SINMAH CAPITAL BERHAD
(301653-V)

ENRICHING CONTEMPORARY LIFESTYLES

annual report 2018

ENRICHING CONTEMPORARY LIFESTYLES

We take great pride in creating flourishing communities through our property development activities. Now, we are poised to have a greater impact on contemporary living due to our healthcare venture.

On the cover, there are impressive images of our products and our health professionals. The images are connected by distinctive lines that symbolize the dynamic synergy that drives our steady progress into the future

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fifth Annual General Meeting ("25th AGM") of Sinmah Capital Berhad ("Sinmah" or "Company") will be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 30 May 2019 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:-

AGENDA

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer Note 1)**

2. To approve the payment of the Directors' fees to Non-Executive Directors amounting to RM240,975.00 with effect from 1 January 2019 until the next Annual General Meeting of the Company. **(Ordinary Resolution 1)** **(Please refer Note 2)**

3. To approve the payment of Directors' remuneration (excluding Directors' Fees) to Non-Executive Directors of the Company of up to RM12,000.00 with effect from 31 May 2019 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)** **(Please refer Note 2)**

4. To re-elect Dato' Fong Kok Yong, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 106 of the Company's Articles of Association. **(Ordinary Resolution 3)** **(Please refer Note 3)**

5. To re-elect Datuk Fong Kiah Yeow, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 106 of the Company's Articles of Association. **(Ordinary Resolution 4)** **(Please refer Note 3)**

6. To re-elect Encik Munawar Kabir Mohd Bin Zainal Abidin, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 106 of the Company's Articles of Association. **(Ordinary Resolution 5)** **(Please refer Note 3)**

7. To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2019 and to authorize the Directors to deliberate on the Auditors' remuneration. **(Ordinary Resolution 6)** **(Please refer Note 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

8. **Proposed Continuation of Office as Independent Non-Executive Director** **(Ordinary Resolution 7) (Please refer Note 15)**

   THAT Encik Mohd Khasan Bin Ahmad, having served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, continue to act as the Independent Non-Executive Director of the Company.

9. **Proposed Continuation of Office as Independent Non-Executive Director** **(Ordinary Resolution 8) (Please refer Note 15)**

   THAT Datuk Hj. Zainal Bin Hj. Shamsudin, having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as the Independent Non-Executive Director of the Company.

10. **Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.** **(Ordinary Resolution 9) (Please refer Note 16)**

    "THAT subject always to the Companies Act, 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued."

11. **Proposed Adoption of New Constitution of the Company.** **(Special Resolution) (Please refer Note 17)**

    "THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in "Appendix A" despatched together with the Company's 2018 Annual Report be and is hereby adopted as the Constitution of the Company ("Proposed Adoption"); AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities (if any) and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption."

12. To transact any other business of which due notice has been given in accordance with the Companies Act, 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

TEO SOON MEI (MAICSA 7018590)
NOLAN JOHN FELIX (MIA18938)
CHUA SIEW YIN (MAICSA 7065531)
Company Secretaries

Melaka
Dated: 30 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes to the Notice of 25th AGM :-

1. *Item 1 of the Agenda*
This itemis meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 in Malaysia requires that audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to the vote by Shareholders.

2. *Items 2 and 3 of the Agenda*
Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. The fees and allowances structure of the Non-Executive Directors (NEDs) of the Company is as follows:

    a) Monthly fixed fees for duties as Director/Chairman; and
    b) Meeting allowance for each Board/Board Committee attended.

    The shareholders at the last AGM held on 28 May 2018 approved the Directors' Fees of up to RM170,100.00 for the period from 1 January 2018 until 31 December 2018. The actual payment of the Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company comprises of board meeting allowances for the financial year ended 31 December 2018 was RM13,800.00.

    The Directors' fees for the NEDs for the period from 1 January 2019 until the conclusion of the next AGM of the Company are estimated not to exceed RM240,975.00. The current Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company comprises of board meeting allowances of RM600.00 per meeting. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that all the NEDs will remain in office until the next AGM. These two resolutions are to facilitate payment of the Directors' Fees and the board meeting allowances for financial year 2019/2020. The Board will seek shareholders' approval at the next Annual General Meeting in the event the Directors' fees and allowances proposed are insufficient.

3. *Items 4, 5 and 6 of the Agenda*
Article 106 of the Company's Articles of Association provides that one-third (1/3) of the Directors shall retire by rotation at an annual general meeting of the Company. All the Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. The profile of Dato' Fong Kok Yong, Datuk Fong Kiah Yeow and Encik Munawar Kabir Mohd Bin Zainal Abidin, the directors who are standing for re-election as per Agendas 4 to 6 of the notice of the 25th AGM are set out in the 2018 Annual Report.

4. *Item 7 of the Agenda*
The Audit Committee and the Board have considered the re-appointment of Messrs UHY as Auditors of the Company and collectively agreed that Messrs UHY have met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Proxy

5. A member of the Company who is entitled to attend, speak and vote at this 25th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.

6. Where a member appoints more than one (1) proxy to attend and vote at the same Meeting, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.

7. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.

8. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

9. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.

10. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the office of the Company's Share Registrar at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

11. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.

12. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 25th AGM.

13. Any alteration in the form of proxy must be initialed.

14. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 25th AGM will be put to the vote by poll.

Explanatory Notes to Special Business

15. *Item 8 and 9 of the Agenda*
    For Ordinary Resolutions 7 and 8 on the Proposed Continuation in Office as Independent Non-Executive Directors, the Nomination Committee of the Company has assessed the independence of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin, the Directors who have served for a cumulative term of more than 9 years and hasrecommended to the Board that they shall continue to act as Independent Non-Executive Directors of the Company. Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin were appointed as Independent Non-Executive Directors on 10 January 2002 and 8 August 2006 respectively, and they have served the Company for more than nine (9) years as at the date of the notice of 25th AGM. However, Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin have met the independence guideline as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considers Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin to be Independent and recommends them to remain as Independent Non-Executive Directors subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance 2017.

16. *Item 10 of the Agenda*
    Ordinary Resolution 9 is proposed to grant a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Section 76 of the Companies Act, 2016 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company as the Directors may consider such an act to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

    As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 28 May 2018 and which will lapse at the conclusion of the 25th AGM.

    The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and /or acquisitions.

17. *Item 11 of the Agenda*
    Special Resolution is proposed adoption of new Constitution, which if passed, will streamline the Company's Constitution with the new provisions of the Companies Act, 2016, amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market and enhance administrative efficiency. The Board proposed that the existing Constitution be revoked in its entirety and the proposed new Constitution of the Company as set out in "Appendix A" despatched together with the Company's 2018 Annual Report be adopted as the new Constitution of the Company. The Proposed Adoption shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the 25th AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 25th AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
(ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty

STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Director standing for re-election

   There is no individual seeking election as a Director at the forthcoming 25th AGM.

2. Statement relating to a general mandate for the issue of securities in accordance with Paragraph 6.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to the Explanatory Note 16 of the Notice of the 25th AGM set out on Page 6.

CORPORATE STRUCTURE

SINMAH CAPITAL BERHAD
(301653-V)

- **100%** Sinmah Livestocks Sdn Bhd
  - **100%** Bersatu Segar Sdn Bhd
  - **100%** Dee Huat Farming Trading Sdn Bhd
  - **100%** Chem Ventures Sdn Bhd
  - **51%** Syarikat Perniagaan Suann Sdn Bhd
    - **100%** Suann Food Processors Sdn Bhd
  - **100%** SM Broilers Sdn Bhd
- **99.99%** Sinmah Multifeed Sdn Bhd
- **100%** Sinmah Breeders Sdn Bhd
- **100%** Sinmah Land Services Sdn Bhd
  - **100%** Sinmah Project Management Sdn Bhd
- **100%** Sinmah Development Sdn Bhd
  - **100%** Realtemas Realty Sdn Bhd
  - **100%** Sinmah Builders Sdn Bhd
  - **100%** Cosmal Enterprise Sdn Bhd
  - **70%** Sinmah Encorp Development Sdn Bhd
- **70%** Sinmah Amegajaya Healthcare Sdn Bhd
  - **85%** SAH Mutiara Sdn Bhd
  - **95%** SAH Medical Center Sdn Bhd
    - **100%** SAH Medical Center (Segamat) Sdn Bhd
  - **100%** Sterling Healthcare Sdn Bhd
- **100%** SAH Medical Sdn Bhd
  - **100%** SAH Medical Center (Melawati) Sdn Bhd

Changing Lives For The Better

We are committed to making a positive difference through our dynamic business activities. Our endeavours in the property development industry has led to the creation of close-knit communities. While our healthcare achievements in the near future have significantly enhanced the quality of life for our patients.

Inspired by our success, we are surging ahead to discover new opportunities and to fulfil our true potential.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Hj. Zainal Bin Hj. Shamsudin / Chairman, Independent Non-Executive Director
Dato' Fong Kok Yong / Managing Director
Datuk Fong Kiah Yeow / Executive Director
Fong Ngan Teng / Executive Director
Fong Choon Kai / Executive Director
Mohd Khasan Bin Ahmad / Senior Independent Non-Executive Director
Munawar Kabir Mohd Bin Zainal Abidin / Independent Non-Executive Director
Datuk Ng Peng Hong @ Ng Peng Hay / Non-Independent Non-Executive Director

AUDIT & NOMINATION COMMITTEE

Mohd Khasan Bin Ahmad
Chairman, Senior Independent Non-Executive Director
(Redesignated wef 23.02.2018)

Datuk Hj. Zainal Bin Hj. Shamsudin
Independent Non-Executive Director
(Redesignated wef 23.02.2018)

Munawar Kabir Mohd Bin Zainal Abidin
Independent Non-Executive Director

REMUNERATION COMMITTEE

Mohd Khasan Bin Ahmad
Chairman, Senior Independent Non-Executive Director

Datuk Hj. Zainal Bin Hj. Shamsudin
Member, Independent Non-Executive Director

Munawar Kabir Mohd Bin Zainal Abidin
Member, Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Dato' Fong Kok Yong
Managing Director - Chairman

Nolan John Felix
Senior Manager cum Company Secretary - Key Risk Officer

Datuk Fong Kiah Yeow
Executive Director - Member

Fong Ngan Teng
Executive Director - Member

Hoh Koei Teng
Director, Healthcare Division - Member

Kow Keng Yam
Director, Property Development Division - Member

Liew Seng Aun
Director, Corporate Affairs - Member

Kalaichelwan a/l Muniandy
General Manager, Business Development and Human Resource - Member

Chung Cheng Yuan
Assistant General Manager, Management Information System Division - Member

Yong Vee Ming
Assistant General Manager, Broiler Division - Member

REGISTERED OFFICE

No. 4-1 Kompleks Niaga Melaka Perdana
Jalan KNMP 3, 75450 Bukit Katil Melaka
Tel : 06-232 6033
Fax : 06-232 6034

PRINCIPAL PLACE OF BUSINESS

AG 5730
Alor Gajah Industrial Estate
78000 Alor Gajah, Melaka
Tel : 06-556 1293
Fax : 06-556 2445

REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel : 03-7849 0777
Fax : 03-7841 8151

COMPANY SECRETARIES

Teo Soon Mei (MAICSA 7018590)
Nolan John Felix (MIA 18938)
Chua Siew Yin (MAICSA 7065531)

AUDITORS

UHY
Chartered Accountants
Suite 11.05 Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3088
Fax : 03-2279 3099

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : SMCAP
Stock Code : 9776
Sector : Consumer Products

DIRECTORS' PROFILE

Y. BHG. DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN

CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR,
MEMBER OF AUDIT, NOMINATION AND REMUNERATION COMMITTEES
72 years of age – Malaysian-Male

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin was appointed to the Board of Sinmah Capital Berhad ("Sinmah Capital") as Chairman of Sinmah Capital on 8 August 2006. He is also a member of the Audit, Nomination and Remuneration Committees of Sinmah Capital.

Y. Bhg. Datuk Hj. Zainal holds a Diploma in Police Science and he has served in the Royal Malaysian Police Force since June 1965 until his retirement in June 2003. Y. Bhg. Datuk Hj. Zainal began his career in the Royal Malaysian Police Force as an Investigation Officer and has climbed the rank of SAC(I) holding the post of Deputy Director (II) of the Malaysian Special Branch when he retired. He also sits on the boards of several private limited companies.

In recognition of his continuous efforts and dedication to the Malaysian Police Force, Y. Bhg. Datuk Hj. Zainal was conferred the Panglima Gemilang Darjah Kinabalu (P.G.D.K.) by His Excellency, the Governor of Sabah in September 2000.

Subsequently, in July 2008, in recognition of his many past contributions to the Malaysian Police Force, Y. Bhg. Datuk Hj. Zainal was conferred the Jaksa Pendamai (J.P) by HRH Yang Di-Pertuan Besar Negeri Sembilan.

As at the date of this annual report, Y. Bhg. Datuk Hj. Zainal does not have any interest in Sinmah Capital. He has attended all five (5) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE

Y. BHG. DATO' FONG KOK YONG

MANAGING DIRECTOR
68 years of age – Malaysian-Male

Y. Bhg. Dato' Fong Kok Yong was appointed to the Board of Sinmah Capital on 10 February 1995 and is currently the Managing Director of Sinmah Capital.

Y. Bhg. Dato' Fong Kok Yong graduated from the University of Singapore in 1975 with a Bachelor of Business Administration degree. He joined Sinmah Multifeed Sdn Bhd, a wholly owned subsidiary of Sinmah Capital on 18 October 1976 as a Director. He presently oversees the Group's operations.

Y. Bhg. Dato' Fong Kok Yong is currently,

(i) Advisor to the Federation of Livestock Farmers' Associations of Malaysia (since 1995)
(ii) Member, Malaysian Institute of Management (since 1990)

He had also served in the various positions/bodies during the past years:-

(i) Secretary General, Federation of Livestock Farmers' Associations of Malaysia (1986 – 1991)
(ii) President, Federation of Livestock Farmers' Associations of Malaysia (1991 – 1995)
(iii) President, Federation of Asean Poultry Producers (March 2003 – March 2005)
(iv) Director, Selangor Chinese Chamber of Commerce and Industry (1991 – 1995)
(v) Director, Malacca Chinese Chamber of Commerce and Industry (1995 to 2000)

In October 2008, in recognition of his continuous efforts, dedication and contribution to the livestock industry in Malaysia, Y. Bhg. Dato' Fong Kok Yong was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) by HRH, the Sultan of Pahang.

As at the date of this annual report, Y. Bhg. Dato' Fong Kok Yong has an indirect interest of 36,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

Y. BHG. DATUK FONG KIAH YEOW

EXECUTIVE DIRECTOR
65 years of age – Malaysian-Male

Y. Bhg. Datuk Fong Kiah Yeow was appointed to the Board of Sinmah Capital on 10 February 1995.

Y. Bhg. Datuk Fong Kiah Yeow completed an accountancy course in 1975 from the Tottenham College of Technology, United Kingdom. He was also an associate member of the Chartered Association of Certified Accountants, United Kingdom. Immediately, upon completion of his studies, Y. Bhg. Datuk Fong Kiah Yeow joined his family business and was responsible for his family's rice wholesale business. He was later appointed to the Board of Sinmah Multifeed Sdn Bhd on 31 January 1980. He is presently responsible for the Group's corporate affairs and financial matters. He also sits on the board of several private limited companies.

In October 2008, in recognition of his efforts and dedication, Y. Bhg. Datuk Fong Kiah Yeow was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by His Excellency, the Governor of Melaka.

As at the date of this annual report, Y. Bhg. Datuk Fong Kiah Yeow has a direct interest of 17,402,200 shares and an indirect interest of 36,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

FONG NGAN TENG

EXECUTIVE DIRECTOR
61 years of age – Malaysian-Male

Fong Ngan Teng was appointed to the Board of Sinmah Capital on 10 February 1995. He graduated in 1982 with a Bachelor of Arts (Honours) degree from The City of London Polytechnic in United Kingdom. He joined Sinmah Multifeed Sdn Bhd upon his graduation and was appointed as a Director of Sinmah Multifeed Sdn Bhd on 1 March 1983. He is currently the Group's Marketing Director and is also responsible for the breeding, hatchery and contract farming of the Group. He also sits on the boards of several private limited companies.

As at the date of this annual report, Fong Ngan Teng has a direct interest of 15,256,000 shares and an indirect interest of 36,721,253 shares in Sinmah Capital. He has attended four (4) board meetings and one (1) special meeting held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE

FONG CHOON KAI

EXECUTIVE DIRECTOR
58 years of age – Malaysian-Male

Fong Choon Kai was appointed to the Board of Sinmah Capital on 10 February 1995. He graduated in 1985 with a Bachelor of Actuarial Science (Honours) degree from London School of Economics, United Kingdom and later in 1987, with a Masters degree in Systems Analysis and Design from The City University, United Kingdom. Thereafter, he was attached to a public chartered accounting firm, Lewis, Berman & Partners in United Kingdom for 2 years. Prior to his appointment to the Board of Sinmah Multifeed Sdn Bhd on 15 January 1992, he was engaged in a construction and property development company, Hanover Construction Ltd, as well as in export and import business of Hanover Trading Ltd, United Kingdom for 2 years. Fong Choon Kai is currently responsible for all administrative matters in the Group. He also sits on the boards of several private limited companies.

As at the date of this annual report, Fong Choon Kai has a direct interest of 15,256,000 shares and an indirect interest of 36,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

Y. BHG. DATUK NG PENG HONG @ NG PENG HAY

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
67 years of age – Malaysian-Male

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay was appointed to the Board of Sinmah Capital on 10 February 1995.

Y. Bhg. Datuk Ng Peng Hong was the State Assemblyman for Tengkera Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Co-ordinator by the Melaka State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka.

In recognition of his efforts and dedication, Y. Bhg. Datuk Ng Peng Hong was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by His Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal.

Y. Bhg. Datuk Ng Peng Hong is also the Chairman of Koperasi Jayadiri Malaysia Berhad, Wellcall Holdings Berhad and I-Capital.Biz Berhad and is the Independent Non-Executive Chairman in CRG Incorporation Berhad.

On 1 January 2017, Y. Bhg. Datuk Ng Peng Hong was redesignated as a Non-Independent Non-Executive Director in Sinmah Capital.

As at the date of this annual report, Y. Bhg. Datuk Ng Peng Hong does not have any interest in Sinmah Capital. He has attended four (4) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

MOHD KHASAN BIN AHMAD

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRMAN OF AUDIT, NOMINATION AND REMUNERATION COMMITTEES
58 years of age – Malaysian

Mohd Khasan Bin Ahmad was appointed to the Board of Sinmah Capital on 10 January 2002. He is the Chairman of the Audit, Nomination and Remuneration Committees of Sinmah Capital.

Mohd Khasan obtained a diploma in Accountancy and later graduated with a degree in Accountancy from University Teknologi Mara. He is a member of the Malaysian Institute of Accountants ("MIA"). He served Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the Capital Issues Committee ("CIC") as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He joined the private sector in 1997 and held various senior management positions. Mohd Khasan also sits on the Board of Ta Win Holdings Berhad, Crest Builder Holdings Berhad, Homeritz Corporation Berhad and Mexter Technology Berhad as an Independent Non-Executive Director.

As at the date of this annual report, Mohd Khasan does not have any interest in Sinmah Capital. He has attended all five (5) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE

MUNAWAR KABIR MOHD BIN ZAINAL ABIDIN

INDEPENDENT NON-EXECUTIVE DIRECTOR,
MEMBER OF AUDIT, NOMINATION AND REMUNERATION COMMITTEE
67 years of age – Malaysian

Munawar Kabir Mohd Bin Zainal Abidin was appointed to the Board of Sinmah Capital on 17 September 2015. He is also a member of the Audit, Nomination and Remuneration Committees of Sinmah Capital.

Munawar Kabir Mohd began his career in 1978 as an Investigation Officer attached to the then National Bureau of Investigation which later underwent transformation and is currently known as the Malaysian Anti-Corruption Commission. Whilst attached at Malaysian Anti-Corruption Commission, Munawar Kabir Mohd was given the task of investigating and prosecuting cases involving corruption and malpractices. He has represented the Malaysian Government at the United Nations Convention against Corruption at Vienna, Austria pursuant to resolution 55/61 of 4th December 2000, in which the United Nations General Assembly established an Ad Hoc Committee for the negotiation of an effective international legal instrument against corruption.

In March 2005, Munawar Kabir Mohd was seconded to a national energy supply utility viz. Tenaga Nasional Berhad which is responsible for the Generation, Transmission and Distribution of energy supply in West Malaysia. He was initially seconded as a Senior Manager of the Intelligence & Investigation Unit and was later promoted to the General Manager of Security & Intelligence Division.

Munawar Kabir Mohd has been an active part of the prosecution team in several corruption cases; many of them being high profile corruption trials. He also has vast experience in the investigation and intelligence domain. Over the years, he was a member of the Task Force in matters related to International Extradition, Financial Disputes, Company Matters, Corporate Compliance Programmes, Forfeiture of Property and Money Laundering, to name a few.

Currently, Munawar Kabir Mohd is an Advocate & Solicitor and is the managing partner of Munawar & Associates.

As at the date of this annual report, Munawar Kabir Mohd does not have any interest in Sinmah Capital. He has attended four (4) board meetings and one (1) special board meeting held during the financial year ended 31 December 2018.

ADDITIONAL INFORMATION

(i) Conflict of interest
None of the Directors have any conflict of interest with the Company.

(ii) Family Relationship with any Director and / or Major Shareholder
None of the Directors have family relationship with any Director and / or major shareholder of the company except for Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai who are brothers.

(iii) Conviction for offences (within the past 10 years, other than traffic offences)
None of the Directors have been convicted for offences.

KEY SENIOR MANAGEMENT PROFILE

HOH KOEI TENG

EXECUTIVE DIRECTOR - HEALTHCARE DIVISION
59 years of age - Malaysian - Male

Hoh Koei Teng joined Sinmah Multifeed Sdn Bhd, a subsidiary of Sinmah Capital Bhd, in 1988 as the Head of Accounting Department and currently holds the position of Executive Director of Sinmah Amegajaya Healthcare Sdn Bhd, a 70% owned subsidiary of Sinmah Capital Berhad, which is involved in healthcare business. Prior to joining Sinmah Multifeed Sdn Bhd, Hoh Koei Teng was attached to various companies within the Multi-Purpose Holdings Berhad group. Hoh Koei Teng was also one of the key management personnel who was involved in leading the Sinmah Capital Berhad to its listing on Bursa Malaysia in 1995.

Hoh Koei Teng was previously an associate member of the Association of Chartered Certified Accountants (“ACCA”). He has more than 30 years of working experiences in the fields of accounting, financial management, taxation, internal control and other related corporate functions.

Currently, Hoh Koei Teng represents Sinmah Capital Berhad to oversee the operations of healthcare division and also oversees the Management Information System (“MIS”) functions of the Sinmah Capital Berhad and its Group of Companies (“the Sinmah Group”). He also sits as a Director in several subsidiaries of Sinmah Capital Berhad.

KOW KENG YAM

EXECUTIVE DIRECTOR - PROPERTY DEVELOPMENT DIVISION
58 years of age - Malaysian - Male

Kow Keng Yam joined Sinmah Development Sdn Bhd in 1997 and currently sits as a Director in Sinmah Development Sdn Bhd and Sinmah Builders Sdn Bhd, both are wholly owned subsidiaries of Sinmah Capital Berhad. Prior to joining Sinmah Development Sdn Bhd, he worked with Supreme Corporation Berhad (now known as Lion Land Berhad) as a project manager.

Kow Keng Yam graduated from Tunku Abdul Rahman College with a Diploma in Building Technology and Management in 1984. He has more than 30 years of working experiences in managing mixed development housing projects in the areas of Property Development and Construction industry.

Currently, Kow Keng Yam holds the position of Executive Director – Property Development Division and heads the operations of property development division of the Sinmah Group.

KEY SENIOR MANAGEMENT PROFILE

LIEW SENG AUN

EXECUTIVE DIRECTOR - CORPORATE AFFAIRS
49 years of age - Malaysian - Male

Liew Seng Aun joined Sinmah Capital Berhad in 1999 as an Accountant and currently sits as a Director in SM Broilers Sdn Bhd and Sinmah Development Sdn Bhd, both are wholly owned subsidiaries of Sinmah Capital Berhad. He started his career in auditing under Coopers & Lybrand (now known as PricewaterhouseCoopers) in 1995. Prior to joining the Sinmah Group, he was attached to the taxation division under PricewaterhouseCoopers Taxation Services Sdn Bhd.

Liew Seng Aun studied in Tunku Abdul Rahman College and passed his Association of Chartered Certified Accountants ("ACCA") professional examinations in 1995. He also holds a Master of Business Administration specialising in Finance from the University of Leicester, United Kingdom. In 2018, he passed the Module 12 and Module 19 Licensing Examinations by the Securities Industry Development Corporation ("SIDC"), which is under the Securities Commission Malaysia ('SC"). He is a member of Malaysian Institute of Accountants ("MIA") and a Fellow member of the ACCA. He is also a member of Chartered Tax Institute of Malaysia, Institute of Internal Auditors Malaysia and Malaysia Institute of Management.

Liew Seng Aun has about 25 years of working experiences in the fields of accounting, financial management, taxation, internal audit, internal control, risk management, corporate governance, company secretarial and other related corporate functions.

Currently, Liew Seng Aun holds the position of Executive Director – Corporate Affairs and heads the corporate affairs division of the Sinmah Group.

DR. MOHD ISMAIL ABDUL HAMID

CHIEF EXECUTIVE OFFICER - HEALTHCARE DIVISION
61 years of age - Malaysian - Male

Dr. Mohd Ismail Abdul Hamid is one of the co-founders of Amegajaya Medical Planners Sdn Bhd which is a medical planning company registered with the Ministry of Finance. Amegajaya Medical Planners Sdn Bhd is involved in the physical and operational planning of hospitals. He also holds 60% of the total paid up capital of Amegajaya Ventures Sdn Bhd, which in turn owns 30% of the total paid up capital of Sinmah Amegajaya Healthcare Sdn Bhd ("SAH").

Dr. Ismail graduated from Universiti Kebangsaan Malaysia in 1984 with Doctor of Medicine (MD) and completed his housemanship at Seremban General Hospital. He completed his General Surgical training and passed the Fellowship in Surgery from the Royal College of Surgeons and Physicians at Glasgow, Scotland. He sub-specialised in Cardiothoracic Surgery at University Malaya Medical Center and did Fellowships at the Medical College of Virginia, Richmond Virginia, USA and further cardiac surgical training at Southampton, Oxford and London. He returned in 1994 and subsequently set up the first cardiothoracic unit in Malacca and performed the state's first open heart surgery in 1995.

As a result of his wide experience in setting up acute care units and cardiothoracic surgical units, he has wide in-depth knowledge in medical planning. He has been involved in hospital projects involving University Putra Malaysia's Medical Faculty, University Sabah Malaysia's Teaching Hospital and Private wing, University Hospital for the National Defence University's Medical Faculty at Wangsa Maju, Kuala Lumpur and UiTM's hospitals for their medical school. He has been involved in the healthcare industry for over 30 years.

Dr. Ismail is currently the chief executive officer of Sinmah Amegajaya Healthcare Sdn Bhd ("SAH"), a 70% owned subsidiary of Sinmah Capital Berhad, and the subsidiary companies of the SAH group. He is currently also assigned to lead SAH and the SAH group of subsidiaries.

KEY SENIOR MANAGEMENT PROFILE

TAN TUCK WING

DIRECTOR - HEALTHCARE DIVISION
58 years of age - Malaysian - Male

Tan Tuck Wing holds the portfolio of Director of Strategy and Finance in Amegajaya Medical Planners Sdn Bhd which is a registered medical consultant with the Ministry of Finance, Malaysia. He is also one of the corporate representatives appointed by Amegajaya Ventures Sdn Bhd (“AVSB”) to sit on the board of Sinmah Amegajaya Healthcare Sdn Bhd. He holds 40% of the total paid up capital of AVSB, which in turn owns 30% of the total paid up capital of Sinmah Amegajaya Healthcare Sdn Bhd (“SAH”).

Tan Tuck Wing started his career in 1981 with Touch Ross International Malaysia while pursuing his ACCA qualifications. He holds a Master of Business Administration (“MBA”) from SMF, St. Gallen, Switzerland. His audit career which spanned 5 years involved clients in various industries, namely financial institutions, property development, oil & gas, manufacturing and other sectors. During the 1990s, Tan Tuck Wing took up expatriate appointments in Jakarta, Indonesia. In 2009, Tan Tuck Wing formed his own consulting firm that provided corporate advisory, private equity and real estate services.

Currently, Tan Tuck Wing holds the position of Director in Sinmah Amegajaya Healthcare Sdn Bhd (“SAH”), a 70% owned subsidiary of Sinmah Capital Berhad, and certain of the subsidiary companies within the SAH group.

KALAI CHELVAN MUNIANDY

GENERAL MANAGER - BUSINESS DEVELOPMENT AND HUMAN RESOURCE
55 years of age - Malaysian - Male

Kalai Chelvan Muniandy joined the Sinmah Group in 1996. Prior to joining the Sinmah Group, he worked in Education Ministry and Plantation Industry. He graduated from University of Malaya and also has completed his Master in Occupational Safety Health and Risk Management. Kalai Chelvan Muniandy is a Certified Trainer and a Competent Safety & Health Officer with DOSH and CIDB. He is also a Committee Member of the Human Resource FMM Melaka State.

He has been dealing in the field of Human Resources, Administration, Safety & Health, Training, Education, Industrial Relations, Public Relations, Halal, Quality & Productivity, and Auditing expertise in various industry such as Manufacturing, Farming, Property and Plantation for over 25 years.

He currently holds the position of General Manager – Business Development and HR of the Sinmah Group.

KEY SENIOR MANAGEMENT PROFILE

MANOJ KUMAR SUKUMARAN

GENERAL MANAGER - PROPERTY DEVELOPMENT DIVISION
50 years of age - Malaysian - Male

Manoj Kumar Sukumaran joined Sinmah Builders Sdn Bhd, a wholly owned subsidiary of Sinmah Capital Berhad, in 1997. He had pursued Diploma in Civil Engineering and holds a Degree in Construction Management. He is currently pursuing his Master of Safety and Risk Management at OUM.

In his earlier career, he was attached with YTL group. Manoj Kumar is also registered with CIDB Construction Personnel. He has more than 25 years of working experience in planning and managing construction works.

He currently holds the position of General Manager in Sinmah Builders Sdn Bhd.

CHUNG CHENG YUAN

ASSISTANT GENERAL MANAGER - MANAGEMENT INFORMATION SYSTEM DIVISION
45 years of age - Malaysian - Male

Chung Cheng Yuan started his career with the Sinmah Group in 1995 as a Computer Programmer. He had implemented many computerised systems within the Sinmah Group over the years to ease the Group's operations. One of the most remarkable system implemented by him was the FPS system, which was used in the food processing plant to track the entire production and provide real time information on stock movement.

Chung Cheng Yuan graduated in 1998 with a Bachelor of Information Technology (Major in Computer Science) degree from The University of Southern Queensland in Australia.

Currently, he holds the position of Assistant General Manager – Management Information System ("MIS") Division of the Sinmah Group and oversees the MIS functions of the Sinmah Group which includes to develop, implement and manage the entire corporate IT system.

YONG VEE MING

ASSISTANT GENERAL MANAGER - BROILER DIVISION
39 years of age - Malaysian - Male

Yong Vee Ming joined Sinmah Livestocks Sdn Bhd, a wholly owned subsidiary of Sinmah Capital Bhd, in year 2010 as Sales Manager of the Broilers division. Yong Vee Ming is currently responsible to secure the contract farmers as well as expanding its customers base for the live broilers sales of the Sinmah Group. Yong Vee Ming has a Diploma in Electro Mechanical Engineering. Prior to joining Sinmah Livestocks Sdn Bhd, he was attached to several major poultry companies in Malaysia.

Yong Vee Ming has more than 15 years working experience in the poultry industry specifically in broilers farming and sales & marketing of live broilers.

He currently holds the position Assistant General Manager – Broilers Division in SM Broilers Sdn Bhd, a wholly owned subsidiary of Sinmah Capital Berhad.

KEY SENIOR MANAGEMENT PROFILE

NOLAN JOHN FELIX

SENIOR MANAGER - CORPORATE AFFAIRS CUM JOINT COMPANY SECRETARY
54 years of age - Malaysian - Male

Nolan John Felix joined Sinmah Capital Berhad as an Internal Auditor in the year 2000. He graduated with a Degree in Accountancy from Universiti Malaya in 1990. He is a Member of Malaysian Institute of Accountants ("MIA").

Nolan John Felix has more than 25 years of working experiences in the field of accounting, financial management, taxation and auditing. He started his auditing career in Ernst & Young in 1994. Prior to joining the Sinmah Group, he worked as an Audit Senior with Deloitte Kassim Chan.

Currently, he holds the position of Senior Manager, Corporate Affairs and oversees the accounting, corporate governance, risk management and secretarial functions of the Sinmah Group. He is currently also the joint Company Secretary for the Sinmah Group.

TAY YEK LEE

GROUP ACCOUNTANT
42 years of age - Malaysian - Female

Tay Yek Lee joined the Sinmah Group in 2006 as a Senior Accountant. She graduated with a Degree in Accountancy from Universiti Putra Malaysia in the year 2000. She is a Member of Malaysian Institute Accountants ("MIA").

Tay Yek Lee has about 20 years of working experience in the field of accounting, taxation and financial management. Upon her graduation from the university, she started her career in auditing with Arthur Andersen. Prior to joining the Sinmah Group, she worked as an Audit Senior with Deloitte Kassim Chan.

Currently, Tay Yek Lee oversees the accounting, financing and taxation functions of the Sinmah Group.

YEO PAY LENG

SENIOR SALES MARKETING ADMINISTRATION MANAGER - PROPERTIES DIVISION
57 years of age - Malaysian - Female

Yeo Pay Leng joined Sinmah Development Sdn Bhd in year 1995 as a Sales Administration Manager. Prior to joining Sinmah Development Sdn Bhd, she worked with Supreme Corporation Berhad (now known as Lion Land Berhad).

She is responsible for all sales, marketing and administration matters of Sinmah Development and has nearly 25 years of experience in the sales and marketing of the property development industry.

Currently, Yeo Pay Leng holds the position of Senior Manager – Sales, Marketing & Admin in Sinmah Development Sdn Bhd.

KEY SENIOR MANAGEMENT PROFILE

DR. MURALI GANESAN

SENIOR MANAGER (CLINICAL OPERATION) - HEALTHCARE DIVISION
34 years of age - Malaysian - Male

Dr Murali Ganesen, joined Sinmah Amegajaya Healthcare Sdn Bhd in 2017. He graduated from Crimea State Medical University, Simferopol, Ukraine with a medical degree. He started his medical career in Miri General Hospital, Sarawak. Subsequently, he ventured into his own business, dealing with complementary medicine and skin care products. He was actively involved in conducting general healthcare talks and electric field therapy. He joined Qualitas Medical Group as a Clinical Audit Manager where he was tasked with auditing the clinical aspect of Qualitas-owned clinics in Malaysia. Subsequently, he was promoted as Business Unit Manager and managed over 20 clinics in the Klang Valley and Negeri Sembilan.

He currently holds the position of Senior Manager – Clinical Operations in Sinmah Amegajaya Healthcare Sdn Bhd and is responsible for the planning of new projects and hospital operational-related issues.

KHAIRUN NISHA BINTI OMAR

SENIOR MANAGER - HUMAN RESOURCE & ADMINISTRATION - HEALTHCARE DIVISION
44 years of age - Malaysian - Female

Khairun Nisha joined Sinmah Amegajaya Healthcare Sdn Bhd (“SAH”) in 2018. Prior to joining SAH, she worked in a manufacturing industry in a US based multinational company.

Khairun Nisha graduated from Universiti Teknologi MARA with a Master of Business Administration (“MBA”) and is currently pursuing her PhD in Business Management. Prior to that, she holds a Diploma as well as Bachelor Degree in Human Resource Management from UiTM as well.

Khairun Nisha has extensive working experiences in the field of Human Resource areas for more than 20 years with sufficient background in Recruitment, Compensation and Benefits, Training and Development as well as Relations. She handled some important projects like Benefits Review, Streamline Human Resource Operations and Processes, Reviewing Employee Handbook, Payroll Outsourcing and also Time Attendance System Enhancement.

She currently holds the position of Senior Manager – HR & Admin in Sinmah Amegajaya Healthcare Sdn Bhd and is currently responsible for the human resource and administration of the healthcare division within the Sinmah group.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear valued shareholders and stakeholders

On behalf of my fellow Board members, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2018 ("FYE 2018"), which is accompanied by this Management Discussion and Analysis.

A. GROUP STRUCTURE

Sinmah Capital Berhad ("SCB") is an investment holding company with subsidiaries as shown on page 8 of this Annual Report. The principal activities of SCB and its subsidiaries ("the Group") are shown on pages 114 to 115 of this Annual Report. There are no associated companies in the Group.

B. OVERVIEW OF SCB'S BUSINESS ACTIVITIES

The Group has 3 reportable business segments comprising:-

1. Poultry

The poultry segment comprises manufacturing and wholesale of animal feeds, broiler contract farming and trading of broilers and day-old chicks and poultry biologicals. These activities were carried out by Sinmah Multifeed Sdn Bhd, Sinmah Livestocks Sdn Bhd ("SLSB") and SM Broilers Sdn Bhd. Poultry products are sold to contract farmers and wet market wholesalers.

During the previous FYE 2017, the Group completed the disposal of several of its broiler and breeder farm lands and assets. The whole disposals of breeder and broiler farm lands and assets were completed in the FYE 2018. To replace the disposed broiler farm lands and assets for farming activities, the Group had secured contract farming arrangements with farmers who have land and farm buildings for broiler rearing activities.

On 27 February 2019, Sinmah Multifeed Sdn Bhd, the 99.99% owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with Huat Lai Feedmill Sdn Bhd to dispose-off two (2) parcels of leasehold land measuring a total of approximately 4.52 acres (approximately 18,309.90 square meters) together with buildings erected thereon as well as plant and machineries attached to the property for a total cash consideration of RM27.20 million.

Hence, moving forward we shall remain in this segment via contract farming and trading of live broilers, with a view of operating at reduced costs whilst maintaining viability of the poultry segment.

2. Housing Development

This comprises development and construction of residential and commercial properties. These activities are carried out by Sinmah Development Sdn Bhd and Sinmah Builders Sdn Bhd.

The Group's housing development and construction operations are currently based in Melaka and Johor only. Since venturing into the housing development activity in 1995, the Group has undertaken housing development projects in the following localities:

1) Bukit Katil

The Group commenced its housing development activities in 1995 by developing freehold land located at Bukit Katil, Melaka into 1,473 units of mixed residential and commercial properties. Development in this area is at its tail end, where nearly all units have been completed and sold.

2) Krubong

In 2008, the Group purchased a piece of leasehold land measuring 24.282 hectares to be developed into 711 units of mixed development. To- date, 552 units of properties were fully completed construction. 128 units are still under construction and the remaining units are yet to commence construction.

3) Tanjung Minyak

This is a relatively small piece of freehold land on which the Group had intended to build 14 units of double-storey terrace houses and 24 units of double-storey shop office. All the double-storey terrace houses and 15 units of the double-storey shop office have been completed during the FYE 2018. All double-storey terrace houses have already been sold while under construction but only 3 units of the shop office have been sold. Due to the slow take up rate of the shop offices, the Group had applied for change in plan for the 9 units of shop offices that have yet to commence construction, to construct double-storey houses instead. The Group has submitted its application for change in plan during the FYE 2018 and is waiting for approval from the relevant authorities.

Due to the high demand of the residential units, the Group has acquired 2.675 acres of land beside the Group's existing Tanjong Minyak project for the proposed development of 34 units of double storey terrace houses.

Our objectives are to expand our housing development activities with the view of diversifying into housing development on a larger scale. In line with this objective, Sinmah Development Sdn Bhd, a wholly-owned subsidiary of the Company had on 8 June 2017 entered into a joint-venture agreement with Encorp Bukit Katil Sdn Bhd, a wholly-owned subsidiary of Encorp Berhad, to carry out a mixed development project on land measuring 77.94 acres held as part of PN 58507, Lot 31915 (formerly known as PN43209, Lot 6934), Mukim Bukit Katil, District of Melaka Tengah in the state of Melaka. However, the joint-venture agreement was mutually terminated on 10 December 2018 due to non-completion of conditions precedent.

In order to ensure that there will be adequate development and construction activities in the future, the Group has undertaken the following proposed acquisitions:

Proposed Acquisition of Two (2) Property Development Companies

On 6 December 2018, Sinmah Development Sdn Bhd, a wholly-owned subsidiary of the Company had entered into 2 conditional share sale agreements to acquire the entire share capital of Budi Saja Sdn Bhd ("Budi") and Meadow Assets Sdn Bhd ("Meadow").

Budi is the registered owner of ten (10) parcels of vacant freehold land located at Batu 17, Jalan Sengkang, Bukit Gambir, Muar, Johor with an aggregate area measuring approximately 55.24 acres which have been sub-divided into 390 individual titles and 56 strata titles will be issued after the completion of the development project on the said lands.

Meadow is the registered owner of a piece of vacant freehold land located at Mukim of Bukit Baru, in the district of Melaka Tengah measuring approximately 3.1374 acres.

The proposed acquisitions above are intended to enable Sinmah Development to expand the Group's property development activities by leveraging on the Planning Permissions held by Budi and Meadow.

3. Other Business Segments

This includes investment holding and provision of management services, trading of chemicals, medication and related equipment, healthcare services and inactive subsidiary companies, none of which are of a significant size to be reported separately. On 28 March 2109, we obtained our shareholders approval to diversify into healthcare services. Hence, we will then classify healthcare services as a separate business segment in the future financial years.

C. GROUP FINANCIAL PERFORMANCE AND POSITION REVIEW

The table below highlights the Group's key financial performance and position for FYE 2018:

	FYE 2018 RM'000	FYE 2017 RM'000	Changes RM'000
Revenue	180,931	299,532	-118,601
Expenses	64,726	57,139	+7,587
Other operating income	21,371	57,419	-36,048
Gross profit	8,220	25,200	-16,980
(Loss)/profit before taxation	(35,135)	25,480	-60,615
(Loss)/profit after taxation	(39,716)	15,221	-54,937
Gross profit margin	4.5%	8.4%	-3.9%
Pre-tax margin	(19.4%)	8.5%	-27.90%
Net profit / (loss) margin	(21.95%)	5.1%	-27.05%
Total assets	148,476	275,618	-127,142
Total liabilities	50,964	164,721	-113,757
Total equity	97,512	110,897	-13,385
Total borrowings	31,073	104,333	-73,260
Gearing ratio	0.32	0.92	-0.60
Cash and bank balances	9,785	3,815	+5,970
Issued and fully paid capital ('000)	153,439	123,200	+30,239
Net assets per share (sen)	45.61	181.6	-135.99
Basic earnings per share (sen)	(34.7)	24.6	-59.3

Revenue

The Group's revenue for FYE 2018 had decreased by RM118.60 million or 40% as compared to the financial year ended 31 December 2017 ("FYE 2017"). The decrease in revenue was mainly from its poultry segment due to decrease in sales volume of live broilers resulting from the disposal of the Group's breeder and broiler farm lands and assets during the FYE 2017 and FYE 2018. However, revenue from housing development segment had increased during the FYE 2018 as compared to the FYE 2017.

Gross profit

Gross profit had decreased by RM16.98 million or 67% in the FYE 2018. This was mainly from the poultry segment. This was partially offset by an increase in gross profit from the housing development segment.

Other operating income

Other operating income had decreased by RM36.05 million or 63% in the FYE 2018. The decrease is attributable to the following:-

(a) Pre-tax gain on disposal of several breeder and broiler farm lands and assets and other assets amounting to RM45.8 million in the FYE 2017.

(b) Pre-tax gain on disposal of 2 pieces of broiler farm land and assets, a piece of industrial land together with buildings and all its machinery and equipment including a poultry processing plant and a piece of land with a double-storey shop-house erected thereon, of about RM8.3 million.

The decrease was partially offset by the recognition of pre-tax gain on disposal of about RM16.1million, arising from the disposal of the balance broiler farms in FYE 2018.

Expenses

Expenses had increased by RM7.6 million or 13% in the FYE 2018. This was mainly due to repair and maintenance costs on disposed farms of RM10.38 million and impairment loss on non-trade receivables of RM3.19 million. These have been partially offset by a decrease in interest costs of RM7.07 million which resulted from repayment of bank borrowings during the FYE 2018.

Profit after tax

Significant decrease in profit after tax was due to significant decrease in revenue due to disposal of the Group's broiler and breeder farm lands and assets coupled by decrease in other operating income as explained above.

Total assets

Decrease in total assets was mainly due to disposals of properties as explained above.

Total liabilities

Decrease in total liabilities was mainly due to net repayment of banking facilities amounting to RM73.26 million during the FYE 2018.

The disposal of assets of the Group brought a positive impact to the financial statements of the Group whereby the Group's gearing ratio has decreased from 0.92 in the FYE 2017 to 0.32 in the FYE 2018.

D. OPERATIONS AND FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS

1. SEGMENT: POULTRY

Marketing and distribution of poultry feeds, broiler contract farming and trading of broilers and day-old chicks and poultry biologicals

FYE 2018 continued to be a challenging year for the poultry segment due to fluctuations in prices of imported raw feedstuffs resulting from fluctuations in USD exchange rates, coupled with stiff competition and low farm productivity.

The performance of the poultry segment for the FYE 2018 as compared to FYE 2017 is summarized below:

	2018 RM'000	2017 RM'000	VARIANCE RM'000
Total revenue	347,021	752,639	(405,618)
Inter-segment revenue	(182,840)	(462,987)	280,145
External revenue	164,181	289,652	(125,471)
Results			
Segment results	(33,737)	36,095	(69,832)
Interest income	548	1,593	(1,045)
Operating profit	(33,189)	37,688	(70,877)
Finance costs	(3,600)	(10,686)	7,086
Profit before taxation	(36,789)	27,002	(63,791)
Taxation	(5,974)	(10,129)	4,155
Profit/(loss) for the year	(42,763)	16,873	(59,636)

Revenue from the poultry segment decreased by RM125.47 million mainly due to disposal of breeder and broiler farm lands and assets as explained above.

Operating profit of the poultry segment had decreased by RM70.88 million mainly due to the lower gain on disposals of properties during the FYE 2018 compared to FYE 2017.

Hence, profit after taxation deteriorated from a profit of RM16.87 million in the FYE 2017 to a loss after taxation of RM42.76 million in the FYE 2018.

Strategies

Our strategy is to continue to be involved in the poultry segment by maintaining our contract farming customers and to increase trading in broilers and day-old chicks to supplement the profits from the poultry segment.

2. SEGMENT: HOUSING DEVELOPMENT

Construction and sale of residential and commercial properties

FYE 2018 was a better year for the housing development segment due to completion of 88 units of properties coupled with a new construction contract of RM12.3 million obtained from Koperasi Pekerja Johor ("KPJ").

The performance of the housing development segment for the FYE 2018 as compared to FYE 2017 is summarized below:

	2018 RM'000	2017 RM'000	VARIANCE RM'000
Total revenue	25,544	19,425	6,119
Inter-segment revenue	(8,794)	(9,845)	1,051
External revenue	16,750	9,580	7,170
Results			
Segment results	1,610	(42)	1,652
Interest income	85	105	(20)
Operating profit	1,695	63	1,632
Finance costs	(636)	(618)	(18)
Profit before taxation	1,059	(555)	1,614
Taxation	(394)	(36)	(358)
Profit/(loss) for the year	665	(591)	1,256

Revenue from the housing development segment increased by RM7.17 million mainly due higher recognition of profit on the percentage of completion method during the FYE 2018 as compared to FYE 2017 coupled with revenue recognised from the construction contract with KPJ during the FYE 2018.

Operating profit of the housing development segment had increased by RM1.63 million mainly due to increase in revenue as explained above.

As a result, profit after taxation improved from a loss of RM0.59 million in the FYE 2017 to a profit of RM0.67 million in the FYE 2018.

Strategies

Our strategy is to expand our activities in the housing development segment by sourcing for land banks and joint-venture opportunities within this segment. During the FYE 2018, the Group had purchased two (2) pieces of freehold land in Mukim Tanjung Minyak, Daerah Melaka Tengah, Negeri Melaka measuring a total of 9,326 square meters for future development. The Group had also entered into two (2) Share Sale Agreements to acquire two (2) development companies with lands situated in Bukit Gambir, Muar, Johore and Bukit Baru, Melaka.

3. SEGMENT: OTHERS

Investment holding and provision of management services, trading of chemicals, medication and related equipment and inactive subsidiary companies

The performance of other business segments for the FYE 2018 as compared to FYE 2017 is summarized below:

	2018 RM'000	2017 RM'000	VARIANCE RM'000
Total revenue	2,040	5,164	(3,124)
Inter-segment revenue	(2,040)	(4,864)	2,824
External revenue	-	300	(300)
Results			
Segment results	431	(808)	1,239
Interest income	326	-	326
Operating profit/(loss)	757	(808)	1,565
Finance costs	(160)	(159)	(1)
Profit/(loss) before taxation	597	(967)	1,564
Taxation	11	(94)	105
Profit/(loss) for the year	608	(1,061)	1,669

Revenue from the other business segments increased by RM0.30 million mainly due to ceasing of trading of chemicals, medication and related equipment to third party customers during the FYE 2018.

Operating profit of this segment had increased by RM1.57 million mainly due gain on disposal of property.

As such, the other segment's results improved from a loss after taxation of RM1.06 million in the FYE 2017 to a profit after taxation of RM0.61 million in the FYE 2018.

E. RISK MANAGEMENT

The Group has in place a risk management system to manage the risks of the Group. Among the risks managed by the Group are the following:

i) Fluctuations in commodity prices

The Group's feed-milling operations purchase various raw materials for feed production, some of which are imported, such as corn and soybean meal. These imported raw feedstuffs are subject to fluctuations in commodity prices. The Group mitigates the risk of fluctuations in commodity prices by entering into forward contracts for corn and soybean meal. The Group's housing development operations are also affected by the risk of fluctuating building material prices, such as steel, timber, bricks and cement. This risk is mitigated through constant monitoring of commodity prices to ensure that building materials are purchased in advance of impending prices increases.

ii) Fluctuations in foreign currency exchange

In importing corn and soybean meal, the Group is exposed to the risk of fluctuations in foreign currency exchange as prices of these commodities are usually quoted in US Dollars.

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

iii) Disease challenges

The Group mitigates the risk of disease challenges in its poultry rearing activities by ensuring proper bio-security measures are implemented at all farms in order to reduce the risk of outbreak of diseases.

iv) Credit risk

The Group's exposure to credit risk arises principally its receivables from customers and deposits with licensed banks and financial institutions. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

v) Liquidity risks

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

vi) Interest rate risks

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to risk of change in the fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at banks and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risks by reviewing its debts portfolio to ensure favourable rates are obtained.

F. CORPORATE GOVERNANCE

The Group is committed to implement the best practice of corporate governance to enhance and increase shareholders' value. The Group has its risk management and internal control procedures in place to ensure transparency, accountability and integrity are attained and maintained in managing the Group businesses.

Policies that the Group has officially adopted include Corporate Disclosure Policy, Fraud Policy, Whistle Blowing Policy, Group Risk Management Policy, Succession Planning Policy and Emergency Succession Planning Policy. The Group will continue to adopt more corporate policies to ensure sustainability of the Group.

The Board of Directors' responsibilities for preparing the annual audited financial statements are disclosed in the Directors' Responsibilities Statement set out in this Annual Report 2018.

The audited financial statements of Sinmah Capital Berhad are not subject to any qualification as disclosed in the Independent Auditors' Report to the Members.

G. OUTLOOK

With all disposals of breeder and broiler farm lands and assets fully completed in the FYE 2018, the Group's production and sale of live broilers have dropped to about 23,300 mt in the FYE 2018. The Group's live broilers production is expected to be about 6,200 mt during the coming financial year ending 31 December 2019 ("FYE 2019"). However, the Group intends to increase trading in poultry feeds, day-old chicks and broilers in the FYE 2019.

The Group is looking at ways to enhance its housing development operations. As explained above, Sinmah Development Sdn Bhd, a wholly-owned subsidiary of the Company had on 6 December 2018, entered into two Share Sales Agreements to acquire the entire share capital of Budi Saja Sdn Bhd ("Budi") and Meadow Assets Sdn Bhd ("Meadow").

Budi is the registered owner of ten (10) parcels of vacant freehold land located at Batu 17, Jalan Sengkang, Bukit Gambir, Muar, Johor with an aggregate area measuring approximately 55.24 acres which have been sub-divided into 390 individual titles and 56 strata titles will be issued after the completion of the development project on the said lands.

Meadow is the registered owner of a piece of vacant freehold land located at Mukim of Bukit Baru, in the district of Melaka Tengah measuring approximately 3.1374 acres.

The proposed acquisitions above are intended to enable Sinmah Development to expand the Group's property development activities by leveraging on the Planning Permissions held by Budi and Meadow.

Our Group's long-term growth plan is to diversify our business by venturing into other revenue- generating businesses in order to mitigate our Group's reliance on its poultry and property businesses.

As such, on 17 January 2019, SAH Medical Sdn Bhd, a 95% owned subsiary had entered into the Nilai Property Acquisitions to undertake the Proposed Nilai Development and to diversify into the provision of healthcare business by way of owning, constructing and operating a hospital and medical-related services.

ACKNOWLEDGEMENT

The Group gratefully acknowledges the support and guidance received from the State Government of Melaka, Department of Veterinary Services, the Agriculture Ministry, MITI, MIDA, Immigration Department, Ministry of Housing, Real Estate and Housing Developers' Association Malaysia (REHDA), Construction Industry Development Board (CIDB) and other ministries and agencies. Our appreciation is also extended to our business partners, consultants, customers, suppliers and financiers.

I also wish to extend my most heartfelt appreciation to my fellow Board members for their support, contribution and dedication in discharging their duties and responsibilities. We also recognize that our dedicated workforce remains the backbone of the Group and they had helped to build a good reputation that the Group currently enjoys. On behalf of the Board, I wish to express our utmost appreciation to them.

Lastly, I wish to thank you, our shareholders, for your unwavering support and we look forward to your continuing vote of confidence. Thank you.

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN
CHAIRMAN

SUSTAINABILITY STATEMENT

INTRODUCTION

This report covers Sinmah Capital Berhad's sustainability initiatives and practices, community engagement and activities and reporting of sustainability performance for the calendar year 2018.

We endeavour to move towards establishing an indicator to track and measure our achievement, in our continuous sustainability journey, with the aim to create sustainable value economically, environmentally and socially alongside our pursuit of business growth and long term value creation for stakeholders.

This is our second Sustainability reporting, thus we have gradually realign our approach in accordance to Bursa Malaysia Securities Berhad's Reporting Guide and started tracking the progress and performance of our sustainability initiatives partly using our Risk Control and Self-Assessment (RCSA) tool to consolidate our internal control system following the sustainability plans.

In 2018, Sinmah Capital Berhad reported its Sustainability Statement based on three (3) pillars; Economic, Environment and Social (EES). This year in order to build a sustainable society with our stakeholders, we realign our approach and incorporate the elements of EES into our Basic Principles represented by the four (4) prime pillars below.

Moving forward, Sinmah Capital Berhad Sustainability focuses on these 4 pillars, which are defined as:-

1) *Social Harmony*
   Sinmah Capital Berhad is a group whose operations are dedicated to the pursuit of social harmony and promote well-being.

2) *People*
   Sinmah Capital Berhad respects human dignity and values personal relationships. Our people are our assets.

3) *Community*
   Sinmah Capital Berhad rooted in local community life and dedicated to making a continuing contribution to the community.

4) *Customer*
   Simah Capital Berhad practices its "Customer First" philosophy with its ever-lasting innovative spirit.

SCOPE

This report covers the reporting period from 1 January 2018 to 31 December 2018. It covers the operations of Sinmah Capital Berhad, carried out along with our Sinmah Capital Berhad Basic Principles. This statement includes information on material sustainability issues as well as impacts of Sinmah Capital Berhad businesses on the society and environment. In 2018, our sustatinability practices and policies covered the feed-milling and property development businesses. However, businesses going forward, the Group will direct its sustainability practices and policies to focus into the property development and new businesses. This is in line with the disposal of feed-milling assets in 2019.

SUSTAINABILITY GOVERNANCE

As set out in the Board Charter, the Board of Directors ("Board") is responsible for reviewing and adopting the overall corporate strategy, plans and directions for the Company, including those related to sustainability. This is also in line with the expectation outlined in the Malaysian Code on Corporate Governance 2017.

As such, with the above in mind, the Board of Directors of Sinmah Capital Berhad is responsible for setting the sustainability direction of Sinmah Capital Berhad. For a start, an informal governance structure comprising of the Managing Director as the Chairman and members comprising of heads of department was established in order to manage the sustainability development of Sinmah Capital Berhad. The Audit Committee and Risk Committee will also assist to contribute and provide oversight towards sustainability.

Going forward, Sinmah Capital Berhad will set up a formalised task force to work towards the governance structure which then enables articulation of responsibilities in the day-to-day undertaking of the group in future. Current governance processes will be evaluated in order to determine the best manner to incorporate the sustainability related responsibilities so as to allow for efficiency and synergy. The followings will be the responsibilities set up for the task force:

- Incorporate sustainability into Sinmah Capital Berhad's Risk Management and Corporate Strategies
- Conduct stakeholder engagement processes
- Perform materiality assessments
- Oversee the management of material sustainability matters
- Monitor sustainability performance for reporting
- Develop sustainability disclosure for reporting

With the above responsibilities, the task force comprising of the Managing Director and heads of business units/departments of Sinmah Capital Berhadwill ensure that sustainability will continue to be embedded in Sinmah 's business strategy and operation. The Managing Director supported by the heads will implement the strategic plan, policies and decisions by the Board to achieve Sinmah Capital Berhad's objective of creating long-term value for its shareholders through, among others, excelling in customer service and providing sustainable best-in-industry performance in manufacturing, community, reputation and environmental impact.

MANAGEMENT POLICIES

Sinmah Capital Berhad's Board of Directors had approved and adopted the Sustainability Policy for the Group in 2018. The Sustainability Policy will form the directions taken by the formalised governance structure and used it to create the framework and structured approach to identify and assess the materiality of the sustainability matters. The Company recognises communication with stakeholders is imperative in understanding stakeholders' expectation and concerns on the sustainability matters. The Company formulates the sustainability performance based upon the following principles as stated in the Sustainability Policy:

- To observe and comply with all relevant legislation, regulations and code of practice applicable and relevant to the Group;
- To consider sustainability issues and integrate these considerations into the Group when making business decisions;
- To promote and ensure all employees are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's strategy, taking into consideration economy, environment, social and governance aspects; and
- To strive to improve the Group's sustainability performance.

SUSTAINABILITY STATEMENT

With the above objectives set under the Sustainability Policy, for the year 2018, the Company set its materiality identification and development based on internal and external factors in the property development environment. Following the identification process, the Company has the following five (5) steps of processes as follows:

- Material assessment process
- Reporting scope
- Relevant sustainability matters
- Stakeholder engagement
- Materiality matrix

The five (5) steps processes will be elaborated further below.

Material assessment process

The material assessment process facilitates the identification and prioritisation of sustainability matters that may potentially affect the Company business and stakeholders. For 2018, we identified certain key areas which will affect the sustainability of the Company's business based on the internal and external factors of the industry which the Company is in or will be focusing on going forward, especially the property development industry. The internal and external factors will include the EES trends affecting the property development industry.

The Company used the Bursa Malaysia's Sustainability Reporting Guide and Toolkits and other international reporting standards such as Global Reporting Initiative Standards ("GRI Standards"), and relevant industry -specific references and publications to set up the material sustainability matters which will be significant to the Sinmah Capital Berhad business operations and which are influential to stakeholders' decisions.

The Company plans to use a prioritisation approach after considering the important sustainability matters of which those stakeholders perceive as important. The Company will understand the issues perceive as important to stakeholders via the communications with stakeholders as discussed further below.

At the same time, the Board of Directors will also conduct an assessment on the importance of sustainability matters to the Company. This process is aimed at identifying material sustainability matters as defined in Bursa Malaysia Listing Requirements as follows:

- Reflect the business significant EES impacts
- Substantively influence the assessments and decisions of stakeholders

The processes are presented as follows:

1) Determine objectives and Scope of reporting
2) Review and update Existing material sustainability matters
3) Evaluate significance of sustainability matters to the Company and stakeholders
4) Prioritise sustainability matters based on level of importance

Reporting Scope of this Statement

Unless otherwise stated, the reporting scope shall covers disclosures on the Company and its subsidiaries sustainability performance and commitments for the financial year ended 31 December 2018. For the year 2018, the coverage will mainly be focus on the property development segment as the Company divest its poultry business segments.

Relevant Sustainability Matters

Prior to engaging with stakeholders, the Company identified and reviewed eight (8) sustainability matters which are relevant to its business. In updating the sustainability matters, key considerations among others were as follows:

- The diversity of Sinmah Capital Berhad's businesses
- Laws and regulations in the country
- The understanding of stakeholders' needs
- Property industry trends
- International sustainability reporting standards

The Company acknowledges that its business and operations have influence and dependence on broader economy, environment and society. Global warming, depleting natural resources as well as human rights issues are some of the few global challenges that affect our people, planet and success.

In response, governments, businesses, various organisations as well as people from different communities are coming together to act in collaborations to provide guidance in achieving sustainable global prosperity. In parallel, the Malaysian government launched the Eleventh Malaysian Plan (11MP) to support the national growth across EES factors. Moving forward, the company seeks to align its measures and initiatives contributing towards the national goals.

Stakeholder Engagement

Sinmah Capital Berhad value the views of our stakeholders and interact with them through various platforms, either formal or informal engagements, to help the Company keep up-to date with the concerns and issues of stakeholders, which among others are shown in the table below:

Stakeholders Engagement: Platforms, engagement areas, concerns and management responses

STAKEHOLDERS	STAKEHOLDER PLATFORMS	ENGAGEMENT AREAS	STAKEHOLDER CONCERN	MANAGEMENT RESPONSE
Workplace - Employees	- Code of Conduct - Training and learning programmes	- Employee engagement - Operational performance and issues - Code of Ethics - Healthy and safe working environment	- Career development - Benefits - Employment equality - Working environment - Job performance	- Training programmes - Employee engagement - Staff welfare meeting - Career development programme
Marketplace- i) Customer	- Letter of Hand-over of keys - Face to face interaction or via telephone	- Safe and quality products - Good governance practices - Regulatory compliances	- Poor quality products such as houses - Non compliance with law	- Customers complaints forms

SUSTAINABILITY STATEMENT

STAKEHOLDERS	STAKEHOLDER PLATFORMS	ENGAGEMENT AREAS	STAKEHOLDER CONCERN	MANAGEMENT RESPONSE
ii) Contractor and Suppliers	- Interviews - Face to face interaction	- Business continuity - Regulatory compliances	- Shortage in supply - Quality of supplies	- Supplier assessment form
iii) Government and Regulators	- On going meetings and interaction	- Regulatory compliances - Responsible business practices	- Non-compliance to laws and regulations	- Continuous training on regulatory requirements and updates - Consultations with regulators to ensure compliance
Shareholders and Investors	- Annual General Meeting - Financial statements and quarterly reporting - Press release	- Financial reporting on performance - Good corporate governance	- Activities carried out by company not disclosed - Any event leading to financial losses	- Set up of Corporate disclosure committee to oversee the Investor relationship function
Communities	- Online platform - Corporate voluntary program	- Indirect economic contribution - Responsible environment management	- Activities carried out causing negative impact on community - Affordable housing	- Community programmes such as financial assistance for the needy - Participation in government programmes for affordable housing

Materiality Matrix

Materiality assessments are vital strategic business tools which help the Company in identifying, refining and prioritising potential of EES risks and opportunities as well as possible emerging risks that may affect the Company's business and stakeholders.

For the year 2018, the Company adopted an informal materiality assessment approach as it divests its poultry business to focus into its property development activities. In identifying relevant sustainability matters, considerations were given to operating environment and emerging risks associated with the property industry.

To complement engagements with stakeholders, discussions with key internal stakeholders were conducted to evaluate the materiality levels of where they operate in order to place identifiable sustainability matters. Engagement was conducted with the head of departments in order to assess the risk levels which will lead to the level of impact of each material sustainability matters of the Company.

MANAGING SUSTAINABILITY

Sustainability is integral to the way of Sinmah Capital Berhad conducts its business activities. The aspiration is to drive long-term corporate growth and profitability by mandating the inclusion of economic, environmental and social concerns within the operating model.

The management identified eight (8) sustainable material matters based on impact to the internal and external stakeholders, to arrive at the final materiality assessment for 2018 and presented to the Board.

BUILDING SOCIAL HARMONY

We have a responsibility to our employees, customers and to the local community, in which we operate. Meeting customer expectations, empowering our employees, ensuring a safe workplace, and supporting the vulnerable sections of our community, define our approach to strengthen social sustainability throughout our value chain.

Delivering Quality And Customer Satisfaction

The Group conducts internal QLASSIC quality assessment that sets out the standard on quality of workmanship for various elements of building construction work such as architectural, mechanical, electrical and external works. The Constructions Industry Development Board (CIDB) aims to have more than 50 percent of private residential projects with contract sum exceeding RM10.0million achieve a QLASSIC score of at least 70 percent by the fourth quarter of 2020. However, as we are currently small in the industry, we have not acquired external QLASSIC quality assessment yet.

In 2018, our internal Quality Assurance team carried out quality assessment to assess site quality in term of documentation and physical products quality, including but not limited to project quality plan compliances and monitoring contractor's workmanship.

We have also initiated a sessions where consultants and contractors share professional expertise on certain work trades for purpose of knowledge sharing and continuous learning.

Customer satisfaction is critical for our business to be a success and for improvement. We engage our customers for their feedback at different stages such as pre-sale, post-sale and during defects liability period. During the FYE 2018, the Group achieved a 95% satisfaction among house buyers who collected their keys. The Group endeavours to produce high quality houses to satisfy house buyers.

Ensuring a Safe Workplace

There is an Occupational Health, Safety and Environment (OHSE) Committee established at construction site. The OHSE has equal numbers of management and contractors representation.

The OHSE officer for each site records monthly Safety and Health reports entailing the man-hours, lost time injury etc in order to monitor the health and safety aspects of site operators and sub-contractors. The Company is pleased to note that there were no cases of injury that resulted in loss of man-hours.

Talent and Skill Development

Training presents an important opportunity to expand the knowledge base of employees and equip them with necessary skills to meet their potential. Throughout the year, we provide opportunities for staff to attend training programmes, summits and conferences, such as those listed below:

Training Programmes:

1. "Seminar Jelajah MyBIM, MyCREAST & QLASSIC 2018
2. Basic Scaffolding Competency Training for Frame, Tubular & Modular Types

This process of continuous learning benefits our individual team members and our entire team as a whole, contributing to the success of our projects.

DIVERSITY

We draw our strength from diversity and inclusiveness that is prevalent to our workplace. At corporate office we have a total of 20 employees, of which 35% is male and 65% are female. On the whole, we have 155 employees, of which 71% male and 29% are female. Having a diverse team of employees, across age and gender as well as industry experience, encourage open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

Openess of culture speaks of the capacity within the organisation to air divergent views and the willingness of staff to report issues. In Sinmah Capital Berhad, we have an open-door policy which helps employer understand the concerns and aspirations of the employee. A platform for employees to raise concerns and discuss matters to management is often organised regularly.

There is also a "Whistle Blowing Policy" to provide a formal channel by which employees and other stakeholders can report any misconduct or fraudulent behaviour without fear of reprisal.

COMMUNITY ENGAGEMENT AND SUPPORT

At Sinmah Capital Berhad, we are committed to philanthropy. The Company has made donations to religious bodies and schools in Melaka. During the FYE 2018, the Group donated RM50,000 to "Tabung Harapan Malysia".

The Company also employs persons classified as "persons of differing capabilities" to work at certain of its business units. This is in line with Government calls to companies to provide employment to those persons to enable them to be independent of help from the Community Welfare Department. Besides, the Company also offered provision of industrial training to students of higher education institutions in Malaysia.

The Company is also actively participating in government housing scheme such as "RumahMampuMilik" whereby the Government provides subsidy in order to allow citizens of the our country to afford to buy a home for themselves and their family.

BUILDING SUSTAINABLE ECOSYSTEMS

This section describes our efforts to create urban ecosystems that are smart, livable and sustainable. With rapid urbanisation, it is increasing important to build conscientiously and consider the impact of our projects on surrounding community and environment, throughout the lifespan of the project, starting from construction. The Group is also conscious of its duty to protect the environment in which our businesses operate in.

Sustainable Building Material and Practices

In order to reduce the use of timber, considering it is finite natural resources, we use aluminium formwork for building material. The added environmental benefit of using aluminium alloy formwork is that all its parts are reusable, thereby reducing waste that is generated at the site and ensuring the construction environment is safe and clean. Besides, in constructions sector, we also rely on technology and innovation to improve operational efficiencies, reduce costs, deliver safety and produce quality outcomes.

Emission and Discharge

Our feed mill plant is in compliance with the Environmental Quality Act ("EQA") and regulations governing our plant operations. All industrial wastes are handled as per Environmental Quality (Scheduled Wastes) Regulation 2005. The Group is aware of its responsibility to protect the environment in which it operates in. As such, for the preservation of air quality, the Group ensures that its feed mill plant monitors its dust collector emission and chimney emission to ensure that the emissions are within limits required by the EQA and the Department of Environment ("DOE").

During the year, the Group's feed-mill plant engaged a qualified environmental engineering firm to conduct two (2) air emission/quality monitoring jobs. The Group is pleased to report that the 2 reports showed that all parameters sampled and tested complied with EQA/DOE limits.

Waste Management

The Group believes that waste management plays an important role in protecting the environment and human health in order to preserve the beauty of our planet that can be damaged by improper waste disposal. Our Group manages waste oil and hazardous chemical disposal properly in accordance with the Environmental Quality Act 1974.

Besides that, our Group practices recycling activities of all wastes with economic values (such as used plastic and metal drums, used wooden pallets, used paper bags and boxes, etc) as part of our efforts to conserve natural resources.

CONCLUSION

The businesses case for sustainable development is strong and as a forward looking business leader, Sinmah Capital Berhad recognise the prospects of integrating sustainability into our businesses, for its short-term as well as long-term impact. While we have the fundamentals of what it takes to be a resilient and sustainable business, we intend to strengthen our commitment to sustainability.

Our aspirations in this regard, include working with sector peers and stakeholders to map a collective route to sustainable competitive playing field, prioritising key technology and policy levers as well as developing new skill profiles and jobs.

In the meantime, the Company will continue to identify and review the sustainability matters pertaining to the property sector as it enhances its sustainability plans. Besides this, the Compay will also work on identifying and reviewing the sustainability matters for its newly diversified healthcare business which was recently approved by its shareholders in its recent Extraordinary General Meeting held on 28 March 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Sinmah Capital Berhad (the "Company") ("the Board") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

Pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa"), this Corporate Governance Overview Statement (the "Statement") explains an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2018 ("FYE 2018") in this Annual Report with reference to the following three (3) principles as set out in the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia on 26 April 2017 ("MCCG"):

A. Board Leadership and Effectiveness;
B. Effective Audit and Risk Management; and
C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Application on the MCCG

The Board is primarily responsible in ensuring the highest standards of corporate governance as set out in the MCCG. This Corporate Governance Overview Statement should be read in conjunction with the Corporate Governance Report ("CG Report"). These publications describe how the Board applies the main principles of good governance during the year under review, and are accessible online at www.sinmah.com.my.

Compliance Statement

The application of the MCCG is on an "apply or explain" basis and the practices underpinning the principles are entrenched in many of the Group's internal controls, policies and procedures governing corporate conduct. The Board is satisfied that the Group has adopted and applied the principles, best practices and the MMLR by Bursa, along with Companies Act 2016 and Corporate Governance Guide (3rd Edition) issued by Bursa.

Except for practices for at least half the Board comprises independent directors, disclosure of policies on gender diversity, the detailed disclosures on named basis for the remuneration of the top five (5) senior management in bands of RM50,000, and appropriate measures to facilitate greater participation by shareholders in the Company's annual general meetings by leveraging on technology, overall, the Board is of the view that the Company has, in all material aspects, complied with the Principles and Practices as set out in the MCCG. The explanation for the departure of the above mentioned practices are reported in the announced CG Report in Practices 4.1, 4.5, 7.2, and 12.3 respectively.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

By establishing the Group's vision and mission clearly and communicating these vision and mission across the Management in the Group, the Board ensures its effectiveness and provides strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board reviews and adopts its strategic plan, performs periodic review of the financial results and oversees the conduct of the business.

The Board has defined and formalized its Board Charter and the same is published in the Company's website, which serves as a reference for the Directors' fiduciary duties and functions of the Board Committees.

The Board reviews the Board Charter periodically and make amendments when needed to ensure the Charter current and remain relevant and consistent with the Board's objective, current law and best practices to enable the Board to discharge its responsibilities and also raises the directors' awareness of the Company's overall policy framework. It is also used as an important induction tool for new directors. The Board Charter was last reviewed on 23 February 2018 to take into account of changes in the new MCCG.

The Board has also defined its schedule of matters reserving key decisions to be made by the Board. This schedule of matters is attached together with the Board Charter that can be found in the Company's website at www.sinmah.com.my. By reserving these matters, the Board ensures that the control in the Group is retained in the Board.

The Board had also established Audit Committee, Nomination Committee, Risk Management Committee and Remuneration Committee, to consider and determine such matters for which they are responsible for, in accordance with their terms of reference in force from time to time. The terms of reference of the Board Committees were reviewed and approved by the Board and tabled to the respective Board Committee for their action.

The Board has also put in place a Directors Code of Ethics, setting out the standard of ethics and conduct needed to create good corporate behaviour. The Directors' Code of Ethics can be found in the Company's website at www.sinmah.com.my.

The positions of Chairman and Group Managing Director ("GMD") are separately held in ensuring balance of power, accountability and division of roles and responsibilities of the Board and Management, whereby, the leadership and effectiveness of the Board are integrated into management through the GMD. Board authority conferred to management is delegated to the GMD. The Board Charter sets out formal position descriptions for the Chairman and GMD outlining their respective roles and responsibilities.

For upholding the Board's effectiveness, the Board is supported by three (3) qualified and competent Company Secretaries. One of them is a member of Malaysian Institute of Accountants whilst the other two are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries provided support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. In this respect, they play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, codes, guidelines, legislations and the principles of best corporate governance practices.

All Directors have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business of the Group. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

Further information on the roles and responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2018 are set out in Practice 1.4 of the Company's CG Report.

The Board understands that the supply, timeliness and quality of information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. All Board members have full and unrestricted access to all information pertaining to the Group's business and affairs, including amongst others, major financial, operational and corporate matters as well as activities and performance of the Group to enable them to discharge their duties effectively.

When external advices are necessary, an Independent Director would provide proper notice to the Company Secretary of the intention to seek for independent advice and the name(s) of the professional advisors that he intends to contact, together with a brief summary of the subject matter for which professional advice is sought. In the event that one or more Directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus. Fees for the independent professional advice will be payable by the Company with the approval from Chairman before engagement of professional advice.

For avoidance of doubt, the above restriction shall not apply to Executive Directors in furtherance of their executive responsibilities and within the Board's delegated powers on access to information and professional advice.

Fundamental to Directors' commitment to leadership and effectiveness is devotion of time and continuous improvement of knowledge and skills set. The Board undertake to meet at least four (4) times a year, which are scheduled in advance to facilitate the Directors in planning their meeting schedule for the year. During the financial year ended 31 December 2018, five (5) Board meetings and one (1) special Board meeting were held and the attendances of the Directors are as follows:

Directors	Designation	No. of Board Meetings Attended	Percentage (%)	No. of Special Board Meetings Attended
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%	1/1
Dato' Fong Kok Yong	Managing Director	5/5	100%	1/1
Datuk Fong Kiah Yeow	Executive Director	5/5	100%	1/1
Fong Ngan Teng	Executive Director	4/5	80%	1/1
Fong Choon Kai	Executive Director	5/5	100%	1/1
Datuk Ng Peng Hong @ Ng Peng Hay	Non-Independent Non-Executive Director	4/5	80%	1/1
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%	1/1
Munawar Kabir Mohd Bin Zainal Abidin	Independent Non-Executive Director	4/5	80%	1/1

The Special Board Meeting was held to deliberate and approve the acquisition of properties in Nilai as per Circular dated 13 March 2019.

Attending relevant corporate training and seminars would enable all Board members to discharge their duties more effectively during their tenure. The Board, via the Nomination Committee, continues to identify and assess the training needs of the Directors from time to time.

The details of the trainings/seminars/conferences attended by Directors during the financial year ended 31 December 2018 are as follows:

Name of Directors	Course Title	Date
Datuk Hj Zainal Bin Hj Shamsudin	Overview of SST 2.0 in Malaysia	28 November 2018
Dato' Fong Kok Yong	Overview of SST 2.0 in Malaysia	28 November 2018
Datuk Fong Kiah Yeow	Overview of SST 2.0 in Malaysia	28 November 2018
Fong Ngan Teng	Overview of SST 2.0 in Malaysia	28 November 2018
Fong Choon Kai	Overview of SST 2.0 in Malaysia	28 November 2018
Datuk Ng Peng Hong @ Ng Peng Hay	Overview of SST 2.0 in Malaysia	28 November 2018
Mohd Khasan Bin Ahmad	1. Bursa Malaysia Sustainability Engagement Series 2. Independent Director Programme: The Essence of Independence 3. Overview of SST 2.0 in Malaysia	6 September 2018 29 October 2018 28 November 2018
Munawar Kabir Mohd Bin Zainal Abidin	Overview of SST 2.0 in Malaysia	28 November 2018

Board Composition

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right mix of suitably qualified and experienced members. Presently, the Board comprises eight (8) members, where four (4) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. As such, the Company has not complied with Practice 4.1 of the MCCG which requires that at least half of the Board members comprise independent directors. The Company has explained its departure from this practice in the CG Report.

The Company has also not complied with Practice 4.5 of the MCCG which requires 30% women directors on the Board. The Company has explained its departure from this practice in the CG Report.

The Board is satisfied with the current composition of the Board in providing a check and balance in the Board, with appropriate representations of minority interest through the composition of Independent Non-Executive Directors on the Board.

Profiles of Directors remain substantially unchanged and these are published in the Company's annual report of the Company and also the Company's website for shareholders' reference.

The Nomination Committee assisted the Board in conducting performance evaluation and providing constructive feedbacks to Board Members of their performance during the financial year ended 31 December 2018. In this way, the Board ensured its effectiveness is maintained and enhanced continuously.

The Nomination Committee is also responsible for making recommendations of the appointments to the Board and Senior Management. New nomination is assessed and recommended to the whole Board for appointment. The Board will utilize independent sources if needed to identify suitably qualified candidates for new appointment to the Board in the future.

The Board takes cognisance of the importance of Independence and objectivity in relation to the decision-making process and effectiveness of the Board's function. The Board therefore has adopted the same criteria of Independence used in the definition of "independent directors" prescribed by the MMLR. The Nomination Committee also carries out the evaluation on the independence of each Independent Director on an annual basis.

Re-election of Directors

The re-election of directors ensures that shareholders have a regular opportunity to re-assess the composition of the Board. In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors shall retire from office every year, provided always that all Directors shall retire from office at least once in every three (3) years and shall be eligible for re-election in the AGM. The following Directors, who retire by rotation in accordance with Article 106 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

- Dato' Fong Kok Yong
- Datuk Fong Kiah Yeow
- Encik Munawar Kabir Mohd Bin Zainal Abidin

The Company's Articles of Association also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. During the FYE 2018, there were no newly-appointed directors in the Company.

The Board through the Nomination Committee had assessed Encik Mohd Khasan Bin Ahmad and Datuk Hj Zainal Bin Hj. Shamsudin, Independent Non-Executive Directors who had each served the Company for a cumulative term of more than nine (9) years and concluded that during the FYE 2018:

- They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they would be able to function as check and balance and bring element of objectivity to the Board;
- They have devoted sufficient time and attention to their professional obligations for informed and balanced decision-making; and
- They have exercised due care and diligence during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

The Board concurred with the opinion of the Nomination Committee that the length of services of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin, Independent Non-Executive Directors did not impair their independence. Conversely, they actively advocate their professional views without fear or favour in the Board room. The presence of such attributes will permit them to constructively challenge decisions proposed by other directors or the management and contribute in meaningful ways to the strategic objectives.

The Board agreed with the above proposed re-appointment of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin as Independent Non-Executive Directors of the Company, subject to approval of shareholders at the forthcoming Annual General Meeting ("AGM") through two-tier voting process.

Remuneration

Board leadership and effectiveness is affected by the talents in the Board and Management. The Board determines the level of remuneration of its Directors and Senior Management based on the recommendations of the Remuneration Committee which enables the Group to attract, retain and motivate Directors and Senior Management with relevant experience and expertise needed.

The Board has in place a remuneration policy for directors and key management personnel. The Remuneration Committee has been entrusted by the Board with specific terms of reference to review and recommend to the Board an appropriate remuneration framework for Executive Directors, including recommendations to the Board on all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors, sufficient enough to attract and retain Directors of quality required to manage the business of the Group. The remuneration package of Senior Management is also assessed by the Remuneration Committee and recommended to the Board thereafter.

The aggregate remuneration paid or payable to all Directors of the Company during the FYE 2018 is listed on named basis as follows:

	Salary	Bonus	Other Emoluments	Fee	Meeting Allowance	Benefit-in-Kind	EPF & SOCSO	Total
Executive Directors								
Dato' Fong Kok Yong	330,000	40,000	276,000	-	-	1,200	77,520	724,720
Datuk Fong Kiah Yeow	330,000	40,000	276,000	-	-	1,200	77,520	724,720
Fong Ngan Teng	330,000	40,000	276,000	-	-	300	77,520	723,820
Fong Choon Kai	330,000	40,000	276,000	-	-	300	77,520	723,820
	1,320,000	160,000	1,104,000	-	-	3,000	310,080	2,897,080
Non-Executive Directors								
Datuk Hj Zainal Bin Hj Shamsudin	-	-	-	44,100	3,900	-	-	48,000
Mohd Khasan Bin Ahmad	-	-	-	44,100	3,900	-	-	48,000
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	44,100	2,700	-	-	46,800
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	37,800	3,300	-	-	41,100
	-	-	-	170,100	13,800	-	-	183,900

Senior Management

The CEO together with the Senior Management are responsible for the Company's operations and risk management including the development, coordination, implementation and control of the business and corporate strategies in accordance with the directions set out by the Board.

There is a clear segregation of duties among the Senior Management team which promotes accountability and transparency as well as serving as an embedded check and balance system for its day-to-day business and operations.

The internal control mechanisms which include compliance with regulatory requirements and internal policies are constantly being monitored and reviewed by the Company's control function namely the Corporate Affairs Division, in order to enforce good corporate governance and robust risk management across the Group. The control function is independent and report directly to the respective Board Committees i.e. Audit Committee and Risk Management Committee.

Senior Management Appointment and Removal

The Company's Fit and Proper Policy has established procedures and processes for the appointment and removal of the relevant Key Responsible Persons ("KRP") as well as the stringent assessment of candidates against the minimum requirements. All KRPs are assessed to have met all the fit and proper criteria based on the following:

1. Probity, Personal Integrity and Reputation
2. Competency and Capability
3. Financial Integrity
4. They do not hold an aggregate interest of 5% or more in the shares of the Company.

Succession Planning

The Company has in place a robust succession planning process to ensure the continuity of leadership and long term business sustainability in particular covering all key leadership positions. The framework encompasses the determination of criticality of positions, identification and selection of talents based on a pre-defined competency profiles, drawing up individual development plan to bridge the competency gap and monitoring and reviewing the progress and leadership readiness of talents.

The Company emphasises on the "look within" policy in the identification of talents to retain corporate knowledge and ensure the perpetuating of corporate culture. This further upholds the Company's philosophy in providing staff with rewarding career advancement.

The Company's succession planning policy and programme is subject to the review and approval of the Board assisted by the Nomination and Remuneration Committee and collectively implemented by the Senior Management team.

Remuneration Policy and Practice

The Group's Remuneration Policy is established to put in place a framework to ensure a robust balance between attracting, retaining, motivating staff and prudent risk management within the organization to be in line with its risk culture.

The Policy has been reviewed by the Nomination and Remuneration Committees and approved by the Board for implementation at all levels of staff including Senior Management and other staff. Senior Management refers to Chief Executive Officers and Senior Officers of the companies within the Group.

The remuneration framework outlines the total compensation packages of fixed remuneration and variable remuneration payable to staff. Fixed remuneration refers to basic salary and other fixed income which commensurate with the role and position of an individual staff, including professional experience, qualifications, responsibilities, job complexity and local market condition etc.

The variable remuneration refers to the discretionary bonus which is cash based and does not consist of shares or non-cash instruments as the Group does not have such instruments in place. The pool for the variable remuneration is determined by financial matrices such as the Group's overall performance, achievement of selected financial ratios, market trends and economic outlook.

The total value of cash based remuneration paid out to Senior Management staff of Sinmah Group for the financial year 2018 was as follows:

Remuneration	No. of Senior Management Staff	Non-Deferred (RM'000)	Deferred (RM'000)
Fixed	14	1,608	-
Variable		107	-

Note: The above excludes the remuneration of Managing Director/CEO which has been declared under Directors' Remuneration.

Strengthening Corporate Governance Culture

The Group has in place the following policies to further inculcate ethical values and compliance culture within the Group:

- Sinmah Group Code of Ethics

  The Sinmah Group Code of Ethics encapsulates the Five (5) Fundamental Ethical Principles which the Company and each employee must adhere to, both in letter and in spirit, as follows:

  1. Competence
  2. Integrity
  3. Fairness
  4. Confidentiality
  5. Objectivity

  Further details of the Sinmah Group Code of Ethics are set out in the Company's website at www.sinmah.com.my.

- Whistleblowing Policy

  The scope of the Whistleblowing Policy covers all employees and third parties in making disclosure of any improper conduct or irregularities without any risk of reprisals. The platform, accessibility and channels of reporting are user-friendly to facilitate the submission of disclosure.

  A Board member has also been appointed and designated as the Non-Executive Director responsible for the effective implementation of this Policy.

  Further details of the Whistleblowing Policy are set out in the Company's website at www.sinmah.com.my.

- Fraud Policy

  The Fraud Policy sets out the Group's expectations on all its staff and the requirements relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities.

  The definition/scope of "FRAUD" in the Fraud Policy has been expanded to cover the following:

  1. Asset Misappropriation
  2. Fraudulent Statement/Representation
  3. Corruption
  4. Fraudulent acts or attempted fraudulent acts

  Further details of the Fraud Policy are set out in the Company's website at www.sinmah.com.my.

- Board Committees

  The Board has established the following Board Committees which are made up of Independent Non-Executive Directors to support the Board in carrying out its functions:

  - Nomination Committee
  - Remuneration Committee
  - Audit Committee
  - Risk Management Committee

  During the FYE 2018, the Nomination Committee has conducted an annual assessment of the independence status of the three Independent Directors, inter-alia their skills, experience and contributions, and whether the Independent Directors were able to discharge their duties with fair judgment.

  The Nomination Committee recommended that Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin, two Independent Directors whose term of office have exceeded 9 years, shall submit themselves to the shareholders of the Company at the forthcoming Annual General Meeting for approval on the retention of Independent Non-Executive Directors of the Company through a two-tier voting process to continue acting as Independent Non-Executive Directors of the Company.

  The roles and responsibilities of Board Committees as well as authority delegated by the Board to these Committees are reviewed from time to time to ensure that they remain relevant and are up-to-date.

- Risk Management Committee

  The Risk Management Committee ("RMC") is headed by the Group's Managing Director and comprises of heads of departments of the business units of the Group. The Senior Manager Corporate Affairs acts as the Key Risk Officer and also the Secretary of the RMC. The Key Risk Officer actively assist the Group's Managing Director to co-ordinate with each heads of departments and risk owners to assess the risks of the Group as a whole.

  Further details of the roles and responsibilities of the RMC are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

The Board has established an effective and independent Audit Committee. The Audit Committee comprises wholly of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.

The Audit Committee also reviews the appointment, performance and remuneration of the External Auditors on an annual basis before recommending them to the shareholders for re-appointment at the AGM. The Audit Committee also convened meetings with External Auditors without the presence of the Executive Directors and Management. As part of the Audit Committee review process, the Audit Committee had also obtained assurance from External Auditors, twice a year, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
The amount of audit fees and non-audit fees paid/payable to Messrs. UHY ("UHY") by the Company and the Group for the financial year ended 31 December 2018 was as follows:

	Company RM	Group RM
Statutory audit fees paid/payable	25,000	195,100
Non-audit fees paid/payable	65,000	65,000

Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. In future, in order to strengthen the present financial literacy of each member and the ability to understand matters under the purview of the Audit Committee including the financial reporting process, all members of the Audit Committee will balance their participation, in continuous professional development programmes on accounting and auditing standards,practices and rules.

The Board is responsible to ensure that the financial statements of the Company and the Group present a fair and balanced view and assessment of the Company and the Group's financial position, performance and prospects and such financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the accuracy, adequacy and completeness of disclosures and ensuring that the Group's financial statements comply with applicable financial reporting standards.

(II) Risk Management and Internal Control Framework

The Board acknowledges that risk management and internal control systems are an integral part of effective management practice. There is an ongoing process in place to identify, evaluate, monitor and manage the key risks faced by the Group and the Board reviews the key risks highlighted on a regular basis to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investment and Group's assets.

The Board has established an Internal Audit Function which is currently outsourced to a professional firm. The Audit Committee reviews and approves the Internal Audit Plan, scope of work and fees of the Internal Audit Function in order to ensure that the internal audit is functioned effectively and independently. As a unit that is independent of Management, the Internal Audit Function reports directly to the Audit Committee and they are responsible for conducting periodic reviews and appraisals of risk management and internal control systems of the Group. The performance of the Internal Audit Function is assessed by the Audit Committee.

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. The outsourced internal audit function is headed by a director who is a certified internal auditor, assisted by a manager who is also a certified internal auditor and staff who are accounting graduates from local and overseas universities.

Further disclosure on the conduct of the Internal Audit Function and performance assessment by the Audit Committee is reported in the Audit Committee Report on pages 57 to 61 of this Annual report.

The board is also assisted by a Risk Management Committee to ensure that the risk and control framework is embedded into the culture, processes and structure of the Group. Further details of the Group's state of risk management and internal control systems covering the key features of Risk Management and Internal Control, Board's and Management's responsibilities in risk management, as well as the Management's assurance to the Board are reported in the Statement on Risk Management and Internal Control on pages 50 to 56 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTINGAND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with Stakeholders

The Board values the importance of continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. It is generally recognised that on-going engagement and communication with stakeholders builds trust and understanding between the Company and its stakeholders as well as enables shareholders to appreciate the Company's objectives and the quality of its management.

Therefore, the Company has set up a website which contains information on the background of the Company, our Directors and other financial and non-financial information that will enable shareholders and other stakeholders to obtain a greater understanding of Company's business and performance.

Separately, the Company had also reported its Sustainability Statement on pages 32 to 39 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

(II) Conduct of General Meetings

The Board recognises the rights of shareholders.

At the last AGM, the Company had given Notice of its Twenty-Fourth AGM more than twenty-eight (28) days prior to the meeting and all Board members attended the said AGM. The Chairman also provided sufficient time and opportunities for the shareholders to seek clarifications from the Chairman, chairman of Board Committees and Management during the AGM on any matters pertaining to the matters disclosed in the Annual Report, corporate developments in the Group, the motions being proposed and the operational and financial performance of the Company.

Explanation was provided for the proposed resolutions set out in the Notice of the Twenty-Fourth AGM to assist the shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all the resolutions set out in the Notice of the Twenty-Fourth AGM were put to vote by poll in the last AGM. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

This Statement was approved by the Board of Directors on 19 April 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance 2017, the Board of Directors ("the Board") of Sinmah Capital Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 December 2018. The scope of this Statement includes the Company and all operating subsidiaries.

BOARD'S RESPONSIBILITY

As per the Board Charter, the Board is ultimately responsible for the Group's system of risk management and internal control ("system"), which includes the establishment of an appropriate control environment and risk management framework as well as reviewing their adequacy and effectiveness in safeguarding shareholders' investment and the Group's assets. The Board affirms its responsibility to establish risk tolerance of the Group based on the corporate objectives, strategies, external environment, business nature and corporate/product lifecycle. The Board delegates the duty of identification, assessment and management of key business risks to the Risk Management Committee led by the Group's Managing Director and Audit Committee, through its terms of reference and Risk Management Policy approved by the Board, is delegated with the oversight duty to review the adequacy and effectiveness of risk management and internal control systems of the Group and to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control systems of the Group.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by major companies in the Group. This review process is conducted by the Company's Risk Management Committee and outsourced internal audit function. Besides confirming that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company, the Board, through Audit Committee, also reviews the adequacy and effectiveness of the risk management and internal control system in the Group to ensure that appropriate measures are carried out to obtain the level of assurance required by the Board.

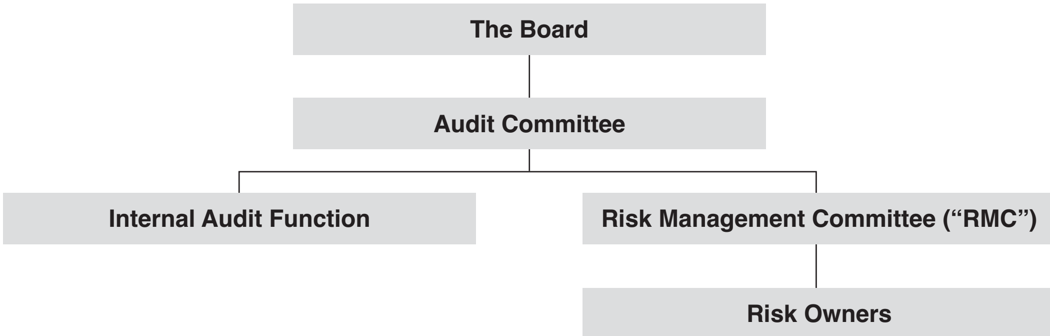
In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls as well as risk management.

RISK MANAGEMENT

In line with Practice 9.1 of Malaysian Code on Corporate Governance 2017, the Board has established a structured group risk management policy, including (but not limited to) the governance structure and processes for the risk management on group wide, in order to embed the risk management practice into all levels of the Group and to identify, evaluate, control, report and monitor significant business risks faced by major subsidiaries in the Group on systematic manner. The updated risk profiles of the subsidiaries concerned are tabled to Audit Committee and the Board for review and deliberation and action plans to be taken by Management in mitigating the risks, as deemed necessary.

The Board had in November 2016 formalized the Risk Management Policy ("GRM Policy") and its governance structure whereby Risk Management Committee ("RMC") was established and led by Group's Managing Director and comprise of the Head of Departments. The GRM Policy was tabled by RMC to the Board and approved by the Board in November 2016. The GRM Policy acts as second-line-of-defense. The principles, practices and process of GRM established by the Board are, in material aspects, guided by the ISO 31000:2018 – Risk Management - Guidelines.

The GRM Policy established lays down the risk management's objectives, processes and acceptable risk tolerance established by the Board with proper governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, Audit Committee, RMC, risk owners, key risk officer and internal audit function are defined in the GRM Policy. The RMC is chaired by the Group's Managing Director and guided by formal terms of reference embodied in the GRM Policy.

In particular, the roles and responsibilities of the RMC are as follows:-

(a) implement the risk management policy as approved by the Board;
(b) develop and implement the risk management process which includes the identification of key risks and devising appropriate additional action plan in cases where existing controls are ineffective, inadequate or non-existent and communicate methodology to the risk owners;
(c) ensure that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/mission, corporate strategies/goals, etc.), risk management policy & process and risk appetite/tolerance;
(d) continuous review and update of the Key Risk Registers of the Group due to changes in internal business processes, business strategies or external environment and determination of management action plan, if required;
(e) update the Board, through the Audit Committee, on changes to the Key Risk Registers on periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes; and
(f) to perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation and to report the results of the assessment to the Board for strategic decision making

In addition, the Group adopts a decentralized approach to operational risk management, where all the risk owners take ownership and accountability for risks at their respective levels. The risk owners within their area of expertise and operational responsibilities are delegated with the following roles and responsibilities:

(a) manage the risks of the business processes under his/her control;
(b) continuously identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
(c) to report to the RMC of the emergence of new business risks or change in the existing business risks through prescribed form on a timely manner and assist the RMC with the development of the management action plans and implement these action plans
(d) assist the RMC with the half-yearly update of the changes in the Key Risk Registers, management action plans and the status of these plans; and
(e) ensure that staffs working under him/her understand the risk exposure of the relevant process under his / her duty and the importance of the related controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Senior Manager, Corporate Affairs acts as the Key Risk Officer and also the Secretary of the RMC. Key Risk Officer actively assist the Group's Managing Director to co-ordinate and liaise with each Heads of Department and risk owners to assess the risk of the Group as a whole.

Systematic risk management process is stipulated in the GRM Policy, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by RMC and the risk owners. Risk assessment, at gross and residual level, whereby the business risks identified are scored for likelihood of their occurrence and the magnitude of impact upon the Group based on the relevant risk parameters established by the Board that articulate the risk tolerance of the Group. Based on the risk management process, key risk registers were compiled by RMC, with relevant key risks identified rated based on the agreed upon risk rating. The key risk registers are used for the identification of high residual risks which is above the risk tolerance of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring and that any material opportunities are not overlooked. As an important risk monitoring mechanism, RMC is scheduled to review the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level at least twice a year or on more frequent basis if circumstances required and to report to Audit Committee on the results of the review and assessment. During the year, the Risk Management Committee had updated the key risk profile of the Group. The updated key risk profile was approved by the Board on 28 November 2018.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives tailored to specific business risks required attention by Audit Committee and the Board based on the key risk registers of the Group and scheduled in the internal plan approved by Audit Committee.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Group's Managing Director and Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk tolerance approved by the Board. In addition, specific strategic and key operational risks are highlighted and deliberated by Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As first-line-of-defense, respective heads of departments/divisions (i.e. risk owners) are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Group's Managing Director and Executive Directors for the final decision on the formulation and implementation of effective internal controls and reported to Audit Committee and the Board by the Group's Managing Director and Executive Directors.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this Statement.

Please refer to the "Risk Factors Exposure" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to NeedsBridge Advisory Sdn. Bhd. ("NeedsBridge"), an independent professional firm to conduct internal audit on the Group's operations. The scope of work performed by NeedsBridge comprises the conduct of internal audit to assess the adequacy and integrity of the governance, risk and internal control processes, and highlighting to Audit Committee significant areas for improvements as well as risks that may impact the business units concerned.

The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The terms of the engagement letter and scope of control review by the outsourced internal audit function are determined and approved by Audit Committee.

The outsourced internal audit function is reporting to Audit Committee directly and the engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) engagement director, three (3) managers/assistant manager and five (5) senior consultants/consultants during the financial year under review.

The oversight of the outsourced internal audit function by Audit Committee was enhanced with the review by Audit Committee of resources of the outsourced internal audit function in terms of qualification and experience/exposure and continuous professional development for employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

Based on the review of the works performed and deliverables by the outsourced internal audit function during the financial year, the engagement terms, the approved internal audit plans, internal audit works performed and reports by the outsourced internal audit function, Audit Committee and the Board are of the opinion that the scope, functions (including independence), competency, resources, authorities granted to the internal audit functions as well as internal audit plan and processes are adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit plan, processes or investigation (if any) undertaken is adequately communicated to Audit Committee and appropriate actions are taken on the recommendations of the outsourced internal audit functions.

Risk-based internal audit plan in respect of financial year ended 31 December 2018 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified in the key risk registers of the Group, the Management's opinion and previous internal audits performed, and was reviewed and approved by Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

During the financial year ended 31 December 2018, the outsourced internal audit function has conducted review, based on the internal audit plan approved by Audit Committee, on the following business processes:

- Contract farmer management of the broiler division in relation to intake and feeds planning, day-old-chicks and feeds receipt, depopulation planning and live bird delivery, transfer of feeds between farms, bio-security, new contract farmer evaluation and contract farmers performance assessment.

- Sales, marketing and treasury management of the property development and construction division in relation to feasibility study management, regulatory approvals management, sales and marketing strategy management, advertising and promotion management, sales enquiry and processing management, compliance with laws and regulations, cash flow planning and management, progress billing management, payment and disbursement procedure, debt financing management and internet banking system policy and procedure.

Upon the completion of the individual internal audit field works during the financial year, the internal audit reports were presented by the outsourced internal audit function to Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated with the members of Audit Committee. Update on the status of action plans as identified in the previous internal audit report are presented at subsequent Audit Committee meeting for review and deliberation.

The cost involved for the internal audit function during the year ended 31 December 2018 amounted to approximately RM55,000.00.

INTERNAL CONTROL

Details of some key elements of the Group's internal control system are described below:

- *Control environment*

  To provide a proper control environment, focus is directed towards the qualities and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Continuing education and training include internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

  Integrity and ethical value expected from the employees are incorporated in the Human Resource Policy whereby the ethical behaviours expected with the customers, suppliers, employees, society and environment are stated. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in Human Resource Policy.

  To further enhance the ethical value throughout the Group, formal whistle-blowing and fraud policy had been put in place by the Board to reduce the risk of fraud and conflict of interest within the Group.

- *Control structure*

  Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Group's Executive Directors for the Board's review and approval, after taking into account risk consideration and responses.

  On the other hand, the Board and Management have established a formal organizational structure with clearly defined lines of accountability and delegated authority within the Group. This includes well-defined responsibilities of Board committees and various management levels, including authorization levels for all aspects of the business.

The key elements of the Group's control structure are as follows:

Management

- Through the Group's Business and Financial Policies and Procedures manual, Management has introduced well-established standard operating procedures that cover key aspects of the Group's business processes. These policies and procedures deal with, inter-alia, control issues for financial accounting and reporting, treasury management, asset security, information technology, etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements;
- Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditure;
- Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.
- Good farm management practices and biosecurity & disease controls to mitigate biosecurity and disease threats are adopted by the production chain and distribution process; and
- Regular informal meetings with Heads of division which provide a platform for the Heads of division to communicate with and provide feedback to Management.

Audit Committee

The Audit Committee reviews and notes the internal audit observations reported by the outsourced internal audit function, including follow-up by the outsourced internal audit function on the status of Management-agreed action plans to address observations reported in preceding cycles of internal audit. Internal audits are carried out by the outsourced internal audit functions (which reports directly to Audit Committee) on key risk areas identified based on the key risk registers of the Group. The outsourced internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommends improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to Audit Committee.

The Audit Committee Report, set out on pages 57 to 61 of this Annual Report, contains further details on the activities undertaken by the Audit Committee during the financial year under review.

Board

The Board holds regular discussions with Audit Committee and Management and considers their reports on matters relating to internal controls and deliberates on their recommendation for implementation.

- *Reporting and information*

  The Group has in place the following reporting and information structure:

  - The Group has in place a budgeting process that provides for a responsibility accounting framework;
  - The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection.
  - Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management to perform financial and operational reviews on the various operating subsidiaries. The reviews encompass areas such as financial and non-financial key performance indicators and variances between budget and operating results and explanation of significant variances;
  - Executive Directors review the monthly management accounts of all major operating companies in the Group; and
  - Executive Directors conduct monthly meetings with Management of all significant business units within the Group to discuss the various aspects of the business, financial and operational performance of the Group

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- *Monitoring and review*

  The system of internal controls is reviewed on an ongoing basis by the Board through Audit Committee, which is also responsible for monitoring compliance with policies, procedures and guidelines.

  In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits serve as the fourth-line-of-defense.

ASSURANCE BY THE MANAGING DIRECTOR AND EXECUTIVE DIRECTOR (FINANCE) ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In line with the Guidelines, the Board has received written assurance from the Group's Managing Director, being highest ranking executive in the Company and the Executive Director (Finance), being the person primarily responsible for the management of the financial affairs of the Company, stating that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review.

BOARD'S OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through Audit Committee, has reviewed the adequacy and effectiveness of the risk management and system of internal controls, and that relevant actions have been or are being taken, as the case may be, to remedy the internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the outsourced internal auditors and external auditors directly to Audit Committee as described above.

With the above review and the assurance provided by the Group's Managing Director and the Executive Director (Finance) coupled with the review of the risk management results and process, results of the internal audit activities and monitoring and review mechanism stipulated above, the Board is of the opinion that the system of risk management and internal control is satisfactory and there have been no weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report 2018, other than impairment of trade receivables totaling RM24.61 million and impairment on other receivables totaling RM3.19 million. The Board continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the outsourced internal audit function as well as the external auditors.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed the Statement of Risk management and Internal Control. Their review has been conducted to assess whether the Statement of Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in assessing the risks faced by the Group and also in reviewing the adequacy and effectiveness of the risk management and the internal control system of the Group.

Based on the review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the risk management and the internal control of the Group.

This statement is issued in accordance with a resolution of the Board dated 19 April 2019.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the following Audit Committee Report and its summary of work for the financial year ended 31 December 2018.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director
Chairman
(Re-designated w.e.f. 23.02.2018)

Datuk Hj. Zainal Bin Hj. Shamsudin
Independent Non-Executive Director
Member
(Re-designated w.e.f. 23.02.2018)

Munawar Kabir Mohd Bin Zainal Abidin
Independent Non-Executive Director
Member

2. TERMS OF REFERENCE

The terms of reference of the Audit Committee as approved by the Board are available on the Company website at www.sinmah.com.my.

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 31 December 2018, which were attended by the Audit Committee members as follows:

Members	Position	No. of Meetings Attended	Percentage (%)
Mohd Khasan Bin Ahmad *Chairman*	Senior Independent Non-Executive Director	5/5	100%
Datuk Hj. Zainal Bin Hj. Shamsudin Member	Independent Non-Executive Director	5/5	100%
Munawar Kabir Mohd Bin Zainal Abidin Member	Independent Non-Executive Director	4/5	80%

The meeting dates where the Audit Committee met during the financial year were 23 February 2018, 12 April 2018, 28 May 2018, 29 August 2018 and 28 November 2018. The Group's external auditors attended all the Audit Committee meetings during the year except the meeting of the Audit Committee held on 28 May 2018 and 29 August 2018.

The Chairman of the Audit Committee undertakes a continuing process of engagement with senior executives of the Company as well as the external auditors and the internal auditors so that the Audit Committee is kept up-to-date with all important issues including key audit issues and concerns affecting the Company.

Minutes of each Audit Committee meeting are noted by the Board via distribution to each Board member and the Chairman of the Audit Committee highlights on key issues discussed in the Audit Committee Meeting at each Board meeting.

4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities undertaken by the Audit Committee are as follows:

Financial Reporting

a. Reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval.

b. Reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit; and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board prior to submission to Board of Directors for approval. The review was to ensure the financial reporting and disclosures requirements are in compliance with:

- Provision of Companies Act, 2016;
- Listing Requirements of Bursa Malaysia Securities Berhad;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

c. Reviewed the variation in results between the draft audited and unaudited fourth quarterly report of the Company before recommending to the Board for approval

Internal Audit

a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.

b. Reviewed and discussed the internal audit reports which were tabled during the meetings, the audit issues, root causes, potential risks, implications and recommendations made and management's response to these recommendations.

c. Reviewed and discussed the Enterprise Risk Management processes, profiles and updated the register periodically.

d. Monitoring and ensuring corrective actions have been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed.

e. Reviewed and assessed the resources, experience, competency and continuous professional development of the outsourced internal audit function for adequacy. Please refer to the Statement on Risk Management and Internal Control, set out in this Annual Report for oversights of the Audit Committee on the outsourced internal audit function.

External Audit

a. Reviewed and discussed with external auditors' audit planning memorandum, audit strategy and scope of the year.

b. Reviewed annual audited financial statements of the Group and Company prior to submission to Board for approval.

c. Reviewed and discussed external auditors' observations, the results of the annual audit, audit report and management letter together with management's response to the findings before recommending to the Board of Directors for approval.

d. Assessed and discussed the performance and effectiveness of the external auditors, including the independence, objectivity and professional skepticism, communication interaction, audit finalization, the quality of skills and capabilities of audit team, sufficient of resources and terms of engagement. The Committee is satisfied with the performance of the external auditor and recommended the audit fee payable for the Board approval as well as recommending them to be re-appointed at the forthcoming Annual General Meeting.

e. Met twice during the financial year, on and respectively, with external auditors without the presence of management to discuss the problems arising from the audit and to reinforce the independence of the external audit function of the Company and the Group. There were no major issues highlighted by them.

Risk Management

The Board and Management have embarked on the risk management culture and endeavour to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

The Statement on Risk Management and Internal Control, set out in this Annual Report further details on the activities undertaken by the Audit Committee during the year.

Related Parties Transactions

Reviewed any the inter-company transactions and any related/interested party transactions that arose within the Company and the Group to ensure compliance with Malaysian Accounting Standards Board and Bursa Securities Listing Requirements and that the transactions were carried out on arm's length basis.

During the financial year, there was no insider trading reported.

Annual Reporting

Reviewed the Audit Committee Report, Statement of Risk Management & Internal Control, Corporate Governance Statement to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

AUDIT COMMITTEE REPORT

Others

a. Reviewed the financial projection and its variation.

b. Reviewed the Board policy and procedures of the Group.

c. Discussed and reviewed the proposed acquisition of Budi Saja Sdn Bhd, a property development company, for a cash consideration of RM10,345,000.

d. Discussed and reviewed the proposed acquisition of Meadow Assets Sdn Bhd, a property development company, for a cash consideration of RM1,500,000.

e. Discussed and reviewed the proposed acquisition of a two pieces of properties in Nilai for a total cash consideration of RM27,000,000, for the purpose of converting the properties into a hospital and administration building in line with the Company's proposed diversification into healthcare activities.

f. Discussed and reviewed the proposed diversification of the Group into healthcare activities

Evaluation and Assessment of the Audit Committee

The performance and effectiveness of Audit Committee would be assessed annually through Audit Committee evaluation and Audit Committee members' self and peer evaluation conducted by the Audit Committee, and Nomination Committee ("NC") reviewed the results of such assessments. The NC reviews the term of office and performance of the AC members annually. During the year, the Board is satisfied that the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference ("TOR") of the AC.

Training

a. Updated on the changes from GST regime to SST regime of indirect tax in Malaysia. A training session on this was conducted by an external consultant for the members of the Audit Committee during the financial year under review.

b. The list of trainings attended is disclosed in the Corporate Governance Overview Statement set out in this Annual Report.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent internal audit function is essential to assist in providing the assurance the Audit Committee requires regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. The internal audit function is wholly outsourced to an independent professional firm, NeedsBridge Advisory Sdn. Bhd. ("NeedsBridge"), which reports directly to the Audit Committee. The Audit Committee acknowledged the advantages for outsourced internal audit function to NeedsBridge, the independent external consultant including assess to professional skills, knowledge, expertise and able to cover unexpected staffing needs.

NeedsBridge carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The Audit Committee reviews and approves the internal audit plan of the Group submitted by NeedsBridge. The total costs incurred for the internal audit function in respect of the financial year ended 31 December 2018 was approximately RM55,000.00.

The principal role of the internal audit is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems are in place and continue to operate satisfactorily and effectively as functionally intended. It is the responsibility of NeedsBridge to provide the Audit Committee with independent and objective reports on the state of risk management, control and governance of the various operating units within the Company and the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The other main activities performed by NeedsBridge are as follows:

- Reviewed the pertinent issues of the Group, which had a significant impact on the results of the Group that included the business processes of contract farmer management of the broiler division in relation to intake and feeds planning, day-old-chicks and feeds receipt, depopulation planning and live bird delivery, transfer of feeds between farms, bio-security, new contract farmer evaluation and contract farmers performance assessment.

- Reviewed the business processes of sales, marketing and treasury management of the property development and construction division in relation to feasibility study management, regulatory approvals management, sales and marketing strategy management, advertising and promotion management, sales enquiry and processing management, compliance with laws and regulations, cash flow planning and management, progress billing management, payment and disbursement procedure, debt financing management and internet banking system policy and procedure.

- Reviewed the findings and action plans resulting from internal audits; and

- Reviewed the progress of implementation of the management action plans of the previous internal audit report and reported to the Audit Committee for its review.

During the financial year under review, there was no material control failure that would have resulted in any significant losses to the Group.

Further details of the activities of the internal auditors performed during the financial year under review are set out in the Statement on Risk Management and Internal Control of this Annual Report.

In addition, the oversight of NeedsBridge by the Audit Committee was enhanced with the review by the Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development for the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

DIRECTORS' RESPONSIBILITES STATEMENT

In accordance with the Companies Act, 2016 in Malaysia ("Act") and under Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a listed issuer is required to issue a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements and about the state of risk management and internal control of the listed issuer as a group in the annual report.

The Directors are in the opinion and responsible for the preparation of financial statements that the financial statements set out in this Annual Report 2018 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Act so as to give a true and fair view of the states of affairs of the Group and of the Company as at 31 December 2018 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are responsible for the state of risk management and internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors have adopted appropriate accounting policies and applied them consistently, made reasonable and prudent judgments and estimates and prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy and to enable them to comply with the provisions of the Act.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The Auditors' Responsibilities are stated in their Independent Auditors' Report to the Members.

Financial Statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year attributable to:		
Owners of the parent	(39,178)	538
Non-controlling interests	(538)	-
	(39,716)	538

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company increased its issued and fully paid up share capital from RM123,220,500 to RM149,839,953 by way of a rights issue of 152,708,157 ordinary shares of RM0.20 each ("Rights Shares") together with 38,177,039 free detachable warrants ("Rights Warrants") on the basis of one (1) Rights Warrants for every four (4) Rights Shares at an issue price of RM0.10 per share for land cost and development expenditure for property development and construction business after deduction of right issue expenses of RM303,872.

The Rights Shares and Rights Warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 12 September 2018.

The Rights Shares ranked pari passu in all respects with the existing ordinary shares of the Company.

Warrants Reserve

Warrants 2013/2018 ("Warrants B")

The Warrants B were constituted under the Deed Poll dated 27 June 2013, and expired on 13 July 2018. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

Up to the date of expiry, none of the 27,765,052 (31.12.2017: 27,765,052) warrants were exercised and hence, have become invalid. As such, the reserve of RM3,706,000 was taken to retained earnings.

Warrants 2018/2023 ("Warrants C")

The Warrants C were constituted under the Deed Poll dated 25 July 2018.

As at 31 December 2018, the total number of Warrants C that remain unexercised were RM38,177,039.

The salient terms of the Warrants C are disclosed in Note 20 to the financial statements.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year except for the issuance of warrants, that is Warrants C, as disclosed above.

Directors

The Directors in office since the date of the last report are:

Datuk Hj. Zainal Bin Hj. Shamsudin
Dato' Fong Kok Yong*
Datuk Fong Kiah Yeow*
Fong Ngan Teng*
Fong Choon Kai*
Datuk Ng Peng Hay @ Ng Peng Hong
Mohd Khasan Bin Ahmad
Munawar Kabir Mohd Bin Zainal Abidin

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Hoh Koei Teng
Siah Kim Hew @ Sia Kian Heng
Mohd Ismail Bin Abdul Hamid
Tan Tuck Wing
Marzida Binti Mansor
K. Shanmuganathan A/L Krisnan
Tengku Sulaiman Shah Ibni Sultan Abdul Aziz Shah
Liew Seng Aun
Kow Keng Yam

* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests

The interests and deemed interests in the shares and warrants of the Company and of its related corporations of those who were Directors at financial year end, according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.01.2018	Bought	Sold	At 31.12.2018
Interests in the Holding Company				
F.C.H. Holdings Sdn. Bhd.				
Direct interest				
Dato' Fong Kok Yong	1,250,000	-	-	1,250,000
Datuk Fong Kiah Yeow	1,250,000	-	-	1,250,000
Fong Ngan Teng	1,250,000	-	-	1,250,000
Fong Choon Kai	1,250,000	-	-	1,250,000
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	613,200	16,789,000	-	17,402,200
Fong Ngan Teng	-	15,256,000	-	15,256,000
Fong Choon Kai	-	15,256,000	-	15,256,000
Indirect interest				
Dato' Fong Kok Yong	21,463,805	15,257,448	-	36,721,253
Datuk Fong Kiah Yeow	21,463,805	15,257,448	-	36,721,253
Fong Ngan Teng	21,463,805	15,257,448	-	36,721,253
Fong Choon Kai	21,463,805	15,257,448	-	36,721,253

	No. of Warrants 2013/2018			
	At 01.01.2018	Bought	Sold/ Expired	At 31.12.2018
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	21,600	-	(21,600)	-
Interests in the Holding Company				
F.C.H. Holdings Sdn. Bhd.				
Indirect interest				
Dato' Fong Kok Yong	41	-	(41)	-
Datuk Fong Kiah Yeow	41	-	(41)	-
Fong Ngan Teng	41	-	(41)	-
Fong Choon Kai	41	-	(41)	-

	No. of Warrants 2018/2023			
	At 01.01.2018	Bought	Sold	At 31.12.2018
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	-	4,197,250	-	4,197,250
Fong Ngan Teng	-	3,814,000	-	3,814,000
Fong Choon Kai	-	3,814,000	-	3,814,000
Interests in the Holding Company				
F.C.H. Holdings Sdn. Bhd.				
Indirect interest				
Dato' Fong Kok Yong	-	3,814,380	-	3,814,380
Datuk Fong Kiah Yeow	-	3,814,380	-	3,814,380
Fong Ngan Teng	-	3,814,380	-	3,814,380
Fong Choon Kai	-	3,814,380	-	3,814,380

By virtue of their interests in the shares of the holding company, Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than warrants.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM23,500 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no bad debt had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Significant Events

The significant events are disclosed in Note 38 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 39 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 29 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2019.

DATO' FONG KOK YONG **DATUK FONG KIAH YEOW**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 76 to 163 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2019.

DATO' FONG KOK YONG **DATUK FONG KIAH YEOW**

STATUTORY DECLARATION

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

I, LIEW SENG AUN (MIA Membership No: 13109), being the officer primarily responsible for the financial management of Sinmah Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 76 to 163 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Melaka in the State of)
Melaka on 25 April 2019)

LIEW SENG AUN

Before me,

SHAHRIZAH BINTI YAHYA
NO: M084

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINMAH CAPITAL BERHAD (Company No. 301653-V)
(Incorporated in Malaysia)

Report on the Financial Statement

Opinion

We have audited the financial statements of Sinmah Capital Berhad , which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
1. Impairment of trade receivables The carrying amount of the trade receivables amounted to RM35.1 million (2017: RM94.6 million). The Group carries significant receivables as disclosed in Note 12 to the financial statements and subject to a credit risk exposure. The assessment of recoverability of the trade receivables involved judgements and estimation in analysing historical trend in bad payment clients, customers' concentration, customers' creditworthiness and current economic trends etc.	Our audit procedures included:- • Obtaining an understanding on the procedures of the Group:- • the Group's identification and assessment on the impairment of receivables; and • the Group's basis and justification in making accounting estimates for impairment. • Reviewing the aging analysis of receivables and testing the reliability thereof. • Reviewing subsequent cash collections for major receivables and overdue amounts. • Making inquiries to management regarding the action plans on recovery of overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.
2. Carrying value of land and property development costs and revenue recognition The Group's assessment of the carrying value of land and property development costs, being the lower of cost and net realisable value, is a judgemental process. The Group use the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation. This requires the estimation of selling prices, sales rates and costs to complete, determined on a project by project basis. These factors drive the gross margin for each project and hence the profit recognised over time. There is a risk that the actual revenue and costs are different to those forecast across the whole projects resulting in material misstatement of land and property development costs and gross profit recognised.	Our audit procedures included:- We conducted testing in relation to the revenue recognised under MFRS 15 *Revenue from Contracts with Customers*. This testing involved both tests of detail and analytical procedures. We have performed the following audit procedures: • we assessed the judgements in relation to the future profitability of the project with reference to the project budget; and • we recalculated the percentage of completion as at the reporting date. We assessed the management's assumption in estimating the costs to completions and verified the budgeted cost to suppliers' contracts and sub-contractors' contracts. We verified the costs to work certifications and the total sales value agreed to contracts.

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Carrying value of land and property development costs and revenue recognition (cont'd) There is also a risk that costs are inappropriately recognised within land and property development costs or that the allocation of costs that relate to the whole projects, such as land and infrastructure, is inappropriate across development phases, resulting in a material misstatement of land and property development or gross profit of each project.	Our audit procedures included:- • At the analytical level, we developed an expectation of the income that should be recognised in the financial year from this revenue stream, with reference to the level of completion. • We inspected the sales and purchase contracts for all significant new land acquisitions to understand the terms and identify any deferred or contingent payments therein. • We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*.

Information Other than the financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINMAH CAPITAL BERHAD (Company No. 301653-V)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINMAH CAPITAL BERHAD (Company No. 301653-V)
(Incorporated in Malaysia)

Other Matters

As stated in Notes 2(a) and Note 40 to the financial statements, the Company adopted Malaysian Financial Reporting Standards, International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 03168/12/2019 J
Chartered Accountant

KUALA LUMPUR
25 April 2019

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2018

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000	Group 1.1.2017 RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	4	16,041	11,038	54,282	243	251	259
Land use rights	5	21	22	44	-	-	-
Land held for property development	6	1,038	-	-	-	-	-
Investment in subsidiary companies	7	-	-	-	9,754	38,651	38,651
Goodwill	8	2,264	2,264	2,264	-	-	-
Deferred tax assets	9	-	2,246	1,380	-	-	-
		19,364	15,570	57,970	9,997	38,902	38,910
Current Assets							
Property development costs	6	16,473	18,361	14,513	-	-	-
Inventories	10	14,419	12,867	14,876	-	-	-
Contract assets	11	1,500	-	1,014	-	-	-
Trade receivables	12	35,123	94,600	164,807	-	-	-
Other receivables	13	24,799	93,241	12,388	18	21	54
Amount due from subsidiary companies	14	-	-	-	57,462	13,376	14,658
Held-to-maturity investments	15	25,301	18,313	58,716	15,000	-	-
Tax recoverable		1,712	1,506	1,295	-	-	-
Deposits, cash and bank balances	16	9,785	3,815	2,566	441	17	10
		129,112	242,703	270,175	72,921	13,414	14,722
Non-current assets held for sale	17	-	17,345	15,696	-	-	-
Total Assets		148,476	275,618	343,841	82,918	52,316	53,632

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2018

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000	Group 1.1.2017 RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
EQUITY							
Share capital	18	149,840	123,220	61,083	149,840	123,220	61,083
Share premium	19	-	-	62,410	-	-	62,410
Warrant reserves	20	3,619	3,706	3,706	3,619	3,706	3,706
Accumulated losses		(56,905)	(17,525)	(32,553)	(70,791)	(75,035)	(73,737)
Equity attributable to owners of the parent		96,554	109,401	94,646	82,668	51,891	53,462
Non-controlling interests		958	1,496	1,243	-	-	-
Total Equity		97,512	110,897	95,889	82,668	51,891	53,462
LIABILITIES							
Non-Current Liabilities							
Bank borrowings	21	8,325	15,656	12,297	-	-	-
Finance lease payables	22	840	668	1,614	-	-	-
Deferred tax liabilities	9	653	2,123	3,988	-	-	-
		9,818	18,447	17,899	-	-	-
Current Liabilities							
Contract liability	11	-	969	-	-	-	-
Trade payables	23	8,942	19,876	23,474	-	-	-
Other payables	24	8,292	20,943	33,693	250	425	170
Amount due to directors	25	-	-	359	-	-	-
Amount due to former ultimate holding company	26	-	7,900	-	-	-	-
Bank borrowings	21	21,479	87,215	170,729	-	-	-
Finance lease payables	22	429	794	1,180	-	-	-
Tax payable		2,004	8,577	618	-	-	-
		41,146	146,274	230,053	250	425	170
Total Liabilities		50,964	164,721	247,952	250	425	170
Total Equity and Liabilities		148,476	275,618	343,841	82,918	52,316	53,632

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	27	180,931	299,532	-	-
Cost of sales		(172,711)	(274,332)	-	-
Gross profit		8,220	25,200	-	-
Other incomes		21,371	57,419	30,350	7
Administrative expenses		(60,330)	(45,674)	(29,812)	(1,305)
Selling and marketing expenses		-	(2)	-	-
(Loss)/Profit from operations		(30,739)	36,943	538	(1,298)
Finance costs	28	(4,396)	(11,463)	-	-
(Loss)/Profit before taxation	29	(35,135)	25,480	538	(1,298)
Taxation	30	(4,581)	(10,259)	-	-
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year		(39,716)	15,221	538	(1,298)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(39,178)	15,028	538	(1,298)
Non-controlling interests		(538)	193	-	-
		(39,716)	15,221	538	(1,298)
Total comprehensive income attributable to:					
Owners of the parent		(39,178)	15,028	538	(1,298)
Non-controlling interests		(538)	193	-	-
		(39,716)	15,221	538	(1,298)
(Loss)/Earnings per share attributable to the owners of the parent (sen)					
Basic	31(a)	(34.7)	24.6		
Diluted	31(b)	(28.6)	24.6		

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

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2018

	Note	Share Capital RM'000	Warrant Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		← Attributable to Owners of the Parent →					
		← Non-distributable →					
Group							
At 1 January 2018, as previously reported		123,220	3,706	(17,525)	109,401	1,496	110,897
Effect of adopting MFRS 9		-	-	(3,908)	(3,908)	-	(3,908)
At 1 January 2018, as restated		123,220	3,706	(21,433)	105,493	1,496	106,989
Total comprehensive income for the financial year		-	-	(39,178)	(39,178)	(538)	(39,716)
Transactions with owners:							
Right issue expenses	18	(303)	-	-	(303)	-	(303)
Rights issue	18	30,542	-	-	30,542	-	30,542
Issuance of warrants C	18	(3,619)	3,619	-	-	-	-
Expiry of warrants B	18	-	(3,706)	3,706	-	-	-
At 31 December 2018		149,840	3,619	(56,905)	96,554	958	97,512

	Share Capital RM'000	Share Premium RM'000	Warrant Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Attributable to Owners of the Parent →						
	← Non-distributable →						
Group							
At 1 January 2017	61,083	62,410	3,706	(32,553)	94,646	1,243	95,889
Total comprehensive income for the financial year	-	-	-	15,028	15,028	193	15,221
Non-controlling interest in acquisition of new subsidiary companies	-	-	-	-	-	60	60
Transactions with owners:							
Right issue expenses	-	(273)	-	-	(273)	-	(273)
Transition to no-par value regime on 31 January 2017	62,137	(62,137)	-	-	-	-	-
At 31 December 2017	123,220	-	3,706	(17,525)	109,401	1,496	110,897

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2018

		← Attributable to Owners of the Parent →				
		← Non-distributable →				
	Note	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM	Total RM
Company						
At 1 January 2017		61,083	62,410	3,706	(73,737)	53,462
Total comprehensive expense for the financial year		-	-	-	(1,298)	(1,298)
Transaction with owners:						
Right issue expenses		-	(273)	-	-	(273)
Transition to no-par value regime on 31 January 2017		62,137	(62,137)	-	-	-
At 31 December 2017		123,220	-	3,706	(75,035)	51,891
At 1 January 2018		123,220	-	3,706	(75,035)	51,891
Total comprehensive income for the financial year		-	-	-	538	538
Transaction with owners:						
Rights issue expenses	18	(303)	-	-	-	(303)
Rights issue	18	30,542	-	-	-	30,542
Issuance of warrants C	18	(3,619)	-	3,619	-	-
Expiry of warrants B	18	-	-	(3,706)	3,706	-
At 31 December 2018		149,840	-	3,619	(70,791)	82,668

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash Flows From Operating Activities				
(Loss)/Profit before taxation	(35,135)	25,480	538	(1,298)
Adjustments for:				
Bad debts recovered	(100)	(1)	-	-
Depreciation/amortisation				
- land use rights	1	-	-	-
- property, plant and equipment	1,741	1,594	8	8
Impairment losses on:				
- Trade receivables	24,606	24,705	-	-
- Other receivables	3,193	-	-	-
- Investment in subsidiaries	-	-	28,897	-
Interest expense	4,396	11,463	-	-
Interest income	(957)	(1,534)	-	-
Unrealised loss/(gain) on foreign exchange:	38	(98)	-	-
Gain on disposal of property, plant, equipment and non-current assets held for sale	(16,097)	(53,634)	-	-
Property, plant and equipment written off	107	3	-	-
Reversal of provision on expected credit losses	(232)	-	-	-
Reversal of impairment on:				
- Trade receivables	(46)	-	-	-
Balance carried down	(18,485)	7,978	29,443	(1,290)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Balance brought down		(18,485)	7,978	29,443	(1,290)
Changes in working capital					
Property development costs		1,888	(3,848)	-	-
Land held for property development		(1,038)	-	-	-
Inventories		(1,552)	2,009	-	-
Accrued billing in respect of property development costs		(1,500)	1,014	-	-
Progress billings		(969)	969	-	-
Trade receivables		31,341	45,503	-	-
Other receivables		65,249	(18,379)	3	33
Trade payables		(10,972)	(3,488)	-	-
Other payables		(12,651)	(12,750)	(175)	255
Amount due to directors		-	(359)	-	-
Amount due (to)/from subsidiary companies		-	-	(44,086)	1,282
		69,796	10,671	(44,258)	1,570
Cash from/(used in) operations		51,311	18,649	(14,815)	280
Interest received		957	1,534	-	-
Interest paid		(4,396)	(11,463)	-	-
Tax paid		(10,584)	(5,242)	-	-
		(14,023)	(15,171)	-	-
Net cash from/(used in) operating activities		37,288	3,478	(14,815)	280
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant equipment, and non-current assets held for sale		31,698	38,271	-	-
(Increase)/Decrease in held-to-maturity investments		(6,988)	40,403	(15,000)	-
Net cash outflows from disposal of subsidiary companies		-	(12)	-	-
Balance carried down		24,710	78,662	(15,000)	-

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash Flows From Investing Activities					
Balance brought down		24,710	78,662	(15,000)	-
Purchase of property, plant and equipment	4(d)	(4,149)	(791)	-	-
Additions in non-current assets held for sale		-	(6,300)	-	-
Net cash from/(used in) investing activities		20,561	71,571	(15,000)	-
Cash Flows From Financing Activities					
Movement of short term borrowings	33	(56,514)	(75,371)	-	-
Net (repayment)/drawdown of term loans	33	(10,249)	431	-	-
Repayment of finance lease liabilities	33	(1,151)	(1,332)	-	-
Advances from holding company	33	(7,900)	7,900	-	-
Non-contolling interest in acquisition of new subsidiaries		-	60	-	-
Proceeds from rights issue of shares	18	30,542	-	30,542	-
Utilisation of share premium for share issuance expenses		(303)	(273)	(303)	(273)
Net cash (used in)/from financing activities		(45,575)	(68,585)	30,239	(273)
Net increase in cash and cash equivalents		12,274	6,464	424	7
Cash and cash equivalents at the beginning of the financial year		(7,332)	(13,796)	17	10
Cash and cash equivalents at the end of the financial year		4,942	(7,332)	441	17
Cash and cash equivalents at the end of the financial year comprises:					
Deposits, cash and bank balances	16	9,785	3,815	441	17
Bank overdrafts	21	(4,843)	(11,147)	-	-
		4,942	(7,332)	441	17

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at AG 5730, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka.

The registered office of the Company is located at No. 4-1, Kompleks Niaga, Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka.

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard F.C.H. Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the Company's holding company.

2. Basis of Preparation

(a) Statement of compliance

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

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRSs 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

There were no material financial impact on transitions to MFRSs, except as disclosed in the notes to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies.

The adoption of the MFRSs has no effect on the financial statements of the Company for the current financial year excepts as disclosed in the financial statements.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instrument (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and measurement of Share-based payment Transactions
Amendments to MFRS 4*	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 140	Transfer of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 1 Amendments to MFRS 128

Note:
* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

If the entity holds highly liquidity investments as cash and cash equivalents: Liquid investments were classified as loans and receivables under MFRS 139. On the adoption of MFRS 9, the liquid investments meet the criteria for mandatory measurement of FVTPL because the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(a) Classification of financial assets and liabilities (Cont'd)

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The new impairment model applies to financial assets measured at amortised cost, debt instruments at FVTOCI, contract assets and financial guarantee contracts. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018

	As at 31.12.2017 RM	Remeasurement RM	Reclassification to MFRS 9 AC RM
Group			
Financial assets			
Loans and receivables			
Trade and other receivables	181,426	(3,908)	177,518
Deposit, bank and cash balances	3,815	-	3,815
	185,241	(3,908)	181,333
Held-to-maturity			
Held-to-maturity investments	18,313	-	18,313
Company			
Financial assets			
Loans and receivables			
Other receivables	21	-	21
Amount due from subsidiary companies	13,376	-	13,376
Deposit, bank and cash balances	17	-	17
	13,414	-	13,414

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(d) Effect on impairment allowances on 1 January 2018

	Group RM
Impairment loss on financial asset	
Balances under MFRS 139 as at 31 December 2017	73,794
Impairment loss on receivables	3,908
Balance under MFRS 9 as at 1 January 2018	77,702

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services..

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111.

a. Changes to accounting policies

(i) Incremental costs

The Group previously recognised the commission expenses paid to sales agents in profit or loss as incurred as administrative expenses. Under MFRS 15, these commission expenses had been capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

(ii) Accounting for consideration payable to customer

The Group offers promotions to its customers, including rebates and recognised these as promotion costs in profit or loss as occurred. Under MFRS 15, consideration payable to a customer, which includes cashback, vouchers and gift cards, are accounted for as a reduction of the transaction price and therefore, of revenue.

The adoption of MFRS15 has no material financial impact other than the disclosures made in the financial statements.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3 Definition of a Business		1 January 2020
Amendments to MFRS 101 Definition of Material		1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases* (Cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2018, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 8.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 7.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 6.

Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 12 and 13.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has tax recoverable and payable of RM1,712,000 (31.12.2017: RM1,506,000, 1.1.2017: RM1,295,000) and RM2,004,000 (31.12.2017: RM8,577,000, 1.1.2017: RM618,000) respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 36(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

<u>Foreign currency transactions and balances</u>

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 3(m).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease
Buildings	50 years
Plant and machinery	5 to 20 years
Motor vehicles	5 to 10 years
Other assets	5 to 10 years
Spare parts	10 to 20 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. Significant Accounting Policies (Cont'd)

(d) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(f) Financial assets

Policy applicable from 1 January 2018

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and amount due from subsidiary companies.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Policy applicable before 1 January 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. Significant Accounting Policies (Cont'd)

(f) Financial assets

Policy applicable before 1 January 2018

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current assets.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(g) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

3. Significant Accounting Policies (Cont'd)

(g) Financial liabilities (Cont'd)

Policy applicable before 1 January 2018

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Financial guarantee contracts

Policy applicable before 1 January 2018

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

3. Significant Accounting Policies (Cont'd)

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land Held for Property Development

Land held for property development consists of purchase prince of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(iii) Completed properties held for sale

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realiasable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

3. Significant Accounting Policies (Cont'd)

(j) Inventories (Cont'd)

(iv) Other inventories

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a weighted average.

(k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognosed as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the of the Group's cash management.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, accrued billing and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

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31 December 2018

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 January 2018

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

<u>Available-for-sale financial assets</u>

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(n) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(b) Sale of goods

The Group operates a factory mainly in manufacturing feeds. Revenue from sale of goods is recognised when control of the products has transferred, being at the point the customer purchases the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Payment of the transaction price is due immediately at the point the customer purchase the goods.

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

(ii) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(iii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. Property, Plant and Equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group								
Cost								
At 1 January 2018	651	1,723	10,347	19,622	5,460	3,018	664	41,485
Additions	-	-	8	88	694	4,090	227	5,107
Disposals	-	-	-	-	(880)	-	-	(880)
Transfer from/(to) non-current assets held for sale (Note 17)	1,009	-	(1,338)	-	1,270	-	-	941
Written off	-	-	-	-	-	(123)	-	(123)
At 31 December 2018	1,660	1,723	9,017	19,710	6,544	6,985	891	46,530
Accumulated depreciation								
At 1 January 2018	-	1,323	4,434	17,554	4,579	2,491	66	30,447
Charge for the financial year	-	8	264	451	703	249	66	1,741
Disposals	-	-	-	-	(615)	-	-	(615)
Transfer from/(to) non-current assets held for sale (Note 17)	-	-	(1,756)	-	775	-	-	(981)
Written off	-	-	-	-	-	(103)	-	(103)
At 31 December 2018	-	1,331	2,942	18,005	5,442	2,637	132	30,489
Carrying amount								
At 31 December 2018	1,660	392	6,075	1,705	1,102	4,348	759	16,041

4. Property, Plant and Equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group								
Cost								
At 1 January 2017	16,548	1,723	44,766	27,734	11,973	4,463	813	108,020
Additions	-	-	-	241	67	436	113	857
Disposals	(9,751)	-	(23,473)	(8,103)	(6,580)	(1,781)	-	(49,688)
Transfer to non-current assets held for sale (Note 17)	(6,146)	-	(10,946)	(250)	-	(64)	-	(17,406)
Written off	-	-	-	-	-	(36)	-	(36)
Reclassification	-	-	-	-	-	-	(262)	(262)
At 31 December 2017	651	1,723	10,347	19,622	5,460	3,018	664	41,485
Accumulated depreciation								
At 1 January 2017	-	1,315	14,714	24,262	9,456	3,991	-	53,738
Charge for the financial year	-	8	134	656	617	113	66	1,594
Disposals	-	-	(9,135)	(7,306)	(5,494)	(1,519)	-	(23,454)
Transfer to non-current assets held for sale (Note 17)	-	-	(1,279)	(58)	-	(61)	-	(1,398)
Written off	-	-	-	-	-	(33)	-	(33)
At 31 December 2017	-	1,323	4,434	17,554	4,579	2,491	66	30,447
Carrying amount								
At 31 December 2017	651	400	5,913	2,068	881	527	598	11,038
At 1 January 2017	16,548	408	30,052	3,472	2,517	472	813	54,282

4. Property, Plant and Equipment (Cont'd)

Company	**Buildings RM'000**	**Office equipment RM'000**	**Total RM'000**
Cost			
At 1 January 2018 / 31 December 2018	410	246	656
Accumulated depreciation			
At 1 January 2018	159	246	405
Charge for the financial year	8	-	8
At 31 December 2018	167	246	413
Carrying amount			
At 31 December 2018	243	-	243
Cost			
At 1 January 2017 / 31 December 2017	410	246	656
Accumulated depreciation			
At 1 January 2017	151	246	397
Charge for the financial year	8	-	8
At 31 December 2017	159	246	405
Carrying amount			
At 31 December 2017	251	-	259
At 1 January 2017	259	-	251

(a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tube well, renovations and improvements and capital work-in-progress.

(b) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 21 to the financial statements are:

		Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Land and buildings	5,851	4,236	41,982
Plant and machinery	1,475	1,749	2,020
Other assets	-	-	962
	7,326	5,985	44,964

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31 December 2018

4. Property, Plant and Equipment (Cont'd)

(c) Assets held under financial leases

The net carrying amount of leased plant and machinery of the Group is as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Motor vehicles	540	1,619	2,389
Plant and machinery	418	-	-
	958	1,619	2,389

(d) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Aggregate costs	5,107	857	3,001
Less : Hire purchase financing	(958)	(66)	(282)
Cash payments	4,149	791	2,719

5. Land Use Rights

	Group RM'000
Cost	
At 1 January 2018/ At 31 December 2018	27
Accumulated amortisation	
At 1 January 2018	5
Amortisation for the financial year	1
At 31 December 2018	6
Carrying amount	
At 31 December 2018	21

5. Land Use Rights (Cont'd)

	Group RM'000
Cost	
At 1 January 2017	122
Disposal	(95)
At 31 December 2017	27
Accumulated amortisation	
At 1 January 2017	78
Disposal	(73)
At 31 December 2017	5
Carrying amount	
At 31 December 2017	22
At 1 January 2017	44

Land use rights have been pledged to secure the bank borrowings as disclosed in Note 21.

6. Land and property development costs

(a) Land held for property development

	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
Non-current				
Group				
Cost				
At 31 December 2017/ 1 January 2018	-	-	-	-
Addition	351	-	687	1,038
At 31 December 2018	351	-	687	1,038

6. Land and property development cost (Cont'd)

(b) Property development costs

	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
Current				
31.12.2018				
Cumulative property development costs				
At 1 January	1,004	1,497	118,902	121,403
Transfer to inventories	(189)	(76)	(3,568)	(3,833)
Cost incurred during the year	-	149	7,897	8,046
Reversal of completed projects	(416)	(843)	(104,649)	(105,908)
At 31 December	399	727	18,582	19,708
Cumulative costs recognised in profit or loss				
At 1 January	(341)	(691)	(102,010)	(103,042)
Recognised during the year	(75)	(233)	(5,793)	(6,101)
Reversal of completed projects	416	843	104,649	105,908
At 31 December	-	(81)	(3,154)	(3,235)
Carrying amount				
At 31 December 2018	399	646	15,428	16,473
31.12.2017				
Cumulative property development costs				
At 1 January 2017	1,004	1,497	108,536	111,037
Cost incurred during the year	-	-	10,366	10,366
At 31 December 2017	1,004	1,497	118,902	121,403
Cumulative costs recognised in profit or loss				
At 1 January 2017	-	(222)	(96,302)	(96,524)
Recognised during the year	(341)	(469)	(5,708)	(6,518)
At 31 December 2017	(341)	(691)	(102,010)	(103,042)
Carrying amount				
At 31 December 2017	663	806	16,892	18,361
At 1 January 2017	1,004	1,275	12,234	14,513

The freehold and leasehold land have been pledged to secure bank borrowings as disclosed in Note 21.

6. Land and property development cost (Cont'd)

(b) Property development costs (Cont'd)

During the financial year, the following costs are capitalised to property development costs:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Sales Commission	11,092	-	-
Finance costs	-	357,247	357,247

The Group capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised. In the comparative period, such commissions were recognised as selling and marketing expenses when incurred.

7. Investment in Subsidiary Companies

	Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Unquoted shares, at cost			
In Malaysia			
At the beginning of the financial year	66,389	66,389	116,589
Disposal during the financial year	-	-	(50,200)
At the end of financial year	66,389	66,389	66,389
Accumulated impairment losses			
At the beginning of the financial year	27,738	27,738	38,138
Impairment for the year	28,897	-	-
Reversal of impairment losses	-	-	(10,400)
At the end of financial year	56,635	27,738	27,738
	9,754	38,651	38,651

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Held by the Company					
Sinmah Livestocks Sdn. Bhd.	Malaysia	100	100	100	Contract farming and trading of chicken feeds, day old chicks and vaccines
Sinmah Multifeed Sdn. Bhd.	Malaysia	99.99	99.99	99.99	Manufacturing and wholesale of chicken feeds
Sinmah Land Services Sdn.Bhd.	Malaysia	100	100	100	Investment holding
Sinmah Development Sdn.Bhd.	Malaysia	100	100	100	Property development
Sinmah Breeders Sdn. Bhd.	Malaysia	100	100	100	Poultry breeding and hatchery operations
Held by Sinmah Livestocks Sdn. Bhd.					
Bersatu Segar Sdn. Bhd.	Malaysia	100	100	100	Trading of feeds, medication and poultry farming
Dee Huat Farming Trading Sdn. Bhd.	Malaysia	100	100	100	Dormant
Chem Ventures Sdn. Bhd.	Malaysia	100	100	100	Trading of chemicals, medication and related equipment
Syarikat Perniagaan Suann Sdn. Bhd.	Malaysia	51	51	51	Trading of feeds, medication and poultry farming
SM Broilers Sdn. Bhd.	Malaysia	100	100	100	Contract farming, marketing and distribution of poultry products
Joint Farming Sdn. Bhd.	Malaysia	-	-	58.91	Dormant

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Held by Syarikat Perniagaan Suann Sdn. Bhd.					
Suann Food Processors Sdn.Bhd.	Malaysia	100	100	100	Poultry meat processing
Held by Sinmah Land Services Sdn. Bhd.					
Sinmah Project Management Sdn. Bhd.	Malaysia	100	100	100	Poultry farming and investment holding
Held by Sinmah Development Sdn. Bhd.					
Realtemas Realty Sdn. Bhd.	Malaysia	100	100	100	Property development
Cosmal Enterprise Sdn. Bhd.	Malaysia	100	100	100	Dormant
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	100	Building and general contracting and provision of management services
Sinmah Amegajaya Healthcare Sdn. Bhd.	Malaysia	70	70	-	Hospital activities
Sinmah Encorp Development Sdn. Bhd.	Malaysia	70	70	-	Property development
Held by Sinmah Amegajaya Healthcare Sdn. Bhd.					
Sterling Healthcare Sdn. Bhd.	Malaysia	100	-	-	Hospital activities
SAH Mutiara Sdn. Bhd.	Malaysia	85	-	-	Property development
SAH Medical Center Sdn. Bhd.	Malaysia	100	-	-	Hospital development and healthcare investment
Held by Joint Farming Sdn. Bhd.					
Joint Food Processing Sdn. Bhd.		-	-	60	Dormant

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests ("NCI"):

Name of Company	(Loss)/Profit allocated to NCI 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	Accumulated NCI 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Syarikat Perniagaan Suann Sdn. Bhd.	(170)	498	50	204	374	(124)
Suan Food Processor Sdn. Bhd.	(238)	(251)	-	872	1,110	1,367
Sinmah Encorp Development Sdn. Bhd.	(2)	(4)	-	24	26	-
SAH Mutiara Sdn. Bhd.	(3)	-	-	(3)	-	-
SAH Medical Center Sdn. Bhd.	(2)	-	-	(2)	-	-
Sterling Healthcare Sdn. Bhd.	(1)	-	-	(1)	-	-
Sinmah Amegajaya Healthcare Sdn. Bhd.	(122)	(44)	-	(136)	(14)	-
Total NCI				958	1,496	1,243

The summarised financial information for each subsidiary that has NCI that are material to the Group is set out below. The summarised financial information below represents amount before inter-company eliminations.

	Syarikat Perniagaan Suann Sdn. Bhd. 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	Sinmah Amegajaya Healthcare Sdn. Bhd. 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
(i) Summarised statements of financial position						
Total assets	2,913	4,033	12,031	969	319	-
Total liabilities	(718)	(1,004)	(16,149)	(1,422)	(367)	-
Net assets/(liabilities)	2,195	3,029	(4,118)	(453)	(48)	-
Equity attributable to owner equity	1,119	1,545	(5,361)	(439)	(34)	-
Non-controlling interests	1,076	1,484	1,243	(14)	(14)	-
	2,195	3,029	(4,118)	(453)	(48)	-

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

	Syarikat Perniagaan Suann Sdn. Bhd.		Sinmah Amegajaya Healthcare Sdn. Bhd.	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**
(ii) Summarised statements of profit or loss and other comprehensive income				
Revenue	1,138	27,106	-	-
(Loss)/Profit before taxation	(684)	7,592	(406)	(148)
Taxation	(150)	(444)	-	-
Profit/(Loss) for the financial year	(834)	7,148	(406)	(148)
Other comprehensive income	-	-	-	-
Total comprehensive income	(834)	7,148	(406)	(148)
(iii) Summarised statements of cash flows				
Net cash generated from/ (used in) operating activities	1,157	(9,097)	23	134
Net cash generated from/ (used in) investing activities	-	12,547	(6)	(207)
Net cash (used in)/generated from financing activities	-	(1,032)	-	100
Net increase in cash and cash equivalents	1,157	2,418	17	27

(b) Acquisition of subsidiary companies

<u>During the financial year</u>

On 13 March 2018, Sinmah Amegajaya Healthcare Sdn. Bhd.("SAHSB"), a 70% owned subsidiary company of the Company, incorporated a 59.5% owned subsidiary company, SAH Mutiara Sdn. Bhd., with cash subscription of RM1,000.

The intended principal activity of SAH Mutiara Sdn. Bhd. are investment holding, property development and construction.

On 6 April 2018, a 70% owned subsidiary company of the Company, SAHSB incorporated a wholly owned subsidiary company, SAH Medical Center Sdn. Bhd., with cash subscription of RM1,000.

The intended principal activities of SAH Medical Center are hospital development, management and construction, and healthcare investment.

7. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

During the financial year (Cont'd)

On 2 November 2018, a 70% owned subsidiary company of the Company, SAHSB incorporated a wholly owned subsidiary company, Sterling Healthcare Sdn. Bhd., with cash subscription of RM1,000.

The intended principal activities of Sterling Healthcare Sdn. Bhd. are to acquire or set up and run hospitals, clinics, nursing homes, maternity and planning units and pathological laboratories, provide medical plans, deal in all types of medical equipment, medicines, pharmaceutical products and all other activities related thereto without limitations.

(c) Disposal of a subsidiary company

In previous financial year

In the previous financial year, Sinmah Livestocks Sdn. Bhd. ("SLSB"), a wholly-owned subsidiary of the Company, had disposed off its 59.91% equity interest in Joint Farming Sdn. Bhd., which is equivalent to 3,240 ordinary shares of RM1.00 each to Malar Vili A/P Palanysamy for a total cash consideration of RM3.24 for which had resulted in a gain of RM10,324.

The effect of the disposal of Joint Farming Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	Group 31.12.2017 RM'000
Tax recoverable	1
Cash and bank balances	12
Other payables	(13)
Net liabilities disposed off	-
Less: Non-controlling interests	-
Gain on disposal of investment in subsidiary company	-
Disposal proceeds settled by cash	-
Less: Cash and cash equivalents of subsidiary company disposed	(12)
Net cash outflow from disposal of investment in subsidiary company	(12)

7. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary company (Cont'd)

In the previous financial year, the Company disposed off the entire equity interest in Farm's Best Food Industries Sdn. Bhd. for a cash consideration of RM13,384,099, which had resulted a gain of RM18,217,577.

The effect of the disposal of Farm's Best Industries Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	Group 31.1.2017 RM'000
Property, plant and equipment	44,012
Inventories	6,807
Trade receivables	19,598
Other receivables	1,522
Cash and bank balances	1,064
Trade payables	(42,881)
Other payables	(3,878)
Lease payables	(1,082)
Bank borrowings	(29,998)
Net liabilities disposed off	(4,836)
Less: Non-controlling interests	-
	(4,836)
Gain on disposal of investment in subsidiary company	18,220
Disposal proceeds settled by cash	13,384
Less: Cash and cash equivalents of subsidiary company disposed	(1,064)
Net cash inflow from disposal of investment in subsidiary company	12,320

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

8. Goodwill

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Cost			
At the beginning of the financial year/ At the end of the financial year	19,660	19,660	19,660
Accumulated impairment losses			
At the beginning of the financial year	17,396	17,396	17,358
Written off during the year	-	-	38
At the end of the financial year	17,396	17,396	17,396
Carrying amount			
At the end of the financial year	2,264	2,264	2,264

Goodwill acquired through business combinations has been allocated to the following CGUs as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Housing Development			
Sinmah Development Sdn. Bhd.	2,264	2,264	2,264

Impairment testing of goodwill

The recoverable amount of each CGU is determined based on value-in-use calculations using cash flow projections of financial budgets approved by senior management covering a 3-year period. The budgeted gross margin used to extrapolate cash flows for the three year period and pre-tax discount rated applied to the cash flow projections are as follows:

	Housing Division		
	31.12.2018	**31.12.2017**	**1.1.2017**
Growth rate	-	-	-
Budgeted gross margins	20%	21%	17%
Pre-tax discount rate	10%	10%	10%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates – As a matter of prudence, the Group did not apply any forecast growth rates in extrapolating future cash flows of the CGUs.

8. Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

Budgeted gross margins – Gross margins are based on average values achieved in the immediate year preceding the start of the budget period. No increase in gross margins are anticipated over the budgeted period.

The discount rate reflects the specific risks relating to the respective CGUs.

Market share assumptions. - Management assesses how the CGU's position relative to its competitors might change over the budget period. Management expects the Group's share in property market, on which the Group's products are depended upon, to be stable over the budget period.

Management believes that any reasonably possible change in the key consumptions on which recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount of the CGU.

9. Deferred Tax (Assets)/Liabilities

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At beginning of the financial year	(123)	2,608	10,108
Recognised in profit or loss (Note 30)	776	(2,731)	(7,500)
At the end of the financial year	653	(123)	2,608

The deferred tax assets and liabilities shown on the statements of financial position before the appropriate offsetting are as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Deferred tax assets	-	(2,246)	(1,380)
Deferred tax liabilities	653	2,123	3,988
	653	(123)	2,608

9. Deferred Tax (Assets)/Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

	Property, plant and equipment RM'000	Unutilised tax losses and capital allowance RM'000	Unabsorbed reinvestment allowance RM'000	Total RM'000
At 1 January 2018	2,123	(1,542)	(704)	(123)
Recognised in profit and loss	(1,470)	1,542	704	776
At 31 December 2018	653	-	-	653
At 1 January 2017	4,854	(1,542)	(704)	2,608
Recognised in profit and loss	(2,731)	-	-	(2,731)
At 31 December 2017	2,123	(1,542)	(704)	(123)

Deferred tax assets have not been recognised in respect of the following temporary difference due to uncertainty of its recoverability:

		Group	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Unutilised tax losses and capital allowances	103,715	92,719	87,585
Unabsorbed reinvestment allowances	9,446	9,446	9,446
Other deductible temporary differences	2,801	3,119	16,828
	115,962	105,284	113,859

10. Inventories

(a) Other inventories

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At cost			
Raw materials, medical supplies and chemicals	2,025	4,041	3,620
Processed chickens	-	-	415
Consumable supplies	1,642	-	306
Completed properties	10,752	8,826	9,935
Ingredient stocks and others	-	-	600
	14,419	12,867	14,876
Recognised in profit or loss:			
- Inventories recognised at cost of sales	80,498	267,786	289,750

(b) Completed properties

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At beginning of the financial year	8,826	9,935	8,518
Transfer from property development costs	3,833	-	1,417
Disposal during the year	(1,907)	(1,109)	-
At the end of the financial year	10,752	8,826	9,935

11. Contract assets/(liabilities)

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current			
Contract assets			
Property development activities	17	-	1,014
Contruction contracts	1,483	-	-
	1,500	-	1,014
Contract liabilities			
Property development activities	-	(969)	-
At 31 December			
Contract assets	1,500	-	1,014
Contract liabilities	-	(969)	-
	1,500	(969)	1,014

11. Contract asset/(liabilities) (Cont'd)

(a) Property development activities

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January	(969)	1,014	-
Property development revenue recognised during the financial year:	(12,886)	8,089	9,534
Less: Billings during the financial year	13,872	(10,072)	(8,520)
At 31 December	17	(969)	1,014
Presented as:			
Contract assets	4,511	17,397	9,534
Contract liabilities	(4,494)	(18,366)	(8,520)
	17	(969)	1,014

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 180 days.

(b) Amount due from contract customer

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Contract costs incurred to date	6,815	-	-
Attributable profits	829	-	-
Less: Progress billings	(6,161)	-	-
At 31 December	1,483	-	-
Presented as:			
Contract liabilities	1,483	-	-

The contract assets represents the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of revenue recognised overtime in excess of billings during the construction period. This amount is expected to be billed to the customer within 30 days.

11. Contract asset/(liabilities) (Cont'd)

(c) Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied at the reporting date:

	2019 RM'000	2020 RM'000	Total RM'000
Property development	4,008	945	4,953
Constrution contracts	4,874	-	4,874
	8,882	945	9,827

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

12. Trade Receivables

		Group	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade receivables			
- Third parties	133,466	168,394	213,896
Less: Accumulated impairment losses	(98,343)	(73,794)	(49,089)
At 31 December	35,123	94,600	164,807

Trade receivables are non-interest bearing and are generally on 30 to 120 days (31.12.2017: 30 to 120 days, 1.1.2017: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses are as follows:

		Group	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	73,794	49,089	28,742
Effect of adopting MFRS 9	3,908	-	-
Impairment losses recognised	24,606	24,705	22,608
Impairment losses reversed	(278)	-	(2,272)
Amount written off	(3,687)	-	11
At 31 December	98,343	73,794	49,089

12. Trade Receivables (Cont'd)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables and contract assets as at the end of the reporting period:

	Gross Amount RM'000	Loss Allowance RM'000	Net Amount RM'000
31.12.2018			
Neither past due nor impaired	20,093	(614)	19,479
Past due not impaired:			
Less than 30 days	2,467	(438)	2,029
31 to 60 days	329	(202)	127
61 to 90 days	12,234	(2,422)	9,812
	35,123	(3,676)	31,447
Credit impaired:			
More than 90 days past due	98,343	(94,667)	3,676
	133,466	(98,343)	35,123
31.12.2017			
Neither past due nor impaired	38,515	-	38,515
Past due not impaired:			
Less than 30 days	17,984	-	17,984
31 to 60 days	13,554	-	13,554
61 to 90 days	24,547	-	24,547
	94,600	-	94,600
Credit impaired:			
More than 90 days past due	73,794	(73,794)	-
	168,394	(73,794)	94,600
1.1.2017			
Neither past due nor impaired	78,206	-	78,206
Past due not impaired:			
Less than 30 days	46,725	-	46,725
31 to 60 days	12,982	-	12,982
61 to 90 days	26,894	-	26,894
	164,807	-	164,807
Credit impaired:			
More than 90 days past due	49,089	(49,089)	-
	213,896	(49,089)	164,807

12. Trade Receivables (Cont'd)

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2018, trade receivables of approximately RM15,030,000 (31.12.2017: RM56,085,000, 1.1.2017: RM86,601,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to approximately RM94,667,000 (31.12.2017: RM73,794,000, 1.1.2017: RM49,089,000), related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

13. Other Receivables

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Deferred expenditure	2,602	4,101	-
Other receivables	20,130	80,779	9,562
Prepayments	930	2,314	2,340
Refundable deposits	5,790	7,507	1,946
	29,452	94,701	13,848
Less: Accumulated impairment losses	(4,653)	(1,460)	(1,460)
	24,799	93,241	12,388

	Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Other receivables	18	21	54

In previous financial year, included in other receivables is the sales proceeds of RM62,278,000 receivable from the purchaser in respect of disposition of farms, lands and assets.

Movement in the allowance for impairment losses of other receivable are as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January	1,460	1,460	1,456
Impairment loss recognised	3,193	-	4
At 31 December	4,653	1,460	1,460

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

14. Amount Due from Subsidiary Companies

Amount due from subsidiary companies with non-interest bearing, unsecured and repayable on demand.

15. Held-to-Maturity Investments

Held-to-maturity investments consist of deposits with licensed financial institutions with maturity period of more than three months are as follows:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Deposits with licensed financial institution	25,301	18,313	58,716
Company			
Deposits with licensed financial institution	15,000	-	-

The weighted average effective interest rates of held-to-maturity investments are ranging from 3.04% to 3.15% (31.12.2017: 3.04% to 3.15%, 1.1.2017: 3.04% to 3.15%). The maturity period of held-to-maturity investments is 365 days (31.12.2017: 365 days, 1.1.2017: 365 days).

Deposits of with licensed institutions are pledged to secure banking facilities granted to the Group as disclosed in Note 21.

16. Deposits, Cash and Bank Balances

		Group	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cash and bank balances	8,253	2,172	1,390
Housing Developmet Accounts	945	1,643	1,176
Total cash and bank balances	9,198	3,815	2,566
Deposits with tenures of more than 3 months	587	-	-
	9,785	3,815	2,566

		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cash and bank balances	441	17	10

17. Non-current Assets Held For Sale

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	17,345	15,696	-
Transfer (to)/from property, plant and equipment (Note 4)	(1,922)	16,008	15,696
Refurbishment cost incurred	-	6,300	-
Written off	(87)	-	-
Disposal	(15,336)	(20,659)	-
At 31 December	-	17,345	15,696

Land and farm in poultry segment are expected to be recovered primarily through sale rather than through continuing use is classified as held for sale.

Certain motor vehicles with carrying amount of NIL (31.12.2017: RM291,717, 1.1.2017: RM Nil) are registered in the name of a related company for which the Directors have financial interests and a third party held in trust for the Group.

18. Share Capital

	Number of shares			Amount		
	31.12.2018 Unit '000	31.12.2017 Unit '000	1.1.2017 Unit '000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Issued and fully paid:						
Ordinary shares						
At the beginning of financial year	61,083	61,083	61,083	123,220	61,083	61,083
Rights issue	152,708	-	-	30,542	-	-
Rights issue expenses	-	-	-	(303)	-	-
Warrants reserve	-	-	-	(3,619)	-	-
Transition to no-par value regime on 31 January 2017 (note 19)						
- Share premium	-	-	-	-	62,137	-
At the end of the financial year	213,791	61,083	61,083	149,840	123,220	61,083

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the “Act”), on 31 January 2017, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company’s share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM62,137,000 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act. As at the date of issuance of the financial statements, the Company did not utilise the share premium account and the capital redemption reserve.

During the financial years ended 31 December 2018 and 31 December 2017, certain subsidiary companies used the amount standing to the credit of their share premium accounts to provide for the premium paid on redemption of their redeemable preference shares which were issued before 31 January 2017 in accordance with Section 618(3) of the Companies Act 2016.

18. Share Capital (Cont'd)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

19. Share Premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium net of share listing expenses:

	Group / Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-distributable			
At the beginning of the financial year	-	62,410	62,410
Rights issue expenses	-	(273)	-
Transition to no-par value regime	-	(62,137)	-
At the end of the financial year	-	-	62,410

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account becomes part of the Company's share capital (Note 17). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM62,137,000 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act.

20. Warrant Reserves

Warrant reserve represents reserve allocated to free detachable warrants issued with existing and new issue of Company's shares.

Warrants B

In the financial year 2013, the Company

(i) issued 11,106,052 free warrants on the basis of one (1) free warrant for every five (5) existing ordinary shares of RM1.00 each in the Company.

(ii) issued 5,553,000 ordinary shares of RM1.00 each in the Company by way of a private placement together with 16,659,000 free detachable warrants on the basis of three (3) warrants for every one (1) placement share issued.

20. Other Reserves (Cont'd)

Warrant reserve (Cont'd)

Warrants B (Cont'd)

Each Warrant entitles the registered holder to subscribe for one new ordinary shares of RM1.00 each in the Company at an exercise price of RM1.00 per ordinary share subject to adjustments in accordance with the provisions of the Deed Poll. The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants expired on 14 July 2018 and ceased to be valid.

Up to the date of expiry, none of the 27,765,052 (31.12.2017: 27,765,052, 1.1.2017: 27,765,052) Warrants were exercised and hence, have become invalid. As such, the reserve of RM3,706,000 was taken to retained earnings.

Warrants C

The Rights Warrants are constituted by a Deed Poll dated 25 July 2018. The salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder to subscribe for one new ordinary share at the exercise price, to be determined at a price fixing date later, subject to adjustments in accordance with the provisions of the Deed Poll;

(b) The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants mature on 11 September 2023; and

(c) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to date of allotment and issuance of new ordinary shares in the Company upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares in the Company.

As at 31 December 2018, the total number of Warrants C that remain unexercised were 38,177,039 (31.12.2017: Nil, 1.1.2017: Nil).

21. Bank Borrowings

		Group	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Secured			
Bank overdrafts	4,843	11,147	16,362
Bankers' acceptance	14,780	24,417	30,042
Revolving credits	-	46,877	116,623
Term loans	10,181	20,430	19,999
	29,804	102,871	183,026

21. Bank Borrowings (Cont'd)

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current			
Bank overdrafts	4,843	11,147	16,362
Bankers' acceptance	14,780	24,417	30,042
Revolving credits	-	46,877	116,623
Term loans	1,856	4,774	7,702
	21,479	87,215	170,729
Non-current			
Term loans	8,325	15,656	12,297
Total bank borrowings	29,804	102,871	183,026

The bank borrowings are secured by the following:

(i) Fixed and floating charges over certain assets and also negative pledges over the assets of the Group (Note 4). The borrowings of the subsidiaries are additionally guaranteed by the Company;

(ii) Corporate guarantees from the Company's to certain existing operating subsidiary companies;

(iii) Undertaking by the Company, to fully repay the facilities should the subsidiary companies be unable to meet its obligations;

(iv) Cross defaults, rights of set-off, negative pledges and pari passu ranking with all other debts of the subsidiary companies, except where the obligations are preferred by applicable laws; and

(v) Certain fixed deposits of the Group and the Company as disclosed in Note 16 to the financial statements.

The average effective interest rates per annum are as follows:

	31.12.2018 %	31.12.2017 %	1.1.2017 %
Bank overdrafts	9.40	9.40	9.40
Bankers' acceptance	5.10	5.10	5.10
Revolving credits	8.35	8.35	8.35
Term loans	8.33	8.33	8.33

22. Finance Lease Payables

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Minimum lease payments:			
Within one year	489	855	1,955
Later than one year and not later than five years	914	700	1,063
	1,403	1,555	3,018
Less: Future finance charges	(134)	(93)	(224)
Pesent value of minimum lease payments	1,269	1,462	2,794
Present value of minimum lease payments:			
Within one year	429	794	1,180
Later than one year and not later than five years	840	668	1,614
	1,269	1,462	2,794
Analysed as:			
Repayable within twelve months	429	794	1,180
Repayable after twelve months	840	668	1,614
	1,269	1,462	2,794

The finance lease payables bear interest rates ranges from 2.40% to 4.75% (31.12.2017: 2.40% to 4.75%, 1.1.2017: 2.40% to 4.75%) per annum.

23. Trade Payables

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Trade payables	8,942	19,876	23,474

Credit terms of trade payables of the Group and of the Company ranged from 30 to 90 days (31.12.2017: 30 to 90 days, 1.1.2017: 30 to 90 days) depending on the terms of the contracts.

24. Other Payables

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Other payables	5,329	10,884	9,945
Deposit received	6	2,996	18,490
Accruals	1,062	7,063	5,258
Deferred income	1,895	-	-
	8,292	20,943	33,693

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Other payables	194	280	34
Deposit received	56	6	-
Accruals	-	139	136
	250	425	170

Included in other payable is an amount of RM12,000 (31.12.2017: Nil, 1.1.2017: Nil) owing to a company in which certain directors have interest.

Deposit received from the disposal of farms, lands and assets amounted to RM Nil (31.12.2017: RM2,996,000, 1.1.2017: RM18,490,000).

25. Amount Due to Directors

Amount due to directors are non-interest bearing, unsecured and repayable on demand.

26. Amount Due to former Ultimate Holding Company

Amount due to former ultimate holding company with non-interest bearing, unsecured and repayable on demand.

27. Revenue

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue from contracts with customers:				
- Sales of goods	164,181	289,952	-	-
- Property development	9,286	9,580	-	-
- Construction contract	7,464	-	-	-
	180,931	299,532	-	-

Breakdown of the Group's revenue from contract with customers:

Group	Poultry RM'000	Property development RM'000	Construction contract RM'000	Total RM'000
2018				
Major goods and services				
Sales of goods	164,181	-	-	164,181
Property development	-	9,286	-	9,286
Construction contract revenue	-	-	7,464	7,464
Total revenue from contract with customers	164,181	9,286	7,464	180,931
Timing of revenue recognition:				
At a point in time	164,181	-	-	164,181
Over time	-	9,286	7,464	16,750
Total revenue from contract with customers	164,181	9,286	7,464	180,931

27. Revenue (Cont'd)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

Group	Poultry RM'000	Property development RM'000	Construction contract RM'000	Total RM'000
2017				
Major goods and services				
Sales of goods	289,952	-	-	289,952
Property development	-	9,580	-	9,580
Total revenue from contract with customers	289,952	9,580	-	299,532
Timing of revenue recognition:				
At a point in time	289,952	-	-	289,952
Over time	-	9,580	-	9,580
Total revenue from contract with customers	289,952	9,580	-	299,532

28. Finance Costs

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expenses on:				
Bank overdrafts	572	1,006	-	-
Banker's acceptance	1,312	1,755	-	-
Term loans	1,727	3,487	-	-
Obligations under finance leases	80	129	-	-
Revolving credits	705	5,080	-	-
Others	-	6	-	-
	4,396	11,463	-	-

29. (Loss)/Profit Before Taxation

(Loss)/Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
Statutory audit				
- current year	195	183	25	19
- under provision in prior years	6	1	-	-
Non-audit services	65	42	65	42
Impairment losses on:				
- trade receivables	24,606	24,705	-	-
- other receivables	3,193	-	-	-
- Investment in subsidiaries	-	-	28,897	-
Executive directors remuneration	3,618	2,895	-	-
Depreciation / amortisation:				
- property, plant and equipment	1,741	1,594	8	8
- land use rights	1	-	-	-
Gain on disposal of:				
- property, plant, equipment and non-current assets held for sale	(16,097)	(53,634)	-	-
Loss/(Gain) on foreign exchange:				
- realised	18	(6)	-	-
- unrealised	38	(98)	-	-
Rental expenses				
- office	81	14	-	-
- motor vehicles	585	885	-	-
Non-executive director remuneration	184	177	184	177
Property, plant and equipment and assets held for sale written off	107	3	-	-
Reversal of impairment losses of:				
- trade receivables	(46)	-	-	-
Bad debt recovered	(100)	(1)	-	-
Reversal of provision on expected credit losses	(232)	-	-	-
Rental income	(114)	(164)	-	(7)
Interest income	(957)	(1,534)	-	-

30. Taxation

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	2,944	10,425	-	-
- Under provision in prior years	861	2,565	-	-
	3,805	12,990	-	-

30. Taxation (Cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax (Note 9):				
Origination and reversal of temporary differences	320	(3,238)	-	-
Under provision in prior years	456	507	-	-
	776	(2,731)	-	-
	4,581	10,259	-	-

Malaysian income tax is calculated at the statutory rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to (loss)/profit before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation	(35,135)	25,480	538	(1,298)
Taxation at statutory tax rate of 24% (2017: 24%)	(8,432)	6,115	129	(312)
Income not subject to tax	(21,450)	(7)	(7,200)	(2)
Real property gain tax	2,435	3,191	-	-
Expenses not deductible for tax purposes	28,072	7,196	7,071	314
Deferred tax assets not recognised	3,575	6,811	-	-
Utilisation of unrecognised tax allowance	(936)	(285)	-	-
Utilisation of unabsorbed business loss	-	(890)	-	-
Income subject to real property gain tax	-	(14,944)	-	-
Under provision in prior years				
- current tax	861	2,565	-	-
- deferred tax	456	507	-	-
Tax expenses for the financial year	4,581	10,259	-	-

As at 31 December 2018, the Group and the Company have unutilised tax losses and unabsorbed capital allowances of approximately RM74,550,000 (2017: RM66,427,000) and RM41,908,000 (2017: RM43,761,000) respectively available to offset against future taxable profit. The said amounts are subject to approval by tax authorities.

31. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
(Loss)/Profit attributable to owners of the parent (RM'000)	(39,178)	15,028
Weighted average number of ordinary shares in issue (in thousands shares)	112,962	61,083
Basic (loss)/earnings per ordinary share (in sen)	(34.7)	24.6

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent by the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	Group	
	2018	**2017**
(Loss)/Profit attributable to the owners of the parent (RM'000)	(39,178)	15,028
Weighted average number of ordinary shares used in the calculation of basic earnings per share	112,962	61,083
Adjusted for:	-	-
Assumed conversion of warrants	23,905	-
Weighted average number of ordinary shares (in thousands shares)	136,867	61,083
Diluted earnings per share (sen)	(28.6)	24.6

32. Staff Costs

	Group	
	2018	**2017**
	RM'000	**RM'000**
Salaries, wages and other emoluments	9,330	9,889
Defined contribution plan	1,193	931
Other benefits	1,303	1,063
	11,826	11,883

32. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Directors				
Existing Directors of the Company				
Salary and other emoluments	2,584	2,464	-	-
Defined contribution plans	310	296	-	-
Estimated money value of benefit-in-kind	3	3	-	-
	2,897	2,763	-	-
Executive Directors				
Existing Directors of subsidiary companies				
Salary and other emoluments	553	118	-	-
Fee	105	-	-	-
Defined contribution plans	63	14	-	-
	721	132	-	-

33. Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Financing cash flows (i) RM'000	Non-cash changes New finance lease (Note 4(c)) RM'000	At 31 December RM'000
Group				
2018				
Finance lease liabilities (Note 22)	1,462	(1,151)	958	1,269
Term loans (Note 21)	20,430	(10,249)	-	10,181
Short term borrowings (Note 21)	71,294	(56,514)	-	14,780
Bank overdraft (Note 21)	11,147	(6,304)	-	4,843
Advances from holding company	7,900	(7,900)	-	-
	112,233	(82,118)	958	31,073

33. Reconciliation of liabilities arising from financing activities (Cont'd)

	At 1 January RM'000	Financing cash flows (i) RM'000	Non-cash changes New finance lease (Note 4(c)) RM'000	At 31 December RM'000
Group				
2017				
Finance lease liabilities (Note 22)	2,794	(1,398)	66	1,462
Term loans (Note 21)	19,999	431	-	20,430
Other bank borrowings (Note 21)	146,665	(75,371)	-	71,294
Bank overdraft (Note 21)	16,362	(5,215)	-	11,147
Advances from holding company	-	7,900	-	7,900
	185,820	(73,653)	66	112,233

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other changes include capitalisation of borrowing costs, interest accruals and payments.

34. Related Party Disclosure

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

34. Related Party Disclosure (Cont'd)

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant party transaction of the Group and the Company are as follows:

	2018 RM'000	2017 RM'000
Company		
Transaction with subsidiary companies		
Advances from subsidiaries	41,272	1,127
Advances to subsidiaries	49,692	465
Repayment to subsidiaries through contra	4,188	1,016
Repayment from subsidiaries through contra	4,188	945
Payments on behalf by subsidiaries	231	257
Payments on behalf of subsidiaries	6,312	-
Waiver of debt owing to subsidiaries	30,000	-
Cash repayment from subsidiaries	415	435

(c) Compensation of key management personnel

Remuneration of key management personnel are as follows:

	Group	
	2018 RM'000	2017 RM'000
Salary, fees and other emoluments	1,488	1,821
Defined contribution plans	169	206
Estimated money value of benefit-in-kind	58	71
	1,715	2,098

35. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Poultry	This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
Housing development	This consists of development and construction of residential and commercial properties.
Other business segments	This includes investment holding and provision of management services, and trading of chemicals, medication and related equipment, none of which are of a sufficient size to be reported separately.

35. Segment Information (Cont'd)

Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Group	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
31.12.2018					
Revenue					
Sales	164,181	16,750	-	-	180,931
Inter-segment sales	182,840	8,794	2,040	(193,674)	-
Total revenue	347,021	25,544	2,040	(193,674)	180,931
Results					
Segment results	(79,899)	1,574	47,861	(1,232)	(31,696)
Interest income	546	85	326	-	957
Interest expenses	(3,600)	(636)	(160)	-	(4,396)
Other non-cash items	(13,295)	(45)	(148)	178	(13,310)
(Loss)/Profit before taxation	(82,953)	1,023	48,027	(1,232)	(35,135)
Taxation	(5,974)	(394)	11	1,776	(4,581)
Segment (loss)/profit	(88,927)	629	48,038	544	(39,716)
Assets					
Additions to property, plant and equipment	5,028	73	6	-	5,107
Segment assets	132,698	71,561	78,207	(133,990)	148,476
Liabilities					
Segment liabilities	128,585	50,105	7,224	(134,950)	50,964
Non-cash (expenses)/income					
Depreciation and amortisation	(1,610)	(45)	(86)	-	(1,741)
Gain on disposal of property, plant, equipment and non-current assets held for sale	16,097	-	-	-	16,097
Impairment losses on :					
- Trade receivables	(24,735)	-	(49)	178	(24,606)
- Other receivables	(3,193)	-	-	-	(3,193)
Property, plant and equipment written off	(94)	-	(13)	-	(107)
Unrealised loss on foreign exchange	(38)	-	-	-	(38)

35. Segment Information (Cont'd)

Group	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
31.12.2017					
Revenue					
Sales	289,652	9,580	300	-	299,532
Inter-segment sales	462,987	9,845	4,864	(477,696)	-
Total revenue	752,639	19,425	5,164	(477,696)	299,532
Results					
Segments results	38,349	258	(802)	(2,396)	35,409
Interest incomes	1,429	105	-	-	1,534
Interest expenses	(10,680)	(618)	(165)	-	(11,463)
Other non-cash items	29,367	(77)	(73)	(1,989)	27,228
Profit before taxation	29,098	(255)	(966)	(2,397)	25,480
Taxation	(10,153)	(77)	(95)	66	(10,259)
Segment profit/(loss)	18,945	(332)	(1,061)	(2,331)	15,221
Assets					
Addition to property, plant and equipment	637	220	-	-	857
Segment assets	332,819	65,593	61,336	(184,130)	275,618
Liabilities					
Segment liabilities	265,914	37,255	7,527	(145,975)	164,721
Non-cash (expenses)/income					
Depreciation and amortisation	(1,447)	(74)	(73)	-	(1,594)
Gain on disposal of property, plant and equipment and non-current assets held for sale	55,623	-	-	(1,989)	53,634
Impairment losses on trade receivables	(24,705)	-	-	-	(24,705)
Property, plant and equipment written off	-	(3)	-	-	(3)
Realised loss on foreign exchange	(6)	-	-	-	(6)
Unrealised gain on foreign exchange	(98)	-	-	-	(98)

35. Segment Information (Cont'd)

Adjustments and eliminations

Fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Additional to non-current assets consists of additions of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

Major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchase.

36. Financial Instruments

(a) Classification of financial assets

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised costs RM'000	Total RM'000
Group		
31.12.2018		
Financial Assets		
Trade receivables	35,123	35,123
Other receivables	21,267	21,267
Held-to-maturity investments	25,301	25,301
Deposits, bank and cash balances	9,785	9,785
	91,476	91,476
Financial Liabilities		
Trade payables	8,942	8,942
Other payables	6,397	6,397
Finance lease payables	1,269	1,269
Bank borowings	29,804	29,804
	46,412	46,412

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

36. Financial Instruments (Cont'd)

(a) Classification of financial assets (Cont'd)

	At amortised costs RM'000	Total RM'000
Company		
31.12.2018		
Financial Assets		
Other receivables	18	18
Amount due from subsidiary companies	57,462	57,462
Held to maturity investments	15,000	15,000
Deposits, bank and cash balances	441	441
	72,921	72,921
Financial Liability		
Other payables	250	250

	Loans and receivables RM'000	Held-to-maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Group				
31.12.2017				
Financial Assets				
Trade receivables	94,600	-	-	94,600
Other receivables	86,826	-	-	86,826
Held-to-maturity investments	-	18,313	-	18,313
Deposits, bank and cash balances	3,815	-	-	3,815
	185,241	18,313	-	203,554
Financial Liabilities				
Trade payables	-	-	19,876	19,876
Other payables	-	-	20,943	20,943
Finance lease payables	-	-	1,462	1,462
Bank borowings	-	-	102,871	102,871
	-	-	145,152	145,152

36. Financial Instruments (Cont'd)

(a) Classification of financial assets (Cont'd)

	Loans and receivable RM'000	Held-to-maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Company				
31.12.2017				
Financial Assets				
Other receivables	21	-	-	21
Amount due from subsidiary	13,376	-	-	13,376
Deposits, bank and cash balances	17	-	-	17
	13,414	-	-	13,414
Financial Liability				
Other payables	-	-	425	425
Group				
1.1.2017				
Financial Assets				
Trade receivables	164,807	-	-	164,807
Other receivables	10,048	-	-	10,048
Held-to-maturity investments	-	58,716	-	58,716
Deposits, bank and cash balances	2,566	-	-	2,566
	177,421	58,716	-	236,137
Financial Liabilities				
Trade payables	-	-	23,474	23,474
Other payables	-	-	33,693	33,693
Amount due to Directors	-	-	359	359
Finance lease payables	-	-	2,794	2,794
Bank borowings	-	-	183,026	183,026
	-	-	243,346	243,346

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

36. Financial Instruments (Cont'd)

(a) Classification of financial assets (Cont'd)

	Loans and receivables RM'000	Held-to-maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Company				
1.1.2017				
Financial Assets				
Other receivables	54	-	-	54
Amount due from subsidiary companies	14,658	-	-	14,658
Deposits, bank and cash balances	10	-	-	10
	14,722	-	-	14,722
Financial Liabilities				
Other payables	-	-	170	170

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM29,804,000 (31.12.2017: RM102,871,000, 1.1.2017: RM183,026,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

There are no significant changes as compared to previous financial year.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Group					
31.12.2018					
Trade payables	8,942	-	-	8,942	8,942
Other payables	6,397	-	-	6,397	6,397
Finance lease payables	489	914	-	1,403	1,269
Bank borrowings	21,479	7,879	2,285	31,643	29,804
	37,307	8,793	2,285	48,385	46,412
31.12.2017					
Trade payables	19,876	-	-	19,876	19,876
Other payables	20,943	-	-	20,943	20,943
Finance lease payables	834	674	-	1,508	1,462
Bank borrowings	88,531	12,906	4,951	106,388	102,871
	130,184	13,580	4,951	148,715	145,152
1.1.2017					
Trade payables	23,474	-	-	23,474	23,474
Other payables	33,693	-	-	33,693	33,693
Finance lease payables	1,955	1,063	-	3,018	2,794
Bank borrowings	168,625	13,736	6,586	188,947	183,026
	227,747	14,799	6,586	249,132	242,987
Company					
31.12.2018					
Other payables	250	-	-	250	250
31.12.2017					
Other payables	425	-	-	425	425
1.1.2017					
Other payables	170	-	-	170	170

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD Group RM'000
31.12.2018	
Trade payables	167
31.12.2017	
Trade payables	(851)
1.1.2017	
Trade payables	(943)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
USD - strengthened 5%	(8)	(43)	(47)
- weakened 5%	8	43	47

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Fixed rate			
Financial Asset			
Held-to-maturity investments	25,301	18,313	58,716
Financial Liability			
Finance lease payables	1,269	1,462	2,794
Floating rate			
Financial Liability			
Bank borrowings	29,804	102,871	183,026
Company			
Fixed rate			
Financial Asset			
Held-to-maturity investments	15,000	-	-

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' and the Company's profit before tax by RM298,000 and Nil (31.12.2017: RM1,029,000 and Nil, 1.1.2017: RM1,830,000 and Nil) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Carrying amount RM'000**
31.12.2018				
Group				
Financial Liability				
Finance lease payables	-	1,403	-	840
31.12.2017				
Group				
Financial Liability				
Finance lease payables	-	547	-	668
1.1.2017				
Group				
Financial Liability				
Finance lease payables	-	1,488	-	1,614

36. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

37. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

37. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at end of the reporting period is as follows:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Total loans and borrowings	31,073	104,333	185,820
Less: Deposits, bank and cash balances	(9,785)	(3,815)	(2,566)
Net debt	21,288	100,518	183,254
Equity attributable to owners of the parent	96,554	109,401	94,646
Gearing ratio	0.22	0.92	1.94

There were no changes in the Group's approach to capital management during the year.

38. Significant Events

(a) On 13 March 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary company known as SAH Mutiara Sdn. Bhd. ("SMSB") under the Companies Act, 2016. The intended principal activities are investment holding, property development and construction.

SMSB was incorporated with an issued share capital of RM1,000 comprising 1,000 ordinary shares, 85% of its equity held by SAHSB and 15% held by a third party.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

(b) On 9 April 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary company known as SAH Medical Center Sdn. Bhd. ("SMCSB") under the Companies Act, 2016. The intended principal activities are hospital development, management and construction and healthcare investment.

SMCSB was incorporated with an issued share capital of RM1,000 comprising 1,000 ordinary shares. 100% of its equity held by SAHSB.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

38. Significant Events (Cont'd)

(c) On 2 May 2018, the Company obtained its members approval at an Extraordinary General Meeting for the following:

(i) Proposed Rights Issue

The Company intended to issue up to 222,120,787 Rights Shares on a renounceable basis of 5 Rights Shares for every 2 existing Sinmah Shares together with up to 55,530,196 Rights Warrants on the basis of 1 Rights Warrants for every 4 Rights Shares subscribed by the entitled shareholders. As Warrants 2013/2018 expired on 13 July 2018 with no warrants being exercised, the Company had on 8 August 2018 issued its Abridged Prospectus for Renounceable Rights Issue of up to 152,708,157 new ordinary shares in the Company ("Rights Shares") on the basis of 5 Rights Shares for every 2 existing Sinmah Shares at an issue price of RM0.20 per Rights Share, together with up to 38,177,039 free detachable warrants ("Rights Warrants") for every 4 Rights Shares subscribed for. The Rights Shares and Rights Warrants were granted listing on the Main Market of Bursa Securities Berhad ("Bursa") on 12 September 2018.

The Renounceable Rights Issue with free detachable warrants raised RM30,541,631.40 which shall be utilised as follows:

	Planned Utilisation RM'000	**Expected timeframe for utilisation of proceeds (from date of listing of Rights Shares**
Land cost in respect of joint-venture between Sinmah Development Sdn. Bhd. and Encorp Bukit Katil Sdn. Bhd.	20,902	Within 24 month, i.e. before 12 September 2020.
Development expenditure for the said joint-venture	8,510	
Expenses in relation to the corporate exercise	1,130	Within 2 weeks, i.e. before 26 September 2018.
	30,542	

However, on 6 December 2018, the joint-venture agreement between Sinmah Development Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company, and Encorp Bukit Katil Sdn Bhd ("EBKSB") was mutually terminated upon non-fulfilment of conditions precedent.

As provided by the Abridged Prospectus on the Rights Issue, the proceeds can now be used for the Group's existing and future development and construction projects.

38. Significant Events (Cont'd)

(c) On 2 May 2018, the Company obtained its members approval at an Extraordinary General Meeting for the following: (Cont'd)

(i) Proposed Rights Issue (Cont'd)

The status of utilisation of proceeds is as follows:

	Planned Utilisation RM'000	Actual Utilisation To-date RM'000	Remarks
Rumah Mampu Milik Melaka			
(a) Cost of building construction	10,938	3,892	At 55% completion
(b) Cost of infrastructure	1,500	1,500	
(c) Professional fees	150	150	
(d) Sales and administration	120	35	
(e) Conversion premium (partial)	1,433	-	
Double storey terrace houses			
(a) Cost of building construction	200	200	Completed at end of 2018
(b) Cost of infrastructure	1,588	1,588	
(c) Professional fees	50	50	
(d) Sales and administration	40	40	
Two and a half storey semi-detached houses			
(a) Cost of building construction	2,539	-	Construction yet to begin
(b) Cost of infrastructure	416	43	
(c) Professional fees	120	44	
(d) Sales and administration	65	24	
Future property development and construction projects	10,253	8,333	Construction contract with Koperasi Pekerja Johor
Expenses in relation to the corporate exercise	1,130	1,080	The amount allocated for this purposed has been fully utilised by 26 September 2018. The under utilisation of approximately RM50,000 will be used for land cost and development expenditure for property development and construction business, in accordance with the Abridged Prospectus.
	30,542	16,979	

38. Significant Events (Cont'd)

(c) On 2 May 2018, the Company obtained its members approval at an Extraordinary General Meeting for the following: (Cont'd)

(ii) Proposed Exemption

The Proposed Exemption is in relation to the Renounceable Rights Issue with free detachable warrants, whereby, the Company sought exemption for FCH Holdings Sdn Bhd ("FCH") and its parties acting in concert ("PACs") from the obligation to undertake a mandatory offer for all remaining Sinmah Shares and convertible securities in Sinmah not already owned by FCH and its PACs.

(iii) Proposed SIS

The Company proposed to establish a Share Issuance Scheme ("SIS") of up to 15% of the total number of issued Sinmah Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible directors and employees of Sinmah and its non-dormant subsidiaries.

(iv) Proposed Joint Venture

Proposed joint venture between SDSB, a wholly-owned subsidiary of the Company and EBKSB, a wholly-owned subsidiary of Encorp Berhad, to carry out a mixed development project on land measuring 77.94 acres held as part of PN 58407, Lot 31915(formerly known as PN 43209, Lot 6934), Mukim Bukit Katil, District of Melaka Tengah in the state of Melaka.

As stated above, the joint-venture agreement between SDSB and EBKSB was mutually terminated upon non-fulfilment of conditions precedent.

(v) Proposed Diversification

Proposed diversification of the business of Sinmah to includeproperty development and construction.

(d) On 2 November 2018, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") the 70% owned subsidiary of SDSB, a wholly-owned subsidiary of the Company, had incorporated a new subsidiary company known as Sterling Healthcare Sdn. Bhd. ("Sterling") under the Companies Act, 2016. The intended principal activities are to acquire or set up and run hospitals, clinics, nursing homes, maternity and planning units and pathological laboratories, provide medical plans, deal in all types of medical equipment, medicines, pharmaceutical products and all other activities related thereto without limitations.

Sterling was incorporated with an issued share capital of RM2 comprising 20 ordinary shares, 100% of its equity is held by SAHSB.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

38. Significant Events (Cont'd)

(e) On 6 December 2018, Sinmah Development Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company had entered into the following conditional share sale agreements:

(i) With Datuk Beh Kim Ling ("Datuk BKL"), Datuk Lee Soo Gee ("Datuk LSG") and Datuk Fong Kiah Yeow ("Datuk FKY") (collectively referred as "Vendors" ("SSA 1") to acquire the entire share capital of Budi Saja Sdn Bhd ("Budi"), comprising 3,000,003 ordinary shares ("Budi Shares"), for a total cash consideration of RM10,345,000 ("Proposed Budi Acquisition"); and

(ii) With Vendors ("SSA 2") to acquire the entire share capital of Meadow Assets Sdn Bhd ("Meadow"), comprising 3,000,003 ordinary shares ("Meadow Shares"), for a total cash consideration of RM1,500,000 ("Proposed Meadow Acquisition").

(Collectively referred to as the "Proposed Acquisitions")

Datuk FKY is a director and shareholder of Budi and Meadow. Hence, the Proposed Acquisition is a related party transaction that would require approval of shareholders of the Company at an extraordinary general meeting "(EGM"). The EGM was held on 13 March 2019 and the Proposed Acquisitions have been duly approved by the shareholders of the Company.

The completion of the Proposed Acquisitions is now pending the full payment of the purchase consideration and transfer of the Budi and Meadow shares into the name of Sinmah Development Sdn Bhd.

Upon completion, Budi and Meadow will become wholly-owned subsidiaries of SDSB.

39. Subsequent Events

(a) On 7 January 2019, SAHSB, the 70% owned subsidiary of the SDSB, the wholly-owned subsidiary of the Company, entered into a Sale and Purchase of Shares Agreement ("SSA") with Encik Shaik Mohammed Haikhal Bin Abdul Rahim to dispose off 50 ordinary shares representing 5% equity interest in SAH Medical Center Sdn Bhd ("SMCSB") ("the Sale Shares") for a total cash consideration of RM50.00 ("the Disposal").

The Disposal was completed on 9 January 2019 and SMCSB became a 95% owned subsidiary of SAHSB.

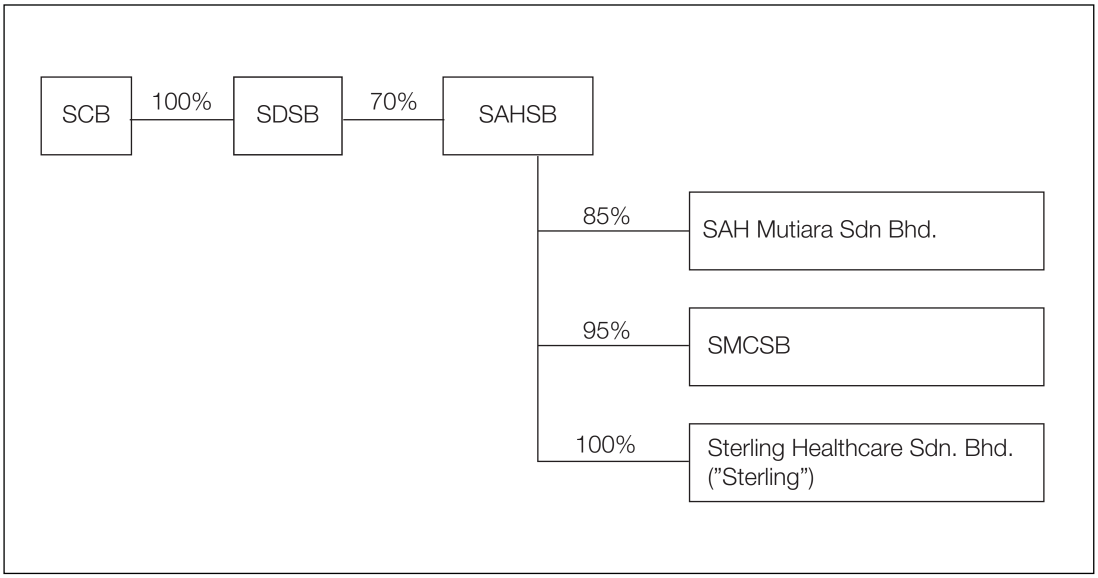
(b) On 10 January 2019, SAHSB, the 70% owned subsidiary of SDSB, the wholly-owned subsidiary of the Company, had subscribed for an additional 4,749,050 ordinary shares in SAH Medical Center Sdn Bhd ("SMCSB") at an issue price of RM1.00 per share (hereinafter referred to as "the Subscription of Shares"), thereby increasing SAHSB's investment in SAH Medical Center Sdn Bhd to RM4,750,000. SMCSB will remain a 95% owned subsidiary of SAHSB and Encik Shaik Mohammed Haikhal Bin Abdul Rahim will hold 5% equity interest in SMCSB after the Subscription of Shares.

39. Subsequent Events (Cont'd)

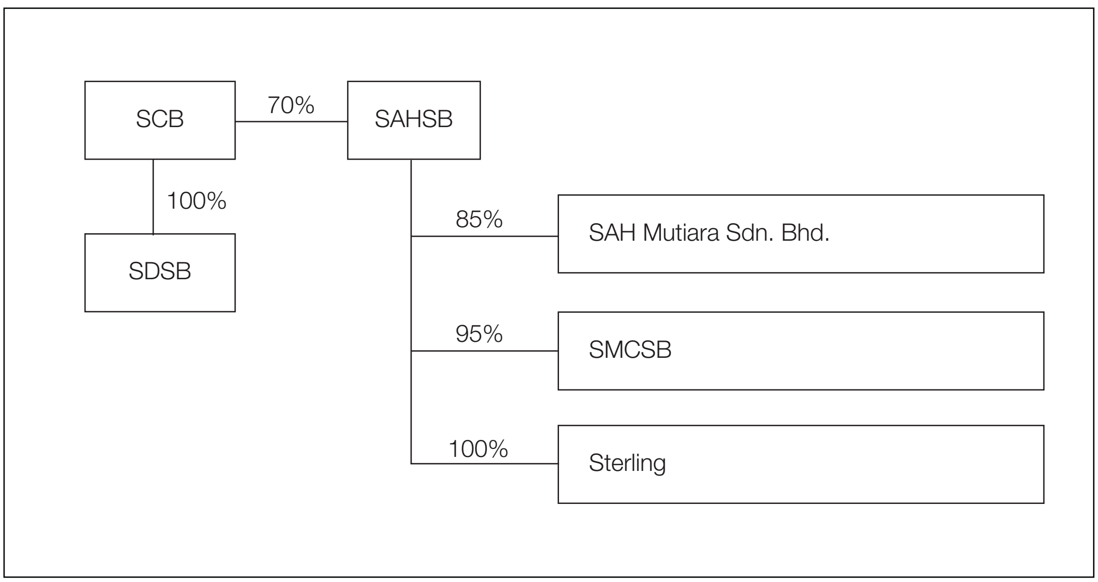
(c) On 15 January 2019, the Company announced to Bursa Malaysia Securities Berhad ("Bursa") its re-organisation exercise involving the transfer of 70,000 ordinary shares in the equity of SAHSB from SDSB to the Company for a total cash consideration of RM70,000. The re-organisation is for the purpose of streamlining and realigning the businesses and business units of the Group into more distinct business segments.

The Re-organisation exercise are diagrammatically presented as follows :-

Before



After



39. Subsequent Events (Cont'd)

(d) On 17 January 2019, the Company announced to Bursa the following:

(i) Proposed diversification of the business of the Company and its subsidiaries ("Sinmah Group" or "Group") into healthcare business;

(ii) SMCSB (a 95%-owned subsidiary of SAHSB) which in turn is a 70%-owned subsidiary of Sinmah) has entered into a conditional sale and purchase agreement with The Aston Holiday Sdn Bhd ("Vendor") ("SPA 1") to acquire a piece of freehold land together with a three-star hotel ("Property 1") erected thereon, for a cash consideration of RM23,000,000 ("Proposed Property 1 Acquisition"); and

(iii) SAH Medical has on 17 January 2019 entered into a conditional sale and purchase agreement with the Vendor to acquire a piece of freehold land together with a 6-storey commercial building ("Property 2") erected thereon, for a cash consideration of RM4,000,000.

The Proposed Diversification will provide the Group with the opportunity to diversify its earnings by venturing into the provision of healthcare services by owning, constructing and operating hospitals providing medical services. The additional revenue contribution from the provision of healthcare services is expected to contribute positively to the Group's future revenue stream and profitability.

The Board has identified the Proposed Property 1 Acquisition and Proposed Property 2 Acquisition ("Proposed Acquisitions") as part of the Sinmah Group's diversification into the provision of healthcare business.

The Board believes that the Group has the capacity, capabilities and resources to diversify into the healthcare business after taking into consideration the competency and experience of relevant key personnel deemed to be instrumental in the Group's venture into the healthcare business. The Group will also be engaging with reputable healthcare professionals for guidance on green field set-up, operational tie-up, management support and resources sharing for the operations of the hospital and medical-related services.

(e) On 27 February 2019, Sinmah Multifeed Sdn Bhd ("Multifeed" of "Vendor"), the 99.99% owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with Huat Lai Feedmill Sdn Bhd ("Huat Lai" or "Purchaser") to dispose-off two (2) parcels of leasehold land measuring a total of approximately 4.52 acres (approximately 18,309.90 square meters) together with buildings erected thereon as well as plant and machineries attached to the property for a total cash consideration of RM27.20 million ("Disposal Consideration").

The Company intends to utilise the Disposal Consideration as follows:

Intended purposes	Planned Utilisation RM'000	Expected timeframe for utilisation of proceeds (from date of completion)
Repayment of bank borrowings	14,500	Within 12 months
Working capital	12,500	Within 12 months
Expenses in relation to the Proposed Disposal	200	Within 2 weeks
	27,200	

39. Subsequent Events (Cont'd)

(f) On 12 March 2019, SMCSB, the 95% owned subsidiary of SAHSB, the 70% owned subsidiary of the Company had incorporated a new subsidiary known as SAH Medical Center (Segamat) Sdn Bhd ("SMCSSB") under the Companies Act 2016. The intended principal activities are hospital development, management and construction and to carry on all healthcare related activities.

SMCSSB was incorporated with an issued share capital of RM1,000 comprising 1,000 ordinary shares. 100% of its equity is held by SMCSB.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

(g) On 4 April 2019, the Company had incorporated a new wholly-owned subsidiary known as SAH Medical Sdn Bhd ("SMSB") under the Companies Act 2016 with an issued paid up capital of RM100 comprising 100 ordinary shares.. The intended principal activities of SMSB are hospital development, management and construction and to carry on all healthcare related activities.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

(h) On 15 April 2019, SMSB, the wholly-owned subsidiary of the Company, had incorporated a new wholly-owned subsidiary known as SAH Medical Center (Melawati) Sdn Bhd ("SMCMSB") under the Companies Act 2016 with an issued paid up capital of RM1000 comprising 1000 ordinary shares.. The intended principal activities of SMSB are hospital development, management and construction and to carry on all healthcare related activities.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

40. Explanation of Transition to MFRSs

As stated in Note 2(a) to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position at 1 January 2017 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

40. Explanation of Transition to MFRSs (Cont'd)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows:

Consolidated Statement of Financial Position as at 31 December 2017

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Current liabilities			
Contract liabilities	-	969	969
Progress billings in respect of property development coss	969	(969)	-

Consolidated Statement of Financial Position as at 1 December 2017

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Current assets			
Contract assets	-	1,014	1,014
Amount due from contract customers	1,014	(1,014)	-

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2017

There are no material differences between the Consolidated Statement of Profit or Loss and Other Comprehensive Income presented under MFRSs and the Consolidated Statement of Profit or Loss and Other Comprehensive Income presented under FRSs.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2017

There are no material differences between the Consolidated Statement of Cash Flow presented under MFRSs and the Consolidated Statement of Cash Flows presented under FRSs.

41. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2019.

ANALYSIS OF SHAREHOLDINGS

as at 5 April 2019

Total issued shares	:	213,791,420 ordinary shares
Class of shares	:	Ordinary Share
Voting Rights	:	one vote per Ordinary Share
Number of Shareholders as at 5 April 2019	:	2,550

Distribution of Shareholdings based on the Records of Depositors as at 5 April 2019

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	122	4.78	1,890	0.00***
100 – 1,000	424	16.63	252,064	0.12
1,001 – 10,000	899	35.25	4,531,673	2.12
10,001 – 100,000	906	35.53	33,048,893	15.46
100,001 – 10,689,570 (*)	197	7.73	124,867,447	58.40
10,689,571 and above (**)	2	0.08	51,089,453	23.90
Total	2,550	100.00	213,791,420	100.00

Note :
(*) means less than 5% of issued share capital
(**) means 5% and above of issued share capital
(***) means negligible

Substantial Shareholders based on the Register of Substantial Shareholders as at 5 April 2019

The Substantial shareholders of Sinmah Capital Berhad (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows :-

	Direct interest		Indirect Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
F.C.H. HOLDINGS SDN BHD	36,721,253^	17.18	-	-
DATO' FONG KOK YONG	-	-	36,721,253#	17.18
DATUK FONG KIAH YEOW	17,402,200@	8.14	36,721,253#	17.18
FONG NGAN TENG	15,256,000α	7.14	36,721,253#	17.18
FONG CHOON KAI	15,256,000∞	7.14	36,721,253#	17.18
DATO' LEONG SAI MUN	16,000,000β	7.48	-	-

Notes :
(^) 36,721,253 shares are held through JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd
(#) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in F.C.H. Holdings Sdn Bhd via JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd
(@) 17,402,200 shares are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 7,024,200 shares and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,378,000 shares
(α) 15,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 5,256,000 shares
(∞) 15,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 5,256,000 shares
(β) 16,000,000 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Leong Sai Mun

Directors' Shareholdings based on Register of Directors' Shareholdings as at 5 April 2019

Directors	Direct interest No. of Shares	%	Indirect Interest No. of Shares	%
DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN	-	-	-	-
DATO' FONG KOK YONG	-	-	36,721,253[#]	17.18
DATUK FONG KIAH YEOW	17,402,200[@]	8.14	36,721,253[#]	17.18
FONG NGAN TENG	15,256,000[α]	7.14	36,721,253[#]	17.18
FONG CHOON KAI	15,256,000[∞]	7.14	36,721,253[#]	17.18
DATUK NG PENG HONG @ NG PENG HAY	-	-	-	-
MOHD KHASAN BIN AHMAD	-	-	-	-
MUNAWAR KABIR MOHD BIN ZAINAL ABIDIN	-	-	-	-

Notes :

(#) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in F.C.H. Holdings Sdn Bhd via JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd

(@) 17,402,200 shares are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 7,024,200 shares and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,378,000 shares

(α) 15,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 5,256,000 shares

(∞) 15,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 5,256,000 shares

Directors' Interests in Related Corporations based on Register of Directors' Shareholdings in the Company and its subsidiaries as at 5 April 2019

By virtue of their interests in the shares of the Company, Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office had any interest in shares in the Company's subsidiaries or related corporation as at 5 April 2019.

Options, Warrants or Convertible Securities as at 5 April 2019

The Warrants 2013/2018 that is Warrant B were constituted under Deed Poll dated 27 June 2013. A total number of Warrants B that remain unexercised were 27,765,052 and expired on 13 July 2018.

The shareholders of the Company has via the Extraordinary General Meeting which was held on 2 May 2018 to approve the establishment a Share Issuance Scheme ("SIS") and the Company has on 18 September 2018 implemented the SIS. However, no allocation of the share options to the directors of the Company as at 5 April 2019.

Save as disclosed above, the Directors' Warrant C holdings and the Directors' shareholdings in the Company, the Company and/or its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 31 December 2018.

ANALYSIS OF SHAREHOLDINGS

as at 5 April 2019

Thirty Largest Shareholders based on Record of Depositors as at 5 April 2019
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Shareholders	No. of Shares	%
1	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR F.C.H. HOLDINGS SDN BHD (MARGIN)	36,721,253	17.18
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEONG SAI MUN (MY1636)	14,368,200	6.72
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	10,378,000	4.85
4	NG MENG KEE	8,813,700	4.12
5	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	7,024,200	3.29
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (MARGIN)	5,700,000	2.67
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (MARGIN)	5,700,000	2.67
8	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (M&A)	5,256,000	2.46
9	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (M&A)	5,256,000	2.46
10	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI	4,300,000	2.01
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG	4,300,000	2.01
12	TAN YU YEH	3,500,000	1.64
13	TEH SEN SIEW	3,142,700	1.47
14	LIM KIAN HUAT	3,105,200	1.45
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG FUT LING (001)	3,000,000	1.40
16	GOLSTA SDN BHD	2,307,500	1.08
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (M09)	2,226,600	1.04
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (7002470)	1,700,050	0.80
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEE FOONG	1,300,000	0.61
20	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAJINDER KAUR A/P PIARA SINGH (MARGIN)	1,155,000	0.54
21	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOAK WAH (JB)	1,115,900	0.52
22	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG HAN PENG	1,100,000	0.51
23	LIM PANG HOO	1,049,500	0.49
24	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR WONG AH KUM	1,000,000	0.47
25	WONG AH KUM	1,000,000	0.47
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG HOI KEE (MY2666)	950,000	0.44
27	TAN YONG CHIOW	805,000	0.38
28	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	766,500	0.36
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG (ETMR)	750,000	0.35
30	NIK FAIRUL ZAMRI BIN MOHD PAUZI	700,000	0.33

ANALYSIS OF WARRANT C HOLDINGS

as at 5 April 2019

Number of Warrant C issued as at 5 April 2019	:	38,177,039 warrants
Number of Warrant C exercised	:	Nil
Number of Warrant C not exercised	:	38,177,039 warrants
Exercise Period	:	Commencing from the Issue Date (30.08.2018) and ending at 5.00 p.m. on the last day of the period of five (5) years from (and including) the Issue Date of Warrants 2018/2023 or such terms as stated in the Deed Poll
Exercise Price	:	RM0.20 per ordinary share and subject to adjustment in accordance with the conditions provided in the Deed Poll
Warrant C Entitlement	:	Each Warrant C entitles the registered holders at any time during the exercise period to subscribe for one (1) new ordinary share at the exercise price
Voting Rights	:	1 vote per Warrant C held (at the meeting of Warrant C holders only)
Number of Warrant C Holders as at 5 April 2019	:	660

Distribution of Warrant C Holdings as at 5 April 2019

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	54	8.18	2,725	0.01
100 – 1,000	73	11.06	45,204	0.12
1,001 – 10,000	283	42.88	1,261,533	3.30
10,001 – 100,000	213	32.27	7,946,585	20.82
100,001 – 1,908,850 (*)	32	4.85	13,942,387	36.52
1,908,851 and above (**)	5	0.76	14,978,605	39.23
Total	660	100.00	38,177,039	100.00

Note :

(*) means less than 5% of issued Warrant C

(**) means 5% and above of issued Warrant C

ANALYSIS OF WARRANT C HOLDINGS

as at 5 April 2019

Warrant C Holders Holding 5% or above as at 5 April 2019

Name	Direct interest No. of Warrants	%	Indirect Interest No. of Warrants	%
F.C.H. HOLDINGS SDN BHD	3,814,380[ε]	9.99	-	-
DATO' FONG KOK YONG	-	-	3,814,380[¥]	9.99
DATUK FONG KIAH YEOW	4,197,250[£]	10.99	3,814,380[¥]	9.99
FONG NGAN TENG	3,814,000[ǂ]	9.99	3,814,380[¥]	9.99
FONG CHOON KAI	3,814,000[π]	9.99	3,814,380[¥]	9.99
DATO' LEONG SAI MUN	3,612,025[ф]	9.46	-	-

Notes :

(ε) 3,814,380 Warrant C are held through JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd

(¥) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his Warrant C holding in F.C.H. Holdings Sdn Bhd via JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd

(£) 4,197,250 Warrant C are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 1,629,750 Warrant C and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 2,567,500 Warrant C

(ǂ) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 1,314,000 Warrant C

(π) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 1,314,000 Warrant C

(ф) 3,612,025 Warrant C are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Leong Sai Mun

Directors' Warrant C Holdings as at 5 April 2019

Directors	Direct interest No. of Shares	%	Indirect Interest No. of Shares	%
DATO' FONG KOK YONG	-	-	3,814,380[¥]	9.99
DATUK FONG KIAH YEOW	4,197,250[£]	10.99	3,814,380[¥]	9.99
FONG NGAN TENG	3,814,000[ǂ]	9.99	3,814,380[¥]	9.99
FONG CHOON KAI	3,814,000[π]	9.99	3,814,380[¥]	9.99
DATUK NG PENG HONG @ NG PENG HAY	-	-	-	-
MOHD KHASAN BIN AHMAD	-	-	-	-
DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN	-	-	-	-
MUNAWAR KABIR MOHD BIN ZAINAL ABIDIN	-	-	-	-

Notes :

(¥) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his Warrant C holding in F.C.H. Holdings Sdn Bhd via JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd

(£) 4,197,250 Warrant C are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 1,629,750 Warrant C and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 2,567,500 Warrant C

(ǂ) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 1,314,000 Warrant C

(π) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 1,314,000 Warrant C

ANALYSIS OF WARRANT C HOLDINGS
as at 5 April 2019

Thirty Largest Warrant C Holders as at 5 April 2019

No	Shareholders	No. of Shares	%
1	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR F.C.H. HOLDINGS SDN BHD (MARGIN)	3,814,380	9.99
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEONG SAI MUN (MY1636)	3,596,725	9.42
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	2,567,500	6.73
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (MARGIN)	2,500,000	6.55
5	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (MARGIN)	2,500,000	6.55
6	ABDUL HANIFF BIN SULAIMAN	1,900,000	4.98
7	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	1,629,750	4.27
8	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (M&A)	1,314,000	3.44
9	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (M&A)	1,314,000	3.44
10	ONG CHIN KIM	845,200	2.21
11	EE KIM CHENG	700,000	1.83
12	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG HAN KEONG (201074)	700,000	1.83
13	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (M09)	556,650	1.46
14	ABD HAZIS BIN OMAR	500,000	1.31
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (7002470)	362,512	0.95
16	LEE SIU WAH	339,800	0.89
17	NG YONG CHONG	334,900	0.88
18	RHB NOMINEES (TEMPATAN) SDN BHD FOO PAK SOOI	300,000	0.79
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITES ACCOUNT FOR LIM HOCK SENG (013)	295,000	0.77
20	GUN LIAN SING	233,075	0.61
21	YEO ENG CHONG @ YEO YONG CHONG	218,500	0.57
22	KOH TIN SOO	200,000	0.52
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAI FOONG MEI	200,000	0.52
24	LIM PANG HOO	189,550	0.50
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG (ETMR)	187,500	0.49
26	LIM KONG YOW	180,000	0.47
27	MUHAMMAD ASRI BIN FAZER	150,000	0.39
28	TAN YONG CHIOW	143,750	0.38
29	NG WOOI YING	142,125	0.37
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAI KAI VOON	141,900	0.37

LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
THE COMPANY AND 100% OWNED SUBSIDIARIES				
P.T. No. 197 H.S.(D) 33179 Kawasan Bandar XXXIX Daerah Melaka Raya, Melaka	3 1/2 Storey Intermediate shoplot	Leasehold (expiring in 2075)	307,757	2003
No. 65 & 65-1 Jalan KU 12, Taman Krubong Utama, Krubong 75250 Melaka	Double Storey shoplot	Leasehold (expiring in 2105)	232,043	2013
Taman Mewah Alor Gajah, Melaka	6 Units of 2- bedroom Apartment	Leasehold (Expiring in 2091)	97,809	1995
P.T.No.20, Plot 6 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	305,593	1994
P.T.No.18 H.S.(M) 1940 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	3,859,604	1994
Lot 13151 Geran 114212 (formerly H.S. (D) 24419, No PT11641) Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	567,590	2006
Lot 13140 Geran 201166 (formerly inown H.S. (D) 24408, No PT11630) Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	563,996	2005
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of bedrooms apartment	Freehold	242,369	1998
No. H.S. (D) 2549, No. PT 1512 Mukim Kelemak District of Alor Gajah, Melaka	Double storey shophouse	Freehold	134,157	2006
MLO 5436, MLO 5437 Lot 1639 & Lot 3523 H.S. (D) 2447, H.S. (D) 2448 GM1333 & GM 364 Mukim of Lenga District of Muar Johor	Broiler Farm	Freehold	1,837,082	2012

1. Corporate Proposals And Utilisation Of Proceeds

Rights Issue With Warrants

On 8 August 2018, the Company issued its Abridged Prospectus for Renounceable Rights Issue of up to 152,708,157 new ordinary shares in the Company ("Rights Shares") on the basis of 5 Rights Shares for every 2 existing Sinmah Shares at an issue price of RM0.20 per Rights Share, together with up to 38,177,039 free detachable warrants ("Rights Warrants") for every 4 Rights Shares subscribed for. The Rights Shares and Rights Warrants were granted listing on the Main Market of Bursa Securities on 12 September 2018.

The Renounceable Rights Issue with free detachable warrants raised RM30,541,631.40 which shall be utilised as follows:

	Planned Utilisation RM'000	Expected timeframe for utilisation of proceeds (from date of listing of Rights Shares)
Land cost in respect of joint-venture between Sinmah Development Sdn Bhd and Encorp Bukit Katil Sdn Bhd	20,902	Within 24 month, i.e. before 12 September 2020.
Development expenditure for the said joint-venture	8,510	
Expenses in relation to the corporate exercise	1,130	Within 2 weeks, i.e. before 26 September 2018.
	30,542	

However, on 6 December 2018, the joint-venture agreement between Sinmah Development Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company, and Encorp Bukit Katil Sdn Bhd ("EBKSB") was mutually terminated upon non-fulfilment of conditions precedent.

As provided by the Abridged Prospectus on the Rights Issue, the proceeds can now be used for the Group's existing and future development and construction projects.

The status of utilisation of proceeds is as follows:

	Planned Utilisation RM'000	Actual Utilisation To-date RM'000	Remarks
Rumah Mampu Milik Melaka			
(a) Cost of building construction	10,938	3,892	At 55% completion
(b) Cost of infrastructure	1,500	1,500	
(c) Professional fees	150	150	
(d) Sales and administration	120	35	
(e) Conversion premium (partial)	1,433	-	
Double storey terrace houses			
(a) Cost of building construction	200	200	Completed at end of 2018
(b) Cost of infrastructure	1,588	1,588	
(c) Professional fees	50	50	
(d) Sales and administration	40	40	

	Planned Utilisation RM'000	Actual Utilisation To-date RM'000	Remarks
Two and a half storey semi-detached houses			
(a) Cost of building construction	2,539	-	Construction yet to begin
(b) Cost of infrastructure	416	43	
(c) Professional fees	120	44	
(d) Sales and administration	65	24	
Future property development and construction projects (to be identified)	10,253	8,333	Construction contract with Koperasi Pekerja Johor
Expenses in relation to the corporate exercise	1,130	1,080	The amount allocated for this purposed has been fully utilised by 26 September 2018. The under utilisation of approximately RM50,000 will be used for land cost and development expenditure for property development and construction business, in accordance with the Abridged Prospectus.
	30,542	16,979	

2. **Share Buy-back**

During the financial year, there was no share buy-back by the Company.

3. **Options or Convertible Securities**

The Warrants 2013/2018, that is Warrant B were constituted under Deed Poll dated 27 June 2013. A total number of Warrants B that remain unexercised were 27,765,052 and expired on 13 July 2018.

The shareholders of the Company has via the Extraordinary General Meeting which was held on 2 May 2018 to approve the establishment a Share Issuance Scheme (“SIS”) and the Company has on 18 September 2018 implemented the SIS. However, no allocation of the share options to the directors of the Company as at 5 April 2019.

Save as disclosed above, the Directors’ Warrant C holding and the Directors’ shareholding in the Company, the Company and/or its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 31 December 2018.

4. **Depository Receipt Programme**

The Company did not sponsor any depository receipt programme during the financial year.

5. **Imposition of Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies for the financial year ended 31 December 2018 except for traffic offences.

6. Non-Audit Fees

The total amount of non-audit fees paid or payable to the external auditors and their affiliated companies by the Company for the financial year ended 31 December 2018 amounted to RM65,000.

7. Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 28 February 2019 announcement of unaudited results for the financial year ended 31 December 2018 and the audited financial statements of the Group for the financial year ended 31 December 2018.

8. Profit Guarantee

The Company did not give any profit guarantee during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year.

10. Revaluation Policy on Landed Properties

The Company did not adopt any revaluation policy on landed properties during the financial year.

11. Recurrent Related Party Transaction of a Revenue or Trading Nature ("RRPT")

The Company did not enter into any RRPT during the financial year.

12. Employee Share Scheme

The Warrants 2013/2018, that is Warrant B were constituted under Deed Poll dated 27 June 2013. A total number of Warrants B that remain unexercised were 27,765,052 and expired on 13 July 2018.

The shareholders of the Company has via the Extraordinary General Meeting which was held on 2 May 2018 to approve the establishment a Share Issuance Scheme ("SIS") and the Company has on 18 September 2018 implemented the SIS. However, no allocation of the share options to the directors of the Company as at 5 April 2019.

Save as disclosed above, the Directors' Warrant C holding and the Directors' shareholding in the Company, the Company and/or its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 31 December 2018.

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SINMAH CAPITAL BERHAD
(301653-V)

Proxy Form

Number of Shares Held	
CDS Account No.	

*I/We ______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ____
(Full Address)

being a *Member/Members of SINMAH CAPITAL BERHAD, do hereby appoint ______________________

______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing him(her), ______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing whom, the CHAIRMAN of the General Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Twenty Fifth Annual General Meeting ("25th AGM") to be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 30 May 2019 at 10.00 a.m. and at any adjournment thereof.

*My/our *proxy/proxies shall vote as follows :-

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain forvoting at his(her) discretion.

No	**Agenda**			
1	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.			
		Resolution		
		Ordinary	**For**	**Against**
2	To approve the payment of the Directors' fees to Non-Executive Directors amounting to RM240,975.00 with effect from 1 January 2019 until the next Annual General Meeting of the Company	**1**		
3	To approve the payment of Directors' remuneration (excluding Directors' Fees) to Non-Executive Directors of the Company of up to RM12,000.00 with effect from 31 May 2019 until the next Annual General Meeting of the Company.	**2**		
4	To re-elect Dato' Fong Kok Yong, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 106 of the Company's Articles of Association.	**3**		
5	To re-elect Datuk Fong Kiah Yeow, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 106 of the Company's Articles of Association.	**4**		
6	To re-elect Encik Munawar Kabir Mohd Bin Zainal Abidin, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 106 of the Company's Articles of Association.	**5**		
7	To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2019 and to authorize the Directors to deliberate on the Auditors' remuneration.	**6**		
	Special Business			
8	**Proposed Continuation of Office as Independent Non-Executive Director.**	**7**		
9	**Proposed Continuation of Office as Independent Non-Executive Director.**	**8**		
10	**Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.**	**9**		
11	**Proposed Adoption of New Constitution of the Company.**	**Special**		

As witness *my/our hand this ________ day of ___________________

* Strike out whichever not applicable.

____
Signature of Member/Common Seal

NOTES :-

1. A member of the Company who is entitled to attend, speak and vote at this 25th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.
2. Where a member appoints more than one (1) proxy to attend and vote at the same Meeting, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the office of the Company's Share Registrar at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
7. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 25th AGM.
9. Any alteration in the form of proxy must be initialed.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 25th AGM will be put to the vote by poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 25th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of 25th AGM dated 30 April 2019.

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Stamp

The Share Registrar

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn. Bhd.)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya,
Selangor

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78000 Alor Gajah, Melaka
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