Essential



Form 1
Mathematics



Form 2 English



Form 4 Physics

Esensi



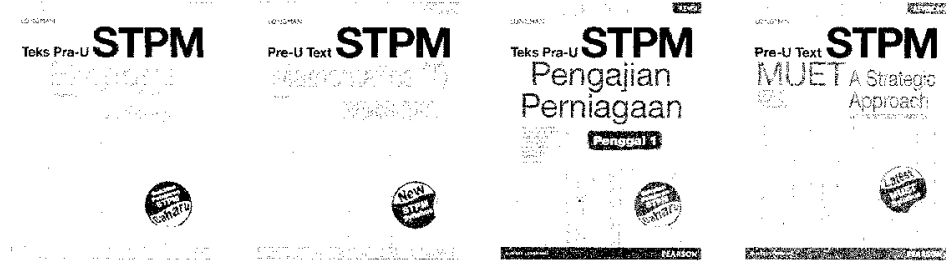
SPM Chemistry

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

6. BUSINESS OVERVIEW (Cont'd)

Some examples of our collections of revision guides for post secondary levels of education are shown below:

Pre-U Text STPM



2nd Term
Economics
(Macroeconomics)

2nd Term
Mathematics
(Technology)

1st Term Business
Studies

MUET

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

(c) Workbooks

Our workbooks are developed based on the syllabuses in the National School Curriculum for use as homework or formative exercises in schools. We mainly publish workbooks for primary and secondary levels of education.

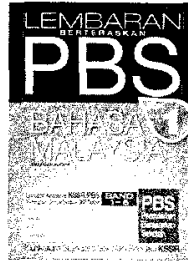
For primary levels of education, we mainly publish workbooks of the following subjects:

Subject	Primary Levels of Education
Communicative Arab Language	Year 1 to Year 6
English	
Islamic Studies	
Bahasa Malaysia	
Mathematics	
Science	
Civics and Citizenship Education	Year 4 to Year 6
Living Skills	
Local Studies	
Moral Education	
Physical and Health Education	

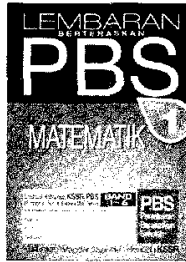
6. BUSINESS OVERVIEW (Cont'd)

Some examples of our collections of workbooks for primary levels of education are shown below:

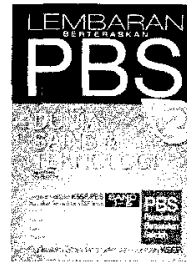
Lembaran Berteraskan PBS KSSR



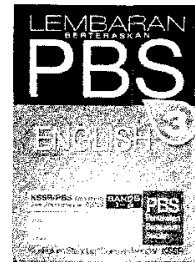
Year 1 Bahasa Malaysia



Year 1 Mathematics

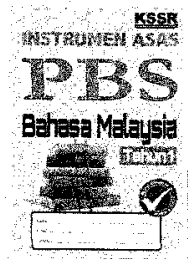


Year 2 World of Science and Technology

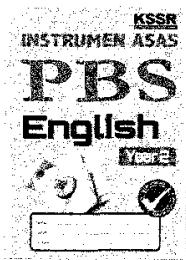


Year 3 English

Instrumen Asas Berteraskan PBS KSSR



Year 1 Bahasa Malaysia



Year 2 English



Year 3 Mathematics



Year 3 World of Science and Technology

Lembaran Berteraskan Dokumen Standard Kurikulum dan Pentaksiran (DSKP) KSSR



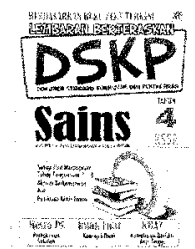
Year 4 Bahasa Malaysia



Year 4 English



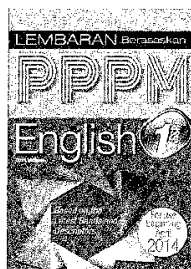
Year 4 Mathematics



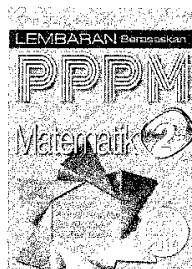
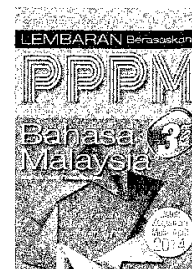
Year 4 Science

6. BUSINESS OVERVIEW (Cont'd)

Lembaran Berasaskan Panduan Perkembangan Pembelajaran Murid (PPPM) KSSR



Year 1 English

Year 2
MathematicsYear 2 World of
Science and
TechnologyYear 3 Bahasa
Malaysia

For secondary levels of education, we mainly publish workbooks of the following subjects:

Subject	Secondary Levels of Education
English	Form 1 to Form 5
History	
Islamic Studies	
Literature ⁽¹⁾	
Bahasa Malaysia	
Mathematics	
Moral Education	
Science	
Civics and Citizenship Education	
Geography	
Living Skills: Commerce and Entrepreneurship	
Living Skills: Home Economics	
Living Skills: Technical Skills	Form 4 to Form 5
Additional Mathematics	
Basic Economics	
Biology	
Chemistry	
Commerce	
Physics	
Principles of Accounting	

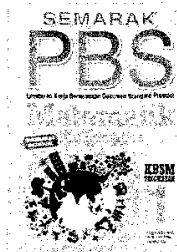
Note:

(1) Literature is a component of Bahasa Malaysia and English subjects. It is not a standalone subject within the National School Curriculum.

6. BUSINESS OVERVIEW (Cont'd)

Some examples of our collections of workbooks for secondary levels of education are shown below:

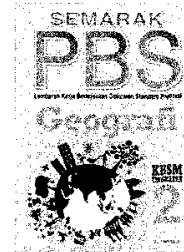
Semarak PBS Lembaran Kerja Berteraskan Dokumen Standard Prestasi KBSM



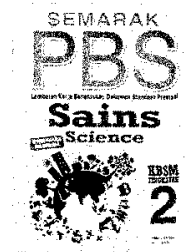
Form 1
Mathematics



Form 1 History

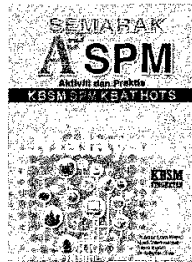


Form 2 Geography

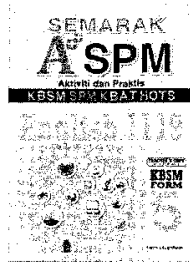


Form 2 Science

Semarak A++ SPM Aktiviti dan Praktis KBSM



Form 4 Bahasa
Malaysia



Form 5 English
1119

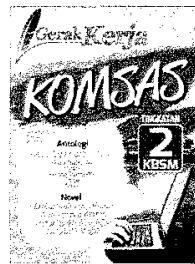


Form 5 Additional
Mathematics

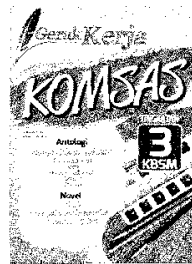


Form 5 History

Gerak Kerja Komsas KBSM

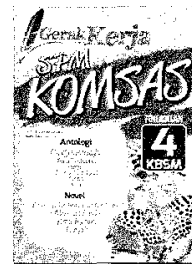


Form 2 Literature

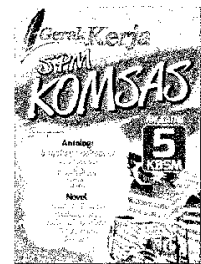


Form 3 Literature

Gerak Kerja SPM Komsas KBSM



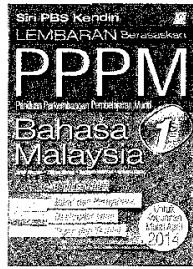
Form 4 Literature



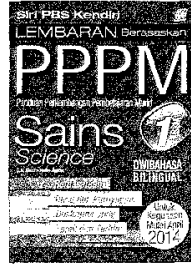
Form 5 Literature

6. BUSINESS OVERVIEW (Cont'd)

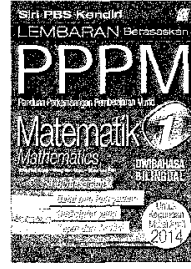
**Lembaran Berasaskan Panduan Perkembangan Pembelajaran Murid (PPPM)
KBSM**



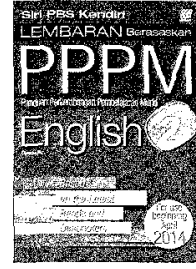
Form 1 Bahasa Malaysia



Form 1 Science

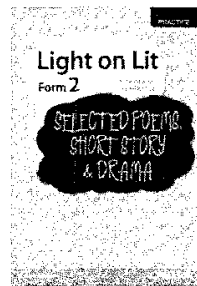


Form 1 Mathematics

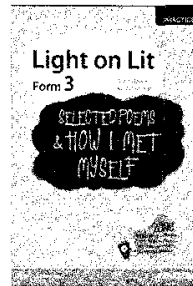


Form 2 English

Light on Lit



Form 2 Literature

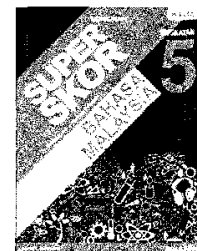


Form 3 Literature

Super Skor



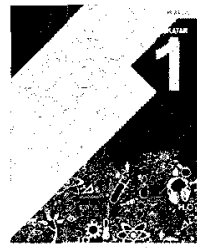
Form 4 English



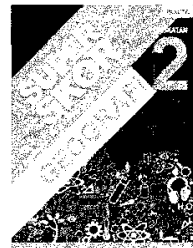
Form 5 Bahasa Malaysia

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

Super Skor



Form 1 History



Form 2 Geography



Form 3 Bahasa Malaysia



Form 4 English

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

6. BUSINESS OVERVIEW (Cont'd)

(d) Assessment Books

Our assessment books are used by students and teachers to test and evaluate students' understanding and knowledge of various specific topics and subjects. We mainly publish assessment books for primary and secondary levels of education.

For primary and secondary levels of education, we mainly publish assessment books for the following subjects:

Subject	Primary and Secondary Levels of Education
English	Year 1 to Year 2 and Year 4 to Year 6; Form 1 to Form 5; UPSR and SPM
Bahasa Malaysia	
Mathematics	Year 1 to Year 6; Form 1 to Form 5; UPSR and SPM
Science	
History	Form 1 to Form 5; SPM
Islamic Studies	
Geography	Form 1 to Form 3
Living Skills: Commerce and Entrepreneurship	Form 1 to Form 2
Living Skills: Home Economics	
Living Skills: Technical Skills	
Literature ⁽¹⁾	Form 4 to Form 5
Additional Mathematics	Form 4 to Form 5; SPM
Basic Economics	Form 4 to Form 5
Commerce	
Biology	SPM
Chemistry	
Islamic Concepts	
Moral Education	
Physics	
Principles of Accounting	

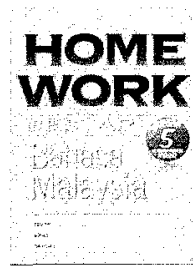
Note:

(1) Literature is a component of Bahasa Malaysia and English subjects. It is not a standalone subject within the National School Curriculum.

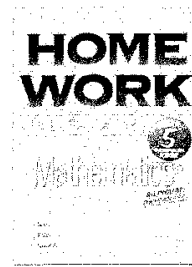
Some examples of our collections of assessment books for primary and secondary levels of education are shown below:

6. BUSINESS OVERVIEW (Cont'd)

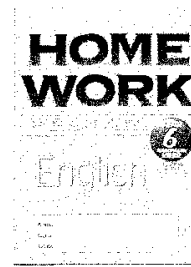
Homework Bestari Rampaian KBSR



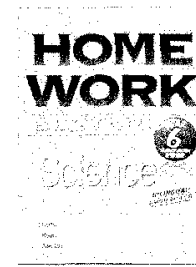
Year 5 Bahasa Malaysia



Year 5 Mathematics



Year 6 English

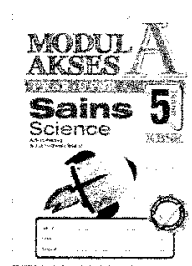


Year 6 Science

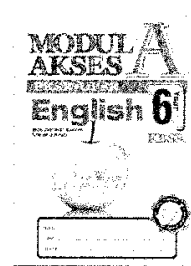
Modul Akses A PKSR UPSR KBSR



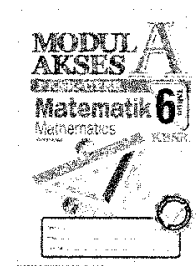
Year 5 Bahasa Malaysia



Year 5 Science

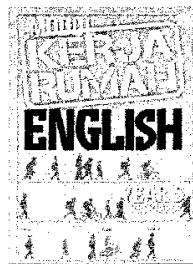


Year 6 English



Year 6 Mathematics

Modul Kerja Rumah KBSR/UPSR



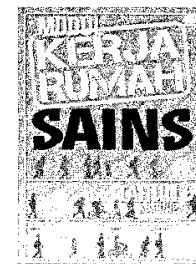
Year 5 English



Year 5 Bahasa Malaysia



Year 6 Mathematics



Year 6 Science

6. BUSINESS OVERVIEW (Cont'd)

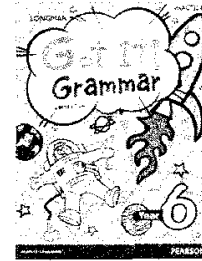
Penilaian Topik Menguasai Soalan-Soalan Bertopik Standard UPSR



Got It!



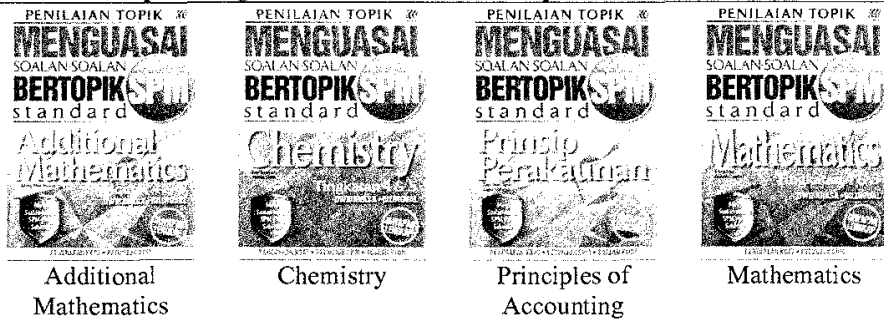
Year 5 English Grammar



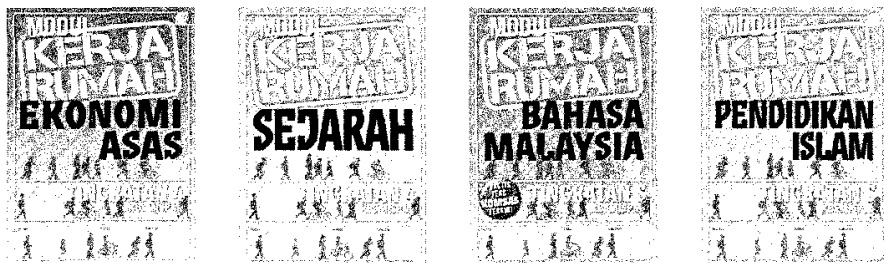
Year 6 English Grammar

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

Penilaian Topik Menguasai Soalan-Soalan Bertopik Standard SPM



Modul Kerja Rumah KBSM/SPM



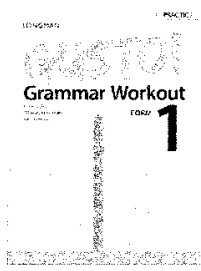
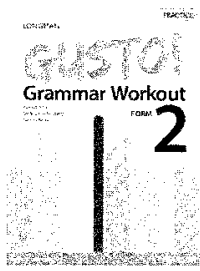
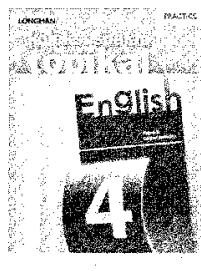
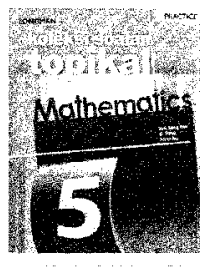
Form 4 Basic Economics

Form 4 History

Form 5 Bahasa Malaysia

Form 5 Islamic Studies

6. BUSINESS OVERVIEW (Cont'd)

Gusto!		Koleksi Soalan Topikal	
			
Form 1 English Grammar Workout	Form 2 English Grammar Workout	Form 4 English	Form 5 Mathematics

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

(e) **Model Test Papers**

Model test papers are mock copies of examination papers. These are mostly used by students as practice materials to prepare for examinations. Teachers may use them to assess students' performance on a particular subject.

We mainly publish model test papers of the following subjects for UPSR and SPM preparations:

Subject	Primary and Secondary Levels of Education
English	UPSR; Form 1 to Form 3 and SPM
Bahasa Malaysia	
Mathematics	
Science	
History	Form 1 to Form 3 and SPM
Islamic Studies	
Geography	
Living Skills: Commerce and Entrepreneurship	Form 1 to Form 3
Living Skills: Home Economics	
Living Skills: Technical Skills	
Additional Mathematics	SPM
Basic Economics	
Biology	
Chemistry	
Commerce	
Moral Education	
Physics	
Principles of Accounting	
Visual Arts Education	

6. BUSINESS OVERVIEW (Cont'd)

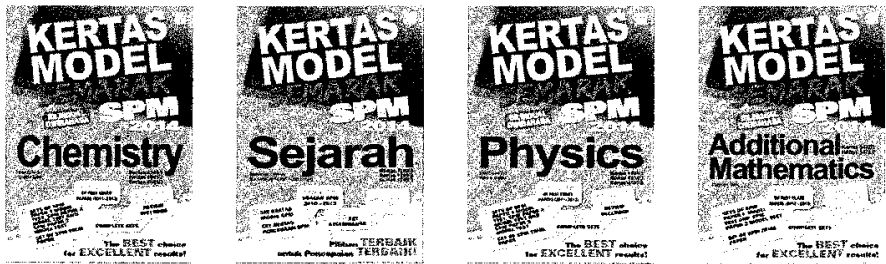
Some examples of our collections of model test papers for primary and secondary levels of education are shown below:

Kertas Model Semarak UPSR 2014



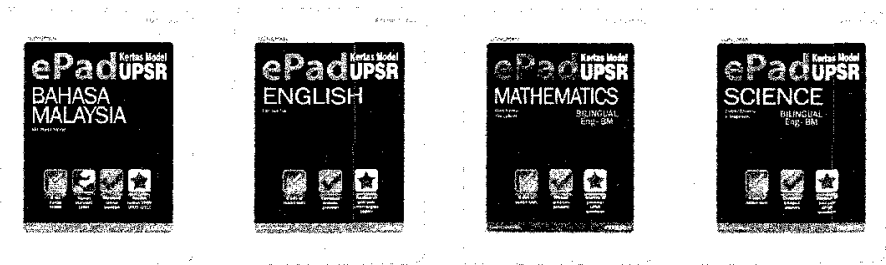
Bahasa Malaysia English Mathematics Science

Kertas Model Semarak SPM 2014



Chemistry History Physics Additional Mathematics

ePad Kertas Model UPSR

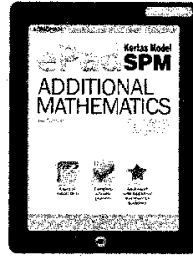


Bahasa Malaysia English Mathematics Science

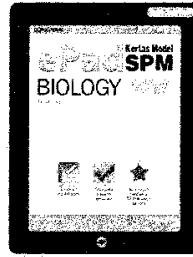
Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

6. BUSINESS OVERVIEW (Cont'd)

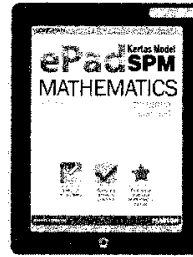
ePad Kertas Model SPM



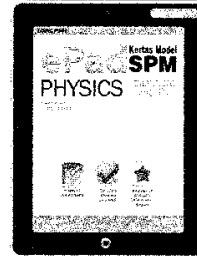
Additional Mathematics



Biology



Mathematics



Physics

Note: Titles acquired from Pearson Malaysia and distributed by Malaysian Book Promotions. For further information, please refer to Section 5.1 of this Prospectus.

(f) Readers

We publish readers that are developed to improve the reading and comprehension skills of students. These collections of readers normally include short stories and poetries in Bahasa Malaysia and English for various primary levels of education.

We mainly publish readers for primary levels of education from year 1 to year 6. Some examples of our collections of readers are shown below:

Cahaya Nilam KBSR



Year 1: Puisi dan Lagu



Year 2: Si Kaya dan Si Tukang



Year 3: Pengembaraan Apai dan Apoi



Year 3: Juara Kampung

Power Readers KBSR



Year 1: The Best Animal



Year 1: The Jar of Sweets



Year 2: Tea at Mr and Mrs Beetles'



Year 3: Follow That Girl

6. BUSINESS OVERVIEW (Cont'd)

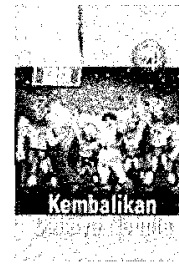
Gema Nilam KBSR



Grade 1: The Little Boy and The Giant



Grade 2: Nasib Didi dan Doli



Grade 4: Kembalikan Cahaya Nebula



Grade 5: The Dragon Boat Race

Bacaan Luas KSSR



Year 1: Extensive Reading



Year 2: Extensive Reading



Year 3: Extensive Reading



Year 4: Extensive Reading

(g) Past Year Examination Papers

In 2010, Sasbadi was appointed by YGMB to reprint, distribute, market and sell past year examination papers for SPM and STAM. Subsequently, over the years, Sasbadi was awarded the licence by YGMB to reprint, distribute, market and sell past year examination papers for UPSR, PMR, STAM and SPM. However, the licence was not renewed upon its expiry on 14 September 2013 and we have ceased reprinting, distributing, marketing and selling the past year examination papers with effect from 15 September 2013. YGMB is the licence holder for the reprinting, distribution, marketing and sales of Malaysia's past year examination papers including UPSR, PMR, STAM and SPM.

During the period when we were licensed by YGMB to publish the past year examination papers, we were mainly involved in publishing past year examination papers of the following subjects for UPSR, PMR and SPM preparations:

- Chinese, English, Bahasa Malaysia, Mathematics and Science for UPSR, PMR and SPM;
- Geography, History and Islamic Studies for PMR and SPM;
- Communicative Arabic Language, Living Skills: Commerce and Entrepreneurship, Living Skills: Home Economics and Living Skills: Technical Skills for PMR; and

6. BUSINESS OVERVIEW (Cont'd)

- Additional Mathematics, Basic Economics, Biology, Chemistry, Commerce, Islamic Concepts, Islamic Law Education, Physics, Principles of Accounting, and Quran and Sunnah Education for SPM.

We only published past year examination papers for STAM on a small scale basis as STAM is only undertaken by a small group of students.

We have our own sales and marketing team to promote our non-prescribed National School Curriculum based educational materials including revision guides, assessment books, model test papers and readers to teachers in schools who will in turn recommend to their students.

As for workbooks, our sales and marketing team would promote them to school authorities for their evaluation and possible selection as classroom and study materials. Selected publications are then listed in the respective schools' booklists.

Our non-prescribed National School Curriculum based educational materials are compatible with the syllabuses outlined in the National School Curriculum. Our collections of non-prescribed National School Curriculum based educational materials are available via our dealers and outlets including retail bookstores and school bookshops. In addition, we also distribute these educational materials to wholesalers and third party publishers and schools on a small scale basis.

Our prescribed National School Curriculum based educational materials, namely textbooks are sold mainly to the Ministry of Education. The Ministry of Education provides free loan books to all students in government, government-assisted and Islamic schools under the Textbooks Loan Scheme (Skim Pinjaman Buku Teks). However, textbooks are also sold to any students who wish to purchase them and to students of independent and private schools who are not covered by the said scheme.

(ii) Supplementary Educational Materials

Our range of supplementary educational materials mainly includes children's books, teaching guides, language guides, glossaries and logbooks for general teaching, learning as well as to facilitate the learning process. These are mainly non-curriculum based materials.

Our range of children's books mainly includes fiction and informational books, such as educational comics, illustrated storybooks and illustrated reference books in English and Bahasa Malaysia.

Our teaching guides are developed and published through collaboration with MELTA. MELTA's role in the collaboration is focused on writing while our role is focused on editing, design and distribution.

Language guides are educational materials used for practicing and self-study to improve language skills. Glossaries are for mathematics and science. Logbooks are used for recording co-curricular and classroom activities undertaken in schools.

Our range of supplementary educational materials are mainly available via two channels:

- Children's books such as educational comics and illustrated reference books are marketed via our dealers to schools and households; and

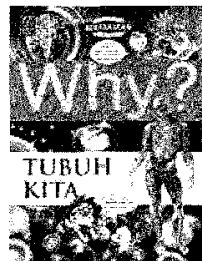
6. BUSINESS OVERVIEW (Cont'd)

- Others such as children's illustrated storybooks, teaching guides, language guides, glossaries and logbooks are sold through our dealers and outlets including retail bookstores and school bookshops.

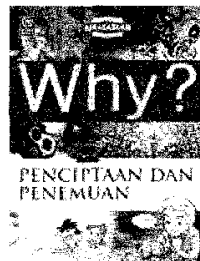
Some examples of our collections of supplementary educational materials are listed as follows:

Educational Comics

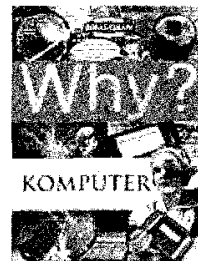
Why?



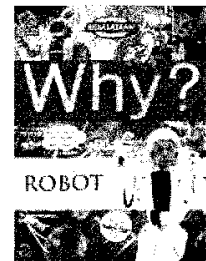
Our Body



Inventions and Discoveries



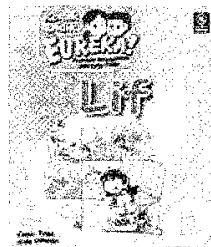
Computer



Robot

Educational Comics

Eureka!



Lift



Rocket



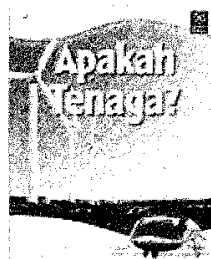
Helicopter



Vacuum cleaner

Illustrated Reference Books

Discovery (Malay)



Level 1: What is Energy?



Level 2: Angry Weather



Level 3: Industry and Invention



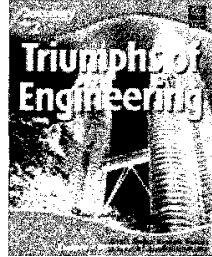
Level 4: Earth in Peril

6. BUSINESS OVERVIEW (Cont'd)

Discovery (English)



Level 1: Earth's Treasures



Level 2: Triumphs of Engineering



Level 3: Vanishing Ice



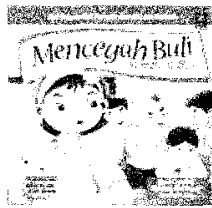
Level 4: A Frozen World

Illustrated Reference Books

Siri Selamat



When There is a Flood



Stop the Bullies



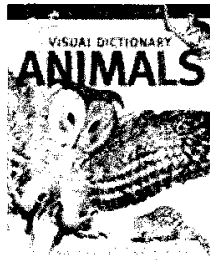
Watch Out for Landslides



Injured while Playing

Illustrated Reference Books

Visual Dictionary



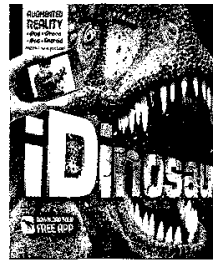
Animals

Animal Planet

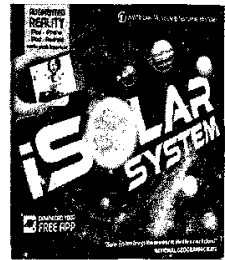


Incredible Journeys

Augmented Reality



iDinosaur



iSolar System

6. BUSINESS OVERVIEW (Cont'd)

Illustrated Storybooks

Adapted Malay History Series



Tun Hassan
Temenggung Putera
yang Bijaksana



Srikandi Melaka

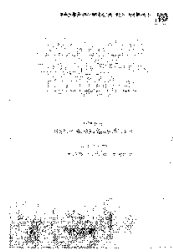


Padah Mengingkari
Wasiat

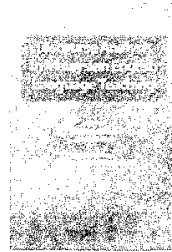


Fitnah Membawa
Padah

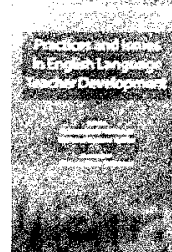
Teaching Guides



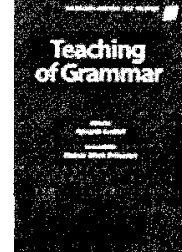
Pedagogies for
Creative & Critical
Thinking in ELT



Discourse Analysis
in Malaysian
English Language
Teaching

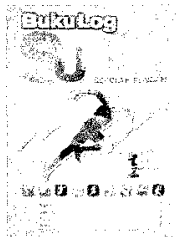


Practices and Issues
in English
Language Teacher
Development



Teaching of
Grammar

Logbooks



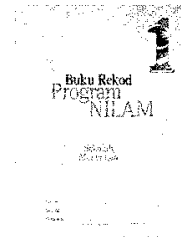
Logbook: Sport
(Primary School)



Logbook: Uniform
Body
(Secondary School)



School Planning and
Communication
Book
(Primary School)



Record Book:
NILAM Programme
(Secondary School)

6. BUSINESS OVERVIEW (Cont'd)

6.2.1.2 Online Publishing

Online publishing is undertaken by our subsidiary company, Sasbadi Online. Our online educational resources were developed for learning and teaching purposes. This is a subscription based service. Access is via the internet. Our online educational resources include the following:

(i) Bank Soalan (Instant Assessment Generator)

Bank Soalan (Instant Assessment Generator), a new edition of Penjana Pentaksiran Instan, was developed to facilitate quick and easy creation of assessment and test papers for teachers. The software is powered by a database of more than 100,000 questions that are developed based on the syllabuses and examination formats of the Ministry of Education. In addition, the software allows users to add and modify the questions.



Bahasa Malaysia Year 4,5,6

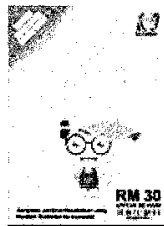


Biology Form 4,5

(ii) i-Learn

i-Learn is an interactive online learning platform for students to access our database of resources, covering various subjects for Year 4 to 6 under the primary levels of education and Form 1 to 3 under the lower secondary levels of education.

The software comprises five (5) modules including digital notes, mind-map builder, self-assessment module, progress tracker and reward, which work together to promote self-directed learning and collaborative learning by enabling users to share their learning with their network of classmates and friends.



i-Learn (for 30 day subscription)



i-Learn (for 60 day subscription)



i-Learn (for 90 day subscription)



i-Learn (for 12-month subscription)

(iii) i-Teach

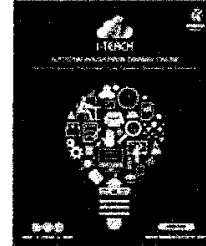
i-Teach is a teaching platform for teachers, equipped with teaching resources and tools. This is designed to assist teachers in their teaching and assessment process. The software includes the following features:

- Teaching resources including lesson planning design and resource database; and
- Assessment tools such as progress tracking, reporting and analysis.

6. BUSINESS OVERVIEW (Cont'd)



i-Teach (Primary Schools)

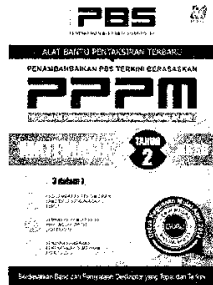


i-Teach (Secondary Schools)

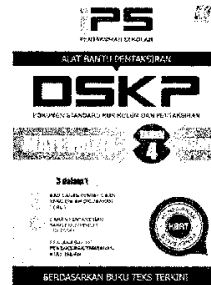
(iv) **iPBS/iPS**

iPBS/iPS is a software tool developed for teachers to facilitate quick and easy creation of materials for lessons and assessment papers based on the new school based assessment format, which has replaced PMR in 2014 and will be incorporated with UPSR in 2016.

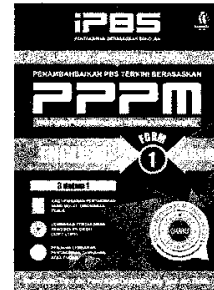
Previously known as iPBS, this series of product has been modified to iPBS (PPPM) and iPS (DSKP) due to the implementation of the newly modified school based assessment (PBS) policy in April 2014. iPBS (PPPM) is for Year 1 to 3 under the primary levels of education and Form 1 to 3 under the secondary levels of education whilst iPS (DSKP) is for Year 4 under the primary levels of education.



iPBS Mathematics Year 2



iPS Mathematics Year 4

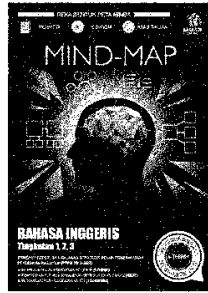


iPBS English Form 1

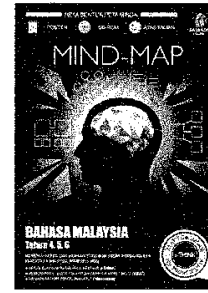
(v) **Mind-Map**

Mind-Map is an interactive system that allows users to build mind maps on computers, tablets or smart phones. Users can embed text, graphics, and videos from the web to build a multimedia mind map. In a classroom environment, teachers can assign mind maps to students, either as individual or collaborative work. Finished maps are stored in the gallery for public viewing and can be shared through Facebook.

6. BUSINESS OVERVIEW (Cont'd)



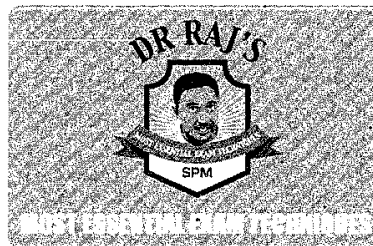
Mind-Map English Year 1,2,3



Mind-Map Bahasa Malaysia Year 4,5,6

(vi) Most Essential Exam Techniques (MEET)

MEET is a collection of videos that are aimed at tackling difficult questions in the Malaysian school exams whereby the questions and strategies for answering the questions are presented in person by a teacher.



Dr Raj's Most Essential Exam Techniques - SPM

Our i-Learn is intended for students and is available via retail bookstores and dealers who sell to schools and households as well as via our website, <http://www.sasbadionline.com>, and a third-party website, <http://store.frogasia.com>. Our Bank Soalan, i-Teach and iPBS/iPS online resources are intended for teachers only and are available to schools via our dealers. Our Mind-Map is intended for teachers and students, and is available to schools via our dealers. Our MEET is intended for students and is available via our website, <http://www.sasbadionline.com>.

In conjunction with a third party technological company, we have also conducted a pilot programme to use our online contents for the teaching and learning of Science and English for teachers and students. The pilot programme was conducted for a period of two (2) months from 9 September 2013 to 8 November 2013 in three (3) schools within Malaysia.

In May 2014, Sasbadi Online has agreed in principle to grant a publishing house in Jakarta, Indonesia the rights to use and sell i-Learn in Indonesia under licence. This is pending the signing of the license and services agreement which is exclusive for the territory of Indonesia.

As at LPD, we are also in talks with some local and overseas parties to expand our online publishing presence. Some of these initiatives include using our contents on the government's virtual learning platform for public schools in Malaysia, and development of applications and contents for mobile devices.

6. BUSINESS OVERVIEW (Cont'd)**6.2.2 Distribution of applied learning products**

Distribution of applied learning products is undertaken by our subsidiary company, Sasbadi. Applied learning products are a range of products that enable learners to experience practical and hands-on learning as well as to stimulate their creativity and higher order thinking skills.

Sasbadi is currently appointed by various product principals as the partner and distributor for the respective range of applied learning products in specified territories as follows:

Product Principal	Range of Product	Territory
LEGO System A/S	Early learning, machines and mechanisms and robotics	Malaysia and Brunei
Pitsco Inc	Robotics	Malaysia
NI Southeast Asia Sdn Bhd	NI myDAQ, LabVIEW for Education and NI myRIO 1900	Malaysia

The range of LEGO Education products carried by us includes the following:

(i) Early Learning Products

Early learning products are intended for pre-school children to learn about basic things around the world as well as to develop their literacy skills.

(ii) Machines and Mechanisms

Machines and mechanisms are products intended for primary and secondary school students learning about science. These products provide students a fundamental understanding of simple machines, structures and mechanisms.

(iii) Robotics

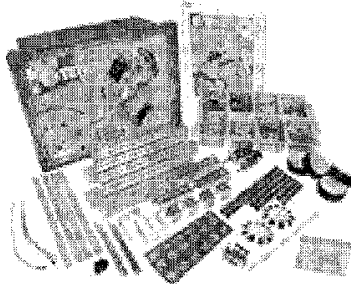
Robotics consists of a range of programmable products and devices intended for students and users to learn and create robots and robotics applications. With robotics, users are able to explore and apply their knowledge in science, mathematics and IT.

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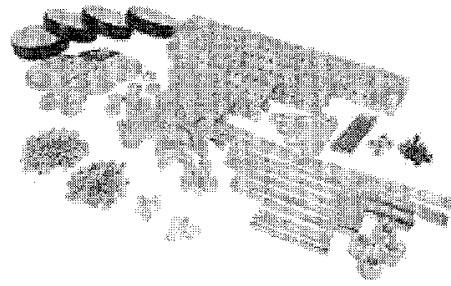
6. BUSINESS OVERVIEW (Cont'd)

We also carry a range of robotics products and devices of Pitsco. Apart from robotics kits and software programmes, Pitsco's range of robotics products and devices also comprise, amongst others, a range of hardware and electronic parts and components for building robots and robotics applications. Some examples of Pitsco's robotics products and devices are listed as follows:

Robotics



Tetrix® Base Set



Tetrix® Resource Set

The range of National Instruments' products carried by us includes the following:

(a) NI myDAQ

NI myDAQ is a portable data acquisition device that enables users to measure and analyse live signals. It is an educational hardware intended for students learning about engineering. The device is capable of measuring various electrical and physical phenomena such as voltage, current, temperature, pressure and sound with a computer.

(b) LabVIEW for Education

LabVIEW for Education is a system design software that uses graphical programming to enable the creation and deployment of measurement and control systems through hardware integration. It can be used in conjunction with NI myDAQ and other hardware for practical and hands-on learning experience.

(c) NI myRIO 1900

NI myRIO 1900 is a portable reconfigurable input-output device that students can use to design control, robotics and mechatronics systems. It also allows teachers to teach and implement multiple design concepts with this device.

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6. BUSINESS OVERVIEW (Cont'd)

National Instruments products are targeted at primary and secondary educational institutions for educational purposes only. As at LPD, our Group has not commenced distribution of National Instruments products.

Our applied learning products are mainly sold to dealers who service schools. A small proportion of our applied learning products are sold to the Ministry of Education for installation in schools, educational training and learning centres and schools directly as materials for co-curricular activities as well as walk-in customers who make purchases from our office. In addition, LEGO Education products are also available via our website <http://lego.sasbadi.com/>.

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6. BUSINESS OVERVIEW (Cont'd)

6.2.3 Other Activities

Our other activities mainly include the following:

- Publishing of general title books;
- Distribution of third party publications;
- Trading of paper; and
- Supply of electronic dictionaries.

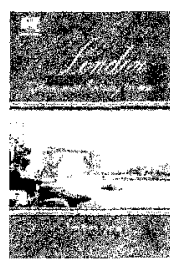
We publish a small range of general titles in English written by Malaysian authors. These general titles are mainly published by Sasbadi under the imprint of Maya Press. Our range of general title books is commonly available in retail bookstores and school bookshops as well as via our dealers, wholesalers and publishers. Some examples of our collections of general titles are listed as follows:



Between Lives by
K.S. Maniam



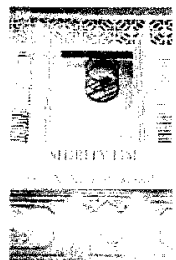
Twenty-two
Malaysian Stories
by Lloyd Fernando



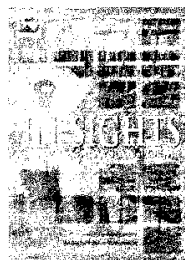
London Does Not
Belong to Me by
Lee Kok Liang



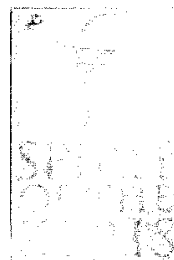
The Mutes in the
Sun by Lee Kok
Liang



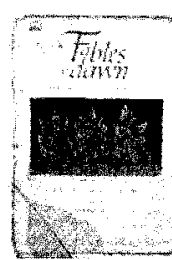
Listening to the
Singer by Shirley
Lim



In-Sights by
Malachi Edwin
Vethamani



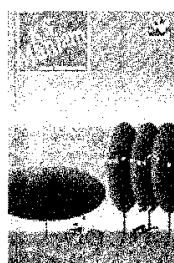
Spirit of the Keris:
a selection of
Malaysian short
stories and poems⁽¹⁾



Fables of Dawn
by Latiff Mohidin



Princess Shawl by
Shirley Lim

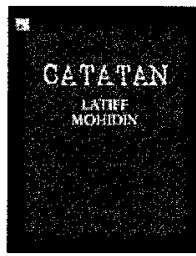


The Ride Home by
K.S. Maniam



The Change by
K.S. Maniam

6. BUSINESS OVERVIEW (Cont'd)



Catatan by
Latiff Mohidin



Artistic Imperatives
by Jolly Koh



Jolly Koh
by Jolly Koh



Searching for Light
by Dato' Hon Choon
Kim

Note:

(1) *Written by K.S. Maniam, Salleh Ben Joned, Shirley Lim, Wong Phui Nam and Lee Kok Liang*

In addition, we are also involved in distribution of third party publications, where we purchase third party publications and resell them to our dealers that service schools directly.

As we purchase paper in bulk, we also undertake trading of paper to other publishers on a small scale basis only when there is a request.

Our electronic dictionaries are electronic devices comprising dictionaries, thesauruses, glossaries and various IT functions and applications to supplement the learning process of users. We have two (2) versions of electronic dictionaries of various models - Total e-dictionary launched in 2005 and eleksisPro in 2009. As at LPD, we have ceased the production of our electronic dictionaries as we shift our focus from supply of digital educational resources towards online educational resources. Nevertheless, we will continue to sell the remaining stocks which amount to a carrying cost of RM151,250.

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6. BUSINESS OVERVIEW (Cont'd)

6.2.4 Revenue Segmentation by Business Activities

The breakdown of our Group's revenue by business activities for the FYE 31 August 2013 and FPE 28 February 2014 are as follows:

Revenue	FYE 31 August 2013		FPE 28 February 2014	
	RM'000	%	RM'000	%
Educational Publishing				
Print Publishing				
National School Curriculum based educational materials	63,559	81.5	38,599 [^]	87.7
- Secondary education	42,640	54.7	19,094	43.4
Non-PMR educational materials ⁽³⁾	27,607	35.4	19,228	43.7
PMR educational materials ⁽⁴⁾	4,441	5.7	(134)	(0.3)
Past year examination papers	10,592	13.6	-	-
- Primary education ⁽¹⁾	20,919	26.8	16,283	37.0
Educational materials ⁽³⁾	17,695	22.7	16,283	37.0
Past year examination papers	3,224	4.1	-	-
- Pearson titles	n.a.	n.a.	3,221	7.3
Post-secondary educational materials	n.a.	n.a.	1,130	2.6
Secondary educational materials	n.a.	n.a.	2,031	4.6
Primary educational materials	n.a.	n.a.	60	0.1
Supplementary educational materials	814	1.0	2,273	5.2
	64,373	82.6[^]	40,871[^]	92.9
Online Publishing	5,762	7.4	83	0.2
	70,135	90.0	40,954	93.1
Distribution of Applied Learning Products	4,212	5.4	1,958	4.5
Others⁽²⁾	3,618	4.6	1,079	2.5
Total	77,964[^]	100.0	43,992[^]	100.0[^]

Notes:

[^] Total does not add-up due to rounding.

n.a. Not applicable.

(1) Include a small proportion of pre-school educational materials.

(2) Mainly include supply of electronic dictionaries, publishing of general title books as well as distribution of third party publications and trading of paper.

(3) Include amongst others textbooks, revision guides, workbooks, assessment books and model test papers.

(4) Include revision guides, assessment books and model test papers.

For FYE 31 August 2013 and FPE 28 February 2014, our total revenue amounted to RM78.0 million and RM44.0 million respectively.

Educational publishing represented the largest proportion of our total revenue at 90.0% and 93.1% for the FYE 31 August 2013 and FPE 28 February 2014 respectively. Within educational publishing, print publishing accounted for 82.6% and 92.9% whilst online publishing accounted for 7.4% and 0.2% of our total revenue for FYE 31 August 2013 and FPE 28 February 2014 respectively.

The significantly lower contribution from online publishing for FPE 28 February 2014 as compared to FYE 31 August 2013 was due to the uncertainty in the market in relation to the implementation of School-Based Assessment (PBS) policy. As such, we recorded lower sales for our online educational products, especially iPBS. In addition, we also recorded sales returns of approximately RM0.6 million, also mainly from our iPBS online educational products. Nevertheless, the modified version of the PBS policy was subsequently implemented in April 2014 and sales of our online educational products have started to pick up again.

6. BUSINESS OVERVIEW (Cont'd)

Within print publishing, National School Curriculum based educational materials accounted for 81.5% and 87.7% of our total revenue for the FYE 31 August 2013 and FPE 28 February 2014 respectively. Of this, secondary and primary education as well as supplementary educational materials accounted for 54.7%, 26.8% and 1.0% of our total revenue respectively for the FYE 31 August 2013. For FPE 28 February 2014, secondary and primary education as well as supplementary educational materials accounted for 43.4%, 37.0%, and 5.2%, of our total revenue respectively.

Following the acquisition of the publishing rights and production files for a list of titles from Pearson Malaysia in September 2013, the sales from Pearson titles accounted for 7.3% of our total revenue for FPE 28 February 2014. Please refer to Section 5.1 of this Prospectus for further details on the acquisition of the publishing rights and production files for a list of titles from Pearson Malaysia.

The distribution of applied learning products accounted for 5.4% and 4.5%, of our total revenue for the FYE 31 August 2013 and FPE 28 February 2014 respectively.

The remaining 4.6% and 2.5% of our total revenue for the FYE 31 August 2013 and FPE 28 February 2014 respectively was contributed by other activities, including supply of electronic dictionaries, publishing of general title books as well as distribution of third party publications and trading of paper.

6.3 OUR PRINCIPAL MARKETS

6.3.1 Revenue Segmentation by Geographical Markets

The breakdown of our Group's revenue by geographical markets for the FYE 31 August 2013 and FPE 28 February 2014 are as follows:

Revenue	FYE 31 August 2013		FPE 28 February 2014	
	RM'000	%	RM'000	%
Malaysia	77,561	99.5	44,033	100.1
Overseas markets	404[^]	0.5	(42)[^]	(0.1)
Brunei	86	0.1	(52)	(0.1)
Denmark	66	0.1	-	-
Indonesia	56	0.1	9	#
Singapore	26	#	2	#
Philippines	8	#	-	-
United States	3	#	-	-
Others ⁽¹⁾	160	0.2	-	-
Total	77,964[^]	100.0	43,992[^]	100.0

Notes:

[^] Total does not add-up due to rounding.

Insignificant proportion.

(1) Others include Abu Dhabi, Bahrain, China, Costa Rica, Egypt, Germany, Ghana, India, Iran, Japan, Mexico, Nigeria, Oman, Peru, Qatar, Russia, South Africa, Taiwan, Thailand and Ukraine.

6. BUSINESS OVERVIEW (Cont'd)

For FYE 31 August 2013, Malaysia was our principal market as it accounted for 99.5% of our total Group revenue. The remaining revenue was contributed by export sales to various overseas markets.

For the FPE 28 February 2014, Malaysia continued to be our principal market whilst overseas markets recorded minimal negative revenue as a result of the sales return from the Brunei market.

6.4 SEASONALITY

Our business operations experience seasonality patterns.

For the last four (4) financial years between FYE 31 August 2010 and 2013, we consistently recorded highest sales in our second financial quarter (December to February) with an average contribution of 49.9% of the total sales for each financial year.

For the last four (4) financial years between FYE 31 August 2010 and 2013, December and January consistently experienced the top two highest sales with the exception of FYE 31 August 2012, where our monthly sales were the highest in December and February. Our peak sales season coincides with the purchase of educational materials for the start of each new academic year for national schools.

For the last four (4) financial years between FYE 31 August 2010 and 2013, we had consistently been recording lowest quarterly sales for our fourth financial quarter (June to August), which contributed an average of 6.2% of our total sales for each financial year.

Our lowest sales season coincides with the beginning of the second half of the academic year for national schools where most students and teachers would already have purchased most of their required educational materials.

For FYE 31 August 2014, we expect some changes in our seasonality patterns due to the abolishment of PMR to be replaced by Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3) as per the circular by the Ministry of Education on 31 March 2014. In this regard, in June 2014, our Group has launched new series of model test papers based on the PT3 format for lower secondary levels of education. In addition, our Group is also in the midst of publishing new series of assessment books and revision guides based on the PT3 format. As such, we expect to record sales from PT3 educational materials in our fourth financial quarter (June to August) of 2014.

Moving forward, we also expect to record sales of post-secondary educational materials in our fourth financial quarter (June to August), which coincides with the intake of post-secondary students in May for national schools.

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6. BUSINESS OVERVIEW (Cont'd)

6.5 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS/INPUT

The breakdown of major materials, services and products purchased by our Group for the FYE 31 August 2013 and FPE 28 February 2014 are as follows:

	← FYE 31 August 2013 →				← FPE 28 February 2014 →			
	Value of Purchases RM'000	% of Total Group Purchases of Materials, Services and Products %	Local %	Import %	Value of Purchases RM'000	% of Total Group Purchases of Materials, Services and Products %	Local %	Import %
MATERIALS	15,086[^]	48.5	100.0	-	9,694	46.0	100.0	0.0
Paper and paperboard	13,638	43.9	100.0 ⁽¹⁾	-	9,021	42.8	100.0 ⁽¹⁾	0.0
Packaging materials	912	2.9	100.0	-	273	1.3	100.0	0.0
Printing plates and films	535	1.7	100.0	-	400	1.9	100.0	0.0
SERVICES	14,278[^]	45.9[^]	99.8	0.2	7,622[^]	36.2	99.9	0.1
Printing	7,100	22.8	100.0	-	4,646	22.1	100.0	0.0
Royalties ⁽²⁾	5,764	18.5	99.5	0.5	2,421	11.5	99.6	0.4
Others ⁽³⁾	1,413	4.5	100.0	-	556	2.6	100.0	0.0
PRODUCTS	1,733	5.6[^]	2.9	97.1	3,751	17.8	48.0	52.0
Applied learning products	1,682	5.4	-	100.0	1,807	8.6	0.0	100.0
Publications	44	0.1	100.0	-	1,943	9.2	92.6	7.4
Electronic dictionaries	7	#	100.0	-	1	#	100.0	0.0
TOTAL	31,097	100.0	94.5	5.5	21,067	100.0	90.7	9.3

Notes:

[^] Total does not add-up due to rounding.

Insignificant proportion.

(1) Materials sourced from local stockists which may include a small proportion of imported materials.

(2) Include royalties based on contract as well as outright purchase of authors' works.

(3) Others include services such as cover finishing, typesetting, editing and illustration, copyright fees and service fees. During the peak period of production (from the month of May to August) which is mostly before the start of the new academic year, our Group does outsource some of the artwork and design activities due to the large quantities of books being published.

6. BUSINESS OVERVIEW (Cont'd)

For the FYE 31 August 2013 and FPE 28 February 2014, 94.5% and 90.7% of our purchases of materials, services and products were sourced from local suppliers respectively whilst the remaining 5.5% and 9.3% of our purchases of materials, services and products were sourced directly from overseas suppliers.

Please refer to Section 4.1.1 and Section 12.2.10(d) of this Prospectus for the impact of fluctuations in prices of materials.

Purchases of Materials

Materials purchased are mainly used in printing and production of our publications as well as printed access code cards for our online educational resources.

For our purchases of materials for the FYE 31 August 2013 and FPE 28 February 2014, paper and paperboard represented our largest proportion of purchases, which accounted for 43.9% and 42.8% of our total purchases of materials, services and products respectively. This was followed by packaging materials which accounted for 2.9% and 1.3% of our total purchases of materials, services and products for the FYE 31 August 2013 and FPE 28 February 2014 respectively. Printing plates and films accounted for 1.7% and 1.9% of our total purchases of materials, services and products for the FYE 31 August 2013 and FPE 28 February 2014 respectively.

Purchases of Services

Services generally include printing, royalties, cover finishing, typesetting, editing, illustration, copyright fees and service fees. These are mainly for:

- subcontracted services for printing and production;
- subcontracted services for third-party authors, editors and illustrators;
- fees paid for the rights to publish third parties' copyrighted materials;
- fees paid for the rights to translate and publish third parties' copyrighted materials; and
- fees paid to our technology partner for our online educational resources.

For the FYE 31 August 2013 and FPE 28 February 2014, printing services represented 22.8% and 22.1% of our total purchases of materials, services and products respectively. This was followed by royalties, which accounted for 18.5% and 11.5% of our total purchases of materials, services and products for the FYE 31 August 2013 and FPE 28 February 2014 respectively. Other services including cover finishing, typesetting, editing, illustration, copyright fees and service fees constitute 4.5% and 2.6% of our total purchases of materials, services and products for the FYE 31 August 2013 and FPE 28 February 2014 respectively.

Purchases of Products

Purchased products include applied learning products and publications for our distribution operations as well as electronic dictionaries. For the FYE 31 August 2013 and FPE 28 February 2014, applied learning products accounted for 5.4% and 8.6% of our total purchases of materials, services and products. This was followed by publications which accounted for 0.1% and 9.2% for the FYE 31 August 2013 and FPE 28 February 2014. Purchased of electronic dictionaries accounted for less than 0.1% of our total purchases of materials, services and products for the FYE 31 August 2013 and FPE 28 February 2014.

As at LPD, our Group has not experienced any shortage in the supply of raw materials as mentioned above.

6. BUSINESS OVERVIEW (Cont'd)

6.6 TECHNOLOGY USED

The main technology that we use in our publishing business is focused on ICT in general and web-based technologies in particular. This is because we have a number of educational resources that are available online through our web portal.

Our web portal is designed, developed and maintained by us and our technology partner. In the process, our technology partner and us utilise general ICT and web-based technologies for the following:

(a) System Development

We use various software technological tools to develop our websites. These include using web-based programming languages, compilers, databases, graphical user interfaces and communications protocol. All these technologies are used to develop the software to store, manipulate and deliver data over communications networks to our customers.

(b) Deployment of Data

In the constantly evolving choices of electronic devices to access websites like ours, we have to utilise technologies that enable us to present data on various types of devices including desktop computers, notebooks, tablets and mobile devices. We will have to utilise various software technologies that will allow us to be compatible to various operating systems including Apple's Mac OS and Microsoft Windows for desktop computers and notebooks, and Google's Android, Apple's iOS and Microsoft Windows 8 operating system for mobile devices including smartphones and tablets.

(c) Communications and Security

Our primary access method to our websites is through the internet. As such, communications technologies like TCP/IP (Transmission Control Protocol/Internet Protocol) as well as hardware and software security technologies will need to be utilised. These security technologies include software based firewalls, anti-intrusion and monitoring systems, and hardware devices with embedded security software like firewalls, routers and hubs. They will have to be deployed and used prudently to provide seamless, fast and secured access to our websites.

(d) Computing and Communications Hardware

Our websites are hosted in our own processor hardware where server applications reside in them. As such, we utilise various hardware technologies for computer processing as well as communications. With our processor hardware, we have to optimise our investments in processors to provide a certain level of service, particularly in terms of speed of processing online requests, to ensure satisfactory customer experience. We also have to determine the optimum level of bandwidth to ensure satisfactory speed of communications between our websites and online customers.

(e) Cloud Computing and Software-as-a-Service

Cloud computing generally deals with the provision of ICT services through the internet where users do not need to own physical infrastructure or the software used for accessing our services. Cloud computing generally covers the use of one or more combination of processors, storage, software and platforms.

We use cloud computing technologies in our web based resources based on our SaaS model. SaaS refers to software for which a user pays a recurring fee for the continuing right to use the software, as opposed to making a single outright payment for the right to use the software on a permanent basis. The recurring fee may be charged based on usage or time periods for use of selected modules.

6. BUSINESS OVERVIEW (Cont'd)

Our proprietary web-based educational resources including Bank Soalan, i-Learn, i-Teach and iPBS/iPS are delivered through the internet as a SaaS. They are developed for students or teachers and are developed based on the National School Curriculum.

6.7 PRODUCTION FACILITIES AND OPERATING CAPACITIES

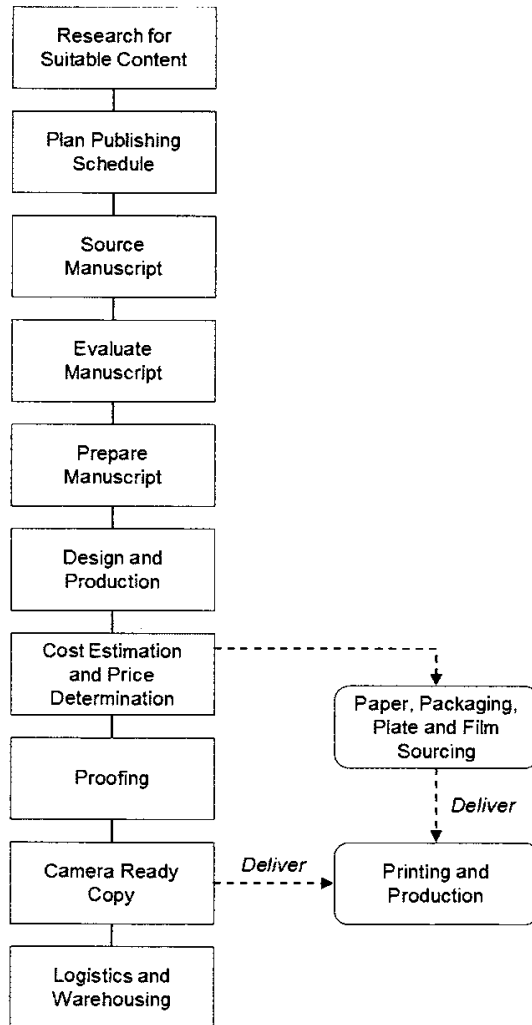
As our business is in the provision of services, for the FYE 31 August 2013 and FPE 28 February 2014, our Group did not utilise any major machinery and equipment for our operations.

However, we use computer hardware and software, particularly desktop publishing software, for our content development, editing, and artwork and design. As computer hardware and software are relatively low cost and easily available, they do not pose any capacity constraints to our business operations.

6.8 OUR BUSINESS AND OPERATION PROCESSES

(a) Publishing of Printed Educational Materials

The process flow of our publishing of printed educational materials is illustrated as follows:



6. BUSINESS OVERVIEW (Cont'd)

Our publishing process for printed educational materials begins with researching for suitable content for publication. It involves researching on the latest national curriculum requirements, obtaining market information and feedback from consumers.

After identifying and formulating the content, we commence planning of our publishing timeline as well as determining available resources and assigning jobs to the relevant departments and personnel.

Subsequent to the finalisation of our publishing schedule, we start with sourcing for manuscripts which either involves accepting non-commissioned manuscripts submitted by authors or commissioning external writers or allocate in-house staff for the drafting of manuscripts. If sourcing from external non-commission authors, we would discuss purchasing the publishing rights from them.

Once the draft manuscript has been submitted to us, we would evaluate the quality of the manuscripts. For external authors, we will negotiate with them on payment methods, either through royalties or outright purchase before entering into a contractual agreement.

We will then commence the preparation of the manuscripts starting with various editing works including, amongst others, mechanical and substantive editing, translations where required and modification of information to meet in-house requirements.

Once the editing work is completed, we will proceed to the design and production stage. Design involves, amongst others, book cover design, selection of font styles and sizes, paper and packaging specifications, insertions of illustrations, figures and diagrams. Manuscripts are then laid out into book form for cost estimation.

Cost estimation involves consideration of various elements, including the number of coloured and plain pages, types of packaging and paper to be used and number of copies to be produced during the print run. Following cost estimation, we would subsequently determine the selling price. We will then purchase the selected paper type, packaging materials, printing plates and films from our suppliers, which will be delivered to our printer for printing and production at a later stage.

Prior to printing and production, we would undertake various stages of proof reading to vet through all the latest developments and amendments.

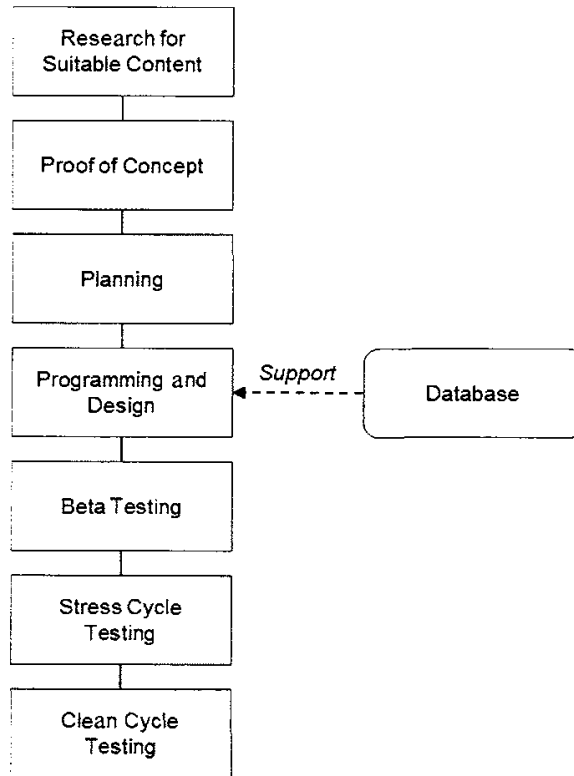
The final proof copy will be in portable document format (PDF), which is referred to as the camera ready copy. This will be delivered to our printer for printing.

Once the printing and production process is completed, our printers will then deliver the finished publications to our warehouse for storage. The publications will then be distributed from our warehouse to our customers' premises, either via our own trucks or a third party forwarder. Alternatively, some of our customers could also pick up the publications from our warehouse.

6. BUSINESS OVERVIEW (Cont'd)

(b) Publishing of Online Educational Materials

The process flow of our publishing of online educational materials is illustrated as follows:



Our publishing process for online educational materials commences with research for suitable content, which involves researching on the latest national curriculum requirements, obtaining latest market information and feedback from consumers. We will also concurrently identify hardware requirements, system features and flow of system as well as determining functionality requirements.

This is followed by proof of concept, which involves writing a bare-bone programme to test the concept and undertake further modifications and improvements if required.

After proof of concept, we will start with the planning stage. This involves determining the resources required to develop the system and the scope of work as well as assigning the jobs to relevant departments and personnel.

Once the planning stage is completed, we will proceed to systems design and programming. Design incorporates designing the total system including user interfaces, data processing, database, access procedures, security and communications. Systems design also incorporates database design to optimise storage space and overall performance, and ensure data integrity. Programming includes writing, reusing or modifying existing codes to meet systems and functional specifications.

6. BUSINESS OVERVIEW (Cont'd)

Once the system has been completed, the next step is to conduct beta testing. Beta testing involves selecting a group of users to use the system as much as possible and to record any problems. These problems are then fed back to the IT personnel for fixing and improvement. Beta testing is completed once the system is largely error free and our management is satisfied with the overall system.

This is followed by stress cycle testing where the testing involves simulation of high number of concurrent users and its effect on the overall performance of the system. Stress testing will enable IT personnel to determine at what stage of usage the systems will require additional resources, like processing power, storage devices and bandwidth, or to have mirror sites.

The final stage of testing involves clean cycle testing. This process is to ensure that all functions of the system are working as planned and intended prior to product launching and promotion.

6.9 QUALITY ASSURANCE

We place emphasis on our product quality. In general, our Group adopts the following approaches and measures in our operations:

- Source manuscripts from experienced teachers, lecturers and examiners for National School Curriculum based educational materials;
- Undertake research to ensure accuracy of the contents in the manuscripts acquired as well as contents developed in-house;
- Undertake proof reading prior to production and printing;
- Undertake pre-press proofing to verify accuracy of the press prior to the final press run and printing;
- Undertake various stages of testing on our software system to eliminate errors and bugs;
- Continuously keep abreast of any changes in the National School Curriculum to incorporate any revisions into our publications;
- Use syllabuses published by the Ministry of Education, prescribed textbooks and actual past year examination papers as reference materials for development of National School Curriculum based educational materials;
- Engage printers with proven track record; and
- Obtain feedback from schools and teachers pertaining to the quality of our publications.

6. BUSINESS OVERVIEW (Cont'd)

6.10 MARKETING AND DISTRIBUTION

(a) Marketing Strategies

Our marketing strategies are as follows:

- Position ourselves as an educational publishing house focusing on producing quality National School Curriculum based educational materials, online educational resources and supplementary educational materials;
- To complement our educational publishing business by providing applied learning products to encourage hands-on learning for students;
- Continue to provide excellence in product quality with the aim of developing a long-term business relationship with customers;
- Continue to improve on our product range in print and online publishing to meet the demands for educational resources;
- Continue to expand on our distribution network and ensure a wide market coverage through the use of intermediaries whilst cultivating long-term strategic partnerships including retail bookstores, dealers, wholesalers, the Ministry of Education, schools and publishers; and
- Market and promote our products directly to schools and teachers to create brand and product awareness whilst obtaining feedback for continuous product improvement.

To implement our marketing strategy, we have our own sales and marketing team comprising 53 personnel (including managers and directors) as at LPD.

As part of our marketing strategy, we also participate in book fairs and exhibitions as exhibitor to create product awareness. Some of these events that we have participated on an annual basis are listed as follows:

Our Participation in Book Fairs and Exhibitions

Annually	Names Of Events	Location
Since 1990	Kuala Lumpur International Bookfair	Kuala Lumpur
Since 2005	Pesta Buku Kelantan	Kota Bahru
Since 2007	BookFest @ Malaysia – Popular	Kuala Lumpur
Since 2008	Pesta Buku Terengganu Pesta Buku Melaka	Kuala Terengganu Ayer Keroh
Since 2009	Karnival Hari Guru Kebangsaan	Various locations in Malaysia

We have also been organising the National Robotics Competition and FIRST LEGO League Competition on an annual basis in Malaysia since 2005 and 2010 respectively.

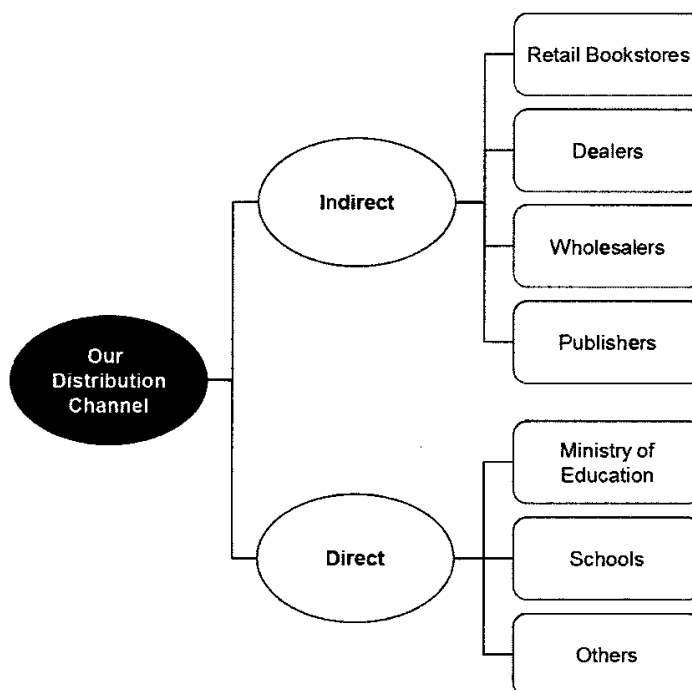
6. BUSINESS OVERVIEW (Cont'd)

In 2012, we also co-organised the World Robot Olympiad 2012 in Malaysia, together with the Government of Malaysia, and our Group incurred cost of approximately RM0.5 million for the event. The World Robot Olympiad is a worldwide robotics competition, and the competition held in Kuala Lumpur was the largest in the history of the World Robot Olympiad as at 21 February 2013.

These competitions also help us to raise our profile whilst creating market and product awareness.

(b) Distribution Network

We adopt a combination of indirect and direct distribution channel strategy:



Our Group's revenue contributions by distribution network for FYE 31 August 2013 and FPE 28 February 2014 are as follows:

Revenue	<—FYE 31 August 2013—>			<—FPE 28 February 2014—>		
	No. of customers	RM'000	Proportion of Total Revenue %	No. of customers	RM'000	Proportion of Total Revenue %
Retail bookstores	133	13,299	17.1	87	6,291	14.3
Dealers	576	46,902	60.2	402	32,274	73.4
Wholesalers	3	1,831	2.3	3	1,276	2.9
Publishers	2	4,130	5.3	1	1,460	3.3
Ministry of Education	1	5,134	6.6	1	443	1.0
Schools	646	1,871	2.4	115	595	1.4
Others*	21 ⁽¹⁾	4,797	6.2	15 ⁽¹⁾	1,651	3.8
	1,382	77,964	100.0[^]	624	43,992[^]	100.0[^]

6. BUSINESS OVERVIEW (Cont'd)*Notes:*

- ^ Total does not add-up due to rounding.
 * Others include, amongst others, educational training and learning centres and general public who make direct purchase from us during book fairs and exhibitions or place orders directly via our websites as well as walk-in customers who make purchases from our office.
 (1) This only includes educational training and learning centres.

(i) Indirect Distribution Channel

We mainly adopt an indirect distribution strategy to enable us to utilise the existing networks of intermediaries and ensure market coverage for our products. Using intermediaries minimise our resources in terms of finance and personnel in creating our own distribution network. The intermediaries include retail bookstores, dealers and wholesalers as well as third party publishers. For the FYE 31 August 2013 and FPE 28 February 2014, we had approximately 710 and 490 active customers who are intermediaries located mainly in Malaysia respectively.

(ii) Direct Distribution Channel

We also utilise direct distribution strategy, which is performed through our own sales and marketing team, focusing on selling our products directly to end-user customers. Our end-user customers are mainly the Ministry of Education, schools and others, include amongst others, educational training and learning centres and general consumers. General consumers are those who make purchase or place orders directly via our websites, and during book fairs and exhibitions, as well as for those walk-in customers who make purchases from our office.

(c) Sales Return Policy

Our Group has in place a sales return policy which generally includes, amongst others, the following:

- Stocks are returned with the Goods Return Notes (GRN) provided by us after approval from our management;
- Stocks to be returned must be within:
 - (i) 12 months after the release of a new edition; or
 - (ii) 12 months after becoming out of print, whichever is earlier;
- Stocks are returned in good condition and without price tags;
- Stocks are returned due to manufacturing defects;
- Stocks are returned due to damages during delivery; and
- The returning stocks must arrive at our Group's warehouse within the specified time frame agreed by our management.

Notwithstanding the above, all sales returns would need to obtain our management's approval. The approval is at the discretion of our management and our management will take into account the impact on the business relationship with the respective customer before granting the approval.

6. BUSINESS OVERVIEW (*Cont'd*)

6.11 RESEARCH AND DEVELOPMENT

Our research and development (“**R&D**”) activities are primarily related to the development of online educational resources. Our R&D is focused on the following areas:

- Development of new online educational resources including software, tools, database and online web-portal; and
- Enhancement of existing online educational resources such as i-Teach and i-Learn:
 - i-Teach will be further developed to include the following:
 - additional features for our learning management systems such as teacher and student interactivities as well as homework assignments; and
 - additional tools for our lesson plans creation module to further assist teachers in their creation of lesson plans.
 - i-Learn will be further developed to include the following:
 - additional subjects; and
 - additional educational games.

Through the R&D activities listed above, we aim to realise the following benefits:

- Increase revenue and profitability;
- Sustain and grow our business;
- Sustain competitive advantages and key strengths; and
- Increase our customers’ satisfaction.

We undertake R&D together with our technology partner. In addition to relying on our technology partner, we also carry out product development activities at our office located at Kota Damansara, Selangor Darul Ehsan.

We are responsible for part of the programming and the development of concept (e.g. what the product usage is and who the target market is), function, educational content and marketing of the finished products. Our technology partner is prohibited from developing competitive products with third parties as we outsource certain sections of programming and designing works, product testing, technical support, product demonstrations and training support to the technology partner. As such, we are required to pay our technology partner an amount based on an agreed term (i.e. a predetermined amount based on the eventual selling price of the online product for a predetermined number of online products sold).

Upon completion of the development of these online educational products, we have full ownership of them, bearing our logo/trademark and sales of these online products are recognised fully by us.

The equipment used by our technology partner and us to carry out our product development activities consists of general ICT hardware and software. Thus would include, amongst others:

(i) Hardware

- Intel Xeon Processor;
- SATA Hard Disk Drives (4 units);
- PERC H700 RAID (redundant array of independent disks) Controller Card with RAID 5 configuration;
- 100Mbps Network Port;
- Firewall device; and
- NAS (Network-attached Storage) as data backup system.

6. BUSINESS OVERVIEW (Cont'd)

(ii) Software

- Windows Server;
- Windows IIS (Internet Information Server);
- Apache Web Server with PHP (Hypertext Preprocessor) Language Support;
- Microsoft SQL (Structured Query Language) Express;
- Oracle MySQL Database;
- Windows Remote Desktop Administrator Access;
- FTP (File Transfer Protocol) Server Software;
- Adobe Dreamweaver;
- Adobe Illustrator;
- Adobe Photoshop;
- Microsoft Office (Word, Excel);
- Javascript;
- PHP (Hypertext Processor);
- XHTML (Extensible Hypertext Markup Language);
- XML (Extensible Markup Language);
- CodeIgniter;
- JQuery; and
- CSS (Cascading Style Sheets).

As at LPD, we have three (3) programmers and three (3) editors engaged in product development activities. Going forward, we intend to hire more manpower in product development activities.

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6. BUSINESS OVERVIEW (Cont'd)

Our expenditure on research and development ("R&D") activities for the FYE August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014 was as follows:

	<----- FYE 31 August ----->		----- FYE 31 August ----->		----- FYE 28 February 2014 ----->	
	2010	2011	2012	2013	2014	2014
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
R&D expenditure	110	93	63	4	1	1
	0.2	0.2	0.1	0.1	0.1	0.1
	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue

Note:

Insignificant proportion.

6.12 MAJOR CUSTOMERS

Our major customer (i.e. who has contributed 10.0% or more of our total revenue) for the past four (4) FYE 31 August 2010 to 2013 and FPE 28 February 2014:

Customers	<----- FYE 31 August ----->		----- FYE 31 August ----->		----- FYE 28 February 2014 ----->	
	2010	2011	2012	2013	2014	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Approximate Length of relationship (years)						
	%	%	%	%	%	%
Total Revenue	47,012	59,961	64,821	77,964	43,992	100.0
Popular Book Co. (Malaysia) Sdn Bhd	4,367	5,610	6,672	8,057	3,550	10.3
	9.3	9.4	10.3	10.3	8.1	10.3

We are dependent on Popular Book Co. (Malaysia) Sdn Bhd by virtue of its contribution of more than 10.0% to our total revenue for FYE 31 August 2013.

The following factors mitigate against our Group's dependency on Popular Book Co. (Malaysia) Sdn Bhd:

- Popular Book Co. (Malaysia) Sdn Bhd has been dealing with our Group for approximately 28 years, which indicates a stable and long term business relationship with them; and
- Our large customer base of approximately 1,380 and 620 active customers, for FYE 31 August 2013 and FPE 28 February 2014 respectively, helps to reduce our dependency on Popular Book Co. (Malaysia) Sdn Bhd.

Please refer to Section 4.1.3 of this Prospectus for further details on risk on dependency on our major customers.

6. BUSINESS OVERVIEW (Cont'd)

6.13 MAJOR SUPPLIERS

Our major suppliers (i.e. those who have contributed 10.0% or more of our total purchases) over the past four (4) FYE 31 August 2010 to 2013 and FPE 28 February 2014 are as follows:

Supplier	Type of Materials Purchased	Approximate Length of Relationship years	2010		2011		2012		2013		FPE 28 February 2014	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Total Purchases of Materials, Services and Products	-	-	26,689	100.0	33,119	100.0	34,579	100.0	31,097	100.0	21,067	100.0
Singa Trading (Malaysia) Sdn Bhd	Paper	29	5,978	22.4	3,590	10.8	13,820	40.0	9,180	29.5	4,759	22.6
Etamax Sdn Bhd	Paper	23	1,558	5.8	2,409	7.3	869	2.5	1,268	4.1	2,750	13.1
Modern Alpine Sdn Bhd	Paper	11	2,690	10.1	4,195	12.7	39	0.1	4	#	-	-
Pearson Malaysia Sdn Bhd	Paper and Stocks of educational materials	1	-	-	-	-	-	-	-	-	2,198	10.4

Note:

Insignificant proportion.

Our top supplier namely Singa Trading (Malaysia) Sdn Bhd contributed 22.4%, 10.8%, 40.0%, 29.5% and 22.6% of our total purchases of materials, services and products for the FYE 31 August 2010, 2011, 2012 and 2013 as well as FPE 28 February 2014 respectively. Etamax Sdn Bhd, which also supplies paper to our Group, contributed 13.1% of our total purchases of materials, services and products for FPE 28 February 2014, while its contributions to our total purchases of materials, services and products for FYE 31 August 2010, 2011, 2012 and 2013 were 5.8%, 7.3%, 2.5% and 4.1% respectively. In addition, Modern Alpine Sdn Bhd was also one of our major suppliers of paper as it contributed 10.1% and 12.7% of our total purchases of materials, services and products for the FYE 31 August 2010 and 2011 respectively. The contribution from Modern Alpine Sdn Bhd in FYE 31 August 2012 and 2013 had, however been reduced to 0.1% and 0.01% of our total purchases of materials, services and products respectively. We did not purchase any paper from Modern Alpine Sdn Bhd for FPE 28 February 2014.

6. BUSINESS OVERVIEW (Cont'd)

We have been dealing with Singa Trading (Malaysia) Sdn Bhd and Etamax Sdn Bhd for approximately 29 and 23 years respectively. This indicates a stable and continuing business relationship with Singa Trading (Malaysia) Sdn Bhd and Etamax Sdn Bhd. In addition, it is also our strategy to undertake bulk purchase of paper from these suppliers to obtain bulk discounts.

Our reliance on Singa Trading (Malaysia) Sdn Bhd and Etamax Sdn Bhd is also mitigated by the fact that we also purchase paper from other suppliers such as Kentas Krafik Sdn Bhd and Intrapac Trading (M) Sdn Bhd. This indicates that we have ready access to other suppliers of paper should there be a need to purchase from alternative suppliers.

The purchase from Pearson Malaysia amounting to RM2.2 million was a one (1) off transaction in relation to the acquisition of stocks of educational materials for approximately RM1.6 million and paper for approximately RM0.6 million in conjunction with the acquisition of the publishing rights and production files for a list of titles from Pearson Malaysia. Please refer to Section 5.1 of this Prospectus for further details on the acquisition of the publishing rights and production files for a list of titles from Pearson Malaysia.

Please refer to Section 4.1.2 of this Prospectus for further details on risk on dependency on our major suppliers.

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6. BUSINESS OVERVIEW (Cont'd)

6.14 MAJOR LICENCES, PERMITS AND REGISTRATIONS

6.14.1 Material Licences for Business Operations

The major licences issued to our Group to enable us to operate our business as at LPD are summarised below:-

Company	Issuing Authority	Type of Licences	Issue Date/ Validity Period	Salient Conditions	Status of Compliance
Sasbadi	Ministry of Finance	Registration Certificate issued by the Ministry of Finance pursuant to the Financial Procedure Act 1957, Treasury Instructions 166.1, 166.2(i), 166.2(ix), 166.2(x), 184.2, 184.3 and Treasury Circular Letter Bil 6. Year 2010 in relation to the tender/procurement of government contract for the supply of services/products under the scope of the Business Category ("Kod Bidang"), listed below. Registration No. 357-00053177 Certificate No. K1973825637925827	26.09.2011/ From 26.09.2011 to 25.09.2014	1. Any changes to the information provided to MOF must be made online within 21 days from the date of change. 2. The company must ensure that the category in which it is registered does not coincide with the categories which have been approved for other companies which have the same owner or board of directors and management or which operate in the same premises.	Complied
		<u>Business Category</u> Reading Material Education Kit Education Material Office Machine and Accessory		3. A newly registered company is not allowed to make any changes to its owner/shareholder or directors within 6 months from the date of registration. 4. The registration may be suspended/revoked if it is discovered that:	Complied
		<u>Business Category Code/Kod Bidang</u> 010102 010601 010602 020201			

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences	Issue Date/ Validity Period	Salient Conditions	Status of Compliance
		Stationery (does not include form and all kind of paper)	020601	(a) The company/owner/partner/director/any member of management team is involved in illegal/criminal activities and is charged and found guilty by the courts in Malaysia or abroad or is facing any civil liability.	Complied
		Clothing	020801		
		Clothing Equipment	020802		
		Sports Clothing and Accessory	030101		
		Souvenir and Gift	030201	(b) The company withdraws an offer before a tender is considered or rejects after the offer has been made.	Complied
		Musical Instruments and Accessory	030301		
		Sports Equipment	030501		
		Laboratory Equipment and Accessory	060501	(c) The company fails to perform the contracts signed with the Government.	Complied
		All Measuring Equipment	100101		
		Hardware (Low End Technology)	210101	(d) The company is found to amend the Registration Certificate for fraud or other purposes.	Complied
		Computer Software, Operating System, Database, Off-The-Shelf Packages Including Maintenance	210103	(e) The Registration Certificate is misused by another individual/company.	Complied
		Multimedia Products, Services and Maintenance	210108		
		Professional Staff -- Does not include Consultancy Service	221101	(f) The company is found to be involved in price fixing with other companies before bidding.	Complied
		Semi-Professional Staff -- Does not include Consultancy Service	221102	5. The company has to submit the renewal application 3 months before the expiry of the validity period.	Complied

6. BUSINESS OVERVIEW (Cont'd)





Company	Issuing Authority	Type of Licences	Issue Date/ Validity Period	Salient Conditions	Status of Compliance
		Training and Teaching Service and Moderator/Negotiator	221110		
		Preparation of Stage/Exhibition, Show and Amusement Park	221305		
		Hospital and Laboratory Equipment	221508		
		Translation	222006		
		Intellectual Property Right (Patent)	222008		
		Certification and Recognition	222704		

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6. BUSINESS OVERVIEW (Cont'd)

6.15 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, our Group has applied for the registration of the following trademarks at MyIPO:

Trademark Logo	Registrant	Class No.	Application No.	Status of Application as at LPD
	Sasbadi	16	2013006449	Approved. Pending the issuance of the certificate of registration.
	Maya Press	16	2013006448	The trade mark is registered for a period of 10 years from 7 May 2013 to 7 May 2023.
	Orbit Buku	16	2013006447	Approved. Pending the issuance of the certificate of registration.
	Sasbadi Online	16	2013006451	Approved. Pending the issuance of the certificate of registration.
		41	2013006450	The trade mark is registered for a period of 10 years from 7 May 2013 to 7 May 2023.

6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Application No.	Status of Application as at LPD
	Sasbadi Learning Solutions	16 28 41	2014057557 2014057560 2014057563	Filed on 23 May 2014. Pending reply from the registrar of trademarks at MyIPO.
	MBP Publications	16 41	2014057547 2014057553	Filed on 23 May 2014. Pending reply from the registrar of trademarks at MyIPO.

Notes:

Class 16 of the Nice Classification for trademarks includes "Paper, cardboard and goods made from these materials, not included in other classes; posters, publications, namely, textbooks, study guides, revision guides, user manuals, instruction guides, reference guides and books computer systems and computer programs, bookbinding material, photographs, diaries, brochures, manuals, catalogues, calendars, charts, posters, stickers, printed matter; advertising and publicity materials, instructional, stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks, all included in class 16."

Class 28 of the Nice Classification for trademarks includes "Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees"

Class 41 of the Nice Classification for trademarks includes "Entertainment and education services; film production services; game services provided on-line from a computer network; microfilming; production of radio and television programmes; videotape film production; providing on-line electronic publications; not downloadable, production of shows; television entertainment; videotape editing; videotaping; production of audio-visual presentations; production of documentaries; production of graphical cine-film clips; computer assisted education services; education services relating to entertainment or education, provided on-line from a computer database on the internet; instruction in the design, development, installation, maintenance, repair and use of computers; organisation of computer related training courses; provision of games by means of a computer based system; providing digital music (not downloadable) from MP3 internet websites providing digital music (not downloadable) from the internet; electronic games services provided by means on the internet; production of animated cartoons, cine-film chips and programmes; advisory, information and consultancy services relating to all the aforesaid; all included in class 41."

6. BUSINESS OVERVIEW (Cont'd)

In addition, our Group possesses the copyright to the published versions of titles based on manuscripts written by our authors. This is so because our Group contributes value-add contents such as editing, artwork and design to our published titles. The individual authors retain the copyright to their respective original manuscripts from which contents of our titles are based. It is our Group's policy to require all the authors, who contribute to the contents of titles that we publish, to assign to us their entitlement to the copyright of the published versions of our Group's titles in whole, throughout the world, and for the whole legal term of copyright under the Copyright Act 1987 of Malaysia, which lasts for the entire lifetime of the author plus an additional 50 years thereon.

Typically, our Group pays royalty to our external authors within the range of 7.0% and 12.0% per title based on the published price of our Group's published titles that are sold. Our Group also pays a fixed amount of fee to external authors for commissioned works and no royalty is paid for such works. Where else, our in-house authors are paid a fixed amount of salary and no royalty is paid to them.

So long as the agreement between our Group and the authors are subsisting, the authors shall not make any assignments of the right to print and publish their work throughout the world or grant any licence to print and publish their work or any part thereof throughout the world without our Group's written consent.

The authors shall also not write or edit a competitive work for any other publishers and shall not publish such a work himself for so long as their work is still in current publication by our Group.

In September 2013, our Group has also acquired from Pearson Malaysia the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials (i.e. revision guides, workbooks, assessment books and model test papers). Our Group is allowed until 31 March 2014 to reprint the titles acquired under the Pearson brand and to continue to sell the reprinted/acquired Pearson branded stocks until 31 December 2014. All stocks printed after 31 March 2014 are to be branded under our Group. Similarly, our Group possesses the copyright to (i) some of the published versions of titles based on manuscripts written by the authors as our Group contributes value-add contents such as editing, artwork and design to the published titles and pays royalties of between 4.0% and 12.0%; and (ii) some of the published versions of the titles which copyright was purchased outright from Pearson.

6.16 DEPENDENCY ON PATENTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS**6.16.1 Dependency on Intellectual Property Rights**

As at LPD, save as disclosed in Section 6.15 of this Prospectus, our Group is not dependent on any patents or intellectual property rights for our business operations.

6.16.2 Dependency on Major Licences

As at LPD, save as disclosed in Section 6.14 of this Prospectus, our Group is not dependent on any major licences, for our business operations.

6.16.3 Dependency on Industrial, Commercial and Financial Contracts

As at LPD, our Group is not highly dependent on any material contracts or agreements including industrial, commercial and financial contracts, which are material to our business or profitability.

6. BUSINESS OVERVIEW (Cont'd)

6.17 LAND AND BUILDINGS

6.17.1 Own Properties

As at LPD, our Group owns the following properties:

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Encumbrances	Land/ Built-up Areas (sq. ft.)	Audited NBV as at February 2014 (RM'000)	Market value (RM'000) [#]	Issuance Date of Certificate of Fitness for Occupation / Certificate of Completion and Compliance
Sasbadi	Registered lease over all that piece of leasehold industrial land held under Title No. HS(D) 241020, Lot PT 9909, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan, bearing postal address at Lot No.12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan ("Property 1")	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)	First Part 1st Legal Charge in favour of Alliance Bank Malaysia Berhad	105,562 [^] / 76,945	23,269	26,000	17.01.2007

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Encumbrances	Land/ Built-up Areas (sq. ft.)	Audited NBV as at February 2014 (RM'000)	Market value (RM'000)#	Issuance Date of Certificate of Fitness for Occupation / Certificate of Completion and Compliance
Sasbadi	Developer's Parcel No. C3-10-5P-3F known as Unit No. 5P, Type No. 3F, Floor No. 10, Building No. C3, PD World Marina International Resort, Phase 3 (Bay View Villas) together with an accessory parcel car park bay erected on part of land held under Master Title No. Pajakan Negeri 11589, Lot 1311, Pekan Teluk Kemang, District of Port Dickson, State of Negeri Sembilan Darul Khusus, bearing postal address at Unit No. C-10-5, Block C, Bay View Villas, PD World Marina International Resort, 6 th Mile Jalan Pantai, Teluk Kemang, 71050 Port Dickson, Negeri Sembilan Darul Khusus ("Property 2")	Three (3) bedroom apartment/ Apartment (currently unoccupied)	Leasehold (99 years expiring on 17.12.2101)	None	Not Applicable/ 1,278*	84	85	14.05.1999

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Encumbrances	Land/ Built-up Areas (sq. ft.)	Audited NBV as at February 2014 (RM'000)	Market value (RM'000) [#]	Issuance Date of Certificate of Fitness for Occupation / Certificate of Completion and Compliance
Sasbadi	Developer's Parcel No. B1-2, 1 st Floor known as Unit No. B1-2, erected on part of land held under Master Title No. Pajakan Negeri 20121, Lot 5627, Mukim of Si Rusa, District of Port Dickson, State of Negeri Sembilan Darul Khusus, bearing postal address at Unit No. B1-2, Block B, The Regency Tanjung Tuan Beach Resort, 5 th Mile, Jalan Pantai, 71050 Port Dickson, Negeri Sembilan Darul Khusus ("Property 3")	Two (2) bedroom apartment/ Holiday apartment	Leasehold (99 years expiring on 13.05.2081)	None	Not Applicable/ 969*	208	215	27.10.1986

Notes:

Based on the updated valuation on 25 April 2014 and 28 April 2014 prepared by our Independent Property Valuer.

^ Land area as stated on the title document to the relevant property.

* Conversion of original measurements for properties in square meters (sq. m.) to square feet (sq. ft.) at 1 sq. m. = 10.7639 sq. ft.

The properties listed above have been valued by our Independent Property Valuer on 12 December 2012 and 18 December 2012, and an updated valuation was carried out on 25 April 2014 and 28 April 2014. Please refer to Section 14 of this Prospectus for the valuation certificates from the Independent Property Valuer in relation to the valuation of the above properties. The revaluation surplus based on the valuation carried out on 12 December 2012 and 18 December 2012 was incorporated in the financial statements for FYE 31 August 2012, whilst the revaluation surplus based on the updated valuation carried out on 25 April 2014 and 28 April 2014 was not incorporated in the financial statements of our Group for FPE 28 February 2014.

6. BUSINESS OVERVIEW (Cont'd)

6.17.2 Regulatory Requirements and Environmental Issue

Our Directors wish to highlight that, as at the LPD, there is no non-compliance with all the regulatory requirements and environmental issues which may materially affect our Group's operations and utilisation of properties owned by our Group.

6.17.3 Interruptions to Business and Operations

We have not experienced any material interruption in business which had a significant effect on our operations during the past twelve (12) months preceding the LPD.

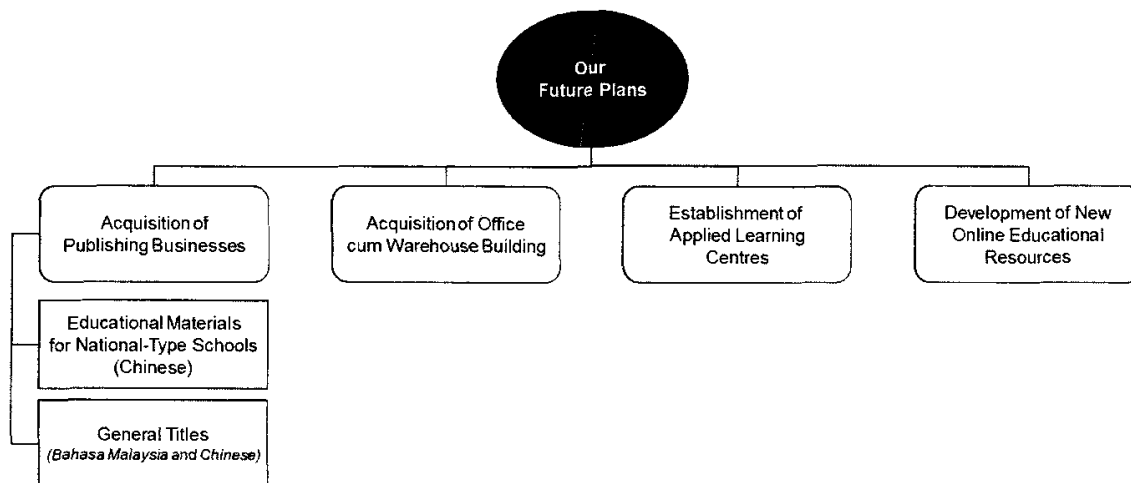
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6. BUSINESS OVERVIEW (Cont'd)

6.18 FUTURE PLANS, STRATEGIES AND PROSPECTS

6.18.1 Future Plans and Strategies

Our future plans are focused in four (4) key areas as depicted in the figure below:



(i) Acquisition of Publishing Businesses

(a) Educational Materials for National-Type Schools (Chinese)

We have been publishing National School Curriculum based educational materials mainly in Bahasa Malaysia and English to cater for national schools. One of our future plans is to acquire into a publishing business that focuses on educational materials for national-type schools (Chinese).

(b) General Titles (in Bahasa Malaysia and Chinese)

In addition, we also intend to acquire a publishing business focusing on general titles in Bahasa Malaysia and Chinese. Through the new publishing business, we intend to publish general titles focusing mainly on self-development, personal interests and hobbies as well as fiction and non-fiction materials in Bahasa Malaysia and Chinese. In 2013, the market size for general titles in Malaysia was approximately RM260.0 million based on apparent consumption (*Source: Department of Statistics and computed by Vital Factor*).

As at LPD, our Group has not entered into any active discussion or negotiation to acquire any of the said publishing businesses. The final costs of the acquisition are dependent upon, amongst others, earnings potential, market reputation, brand names and future prospects of the businesses. The exact terms will only be finalised after negotiation and upon agreement with potential vendors.

We plan to utilise RM11.5 million from our IPO proceeds for part-financing of the acquisition of the above publishing businesses within 24 months from the date of listing. Any additional funding required will be met through internally generated funds and/or external funding.

6. BUSINESS OVERVIEW (Cont'd)

(ii) Acquisition of Office cum Warehouse Building

As part of our business expansion plan, we intend to acquire another office cum warehouse building with a built-up area of approximately 10,000 sq. ft. in the Klang Valley to provide additional space to cater for our Group's business expansion, which, includes amongst others, expanding our editorial team as well as increasing the storage area to cater for additional publications as a result of our anticipated business growth as mentioned in Section 6.18.1(i) of this Prospectus, as our current office cum warehouse building located in Kota Damansara does not have sufficient space to cater for the business expansion plan. As at LPD, we have yet to identify a suitable property for this purpose.

We plan to utilise RM7.0 million from our IPO proceeds for the acquisition of the office cum warehouse building within 24 months from the date of listing. Should more funds be required, it will be met through internally generated funds and/or external funding.

(iii) Establishment of Applied Learning Centres

Our Group is currently engaged in the distribution of a range of applied learning products. This is mainly for third party brands. Part of our future plans is to establish applied learning centres in areas of high pedestrian traffic and easy accessibility, such as shopping malls, to provide training and education to young children primarily aged between four (4) and twelve (12) years old. The training and education is expected to focus on science, mathematics and technology by using robotics and children's educational development products which will be conducted or supervised by experienced teachers and trainers. The establishment of applied learning centres is expected to enhance market awareness of the "Sasbadi" brand name and to promote that our Group is also involved in innovative educational materials.

We plan to set-up two (2) applied learning centres within 24 months from the date of listing. However, as this is still in the preliminary stages, we have yet to identify any suitable location for the setting-up of the applied learning centres nor hire any teachers or trainers for the centres. We plan to utilise RM1.0 million from our IPO proceeds for the establishment of the two (2) applied learning centres, which involves renovation of the centres, purchase of furniture and fittings, and equipment as well as purchase of educational resources (e.g. robotics products). Should more funds be required, it will be met through internally generated funds and/ or external funding. Depending on the market response to the two (2) applied learning centres, we may establish more applied learning centres throughout Malaysia in the future.

(iv) Development of New Online Educational Resources

Our Group currently has six (6) types of online educational resources, namely Bank Soalan (Instant Assessment Generator), i-Learn, i-Teach, iPBS/iPS, Mind-Map and MEET as disclosed in Section 6.2.1.2 of this Prospectus.

In addition, our Group continually undertakes development of other new online educational resources to cater to teaching and learning of various skills such as listening, thinking and speaking.

We plan to utilise internally generated funds for the development of our new online educational resources.

6. BUSINESS OVERVIEW (Cont'd)

6.18.2 Prospects

The prospects of our Group are dependent on the following factors:

- 29 years in the publishing business;
- Sustainable business performance;
- Competitive advantages and key strengths;
- Future plans to provide sustainable growth; and
- Industry prospects and outlook.

(i) 29 Years in the Publishing Business

Our Group has a proven track record as a publisher of educational materials in Malaysia since we began operations in 1985. We have grown from a small publishing house to become one of the most established publishers in Malaysia with revenue of RM78.0 million for FYE 31 August 2013. Our long established track record demonstrates our business resilience and sustainability, which will form the basis for our continuing growth.

In addition, our 'Sasbadi' brand has been in the market since our first publication in 1985. As such, we are able to enjoy brand awareness among students and teachers as well as parents who were once users of our educational materials.

Our business performance is further substantiated by the fact that, over our 29 years of operations, we have published approximately 11,460 titles. We sold approximately 56 million copies of publications for the past four and a half (4½) financial years between FYE 31 August 2010 and FPE 28 February 2014.

In addition, we have also built an extensive distribution network over the past 29 years. This is supported by the fact that in FYE 31 August 2013 and FPE 28 February 2014, our products were directly distributed to approximately 130 and 90 retail bookstore customers operating approximately 200 and 190 retail bookstores in Malaysia respectively. For FYE 31 August 2013 and FPE 28 February 2014, our products were directly distributed to approximately 570 and 400 active dealers with their own network of distribution to schools and households in Malaysia respectively. Overall, in FYE 31 August 2013 and FPE 28 February 2014, we had a base of approximately 1,380 and 620 active customers respectively.

Our established track record, brand awareness, proven business performance and extensive distribution network will provide us with the platform for business sustainability and future growth.

(ii) Sustainable Business Performance

Our sustainable business performance is supported by the following financial achievements between the financial years ended 31 August 2012 and 2013:

- Revenue grew by 20.4%;
- Gross profit grew by 19.3%;
- Profit before tax grew by 18.8%; and
- Profit after tax grew by 17.4%.

6. BUSINESS OVERVIEW (Cont'd)

Between financial years ended 31 August 2010 and 2013, our financial performances were as follows:

- Revenue grew at an average annual rate of 18.4%;
- Gross profit grew at an average annual rate of 19.9%;
- Profit before tax grew at an average annual rate of 29.2%; and
- Profit after tax grew at an average annual rate of 28.0%.

Our sustainable financial performance over the last four (4) financial years would provide us with the platform for continuing business success and growth.

(iii) Competitive Advantages and Key Strengths

Our competitive advantages and key strengths will provide a platform for continuing growth and success. This includes the following:

- Brand awareness;
- Established track record;
- Extensive distribution network;
- Large customer base;
- Diversity in product range;
- In-house content development;
- Availability of large range of publications;
- Economies of scale; and
- Experienced management and editorial personnel.

Please refer to Section 6.1(c) of this Prospectus for further details on our Group's competitive advantages and key strengths.

(iv) Future Plans to Provide Sustainable Growth

We have in place a sound business and expansion plan for moving forward. Our future plans are as follows:

- Acquisition of publishing businesses focusing on the following:
 - National School Curriculum based educational materials intended for national-type schools (Chinese); and
 - General titles in Bahasa Malaysia and Chinese;
- Acquisition of an office cum warehouse building to cater to our expanding business operations;
- Establishment of applied learning centres; and
- Development of new online educational resources.

Our future plans would provide us with the platform to grow our business.

6. BUSINESS OVERVIEW (Cont'd)

(v) Industry Prospects and Outlook

The outlook of the Educational Publishing Industry is dependent on the following factors:

- Performance of the education sector focusing on primary and secondary schools;
- Government initiatives;
- Population, income and expenditure; and
- Economic conditions.

While generally enrolments in public schools have not been growing, they are partly compensated by growth from the private education sector. Nevertheless, student enrolment in public schools is expected to grow by an AAGR of 0.6% in the five (5) year period between 2011 and 2015.

The Government, recognising the importance of education has put in place various initiatives to boost developments in the education sector, which will provide flow-on benefits to the Educational Publishing Industry. Some of these initiatives include the following:

- Malaysia Education Blueprint 2013-2025;
- 1BestariNet and i-TRIM;
- Government Transformation Programme (GTP) Roadmap;
- Economic Transformation Programme (ETP);
- 10th Malaysia Plan (10MP); and
- Federal government expenditure on education and training.

Malaysia has also shown growth in population, per capita incomes as well as average household expenditure. All these will augur well for operators like us in the educational publishing industry.

Economically, Malaysia's real GDP grew 4.7% in 2013 and at an AAGR of 5.7% between 2009 and 2013, while real GDP growth for 2014 is forecasted to grow between 4.5% and 5.5%. For the first quarter of 2014, the Malaysian economy grew by 6.2% due to stronger growth in domestic demand, as well as a turnaround in net exports.

(Please refer to Section 12 in the Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia prepared by Vital Factor)

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7. INDUSTRY OVERVIEW



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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(Company No.: 266797-T)
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46200 Petaling Jaya
Selangor, Malaysia
Tel (603) 7931 3188
Fax (603) 7931 2188
www.vitalfactor.com

23 June 2014

The Board of Directors
Sasbadi Holdings Berhad
Lot 12, Jalan Teknologi 3/4
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs and Madam

Independent Assessment of the Educational Publishing Industry Focusing on National School Curriculum in Malaysia

The following is an Independent Assessment of the Educational Publishing Industry focusing on National School Curriculum in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of Sasbadi Holdings Berhad (herein together with all or any one or more of its subsidiaries will be referred to as Sasbadi Holdings Group or the Group) in relation to its proposed listing on the Main Market of Bursa Malaysia Securities Berhad.

1. BACKGROUND AND INTRODUCTION

- Sasbadi Holdings Group is primarily a publisher of educational materials based on the Malaysian National School Curriculum focusing on primary and secondary education, which is the focus of this industry assessment.
- The National School Curriculum applies to all national and private educational institutions, but excluding international, expatriate, correspondence and some special education and religious schools.

2. ENVIRONMENTAL ANALYSIS

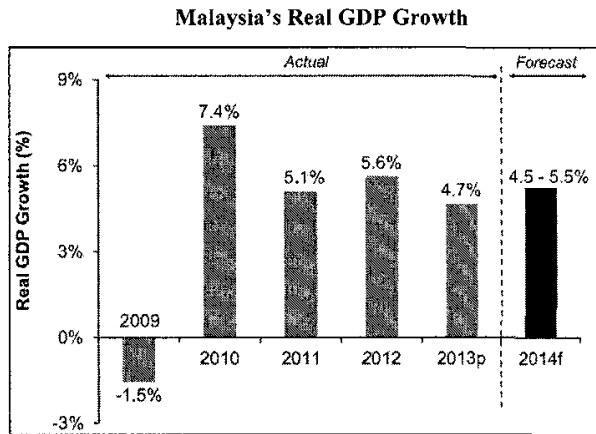
- Businesses, including Sasbadi Holdings Group, whose main market is in Malaysia are affected by the economic well-being of the nation. This is commonly reflected in the country's gross domestic product (GDP) performance.
- Overall, Malaysia's key economic indicators in terms of real GDP grew at an average annual growth rate (AAGR) of 5.7% between 2009 and 2013 with the exception of 2009, when the economy contracted by 1.5% amidst the slowdown in the global economy.

7. INDUSTRY OVERVIEW (Cont'd)



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- In 2013, the Malaysian economy grew at 4.7% driven by continued strong growth in domestic demand, underpinned by robust private sector activity. Private consumption was mainly supported by favourable employment conditions and increase in wages while private investment was supported by capital expenditure in mining, services and manufacturing sectors.



- In 2014, the Malaysian economy is expected to remain on a steady path growing between 4.5% and 5.5%. The growth will be underpinned by domestic demand, although at a moderate pace, as well as improvements in external demand. Domestic demand will remain the key driver of growth supported by robust private investment and private consumption. In tandem with the improvement in external demand, Malaysia's export performance is expected to pick up during 2014. This is supported by the fact that for the first quarter of 2014, the Malaysian economy grew by 6.2% due to stronger growth in domestic demand, as well as a turnaround in net exports.

Notes: p = Preliminary; f = Forecast.
(Source: Bank Negara Malaysia)

3. INDUSTRY OVERVIEW AND STRUCTURE

3.1 Overview of the Publishing Industry

- Generally, the Publishing Industry covers diverse areas as depicted in the figure below:

Structure of the Publishing Industry



*Content primarily includes written information, still images and graphics

 Sasbadi Holdings Group operates within this segment, and is the focus of the IMR report

- While publishing is commonly associated with printed content or their digital equivalent, it covers other areas because the term publishing involves the process of making materials available to the masses or some special interest groups.

7. INDUSTRY OVERVIEW (Cont'd)

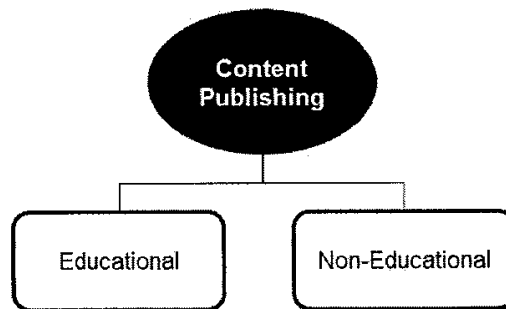


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- While publishing commonly includes mass production and distribution of materials, in cases of online publications, materials may be placed in electronic depositories and access made available to the masses, subscribers or to authorised people or devices through some form of communications networks, for example, the internet. In this manner, online publishing may bypass the physical mass production and distribution.
- A publisher serves a vital role in transforming creative works by authors into appealing finished products, and making them easily available to end-users or consumers. Publishing involves various steps including the following:
 - acquiring manuscripts from authors, either sourced from in-house or via third party authors;
 - editing in terms of content, syntax, style and format;
 - designing in terms of layout and artwork;
 - mass production in printed, digital or online format;
 - marketing and distribution of publishing materials.
- In some cases, publishers may outsource some of these functions such as printing of books and other materials to external parties.
- The focus of this report is on content publishing. In Malaysia, the content publishing industry is mainly focused on print publications in terms of monetary values. As such, statistics for the publications of books and other materials mentioned in this report are mainly for print publishing, unless mentioned otherwise. Similarly, the term publisher is primarily used to refer to print publishing, unless mentioned otherwise.

3.2 Structure of the Content Publishing Industry

- The Content Publishing Industry in Malaysia is generally segmented as follows:



Sasbadi Holdings Group operates within both segments, but the focus is on educational content

- **Educational Publishing** refers to the publication of materials designed to teach or to enable the users or consumers to learn and acquire knowledge and skills through these materials. Educational publishing may focus on specific syllabus, curriculum or course work to obtain some specific learning outcome. It also includes supporting materials to facilitate the learning process or add to the users' knowledge and skill base. Some examples of educational publishing materials include textbooks, revision guides, workbooks, reference books, sample examinations questions and other prescribed learning materials.

7. INDUSTRY OVERVIEW (Cont'd)

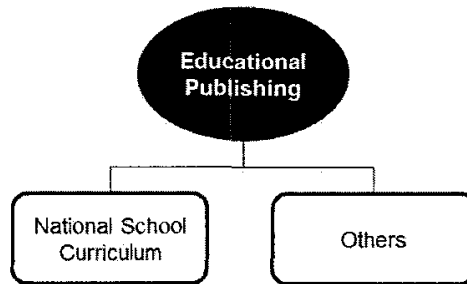


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- **Non-Educational Publishing** refers to publishing of general materials not including educational materials. Some examples include newspapers, periodicals, fiction, biographies, religion, hobbies, comic and other general books and materials.

3.3 Structure of Educational Publishing Industry

- In Malaysia, the Educational Publishing Industry is segmented as follows:



Sasbadi Holdings Group operates within both segments, but the focus is in National School Curriculum

- **Educational Publishing of National School Curriculum** materials refer to the publishing of materials based on the national school curriculum as prescribed by the Ministry of Education in Malaysia. These materials include textbooks, workbooks, revision guides and other reference and related materials that follow or are related to the National School Curriculum. With the exception of international, expatriate, correspondence and some special education and religious schools, the national curriculum shall be used by all schools including kindergartens, primary and secondary schools in Malaysia.

The most common National School Curriculum educational materials are textbooks, workbooks, sample examination packs and other reference materials. The National School Curriculum mainly comprises:

- national pre-school standard curriculum (KSPK – Kurikulum Standard Prasekolah Kebangsaan);
- standard primary school curriculum (KSSR – Kurikulum Standard Sekolah Rendah);
- integrated curriculum for secondary schools (KBSM – Kurikulum Bersepadu Sekolah Menengah).

National School Curriculum materials typically encompass many subjects covering science, mathematics, geography, history, art, music and languages such as Bahasa Malaysia, English, Chinese Language and others.

Sasbadi Holdings Group is primarily involved in the business of educational publishing focusing on Malaysian National School Curriculum based materials.

7. INDUSTRY OVERVIEW (Cont'd)

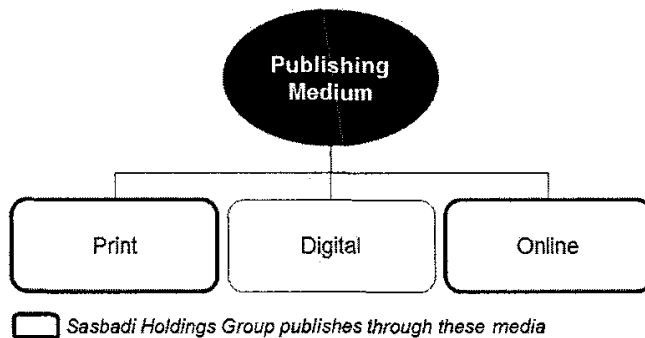


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- **Other educational publishing** include, among others, materials for international schools, expatriate schools, pre-university, tertiary, and vocational education, and vocational and professional learning, certification and accreditation courses. This also includes supplementary educational materials which are mainly non-curriculum based materials for general teaching, learning as well as to facilitate the learning process.
- This report focuses on educational publishing for the National School Curriculum.

3.4 Publishing Medium

- Generally, publications are stored and distributed through three main media, as follows:



- **Print Publishing** refers to publication materials where the contents are printed on paper and physically distributed to end-users or consumers. The print medium may include books, broadsheets, tabloids, magazines, brochures and leaflets.
- **Digital Publishing** refers to publication materials where the contents are stored in digital format and may be downloaded from an electronic storage site onto another device or made available through optical discs. Digital publishing may also incorporate limited form of interactivity based on predetermined choice selections.
- **Online Publishing** refers to publication materials where the contents are accessible through a website. Online publishing may also incorporate interactivity based on predetermined choice selections, as well as live interactions among users and publishers.
- While there may be differences in appearance and presentation of content in print, digital or online publications, any particular set of content could appear in print, digital or online format.
- In addition, with the exception of optical discs, digital and online publications have some cost advantages as publishers do not require print production, inventory of products and physical delivery of products to reach customers.
- Sasbadi Holdings Group mainly uses print medium, but has a small proportion of its contents available online.

7. INDUSTRY OVERVIEW (Cont'd)



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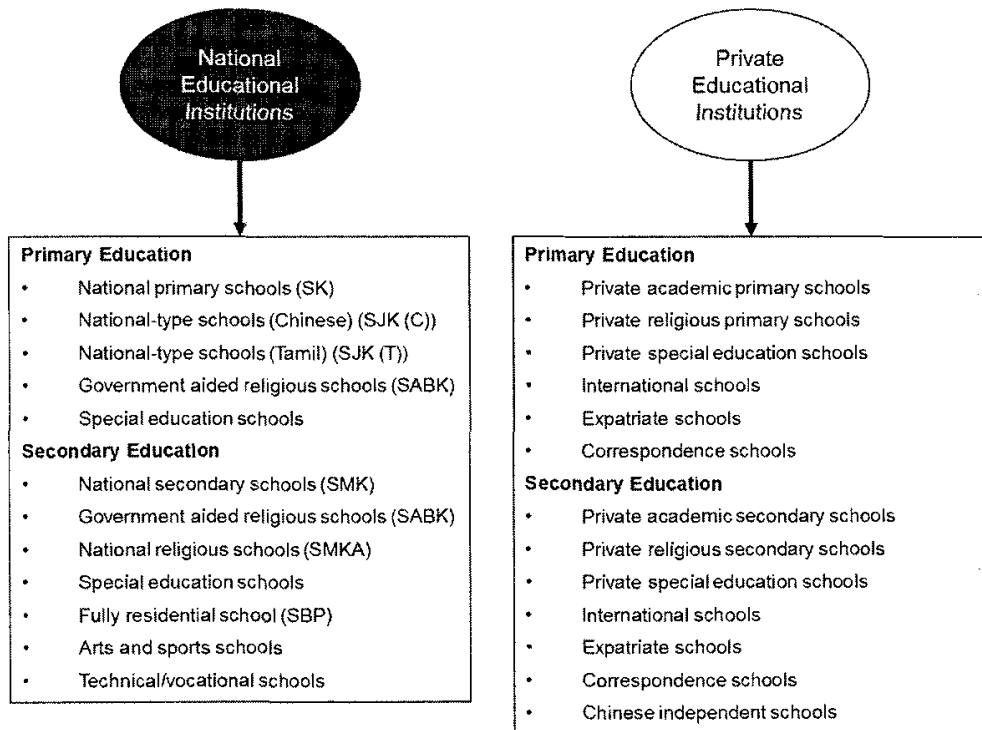
3.5 National Education System in Malaysia

- The National Education System in Malaysia comprises the following:
 - pre-school education;
 - **primary education;**
 - **secondary education;**
 - post-secondary education;
 - higher education.

Note: The focus of this report is on primary and secondary education.

3.6 Educational Institutions in Malaysia

- In Malaysia, there are three categories of educational institutions:
 - government educational institutions;
 - government-aided educational institutions;
 - private educational institutions.
- The types of primary and secondary educational institutions in Malaysia are categorised into two major types as follows:



*Notes: SK = Sekolah Kebangsaan; SJK (C) = Sekolah Jenis Kebangsaan (Cina);
SJK (T) = Sekolah Jenis Kebangsaan (Tamil); SABK = Sekolah Agama Bantuan Kerajaan;
SMK = Sekolah Menengah Kebangsaan; SMKA = Sekolah Menengah Kebangsaan Agama;
SBP = Sekolah Berasrama Penuh.*


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- Primary and secondary education in national educational institutions are free or based on minimal fees. These schools are either fully government funded or government aided.
- All private educational institutions are privately funded through the charging of student fees and/or philanthropic contribution. Most of the private religious schools are run by non-profit companies or Islamic organisations.
- Currently, only primary education is compulsory for all Malaysians.

3.6.1 Usage of Curriculum

- All primary and secondary schools in Malaysia uses the National School Curriculum with the following exceptions within private educational institutions:
 - International schools;
 - Expatriate schools;
 - Correspondence schools;
 - Some special education schools;
 - Some religious schools.
- Within private educational institutions, the types of school that utilise the National School Curriculum are as follows:
 - Chinese independent schools follow the National School Curriculum supplemented with additional curriculum, which represented 60 schools or 15% of total private schools in Malaysia as at 30 June 2013;
 - A certain proportion of the 72 private religious primary and secondary schools follow the National School Curriculum supplemented with additional curriculum;
 - Private academic primary and secondary schools follow the National Curriculum, which represented 136 schools or 35% of total private schools in Malaysia as at 30 June 2013.
- The curricula adopted by other private educational institutions are as follows:
 - An estimated 86% of international schools follow the British curriculum, while the remaining 14% follows the American, Arabic, Australian, Canadian, Indian, International Baccalaureate (IB), Islamic and Singaporean curricula. As at 30 June 2013, international schools accounted for 24% of all private schools in Malaysia.
 - Other private schools such as expatriate schools, which include among others, Japanese, Indonesian and German schools follow their respective national curriculum while correspondence schools are dependent on the respective countries where the institutions are based. Special education schools that cater to children with special needs largely follow their own specially designed programmes and curriculum. As at 30 June 2013, other private schools including expatriate, special education and correspondence schools represented a total of 27 schools or 7% of total private schools in Malaysia.

7. INDUSTRY OVERVIEW (Cont'd)

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4. SUPPLY AND DEMAND CONDITIONS

4.1 Number of Book Titles Published in Malaysia

- The supply conditions of the industry can be represented by the number of book titles published in Malaysia, which is registered under the Deposit of Library Material Act 1986.

						AAGR 2009-2013 (%)
	2009	2010	2011	2012	2013	
Adult ¹	7,609	7,787	9,448	9,554	9,064	4.5
Textbook ²	3,969	4,218	4,638	5,550	6,241	12.0
Children ¹	4,189	3,751	3,837	4,095	4,682	2.8
TOTAL	15,767	15,756	17,923	19,199	19,987	6.1

Notes: AAGR = Average annual growth rate; (1) Includes educational and non-educational books; (2) In addition to textbooks, this category also includes other student materials including workbooks, revision guides and reference books. (Source: National Library of Malaysia)

- Between 2009 and 2013, the total number of book titles published in Malaysia increased from 15,767 to 19,987. This represented an AAGR of 6.1%.
- The growth was mainly due to the increase in the number of adult and textbook titles, which grew at AAGR of 4.5% and 12.0% respectively, between 2009 and 2013. In 2013, adult and textbook titles represented 76.6% of total book titles published in Malaysia.

4.2 Gross Output Value of Publishing Services

- The supply and demand conditions of the publishing industry (including educational and non-educational materials) can be assessed by the gross output value of publishing activities, as follows:

				AAGR 2009-2011 (%)
	2009	2010	2011	
Publishing Services	741.7	1,018.0	1184.9	26.4

Note: Includes educational and non-educational publishing. All units in RM million except percentages. (Source: Department of Statistics)

- Between 2009 and 2011, the gross output value of publishing services in Malaysia registered an AAGR of 26.4% to reach RM1.2 billion.

7. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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- In 2011, gross output value by types of publishing services is as follows:

Types of Publishing Services	2011
Publishing of books, brochures and other publications	933.4
Publishing of newspapers, journals, magazines and periodicals in print or electronic form	206.3
Other publishing	45.2
TOTAL	1,184.9

Notes: Includes educational and non-educational publishing. All units in RM million except percentages. (Source: Department of Statistics)

- In 2011, the publishing of all types of books, brochures and other publications was the largest subsector, with a gross output value of RM933.4 million, which represented 78.8% of total publishing services in Malaysia.

4.3 Import and Export Value of Printed Matter

- The import and export values of printed matter can also be used as a proxy to assess the supply and demand conditions for the Educational Publishing Industry.

Import and Export Value of Selected Printed Matter (Malaysia)

	2009	2010	2011	2012	2013	AAGR 2009- 2013 (%)
Printed Books, Brochures, Leaflets and Similar Printed Matter¹						
Import Value	524	483	493	536	487	-1.8
Export Value	559	528	511	502	523	-1.7
Children's Picture, Drawing or Colouring Books						
Import Value	11	16	11	14	23	21.9
Export Value	2	3	6	3	5	26.1

Notes: Includes educational and non-educational publishing. All units in RM million except percentages. (1) Whether or not in single sheets. (Source: Department of Statistics)

- Between 2009 and 2013, import and export values of printed books, brochures, leaflets and similar printed matter fell at average annual rates of 1.8% and 1.7% respectively.
- In 2013, the import and export values of printed books, brochures, leaflets and similar printed matter amounted to RM487 million and RM523 million respectively.

7. INDUSTRY OVERVIEW (Cont'd)

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- Between 2009 and 2013, import value of children's picture, drawing or colouring books grew at an AAGR of 21.9% while export value also grew at an AAGR of 26.1%. However in 2013, the import and export values of children's pictures, drawing or colouring books represented a small proportion at RM23 million and RM5 million respectively.

4.4 Household Expenditure

- The average monthly household expenditure on various publication materials will provide some indication of their respective demand.

Average Monthly Household Expenditure (Malaysia)

	2004/05	2009/10	AAGR 2004/05 - 2009/10 (%)
Newspapers ¹	8.55	9.14	1.3
Books ²	2.78	1.71	-9.3
Magazines and Periodicals ³	2.02	1.53	-5.4

Notes: Includes educational and non-educational materials. All units in RM except percentages; (1) Includes daily and weekly newspapers in any language; (2) Includes text books, examination reference books, other school books, story books / novels and others such as dictionaries, self-development books and computer books; (3) Includes local and imported magazines and periodicals and others such as comics and school magazines. (Source: Department of Statistics)

- Among the selected items above, the average Malaysian household spent the most on newspapers, which amounted to RM9.14 per month in year 2009/10. Compared to year 2004/05, this represented an AAGR of 1.3%.
- Between the years of 2004/05 and 2009/10, the average household expenditure of books, and magazines and periodicals fell at an average annual rate of 9.3% and 5.4% respectively.
- The 9.3% decline of household expenditure on books during the period under review may be partly attributed to the Textbook Loan Scheme whereby all students in National Schools are eligible for free loan of textbooks. This has been implemented by the Ministry of Education since 2008.
- In the year 2009/10, the average Malaysian household spent RM1.71 on books and RM1.53 on magazines and periodicals per month.

7. INDUSTRY OVERVIEW (Cont'd)

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4.5 Household Use of Internet on Education

- Based on the Household Use of Internet surveys conducted by the Malaysian Communications and Multimedia Commission (MCMC):

	Household Use of Internet		
	2008	2009	2011
Education (%)	64.5	46.0	63.5

(Source: Malaysian Communications and Multimedia Commission)

- A significant proportion of households with internet access uses it for educational purposes. Greater use of the internet for education would indicate higher demand for online publication materials.

5. SUPPLY DEPENDENCIES

- The supply of paper is one of the main raw materials for the print publishing industry in general. As such, the supply dependencies of print publications, including those for educational materials, can be assessed by the following statistics:
 - Production quantity of paper;
 - Import quantity of paper;
 - Sales value of printing.

5.1 Production Quantity of Paper

- In 2010, there were 175 establishments involved in the manufacture of pulp, papers and paperboard in Malaysia.
- The production quantity of paper used in print publications is as follows:

	Production Quantity of Paper in Malaysia					AAGR
	2009	2010	2011	2012	2013	2009-2013 (%)
Uncoated Woodfree Paper	154	161	135	157	184	4.5

Notes: All units in thousand tonnes except percentages. (Source: Department of Statistics)

- Uncoated woodfree paper is a type of paper commonly used for printing of books and other similar materials. Between 2009 and 2013, the local production of uncoated woodfree paper grew at an AAGR of 4.5%
- In 2013, approximately 184,000 tonnes of uncoated woodfree paper were produced in Malaysia.

7. INDUSTRY OVERVIEW (Cont'd)

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5.2 Import Quantity of Paper

- Apart from local sources, publishers may also purchase paper through overseas sources.
- The import quantity of paper used in print publications is as follows:

Import Quantity of Paper (Malaysia)

	2009	2010	2011	2012	2013	AAGR 2009- 2013 (%)
Newsprint	143	184	92	161	187	6.9
Uncoated Printing and Writing Paper	88	102	75	127	111	5.9

Notes: All units in thousand tonnes except percentages. (Source: Department of Statistics)

- In 2013, the import of newsprint, and uncoated printing and writing paper, amounted to approximately 187,000 tonnes and 111,000 tonnes respectively
- Between 2009 and 2013, the import quantity of uncoated printing and writing paper grew at an AAGR of 5.9% while import quantity of newsprint grew at an AAGR of 6.9%.
- Uncoated printing and writing paper are used for print publishing as well as many other applications like wrapping paper, office document printing paper, photocopying paper, bills, invoices, forms, and computer paper.

5.3 Sales Value of Printing

- The sales value of printing in Malaysia is shown as follows:

Sales value of Printing in Malaysia

	2009	2010	2011	2012	2013	AAGR 2009- 2013 (%)
Printing	522	638	809	1,009	1,097	20.4

Notes: All units in RM million except percentages. (Source: Department of Statistics)

- Between 2009 and 2013, sales value of printing in Malaysia increased at an AAGR of 20.4%.
- In 2013, the sales value of printing in Malaysia amounted to approximately RM1.1 billion.

7. INDUSTRY OVERVIEW (Cont'd)

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6. DEMAND DEPENDENCIES

- As the demand for educational materials depend on end-users and consumers, the following factors will have an impact on the overall Educational Publishing Industry:
 - Per capita income;
 - Population growth;
 - Enrolment in schools;
 - Number of schools;
 - Number of teachers;
 - Educational indicators.
- In addition, the demand for online educational materials is dependent on the number of online users. As such, the demand dependencies can be assessed by the following statistics:
 - Number of broadband subscriptions;
 - Broadband penetration rate.

6.1 Per Capita Income

- The increase in the affluence of Malaysia, which can be represented by per capita income, will generally mean greater affordability and higher consumer spending on print materials in general as well as educational materials.

Malaysia's Per Capita Income (Based on Current Prices)

	2009	2010	2011	2012	2013p	AAGR 2009-2013 (%)
Per Capita Income	23,850	26,882	29,683	30,667	31,698	7.4

Notes: All units in RM except percentages; p = preliminary. (Source: Bank Negara Malaysia)

- Malaysia's per capita income grew from RM30,667 in 2012 to RM31,698 in 2013, representing an increase of 3.4%.
- Between 2009 and 2013, Malaysia's per capita income grew at an AAGR of 7.4%.

6.2 Population Growth

- Growth in Malaysia's population will provide the impetus for demand for general publications as well as educational publications.

7. INDUSTRY OVERVIEW (Cont'd)



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Malaysia's Mid-Year Population Estimate by Age Groups

	2009	2010	2011	2012	2013	AAGR 2009-2013 (%)
0 - 4	2,426	2,509	2,501	2,507	2,524	1.0
5 - 24	10,460	11,063	11,014	10,961	10,910	1.1
25 - 39	6,745	6,926	7,111	7,285	7,448	2.5
40 - 59	6,219	5,843	6,000	6,146	6,290	0.3
60 - 74	1,631	1,771	1,850	1,921	1,992	5.1
75 and above	415	478	488	518	550	7.3
TOTAL	27,895	28,589	28,964	29,337	29,715	1.6

Notes: All units in thousands except percentages; Total does not add-up due to rounding.

(Source: Department of Statistics)

- The mid-year population of Malaysia in 2013 was estimated to be 29.7 million. This reflected an AAGR of 1.6% since 2009.
- Between 2009 and 2013, the 75 years and above age group was the fastest growing age group from the above table, with an AAGR of 7.3%.
- The 5 to 24 years age group category represented the main age group that dominates the education market in Malaysia. In 2013, an estimated 10.9 million people falls under this age group in Malaysia. Between 2009 and 2013, the population of this age group category grew at an AAGR of 1.1%.
- In 2013, the 5 to 24 years age group category represented 36.7% of the total population in Malaysia.

6.3 Enrolment in Schools

- Performance in student enrolment in schools will directly affect the demand for educational materials as students are the main end-users of these materials.

National Schools

Enrolment in Schools in Malaysia (as at 30th June)

	2009	2010	2011	2012	2013	AAGR 2009-2013 (%)
Pre-School ¹	155	164	179	188	192	5.5
Primary School ¹	2,959	2,899	2,860	2,811	2,743	-1.9
Secondary School ¹	2,229	2,242	2,223	2,213	2,209	-0.2
TOTAL	5,343	5,305	5,262	5,212	5,144	-0.9

Notes: All units in thousands except percentages; (1) Schools under the Ministry of Education only.

(Source: Ministry of Education)

7. INDUSTRY OVERVIEW (Cont'd)

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- Between 2009 and 2013, enrolment in primary and secondary schools fell at an average annual rate of 1.9% and 0.2% while enrolment in pre-school increased at an AAGR of 5.5%. Any decline in the enrolment in national primary and secondary schools will reduce the overall demand for educational materials based on the National School Curriculum. However, in this case, the impact is minimal due to the small decline.
- As at 30 June 2013, there were approximately 2.7 million and 2.2 million students enrolled in national primary and secondary schools respectively while approximately 0.2 million students enrolled in national pre-schools.

Private Schools

- The four major categories of private schools in Malaysia consist of private academic schools, international schools, religious schools and independent Chinese schools. With the exception of international schools, most of the private schools adopt dual curriculums including the national curriculum.

Enrolment in Private Schools in Malaysia (as at 30th June)

	2009	2010	2011	2012	2013	AAGR 2009-2013 (%)
Academic Primary ¹	14,566	13,983	14,793	15,048	12,890	-3.0
Academic Secondary ¹	14,673	16,422	15,532	15,965	16,652	3.2
Chinese Private Secondary ² ..	57,041	69,842	66,218	69,833	75,518	7.3
Religious Primary ³	13,282	14,092	15,357	16,713	17,888	7.7
Religious Secondary ³	6,517	6,479	5,253	7,604	8,659	7.4
International ⁴	16,766	19,929	23,159	32,006	38,476	23.1
Others ⁵	4,301	3,914	3,989	5,383	5,630	7.0
TOTAL	127,146	144,661	144,301	162,552	175,713	8.4

Notes:

- (1) Private academic schools refer to schools that teach the national curriculum for at least six core subjects identified in the Education Act 1996;
 - (2) This is also known as independent Chinese schools that adopt dual curriculums. This type of schools use curriculum developed by Dong Jiao Zong, which prepares students for private examinations, as well as for the standard Malaysian examinations based on the national school curriculum;
 - (3) These schools focus intensely on Islamic education, and may or may not teach the national school curriculum;
 - (4) These schools use international curriculum, such as British, American, Australian, Canadian or other programmes;
 - (5) Include expatriate, special education and correspondence schools.
- (Source: Ministry of Education)

7. INDUSTRY OVERVIEW (Cont'd)

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- Between 2009 and 2013, enrolment in private schools registered an AAGR of 8.4%. All types of private schools with the exception of private academic primary schools have registered positive AAGR between 2009 and 2013. International schools in particular, grew at an AAGR of 23.1%.
- As at 30 June 2013, Chinese private secondary schools had the highest student enrolment with 75,518 students representing 43% of the total enrolment in private schools.
- With the exception of international, expatriate, correspondence and some special education and religious schools, all the other private schools use the national school curriculum.

6.4 Number of Schools

- An increasing number of schools may generally represent a better access to formal education, which would in turn improve the enrolment rate of schools in Malaysia.

National Schools**Number of National Schools in Malaysia (as at 30th June)**

	2009	2010	2011	2012	2013	AAGR 2009-2013 (%)
Primary School ¹	7,664	7,695	7,714	7,722	7,744	0.3
Secondary School ¹	2,219	2,248	2,282	2,307	2,347	1.4
TOTAL	9,883	9,943	9,996	10,029	10,091	0.5
Pre-School ¹	5,497	5,525	5,781	5,899	5,961	2.0

Notes: (1) Schools under the Ministry of Education only; * Pre-School is conducted as part of Primary School. (Source: Ministry of Education)

- As at 30 June 2013, there were 5,961 national pre-schools, 7,744 national primary schools and 2,347 national secondary schools in Malaysia.
- Between 2009 and 2013, the number of national primary and secondary schools increased at an AAGR of 0.3% and 1.4% respectively while the number of national pre-schools increased at an AAGR of 2.0%.

7. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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Private Schools**Number of Private Schools in Malaysia (as at 30th June)**

	2009	2010	2011	2012	2013	AAGR 2009-2013 (%)
Academic Primary	56	59	60	61	64	3.4
Academic Secondary.....	73	73	66	68	72	-0.3
Chinese Private Secondary.....	60	60	60	60	60	0.0
Religious Primary	34	34	35	38	43	6.0
Religious Secondary	17	17	19	23	29	14.3
International	50	57	66	79	94	17.1
Others ⁽¹⁾	25	25	27	26	27	1.9
TOTAL	315	325	333	355	389	5.4

Notes: (1) Include expatriate, special education and correspondence schools.

(Source: Ministry of Education)

- As at 30 June 2013, there were 389 private schools in Malaysia. Of this, private academic schools represented the largest proportion with 136 schools. This is followed by international schools which represented 94 schools as at 30 June 2013.
- The number of private schools increased from 315 in 2009 to 389 in 2013, representing an AAGR of 5.4%.

6.5 Number of Teachers

- As educational materials are used as part of teaching materials in schools, growth in the number of teachers may also create demand for teaching and learning materials.

National Schools**Number of Teachers in Malaysia (as at 30th June)**

	2010	2011	2012	2013	AAGR 2009 - 2013 (%)
Pre-School ¹	6,911	7,562	7,516	8,448	6.9
Primary School ¹	223,537	227,098	228,818	229,050	0.8
Secondary School ¹	175,241	177,382	177,462	177,806	0.5
TOTAL	405,689	412,042	413,796	415,304	0.8

Notes: (1) Schools under the Ministry of Education only. (Source: Ministry of Education)

7. INDUSTRY OVERVIEW (Cont'd)

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- Between 2010 and 2013, the number of teachers in national schools generally had been growing in terms of AAGR. The number of national pre-school teachers experienced a higher growth at an AAGR of 6.9%, followed by the number of national primary and secondary school teachers at AAGR of 0.8% and 0.5% respectively.
- As at 30 June 2013, there were approximately 229,000 national primary school teachers, 178,000 national secondary school teachers and 8,000 national pre-school teachers in Malaysia.

Private Schools

	Number of Teachers in Private Schools			AAGR
	2010	2012*	2013*	2010-2013 (%)
Academic Primary	1,365	1,374	1,402	0.9
Academic Secondary.....	2,111	1,668	1,683	-7.3
Chinese Private Secondary.....	3,594	4,074	3,947	3.2
Religious Primary	1,036	1,146	1,298	7.8
Religious Secondary	536	537	700	9.3
International	2,185	2,951	3,754	19.8
Others ⁽¹⁾	404	503	510	8.1
TOTAL	11,231	12,253	13,294	5.8

Notes: * As at 31 January;

(1) Include expatriate, special education and correspondence schools.

(Source: Ministry of Education)

- Between 2010 and 2013, the total number of teachers in private schools registered an AAGR of 5.8%.
- As at 31 January 2013, there were 13,294 teachers in private schools in Malaysia. Of this, there were 3,947 teachers in Chinese private secondary schools, and 3,085 teachers in private academic schools, and 3,754 teachers in international schools.

6.6 Education Indicators

- Literacy and student enrolment rates are some of the indicators of demand for educational materials, which will ultimately affect the Educational Publishing Industry.

7. INDUSTRY OVERVIEW (Cont'd)



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Selected Education Indicators in Malaysia

	2009	2010	2011	2012	2013
<u>Literacy Rate¹</u>					
Age 10 and above.....	n.a.	93.7	94.5	94.6	n.a.
Age 15 and above.....	n.a.	93.1	93.9	94.1	n.a.

	2009	2010	2011	2012	2013
<u>Enrolment Rate</u>					
Primary ²	94.3	94.2	94.4	94.5	94.4
Lower Secondary	86.5	86.8	86.1	86.2	85.4
Upper Secondary	77.3	77.2	77.8	78.0	78.0
Post Secondary ³	15.9	15.0	15.8	17.5	16.8

Notes: All units in percentages; n.a.=not available; (1) Literacy is defined as having formal education; (2) Excluding pre-school enrolment in primary schools; (3) Including enrolment in Form 6, Matriculation Centres and Institute of Teacher Education (ITE) under Ministry of Education only. (Source: Ministry of Education)

- The literacy rate in Malaysia is relatively high at approximately 94% in general. Despite the high literacy rate, growth continues to be recorded, albeit at a slower rate as it edges towards the 100% rate.
- In 2013, enrolment rate for national primary education was high at 94.4%. In 2013, there were 2.7 million national primary school students.
- Enrolment rates for national school started to decline after primary education with the lowest enrolment rate of 16.8% for post-secondary in 2013. In 2013, there were 2.2 million national secondary school students in Malaysia.

6.7 Number of Broadband Subscriptions

- Growth in number of broadband subscriptions would provide a bigger pool of potential users of online educational materials.

Number of Broadband Subscriptions in Malaysia

	2009	2010	2011	2012	2013	AAGR 2009-2013 (%)
Household	1,972	3,672	4,270	4,338	4,558	23.3
Non-Household	649	1,051	1,417	1,777	1,815	29.3
TOTAL	2,620	4,722	5,687	6,115	6,373	24.9

Notes: All units in thousands except percentages; Total does not add-up due to rounding.
(Source: Malaysian Communications and Multimedia Commission)

7. INDUSTRY OVERVIEW (Cont'd)

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- Between 2009 and 2013, the total number of broadband subscriptions in Malaysia increased at an AAGR of 24.9%, reaching 6.4 million subscriptions in 2013.

6.8 Broadband Penetration Rate

- A higher broadband penetration rate would provide increased opportunities for providers of online publishing services.

Broadband Penetration Rate in Malaysia

	2009	2010	2011	2012	2013
Population (per 100 inhabitants)	9.2	16.6	19.4	21.7	22.6
Household (per 100 households).....	31.7	55.6	62.3	66.0	67.1

(Source: Malaysian Communications and Multimedia Commission)

- Between 2009 and 2013, the broadband penetration rate in Malaysia by population grew from 9.2 per 100 inhabitants in 2009 to 22.6 per 100 inhabitants in 2013, which represented an AAGR of 25.2%.
- Between 2009 and 2013, the broadband penetration rate in Malaysia by household grew from 31.7 per 100 households in 2009 to 67.1 per 100 households in 2013, which represented an AAGR of 20.6%.

7. COMPETITIVE ANALYSIS**7.1 Nature of Competition in the Industry**

- Competition within the Education Publishing Industry focusing on National School Curriculum can be segmented into two levels, namely:
 - government authorised publishing of textbooks and supporting educational materials;
 - general educational materials to supplement government authorised textbooks and supporting educational materials.
- The nature of competition for government authorised publications of educational materials is based on open tender where selected authorised publishers would be given contracts to publish various types of educational materials and to distribute them to national schools in Malaysia for a stated period of time. As these are prescribed textbooks and supporting educational materials, both teachers and students would need to use them as part of the school curriculum.

7. INDUSTRY OVERVIEW (Cont'd)

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- The advantage of winning such contracts is that the government would buy from the publishers for distribution to all national schools. As there were approximately 5.0 million national primary and secondary school students in 2013, a government contract to publish, for example a textbook for one grade would be a sizeable contract.
- For publishers that are not selected to be government authorised publishers, they can publish their own materials, commonly focusing on supporting educational materials like workbooks, revision guides, reference books, and sample examination papers and model answers.
- Despite the two segments of competition, the overall nature of competition within the industry is based on normal competition. This is because all publishers are able to take part in the tendering process to publish government authorised textbooks and educational materials. Like any normal competitive commercial situations, the government would then select the publisher best able to meet their criteria and objectives.
- Therefore, generally operators in the Educational Publishing Industry in Malaysia face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:
 - There are no undue government regulations or licensing requirements imposed on operators in the Educational Publishing Industry. Apart from the normal business operating licences and requirements, which operators can easily obtain, there are no other material government regulations or licensing requirements that would prevent operators from entering or exiting the industry. However, as with operators in all industries in Malaysia, publishers will need to comply to various relevant government regulations including, but not limited to, Companies Act, Income Tax Act, Printing Presses and Publications Act and Industrial Coordination Act;
 - The industry is not dominated by a single or small number of operators as no one publisher had more than 10% share of the printed educational materials market in Malaysia based on available information as at July 2013;
 - Operators may enter or leave the industry freely;
 - No single or small group of operators is large enough to dictate pricing.
- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators in the industry, including Sasbadi Holdings Group, compete on product differentiation, and other factors of competition.

7. INDUSTRY OVERVIEW (Cont'd)

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7.2 Factors of Competition

- As with most free enterprise environment, competition within the Educational Publishing Industry focusing on the National Curriculum is based on a number of factors, including:
 - Brand name;
 - Track record and market reputation;
 - Distribution network;
 - Economies of scale.

- **Brand Name**

Brand name is a key competitive factor in the Educational Publishing Industry, especially since there is a wide range of products available in the market. An established brand name would enable the publisher to garner higher customer loyalty from existing customers, attract new customers through strong brand equity as well as command a higher pricing compared to less prominent publishers in the industry.

In particular, a long established brand name in the Educational Publishing Industry may create awareness among students, teachers and parents who may be aware of the brand when they were students themselves. A strong brand name will also entice bookshops and other retail outlets to carry the publications, thus extending distribution coverage in the market.

- **Track record and market reputation**

Track record and market reputation are competitive factors in the publishing of educational materials. A more established publisher would generally be regarded as having materials that are more relevant to the curriculum, hence having a greater appeal to target customer groups. In addition, publishers that have a good track record in a certain educational segment would also stand a higher chance of winning tenders for textbook publishing from the Ministry of Education.

- **Distribution Network**

Distribution network is an important competitive factor as it represents the publisher's ability to penetrate the market. A wider distribution network, particularly through major book stores in the country, would provide an increase in the market reach to end consumers whilst contributing to a stronger brand awareness. Authors, in particular those that are highly sought after would prefer to work with publishers that have a wide distribution network to ensure optimisation of sales of their publications.

7. INDUSTRY OVERVIEW (Cont'd)

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- **Economies of Scale**

Educational publishers that publish a reasonable number of publications with a relatively high number of prints per publication would benefit from economies of scale. Publishers with economies of scale would have a stronger negotiation power to obtain better commercial terms from their suppliers in relation to printing, credit terms, logistics and other arrangements. Similarly, publishers that are able to achieve economies of scale would be able to reduce their unit cost of publication where overheads like advertising and promotions, administration, product development and other shared costs are spread over a much wider number of materials sold.

7.3 Operators in the Industry

- As at February 2014, there were 182 companies registered as members with the Malaysian Book Publishers Association (MABOPA).

(Source: MABOPA)

- Some of the private operators in the Educational Publishing Industry in Malaysia, publishing educational materials based on the National Curriculum, include the following (listed in alphabetical order):

- Cemerlang Publications Sdn Bhd;
- Cerdik Publications Sdn Bhd;
- Gemilang Publishing Sdn Bhd;
- Hup Lick Publishing (M) Sdn Bhd;
- Info-Didik Sdn Bhd;
- Oxford Fajar Sdn Bhd;
- Penerbitan Pelangi Sdn Bhd;
- PEP Publications Sdn Bhd;
- **Sasbadi Sdn Bhd;**
- The Malaya Press Sdn Bhd;
- Utusan Publications & Distributors Sdn Bhd.

Notes:

1) *Dewan Bahasa dan Pustaka is a major government publisher of educational materials especially National Curriculum textbooks*

2) *This is not an exhaustive list.*

(Source: Vital Factor Consulting Sdn Bhd)

- Some of the private operators in the Educational Publishing Industry in Malaysia, publishing online educational materials based on the National Curriculum, include the following (listed in alphabetical order):

- Cahaya Motivasi Sdn Bhd;
- Creative Dreams International Sdn Bhd;
- Creative Online Solutions;
- iTTV Education Sdn Bhd;
- Kenshido International Sdn Bhd;
- Maju Infotech Sdn Bhd
- New Straits Time Press (M) Bhd;
- Puncakmas Marketing Sdn Bhd;

7. **INDUSTRY OVERVIEW (Cont'd)**



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- Sasbadi Online Sdn Bhd;
- UniCLIQ Sdn Bhd.

Note: This is not an exhaustive list. (Source: Vital Factor Consulting Sdn Bhd)

8. GOVERNMENT REGULATIONS

- Some of the regulations and policies applicable to the Educational Publishing Industry are listed below:

8.1 Printing Presses and Publications Act 1984

- Any person who prints, imports, produces, reproduces, publishes, sells, issues, circulates, offers for sale, distributes or has, in his possession for such purpose any prohibited publication shall be guilty of an offence.
- Prohibited publication shall be defined as any publication that contains any article, caricature, photograph, report, notes, writing, sound, music, statement or any other thing, which is deemed prejudicial in any manner or deemed likely to alarm public opinion.
- Every publication printed or published within Malaysia shall have printed legibly in Bahasa Malaysia or the English language on its first or last leaf the name and address of its printer and publisher.

(Source: Ministry of Home Affairs)

8.2 Deposit of Library Material Act 1986

- The publisher of every printed library material published in Malaysia shall, within one month of the publication deliver to the National Library, at their own expense, a number of best copies as prescribed by the Act.

(Source: National Library of Malaysia)

8.3 Direct Sales Licence

- Some publishing companies undertake direct sales of their products. If so, they will require a Direct Sales Licence.
- Under the Direct Sales and Anti-Pyramid Scheme Act 1993, a company that wishes to carry out the sale of goods through the direct sales method are required to obtain a Direct Sales Licence issued by the Ministry of Domestic Trade, Co-operatives and Consumerism.
- A Direct Sales Licence is normally valid for a period of three years, and may be renewed as and when it expires.

(Source: Ministry of Domestic Trade, Co-operatives and Consumerism)

7. INDUSTRY OVERVIEW (Cont'd)

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8.4 Registration with the Ministry of Finance

- Companies that are supplying or tendering for the supply of products to the Malaysian Government, including textbooks for the National Curriculum, must be registered with the Ministry of Finance.
- Registration is valid for a period of three years and is renewable.

(Source: Ministry of Finance)

8.5 Manufacturing Licence

- Printing or manufacture of paper products are classified as manufacturing activities. As such, publishing companies that are involved in such activities requires a manufacturing licence given the condition below.
- Application of a manufacturing licence under the Industrial Coordination Act 1975 is mandatory for companies involved in manufacturing with shareholders' fund of RM2.5 million or more, or engaging 75 or more full-time paid employees.

(Source: Malaysian Investment Development Authority)

9. BARRIERS TO ENTRY**9.1 Capital and Set-up Costs**

- The barriers to entry for new entrants as an educational publisher based on capital requirements (excluding land and building) are relatively low.
- The capital and set-up cost of setting-up a small educational publishing company would be around RM1 million (excluding land and building). This capital and set-up cost would also exclude major capital outlays required on software and related systems for designing and artwork, editing and printing where these activities can be outsource to other companies. The permission fees for reusing the content such as text and images, copyrights and royalty fees to the authors can be paid progressively upon book sales.

This entry amount is mainly for setting-up a basic office with production staff including editors and designers, payment for printing of a small number of first runs of publications, and providing credit terms for retailers.

- An establishment of a small size is estimated to generate approximately RM2 million to RM5 million per year in revenue. However, small establishments may face difficulties and constraints against larger establishments that are equipped to publish a large number of titles and copies of books annually.

7. INDUSTRY OVERVIEW (Cont'd)

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- Capital costs would start to escalate for larger educational publishers with a certain volume of publications. Smaller publishers may not be able to compete with larger educational publishers in terms of economies of scale.

9.2 Availability of Retail Shelf Space

- Educational materials, particularly those that are not government authorised textbooks and educational materials, are commonly sold at bookstores. However, the competition for retail shelf space in bookstores is fierce due to space constraints and the wide availability of publications for various levels and subjects.
- As such, publications of new entrants in the Educational Publishing Industry may not have immediate access to sought-after shelf space especially from larger bookstore chains until the products are more established in the market.

9.3 Experienced and Sought-After Authors

- A new entrant in the industry without an existing pool of experienced and sought-after authors is less likely to make an impact on the market. For instance, teachers who are well versed with the requirements of the national curriculum are suitable candidates to be authors of educational materials. As such, an established network of teachers or other such potential authors is necessary for a new publisher to have access to good manuscripts that will lead to successful or relevant publications.

10. THREAT OF SUBSTITUTES**Digitalisation of Contents**

- The educational market in Malaysia largely relies on printed educational materials. Digitalisation of content would be a direct substitute to printed materials. As such, if there was a strong shift towards the use of digital content, then publishers that are slow in making the change over will be negatively affected.
- Despite the threat from digitalisation, contents remain largely the same. It is only the representation that is different. For established publishers who intend to undertake digital or online publishing, they would at least have content that may be used for digital or online publishing.
- In the short and medium term, Malaysia is expected to continue to rely mainly on print publications, especially for textbooks and some of the main supporting educational materials.

Online and Electronic Delivery Format

- The digitalisation of content would give rise to the threat of substitute of delivery of content.

7. INDUSTRY OVERVIEW (Cont'd)

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- Currently, a large proportion of educational materials ranging from textbooks to supporting educational materials like workbooks, revision guides, reference books, and sample examination questions and model answers are based on the printed format and distributed through various retail outlets and school bookshops. Through digitalisation, these materials can be made available online and delivered via the internet.
- The online delivery method would directly be a threat of substitute to the print publication industry that relies on distributing books and other printed materials to retailers and ultimately end-users.
- In a number of overseas countries, some bookshops have closed as more and more consumers turn to digital books sold online through various companies.
- In addition, the convenience of downloading content from various online depositories would dramatically change the way publishers conduct their business. This include, among others:
 - adopting different methods of marketing, for example using social media and online marketing and promotions as opposed to the traditional methods of using print, television, radio, billboards, point-of sales and others.
 - different distribution channels, for example subscribing to portals and websites that are able to attract potential customers to purchase online. This is similar to booking hotel accommodation through the hotel's own website or through some third party portals or websites.
 - removing the need for physical logistics including warehousing and delivery of products;
 - revising business models, which may include revising pricing due to competitive pressure, and deciding on outright purchase, licensing, rental or subscription base.
- As such, publishers would need to evolve with the changing trends and needs in the education market as well as students and end-users of educational materials.

7. INDUSTRY OVERVIEW (Cont'd)

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11. RELIANCE AND VULNERABILITY TO IMPORTS

11.1 Printed Materials

- Printed materials in Malaysia are either produced locally or imported from overseas sources.
- In 2011, gross output value of the publishing of books, brochures and other publications amounted to RM933 million while imports of printed books, brochures, leaflets and similar printed matter totalled RM493 million.
- In 2013, imports of printed books, brochures, leaflets and similar printed matter were mainly from the following countries:

	RM million	%
United States of America.....	131.3	27.0
United Kingdom.....	83.4	17.1
Singapore.....	77.6	15.9
Taiwan.....	39.9	8.2
China.....	33.3	6.8
Hong Kong.....	17.2	3.5
Switzerland.....	15.8	3.3
Australia.....	13.6	2.8
Japan.....	12.2	2.5
Thailand.....	10.0	2.0
India.....	9.6	2.0

(Source: Department of Statistics)

- While most genres of printed materials are vulnerable to imports, educational materials for the National School Curriculum are generally safeguarded from import risks as the publishing of these materials would require local knowledge, expertise and language. In addition, the publishing of textbooks for the National School Curriculum is under the purview of the Malaysian Government and tenders are mainly awarded to Malaysian based companies.

11.2 Paper

- Publishers in Malaysia may be reliant on imported paper.
- In 2013, Malaysia imported approximately 111,000 tonnes of uncoated printing and writing paper, which is commonly used for the printing of books and similar products.
- In 2013, imported uncoated printing and writing paper were mainly sourced from the China, Indonesia and other countries as follows:

7. INDUSTRY OVERVIEW (Cont'd)



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	Tonnes	%
China	30,395	27.3
Indonesia	25,522	22.9
Korea	14,504	13.0
Finland.....	10,776	9.7
Taiwan.....	8,336	7.5
Japan.....	7,944	7.1
Sweden	3,510	3.2

(Source: Department of Statistics)

- While there is some reliance on imports, Malaysia also produces its own printing and writing paper. In 2013, Malaysia produced approximately 184,000 tonnes of uncoated woodfree paper.

12. INDUSTRY PROSPECTS AND OUTLOOK

- The outlook of the Educational Publishing Industry is dependent on the following factors:
 - Performance of the education sector focusing on primary and secondary schools;
 - Government initiatives;
 - Population, income and expenditure;
 - Economic conditions.

12.1 Performance of the Educational Sector Focusing on Primary and Secondary Schools

- Primary and secondary school students from all national schools and many of the private schools are the main end-users of National School Curriculum educational books and materials in Malaysia. As such, the outlook of the Educational Publishing Industry focusing on National School Curriculum is largely dependent on the performance of the overall school education sector.

School Enrolment in Malaysia (as at 30th June)

	Enrolment in 2013 (<i>'000</i>)	AAGR 2009 - 2013 (%)
Enrolment in National Schools		
Primary Schools	2,743	-1.9
Secondary Schools	2,209	-0.2
Enrolment in Private Schools		
Primary Schools ¹	31	2.5
Secondary Schools ¹	101	6.5
Total National and Private Schools	5,084	-1.0

Note: (1) Includes mainly private schools that utilise the National Curriculum, either partially or wholly. This excludes schools that do not utilise the National Curriculum including international, expatriate, correspondence schools and other schools. (Source: Ministry of Education)

7. INDUSTRY OVERVIEW (Cont'd)

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- Between 2009 and 2013, overall enrolments in primary and secondary schools have declined by an average annual rate of 1.0%. However, the decline is small. More importantly, it is the base which comprised 5.1 million primary and secondary students that provides a large potential market for publishers of educational materials for the National School Curriculum.
- Based on the 10th Malaysia Plan, student enrolment in public education institutions is expected to grow by an AAGR of 0.6% between 2011 and 2015 (*Source: Economic Planning Unit*).
- Details of the curriculum used by private schools are further explained in this report under Section 3.6.1 Usage of Curriculum.

12.2 Government Initiatives

- Favourable government initiatives would have a positive impact on the Educational Publishing Industry Focusing on National School Curriculum in Malaysia.

Malaysia Education Blueprint 2013-2025

- The Malaysia Education Blueprint 2013-2025 was launched by the Ministry of Education in September 2012, with the following objectives:
 - Understanding the current performance and challenges of the Malaysian education system;
 - Establishing a clear vision and aspiration for individual students and the education system as a whole;
 - Outlining a comprehensive transformation programme for the system, including key changes to the Ministry.
- The blueprint outlines five aspirations for the Malaysian education system, as follows:
 - **Access:** 100% enrolment across all levels from pre-school to upper secondary by 2020;
 - **Quality:** To be ranked among the top countries in international assessments such as PISA (Programme for International Student Assessment) and TIMSS (Trends in International Mathematics and Science Study) in 15 years;
 - **Equity:** 50% reduction in achievement gaps (urban-rural, socioeconomic and gender) by 2020;
 - **Unity:** An education system that gives children shared values and experiences by embracing diversity;
 - **Efficiency:** A system that maximises student outcomes within current budget.
- By year 2020, the Ministry aims to move from 6 years to 11 years of compulsory schooling, starting at age 6+. This would be supported by various retention programmes and expanded vocational streams for students who are at the risk of dropping out.
(*Source: Malaysia Education Blueprint 2013-2025*)

7. INDUSTRY OVERVIEW (Cont'd)

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- These targets, pertaining to 100% enrolment and 11 years of compulsory schooling by 2020, would be favourable to the Educational Publishing Industry Focusing on National School Curriculum in Malaysia.

1BestariNet and i-TRIM

- 1BestariNet and i-TRIM (Interaktif – Tuisyen Rakyat 1Malaysia) are some of the government initiatives aimed specifically at promoting the use of online educational resources to complement conventional classroom teaching.
- Initiated by the Ministry of Education Malaysia (MOE) and carried out in partnership with YTL Communications Sdn Bhd, 1BestariNet aims to equip 10,000 primary and secondary national schools with fourth generation (4G) internet connectivity and access to a cloud-based virtual learning platform, which allows teaching, learning, collaboration, and administrative functions to take place concurrently.
- The i-TRIM initiative on the other hand, provides additional assistance or tuition to UPSR, PMR and SPM students who are from lower household income group via an online educational platform. This initiative aims to narrow the gap in academic performance between students from lower and higher household income groups.

Government Transformation Programme (GTP) Roadmap

- In 2013, the enrolment rates of primary, lower secondary and upper secondary education were 94.4%, 85.4% and 78.0% respectively. (*Source: Ministry of Education*)
- By transforming Malaysia's education system via various initiatives, the government aims to achieve primary, lower secondary and upper secondary enrolment rates of 98%, 90% and 85% by 2015 respectively. (*Source: GTP Roadmap 2.0, Performance Management & Delivery Unit*).

Economic Transformation Programme (ETP)

- One of the Entry Point Projects (EPP) within the Education National Key Economic Areas (NKEA) is to scale up early childcare and education centres. (*Source: Performance Management & Delivery Unit*)
- Following the growth of childcare and education centres, pre-school enrolment rate is likely to increase, hence translating into demand for pre-school educational materials.

10th Malaysia Plan (10MP)

- The government is committed to revamp the education system in order to improve student outcomes via various initiatives.
- During the plan period (2011-2015), the government aims to increase pre-school enrolment rate to 92% by 2015 and lower the entry age for schooling from 6+ to 5+ to provide an earlier head-start to more children.

7. INDUSTRY OVERVIEW (Cont'd)

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- One of the initiatives aims to strengthen the teaching and learning of English with the introduction of a new curriculum, stressing the five key skill areas of reading, speaking and listening, writing, grammar and language arts. The time spent on teaching English is also expected to increase in primary schools during the plan period.

(Source: 10th Malaysia Plan, Economic Planning Unit)

Federal Government Expenditure on Education and Training

- The expenditure of the federal government on the education and training sector is shown below:

Federal Government Expenditure on Education and Training						AAGR 2010-2013 (%)
	2010	2011	2012	2013e	2014b	
Operating Expenditure	37,821	41,741	47,040	47,975	51,191	8.2
Development Expenditure	12,046	7,735	7,550	6,466	4,895	-18.7
TOTAL.....	49,867	49,476	54,590	54,441	56,086	3.0
<i>Proportion to the total federal government expenditure (%)</i>	<i>24.4</i>	<i>21.6</i>	<i>21.6</i>	<i>20.8</i>	<i>21.4</i>	<i>-</i>

Notes: e = Revised Estimate; b = Budget Allocation; All units in RM million except percentages.

(Source: Ministry of Finance)

- Between 2010 and 2013, the federal government expenditure on education and training increased at an AAGR of 3.0% and consistently constituted more than 20% of the total yearly budget.
- In the 2014 Budget, the allocation for education and training accounted for RM56.1 billion or 21.4% of the total budget, of which RM51.2 billion and RM4.9 billion have been allocated for operating expenditure and development expenditure respectively.
- This reflects the Government's consistent commitment in investing and improving the overall education sector.
- In the 2014 Budget, approximately RM1.7 billion was allocated for pre-school programmes as well as setting up 93 pre-schools in national-type primary schools, implementing programmes to enhance teaching methods and proficiency in Bahasa Malaysia and English, expanding internet access to schools located in rural areas, and building 33 new schools and upgrading existing ones (Source: Ministry of Finance).
- As such, the growth in pre-school enrolment would increase the demand for pre-school educational materials in Malaysia.

7. INDUSTRY OVERVIEW (Cont'd)

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12.3 Population, Income and Expenditure

- Changes in population, especially the school going age group, per capita income and household expenditure would have an impact on the long-term prospects of the industry.
- Some of these indicators are as follows:

Population, Income and Expenditure of Malaysia

	<u>AAGR (%)</u>
Population 5 – 24 age Group (2009 to 2013).....	1.1
Per Capita Income (2009 to 2013).....	7.4
Average Monthly Household Expenditure (2004/05 to 2009/10).....	2.3

(Sources: Department of Statistics, Bank Negara Malaysia)

- A growing population of the school going age group would increase the potential customer base for educational publications in general.
- Growth in per capita income and average monthly household expenditure may result in increased spending by consumers on educational materials.
- If the above indicators continue to grow in the future, this would augur well for operators in the overall Publishing Industry.
- The total population is forecasted to grow at an AAGR of 1.3% between 2013 and 2015 to reach 30.5 million *(Source: Department of Statistics)*.
- In addition, Malaysia's per capita income is forecasted to grow by 7.8% to RM34,175 in 2014 *(Source: Bank Negara Malaysia)*.

12.4 Economic Conditions

- A growing economy provides the impetus for private and public spending, which would have a positive flow-on effect on the Educational Publishing Industry.
 - Between 2009 and 2013, real GDP of the Malaysian economy grew by an AAGR of 5.7%;
 - In 2013, the Malaysian economy registered real GDP growth of 4.7%;
 - As for 2014, real GDP for Malaysia is forecasted to grow between 4.5% and 5.5%;
 - For the first quarter of 2014, the Malaysian economy grew by 6.2% due to stronger growth in domestic demand, as well as a turnaround in net exports.

(Source: Bank Negara Malaysia)



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13. THREATS AND RISK ANALYSIS

13.1 Increased Usage of Internet for Educational Purposes

- Under the Household Use of the Internet Survey 2011 conducted by the Malaysian Communications and Multimedia Commission (MCMC), it was estimated that 63.5% of households used the internet for educational purposes as compared to 46.0% in 2009 (*Source: Malaysian Communications and Multimedia Commission*).
- With the aim of improving the quality of learning across Malaysia, the Malaysian Government has commenced the implementation of 1BestariNet, which provides high-speed internet access and virtual learning environment for 10,000 schools (*Source: Malaysia Education Blueprint 2013-2025*).
- The increased usage of online learning materials may threaten and reduce the usage of print educational materials, hence posing a risk to the industry.

Mitigating Factors

- In line with the growing trend of learning via online medium, educational publishers that are involved in print publication should consider diversifying into or strengthening their online publishing as a complementary business activity.
- There are synergies between print and online publishing as the same content and material can be used for both medium of publishing. In addition, digital publications including online publications can be more engaging and interactive, which could be useful for publishers to create brand loyalty among consumers.

13.2 Increased Competition from Online Publications

- The internet, as a medium has made publishing of content online available to the masses without incurring on paper or printing costs.. In addition, the internet has also facilitated global competition. All these have the effect of increasing competition for the publication industry, including the Educational Publishing Industry.
- Online competition also place significant price pressure on existing operators in the education publishing industry focusing on print publishing.
- As such, online publishing would pose a threat to print publishers of educational materials in Malaysia.

Mitigating Factors

- While setting-up an online presence is low cost, the cost of creating awareness as well as collecting a strong customer base continues to require high investment costs.


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- To-date, there are no indications from the Ministry of Education for replacement of print publications with online publications for schools under the National Education System. Malaysia continues to have a significant proportion of its population in rural areas where affordability of electronic devices and bandwidth will be a major constraint to rely solely on online educational publication materials.
- In addition, for an established publisher of educational materials, it can leverage from its brand equity in terms of brand awareness, strong customer loyalty, track record and market reputation to establish a concurrent online presence to meet the changing needs of students.

13.3 Changes in National Curriculum

- Any changes in the national curriculum may have an adverse impact on some publishers. Some recent developments in the national curriculum in Malaysia are as follows:
 - In 2011, the Ministry of Education started rolling out the new KSSR in stages to replace the KBSR system. The new KSSR is expected to replace all national curriculum for primary school years by 2016. In addition, a revised version of KSSR is expected to be rolled out by 2017.
 - By 2017, the new KSSM is expected to be rolled out in stages.
- Changes in national curriculum for example, the reversion of Mathematics and Science to be taught in Bahasa Malaysia, may affect some publishers.
- For instance, publishers that have a competitive edge in English-based educational materials for Mathematics and Science may lose its appeal if they are unable to publish Mathematics and Science educational materials in Bahasa Malaysia. As such, the replacement of KBSR with KSSR may adversely impact such publishers that are unable or do not have a ready technical team to publish in Bahasa Malaysia.

Mitigating Factors

- A change in curriculum is generally positive for publishers, as it would encourage end-users to buy new educational materials when the older publications are made obsolete by the new curriculum. An example is the new KSSR curriculum incorporating school based assessment and national examination namely UPSR. This curriculum change may stimulate demand for additional purchases of educational materials, such as revision materials, during the academic year.
- Publishers with a ready pool of experienced writers and editors with the appropriate subject matter and language skills would be in a better position to quickly adapt to changes in curriculum to minimise any adverse impact, and at the same time benefit from first-mover advantage or fast-to-market.

7. INDUSTRY OVERVIEW (Cont'd)

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13.4 Abolishment of National Examinations

- In Malaysia, the majority of educational materials are examination oriented, targeted at students preparing to undertake national examinations such as Primary School Achievement Test (UPSR - Ujian Pencapaian Sekolah Rendah), Lower Secondary Assessment (PMR - Penilaian Menengah Rendah), and the Malaysian Certificate of Education (SPM - Sijil Pelajaran Malaysia).
- As of January 2014, the PMR examination has been abolished with 2013 being the last year of centralised examinations for Form 3 students. As such, publishers may face lower demand for educational materials for PMR.

Mitigating Factors

- Based on the circular by the Ministry of Education on 31 March 2014, PMR will be replaced by Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3) whereby the results of the PT3 will be used as a basis for admission of students into certain types of schools and streaming of students for upper secondary levels of education.
- As such, Form 3 students would still require educational materials based on the new PT3 assessment format, despite the abolishment of the PMR examinations.

13.5 Low Set-up Costs

- The barriers to entry into the Educational Publishing Industry are relatively low based on capital requirements as most of the functions within the process of transforming a manuscript into the end-product may be outsourced to third parties.
- The entry cost for online publishing is even lower as there are no printing costs involved compared to print publishing. In addition, distribution costs for online publishing are minimal as it is made available through the internet.
- As such, competition within the Educational Publishing Industry may increase.

Mitigating Factors

- While set-up costs may be low, operating costs are considerably higher. This is due to the need to pay professional staff as well as to extend credit terms to resellers and retailers. In addition, there is a long lead time between obtaining manuscripts and transforming them into final products suitable for sales to consumers. All these factors would pose barriers to entry for new entrants.
- A more established publisher with a strong brand name, a wide distribution network whilst enjoying economies of scale, would be in a stronger position to compete in the market.

7. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- Nonetheless, competition in a free-enterprise economy is a constant factor in most of the industries in Malaysia. As such, publishers that are quick in meeting the needs of its target customer groups, adapt to changing market conditions while using technology prudently, would continue to stay ahead of the competition.

13.6 Fluctuations in Prices of Raw Materials

- Printing and writing paper are major raw materials used in print publication. As such, an increase or fluctuations in the price of paper could have an impact on publishers' performance.
- The following provides some indication of prices of printing and writing paper commonly used by the print publishing industry.

	Average Price of Paper				
	2009	2010	2011	2012	2013
<u>Uncoated Woodfree Paper</u>					
<u>(local production)</u>					
Average Price	2,414	2,714	2,665	2,460	2,468
Growth Rate (%).....	(16.4)	12.4	(1.8)	(7.7)	0.3
<u>Newsprint (imported)</u>					
Average Price	2,854	2,668	3,393	2,082	1,931
Growth Rate (%).....	8.9	(6.5)	27.2	(38.6)	(7.3)

Notes: All units in RM per tonne except percentages. (Source: Department of Statistics)

- Between 2009 and 2013, the average price of uncoated woodfree paper (local production) increased at an AAGR of 0.6% whilst the average price of newsprint (imported) decreased at an average annual rate of 9.3%.
- As such, the fluctuations in paper prices may have a negative impact on print publishers.

Mitigating Factors

- Paper is generally a commodity that is subjected to world prices and hence, all other publishers who use the same raw materials are equally affected.
- While prices of printed materials does not react as quickly as changes in paper prices, in the long run, increases in paper prices will be passed onto end-consumers.

13.7 Economic Slowdown

- Any widespread and/or prolonged economic slowdown would affect consumer and business confidence, and subsequently their tendency to spend. The uncertainty over the global economies, particularly resulting from the euro zone debt problem, may also impact on the local economy. This may cause consumers to be more cautious in their spending patterns, thus leading to a slowdown in consumer spending.

7. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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- All the above factors may impair on the performance of operators within the Educational Publishing Industry.

Mitigating Factors

- The demand for educational materials like textbooks is generally more resilient to an economic slowdown as these form part of the requirements of the National School Curriculum.
- In addition, consumers are generally less sensitive to changes in economic conditions when considering expenditure for educational purposes. This is substantiated by the fact that while the Malaysian economy experienced a 1.5% decline in real GDP in 2009, real household final consumption on education increased by 11.5% in the same year (*Sources: Bank Negara Malaysia; Department of Statistics*).

14. DRIVERS OF GROWTH

- Some of the drivers of growth for the Educational Publishing Industry are as follows:
 - **Improving education indicators** such as growing enrolment and literacy rates, coupled with a growing population, would represent an expanding base of target customer group, which in turn would stimulate demand for educational materials.
 - **Socio-economic growth** such as growth in GDP, per capita income and household spending are also important factors that would increase consumption of consumer goods, including educational materials.
 - **Government initiatives** as reflected in the Malaysia Education Blueprint 2013-2025, ETP and the 10MP will spur growth in the targeted segments of the educational market, specifically the pre-school education market. This could provide growth opportunities for publishers of educational materials.
 - **Growing reading culture** in Malaysia can be a long-term driver of growth for the overall Publishing Industry. The National Book Council of Malaysia, who created the National Book Policy (NBP) is responsible for the development of the local book industry and nurturing a reading culture among Malaysians.
 - **Online educational initiatives** such as iBestariNet and i-TRIM would spur growth in online publishing of educational materials. Successful implementation and continued efforts in sustaining these projects provide opportunities for publishers.

7. INDUSTRY OVERVIEW (Cont'd)



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15. CRITICAL SUCCESS FACTORS

- Critical success factors for publishers of educational materials include the following:
 - **Established Distribution Channels:** A strong network of distribution channels would enable publishers to have greater market penetration and therefore have access to a potentially larger consumer base.
 - **Access to Prominent Retail Shelf Space:** A publisher competent in securing prominent retail shelf space at major bookstores, are in a better position to maximise on retail sales through effective merchandising and catching the attention of shoppers.
 - **Keeping Abreast with Market Conditions and Consumer Preferences:** It is essential for publishers to keep abreast with changing market conditions and consumer preferences to retain existing customers while attracting new buyers for its publications. By expanding its product mix and making content relevant to a wide range of customers, publishers would be able to address emerging business opportunities to sustain and grow its business.
 - **Established Track Record and Market Reputation:** An established track record and market reputation plays a vital role in winning textbook and educational material tenders from the Ministry of Education. In addition, a strong market reputation would provide potential buyers of other educational materials with a stronger sense of security, trust and recognition to the relevance and usefulness of the products.
 - **Leveraging on Online Publishing:** Leveraging on online publishing to complement existing print publishing activities may be critical for publishers due to the growing acceptance of learning via online means. In addition, publishers can narrow the gap between preferred market requirements and supply of content, as online publications become more interactive.
 - **Financial Stability:** Publishers who are in a healthy financial position would be in a better position to bid for government tenders as well as publish more titles to meet a wider target customer group. In addition, publishers in strong financial positions may have more resources to invest in marketing and promotions to create brand equity and ultimately have a strong following for their publications.

7. INDUSTRY OVERVIEW (Cont'd)

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16. MARKET SEGMENTATION, SIZE AND SHARE

16.1 Market Operator Segmentation

- The Educational Publishing Industry in Malaysia comprises two tiers of private publishers based on revenue size. Based on available information as at April 2014, details of the two tiers of publishers are as follows:

- **1st tier:** Comprises the top three publishers where each publisher's revenue exceeds RM40 million per year. The top three publishers in alphabetical order are Oxford Fajar Sdn Bhd, Pelangi Publishing Group Bhd and Sasbadi Holdings Group.

Each of the top three publishers had market share that were relatively close to each other. No one publisher had more than 10% share of the printed educational materials market in Malaysia.

- **2nd tier:** Comprises approximately 200 publishers where each publisher's revenue is less than RM40 million per year.

(Note: Revenue used for segmenting operators into two tiers is based on their total revenue, which includes publishing of educational materials, and may also include other related and non-related activities. Publishers above refer to those who are involved in the business of publishing on a regular basis.)

(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

16.2 Market Size

- In 2013, the market size of the publishing of books, brochures and other publications (including educational and non-educational materials) in Malaysia was approximately **RM1.0 billion** *(Source: Department of Statistics and computed by Vital Factor Consulting Sdn Bhd).*
- In 2013, the market size for printed educational materials in Malaysia was approximately **RM750 million** based on apparent consumption *(Source: Department of Statistics and computed by Vital Factor Consulting Sdn Bhd).*

16.3 Market Share

- In 2013, Sasbadi Holdings Group had a market share of **6%** of the publishing of books, brochures and other publications (including educational and non-educational materials) in Malaysia based on the Group's revenue from print publications *(Source: Vital Factor Consulting Sdn Bhd).*

7. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING

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- In 2013, Sasbadi Holdings Group had a market share of **9%** of printed educational materials in Malaysia based on the Group's revenue from print publications (*Source: Vital Factor Consulting Sdn Bhd*).

We, Vital Factor Consulting Sdn Bhd, have prepared this report in an independent and objective manner and have taken all reasonable consideration and care to ensure the accuracy of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wong Wai Ling
Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Name	Before IPO			After IPO		
	Direct No. of Shares held	% held*	Indirect No. of Shares held	Direct No. of Shares held	% held^	Indirect No. of Shares held
Promoters and Substantial Shareholders						
Law King Hui	52,900,000	50.0	-	25,400,000 [#]	20.0	25,400,000 ⁽¹⁾
Lee Swee Hang	26,450,000	25.0	-	12,700,000 [#]	10.0	25,400,000 ⁽¹⁾
Lee Eng Sang	26,450,000	25.0	-	6,350,000 [#]	5.0	25,400,000 ⁽¹⁾
Karya Kencana	-	-	-	25,400,000 [@]	20.0	-
Promoter						
Law En Ruey	-	-	-	100,000 ^{**}	0.1	-

Notes:

* Based on our issued and paid-up share capital of 105,800,000 Shares after the Acquisitions but prior to our IPO.

^ Based on our enlarged issued and paid-up share capital of 127,000,000 Shares after our IPO.

Assuming that all his Offer for Sale Shares are fully subscribed and after taking into account the Vendors' Shareholdings Reorganisation as disclosed in Section 5.4.5 of this Prospectus.

@ After taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 5.4.5 of this Prospectus.

** Assuming full subscription of his Pink Form Tranche allocation.

(1) Deemed interested by virtue of his shareholding in Karya Kencana pursuant to Section 6A of the Act, after taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 5.4.5 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.1.2 Profile of Promoters and Substantial Shareholders

The profiles of Law King Hui, Lee Swee Hang, Lee Eng Sang and Law En Ruey are set out in Section 8.2.1 of this Prospectus.

Karya Kencana

Promoter and substantial shareholder

Karya Kencana was incorporated in Malaysia under the Act on 26 March 2013. As at LPD, its authorised share capital is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which 1,000 ordinary shares of RM1.00 each have been issued and fully-paid up.

The principal activity of Karya Kencana is investment holding.

The Directors and substantial shareholders of Karya Kencana and their respective shareholdings in Karya Kencana as at LPD are as follows:

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of shares held	% held	No. of shares held	% held
Directors and substantial shareholders				
Law King Hui	599	59.9	-	-
Lee Swee Hang	200	20.0	-	-
Lee Eng Sang	200	20.0	-	-
Director				
Law En Ruey	-	-	-	-
Johan John bin Abdullah	1	0.1	-	-

Pursuant to the Vendors' Shareholdings Reorganisation as detailed in Section 5.4.5 of this Prospectus, the issued and paid-up share capital of Karya Kencana will increase to RM100,000 comprising 100,000 Karya Kencana Shares via the issuance of 49,500 new Karya Kencana Shares to Law King Hui, 24,750 new Karya Kencana Shares to Lee Swee Hang and 24,750 new Karya Kencana Shares to Lee Eng Sang.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.1.3 Changes in Promoters and/or Substantial Shareholders' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters and/or substantial shareholders in our Company since incorporation up to the date of this Prospectus:

Name	Date of acquisition/ (disposal)	<----- Direct ----->		<----- Indirect ----->	
		No. of Shares acquired/ (disposed)	Cumulative No. of Shares	No. of Shares acquired/ (disposed)	Cumulative No. of Shares
Suhaimi Bin Huzai	30.10.2012	1	1	-	-
	13.03.2013	#	2	-	-
	19.05.2014	(2)	-	-	-
Sherina Binti Mohamed	30.10.2012	1	1	-	-
	13.03.2013	#	2	-	-
	19.05.2014	(2)	-	-	-
Law King Hui	19.05.2014	2	2	-	-
	19.05.2014	52,899,998	52,900,000	-	-
Lee Swee Hang	19.05.2014	1	1	-	-
	19.05.2014	26,449,999	26,450,000	-	-
Lee Eng Sang	19.05.2014	1	1	-	-
	19.05.2014	26,449,999	26,450,000	-	-

Note:

Subdivision of our Shares from each ordinary share of RM1.00 to two (2) ordinary shares of RM0.50 each.

8.2 BOARD OF DIRECTORS

8.2.1 Profiles

Dato' Salleh bin Mohd Husein

Independent Non-Executive Chairman

Dato' Salleh, aged 63, is our Independent Non-Executive Chairman and was appointed to our Board on 7 May 2013. He graduated with a Bachelor of Arts with 1st Class Honours from the University of Malaya in 1974. He also holds a Certificate in Education from Maktab Perguruan Sultan Idris, Tanjung Malim, obtained in 1970.

He joined the teaching profession as a teacher at SK Kayan, Setiawan, Perak in 1971. From 1974 to 1992, he served as Acting Principal and Principal at various schools in Perak.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Having served in Perak schools, he was promoted to the Perak State Education Department as Principal Assistant Director in charge of administration and state education financing from 1992 to 1993. Then, he was made Principal of SM Sains Tengku Abdullah, Raub, Pahang in 1993 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 as 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 in 2001. Then, he became Principal at Language Institute, Lembah Pantai, Kuala Lumpur from 2001 to 2002. In 2002, he was promoted to become Deputy Director of Schools Division, Ministry of Education to assist the Director in policy matters and implementation. In 2003, he succeeded his predecessor as Director in this same division at the Ministry of Education and served there until 2006. In 2006, he was promoted to be the Deputy Director General of Education Malaysia in charge of policy matters and implementation at Putrajaya, a position he held until his retirement from the civil service in 2007.

From 2008 to 2011, he served as a member of the Malaysian Education Service Commission, Prime Minister's Department to promote quality education whereby the said Commission looks into matters relating to recruitment, appointment and discipline of personnel. During those years, he was member of the Advisory Panel for Excellent School Cluster until 2012. He also provided education related consultation services to Sasbadi during the period from 2007 to 2009 and again, from October 2011 to September 2012.

Law King Hui

Promoter, substantial shareholder and Managing Director

Law King Hui, aged 55, is our Managing Director and was appointed to our Board on 7 May 2013. As one of the co-founders of Sasbadi, he has been instrumental in the development, growth and success of our Group.

He graduated from Tunku Abdul Rahman College with a Certificate in Electronics Engineering in 1980. He started his career in 1980 as a Test Technician with National Semi Conductors Sdn Bhd where he was involved in commissioning new test-lines, troubleshooting, maintenance, and testing of machines and equipment. He left the company in December 1980 and subsequently joined Pustaka Delta Pelajaran Sdn Bhd in January 1981 where he held a diverse range of positions during his employment including Sales Representative, Administration Coordinator, Management Executive and Regional Manager. He left the company in April 1985 and co-founded Sasbadi.

Besides being responsible for the development of our Group's strategies and policies, he has also played an active role in product development and innovation. His contributions have led to the transformation of our Group from a pure educational print publisher to a Group with diverse learning and teaching platforms including online learning materials and teaching products, applied learning products namely robotics and LEGO Education, all of which complement our print publishing business.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

An entrepreneur with more than 30 years of publishing experience, he has contributed towards the development of the Malaysian book industry by serving in the Majlis Buku Kebangsaan Malaysia (“**MBKM**”), Malaysian Book Industry Council (“**MBIC**”), Malaysian Book Publishers Association (“**MABOPA**”), and ASEAN Book Publishers Association (“**ABPA**”) over a span of more than 25 years. He has participated in numerous forums, round-tables, seminars, conferences, and lectures where he introduced new concepts and strategies aimed at promoting a reading culture and expanding Malaysia’s book industry. His contributions led to his selection as one of the 21 personalities documented in the publication, “Tokoh-tokoh Perbukuan Malaysia” by the National Library Malaysia (Md. Sidin Ahmad Ishak. 2011. ISBN 978-967-931-219-5. p95-p105). This book was published to recognize book activists and professionals in the country who have made significant contributions towards the development of the book industry and reading culture. On 12 December 2013, he received the Anugerah Perdana (Tokoh Industri Buku Negara) awarded by Yayasan Pembangunan Buku Negara.

He is involved in the development and growth of the publishing industry in Malaysia and has held several key positions in different independent and governmental organisations, including:

- (i) Being appointed by the Minister of Education as a council member of MBKM, and has served as Treasurer since 2007 to date;
- (ii) Having held the position of President of ABPA for the term of 2009-2011. ABPA members comprise Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam;
- (iii) Having held the position of Chairman of MBIC for the term of 2007-2009 and the position of Treasurer for the term of 2009-2011;
- (iv) Having held the position of President of MABOPA for the term of 2006-2011, Vice President for the term of 1999-2002, Honorary Secretary for the term of 1993-1994, and Executive Council Member for the terms of 1989-1992 and 1995-1998;
- (v) Being appointed by the then Director General of Education Malaysia, the late Y. A. Bhg. Tan Sri Abdul Rafie bin Mahat, to chair the 2007 and 2008 Kuala Lumpur International Book Fair (“**KLIBF**”) Working Committee and later served as the event’s Treasurer in 2009;
- (vi) Spearheaded the establishment of the Kuala Lumpur Trade and Copyright Centre (“**KLTC**”) in 2009 and served as the Organising Committee Chairman in 2010. KLTC is a trading place for publishers to trade copyrights in the ASEAN region; and
- (vii) Being Treasurer, Malaysian Chinese Language Council (“**MCLC**”), 2011-present.

He is committed in upholding our Group’s corporate social responsibility (“**CSR**”) initiatives by supporting programmes such as sponsoring robotics teams from urban under-served schools and rural national primary schools, School-in-Hospital Project, Pagoh English Language Centre, GURU magazines, Nadi Ilmu Amalan Membaca (“**NILAM**”) reading program, Kem Membaca Malaysia reading program, Dignity for Children and various charitable programmes run by the Ministry of Education and other ministries.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Lee Swee Hang

Promoter, substantial shareholder and Executive Director

Lee Swee Hang, aged 61, is also our Group's Publishing Director and was appointed to our Board on 7 May 2013. He is one of the co-founders of our Group.

He obtained his Higher School Certificate ("HSC") in 1974. He started his career in 1975 as Senior Malay Language Editor with Preston Corporation Sdn Bhd where he was tasked to translate, proofread, edit and prepare manuscripts for Bahasa Malaysia publications. He left the company in 1978 and subsequently joined Pustaka Delta Pelajaran Sdn Bhd in 1979 as Chief Editor. During his six (6) years 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.

As our Publishing Director, he is responsible for the editorial and production teams. He is also responsible for soliciting new authors and establishing a network of authors for our Group. He has helped our Group to build and manage a team of dedicated writers, editors, book designers and illustrators and is responsible in training and improving the skills and knowledge of the editorial and production teams, especially with respect to educational policy changes, industry practices and production procedures of the publishing industry.

He also determines the types of books that our Group publishes each year and ensures that our publications meet datelines and reflect the agreed editorial standards and commercial strategy. He actively keeps abreast with the latest development and information of the publishing industry around the world and is tasked to oversee the trading of copyrights with overseas buyers and sellers.

Lee Eng Sang

Promoter, substantial shareholder and Executive Director

Lee Eng Sang, aged 63, is also our Group's Marketing Director and was appointed to our Board on 7 May 2013. He is one of the co-founders of our Group. He is mainly responsible for the management of our Group's marketing and sales department.

He obtained his Malaysian Certificate of Education ("MCE") in 1969. He served as a school teacher from 1970 to 1977. In 1978, he joined Pustaka Sistem Pelajaran Sdn Bhd as a salesman. He left the company in 1979 and subsequently joined Pustaka Delta Pelajaran Sdn Bhd in 1980 as a Sales Representative. He was promoted to Regional Manager in 1983 where he was tasked to manage a sales team and was in charge of sales for the Northern region of Peninsular Malaysia. He left the company in 1985 to co-found Sasbadi.

As one of the co-founders of Sasbadi, he has established a formidable marketing and sales force that has led us to grow to the size we are today. He has introduced personal training and development programmes to help build and improve the skills, productivity and morale of new and existing sales team members. Under his guidance, our sales teams are able to build rapport and lasting relationships with our customers in tandem with their growth. Our marketing and sales department has low staff turnover, allowing us to retain experienced personnel for our Group's long term business growth.

Under his leadership, our Group's sales teams have penetrated markets in the whole of Malaysia, including schools and customers in suburban and rural areas. He has also trained our marketing personnel to gather up-to-date market information so that we can better understand our customers' needs.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Law En Ruey

Promoter, Executive Director and Chief Operating Officer

Law En Ruey, aged 29, is an Executive Director and Chief Operating Officer of our Group and was appointed to our Board on 7 May 2013. He obtained his Bachelor of Science (BSc) in Mathematics and Physics with 1st Class Honours in 2007 and Masters of Science (MSc) in Management with 1st Class Honours in 2008, both from the University of Bath, England.

He started his career in 2008 as a Management Trainee with AmBank (M) Berhad. He was promoted to Credit Analyst Manager in the Business Credit Risk Evaluation Unit in 2009 where he was tasked to execute credit risk analysis on business portfolios which included conducting financial analyses, research, site visits and interviews. He left the company in 2010 and joined Sasbadi as a Senior Manager where he was responsible to assist the Managing Director in the management of projects, operations and information technology of our Group.

In 2011, he was promoted to General Manager of our Group. He helped to restructure operations, implement new working systems and motivate staff in order to improve our Group's efficiency and value generation in line with our Group's expansion. He also developed our in-house resource planning system and supervises the information technology infrastructure of our Group. He was the Project Manager for the World Robot Olympiad 2012 where he was responsible for the planning, communication and overall operation of the event.

In 2013, he was promoted to Chief Operating Officer of our Group, and is responsible for overseeing the smooth operation and business development of our Group.

Dato' Noor Rezan binti Bapoo Hashim

Independent Non-Executive Director

Dato' Noor Rezan, aged 61, is our Independent Non-Executive Director and was appointed to our Board on 7 May 2013. She graduated with a Bachelor of Arts with Honours from the University of Malaya in 1974 and Master of Arts (TESL) (Teaching of English as a second language) from the University of Hawaii, the United States of America in 1982. She also holds a Diploma in Education (with Distinction) received from the University of Malaya in 1975, and a Certificate in Managing Education (English Language Teaching) received from the College of St. Mark & St. John, Plymouth, England in 1995.

During the period from 1975 to 1988, she taught English at various secondary schools in Peninsula Malaysia. Subsequently, she was promoted to become the Afternoon Supervisor and later the Administrative Senior Assistant of SMK Raja Ali, Kuala Lumpur from 1988 to 1995. She was later promoted to become Principal of various schools in Kuala Lumpur from 1995 to 2003.

In 2003, she was promoted to the position of Deputy Director of Schools Division, Ministry of Education until 2004. She then became the Education Director of 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, overseeing all schools under the purview of the Ministry of Education. In 2007, she was promoted to the position of the Deputy Director-General of Education Malaysia overseeing operations of eight (8) divisions in the ministry which are involved in schools operations. She held this position until her retirement in 2011.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

From 2011 to 2012, she served as the Education Advisor of Khazanah Nasional Berhad, advising on matters pertaining to their projects involving education, such as Trust Schools, Teach for Malaysia and Promoting Intelligence, Nurturing Talents and Advocating Responsibility (PINTAR) programme. Currently, she is Consultant Education Advisor to Khazanah Nasional Berhad. She is also the Advisor of SMR HR Group Sdn Bhd for the English Language Training project. Dato' Noor Rezan was awarded the "Tokoh Kepimpinan Pendidikan Kebangsaan 2013" (National Education Leadership Award) at the National Teachers Day Celebration in Nilai on 16 May 2013.

Lim Hun Soon @ David Lim

Independent Non-Executive Director

David Lim, aged 59, is our Independent Non-Executive Director and was appointed to our Board on 7 May 2013. He has had an extensive career serving as an Auditor at KPMG, spanning 33 years.

He graduated from the University of Leeds with a Bachelor of Arts in Economics in 1978 and subsequently joined KPMG (formerly known as Peat Marwick Mitchell) in the United Kingdom in 1978. He qualified as a member of the Institute of Taxation, United Kingdom in 1981 and as a Chartered Accountant in England and Wales in 1982. He returned to Malaysia in 1982 to continue his service with KPMG, and was admitted as a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants (now known as Malaysian Institute of Certified Public Accountants ("MICPA")) in 1982 and 1984 respectively.

During his career with KPMG, he was admitted as Partner of the firm in April 1990 and served in the Management Committee of the firm from 1997 to 2001 and in KPMG's Partnership Supervisory Council from 2002 to 2010. He was also the Asian Anchor Practice representative for Marketing from 2000 to 2001, in which role he gained extensive and insightful knowledge from KPMG Global counterparts worldwide.

In 2006, he was assigned by KPMG to start up the Audit Committee Institute, Malaysia ("ACI Malaysia"), which is a virtual worldwide initiative sponsored by KPMG to assist independent directors in enhancing their awareness and ability to implement effective board processes. After five (5) years of relentless groundwork, ACI Malaysia is now a source of information where non-executive directors can turn to if they wish to look for information in order to help them in discharging their duties and responsibilities.

He actively served as an examiner for Company Law examinations conducted by the MICPA for over 10 years. He was Chairman of MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee, both from 2002 to 2004. He had also developed an expertise in undertaking the role of Reporting Accountants in, and was the Audit Partner in charge of over 30 initial public offerings whilst at KPMG. He retired from KPMG in 2011. In 2013, he has been appointed as the representative of Malaysia to sit in the Council of the Institute of Chartered Accountants in England and Wales.

He is the Chairman of the Audit Committee for Affin Investment Bank Berhad, Manulife Insurance Berhad, Manulife Holdings Berhad and IJM Land Berhad. He is the Chairman of the Risk Management Committee and a member of the Remuneration and Nomination Committee of Manulife Holdings Berhad. He is also a member of the Audit Committee and a member of the Remuneration and Nomination Committee of Ann Joo Resources Berhad.

He is an Independent Non-Executive Director of Affin Investment Bank Berhad, Manulife Insurance Berhad, Manulife Holdings Berhad, Ann Joo Resources Berhad and IJM Land Berhad. He also holds directorship in Rockwills Trustee Bhd.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.2 Shareholdings

The shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before IPO			After IPO		
			Direct No. of Shares held	% held*	Indirect No. of Shares held	Direct No. of Shares held	% held^	Indirect No. of Shares held
Dato' Salleh bin Mohd Husein	Independent Non-Executive Chairman	Malaysian	-	-	-	100,000**	0.1	-
Law King Hui	Managing Director	Malaysian	52,900,000	50.0	-	25,400,000#	20.0	25,400,000 ⁽¹⁾
Lec Swee Hang	Executive Director	Malaysian	26,450,000	25.0	-	12,700,000#	10.0	25,400,000 ⁽¹⁾
Lee Eng Sang	Executive Director	Malaysian	26,450,000	25.0	-	6,350,000#	5.0	25,400,000 ⁽¹⁾
Law En Ruey	Executive Director	Malaysian	-	-	-	100,000**	0.1	-
Dato' Noor Rezan binti Bapoo Hashim	Independent Non-Executive Director	Malaysian	-	-	-	100,000**	0.1	-
Lim Hum Soon @ David Lim	Independent Non-Executive Director	Malaysian	-	-	-	100,000**	0.1	-

Notes:

* Based on our issued and paid-up share capital of 105,800,000 Shares after the Acquisitions but prior to our IPO.

^ Based on our enlarged issued and paid-up share capital of 127,000,000 Shares after our IPO.

** Assuming full subscription of his/her Pink Form Tranche allocation.

Assuming that all his Offer for Sale Shares are fully subscribed, and after taking into account the Vendors' Shareholdings Reorganisation as disclosed in Section 5.4.5 of this Prospectus.

(1) Deemed interested by virtue of his shareholdings in Karya Kencana pursuant to Section 6A of the Act, after taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 5.4.5 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.3 Principal Activities Performed Outside Our Group or Corporations

Save as disclosed below, our Directors do not have any other principal directorship in other corporations for the past five (5) years prior to LPD or any principal business activities performed outside of our Group as at LPD:

Name	Directorship	Principal Activity	Involvement in business activities other than as a director as at LPD
Dato' Salleh bin Mohd Husein	<p><u>Present directorship:</u> Nil</p> <p><u>Directorship for the past five (5) years prior to the LPD:</u> Nil</p>	- -	<p><u>Shareholder:</u> YAAL Lambor Holdings Sdn Bhd YGMB E Guru Sdn Bhd*</p>
Law King Hui	<p><u>Present directorship:</u> Karya Kencana</p> <p><u>Directorship for the past five (5) years prior to the LPD:</u> MBIC Sdn Bhd (resigned on 11.11.2011) Media Distribution Sdn Bhd (resigned on 29.08.2013)</p>	<p>Investment holding</p> <p>Printing services and events management Dormant</p>	<p><u>Shareholder:</u> Karya Kencana</p>
Lee Swee Hang	<p><u>Present directorship:</u> Karya Kencana</p> <p><u>Directorship for the past five (5) years prior to the LPD:</u> Nil</p>	Investment holding	<p><u>Shareholder:</u> Karya Kencana</p>
Lee Eng Sang	<p><u>Present directorship:</u> Karya Kencana</p>	Investment holding	<p><u>Shareholder:</u> Karya Kencana</p>

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Directorship	Principal Activity	Involvement in business activities other than as a director as at LPD
Loc Eng Sang (cont'd)	<u>Directorship for the past five (5) years prior to the LPD:</u> Nil		
Law En Ruey	<u>Present directorship:</u> Karya Kencana One Hundred Thousand Pixels Sdn Bhd^ <u>Directorship for the past five (5) years prior to the LPD:</u> Nil	Investment holding Dormant	<u>Shareholder:</u> One Hundred Thousand Pixels Sdn Bhd^
Dato' Noor Rezan binti Bapoo Hashim	<u>Present directorship:</u> Nil <u>Directorship for the past five (5) years prior to the LPD:</u> Nil		<u>Trustee:</u> Yayasan Amir TFM Foundation
Lim Hun Soon @ David Lim	<u>Present directorship:</u> Affin Investment Bank Berhad Creden (Hong Kong) Co. Ltd HwangDBS Investment Bank Berhad IJM Land Berhad Inbox System Sdn Bhd Joy & Hope Sdn Bhd Manulife Holdings Berhad Manulife Insurance Berhad Newsmakers Productions Sdn Bhd PEIT (M) Sdn Bhd	Investment banking Trading of optical products, investment holding and provision of management and administrative services. Investment banking Property investment Investment holding Underwriting of life insurance business Dormant Dormant	<u>Shareholder:</u> Action Sunrise Sdn Bhd Barisan Elite Sdn Bhd Inbox System Sdn Bhd Standomix Sdn Bhd Topcode Marketing Sdn Bhd Creden (Hong Kong) Co. Ltd PEIT (M) Sdn Bhd

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Directorship	Principal Activity	Involvement in business activities other than as a director as at LPD
Lim Hun Soon @ David Lim (cont'd)	Rockwills Trustee Bhd Standomix Sdn Bhd Topcode Marketing Sdn Bhd Ann Joo Resources Berhad <u>Directorship for the past five (5) years prior to the LPD:</u> Australaysia Resources & Minerals Berhad (resigned on 31.08.2013) Designline Bus Pacific Limited (resigned on 01.07.2013)	Provide estate planning, custodian, trustee, will writing and will custody services Property investment Investment holding	

Notes:

- * The principal activity of YGMB E Guru Sdn Bhd is book suppliers and trades.
 ^ This company is in the process of being struck-off.

Based on the declarations by:

- (i) Law King Hui – his involvement in the other corporation outside our group does not require a significant amount of his time as the corporation is an investment holding company. Accordingly, his involvement in the other corporation does not affect his contribution to our Group or negatively impact his ability to act as the Managing Director of our Group;
- (ii) Lee Swee Hang – his involvement in the other corporation outside our group does not require a significant amount of his time as the corporation is an investment holding company. Accordingly, his involvement in the other corporation does not affect his contribution to our Group or negatively impact his ability to act as the Executive Director of our Group;
- (iii) Lee Eng Sang – his involvement in the other corporation outside our group does not require a significant amount of his time as the corporation is an investment holding company. Accordingly, his involvement in the other corporation does not affect his contribution to our Group or negatively impact his ability to act as the Executive Director of our Group; and
- (iv) Law En Ruey – his involvement in the other corporations outside our group does not require a significant amount of his time as those corporations are either investment holding company or dormant. Accordingly, his involvement in the other corporations does not affect his contribution to our Group or negatively impact his ability to act as the Executive Director of our Group.

Please refer to Section 10.1 of this Prospectus for further information on related party transactions with our Directors.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.2.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for the FYE 31 August 2013 and 2014 are as follows:

Director	Remuneration Band (RM)	
	FYE 31 August 2013	FYE 31 August 2014
Dato' Salleh bin Mohd Husein	Nil - 50,000*	Nil - 50,000
Law King Hui	800,001 - 850,000	1,150,001 - 1,200,000
Lee Swee Hang	400,001 - 450,000	600,001 - 650,000
Lee Eng Sang	250,001 - 300,000	350,001 - 400,000
Law En Ruey	100,001 - 150,000	350,001 - 400,000
Dato' Noor Rezan binti Bapoo Hashim	Nil	Nil - 50,000
Lim Hun Soon @ David Lim	Nil	Nil - 50,000

Note:

* Fee paid to him as our consultant for the month of September 2012.

The above remunerations, which comprise salaries, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Our Directors' fees are subject to shareholders' approval at general meeting.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.2.5 Directors' Term of Office

Our Directors were appointed to the Board and has served in their respective capacities since the dates set out in Section 8.2.1 of this Prospectus. Our Board comprises four (4) Executive Directors and three (3) Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of term of office	No. of years in office as at LPD
Dato' Salleh bin Mohd Husein	Independent Non-Executive Chairman	^	> 1
Law King Hui	Managing Director	^	> 1
Lee Swee Hang	Executive Director	^	> 1
Lee Eng Sang	Executive Director	^	> 1
Law En Ruey	Executive Director	^	> 1
Dato' Noor Rezan binti Bapoo Hashim	Independent Non-Executive Director	^	> 1
Lim Hun Soon @ David Lim	Independent Non-Executive Director	^	> 1

Note:

^ *In accordance with Article 84 of our Articles of Association on Retirement of Directors:*

"An election of directors shall take place each year. At the first annual general meeting all the directors shall retire from office, and at the Annual General Meeting in every subsequent year, 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) with a minimum of one (1) shall retire from office and be eligible for re-election. All directors including the Managing Director (if any) shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring director shall hold office until the close of the meeting at which he retires. The directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot."

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

8.3.1 Audit Committee

Our Audit Committee was established on 8 May 2013. Members of our Audit Committee are as follows:

Name	Designation	Directorship
Lim Hun Soon @ David Lim	Chairman	Independent Non-Executive Director
Dato' Salleh bin Mohd Husein	Member	Independent Non-Executive Chairman
Dato' Noor Rezan binti Bapoo Hashim	Member	Independent Non-Executive Director

The principal function of the Audit Committee is to assist our Board in discharging its duties and oversight responsibilities relating to accounting and reporting practices of our Group. In addition, the Committee shall perform, amongst others, the following functions:

- (i) Review with our external auditors the nature and scope of their audit plans, audit reports, major findings and evaluations of our accounting system and internal controls;
- (ii) Review our quarterly and annual financial statements before submission to our Board, focusing on, inter-alia, changes in implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iii) Consider the appointment or reappointment of external auditors and review matters relating to their resignation;
- (iv) Review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (v) Review with our internal auditor their evaluation of the system of internal controls, which include, amongst others the financial and operational controls; and
- (vi) Perform such other functions as may be requested by our Board.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.3.2 Nomination Committee

Our Nomination Committee was established on 8 May 2013. Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Dato' Noor Rezan binti Bapoo Hashim	Chairman	Independent Non-Executive Director
Dato' Salleh bin Mohd Husein	Member	Independent Non-Executive Chairman
Lim Hun Soon @ David Lim	Member	Independent Non-Executive Director

Our Nomination Committee's terms of reference include, amongst others, the following:

- (i) Assess and recommend to our Board, candidates for directorships of our Company and Directors as members of the relevant Board committees;
- (ii) Evaluate the effectiveness of our Board and the relevant Board committees;
- (iii) Review annually the required mix of skills and experience and other qualities of our Board, including the core competencies which directors should bring to our Board; and
- (iv) Ensure an appropriate framework and succession planning for our Board.

8.3.3 Remuneration Committee

Our Remuneration Committee was established on 8 May 2013. Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Lim Hun Soon @ David Lim	Chairman	Independent Non-Executive Director
Dato' Salleh bin Mohd Husein	Member	Independent Non-Executive Chairman
Law King Hui	Member	Managing Director

Our Remuneration Committee's terms of reference include, amongst others, the following:

- (i) Review and recommend the remuneration packages of our Directors and key management personnel;
- (ii) To ensure the levels of remuneration be sufficiently attractive and be able to retain our Directors and key management personnel needed to run our Group successfully;
- (iii) Establish and recommend to our Board the remuneration structure and policy for Executive Directors and key management personnel; the terms of employment or service contract, where relevant, any benefit, pension or incentive scheme entitlement; performance related bonuses, fees and expenses, compensation arrangement; and to review for changes to the policy, where necessary; and
- (iv) Ensure corporate accountability and governance in respect of the remuneration of our Directors and key management personnel and other relevant functions.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.4 KEY MANAGEMENT PERSONNEL****8.4.1 Profiles****Tan Shea Sheak**

Tan Shea Sheak, aged 33, is the Finance Manager of our Group. He obtained his Bachelor of Business and Commerce – Major in Accounting and Banking & Finance from Monash University in 2003. He was admitted by the Malaysian Institute of Accountants as a Chartered Accountant in 2012. He is also a member of Certified Practising Accountant (CPA) Australia.

He started his career as an Audit Assistant with T.H. Law & Co. in 2003 where he was involved in undertaking statutory financial audits of public listed and private limited companies. He subsequently joined KPMG in 2004 as an Audit Assistant and was subsequently promoted to Audit Assistant Manager in 2009. He was involved in statutory financial audits of multinational corporations, public listed and private limited companies as well as in an initial public offering exercise as reporting accountants. He left KPMG in 2010 and joined Fusionex Corp Sdn Bhd as an Accountant. He was subsequently promoted to Finance Manager in 2011 under ADV Fusionex Sdn Bhd which is a related company to Fusionex Corp Sdn Bhd, under this new role he was tasked to oversee the Finance Department of the Fusionex group of companies in charge of financial reporting. He was also involved in the listing of the Fusionex group of companies on the Alternative Investment Market, London Stock Exchange.

In 2012, he joined Sasbadi as our Group Finance Manager where he is tasked to oversee our Finance Department. His key responsibilities include annual financial reporting, quarterly financial reporting, management accounting, tax planning and compliance as well as corporate planning.

Chen Yee Cheong

Chen Yee Cheong, aged 54, is the Sales Director of our Group. He obtained his Sijil Tinggi Pelajaran Malaysia (“STPM”) in 1980.

He started his career as an Officer in Jabatan Perangkaan Malaysia from 1981 to 1982. In 1983, he was employed as a Sales Representative with Pustaka Delta Pelajaran Sdn Bhd. He left the company in 1985 to join Sasbadi as a Sales Representative where he was responsible for the sales and promotions of publications in schools. In 1988, he was promoted to be our Regional Manager where he was responsible for the sales and promotions of publications in the East Coast and Klang Valley regions in Peninsular Malaysia. He was further promoted to Sales Manager in 1996 and to his current position as Sales Director in 2001 where he is in charge of sales and marketing activities of our Group.

Wan Meow Sang

Wan Meow Sang, aged 50, is the Sales Director of our Group. He obtained his Sijil Pelajaran Malaysia (“SPM”) in 1981.

He started his career in 1982 as a Sales Representative with Pustaka Delta Pelajaran Sdn Bhd where he was responsible in promoting books to schools and booksellers. He left the company in 1986 and joined Sasbadi as a Marketing Representative. In 1988, he was promoted to become Regional Manager to oversee sales in the Northern region of Peninsular Malaysia. He was further promoted to Assistant Sales Manager in 1997 to assist the Sales Manager in overseeing country-wide sales for Malaysia. In 1999, he was promoted to his current position as Sales Director. He has also been serving as the Head of LEGO Education Division in our Group since 2004.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Chok Siew Sin

Chok Siew Sin, aged 42, is the Marketing Manager of our Group. He obtained his Sijil Tinggi Pelajaran Malaysia (“STPM”) in 1992.

He joined Sasbadi in 1993 and served as an Editorial Assistant from 1993 to 1995 where he was tasked to proof read, edit, write and plan for the publications of Sasbadi. He subsequently served as a Sales Representative from 1995 to 1997 where he was responsible for promoting, selling and securing orders from existing and prospective customers. Thereafter, he was promoted to Sales Executive in 1997, Senior Sales Executive in 1998, Area Sales Manager in 1999 and Regional Sales Manager in 2000 to oversee the sales operations in the Northern region of Peninsular Malaysia and to lead the sales teams which includes supervising performance, coaching, mentoring and hiring of sales team members.

He was promoted to National Sales Manager – LEGO Education Division in 2005 where he was tasked to gather market information and identify trends which would affect the current and future growth, sales and profitability of our Group and to assist in formulating and implementing marketing strategies, information and solution for sales teams and/or sales operations.

He undertook his current position as Group Marketing Manager in 2009. His responsibilities are to develop and maintain marketing strategies to meet the objectives of our Group, conduct market research in order to identify market requirements for current and future products, develop and implement Group-wide plans to promote products and coordinate with all departments for their execution.

Roslan bin Yahya

Roslan bin Yahya, aged 52, is the Publishing Manager of our Group. He graduated from MARA Institute of Technology (UiTM) in 1986 with a General Degree (Mass Communication Major in Advertising).

He started his career in 1987 as a Copywriter/Account Executive with Azman Zakaria Sdn Bhd. He left the company in 1988 and joined Sasbadi as an Editor where he was involved in the editorial works of publications such as Bahasa Malaysia, Industrial Arts, Geography and History. He was subsequently promoted to Editorial Manager in Sasbadi where he was involved in sales briefing and the planning of various publications. He was also chiefly responsible for the development of our products, *Sumber dalam Fail*, *High Gear*, Sasbadi's first textbook “Bahasa Malaysia KBSM Tingkatan 1”, *Eyewitness series*, and *Do It Yourself series*, amongst others. He was promoted to his current position as Publishing Manager in 2012 and manages the entire Editorial department and Sasbadi's publications.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Chew Yoke Chen

Chew Yoke Chen, aged 57, is the Production Manager of our Group. She graduated from the Malaysian Institute of Art, Kuala Lumpur in 1983 with a Diploma of Illustration.

She started her career in 1975 with Eng Hin Engineering as an Administration Assistant. She left the company in 1976 and joined Daya Bina Sdn Bhd as a Draftswoman Trainee. She left the company in 1978 and joined Preston Corporation Sdn Bhd where she served as an Artist, Head of Art Section and Product Supervisor until 1987. Thereafter, she became a contract freelancer until she joined Sasbadi in 1988 where she served as a Paste-Up Artist (akin to a layout artist for digital print). In 1989, she was promoted to become Head of Art Department where she was put in charge of quality control of all artwork for Sasbadi's publications. She was further promoted to become Production Supervisor in 1991 where she dealt with all external and internal artists of our Group. From 1996 to 2004, she served as our Pre-Press Production Manager where she was in charge of pre-production quality control. Thereafter, she was promoted to her current position as Production Manager in 2004. She is currently responsible for productivity, art direction, and product quality control.

Chan Yee Fuan

Chan Yee Fuan, aged 37, is the Purchasing Manager of our Group. She graduated with a London Chamber of Commerce and Industry ("LCCT") International Qualification in 1996.

She started her career in 1996 as Accounts Assistant with Keris Property Sdn Bhd. She left the company in 2000 and joined Sin Yong Guan Industries Sdn Bhd as Accounts Executive. Subsequently, in 2004, she joined Celcom (M) Sdn Bhd as Accounts Assistant.

In 2005, she joined Sasbadi as an Accounts Executive where she was responsible for the preparation of financial reports. She was subsequently promoted to Senior Accounts Executive in 2007 and to Assistant Finance Manager in 2010. In 2012, she was promoted to Purchasing Manager to manage our Group's purchases and supply chain.

Wong Yee Joong

Wong Yee Joong, aged 34, is the Sales Manager of Sasbadi. He obtained his Diploma in Computer and Business Studies from Informatics College, Seremban in 1999.

He started his career in 2000 at Len Cheong Furniture Holding Berhad as Production Coordinator until 2002. In 2002, he joined Sasbadi as Marketing Representative in charge of marketing our publications. He was promoted through the ranks to Marketing Executive in 2005, Area Manager in 2006, Regional Manager in 2008, Area Sales Manager in 2010 and Assistant Sales Manager in 2011. He has been made Sales Manager in Sasbadi since 2012 where he manages sales nationwide, supervises sales staff, creates and implements sales plans, conducts hiring and training sales staff and coordinates with other departments within our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Wong Kok Shin

Wong Kok Shin, aged 47, is the Sales Manager of Orbit Buku. He obtained his Sijil Tinggi Persekolahan Malaysia (“STPM”) in 1986.

He started his career in 1987 as a clerk at Koon Hoe Sdn Bhd until 1988. In 1989, he worked as a bank clerk in Malayan Banking Bhd where he was responsible in assisting bank officer in daily banking activities, attending to customers in loan applications and compiling documents for approval. He left the company in 1991 and subsequently joined Sasbadi as a Sales Representative from 1991 to 1995 where he was responsible for promoting, selling and securing orders from existing and prospective customers. Thereafter, he was promoted and served as Area Manager from 1995 to 1997, as Regional Manager from 1997 to 2004, as Assistant Sales Manager from 2004 to 2005 and as Sales Manager from 2005 to 2011 where he was tasked to manage the sales of our Group’s products and services in the country and plan for consistent growth in revenue through deployment and management of sales strategies. He was appointed to his current position as the Sales Manager of Orbit Buku in 2011.

Chua Siow Nam

Chua Siow Nam, aged 57, is the Warehouse Manager of our Group. He obtained his Malaysian Certificate of Education (“MCE”) in 1972.

He worked at his brother’s car workshop between 1973 and 1976. In 1977, he worked as a factory operator at Malaysia Milk Sdn Bhd until 1979. Thereafter, he worked as a store keeper with Pustaka Delta Pelajaran Sdn Bhd in 1980 where he was tasked to maintain inventory, perform stock checks and process delivery orders and packaging of goods for shipment. He left the company in 1984 and joined Sasbadi in 1985 as store keeper. He was promoted to Warehouse Manager in 1996 where he is responsible to ensure smooth operational flow in the warehouse and to oversee warehouse operations.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.4.2 Shareholdings

The shareholdings of our key management personnel before and after our IPO are as follows:

Name	Designation	Nationality	Before IPO			After IPO		
			Direct No. of Shares held	% held	Indirect No. of Shares held	Direct No. of Shares held**	% Held [^]	Indirect No. of Shares held
Tan Shea Sheak	Finance Manager	Malaysian	-	-	-	40,000	##	-
Chen Yee Cheong	Sales Director	Malaysian	-	-	-	80,000	0.1	-
Wan Meow Sang	Sales Director	Malaysian	-	-	-	80,000	0.1	-
Chok Siew Sin	Marketing Manager	Malaysian	-	-	-	80,000	0.1	-
Roslan bin Yahya	Publishing Manager	Malaysian	-	-	-	60,000	##	-
Chew Yoke Chen	Production Manager	Malaysian	-	-	-	60,000	##	-
Chan Yee Fuan	Purchasing Manager	Malaysian	-	-	-	60,000	##	-
Wong Yee Joong	Sales Manager of Sasbadi	Malaysian	-	-	-	50,000	##	-
Wong Kok Shin	Sales Manager of Orbit Buku	Malaysian	-	-	-	30,000	##	-
Chua Siow Nam	Warehouse Manager	Malaysian	-	-	-	50,000	##	-

Notes:

- [^] Based on our enlarged issued and paid-up share capital of 127,000,000 Shares after our IPO.
- ** Assuming full subscription of his/her Pink Form Tranche allocation.
- # Less than 0.1%.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.4.3 Involvement of Key Management Personnel in Other Businesses or Corporations

Save as disclosed below, none of our key management personnel are involved in other businesses/corporations as at LPD:

Company name	Principal Activity	Position held	Date appointed
<u>Tan Shea Sheak</u>			
i-Gen Global Sdn Bhd	Provision of general consultancy, administrative services and distributor of fire-fighting devices	Director/ Shareholder	20.07.2006
Tan Kim Hock dan Anak-anak Sdn Bhd	Oil palm cultivation and property investment holding	Director/ Shareholder	11.02.2008
Raytan Management Services	Management services <i>(agent for selling medical cards)</i>	Sole proprietor	17.09.2003

Tan Shea Sheak's involvement in the above companies or business does not require much of his time as the abovesaid companies are managed by full-time staff and he is not involved in the day-to-day operations of the abovementioned companies, while the sole proprietor business has insignificant transactions. As such, Tan Shea Sheak's involvement in the abovesaid companies and sole proprietor business does not affect his contribution to our Group.

None of our key management personnel has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group.

8.5 DECLARATIONS BY PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Based on the declarations by our Promoters, Directors and key management personnel, none of our Promoters, Directors and key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save for Law En Ruey, our Executive Director and Chief Operating Officer, who is the son of Law King Hui, our Managing Director, there are no family relationships (as defined under Section 122A of the Act) or associations amongst the Directors, Promoters, the substantial shareholders and the key management personnel.

8.7 BENEFITS PAID OR INTENDED TO BE PAID

Save as the Directors' remunerations as disclosed in Section 8.2.4 and the dividend payments as disclosed in Section 13 - Accountants' Report and Section 5.4.1 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8.8 AGREEMENTS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at LPD, there are no existing or proposed service agreements between the companies within our Group and our Directors and key management personnel, which are not terminable by notice without payment or compensation (other than statutory notice).

8.9 INFORMATION ON EMPLOYEES

8.9.1 Employment Structure

As at LPD, we have a total workforce of 258 personnel including our Directors, out of which 223 personnel are permanent staff and the balance 35 personnel are contract staff.

The breakdown of our employees by category as at 31 August 2010, 31 August 2011, 31 August 2012 and 31 August 2013 as well as at LPD is as follows:

Category	Number of Employees				
	As at 31 August				
	2010	2011	2012	2013	As at LPD
Managerial and professional*	35	33	31	35	35
Technical and supervisory					
• Editors	27	33	41	43	53
• Designers and illustrators	16	16	18	17	18
• Desktop publishing personnel	11	14	15	16	13
• IT and technical personnel	9	10	12	19	17
• Administrative and others	36	43	39	41	36
Sales and marketing	24	30	36	33	44
General workers	21	24	25	36	42
Total	179	203	217	240	258

Note:

* Our Directors and key management personnel are included in the managerial category.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

There has been no industrial dispute actions taken against our Group and none of our employees are members of any union. In addition, our Group has not encountered any major turnover in our workforce.

8.9.2 Training and Development

We place strong emphasis on human resource development. Our employees are given regular on-the-job training in areas of management skills and technical knowledge to provide them with opportunities to acquire new skills and knowledge. We also provide opportunities for internal promotion as one of the key components of employees' development and retention.

The following table lists out some of the training and development programmes attended by our employees over the last five (5) years. The programmes encompass external and internal training as well as development programmes:

Year	Programme	Facilitator/ Organiser
2014	Microsoft Office Training (Excel 2010)	^
	Microsoft Office Training (Word 2007)	^
	Sharpen Your Skills on Listing Requirement Compliance	Malaysian Institute of Accountants
	Corporate Disclosure for Public Listed Companies	Malaysian Institute of Accountants
	Corporate Share Dealing	Malaysian Institute of Accountants
2013	Publishing and Rights Conference 2013	Majlis Buku Kebangsaan Malaysia
2012	E-Book Conference	Majlis Buku Kebangsaan Malaysia
2011	Selling Rights: Intermediate and Advance Level Course	Malaysian Book Publishers Association
2010	Mesyuarat Penulisan Kreatif, Inovatif dan Penerbitan Modul KSSM (Meeting on Creative Writing, Inovative and Publishing KSSM Module)	Bahagian Buku Teks, Ministry of Education
	International Conference on Teaching and Learning using Technology	Ministry of Education
	Seminar on understanding Goods and Services Tax (GST)	Malaysian Book Industry Council
	Seminar Memahami Kesalahan Bahasa dalam Penerbitan (Seminar on Understanding Language Error in Publications)	Medium Books & Consultancy

Note:

^ These training programmes were conducted by a personal trainer engaged by our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.9.3 Management Succession Plan

Our Board believes that the success of our Group depends on the ability to retain our key management personnel and upon our ability to attract and retain skilled personnel. Therefore, we have made efforts to train our staff and remunerate them accordingly.

Our Group has a management succession plan consisting of:

- (i) Sound recruitment and selection;
- (ii) Competitive remuneration and employee benefits;
- (iii) Structured career planning and development; and
- (iv) Continuous training and education.

In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their management and technical skills for the purpose of their career advancement with our Group. As part of the management succession plan, our Group has identified middle management personnel across all levels to assist the heads of various business divisions in order to facilitate skill transfer so as to ensure the smooth running and continuity of the operations of our Group. If the need arises, we will recruit qualified personnel with knowledge and expertise of the business to further enhance our operations.

We believe that our employees are valuable assets to our Group and we provide the necessary training for their future development.

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9. APPROVALS AND CONDITIONS

9.1 APPROVALS FROM RELEVANT AUTHORITIES

The SC had via its letter dated 12 March 2013 granted an exemption sought by us from having to comply with the following paragraphs of the Prospectus Guidelines – Equity in relation to the use of the audited financial statements of our subsidiary companies for the FYE 31 August 2012 for the purpose of submission of the draft registrable prospectus for public exposure after 28 February 2013.

No.	Relief sought	Details on Conditions Imposed	Status of Compliance
1.	Relief from complying with paragraphs 8.07, 8.08, 11.01, 12.02, 12.04, 12.05, 12.07(a)(ii) and (iii), 12.07(e), 12.10, 12.13, 12.16, 13.11, 13.13 and 13.14 of the Prospectus Guidelines – Equity in relation to the use of Sasbadi's latest audited financial statements for the financial year ended 31 August 2012 for the purpose of submission of the draft registrable prospectus	<p>(i) Submission of the prospectus for public exposure should not exceed nine (9) months from the most recent completed financial statements have been prepared;</p> <p>(ii) The interim unaudited financial statements, as well as the Management's Discussion and Analysis in respect of the said unaudited financial statements, should be submitted together with the prospectus;</p> <p>(iii) The interim financial statements, which have been audited, and the updated prospectus should be submitted two (2) weeks prior to the confirmation of registration of the prospectus by the SC; and</p> <p>(iv) Material deviations, if any, between the interim unaudited financial statements and the interim audited financial statements should be highlighted and clarified to the SC, upon submission of the required information under paragraph (iii) above.</p>	<p>Complied. The draft registrable Prospectus was submitted to the SC for public exposure on 31 May 2013, which was within the nine (9) months from our then latest audited financial statements for FYE 31 August 2012.</p> <p>Complied.</p> <p>Complied.</p> <p>Not applicable.</p>

The SC had, via its letter dated 30 January 2014, approved our IPO under Section 214(1) of the CMSA and equity requirement for public companies.

The conditions imposed by the SC and the status of compliance with the conditions are set out below:

No.	Details on Conditions Imposed	Status of Compliance
(i)	Sasbadi Holdings to allocate IPO Shares representing 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors. This includes the IPO Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the event that MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to Bumiputera public investors via balloting;	To be complied.

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details on Conditions Imposed	Status of Compliance
(ii)	Alliance/Sasbadi Holdings to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Proposed Listing; and	To be complied.
(iii)	The Due Diligence Working Group for the Listing to provide confirmation that the Sasbadi Holdings Group's pro forma cash and cash equivalents available prior to the Dividend Payment, based on the Sasbadi Holdings Group's latest audited financial statements, are sufficient and the Sasbadi Holdings Group has sufficient working capital for a period of at least twelve (12) months from the date of the prospectus.	Complied.

The SC had, via its letter dated 30 January 2014, also noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of our Listing Scheme, as follows:

Category of shareholders	Before IPO [^] %	After IPO* %
Bumiputera	100.0	12.5
Non-Bumiputera	-	87.5
Foreigners	-	-
Total	100.0	100.0

Notes:

[^] As at incorporation.

* Based on our enlarged issued and paid up share capital of 127,000,000 Shares after the IPO.

The SC had, via its letter dated 23 June 2014, approved our application for an extension of time for an additional six (6) months up to 29 January 2015 for the completion of our Listing.

Bursa Securities had, vide its letter dated 10 April 2014, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 Shares on the Main Market of Bursa Securities.

The conditions imposed by Bursa Securities and the status of compliance with the conditions are set out below:

No.	Details on Conditions Imposed	Status of Compliance
1.	Make the relevant announcements pursuant to paragraph 8.1 and 8.2 of Practise Note 21 of the Listing Requirements. In this respect, Sasbadi Holdings is advised to include the Stock Code, Stock Short Name and ISIN Code upon making the announcement on the timetable for IPO	To be complied.
2.	Furnish Bursa Securities with the following prior to the listing date (except as stated otherwise):	
	(i) A copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of Sasbadi Holdings on the first day of listing; and	To be complied.

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details on Conditions Imposed	Status of Compliance
(ii)	A cheque drawn to the order of Bursa Securities for the annual listing fees based on the final issue price (in excess of the annual listing fees as provided in the listing application), if applicable, together with a copy of the details of the computation of the amount of annual listing fees payable.	Not applicable.

MITI had, vide its letter dated 5 August 2013, approved our Listing on the Main Market of Bursa Securities.

9.2 MORATORIUM ON SALE OF SHARES

In compliance with the Equity Guidelines of the SC, Shares held by our Promoters at the date of our Listing are required to be placed under moratorium. Moratorium shall be imposed as follows:

Promoters	Shares held under moratorium for the first six (6) months upon Listing	
	< ----- Direct ----- >	
	No. of Shares held	% held*
Karya Kencana	25,400,000	20.0
Law King Hui	25,400,000	20.0
Lee Swec Hang	12,700,000	10.0
Lee Eng Sang	6,350,000	5.0
Law En Ruey	100,000^	0.1
Total	69,950,000	55.1

Notes:

* Based on our enlarged issued and paid-up share capital of 127,000,000 Shares after our IPO.

^ Assuming full subscription of his Pink Form Tranche.

Our Promoters have accepted the moratorium and they will not be permitted to sell, transfer or assign any part of their interest in the Shares under moratorium held as at the date of Listing for a six (6) months period beginning from the date of our Listing.

The restriction, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

The shareholders of Karya Kencana have each furnished a letter of undertaking to the SC that they will not sell, transfer or assign any part of their shareholdings in Karya Kencana for six (6) months from the date of our Listing on Bursa Securities.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS

Save as disclosed below, our Board confirms that there are no existing or presently proposed related-party transactions entered into between our Group and our Directors, major shareholders and/or persons connected with them (as defined under the Listing Requirements), during the past four (4) FYE 31 August 2010 to 2013 and FPE 28 February 2014 as well as the forecast for FYE 31 August 2014:

Related Party	Interested Promoter/ Director/ Major Shareholder	Nature of Relationship	Nature of Transaction	Actual			Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	FPE 28 February 2014 RM'000	FYE 31 August 2014 RM'000
Law King Hui	Law King Hui	Promoter, substantial shareholder and Managing Director	Disposal of motor vehicle to Law King Hui	-	-	43	-	-	-
The Malaya Press Sdn Bhd ("TMP") [^]	Law King Hui	Law King Hui is the brother-in-law of Madam Yen Lai Seong, who was a director and substantial shareholder of Sanjung Unggul Sdn Bhd which currently holds 100.0% equity interest in TMP	Sales of books and paper to TMP	299	1,457	1,964	3,453	(18)*#	(18)*
			Purchase of books from TMP	2,608	1,358	363	11	2*	2*
			Management services fees paid by TMP to Sasbadi for consultation in relation to publishing advisory (i.e. paper and printing sourcing)	45	45	45	-	-	-
Lee Swee Hang	Lee Swee Hang	Promoter, substantial shareholder and Executive Director	Disposal of motor vehicle to Lee Swee Hang	-	-	35	-	-	-
TMP [^]	Law King Hui	Law King Hui is the brother-in-law of Madam Yen Lai Seong, who was a director and substantial shareholder of Sanjung Unggul Sdn Bhd which currently holds 100.0% equity interest in TMP	Sales of online educational materials to TMP	-	-	-	634	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/ Director/ Major Shareholder	Nature of Relationship	Nature of Transaction	Actual			Forecast	
				2010 RM'000	2011 RM'000	FYE 31 August 2012 RM'000	FPE 28 February 2014 RM'000	FYE 31 August 2014 RM'000
The Malaya Press Sdn Bhd ("TMP") [^]	Law King Hui	Related party transactions between Orbit Buku and related party	Sales of books to TMP	-	-	82	43	2*
	Law King Hui	Law King Hui is the brother-in-law of Madam Yen Lai Seong, who was a director and substantial shareholder of Sanjung Unggul Sdn Bhd which currently holds 100.0% equity interest in TMP						

Notes:

- [^] The core business of TMP is publishing textbooks and other materials for primary SJK(C). TMP ceased to be a related party of our Group after Madam Yen Lai Seong transferred her entire shareholding in Sanjung Unggul Sdn Bhd to her son and resigned as the director of Sanjung Unggul Sdn Bhd on 28 November 2013 and 29 November 2013 respectively.
- * The amounts disclosed are in relation to transactions with TMP prior to its cessation as a related party of our Group. The amounts of transactions entered into by our Group with TMP in FPE 28 February 2014 subsequent TMP's cessation as a related party are as follows:

Nature of Transaction	RM'000
Sasbadi	
Sales of books and paper to TMP	1,613
Purchase of books from TMP	11
Sasbadi Online	
Sales of online educational materials to TMP	145
Orbit Buku	
Sale of books to TMP	229

Sales returns by TMP to Sasbadi.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*Cont'd*)

Our Directors confirm that all the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted on an arm's length basis and are based on terms which are not unfavourable to our Group.

Upon Listing, our Directors, through our Audit Committee, will review the terms of any related party transactions and ensure that any related party transactions (recurrent inclusive, if any) are not carried out on terms more favourable to the related parties than those normally agreed with other customers or suppliers and are also not to our detriment and to the detriment of our minority shareholders.

Our Directors are also not aware of any other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, major shareholders and/or persons connected with them.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

Our Directors confirm that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party to during the past four (4) FYE 31 August 2010 to 2013 and FPE 28 February 2014.

10.3 INTERESTS IN SIMILAR BUSINESSES AND INTERESTS IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS

As at LPD, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are our customers or suppliers.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**10.4 LOANS MADE BY OUR GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES**

Save as disclosed below, there are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past four (4) FYE 31 August 2010 to 2013, FPE 28 February 2014 and up to the LPD:

Transacting Parties	Nature of relationship	Nature of Transactions*	Audited				Unaudited As at LPD (RM'000)
			Balance as at 31 August		Balance as at 28 February		
			2010 (RM'000)	2011 (RM'000)	2012 (RM'000)	2013 (RM'000)	2014 (RM'000)
Law King Hui	Law King Hui is our Promoter, substantial shareholder and Managing Director	Advances	1,131	7	-	-	-
Lee Swee Hang	Lee Swee Hang is our Promoter, substantial shareholder and Executive Director	Advances	1,066	6	-	-	-
Lee Eng Sang	Lee Eng Sang is our Promoter, substantial shareholder and Executive Director	Advances	1,538	11	-	-	-

Note:

* These advances were not made on arm's-length basis as they were interest-free, unsecured and repayable on demand. These advances were offset against dividends duly declared for FYE 31 August 2010 to 2012. Going into the future, our Group will not be providing any such advances to the related parties.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

10.5 DECLARATION BY EXPERTS

Save as disclosed below, Alliance is not aware of any situation or potential situation that will give rise to a conflict or potential conflict of interests in Alliance's capacity to act as the Principle Adviser, Underwriter and Placement Agent for the Listing:

Sasbadi has credit facility totaling RM13.0 million, of which approximately RM8.2 million is outstanding as at LPD, from Alliance Bank Malaysia Berhad ("ABMB"), the holding company of Alliance, which was provided by ABMB in the ordinary course of its banking business.

Notwithstanding the above, Alliance is of the opinion that the financial relationship with Sasbadi as mentioned above will not give rise to a conflict of interest situation for Alliance to act as the Principal Adviser, Underwriter and Placement Agent to Sasbadi Holdings for the Listing. The exposure of ABMB to Sasbadi of approximately RM13.0 million is not material as it only represents approximately 0.3% of ABMB's audited shareholders funds of RM3.97 billion as at 31 March 2013.

Accordingly, Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Principal Adviser, Underwriter and Placement Agent for our Listing.

KPMG confirms that there is no existing or potential conflict of interests in its capacity as the Reporting Accountants for our Listing.

Amin, Wern Li & Associates confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors in respect of legal due diligence for our Listing.

Vital Factor confirms that there is no existing or potential conflict of interests in its capacity as the Independent Business and Market Research Consultants for our Listing.

City Valuers & Consultants Sdn Bhd confirms that there is no existing or potential conflict of interests in its capacity as the Independent Property Valuer for our Listing.

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11. PRO FORMA HISTORICAL FINANCIAL INFORMATION

Our pro forma consolidated financial information as illustrated below has been compiled based on the accounting principles and bases consistent with those adopted by us which are set out in the notes and assumptions included in the Independent Reporting Accountants' Report On The Compilation Of Pro Forma Financial Information Included In A Prospectus as set out in Section 11.4 of this Prospectus. The financial statements used in the preparation of our pro forma consolidated financial information were prepared in accordance with Malaysian Financial Reporting Standards. Any adjustments that were dealt with when preparing our pro forma consolidated financial information have been highlighted and disclosed in Section 11.4 of this Prospectus. There has been no audit qualification on our audited financial statements for the past four (4) FYE 31 August 2010 to FYE 31 August 2013 and FPE 28 February 2014. Nevertheless, as disclosed in the Accountants' Report as set out in Section 13 of this Prospectus, the audited accounts of Maya Press contained an emphasis of matters for FPE 31 August 2010, FYE 31 August 2011 to FYE 31 August 2013 and FPE 28 February 2014.

11.1 PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets out our pro forma consolidated statement of profit or loss and other comprehensive income for the past four (4) FYE 31 August 2010 to FYE 31 August 2013 and FPE 28 February 2014, which have been prepared for illustrative purposes only assuming that our current Group structure has been in existence throughout the financial years/period under review. In addition, the unaudited consolidated financial information for FPE 28 February 2013 has been prepared for information only.

You should read the summary of our pro forma consolidated statement of profit or loss and other comprehensive income for the past four (4) FYE 31 August 2010 to FYE 31 August 2013 and FPE 28 February 2014 which has been presented below together with the management's discussion and analysis of financial condition and results of operations as set out in Section 12 of this Prospectus and the Independent Reporting Accountants' Report On The Compilation Of Pro Forma Financial Information Included In A Prospectus as set out in Section 11.4 of this Prospectus.

	-----Audited----->				Unaudited	Audited
	-----FYE 31 August----->					
	2010	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	47,012	59,961	64,821	77,964	49,986	43,992
Cost of sales	(28,460)	(35,143)	(37,916)	(45,831)	(27,753)	(22,343)
Gross profit	18,552	24,818	26,905	32,133	22,233	21,649
Other operating income	300	364	812	806	153	94
Distribution costs	(4,492)	(5,216)	(5,245)	(5,535)	(2,753)	(3,294)
Administrative expenses	(5,922)	(6,857)	(7,311)	(9,365)	(4,632)	(5,176)
Other operating expenses	(243)	(341)	(296)	(476)	(181)	(2,222)
Results from operating activities	8,195	12,768	14,865	17,563	14,820	11,051
Interest income	177	223	92	173	145	55
Finance costs	(126)	(49)	(59)	(73)	(25)	(170)
Profit before tax	8,246	12,942	14,898	17,663	14,940	10,936
Income tax expense	(2,176)	(3,466)	(4,006)	(4,909)	(4,114)	(2,906)
Profit for the financial year/period	6,070	9,476	10,892	12,754	10,826	8,030
Other comprehensive income, net of tax						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Revaluation of property, plant and equipment	4,172	-	4,168	-	-	-
Total comprehensive income for the financial year/period	10,242	9,476	15,060	12,754	10,826	8,030

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	<-----Audited----->				Unaudited FPE 28 February 2013	Audited February 2014
	<-----FYE 31 August----->					
	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	RM'000	RM'000
Profit attributable to:						
Owners of the Company	6,070	9,476	10,892	12,754	10,826	8,030
Total comprehensive income attributable to:						
Owners of the Company	10,242	9,476	15,060	12,754	10,826	8,030
(i) Gross profit margin (%)*	39.5	41.4	41.5	41.2	44.5	49.2
(ii) Interest income (RM'000)	177	223	92	173	145	55
(iii) Interest expense (RM'000)	105	33	32	36	18	106
(iv) Depreciation and amortisation (RM'000)	1,184	1,355	1,618	1,916	949	1,301
(v) Earnings before interest, taxation, depreciation and amortisation (EBITDA) (RM'000)	9,358	14,107	16,456	19,442	15,762	12,288
(vi) Profit before tax margin (%)^	17.5	21.6	23.0	22.7	29.9	24.9
(vii) Profit after tax margin (%) θ	12.9	15.8	16.8	16.4	21.7	18.3
(viii) Number of ordinary shares assumed in issue ('000) #	105,800	105,800	105,800	105,800	105,800	105,800
(ix) Basic and diluted earnings per ordinary share (sen) @,α	5.74	8.96	10.29	12.05	20.47^^	15.18^^

Notes:

- * Gross profit margin is computed based on the gross profit divided by the revenue for the respective financial years/periods under review.
- ^ Profit before tax margin is computed based on the profit before tax divided by the revenue for the respective financial years/periods under review.
- θ Profit after tax margin is computed based on the profit after tax divided by the revenue for the respective financial years/periods under review.
- # Based on the issued and paid-up share capital of 105,800,000 Shares after the Acquisitions.
- @ Basic earnings per ordinary share is computed based on the profit for the financial years/periods attributed to the owners of the Company divided by the number of ordinary shares assumed in issue.
- α No dilution of earnings per ordinary share.
- ^^ Annualised to 12 months for comparison purposes.

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11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

11.2 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Our pro forma consolidated statement of financial position as set out below has been prepared for illustrative purposes only, based on our audited statement of financial position as at 28 February 2014 assuming that our Public Issue and utilisation of proceeds had been effected as at that date.

We advise you to read the pro forma consolidated statement of financial position presented below together with the notes and assumptions included in the Independent Reporting Accountants' Report On The Compilation Of Pro Forma Financial Information Included In A Prospectus as set out in Section 11.4 of this Prospectus.

	Audited statement of financial position at 28 February 2014 RM'000	Pro forma I After Incorporation of Subsidiaries [^] , Dividend Payment and Acquisitions RM'000	Pro forma II After Pro forma 1, IPO, Vendors' Shareholdings Reorganisation and Listing RM'000	Pro forma III After Pro forma 11 and utilisation of the proceeds from IPO RM'000
Assets				
Property, plant and equipment	-	27,650	27,650	35,650
Other investments	-	37	37	37
Intangible assets	-	5,225	5,225	5,225
Total non-current assets	-	32,912	32,912	40,912
Inventories	-	15,952	15,952	15,952
Trade and other receivables, and other assets	-	34,463	34,463	34,463
Prepayments	193	657	657	464
Current tax assets	-	318	318	318
Cash and cash equivalents	*	9,180	34,408	24,538
Total current assets	193	60,570	85,798	75,735
Total assets	193	93,482	118,710	116,647
Equity				
Share capital	*	52,900	63,500	63,500
Share premium	-	-	14,628	13,644
Revaluation reserve	-	11,340	11,340	11,340
Merger deficit	-	(50,500)	(50,500)	(50,500)
Retained earnings	(955)	49,432	49,432	48,353
Total equity attributable to owners of the Company	(955)	63,172	88,400	86,337
Liabilities				
Borrowings	-	247	247	247
Deferred tax liabilities	-	2,975	2,975	2,975
Total non-current liabilities	-	3,222	3,222	3,222
Borrowings	-	8,944	8,944	8,944
Trade and other payables	1,148	11,524	11,524	11,524
Provisions	-	4,149	4,149	4,149
Current tax liabilities	-	2,471	2,471	2,471
Total current liabilities	1,148	27,088	27,088	27,088
Total liabilities	1,148	30,310	30,310	30,310
Total equity and liabilities	193	93,482	118,710	116,647

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	Audited statement of financial position at 28 February 2014 RM'000	Pro forma I After Incorporation of Subsidiaries [^] , Dividend Payment and Acquisitions RM'000	Pro forma II After Pro forma I, IPO, Vendors' Shareholdings Reorganisation and Listing RM'000	Pro forma III After Pro forma II and utilisation of the proceeds from IPO RM'000
No. of shares in issue ('000)	**	105,800	127,000	127,000
Net (liabilities)/ assets (RM'000)	(955)	63,172	88,400	86,337
Net (liabilities)/ assets per share attributable to owners of the Company (RM)	(238,750)	0.60	0.70	0.68

Notes:

* Denotes RM2.

** Represents 4 shares.

[^] Includes the unaudited financial statements of MBP Publications and Sasbadi Learning Solutions on incorporation prepared by us as both subsidiaries were incorporated after FPE 28 February 2014.**11.3 PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

Our pro forma consolidated statement of cash flows for FPE 28 February 2014 as set out below has been prepared for illustrative purposes only on the assumption that our current Group structure had been in existence throughout FPE 28 February 2014 but prior to the Dividend Payment, IPO and utilisation of proceeds.

We advise you to read the pro forma consolidated statement of cash flows presented below together with the notes included in the Independent Reporting Accountants' Report On The Compilation Of Pro Forma Financial Information Included In A Prospectus as set out in Section 11.4 of this Prospectus.

	FPE 28 February 2014 RM'000
Cash flows from operating activities	
Profit before tax	10,936
Adjustments for:	
Depreciation of property, plant and equipment	1,026
Amortisation of intangible assets	275
Provision for sales returns	3,088
Interest expense	106
Interest income	(55)
Operating profit before changes in working capital	15,376
Changes in working capital:	
Inventories	(919)
Trade and other receivables, and other assets	(14,360)
Trade and other payables	4,952
Cash generated from operations	5,049
Income tax paid	(1,855)
Interest paid	(93)
Interest received	55
Net cash generated from operating activities	3,156

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	FPE 28 February 2014
	RM'000
Cash flows from investing activities	
Purchase of property, plant and equipment	(653)
Purchase of intangible assets	(5,500)
Net cash used in investing activities	<u>(6,153)</u>
Cash flows from financing activities	
Interest paid	(13)
Repayment of finance lease liabilities	(133)
Drawdown of bankers' acceptances	730
Net cash generated from financing activities	<u>584</u>
Net decrease in cash and cash equivalents	<u>(2,413)</u>
Cash and cash equivalents at beginning of the financial period	12,044
Cash and cash equivalents at end of the financial period*	<u>9,631</u>

Note:

* Cash and cash equivalents are presented net of bank overdraft.

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11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (*Cont'd*)

11.4 INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS



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INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The Board of Directors
Sasbadi Holdings Berhad
No 12, Jalan Teknologi 3/4
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

9 June 2014

Dear Sirs

**Sasbadi Holdings Berhad
Report on the Compilation of Pro Forma Financial Information Included in a Prospectus**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") and its direct wholly-owned subsidiaries acquired under the Listing Scheme, namely Sasbadi Sdn. Bhd. ("Sasbadi"), Malaysian Book Promotions Sdn. Bhd. ("Malaysian Book Promotions"), Maya Press Sdn. Bhd. ("Maya Press"), Orbit Buku Sdn. Bhd. ("Orbit Buku") and Sasbadi Online Sdn. Bhd. ("Sasbadi Online"), and newly incorporated subsidiaries, namely Sasbadi Learning Solutions Sdn. Bhd. ("Sasbadi Learning Solutions") and MBP Publications Sdn. Bhd. ("MBP Publications") (collectively referred to as "Subsidiaries"), (hereinafter referred to as "the Group") by the Board of Directors of the Company. The pro forma financial information is included in a prospectus for the purpose of admission to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued and paid-up share capital of RM63,500,000 comprising of 127,000,000 ordinary shares of RM0.50 each ("Shares") on the Main Market of Bursa Securities ("Listing"). The pro forma financial information consists of the pro forma consolidated statement of financial position as at 28 February 2014, the pro forma consolidated statement of profit or loss and other comprehensive income for the financial years/period ended 31 August 2010, 31 August 2011, 31 August 2012, 31 August 2013 and 28 February 2014 and the pro forma consolidated statement of cash flows for the financial period ended 28 February 2014 together with the accompanying notes, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in *Prospectus Guidelines-Equity* ("SC Guidelines") issued by Securities Commission Malaysia and described in Note 1 of Appendix I.

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)


Report on the Compilation of Pro Forma Financial Information Included in a Prospectus (continued)

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the transactions (hereinafter defined) on the Group's financial position as at 28 February 2014 and the Group's financial performance for the financial years/period ended 31 August 2010, 31 August 2011, 31 August 2012, 31 August 2013 and 28 February 2014 and cash flows for the financial period ended 28 February 2014 as if the newly formed Group has been in existence throughout the financial years/period under review. As part of this process, information about the financial position, financial performance and cash flows has been extracted by the Board of Directors from the Company's and the Subsidiaries' financial statements for the period ended 28 February 2014 on which audit reports have been issued and the unaudited financial statements of Sasbadi Learning Solutions and MBP Publications prepared by the management. There were no audited financial statements available for MBP Publications and Sasbadi Learning Solutions as these entities were newly incorporated on 28 March 2014 and 3 April 2014 respectively.

The transactions consist of the following:

- (i) Incorporation of 2 subsidiaries namely, Sasbadi Learning Solutions and MBP Publications;
- (ii) Dividend Payment to existing shareholders of Sasbadi;
- (iii) Acquisitions of the entire issued and paid-up share capital in Sasbadi, Malaysian Book Promotions, Maya Press, Orbit Buku and Sasbadi Online ("Acquisitions");
- (iv) Proposed Initial Public Offering ("IPO") involving the following:
 - a. Public Issue; and
 - b. Offer for Sale by the Offerors;
- (v) Proposed Vendors' Shareholdings Reorganisation ("Reorganisation");
- (vi) Proposed Listing; and
- (vii) Proposed Utilisation of proceeds from the IPO.

Item (ii) to (vi) will be collectively known as the "Listing Scheme".

Directors' Responsibility for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the SC Guidelines issued by Securities Commission Malaysia. The basis and pro forma transactions used in the compilation are described in Note 1 of Appendix I.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by SC Guidelines, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors on the basis described in Note 1 of Appendix I.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants.

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**Report on the Compilation of Pro Forma Financial Information Included in a Prospectus (continued)****Reporting Accountants' Responsibilities (continued)**

This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis described in Note 1 of Appendix I.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of the transactions as described in Note 1 of Appendix I of the pro forma financial information on the financial information of the entity as if the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions at 28 February 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the transactions in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (i) the pro forma consolidated financial information has been properly compiled on the basis stated in Note 1 of Appendix I based on the audited financial statements of the Subsidiaries for the financial years/period ended 31 August 2010, 31 August 2011, 31 August 2012, 31 August 2013 and 28 February 2014 prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with the format of the statements of financial position, profit or loss and other comprehensive income and cash flows, the accounting policies adopted by the Group and the basis of consolidation as described in Note 2 of Appendix I; and

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*



**Report on the Compilation of Pro Forma Financial Information Included in a Prospectus
(continued)**

Opinion (continued)

- (ii) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purposes of preparing the pro forma consolidated financial information.

Other Matters

The pro forma financial information has been prepared for inclusion in the prospectus in connection with the Listing of the Company and should not be relied upon for any other purposes.

A handwritten signature in black ink, appearing to be 'KPMG' followed by a stylized flourish.

KPMG
Firm No. AF 0758
Chartered Accountants



SASBADI HOLDINGS BERHAD
(“SASBADI HOLDINGS” OR “THE COMPANY”)
AND ITS SUBSIDIARIES (“THE GROUP”)

NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

Sasbadi Holdings was incorporated on 30 October 2012 with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and issued and fully paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

On 13 March 2013, a share split has taken place, subdividing the authorised share capital of RM100,000 into 200,000 ordinary shares of RM0.50 each and issued and fully paid-up share capital of RM2.00 into 4 ordinary shares of RM0.50 each.

Sasbadi Holdings is incorporated to undertake the acquisitions of the entire issued and paid-up share capital in Sasbadi and its wholly-owned subsidiaries, namely Malaysian Book Promotions, Maya Press, Orbit Buku and Sasbadi Online, Initial Public Offering as well as the listing of and quotation for its enlarged issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad.

MBP Publications and Sasbadi Learning Solutions were incorporated on 28 March 2014 and 3 April 2014 respectively, and Sasbadi Holdings had subscribed for 999 ordinary shares of RM1.00 each at par and subsequently acquired 1 ordinary share of RM1.00 from a third party for a consideration of RM1.00 in each entity. Following the acquisition, these entities became wholly owned subsidiaries of the Company.

The pro forma consolidated financial information consists of the following:

- (a) The pro forma consolidated statement of financial position of Sasbadi Holdings and its direct wholly-owned subsidiaries acquired under the Listing Scheme, namely Sasbadi, Malaysian Book Promotions, Maya Press, Orbit Buku and Sasbadi Online, and the newly incorporated Sasbadi Learning Solutions and MBP Publications (“the Group”) as at 28 February 2014;
- (b) The pro forma consolidated statement of profit or loss and other comprehensive income of the Group for the financial years/period ended 31 August 2010, 31 August 2011, 31 August 2012, 31 August 2013 and 28 February 2014; and
- (c) The pro forma consolidated statement of cash flows of the Group for the financial period ended 28 February 2014.



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**NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION**

1. Basis of preparation (continued)

The pro forma consolidated financial information has been prepared using the audited financial statements of Sasbadi Holdings for the financial year/period ended 31 August 2013 and 28 February 2014 and of Sasbadi, Malaysian Book Promotions, Maya Press, Orbit Buku, and Sasbadi Online for the financial years/period ended 31 August 2010, 31 August 2011, 31 August 2012, 31 August 2013 and 28 February 2014 prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with the format of the statements of financial position, profit or loss and other comprehensive income and cash flows, the accounting policies adopted by the Group and the basis of consolidation as described in Note 2. As Sasbadi Learning Solutions and MBP Publications were newly incorporated, accordingly, no audited financial statements are available. The pro forma financial information has therefore incorporated the unaudited financial statements of Sasbadi Learning Solutions and MBP Publications prepared by the management.

For the purposes of preparation of the pro forma consolidated statement of profit or loss and other comprehensive income for the financial years/period ended 31 August 2010, 31 August 2011, 31 August 2012, 31 August 2013 and 28 February 2014 and the pro forma consolidated statement of cash flows for the financial period ended 28 February 2014, the Group is assumed to have been in existence throughout the financial years/period under review.

The pro forma consolidated statement of financial position as at 28 February 2014 is prepared for illustrative purposes only to show the effects of the transactions, as described below, with the assumption that the Group was in existence on 28 February 2014 and these transactions were completed on the same date.

Pro forma I – Incorporation of Subsidiaries, Dividend Payment and Acquisitions of Subsidiaries

Pro forma I is prepared after incorporating transactions as follows:-

Incorporation of Subsidiaries

Sasbadi Holdings had incorporated and subscribed for 999 ordinary shares of RM1.00 each and subsequently acquired 1 ordinary share of RM1.00 from a third party for a consideration of RM1.00 per share in each of the following entities:-

No.	Name of Subsidiary	Date of incorporation	Issued and paid-up share capital	Total consideration paid
1.	MBP Publications	28 March 2014	RM1,000 comprising 1,000 ordinary shares of RM1.00 each	RM1,000
2.	Sasbadi Learning Solutions	3 April 2014	RM1,000 comprising 1,000 ordinary shares of RM1.00 each	RM1,000



**SASBADI HOLDINGS BERHAD
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**NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION**

1. Basis of preparation (continued)

Pro forma I - Incorporation of Subsidiaries, Dividend Payment and Acquisitions of Subsidiaries (continued)

The incorporation of these Subsidiaries has no financial impact to the pro forma consolidated statement of financial position.

Dividend Payment

Prior to acquisitions of the Subsidiaries by Sasbadi Holdings, Sasbadi had distributed dividends of RM2.5 million and RM6 million ("Dividend Payment") to its existing shareholders on 3 April 2014 and 16 May 2014 respectively.

Acquisition of Subsidiaries

On 19 May 2014, Sasbadi Holdings had acquired the entire issued and paid-up share capital in Sasbadi comprising 2,400,000 ordinary shares of RM1.00 each from the Offerors as vendors ("Law King Hui, Lee Swee Hang and Lee Eng Sang collectively") for a total purchase consideration of RM52,899,998 satisfied by the issuance of 105,799,996 new Sasbadi Holdings Shares at an issue price of RM0.50 per share credited as fully paid. Arising from the acquisition, a merger deficit of RM50,500,000 has been created.

In addition, Sasbadi Holdings acquired the following Subsidiaries from Sasbadi:

- a. the entire issued and paid-up share capital in Maya Press comprising 2 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM1.00 and reflected as amount owing by Sasbadi Holdings to Sasbadi;
- b. the entire issued and paid-up share capital in Orbit Buku comprising 10,000 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM1.00 and reflected as amount owing by Sasbadi Holdings to Sasbadi;
- c. the entire issued and paid-up share capital in Malaysian Book Promotions comprising 75,005 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM77,754 and reflected as amount owing by Sasbadi Holdings to Sasbadi; and
- d. the entire issued and paid-up share capital in Sasbadi Online comprising 10,000 ordinary shares of RM1.00 each from Sasbadi for a total purchase consideration of RM277,919 and reflected as amount owing by Sasbadi Holdings to Sasbadi.

The acquisitions of Maya Press, Orbit Buku, Malaysian Book Promotions and Sasbadi Online have no material financial impact to the pro forma consolidated statement of financial position.



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**NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION**

1. Basis of preparation (continued)

Pro forma II - IPO, Vendors' Shareholdings Reorganisation and Listing

Pro forma II is prepared after incorporating transactions as described in Pro forma I and transactions for IPO, Reorganisation and Listing as follows:-

i) Public Issue

Public issue of 21,200,000 new Sasbadi Holdings Shares, representing approximately 16.7% of the enlarged and paid-up share capital of 127,000,000 Shares, at RM1.19 per Share ("Public Issue") to be allocated in the following manner:

(a) Public ("Public Tranche")

6,350,000 Public Issue Shares, representing 5.0% of the enlarged issued and paid-up share capital, have been reserved for application by the Public, of which at least 50.0% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

(b) Eligible Directors, employees and persons who have contributed to the success of the Group ("Pink Form Tranche")

5,700,000 Public Issue Shares, representing approximately 4.5% of the enlarged issued and paid-up share capital, have been reserved for application by the eligible Directors, employees and persons who have contributed to the success of the Group.

(c) Selected Investors via Placement ("Placement Tranche")

9,150,000 Public Issue Shares, representing approximately 7.2% of the enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

Arising from the Public Issue, share premium of RM14,628,000 will be created.

ii) Offer for Sale

The Offerors will offer up to 35,950,000 existing Sasbadi Holdings Shares, representing approximately 28.3% of the enlarged issued and paid-up share capital of 127,000,000 Shares, at RM1.19 per share ("Offer Shares") to be allocated in the following manner:

(a) Bumiputera Investors approved by the Ministry of International Trade and Industry ("MITI Tranche")

Up to 12,700,000 Offer Shares, representing up to 10.0% of the enlarged issued and paid-up share capital, to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI"); and



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**NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION**

1. Basis of preparation (continued)

**Pro forma II - IPO, Vendors' Shareholdings Reorganisation and Listing
(continued)**

(b) Selected Investors via Placement ("Non-MITI Tranche")

Up to 23,250,000 Offer Shares, representing up to approximately 18.3% of the enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Offer for Sale will not have any financial impact to the pro forma consolidated statement of financial position.

iii) Vendors' Shareholdings Reorganisation

The Vendors of Sasbadi will undertake a reorganisation exercise involving the transfer of 25,400,000 Sasbadi Holdings Shares which they received from the Acquisition of Sasbadi to Karya Kencana Sdn. Bhd. ("Karya Kencana"), an investment holding company substantially owned by the Vendors ("Reorganisation"). In this regard, the Vendors have entered into a conditional share sale agreement with Karya Kencana for the Reorganisation for a purchase consideration of RM30,226,000. The purchase consideration will be satisfied via issuance of 99,000 new ordinary shares of RM1.00 each in Karya Kencana at par value and the balance will remain as amount owing from Karya Kencana to the Vendors.

Details of the Vendors' Shareholdings Reorganisation are as follows:

Vendor	No. of Shares to be transferred under the Reorganisation	To be satisfied via	
		Ordinary shares of RM1.00 each in Karya Kencana	Amount owing by Karya Kencana to the Vendors RM
Law King Hui	12,700,000	49,500	15,063,500
Lee Swee Hang	6,350,000	24,750	7,531,750
Lee Eng Sang	6,350,000	24,750	7,531,750
Total	25,400,000	99,000	30,127,000

The Vendors' Shareholdings Reorganisation will not have any financial impact to the pro forma consolidated statement of financial position.

II. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



Appendix I

**SASBADI HOLDINGS BERHAD
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**NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION**

I. Basis of preparation (continued)

**Pro forma II - IPO, Vendors' Shareholdings Reorganisation and Listing
(continued)**

iv) *Listing*

The entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 Shares will be admitted to the Official List of Bursa Securities.

The admission to the Official List of Bursa Securities and the listing of the said Shares will not have any financial impact to the pro forma consolidated statement of financial position.

Pro forma III – Utilisation of the proceeds from the IPO

Pro forma III is prepared after incorporating transactions as described in Pro forma I to II and the utilisation of the proceeds from the IPO as follows:-

Purpose	Amount (RM'000)	%
Establishment of applied learning centres	1,000	4.0
Part-financing of proposed acquisition of publishing businesses	11,500	45.6
Financing of proposed acquisition of an office cum warehouse building	7,000	27.7
Working capital	2,728	10.8
Estimated listing expenses	3,000	11.9
	25,228	100.0

As at 28 February 2014, the Company had already incurred listing expenses of up to RM1,130,000 out of the total estimated listing expenses of RM3,000,000. It is assumed that RM984,000 out of the total estimated listing expenses of RM3,000,000 will qualify for set-off against the share premium account arising from the issuance of Sasbadi Holdings Shares and the balance of RM2,016,000 will be expensed off to profit or loss. The unutilised proceeds that have been earmarked for listing expenses, if any, will be retained in cash and cash equivalents and used for working capital purposes.

In addition, it is assumed that the proceeds that have been earmarked for acquisition of publishing businesses and working capital are retained in the cash and cash equivalents until they are utilised in the future.



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**NOTES TO THE PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION**

2. Basis of consolidation

In the preparation of the pro forma consolidated financial information, the following basis of consolidation has been applied:

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



Appendix I

SASBADI HOLDINGS BERHAD
(“SASBADI HOLDINGS” OR “THE COMPANY”)
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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Pro forma consolidated statement of financial position

The pro forma consolidated statement of financial position of the Group as set out below are prepared solely for illustrative purposes only to show the effects had the transactions been effected on 28 February 2014.

	Note	Audited statement of financial position at 28 February 2014 RM'000	Pro forma I After Incorporation of Subsidiaries, Dividend Payment and Acquisitions of Subsidiaries RM'000	Pro forma II After Pro forma I, IPO, Vendors' Shareholdings Reorganisation and Listing RM'000	Pro forma III After Pro forma II and utilisation of the proceeds from IPO RM'000
Assets					
Property, plant and equipment	a	-	27,650	27,650	35,650
Other investments		-	37	37	37
Intangible assets		-	5,225	5,225	5,225
Total non-current assets		-	32,912	32,912	40,912
Inventories		-	15,952	15,952	15,952
Trade and other receivables, and other assets		-	34,463	34,463	34,463
Prepayments		193	657	657	464
Current tax assets		-	318	318	318
Cash and cash equivalents	b	*	9,180	34,408	24,538
Total current assets		193	60,570	85,798	75,735
Total assets		193	93,482	118,710	116,647
Equity					
Share capital	c	*	52,900	63,500	63,500
Share premium	d	-	-	14,628	13,644
Revaluation reserve		-	11,340	11,340	11,340
Merger deficit	e	-	(50,500)	(50,500)	(50,500)
Retained earnings	f	(955)	49,432	49,432	48,353
Total equity attributable to owners of the Company		(955)	63,172	88,400	86,337
Liabilities					
Borrowings		-	247	247	247
Deferred tax liabilities		-	2,975	2,975	2,975
Total non-current liabilities		-	3,222	3,222	3,222
Borrowings		-	8,944	8,944	8,944
Trade and other payables		1,148	11,524	11,524	11,524
Provisions		-	4,149	4,149	4,149
Current tax liabilities		-	2,471	2,471	2,471
Total current liabilities		1,148	27,088	27,088	27,088
Total liabilities		1,148	30,310	30,310	30,310
Total equity and liabilities		193	93,482	118,710	116,647

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SASBADI HOLDINGS BERHAD
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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Pro forma consolidated statement of financial position (continued)

	Audited statement of financial position at 28 February 2014 RM'000	Pro forma I After Incorporation of Subsidiaries, Dividend Payment and Acquisitions of Subsidiaries RM'000	Pro forma II After Pro forma I, IPO, Vendors' Shareholdings Reorganisation and Listing RM'000	Pro forma III After Pro forma II and utilisation of the proceeds from IPO RM'000
No. of shares in issue ('000)	*	105,800	127,000	127,000
Net (liabilities)/assets (RM'000)	(955)	63,172	88,400	86,337
Net (liabilities)/assets per share attributable to owners of the Company (RM)	(238,750)	0.60	0.70	0.68

* Represents 4 shares

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SASBADI HOLDINGS BERHAD
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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Effect on the pro forma consolidated statement of financial position

a. Movement in property, plant and equipment	RM'000
Balance at 28 February 2014	-
Effect of Pro forma I:-	
Acquisitions of Subsidiaries	27,650
	27,650
Balance after Pro forma I and II	27,650
Effects of Pro forma III:-	
Establishment of applied learning centres	1,000
Acquisition of an office cum warehouse building	7,000
	35,650
Balance after Pro forma I, II and III	35,650
b. Movement in cash and cash equivalents	RM'000
Balance at 28 February 2014	*
Effects of Pro forma I:-	
Acquisitions of Subsidiaries	17,680
Dividend Payment	(8,500)
	9,180
Balance after Pro forma I	9,180
Effect of Pro forma II:-	
IPO	25,228
	34,408
Balance after Pro forma I and II	34,408
Effects of Pro forma III:-	
<i>Utilisation of proceeds</i>	
Establishment of applied learning centres	(1,000)
Acquisition of an office cum warehouse building	(7,000)
Listing expenses	(1,870)
	24,538
Balance after Pro forma I, II and III	24,538

* Denotes RM2

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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Effect on the pro forma consolidated statement of financial position (continued)

c. Movement in share capital

	RM'000
Balance at 28 February 2014	*
Effect of Pro forma I:-	
Acquisitions of Subsidiaries	52,900
	52,900
Balance after Pro forma I	52,900
Effect of Pro forma II:-	
IPO	10,600
	63,500
Balance after Pro forma I, II and III	63,500

* Denotes RM2

d. Movement in share premium

	RM'000
Balance at 28 February 2014/after Pro forma I	-
Effect of Pro forma II:-	
IPO	14,628
	14,628
Balance after Pro forma I and II	14,628
Effect of Pro forma III:-	
Listing expenses	(984)
	13,644
Balance after Pro forma I, II and III	13,644

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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Effect on the pro forma consolidated statement of financial position (continued)

e. Movement in merger deficit	RM'000
Balance at 28 February 2014	-
Effect of Pro forma I:-	
Acquisitions of Subsidiaries	(50,500)
	(50,500)
Balance after Pro forma I, II and III	(50,500)
f. Movement in retained earnings	RM'000
Balance at 28 February 2014	(955)
Effects of Pro forma I:-	
Acquisitions of Subsidiaries	58,887
Dividend Payment	(8,500)
	49,432
Balance after Pro forma I and II	49,432
Effect of Pro forma III:-	
Listing expenses	(1,079)
	48,353
Balance after Pro forma I, II and III	48,353

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SASBADI HOLDINGS BERHAD
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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Pro forma consolidated statement of profit or loss and other comprehensive income

The pro forma consolidated statement of profit or loss and other comprehensive income for the past four (4) financial years ended 31 August 2010, 31 August 2011, 31 August 2012, and 31 August 2013 and the financial period ended 28 February 2014 which have been prepared for illustrative purposes only to show the results of the Group, are based on accounting policies consistent with those adopted in the preparation of the latest audited financial statements of the Group entities and are prepared on the assumptions that the current Group structure existed throughout the financial years/period under review.

	← Year ended →				6 months
	2010	2011	2012	2013	period ended 28 Feb 2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	47,012	59,961	64,821	77,964	43,992
Cost of sales	(28,460)	(35,143)	(37,916)	(45,831)	(22,343)
Gross profit	18,552	24,818	26,905	32,133	21,649
Other operating income	300	364	812	806	94
Distribution costs	(4,492)	(5,216)	(5,245)	(5,535)	(3,294)
Administrative expenses	(5,922)	(6,857)	(7,311)	(9,365)	(5,176)
Other operating expenses	(243)	(341)	(296)	(476)	(2,222)
Results from operating activities	8,195	12,768	14,865	17,563	11,051
Interest income	177	223	92	173	55
Finance costs	(126)	(49)	(59)	(73)	(170)
Profit before tax	8,246	12,942	14,898	17,663	10,936
Income tax expense	(2,176)	(3,466)	(4,006)	(4,909)	(2,906)
Profit for the financial year/period	6,070	9,476	10,892	12,754	8,030
Other comprehensive income, net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation of property, plant and equipment	4,172	-	4,168	-	-
Total comprehensive income for the financial year/period	10,242	9,476	15,060	12,754	8,030
Profit attributable to:					
- Owners of the Company	6,070	9,476	10,892	12,754	8,030
Total comprehensive income attributable to:					
- Owners of the Company	10,242	9,476	15,060	12,754	8,030

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SASBADI HOLDINGS BERHAD
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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Pro forma consolidated statement of profit or loss and other comprehensive income
(continued)

	← Year ended 31 August →				6 months ended
	2010	2011	2012	2013	28 February 2014
(i) Gross profit margin (%)*	39.5	41.4	41.5	41.2	49.2
(ii) Interest income (RM'000)	177	223	92	173	55
(iii) Interest expense (RM'000)	105	33	32	36	106
(iv) Depreciation and amortisation (RM'000)	1,184	1,355	1,618	1,916	1,301
(v) Earnings before interest, taxation, depreciation and amortisation (EBITDA) (RM'000)	9,358	14,107	16,456	19,442	12,288
(vi) Profit before tax margin (%) ^	17.5	21.6	23.0	22.7	24.9
(vii) Profit after tax margin (%) θ	12.9	15.8	16.8	16.4	18.3
(viii) Number of ordinary shares assumed in issue ('000) #	105,800	105,800	105,800	105,800	105,800
(ix) Basic and diluted earnings per ordinary share (sen) @,α	5.74	8.96	10.29	12.05	15.18^^

Notes:

- * Gross profit margin is computed based on the gross profit divided by the revenue for the respective financial years/period under review.
- ^ Profit before tax margin is computed based on the profit before tax divided by the revenue for the respective financial years/period under review.
- θ Profit after tax margin is computed based on the profit after tax divided by the revenue for the respective financial years/period under review.
- # Based on the issued and paid-up share capital of 105,800,000 Shares after the acquisitions of Subsidiaries but before Public Issue.
- @ Basic earnings per ordinary share is computed based on the profit for the financial year/period attributed to the owners of the Company divided by the number of ordinary shares assumed in issue.
- α No dilution of earnings per ordinary share.
- ^^ Annualised to 12 months for comparison purposes.

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SASBADI HOLDINGS BERHAD
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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Pro forma consolidated statement of cash flows

The pro forma consolidated statement of cash flows of the Group for the financial period ended 28 February 2014, which has been prepared for illustrative purposes only, is based on the assumption that the current structure of the Group existed throughout the financial period under review. The pro forma consolidated statement of cash flows has been prepared before taking into account the Dividend Payment, IPO, and utilisation of proceeds from IPO.

	6 months ended 28 February 2014 RM'000
Cash flows from operating activities	
Profit before tax	10,936
Adjustments for:	
Depreciation of property, plant and equipment	1,026
Amortisation of intangible assets	275
Provision for sales returns	3,088
Interest expense	106
Interest income	(55)
	15,376
Operating profit before changes in working capital	15,376
Changes in working capital:	
Inventories	(919)
Trade and other receivables, and other assets	(14,360)
Trade and other payables	4,952
	5,049
Cash generated from operations	5,049
Income tax paid	(1,855)
Interest paid	(93)
Interest received	55
	3,156
Net cash generated from operating activities	3,156
Cash flows from investing activities	
Purchase of property, plant and equipment	(653)
Purchase of intangible assets	(5,500)
	(6,153)
Net cash used in investing activities	(6,153)

11. PRO FORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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Pro forma consolidated statement of cash flows (continued)

	6 months ended 28 February 2014 RM'000
Cash flows from financing activities	
Interest paid	(13)
Repayment of finance lease liabilities	(133)
Drawdown of bankers' acceptances	730

Net cash generated from financing activities	584

Net decrease in cash and cash equivalents	(2,413)
Cash and cash equivalents at beginning of the financial period	12,044

Cash and cash equivalents at end of the financial period	9,631
	=====

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts. Cash and cash equivalents included in the pro forma consolidated statement of cash flows comprise the following pro forma consolidated statement of financial position amounts:

	28 February 2014 RM'000
Cash and bank balances	17,641
Deposits placed with a licensed bank	39
Bank overdraft	(8,049)

	9,631
	=====