SINMAH CAPITAL BERHAD

Registration No.: 199401015973 (301653-V)

Building Tomorrow, Today

ANNUAL REPORT 2020

RATIONALE

Building Tomorrow, Today
Our visionary management team envisages a future where everyone in our society can lead a meaningful and fulfilling life. We have already started to shape a better world today. Our plans are designed to meet the needs of tomorrow, and we believe that our legacy will last forever.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Seventh Annual General Meeting ("27th AGM") of Sinmah Capital Berhad ("SCB" or "Company") will be held at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka on Monday, 21 June 2021 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 2020 together with the Reports of the Directors and Auditors thereon.

   (Please refer to Explanatory Note 1)

2. To approve the payment of additional Directors' remuneration to Non-Executive Directors amounting to RM18,975.00 for the period from 24 July 2020 up to 21 June 2021.

   (Ordinary Resolution 1)
   (Please refer to Explanatory Note 2)

3. To approve the payment of the Directors' remuneration to Non-Executive Directors amounting to RM200,000.00 for the period from 22 June 2021 until the next Annual General Meeting of the Company to be held in 2022.

   (Ordinary Resolution 2)
   (Please refer to Explanatory Note 3)

4. To re-elect the following Directors, who are retiring pursuant to Clause 94 of the Company's Constitution and being eligible, offer themselves for re-election:

   (i) Mohd Khasan Bin Ahmad ***(Ordinary Resolution 3)***
   (ii) Datuk Hj. Zainal Bin Hj. Shamsudin ***(Please refer to Explanatory Note 4)***

5. To re-elect Toh Hong Chye, the retiring Director, who retires and being eligible, offers himself for re-election in accordance with Clause 100 of the Company's Constitution.

   (Ordinary Resolution 4)

6. To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring auditors, Messrs UHY for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.

   (Ordinary Resolution 5)
   (Please refer to Explanatory Note 5)

AS SPECIAL BUSINESS

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

7. **Proposed Continuation in Office of Encik Mohd Khasan Bin Ahmad as Independent Non-Executive Director.**

   THAT subject to the passing of Ordinary Resolution 3, 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 an Independent Non-Executive Director of the Company.

   (Ordinary Resolution 6)
   (Please refer to Explanatory Note 6)

Notice of Annual General Meeting

8. **Authority to Issue Shares Pursuant to Section 76 of the Companies Act 2016.**

   "THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and approvals of the relevant government / regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 76 of the Companies Act 2016, to allot and issue shares in the capital of 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 always that until 31 December 2021 as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers, the aggregate number of shares issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being and provided further that the aggregate number of shares issued thereafter pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the MMLR of Bursa Securities (hereinafter referred to as the "**General Mandate**");

   AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation on Bursa Securities for the additional shares so issued pursuant to the General Mandate;

   AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

   (Ordinary Resolution 7)
   (Please refer to Explanatory Note 7)

9. **Proposed Adoption of New Constitution of the Company.**

   "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 "Annexure A" despatched together with the Company's Annual Report 2020 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."

   (Special Resolution)
   (Please refer to Explanatory Note 8)

10. 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

CHIN WAI YI (MAICSA 7069783) (SSM PC NO. 202008004409)
FLORENCE TOH SUE MEI (MAICSA 7074778) (SSM PC NO. 202108000143)
LIEW SENG AUN (MIA 13109) (SSM PC NO. 201908003189)
NOLAN JOHN FELIX (MIA 18938) (SSM PC NO. 201908003308)
Company Secretaries

Kuala Lumpur
Dated : 11 May 2021

Notice of Annual General Meeting

Explanatory Notes on Ordinary and Special Businesses:-

1. *Item 1 of the Agenda*
   This item is 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. *Item 2 of the Agenda*
   This resolution is to facilitate the shortfall payment of Directors' Remuneration of RM18,975.00 due to the delay of the conduct of the 27th AGM.

3. *Item 3 of the Agenda*
   Section 230(1) of the Companies Act 2016 provides that 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 Company is seeking the Shareholders' approval for the payment of Directors' remuneration for an amount of up to RM200,000.00 payable to the Non-Executive Directors of the Company for the period from 22 June 2021 until the next Annual General Meeting of the Company under Ordinary Resolution 2; and

   The estimated Directors' fees and benefits proposed for the abovementioned financial period until the next Annual General Meeting of the Company are derived based on the current Board size and number of scheduled Board and Board Committees meetings to be held. The Resolution is to facilitate payment of Directors' fees and benefits for the financial year 2021/2022.

   In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek shareholders' approval at the next Annual General Meeting of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

4. *Item 4(ii) of the Agenda*
   Datuk Hj. Zainal Bin Hj. Shamsudin is due to retire at the 27th AGM pursuant to Clause 94 of the Company's Constitution. Datuk Hj. Zainal Bin Hj. Shamsudin has informed the Board of his intention not to seek for re-election at the 27th AGM. Hence, he will retain office until the conclusion of the 27th AGM and retire in accordance with Clause 94 of the Company's Constitution.

5. *Item 6 of the Agenda*
   The existing auditors of the Company, Messrs UHY, have been the auditors of the Company since 27 June 2014. Messrs UHY were re-appointed as the auditors of the Company at the Twenty Sixth Annual General Meeting held on Thursday, 23 July 2020 to hold office until the conclusion of the 27th AGM of the Company. Messrs UHY have indicated their intention to retire and they are not seeking re-appointment as auditors of the Company.

   In line with good corporate governance practice, the Audit Committee had undertaken assessment of the suitability and independence of auditors and based on an internal procurement process, had recommended the appointment of Messrs TGS TW PLT as auditors of the Company for financial year ending 31 December 2021.

   The Board had reviewed the recommendation of the Audit Committee and agreed to nominate the appointment of Messrs TGS TW PLT on the new auditors in place of the retiring auditors, Messrs UHY in the forthcoming 27th AGM of the Company. Messrs TGS TW PLT have given their consent to act as the auditors of the Company.

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6. *Item 7 of the Agenda*
Ordinary Resolution 6 on the Proposed Continuation in Office as an Independent Non-Executive Director, the Nomination Committee of the Company has assessed the independence of Encik Mohd Khasan Bin Ahmad, the Director who have served for a cumulative term of more than nine (9) years and has recommended to the Board that he continue to act as an Independent Non-Executive Director of the Company. Encik Mohd Khasan Bin Ahmad was appointed as an Independent Non-Executive Director of the Company on 10 January 2002.

   The abovementioned Director have served the Company for more than nine (9) years as at the date of the notice of the 27th AGM. However, he has met the independence guideline as set out in Chapter 1 of the MMLR of Bursa Securities. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considered Encik Mohd Khasan Bin Ahmad to be an Independent Non-Executive Director and recommends that contingent upon the passing of Ordinary Resolution 3, Encik Mohd Khasan Bin Ahmad will continue to act as an Independent Non-Executive Director of the Company 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.

7. *Item 8 of the Agenda*
The Ordinary Resolution 7 is proposed to grant a renewed general mandate ("Renewed 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 at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed:-

   i. twenty per centum (20%) of the total number of issued shares of the Company for the time being (for issuance and allotment until 31 December 2021 as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers); and
   ii. ten per centum (10%) of the total number of issued shares of the Company for the time being (for issuance and allotment after 31 December 2021 as stipulated under Paragraph 6.03(1) of the MMLR of Bursa Securities).

   The Renewed 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.

   The General Mandate granted to the Directors at the 26th AGM held on 23 July 2020 had been replaced by a higher general mandate granted by the Shareholders of the Company via an Extraordinary General Meeting ("EGM") held on 7 October 2020 pursuant to Bursa Securities' letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers whereby the Directors of the Company be empowered to issue and allot new shares in the Company not more than twenty per centum (20%) of the total number of issued shares of the Company for the time being and this authority will lapse at the conclusion of the 27th AGM ("Replaced General Mandate").

Notice of Annual General Meeting

As at to-date, 110,788,200 new ordinary shares in the Company were issued by way of private placement pursuant to the Replaced General Mandate. The total proceeds raised from the said private placement exercise was around RM38,563,742.78. The details and status of the utilisation of proceeds raised from the said private placement exercise are as follows :-

Utilisation of Proceeds	Proposed Utilisation (RM'000)	Amount Utilisation (RM'000)	Balance Available for Utilisation (RM'000)
Private Placement I			
Purchase of poultry feeds	9,032.40	-	9,032.40
Purchase of DOCs	2,258.10	-	2,258.10
Purchase of broilers	3,763.50	3,763.50	-
Sub-total for working capital	15,054.00	3,763.50	11,290.50
Expenses	110.00	67.51	42.49
Total for Private Placement I	15,164.00	3,831.01	11,332.99
Private Placement II			
Purchase of poultry feeds	7,375.80	-	73,75.80
Purchase of DOCs	1,843.95	-	1,843.95
Purchase of broilers	3,073.25	3,073.25	-
Sub-total for working capital	12,293.00	3,073.25	9,219.75
Development expenditure	10,966.00	1,500.00	9,466.00
Expenses	140.00	91.94	48.06
Total for Private Placement II	23,399.00	4,665.19	18,733.81
Grand Total	38,563.00	8,496.20	30,066.80

The Renewed 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 and to avoid delay and cost in convening general meetings to approve such issue of shares.

8. *Item 9 of the Agenda*
Special Resolution under Item 9 of the Agenda is proposed adoption of new Constitution, which if passed, will streamline the Company's Constitution with the prevailing statutory and regulatory requirements and to enhance administrative efficiency and provide greater clarity to the Constitution. The Board proposed that the existing Constitution be revoked in its entirety and the proposed new Constitution of the Company as set out in "Annexure A" despatched together with the Company's Annual Report 2020 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 27th AGM.

Notice of Annual General Meeting

Notes :-

1. A member of the Company who is entitled to attend, speak and vote at this 27th 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 authorised 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 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than Forty Eight (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 14 June 2021 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 27th AGM.

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

10. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of 27th 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 27th 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

Corporate Structure

SINMAH CAPITAL BERHAD
Registration No.: 199401015973 (301653-V)

- 100% SM Broilers Sdn Bhd
- 100% Sinmah Development Sdn Bhd
  - 100% Sinmah Builders Sdn Bhd
  - 100% Budi Saja Sdn Bhd
  - 100% Meadow Assets Sdn Bhd
- 100% Sinmah Healthcare Sdn Bhd
  - 100% Sterling Healthcare Sdn Bhd
  - 99% Sinmah Axis Healthcare Sdn Bhd *(F.K.A Sinmah Amegajaya Healthcare Sdn Bhd)*
    - 95% SAH Medical Center Sdn Bhd
  - 65% SAH Medical Sdn Bhd
    - 100% SAH Medical Center (Melaka) Sdn Bhd
    - 100% SAH Medical Center (Segamat) 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

Datuk Fong Kiah Yeow
Executive Director

Fong Ngan Teng
Executive Director

Toh Hong Chye
Executive Director (appointed w.e.f 13 January 2021 as Non-Independent Non Executive Director and re-designated as Executive Director on 2 March 2021)

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 COMMITTEES

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

REMUNERATION COMMITTEE

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

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

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

RISK MANAGEMENT COMMITTEE

Datuk Fong Kiah Yeow
Executive Director - Chairman
(Re-designated w.e.f 13 January 2021)

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

Fong Ngan Teng
Executive Director - Member

Dato' Fong Kok Yong
Director, Healthcare - Member
(Re-designated w.e.f 13 January 2021)

Liew Seng Aun
Director, Corporate Affairs cum Joint Company Secretary - Member

Kow Keng Yam
Director, Operations, Property Development Division - Member

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

Chung Cheng Yuan
General Manager, Management Information Systems Division - Member

Manoj Kumar Sukumaran
General Manager, Property Development Division - Member
(appointed w.e.f 5 May 2021)

REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
Tel : 03-7890 4700
Fax : 03-7890 4670

PRINCIPAL PLACE OF BUSINESS

No. 88, Jalan KU 4
Taman Krubong Utama
75260 Krubong Melaka
Tel : 06-335 3329
Fax : 06-335 1329

COMPANY SECRETARIES

Chin Wai Yi (MAICSA 7069783)
(SSM PC No. 202008004409)

Florence Toh Sue Mei
(MAICSA 7074778)
(SSM PC No. 202108000143)

Liew Seng Aun (MIA 13109)
(SSM PC No. 201908003189)

Nolan John Felix (MIA 18938)
(SSM PC No. 201908003308)

AUDITORS

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

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50450 W.P. Kuala Lumpur
Tel : 03-2181 0516
Fax : 03-2181 0516

Directors' Profile

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin

74 years of age – Malaysian-Male

**Chairman,
Independent Non-Executive Director**

Member of Audit, Nomination and Remuneration Committees

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 the 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 held during the financial year ended 31 December 2020.

Y. Bhg. Datuk Fong Kiah Yeow

67 years of age – Malaysian-Male

Executive Director

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 14,302,200 shares and an indirect interest of 21,253 shares in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2020.

Directors' Profile

Fong Ngan Teng

63 years of age – Malaysian-Male

Executive Director

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 12,706,000 shares and an indirect interest of 21,253 shares in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2020.

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay

69 years of age – Malaysian-Male

Non-Independent Non-Executive Director

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 Hay 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 Hay 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 Hay also sits on the Board of Wellcall Holdings Berhad and CRG Incorporation Berhad as the Independent Non-Executive Chairman as well as Bonia Corporation Berhad as the Senior Independent Non-Executive Director

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

As at the date of this annual report, Y. Bhg. Datuk Ng Peng Hay does not have any interest in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2020.

Directors' Profile

Mohd Khasan Bin Ahmad

60 years of age – Malaysian-Male

Senior Independent Non-Executive Director

Chairman of Audit and Nomination Committees, Member of Remuneration Committee (Re-designated w.e.f. 26 February 2020)

Mohd Khasan Bin Ahmad was appointed to the Board of Sinmah Capital on 10 January 2002. He is the Chairman of the Audit and Nomination Committees as well as the member of the Remuneration Committee 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 Crest Builder Holdings Berhad, Homeritz Corporation Berhad and LYC Healthcare Berhad (Formerly known as 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 held during the financial year ended 31 December 2020.

Munawar Kabir Mohd Bin Zainal Abidin

69 years of age – Malaysian-Male

Independent Non-Executive Director

Chairman of Remuneration Committee (Re-designated w.e.f. 26 February 2020),
Member of Audit and Nomination Committees

Munawar Kabir Mohd Bin Zainal Abidin was appointed to the Board of Sinmah Capital on 17 September 2015. He is the Chairman of the Remuneration Committee as well as the member of the Audit and Nomination Committees of Sinmah Capital.

Munawar Kabir Mohd graduated with LLB (Honours) from International Islamic University Malaysia and 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 4 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 all five (5) board meetings held during the financial year ended 31 December 2020.

Directors' Profile

Toh Hong Chye

46 years of age – Malaysian-Male

Executive Director

Toh Hong Chye was appointed to the Board of Sinmah Capital on 13 January 2021 as a Non-Independent Non-Executive Director. He was then re-designated as an Executive Director of Sinmah Capital on 2 March 2021.

He began his career and set up H.C. Toh & Co, a non-audit firm, involving in corporate secretarial services, accounting and business advisory for companies from various industries in 2002. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide ranging overseas exposures. He had been involved in the successful implementation of several corporate exercises which included merger and acquisition and corporate debt restructuring exercises undertaken by both private and public listed companies. He is a Fellow Member of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants. He holds an MBA in Finance from the International Islamic University Malaysia.

He sits on the Board of AppAsia Berhad, SerSol Berhad and Pegasus Heights Berhad as an Executive Director.

As at the date of this annual report, Toh Hong Chye has a direct interest of 18,000,000 shares in Sinmah Capital. He did not attend the Board Meetings held during the financial year ended 31 December 2020 as he was appointed to the Board of Sinmah Capital on 13 January 2021.

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 Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai who are brothers.

(iii) Conviction for offences (within the past 5 years, other than traffic offences)
None of the Directors have been convicted for offences.

Key Senior Management Profile

Y. BHG. DATO' FONG KOK YONG

DIRECTOR, OPERATIONS – HEALTHCARE

Age	Nationality	Gender
70	Malaysian	Male

Y. Bhg. Dato' Fong Kok Yong was appointed to the Board of Sinmah Capital on 10 February 1995. He was the Managing Director of Sinmah Capital Berhad until his resignation on 13 January 2021. However, he remains his directorship in certain subsidiaries of the Company.

Y. Bhg. Dato' Fong Kok Yong graduated from the University of Singapore in 1975 with a Bachelor of Business Administration degree.

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)
(iii) Managing Director of Sinmah Axis Healthcare Sdn Bhd

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.

<u>Directorships in Public Companies and Listed Issuers</u>
None

<u>Conflict of Interest with Listed Issuers</u>
None

<u>Family Relationship with any Director and/or Major Shareholder</u>
He is the brother of Y. Bhg. Datuk Fong Kiah Yeow and Fong Ngan Teng, both are Executive Directors of Sinmah Capital and uncle to Benjamin Fong Hian Boon, the Senior Project Manager – Property Development Division.

<u>Conviction for offences (within the past 5 years, other than traffic offences)</u>
None

Currently, Dato' Fong Kok Yong heads the healthcare services division.

HOH KOEI TENG

DIRECTOR, OPERATIONS – FOOD

Age	Nationality	Gender
61	Malaysian	Male

Hoh Koei Teng joined Sinmah Multifeed Sdn Bhd, a former subsidiary of Sinmah Capital Bhd, in 1988 as the Head of Accounting Department. Prior to joining Sinmah Multifeed Sdn Bhd, he was attached to various companies within the Multi-Purpose Holdings Berhad group. He was also one of the key management personnel who was involved in leading 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.

<u>Directorships in Public Companies and Listed Issuers</u>
None

<u>Conflict of Interest with Listed Issuers</u>
None

<u>Family Relationship with any Director and/or Major Shareholder</u>
None

<u>Conviction for offences (within the past 5 years, other than traffic offences)</u>
None

Currently, Hoh Koei Teng assists in the operations of the food division of the Group. He is also responsible in managing the funding requirements of certain operating units of Sinmah Group.

Key Senior Management Profile

KOW KENG YAM

DIRECTOR, OPERATIONS – PROPERTY DEVELOPMENT

Age	Nationality	Gender
60	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 of which 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 experience in managing mixed development housing projects.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

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

LIEW SENG AUN

DIRECTOR, OPERATIONS – CORPORATE AFFAIRS CUM JOINT COMPANY SECRETARY

Age	Nationality	Gender
51	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 of which 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 graduated from Tunku Abdul Rahman University College (Formerly known as 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 took and 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 more than 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.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
He is the Director of Messrs Noor Tax and Consultancy Sdn. Bhd. which provides tax services to certain subsidiary companies of Sinmah Capital Berhad.

Save as disclosed, he has no other conflict of interest with the listed issuers.

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

Currently, Liew Seng Aun holds the position of Director, Operations – Corporate Affairs and heads the corporate affairs division of the Sinmah Group. He is also a joint Company secretary for the Sinmah Group.

Key Senior Management Profile

KALAI CHELVAN MUNIANDY

GENERAL MANAGER – BUSINESS DEVELOPMENT AND HUMAN RESOURCE

Age	Nationality	Gender
57	Malaysian	Male

Kalai Chelvan Muniandy joined the Sinmah Group in 1996. Prior to joining the Group, he worked in the Ministry of Education and the plantation sector. He graduated from University of Malaya and also has completed his Masters in Occupational Safety Health and Risk Management. Kalai Chelvan Muniandy is also 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 had dealt in the fields 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.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

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

MANOJ KUMAR SUKUMARAN

GENERAL MANAGER – PROPERTY DEVELOPMENT DIVISION

Age	Nationality	Gender
52	Malaysian	Male

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

In his earlier career, he was attached with YTL Group. Manoj Kumar Sukumaran is also registered as a “CIDB Construction Personnel”. He has more than 26 years of working experience in planning and managing construction works.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

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

CHUNG CHENG YUAN

GENERAL MANAGER – MANAGEMENT INFORMATION SYSTEM DIVISION

Age	Nationality	Gender
47	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 business 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 (Majoring in Computer Science) Degree from The University of Southern Queensland in Australia.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

Currently, he holds the position of General Manager – Management Information System (“MIS”) Division of the Sinmah Group and oversees the MIS functions of the Group.

Key Senior Management Profile

NOLAN JOHN FELIX

SENIOR MANAGER – CORPORATE AFFAIRS CUM JOINT COMPANY SECRETARY

Age	Nationality	Gender
56	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.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

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

SENIOR MANAGER – TREASURY, FINANCE AND ACCOUNTS

Age	Nationality	Gender
44	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.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
None

Conviction for offences (within the past 5 years, other than traffic offences)
None

Currently, she holds the position of Senior Manager – Treasury, Finance and Accounts and oversees the accounting, financing and taxation functions of the Sinmah Group.

BENJAMIN FONG HIAN BOON

SENIOR PROJECT MANAGER – PROPERTY DEVELOPMENT DIVISION

Age	Nationality	Gender
33	Malaysian	Male

Benjamin Fong Hian Boon joined the Company in 2012 as a management trainee. He graduated with a Degree in International Business from the University of East London in 2012.

Upon his confirmation, he was transferred to Farm's Best Food Industries Sdn. Bhd., a former subsidiary company of the Company, where he was involved in production of processed poultry products. In 2013, he was transferred to the property development division where he joined Sinmah Development Sdn Bhd, a wholly-owned subsidiary of the Company as a Project Executive.

Directorships in Public Companies and Listed Issuers
None

Conflict of Interest with Listed Issuers
None

Family Relationship with any Director and/or Major Shareholder
He is the son of Y. Bhg. Datuk Fong Kiah Yeow, Executive Director of Sinmah Capital Berhad and nephew of Fong Ngan Teng, Executive Director of Sinmah Capital.

Conviction for offences (within the past 5 years, other than traffic offences)
None

Benjamin Fong Hian Boon has about 8 years working experience, mainly in housing development projects. He is currently the Senior Project Manager in Sinmah Development Sdn. Bhd. and is responsible for the management of the housing projects carried out by the Group.

Six Years Financial Summary

	FY 2020 RM'000	FY 2019 RM'000	FY 2018 RM'000	FY 2017 RM'000	FY 2016 RM'000	FY 2015 RM'000
FINANCIAL RESULTS						
Revenue	114,067	182,458	180,931	299,532	343,696	346,763
Profit/(loss) before interest and taxation	(19,411)	5,576	(30,739)	36,943	21,530	2,650
Profit/(loss) before taxation ("PBT")	(25,183)	1,426	(35,135)	25,480	4,971	(15,799)
Profit/Loss) after taxation	(22,675)	(803)	(39,716)	15,221	11,915	(15,535)
Non-controlling interests	547	50	(538)	193	(21)	236
Profit/(loss) attributable to owners of the parent ("PATAMI")	(22,128)	(853)	(39,178)	15,028	11,936	(15,771)
FINANCIAL POSITION						
Share capital	160,229	149,840	149,840	123,220	61,083	61,083
Share premium	-	-	-	-	62,410	62,410
Warrants reserve	3,619	3,619	3,619	3,706	3,706	3,706
Accumulated losses	(80,178)	(57,758)	(56,905)	(17,525)	(32,553)	(47,823)
Shareholders' funds	83,670	95,701	96,554	109,401	94,646	79,376
Non-controlling interests	(108)	186	958	1,496	1,243	1,223
TOTAL EQUITY	83,562	95,887	97,512	110,897	95,889	80,599
Property, plant & equipment	4,626	6,571	16,041	11,038	54,282	115,488
Right-of-use assets	4,793	3,832	21	22	44	57
Inventories	88,847	90,359	31,930	31,228	29,389	38,563
Other non-current assets	1,084	3,348	2,264	4,510	3,644	3,682
Trade receivables	39,587	44,155	35,123	94,600	164,807	152,228
Cash (including cash in Housing Development A/c)	21,133	32,625	35,086	22,128	61,282	62,024
Other current assets	10,835	18,430	28,011	94,747	14,697	28,572
Assets held for sale	-	-	-	17,345	15,696	-
Total Assets	172,641	199,320	148,476	275,618	343,841	400,614
Borrowings	67,236	73,301	31,073	104,333	185,820	239,879
Non-current liabilities (excluding borrowings)	2,848	3,312	653	2,123	3,988	11,488
Current liabilities (excluding borrowings)	15,211	22,819	19,238	58,265	58,144	68,648
Total Liabilities	89,079	103,433	50,964	164,721	247,952	320,015
NET ASSETS	83,562	95,887	97,512	110,897	95,889	80,599
FINANCIAL RATIOS (%)						
PBT margin	(22.1)	0.8	(19.4)	8.5	1.4	(4.6)
PATAMI margin	(19.4)	(0.5)	(21.7)	5.0	3.5	(4.5)
Return on shareholders' fund	(26.5)	(0.9)	(40.6)	13.7	12.6	(19.9)
Gross gearing ratio	75.4	71.5	22.0	91.9	193.6	282.6
SHARE INFORMATION						
Basic earnings/(loss) per share (sen)	(10.4)	(0.4)	(34.7)	24.6	19.5	(25.8)
Dividend per share (sen)	-	-	-	-	-	-
Net assets per share (RM)	0.3	0.4	0.5	1.8	1.6	1.3

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 2020 ("FYE 2020"), 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 117 to 118 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 divisions comprising as follows:-

1. Poultry

The poultry division comprises broiler contract farming and trading of broilers and day-old chicks and poultry biologicals. These activities were carried out by Sinmah Livestocks Sdn Bhd ("SLSB") and SM Broilers Sdn Bhd ("SMB") during the FYE 2020. Poultry products are sold to contract farmers and wet market wholesalers. Going forward, the poultry division activities are carried out by SMB only as SLSB was disposed during the FYE 2020.

2. Housing Development

This division comprises development and construction of residential and commercial properties. These activities are carried out by Sinmah Development Sdn Bhd, Sinmah Builders Sdn Bhd, Budi Saja Sdn Bhd and Meadow Assets Sdn Bhd.

The Group's housing development and construction operations are currently based in Melaka and Johor only. Significant current and future development activities are as follows:

1) Krubong

This project comprises 652 units of mixed development, originally launched in the year 2008 have been fully completed in the FYE 2020. The unsold properties in this project have a carrying value of about RM18.5 million as at the end of FYE 2020.

2) Tanjung Minyak

The Group is currently developing 9 units of double-storey houses with a gross development value of RM3.05 million. These 9 units were originally meant to be shophouses which formed part of a 38-unit mixed development project launched in 2016 and completed in 2018. Due to low take-up rate of its shophouses, the Group converted the 9 lots of land into 9 units of double-storey houses instead. Construction work commenced in July 2020 and is expected to be completed and sold by end of FYE 2022.

Besides this, the Group has 2 more pieces of freehold land in Tanjong Minyak measuring a total of 2.675 acres which are being held for future development of 34 residential properties with a gross development value of RM10.44 million.

3) Durian Tunggal

In 2019, the Group had acquired a piece of freehold land measuring approximately 11.169 acres in Mukim Durian Tunggal, Daerah Alor Gajah, Melaka, which is being held for future development of 162 units of residential properties with a gross development value of RM39.85 million.

Chairman's Statement and Management Discussion and Analysis

4) Bukit Gambir

In order to increase the Group's land bank, the Group had in 2019 acquired a subsidiary company that owns 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. These freehold lands are being developed into 446 units of mixed development with a gross development value of RM190.85 million. During the FYE 2020, the operations of this project were adversely affected by the COVID-19 pandemic outbreak in February 2020. As a result, up to 31 December 2020, only RM8.74 million of its gross development value have been recognized although the project was launched in December 2019. The Group has taken aggressive marketing strategy which includes advertising through the mass media platform such as Facebook and are positive on the future profitability of this project.

5) Bukit Katil

This project was the first of the Group's venture into the property development activity. It comprised 1,473 units of mixed development launched in 1995. Except for 15 units which have yet to be constructed by the Group, all the other units were completed and fully sold by the year 2007. The remaining 15 units of this project have a gross development value of approximately RM6.92 million and has commenced construction works in FYE 2020 and fully sold by the end of FYE 2023.

6) Bukit Baru

In 2019, the Group had also acquired another subsidiary company that owns a piece of vacant freehold land located at Mukim of Bukit Baru, in the District of Melaka Tengah measuring approximately 3.1374 acres, being held for future development of 188 units of high-rise apartments with a gross development value of RM102.67 million.

3. Healthcare

This division comprises Sinmah Healthcare Sdn Bhd ("SHSB") and its subsidiary companies, Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn Bhd) ("SAH"), a 99% owned subsidiary company of SHSB, and SAH Medical Sdn Bhd ("SM"), a 65% owned subsidiary company of SHSB. SAH has the following subsidiary companies: SAH Medical Center Sdn Bhd (95% owned), Sterling Healthcare Sdn. Bhd. (100% owned) and Medigo Telemedicine Sdn Bhd (formerly known as Medigo Laboratories & Diagnostics Sdn Bhd). SM has the following subsidiary companies: SAH Medical Center (Melaka) Sdn Bhd (100% owned) and SAH Medical Center (Segamat) Sdn Bhd (100% owned).

Currently, this division operates two general practice clinics, one in Bandar Putra Permai, Seri Kembangan and one in Sri Andalas, Klang. These clinics are operated by Sterling Healthcare Sdn. Bhd. Subsequent to the FYE 2020, the two clinics have shown vast improvements in business volume, where turnover for the first quarter ending 31 March 2021 has already doubled the turnover for the whole of FYE 2020.

Chairman's Statement and Management Discussion and Analysis

C. GROUP FINANCIAL PERFORMANCE AND POSITION REVIEW

The table below highlights the Group's key financial performance and position for FYE 2020 and FYE 2019:

	FYE 2020 RM'000	FYE 2019 RM'000	Changes RM'000
Revenue	114,067	182,458	-68,391
Expenses	38,740	28,439	+10,301
Other operating income	7,614	25,994	-18,380
Gross profit	5,943	3,871	+2,072
(Loss)/profit before taxation	(25,183)	1,426	-26,609
Loss after taxation	(22,675)	(803)	-21,872
Gross profit margin	5.2%	2.1%	+3.1%
Pre-tax margin	(22.1%)	0.8%	-22.9%
Net loss margin	(19.9%)	(0.4%)	-19.5%
Total assets	172,641	199,320	-26,679
Total liabilities	89,079	103,433	-14,354
Total equity	83,562	95,887	-12,325
Total loans/ borrowings	67,236	73,301	-6,065
Gearing ratio	0.75	0.72	+0.03
Cash and bank balances	21,133	32,625	-11,492
Issued and fully paid-up capital	160,229	149,840	+10,389
Net assets per share (sen)	33.19	44.85	-11.66
Basic loss per share (sen)	(10.4)	(0.4)	-10.0

Revenue

The Group's revenue for FYE 2020 had decreased by RM68.39 million or 37% as compared to the financial year ended 31 December 2019 ("FYE 2019"). The decrease in revenue was mainly from decrease in sales quantity of broilers in its poultry division.

The decrease in sales revenue from the poultry division is attributable to a decrease in broiler trading and contract farming activities due to decrease in supply of broilers in the market brought about by the COVID-19 pandemic outbreak during the FYE 2020.

Gross profit

Gross profit had increased by RM2.07 million or 54% in the FYE 2020. This was mainly due to the increase in average selling price of live broilers during the FYE 2020 brought about by a contracting supply in the live broilers market.

Other operating income

Other operating income had decreased by RM18.38 million or 71% in the FYE 2020. The decrease is attributable to a pre-tax gain on disposal of feed mill assets amounting to RM18.71 million in the FYE 2019.

Expenses

Expenses had increased by RM10.30 million or 36% in the FYE 2020. This was mainly due to impairment loss on trade receivables of RM10.03 million, write down of inventories of RM2.80 million, impairment loss on goodwill of RM2.26 million and RM1.47 million of property development expenditure written off during the FYE 2020. During the FYE 2019, impairment loss on trade receivables was only RM0.74 million.

Loss after tax

Loss after taxation increased by RM21.87 million (more than 100%) mainly due to impairment loss on trade receivables, write-down of inventories, impairment loss on goodwill and development expenditure written-off as explained above. Furthermore, the property development and the healthcare segments were adversely affected by the COVID-19 pandemic outbreak during the FYE 2020.

Total assets

Total assets decreased by RM26.68 million (13%) mainly due to disposal of subsidiary companies during the FYE 2020.

Total liabilities

Total liabilities decreased by RM14.4 million (14%) mainly due to disposal of subsidiary companies during the FYE 2020.

POULTRY DIVISION

D. OPERATIONS AND FINANCIAL PERFORMANCE BY DIVISONS

1. POULTRY

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

This division was able to maintain its profitability despite a significant decrease in revenue. Overheads have decreased significantly whilst profit margin have increased as average selling prices have also increased.

The performance of the poultry division for the FYE 2020 as compared to FYE 2019 is summarized below:

	2020 RM'000	2019 RM'000	VARIANCE RM'000
Total revenue	141,052	289,667	-148,615
Inter-segment revenue	(42,587)	(124,055)	+81,468
External revenue	98,465	165,612	-67,147
Results			
Segment results	8,405	13,565	-5,160
Interest income	562	542	+20
Operating profit	8,967	14,107	-5,140
Finance costs	(2,586)	(2,664)	+78
Profit before taxation	6,381	11,443	-5,062
Taxation	2,093	(2,748)	+4,841
Profit for the year	8,474	8,695	-221

Revenue from the poultry division decreased by RM67.15 million mainly due to decrease in sales volume of live broilers resulting from decrease in supply of live broilers in the marketplace during the FYE 2020.

Operating profit decreased by RM5.06 million during the FYE 2020 mainly due to impairment loss on trade receivables of RM10.03 million.

Taxation decreased by RM4.84 million due to reversal of overprovision of taxation of RM2.13 million during the FYE 2019. Hence, profit after taxation decreased slightly by only RM0.22 million (2.5%).

Strategies

Our strategy is to continue to be involved in the poultry division by maintaining our contract farming customers and to continue trading in broilers and day-old chicks as it is still a profitable avenue for the Group.

Chairman's Statement and Management Discussion and Analysis

HOUSING DEVELOPMENT DIVISION

2. HOUSING DEVELOPMENT

Construction and sale of residential and commercial properties

FYE 2020 was a challenging year for the housing development division due to the COVID-19 pandemic outbreak during the FYE 2020.

The performance of the housing development division for the FYE 2020 as compared to FYE 2019 is summarized below:

	2020 RM'000	2019 RM'000	VARIANCE RM'000
Total revenue	28,269	29,090	-821
Inter-segment revenue	(12,788)	(12,291)	-497
External revenue	15,481	16,799	-1,318
Results			
Segment results	(2,582)	(3,684)	+1,102
Interest income	67	63	+4
Operating profit	(2,515)	(3,621)	+1,106
Finance costs	(2,233)	(1,296)	-937
Profit before taxation	(4,748)	(4,917)	+169
Taxation	(51)	84	-135
Profit/(loss) for the year	(4,799)	(4,833)	+34

Revenue from the housing development division decreased by RM1.32 million mainly due decrease in number of properties sold during the FYE 2020 due to shutdowns of operations caused by the COVID-19 pandemic outbreak.

However, the loss of the housing development division for the FYE 2020 had remained almost the same as in FYE 2019. This was mainly due to a grant of RM4.51 million was received from the government for completing a second bridge in its Taman Krubong Utama project.

Strategies

Our strategy is to expand our activities in the housing development division by sourcing for land banks and joint-venture opportunities within this division.

Chairman's Statement and Management Discussion and Analysis

HEALTHCARE DIVISION

3. HEALTHCARE

Clinics and other healthcare related services

The performance of healthcare division for the FYE 2020 as compared to FYE 2019 is summarized below:

	2020 RM'000	2019 RM'000	VARIANCE RM'000
Total revenue	121	47	+74
Inter-segment revenue	-	-	-
External revenue	121	47	+74
Results			
Segment results	(8,031)	(1,788)	-6,243
Interest income	-	-	-
Operating loss	(8,031)	(1,788)	-6,243
Finance costs	(169)	(47)	-122
Loss before taxation	(8,200)	(1,835)	-6,365
Taxation	28	(28)	+56
Loss for the year	(8,172)	(1,863)	-6,309

Revenue from the healthcare division increased by RM0.07 million mainly due to an additional clinic was in operation during FYE 2020 compared to only one clinic was in operation during the FYE 2019.

However, the loss of this division had increased by RM6.31 million mainly due to RM1.46 million of development expenditure written-off and increase in operating expenses arising from increase in workforce during the FYE 2020.

Strategies

The strategies adopted for the healthcare division are to cut expenditure where necessary and to increase revenue by leveraging on technology to promote the Group's healthcare services to the public through the social media platform. The Group is optimistic of an improvement in the results of the healthcare division as turnover for the first quarter ending 31 March 2021 has already doubled that of the FYE 2020.

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 housing development operations are 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

The Group has not entered into any derivative instruments for hedging or trading purposes as the Group’s exposure to foreign currency risk is minimal.

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.

vii) COVID-19 Pandemic

The COVID-19 pandemic outbreak in 2020 has created many uncertainties on its potential impact on societies, businesses and supply chain. In order to mitigate this risk, the Group has strictly adhered to the Standard Operating Procedure (“SOPs”) and government regulations in order to ensure the health and safety of our employees, suppliers, customers and other business associates. Besides that, the Group has embarked on strategic marketing plans in order to promote its products and services amidst the COVID-19 pandemic.

Chairman's Statement and Management Discussion and Analysis

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, Whistleblowing Policy, Group Risk Management Policy, Succession Planning Policy, Emergency Succession Planning Policy and Anti-Bribery and Anti-Corruption 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 2020.

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

As mentioned earlier, the Group's strategy for the poultry division is to do more trading activities than contract farming activities. Hence, the Group will continually increase its trading of poultry feeds, day-old chicks and broilers in the FYE 2021.

The Group is looking at ways to enhance its housing development operations. As explained above, the Group has utilized the social media platform in order to promote its products to its customers.

As for its healthcare division, the Group is currently concentrating on establishing its clinic operations whilst looking into other avenues in the healthcare industry that the Group can participate in. The Movement Control Order issued by the government during the FYE 2020 may have adversely affected the operations of the healthcare division, however, the Group is positive that the healthcare operations will improve in the FYE 2021 as a result of the aggressive marketing strategies undertaken by the Group for the FYE 2021.

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), Kementerian Kesihatan Malaysia (KKM) 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 for their commitment, dedication, contribution and professionalism towards the performance of the Group. 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

Sinmah Capital Berhad ("Sinmah") and its subsidiaries (the "Group") believes in business sustainability and aims to make a positive difference through its dynamic business activities. We believe in delivering long term business value for our stakeholders, not only via achieving business growth and operational profitability but also through creating and preserving economic, environmental, and social ("EES") values.

The sustainable business management of Sinmah Group is guided by our four pillars of Basic Principles which sets the foundation for the Group's business sustainability strategy:

Pillar 1

Social Harmony

Sinmah Group is a group whose operations are dedicated to the pursuit of social harmony and promotion of well being

Pillar 2

People

Sinmah Group respects human dignity and values personal relationships. Our people are our assets.

Pillar 3

Community

Sinmah Group is rooted in local community life and dedicated to making a continuing contribution to the community.

Pillar 4

Customer

Sinmah Group practices its "Customer First" philosophy with its ever-lasting innovative spirit.

The Board of Directors ("Board") of Sinmah is pleased to present this Sustainability Statement ("Statement") which sets out the Group's strategy and commitment towards ensuring that our business operations are carried out sustainably, responsibly and ethically, covering what the Board considers as material economic, environmental and social risks and opportunities to the Group's operations, also known as "Material Sustainability Matters" ("MSMs"), and how they are managed, for and during the financial year ended 31 December 2020.

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa") and has incorporated consideration of the Sustainability Reporting Guide – 2nd Edition, including its accompanying Toolkits, issued by Bursa ("Sustainability Reporting Guide"). We have also considered other sustainability reporting standards and guidelines such as the GRI Standards and relevant industry-specific references and publications.

Further to the above, we have in this Statement, incorporated considerations of the Sustainable Development Goals ("SDGs") which was adopted by all United Nations Member States in 2005. SDG is a global partnership that aims to provide peace and prosperity for people and the planet, now and into the future. We have in the relevant sections, highlighted how the Group can play a part in contributing to several of the global development goals.

(Illustration I: The 17 SDGs by the United Nation)

Sustainability Statement

Scope of Reporting

This Statement reports on the Group's sustainability management and performance for the financial year ended 31 December 2020, and it covers the Group's business segments and activities in the manner detailed in the table below.

Business Segments	Other information
Property Development Segment	The Group's Property Development Segment is operated by Sinmah Development Sdn. Bhd. ("SDSB") which entails property development projects and construction activities. SDSB has three (3) subsidiaries namely Sinmah Builders Sdn. Bhd. (SBSB), Budi Saja Sdn. Bhd. ("BSSB") and Meadow Assets Sdn. Bhd. ("MASB")[1]. Active property development projects during the financial year are as follows: • Taman Krubong Utama (developed by SDSB); • Taman Gambir Perdana (developed by BSSB); and • Taman Tanjung Minyak (developed by SDSB). Details of the three (3) projects above are:

Project name	Project size (GDV)	Project details	Status as of 31 December 2020
Krubong Utama	RM20,886,696	120 units of 5-storey apartments complete with lift and a multi-purpose hall	Completed
Gambir Perdana	RM190,792,735	446 units of mixed development comprising 419 units of residential homes of various sizes and designs and 27 units of commercial premises of various sizes and designs.	**Residential** Status — Units Completed — 2 16% - 50% — 126 ≤ 15% — 291 **Commercial** Status — Units ≤ 15% — 27
Tanjung Minyak	RM3,052,611	9 units double-storey terrace houses	Status — Units > 50% — 9

The scope of this Statement includes the entire Property Development Segment, including all three (3) projects stated above.

Note[1]: 70% owned subsidiary of SDSB, Sinmah Encorp Development Sdn. Bhd. has been disposed of during the financial year

Sustainability Statement

Business Segments	Other information
Food Segment	As of 31 December 2020, the Group's active business within the Food Segment is its broiler contract farming, and poultry and feed trading businesses. The Food Segment is operated by SM Broilers Sdn Bhd[2], a wholly-owned subsidiary of Sinmah. The key activity of the poultry trading business is the trading of live birds sourced from contract farmers, managed via the broiler contract farming business. Apart from trading activities, business operations in the Food Segment remain minimal. As the footprint of the Food Segment in relation to economic, environmental and social is significantly smaller than the Property Development segment, hence the scope of this Statement will not include the Food Segment. Nevertheless, the Group will consider including this segment in future Sustainability Statements should the Food Segment's impact increases. *Note[2]: Sinmah Livestocks Sdn. Bhd. and its wholly-owned subsidiary in Chem Ventures Sdn. Bhd. have been disposed of during the financial year*
Healthcare Segment	The scope of this Statement will not include the Group's Healthcare Segment as the operation of this segment is still at a development stage and there has yet to be a significant contribution from this segment. Subject to the development of the Healthcare Segment, the Group endeavours to enhance its preparedness to target to include its Healthcare Segment in the scope of Sustainability Statement in the coming year.

Governance Structure for Sustainability Management

The Group's business sustainability strategy and initiatives are spearheaded by Sinmah's Board. The Board is responsible for reviewing and adopting the overall corporate strategy, plans, and directions for the Group, including those related to sustainability. The Board is assisted by the Audit Committee ("AC"), which is entrusted with the responsibility to the Group's MSMs considering the sustainability strategy set by the Board, as well as to review the adequacy and effectiveness of internal controls addressing the Group's sustainability considerations.

The Risk Management Committee ("RMC"), a management-level committee headed by the Group's Managing Director ("GMD") and comprises the heads of departments of the business units of the Group undertakes the responsibility to oversee the management of sustainability risks and opportunities of the Group's business. Together with its oversight over enterprise-wide risk management, the RMC is able to deliver effective, efficient, and synergistic management of the Group's sustainability. The responsibilities of the RMC, where the management of sustainability matters is concerned, include the following:
- to incorporate sustainability into Sinmah's risk management and corporate strategies;
- to oversee the stakeholder engagement processes of the Group;
- to perform materiality assessment on the Group's EES matters;
- to oversee the management of the Group's sustainability matters;
- to monitor and report the Group's MSMs to the AC; and
- to develop sustainability-related disclosures of the Group, including the Sustainability Statement required by Bursa's Listing Requirements.

Sustainability Statement

Management, which is led by the GMD, is then responsible for the execution of processes and internal controls put in place to manage the Group's sustainability matters, which also include engagement with stakeholders, ensuring the sustainability-related policies and procedures are complied with, and ensuring the key performance indicators for managing MSMs are achieved and reported.

Note: Dato' Fong Kok Yong was the GMD during the financial year ended 31 December 2020. He has subsequent to the financial year end, resigned as the GMD and Chairman of the RMC, to focus on building of the poultry as well as the healthcare businesses at the subsidiaries of Sinmah. Dato' Fong Kok Yong's responsibilities as GMD and Chairman of RMC is taken up by an Executive Director, Datuk Fong Kiah Yeow.

Our governance structure with regard to the management of the Group's sustainability is illustrated and summarised as follows:

Board	- Ultimately responsible for the Group's sustainability practices & performance - Reviewing and adopting the Group's strategy, plans and directions, considering sustainability
Audit Committee	- Reviewing the MSMs of the Group - Reviewing the adequacy of sustainability initiatives and processes - Reviewing the effectiveness of the process in identifying, assessing, managing, and reporting MSMs
Risk Management Committee	- Performing materiality assessment on the Group's sustainability matters, focussing on MSMs - Overseeing the management of the Group's sustainability matters (including engagement with stakeholders), focussing on MSMs
Management	- Responsible for the management and performance of sustainability matters (including engagement with stakeholders), focussing on MSMs, within the respective operations

Sustainability Policy and Management Approach

For the purpose of setting a clear direction towards pursuing sustainability in the Group's business, the Group has adopted a Sustainability Policy which states the Group's management philosophy with respect to business sustainability and provides the guiding principles for the Group's Management of sustainability risks and opportunities, summarised as follows:

- to observe and comply with all relevant legislation, regulations, and codes of practice applicable and relevant to the Group;
- to consider sustainability issues and integrate these considerations when considering 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 the economic, environmental, social, and governance aspects; and
- to strive to improve the Group's sustainability performance.

Guided by the Sustainability Policy, as well as the Sustainability Reporting Guide and other sustainability reporting standards and guidelines, we have undertaken the following activities, for and during the financial year ended 31 December 2020, to enable the Group's systematic management and reporting of its sustainability:

- stakeholder engagement;
- materiality assessment;
- management and reporting of MSMs; and
- determining the reporting scope of and preparing the Group's FY2020 Sustainability Statement.

Sustainability Statement

Stakeholder Engagement

It is crucial that the Group understands its stakeholders' expectations to be able to create long-term and sustainable value to its stakeholders. Such consideration is an integral part of the Group's business process and the relevant heads of departments are responsible for ensuring effective communication with the key stakeholders of the Group.

We value the views of our stakeholders and interacts and communicates with them through various platforms, either formal or informal engagements, to help us keep up-to-date with the concerns and issues of stakeholders, which, amongst others, are summarised in the table below:

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT AREAS	STAKEHOLDER CONCERNS	MANAGEMENT RESPONSE
Employees	- Code of Conduct - Training and learning programmes	- Employee Engagement - Operational performance and issues - Code of Ethics - Health and safe working environment	- Career development - Benefits - Employment equality - Working environment - Job performance	- Training programmes - Employee engagements - Competitive remuneration package
Customer	- Letter of Handover of keys - Face to face interactions or via telephone	- Safe and quality products - Good governance practices - Regulatory compliances	- Quality of products (such as houses) - Compliance with law	- Customers' complaints forms
Contractor and suppliers	- Interviews - Face to face interactions	- Business continuity - Regulatory compliances	- Shortage in supply - Quality of goods and services	- Supplier assessment forms
Government and Regulators	- On-going meetings and interactions	- Regulatory compliances - Responsible business practices	- Compliance with laws and regulations	- Continuous training on regulatory requirements and updates - Consultations with regulators to ensure compliance

Sustainability Statement

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT AREAS	STAKEHOLDER CONCERNS	MANAGEMENT RESPONSE
Shareholders and investors	- Annual General Meeting - Financial statements and quarterly reporting - Company announcements - Press releases	- Financial reporting on performance - Good corporate governance	- Activities carried out by Group not disclosed - Any event leading to financial losses	- Corporate Affairs Department to oversee the investor relationship function
Communities	- Online platforms - Corporate voluntary programmes	- 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 - Participated in government programmes for affordable housing

Materiality Assessment

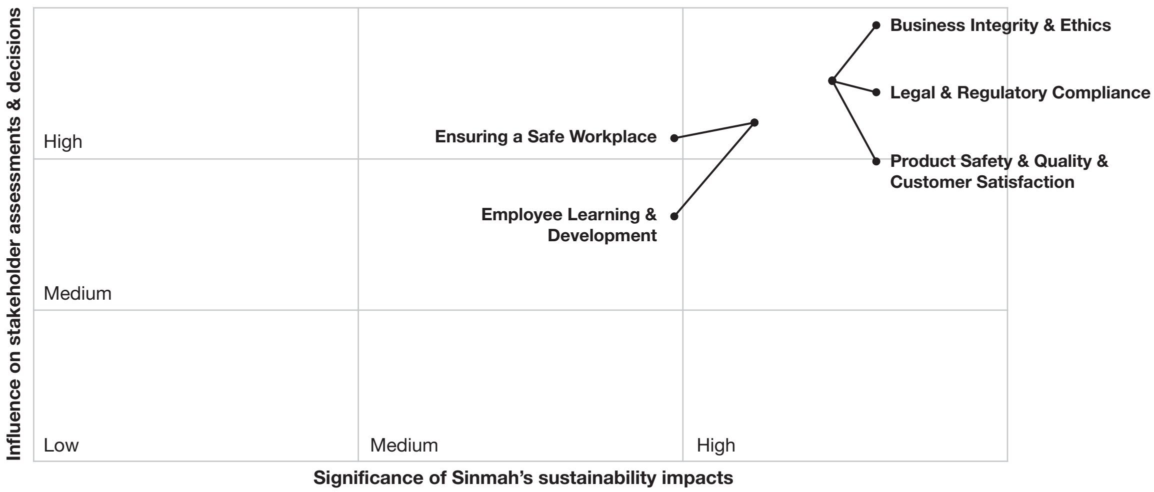
For the financial year under review, we have undertaken a materiality assessment to systematically update (including to identify, assess, and prioritise) the Group’s sustainability matters. The approach towards the materiality assessment is adopted from the Sustainability Reporting Guide and is in line with the Listing Requirements. The Group has considered the Group’s EES risks and opportunities and if they:

- reflect the Group’s significant EES impacts; or
- substantively influence the assessments and decisions of stakeholders.

The materiality assessment process was led by the GMD and participated by Senior Management of the Group’s businesses. Various aspects were considered, including the internal and external factors of the business environment and industry, assessment and prioritisation of the key stakeholders of the Group, review of its stakeholder engagement processes, assessment of the various EES aspects which may impact or be impacted by the Group’s businesses from the point of view of the business as well as from the point of view of stakeholders, as well as possible emerging risks which may affect the Group’s business or its stakeholders.

Sustainability Statement

Arising from the materiality assessment, the Group has identified the following MSMs for the scope covered in this Statement, i.e. Property Development Segment, as shown below:



Material Sustainability Matters

Legal and Regulatory Compliance

It is important that we comply with applicable laws, regulations, and standards and guidelines prescribed by authorities and regulators relevant to our Property Development Segment to ensure its property development projects and operations meet the legal and regulatory requirements which are enacted, amongst others, for the protection and preservation of the economy, environment, and/or society.

The various laws and regulations applicable to the Property Development Segment include, amongst others, those related to public listed companies, financial reporting, construction law, labour law, and environmental laws. In order to address the various applicable laws and regulations, we have included considerations relating to compliance matter in its group-wide risk management system, which was developed guided by the ISO 31000:2018 – Risk Management – Guidelines. Risk owners, in their respective roles, are responsible for ensuring compliance with applicable laws and regulations within the business processes for which they are accountable. Furthermore, risks identified in the group-wide risk management system, including those relating to compliance, are monitored and reviewed at least once a year.

Furthermore, the Group has tasked its Corporate Affairs Division to monitor and review compliance with applicable laws and regulations. The Corporate Affairs Division is also responsible for keeping the Group updated on any new developments of relevant laws and regulations are applicable to the Group's business.

At the Board level, the Board is assisted by qualified and competent Company Secretaries who are members of the Malaysian Institute of Accountants and/or the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries are responsible to keep themselves abreast of the development of laws and regulations, especially those related to corporation laws, corporate governance, and the Listing Requirements, and advise the Board on compliance in these areas.

Sustainability Statement

As one of the key elements in the Group's Sustainability Policy is to observe and comply with all relevant legislation, regulations, and codes of practice applicable and relevant to the Group, the Group has strived to ensure there were no non-compliances or breaches in any laws and regulations by the Group. Apart from a minor fine for minor offences committed in year 2019, there were no fines imposed on the Group's Property Development Segment during the past three (3) financial years as follows:

Financial Year	**2018**	**2019**	**2020**
Fines (RM)	0	< 1,800[3]	0

Note[3]: Minor offences which have been rectified by Management

Business Integrity and Ethics

We believe in conducting business with high standards of integrity and business ethics. As much as we endeavour to create long-term value for our stakeholders, we aim to foster open, transparent, and honest business relationships with them, including our employees, suppliers, contractors and sub-contractors, customers, etc.

In order to set a standard of what is expected of our directors and employees in representing the Group in performing business, we have set out a Directors' Code of Ethics and the Sinmah Group Code of Ethics which are applicable to the Group's Directors and employees, respectively. Integrity is, amongst few others, one of the key principles that the Directors' Code of Ethics and the Sinmah Group Code of Ethics were built upon, and directors and employees are expected to uphold the highest degree of business ethics and professional conduct when carrying out their duties and responsibilities with, for and on behalf of the Group.

Further to the above, with the introduction of corporate liability to commercial organisation arising from Section 17A of the Malaysian Anti-Corruption Commission Act 2009, Sinmah has established the following policies and procedures, and performed the following practices, amongst others, guided by the Ministerial Guidelines on Adequate Procedures:

- Anti-Bribery and Corruption Policy;
- Policies relating to Gift, Entertainment, Travel, Donation, Sponsorship, and Business Incentives;
- Conflict of Interest and Code of Conduct and Ethics declaration for Directors, Employees and persons performing services on behalf or for the Group; and
- Anti-Bribery and Corruption related training for Directors, Employees and persons performing services on behalf or for the Group.

As bribery and corruption is an act which is strictly prohibited by law, i.e. is a form of non-compliance, the Group has endeavoured to ensure there were no such practices by the Directors, Employees and third-parties performing services on behalf or for the Group. From the audit checking performed during the financial year ended 31 December 2020, there were no bribery and corruption cases, and no non-compliances with the anti-bribery and corruption-related policies, procedures and practices noted.

To encourage reporting of malpractices or wrongdoings in good faith, the Group has established a whistleblowing mechanism, guided by our Whistleblowing Policy, for our employees, third-parties of the Group and the general public to disclose any unethical activities or wrongdoing without fear of reprisal. For enhanced objectivity in handling of the whistleblowing cases, all reports will be addressed to the Audit Committee Chairman, a Senior Independent Non-Executive Director designated by the Audit Committee. The Whistleblowing Policy is available on our website.

Sustainability Statement

The Group treats all whistleblowing cases seriously and will investigate all cases reported in good faith to the best of our ability. Appropriate actions (including disciplinary actions) will be taken upon the conclusion of the investigation. There were no integrity or ethics-related whistleblowing cases for the past three (3) financial years as follows:

Financial Year	**2018**	**2019**	**2020**
No. of cases	0	0	0

To further enhance business integrity and ethics through a culture of openness, we encourage our employees to share and express any divergent views and raise concerns. We have an open-door policy that aims to create a safe environment for open and transparent exchange of views between the Group's leadership and the employees, allowing the Group to have a better understanding of the aspirations of employees and the fostering of mutual trust and a common vision to drive the Group's achievement of long-term value creation for stakeholders, of which employees are also a part.

The actions of establishing policies, procedures and controls to enhance business integrity and ethics, and combat corruption is in line with goal 16 of the SDG, *"peace, justice and strong institutions"*, with the objective of reducing corruption and bribery in all their forms.

Product Safety and Quality and Customer Satisfaction

Putting our "Customer First" philosophy in the delivery of our product and services, we strive to create value through safe and quality products and services. Not only does the Group seek to boost and preserve customer satisfaction and brand reputation, it also seeks to create long-term customer relationships built based on trust and confidence. To achieve that, we maintain open engagements with our customers to obtain customers' feedback on their comments and suggestions on our products and services and where we could improve ourselves. We engage our customers at different stages such as pre-sale, post-sale, and during defects liability period.

Formal processes are put in place for the Property Development Segment to document unsatisfactory workmanships during the defects liability period and to ensure issues raised are addressed. Proper documentation is also in place to enable the Group to analyse and identify potential improvement areas within its business processes, such as the selection of sub-contractors or sourcing of materials. In addition, the Group has also established a process for customers to lodge formal complaints. Feedback from customers provides valuable input for the enhancement of our products and processes.

During the financial year ended 31 December 2020, there were 84 house key handovers for the Group's "Rumah Mampu Milik" project in Taman Krubong Utama. Other than that, there were also two (2) house key handovers for two (2) units of double-storey semi-detached houses in the Group's project in Taman Krubong Utama. Out of the total 86 key handovers, only three (3) homeowners submitted their complaint forms. All complaints were minor and were duly rectified by the Management.

The spirit of striving for quality is integrated into our business processes and project quality planning is also incorporated as part of our Standard Operating Manual. Valuing the roles of our business partners in creating quality products together, we maintain close engagements with our business partners, including consultants, suppliers, and contractors and sub-contractors.

We incorporate safety and quality since the beginning stages of development, i.e. during the building design stage, through discussions with our architects and relevant consultants. Amongst others, the design aspects considered include comfortable living, meeting the lifestyle of the demographics of our target customers, and choosing the appropriate and safe materials to be used in our buildings.

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During the construction stage, we collaborate closely with suppliers and contractors or subcontractors to monitor construction progress and resolve together any challenges faced, while ensuring safety and quality are not compromised. From time to time, we initiate sessions with consultants and contractors to enable the sharing of professional expertise and experience, for the purpose of augmenting the capabilities of ourselves and our business partners.

While we have yet to attain a project size that makes it economically feasible to obtain external QLASSIC quality assessment, the Group has established an internal quality assessment process that assesses the standards of quality of workmanship for various elements of building construction work, such as architectural, mechanical, electrical, and external works.

Following the Construction Industry Development Board's ("CIDB") push towards having more construction projects certified with QLASSIC, the Group will continue to monitor, assess, and consider approaches that the Group could take to provide our customers and the market with enhanced quality assurance.

Bearing in mind the potential of technology and innovation in the revolutionisation of the property development sector, the Group is always keeping itself abreast of developments in this area and considering the feasibility of leveraging such technologies or innovation to improve operational efficiencies, cost efficiency, better safety and quality in our products. Adoption of some of these innovative practices could also help to better protect and preserve the environment, such as the use of aluminium alloy formwork which is reusable and is able to reduce waste as compared to conventional timber formwork.

Ensuring a Safe Workplace

The people of Sinmah Group are our valuable asset. The safety and well-being of our employees must be protected and hence, we have established a Safety, Health, and Environment Policy for Sinmah Builders Sdn. Bhd., the key construction arm of the Group, which provides guidance for safety practices and priorities in our construction operations.

The responsibility of ensuring workplace safety is incorporated in our business governance structure, through the establishment of a Safety and Health Committee whose responsibilities include ensuring a process for ensuring the safety of our employees and workers are in place at the construction sites. The Safety and Health Committee comprises representatives of the contractors as well as representatives of the Group's management, and it also includes a qualified and competent Safety and Health Officer whose responsibility is to ensure applicable occupational safety and health laws and regulations are complied with, at the construction site. The Safety and Health Officer visits the construction sites periodically and recommends improvement to enhance safety and health processes at sites, where necessary.

The Group places high importance in addressing all safety and health-related recommendations within the specified deadline, based on priority as advised by the Safety and Health Officer. As such, the Management has and will continuously rectify recommendations provided by the Safety and Health Officer immediately.

Better practices for safety and health have also been incorporated in the Safety, Health and Environment Manual of the Property Development Segment. Apart from ensuring compliance with occupational safety and health laws and regulations, the Safety and Health Officer also looks into compliance with safety and health-related controls and procedures provided in the Safety, Health and Environment Manual, ensuring and promoting awareness to maintaining a safe work environment. A process for Hazard Identification, Risk Assessment and Risk Control ("HIRARC") is in place to identify and assess key hazards in operations, to ensure extra focus and attention is given in these areas to avoid and mitigate such safety risks. The process, including the key hazards, is formally documented to ensure systematic and conscious management of such hazards. The monitoring of the management of key hazards identified under HIRARC is also part of the responsibilities of the Safety and Health Committee.

Training also plays a crucial role in educating our employees and workers to avoid and manage work hazards, keeping a safe work environment, and responding to emergencies. As such, safety and health-related training, including safety briefings, are provided to employees and workers from time to time, especially those working at site.

Sustainability Statement

Despite the COVID-19 coronavirus affecting operations during the financial year, the Group has continued to provide safety and health-related training to our employees, which includes the Safety Toolbox Talk, which covers the topics on health and safety, housekeeping and security.

In spite of the various controls, policies, and procedures put in place, accidents may still occur. On a monthly basis, the Safety and Health Officer for each site produces work safety records, including the man-hours worked, any accidents or incidents occurred, and the lost-time injury. The monthly safety records allow the Safety and Health Committee to monitor the management of safety and health risk at the construction sites and to respond to any gaps or weaknesses in safety and health-related controls via mitigative actions such as process improvement or strengthening enforcement.

The Group targets zero injuries and fatalities. We are pleased to report that there were no injuries and fatalities being reported in the past three (3) financial years as follows:

Financial Year	**2018**	**2019**	**2020**
Fatality	0	0	0
Serious Injury Cases	0	0	0
Minor Injury Cases	0	0	0
Lost time injury	0	0	0

With the Group being committed to providing our employees and workers with a safe and conducive working environment, it is in line with goal 8 of the SDG, *"decent work and economic growth"*, where the Group promotes a safe and secure working environment for all workers.

8 DECENT WORK AND ECONOMIC GROWTH

During the year, there is an outbreak of the COVID-19 coronavirus. In order to reduce the impact of COVID-19 on our business and to minimise employee's risk of exposure to COVID-19, the Management has enforced strict practices in our business operations, including but not limited to the following, which also complies with the various Standard Operating Procedures introduced by the Government:

- Employees are encouraged to work from home and conduct business activities, including meetings and discussions online, using web-based video conferencing tool;
- Requiring all employees and workers to wear facemask, practice social distancing at all times, frequently wash and sanitise hands, and increase personal hygiene;
- Employees and workers (including contractors) are required to track body temperature, sanitise hands and register presence upon entry to office and project sites; and
- The Group performs daily disinfection at office compound and project sites.

There were no reported cases of COVID-19 in our Property Segment during the financial year.

Sustainability Statement

Employee Learning and Development

Apart from protecting the safety and health of our employees, we also place great emphasis on their personal and professional development. Having the right people with the right skills is crucial to business sustainability. Furthermore, creating long-term value for employees also includes promoting mutual growth where the business and our employees develop and improve together. Learning and development opportunities and support for our employees do not only help to enhance their capabilities to enable better management and operation of our business, but they also provide better satisfaction and fulfilment to our employees for being able to advance and elevate themselves and to meet their potential.

Learning and development of our employees come hand-in-hand with the employees' performance review and assessment. Leaders of the Property Development Segment maintains ongoing engagement with employees on an open and transparent basis, enabling employees to discuss their career aspirations and paths with their superiors and managers, including requesting for training to upgrade themselves, where relevant. In addition, the Group conducts annual performance reviews with employees to identify areas where they can improve on to enable them to better carry out their duties and responsibilities. Training needs assessment in the Property Development Segment is conducted at least annually.

Based on these processes, management and employees formulate the yearly training schedule which specifies the training schedule for the year.

During the financial year, apart from the safety and health related training mentioned above, our staff have also attended and completed the “Construction Skills Competency” organised by the Construction Industry Development Board Malaysia (“CIDB”).

Conclusion

Notwithstanding the MSMs disclosed in this Statement, the Group also considers other aspects of sustainability risks and opportunities, including in its Healthcare Segment, and has invested necessary resources and efforts proportionately to manage these sustainability matters.

Subject to the development of the Healthcare Segment, the Group endeavours to enhance its preparedness to target to include its Healthcare Segment in the scope of Sustainability Statement in the coming year.

We will continue to carry out continuous improvement on our sustainability management process as well as the management of sustainability risks and opportunities in our relentless pursuit towards creating and delivering long-term value to our stakeholders.

Corporate Governance Overview Statement

The Board of Sinmah Capital Berhad (the "Company" or "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 2020 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 of 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 meeting 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 at www.sinmah.com.my, 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 is 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 26 November 2020.

Corporate Governance Overview Statement

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, Remuneration Committee and Risk Management 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 four (4) qualified and competent Company Secretaries. Two (2) of them are members of Malaysian Institute of Accountants whilst the other two (2) 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 2020 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.

Corporate Governance Overview Statement

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 2020, five (5) Board meetings were held and the attendances of the Directors are as follows :-

Directors	**Designation**	**Board Meetings Attended**	**Percentage (%)**
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%
Dato' Fong Kok Yong *(Resigned w.e.f. 13.01.2021)*	Managing Director	5/5	100%
Datuk Fong Kiah Yeow	Executive Director	5/5	100%
Fong Ngan Teng	Executive Director	5/5	100%
Fong Choon Kai *(Resigned w.e.f. 13.01.2021)*	Executive Director	5/5	100%
Datuk Ng Peng Hong @ Ng Peng Hay	Non-Independent Non-Executive Director	5/5	100%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%
Munawar Kabir Mohd Bin Zainal Abidin	Independent Non-Executive Director	5/5	100%
Toh Hong Chye *(Appointed w.e.f. 13.01.2021 as Non-Independent Non-Executive Director and re-designated w.e.f. 02.03.2021)*	Executive Director	-	-

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 2020 as are follows :-

Name of Directors	**Course Title**	**Date**
Datuk Hj. Zainal Bin Hj. Shamsudin	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020
Dato' Fong Kok Yong *(Resigned w.e.f. 13.01.2021)*	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020
Datuk Fong Kiah Yeow	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020
Fong Ngan Teng	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020
Fong Choon Kai *(Resigned w.e.f. 13.01.2021)*	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020

Corporate Governance Overview Statement

Name of Directors	Course Title	Date
Datuk Ng Peng Hong @ Ng Peng Hay	1. Adequate Procedures : Anti-Bribery & Corruption 2. Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	24 February 2020 26 February 2020
Mohd Khasan Bin Ahmad	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020
Munawar Kabir Mohd Bin Zainal Abidin	Corporate Liability Provision in relation to the Malaysian Anti-Corruption Commission Act 2009	26 February 2020

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 one (1) is Managing Director, three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. This composition fulfills the requirements as set out under Paragraph 15.02(1) of the MMLR of Bursa, which requires at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, to be Independent directors. However, 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. In the event if any vacancy in the Board resulting in non-compliance with Paragraph 15.02(1) of the MMLR of Bursa, the Company shall fill the vacancy within three (3) months.

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 representation of minority interest through the composition of Independent Non-Executive Directors on the Board.

Profiles of Directors has changed as there were two (2) resignations and one (1) appointment of directors took place on 13 January 2021 and these are reflected in the Company's annual report 2020 and published in 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 2020. 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.

Diversity Policy

Currently, the Board has not set the limit of diversification on its Board composition to achieve the 30% representation from women as the Board is of the opinion that the appointment of directors are based on merits without giving regards to the gender of the appointed directors and also considers the following criteria :-

(i) who have required mix of skills, experience and other qualities and competencies;
(ii) who have the highest standard of conduct and integrity;
(iii) who fulfill the regulatory compliance and selection criteria;
(iv) who can provide effective contribution and support to the functions of the Board; and
(v) who are more in tune with the business model of the Company.

Hence, even though there is no women representation, the Board is diverse in its composition in respect of gender, age and races as at 31 December 2020 as follows :-

Age (Years)	**41 – 60**		**61 & above**		**Total**
Race	**M**	**C**	**M**	**C**	
	%	%	%	%	%
Male	12.5	12.5	25.0	50.0	100.0

M – Malay C – Chinese

However, the total workforce of the Group by gender, age and race as at 31 December 2020 shows that women participation is greater than 30% as shown below :-

Age (Years)	**18 - 30**				**31 – 40**				**41 & above**				**Total**
Race	**M**	**C**	**I**	**O**	**M**	**C**	**I**	**O**	**M**	**C**	**I**	**O**	
	%	%	%	%	%	%	%	%	%	%	%	%	%
Female	3.6	0.9	2.7	-	2.7	6.4	2.7	0.9	2.7	8.2	2.7	-	33.5
Male	8.2	0.9	7.3	1.8	5.5	4.6	3.6	0.9	6.4	14.6	11.8	0.9	66.5
Total	11.8	1.8	10.0	1.8	8.2	11.0	6.3	1.8	9.1	22.8	14.5	0.9	100.0

M – Malay C – Chinese I – Indian O - Others

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 Constitution, 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 Annual General Meeting ("AGM"). The following Directors, who retire by rotation in accordance with Clause 94 of the Company's Constitution and being eligible, have offered themselves for re-election :-

- Datuk Hj. Zainal Bin Hj. Shamsudin
- Encik Mohd Khasan Bin Ahmad

Corporate Governance Overview Statement

The Company's Constitution also provide that newly-appointed directors either to fill in casual vacancy or as an addition to the existing directors shall hold office until the next AGM and shall then be eligible for re-election. Hence, Mr. Toh Hong Chye, the newly-appointed director on 13 January 2021, shall submit himself for retirement and be eligible for re-election at the forthcoming AGM of the Company pursuant to Clause 100 of the Company's Constitution.

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 financial year ended 31 December 2020 :-

- 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 of the Group.

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, contingent upon the passing of motion in relation to the re-election of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin as directors of the Company and 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. As a whole, the determination of each Director's and Senior Management's remuneration is a matter for the Board and the Directors do not participate in decision regarding their own remuneration package.

Corporate Governance Overview Statement

The aggregate remuneration paid or payable to all Directors of the Company during the financial year ended 31 December 2020 is listed on named basis as follows :-

	Salary	Bonus	Other Emoluments	Fee	Meeting Allowance	Benefit -in-Kind	EPF & SOCSO	Total
Eexcutive Directors								
Dato' Fong Kok Yong	615,900	51,325	-	-	-	1,200	80,067	748,492
Datuk Fong Kiah Yeow	615,900	51,325	-	-	-	1,200	80,067	748,492
Fong Ngan Teng	615,900	51,325	-	-	-	300	80,067	748,492
Fong Choon Kai	615,900	51,325	-	-	-	600	80,067	748,492
	2,463,600	205,300	-	-	-	3,300	320,268	2,992,468
Non-Executive Directors								
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	44,100	3,600	-	-	47,700
Mohd Khasan Bin Ahmad	-	-	-	44,100	3,600	-	-	47,700
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	44,100	3,600	-	-	47,700
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	37,800	3,600	-	-	41,400
	-	-	-	170,100	14,400	-	-	184,500

Senior Management

The Managing and Executive Directors 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.

Appointment and Removal of Senior Management

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.

Corporate Governance Overview Statement

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 Remuneration Committees and approved by the Board for implementation at all levels of staff including Senior Management and other staff. Senior Management refers to Executive Directors 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 Company has also not complied with Practice 7.2 of the MCCG which requires to make the detailed disclosures on named basis for the remuneration of the top five (5) senior management in bands of RM50,000. The Company has explained its departure from this practice in the CG Report.

The total value of cash-based remuneration paid out to Senior Management staff of Sinmah Group for the financial year 2020 was as follows:

Remuneration	No. of Senior Management Staff	Non-Deferred (RM’000)	Deferred (RM’000)
Fixed	13	2,301	-
Variable		-	-

Note: The above excludes the remuneration of Managing and Executive Directors which has been declared under Directors’ Remuneration.

Corporate Governance Overview Statement

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. This policy was amended and approved by the Board via directors' circular resolution on 1 June 2020 to incorporate the corporate liability for corruption due to amendment to Section 17 A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which took effect on 1 June 2020.

  The Chairman of the Audit Committee was designated to be 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.

- **Anti-Bribery & Corruption Policy**

  The Anti-Bribery & Corruption Policy ses out the stance of the Group's anti-bribery expectations for internal and external parties working with, for and on behalf of the Group. Further details of the Anti-Bribery and Corruption 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.

Corporate Governance Overview Statement

- **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

  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 Executive 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 head 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 2020 was as follows :-

	Company RM	**Group RM**
Statutory audit fees paid/payable	42,000	232,000
Non-audit fees paid/payable	5,000	5,000

Corporate Governance Overview Statement

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 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 of this Annual Report.

Corporate Governance Overview Statement

C. INTEGRITY IN CORPORATE REPORTING AND 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 in 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-Sixth AGM 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-Sixth 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-Sixth 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 12 April 2021.

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 2020. 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 appetite 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 Executive 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 operating subsidiaries in the Group. This risk management 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 the 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, control environment, risk assessment, control activities, information and communication and monitoring activities.

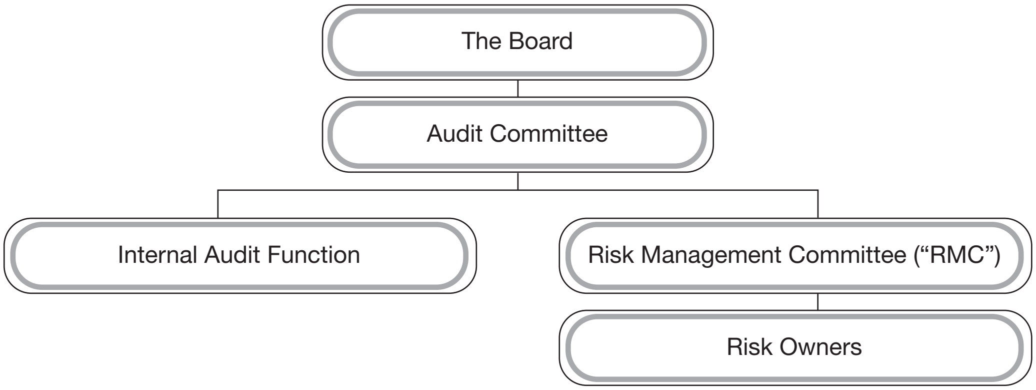
RISK MANAGEMENT

In line with Practice 9.1 of Malaysian Code on Corporate Governance 2017, the Board has established a structured group risk management policy (“GRM 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 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.

Statement on Risk Management and Internal Control

The GRM Policy established lays down the risk management's objectives, processes and acceptable risk appetite 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

The Senior Manager, Corporate Affairs acts as the Key Risk Officer and also the Secretary of the RMC. Key Risk Officer actively oversee the implementation of the Group's Enterprise Risk Management Policy, including but not limited to, to ensure that each step of the risk identification, risk assessment, control identification, risk treatment and control activities are performed 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 appetite 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 appetite 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. Due to the COVID-19 pandemic outbreak, the Group has taken a longer time to update its key risk registers since the last update in May 2020. The Group has assessed the effects of the COVID-19 pandemic outbreak on its business processes for the financial year ended 31 December 2020 and has updated its key risk registers to incorporate risks of COVID-19 affecting its business processes. The Group has duly updated its key risk registers on 12 April 2021.

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 reviewed and approved by Audit Committee.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Group's Executive 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 appetite 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 adequate and effective internal control system 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 escalated to the Group's 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 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.

Statement on Risk Management and Internal Control

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 adequacy and effectiveness of the risk management and internal control system. 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 structure and 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, Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance 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 all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager and assisted by at least one (1) senior consultant or consultant per one (1) engagement with oversight performed by the director.

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, the Audit Committee and the Board are of the opinion that the scope, functions (including independence), competency, resources, authorities granted to the internal audit function 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 2020 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 the recommendations formulated by the outsourced internal audit function are based on the root cause(s) of the internal audit observations. 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 2020, the outsourced internal audit function has conducted review, based on the internal audit plan approved by Audit Committee, on the following business processes:

- Treasury management and sales and marketing management of the Group's property development division. For treasury management, the internal audit function audited the cash flow planning and management, progress billing and management, payment and disbursement procedure, debt financing management and internet banking system policy and procedure. For sales and marketing management, the internal audit function audited the 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 and property agency management.

- Purchasing management, sales and collection management, inventory management, renovation and capital expenditure management and management information system (MIS) management of the Group's healthcare services division. For purchasing management, the internal audit function audited purchase planning, purchase requisition and purchase order processing, price comparison and vendor selection and appraisal. For sales and collection management, the internal audit function audited sales, discount and cancellation management, collection and deposit procedure, shift handover and day end process and credit control for panel management. For inventory management, the internal audit function audited receipt and inspection, issuance, inventory adjustment, inventory master and records management, return (supplier/patient) management, slow moving stock management, storage and physical access management and disposal of medical supplies and consumables. For renovation and capital expenditure management, the internal audit function audited tender management, capital expenditure management and variation order management. For MIS management, the internal audit function audited system modification, development and acquisition, system maintenance management, logical access management and software license management.

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 the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management responses and action plans were 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 2020 amounted to approximately RM55,000.

INTERNAL CONTROL SYSTEM

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 values 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 Anti-Bribery and Anti-Corruption Policy had been put in place by the Board to prevent and manage the bribery risks within the Group with Whistleblowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements at the earliest opportunity.

Statement on Risk Management and Internal Control

- *Control structure*

  The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, the Chairman and the Group Managing Director are specified to preserve the independence of the Board from the Management.

  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, controls for financial accounting and reporting, treasury management, asset security, information technology, etc. The policies and procedures are subject to regular reviews to cater for process changes, changing risks or further improvements;

  - The Group has a well-defined organisation structure in place with clear lines of reporting and accountability. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. 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.

    Succession Planning Policy and Emergency Succession Policy is put in place to reduce the impact of abrupt departure of key personnel to the minimum possible by ensuring key roles within the Group are supported by competent and calibre second-in-line.

  - Good farm management practices and biosecurity and 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.

Statement on Risk Management and Internal Control

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 structure and 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 60 to 65 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.

- *Risk Assessment and Control Activities*

  Risk assessment (including fraud and bribery risk) is performed by risk owners at scheduled interval or when there is change in internal and/or business context in accordance with GRM Policy. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board, i.e. the risk appetite.

  The Group has standard operating procedures that are regularly reviewed and updated to ensure its relevance to support the Group's business activities in achieving the Group's business objectives.

- *Reporting and information system*

  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; and

  - 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.

- *Monitoring and review*

  At operational level, monitoring activities are embedded into the policies and procedures established by the Management with incidents of non-compliance and exceptions noted are escalated to appropriate level of management.

  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 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

The internal control system 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 audit function 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 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 2020, other than impairment loss on trade receivables of RM10.03 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 12 April 2021.

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 2020.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members, all of whom are independent non-executive directors :-

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director
Chairman

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

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

Encik Mohd Khasan Bin Ahmad is a member of the Malaysian Institute of Accountants.

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 2020, 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	5/5	100%

The meeting dates where the Audit Committee met during the financial year were 26 February 2020, 19 May 2020, 26 June 2020, 26 August 2020 and 26 November 2020. The Group's external auditors attended the Audit Committee meetings on 26 February 2020, 19 May 2020 and 26 November 2020.

Audit Committee Report

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 presented to the Board for notation 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.

   Audit Committee also reviews and provides advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.

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, risk profiles and updated the risk 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.

Audit Committee Report

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.

f. Discussed and reviewed the sustainability framework of the Group and the Company.

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, sufficiency 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, with external auditors without the presence of management to discuss with them 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.

f. Reviewed and discussed the draft Key Audit Matters (KAM) with the external auditors to ensure that issues that are most significant in the audit are disclosed and to address the issues highlighted by external auditors with management and determine whether such issues should be addressed in the Audit Committee Report to the shareholders.

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 Audit Committee has reviewed the business continuity plan in respect of the impact of COVID-19 on the risk management processes and systems of internal control and have requested internal and external auditors to consider the impact of COVID-19 in their audit plans.

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 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. The Audit Committee has concluded that there were no related party transactions other than recurrent related party transactions which did not exceed the threshold for announcement to be made to Bursa Malaysia Securities Berhad.

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

Audit Committee Report

Annual Reporting

Reviewed the Audit Committee Report, Statement of Risk Management & Internal Control, the Corporate Governance Overview Statement and the Corporate Governance Report as well as the Sustainability 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.

Others

a. Reviewed the Board policy and procedures of the Group including the Board Charter.

b. Discussed and reviewed the 2020 financial projection of the Group.

c. Discussed and reviewed the termination of two Conditional Sale and Purchase Agreements ("Conditional SPAs") to purchase 2 pieces of freehold land with buildings erected on them ("the properties") for the Group's healthcare business activities. The Conditional SPAs have been terminated because the Vendors have breached certain terms in the Conditional SPAs whereby the market values of the Properties have been devalued as a result of the removal of various fittings, furnishing and/or furniture in and on the Properties.

d. Reviewed the offer by Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd.) ("SAH") to Sime Darby Property (City of Elmina) Sdn. Bhd. to purchase a piece of freehold land measuring approximately 5 acres for a purchase consideration of RM32,670,000 subject to a sale and purchase agreement to be executed by both parties within 3 months from the date of fulfilment of conditions precedent. To-date no sale and purchase agreement is signed yet as conditions precedent have not been met.

e. Reviewed the prescribed criteria in relation to the financial condition and level of operations of the Company set under Practice Note 17.

f. Discussed and reviewed the utilization of proceeds from the Company's rights issue with warrants and noted that the proceeds have been fully utilized within the prescribed time frame.

g. Discussed and reviewed the disposal of dormant and inactive subsidiaries involving :-

    i) The disposal of 850 ordinary shares, representing 85% equity interest in SAH Mutiara Sdn. Bhd. ("SAH Mutiara"), by Sinmah Axis Healthcare Sdn. Bhd. (Formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd.) ("SAH") for a total cash consideration of RM1.00 only;

    ii) The disposal of 700 ordinary shares, representing 70% of equity interest in SAH Medical Center (Batu Kawan) Sdn Bhd ("SMC Batu Kawan") by SAH for a total cash consideration of RM1.00 only;

    iii) The disposal of 70,000 ordinary shares, representing 70% of the equity interest in Sinmah Rising Development Sdn. Bhd. (formerly known as Sinmah Encorp Development Sdn. Bhd.) ("Sinmah Rising Development") by Sinmah Development Sdn. Bhd. for a total cash consideration of RM1.00 only;

    iv) The disposal of 3,000,000 ordinary shares, representing the entire equity interest in Sinmah Livestocks Sdn. Bhd. ("Sinmah Livestocks") by the Company for a total cash consideration of RM1.00 only. With this disposal, Chem Ventures Sdn. Bhd., a wholly-owned subsidiary of Sinmah Livestocks cease to be a member of the Sinmah Group; and

    v) The disposal of 9,999,997 ordinary shares, representing 99.99% of the equity interest in Sinmah Multifeed Sdn. Bhd. ("Sinmah Multifeed") by the Company for a total cash consideration of RM1.00 only

Audit Committee Report

h. Discussed and reviewed the following Corporate Exercise :-

   i) A private placement of up to 20% of the total number of issued shares of the Company to third party investors to be identified later at an issue price to be determined and announced later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement I"); and

   ii) A private placement of up to 20%of the total number of issued shares of the Company to third party investors to be identified later at an issue price to be determined and announced later ("Proposed Private Placement II").

i. Discussed and considered the key observations on the effectiveness of Internal Audit Function of Listed issuers co published by Bursa Malaysia Securities Berhad and Institute of Internal Auditors Malaysia.

j. Discussed and reviewed the internal re-organisation of group structure involving the transfer of 1,500,000 ordinary shares, representing the entire equity interest of SM Broilers Sdn. Bhd., the wholly-owned subsidiary of Sinmah Livestocks Sdn. Bhd. ("Sinmah Livestocks"), the wholly-owned subsidiary of the Company from Sinmah Livestocks to the Company at a total consideration of RM1,500,000.00 only.

Evaluation and Assessment of the Audit Committee

The performance and effectiveness of Audit Committee ("AC") would be assessed annually through AC evaluation and AC members' self and peer evaluation conducted by the AC, 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 satisfied that the AC 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

An in-house training session on "Corporate Liability Provision in relation to Section 17A of the Malaysian Anti-Corruption Commission Act 2009" was conducted by an external consultant for all the members of the Audit Committee during the financial year under review.

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 out-sourced internal audit function to NeedsBridge, the independent external consultant including access 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 2020 was approximately RM55,000.00.

Audit Committee Report

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 business processes of treasury management and sales and marketing management of the property development and construction division in relation to cash flow planning and management, progress billing and management, payment and disbursement procedure, debt financing management, internet banking system policy and procedure, 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 and property agency management.

- Reviewed the business processes of purchasing management, sales and collection management, inventory management, renovation and capital expenditure management and management information system (MIS) management of the healthcare services division in relation to purchase planning, purchase requisition and purchase order processing, price comparison, vendor selection and appraisal, sales, discount and cancellation management, collection and deposit procedure, shift handover and day end process, credit control under panel management, receipt and inspection, issuance, inventory adjustment, inventory master and records management, return (supplier/patient) management, slow moving stock management, storage and physical access management, disposal of medical supplies and consumables, tender management, capital expenditure management, variation order management, system modification, development and acquisition, system maintenance management, logical access management and software license management.

- 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 2020 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 2020 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 2020.

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 8 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 for the financial year attributable to:		
Owners of the parent	(22,128)	(2,283)
Non-controlling interests	(547)	-
	(22,675)	(2,283)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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 paid-up share capital from RM149,839,954 to RM160,229,154 by way of issuance of 38,000,000 new ordinary shares for a total cash consideration of RM10,389,200 through Special Issue at an issue price of RM0.2734 per ordinary share;

There was no issuance of debentures during the financial year.

Directors' Report

Warrants Reserve

Warrants 2018/2023 ("Warrants C")

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

As at 31 December 2020, the total number of Warrants C that remain unexercised were 38,177,039 (2019: 38,177,039).

The salient terms of the Warrants C are disclosed in Note 16 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.

Directors

The Directors in office since the beginning of the financial year up to date of the last report are:

Datuk Hj. Zainal Bin Hj. Shamsudin
Datuk Fong Kiah Yeow*
Fong Ngan Teng*
Datuk Ng Peng Hong @ Ng Peng Hay
Mohd Khasan Bin Ahmad
Munawar Kabir Mohd Bin Zainal Abidin
Toh Hong Chye (Appointed on 13 January 2021)
Dato' Fong Kok Yong* (Resigned on 13 January 2021)
Fong Choon Kai* (Resigned on 13 January 2021)

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

Dato' Fong Kok Yong**
Liew Seng Aun
Kow Keng Yam
Hoh Koei Teng
Premela A/P A K Nadan @ Kasinathan
Yu Chee Sing@
K. Shanmuganathan A/L Krisnan@
Mohd Ismail Bin Abdul Hamid@
Tan Tuck Wing^
Marzida Binti Mansor^
Tengku Sulaiman Syahibni Sultan Azzi Shah^

* Director of the Company and of its subsidiary companies
** Resigned from the Company but is still Director of subsidiary companies
@ Resigned during the financial year
^ Retired and not re-elected by the members

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' Report

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 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	17,402,200	3,900,000	(7,000,000)	14,302,200
Fong Ngan Teng	15,256,000	3,950,000	(6,500,000)	12,706,000
Toh Hong Chye	-	18,000,000	-	18,000,000
Indirect interest				
Datuk Fong Kiah Yeow	36,721,253	-	(36,700,000)	21,253
Fong Ngan Teng	36,721,253	-	(36,700,000)	21,253

	No. of Warrants 2018/2023			
	At 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
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)	-
Indirect interest				
Datuk Fong Kiah Yeow	3,814,380	-	(3,814,380)	-
Fong Ngan Teng	3,814,380	-	(3,814,380)	-

By virtue of their interests in the shares of the holding company, Datuk Fong Kiah Yeow, Fong Ngan Teng and Toh Hong Chye 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.

Directors' Report

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 all known bad debts had been written off and that 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.

Directors' Report

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Significant Events

The significant events are disclosed in Note 35 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 36 to the financial statements.

Auditors

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

The details of auditors' remuneration are set out in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2021.

FONG NGAN TENG **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 79 to 164 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 2020 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 12 April 2021.

FONG NGAN TENG **DATUK FONG KIAH YEOW**

Statutory Declaration

Pursuant to Section 251(1)(b) 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 79 to 164 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 12 April 2021.) **LIEW SENG AUN**

Before me,

SHAHRIZAH BINTI YAHYA
NO: M084

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Report on the Audit of 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 2020 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 to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 164.

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 2020, 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 Responsibilities

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' Independent Code of Ethics for Professional Accountants (including International Independence Standards)* ("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.

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters

1. Impairment of trade receivables
 	
We focused on this area due to the carrying amount of the trade receivables for the current financial year end amounted to RM39.6 million representing 22.9% of the Group's total assets.
 	
The assessment of recoverability of the trade receivables involved significant subjective judgements and estimation in analysing historical trend in bad payment clients, customers' concentration, customers' creditworthiness and current economic trends etc.
	Our audit procedures included, amongst others, the following:
	
	• Understood on the procedures of the Group:-
	  • the Group's identification, monitoring and assessment on the impairment of receivables; and
	  • the Group's basis and justification in making accounting estimates for impairment;
	• Understood of significant credit exposures which were significantly overdue or deemed to be in default;
	• Reviewed subsequent cash collections for major receivables and overdue amounts;
	• Reviewed the ageing analysis of receivables and testing the reliability thereof; and
	• Evaluated the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

2. Revenue recognition for property development and construction contract The Group recognises revenue from property development activities and construction contract over time using the stage of completion method. The stage of completion is measured using input method which is based on complete satisfaction of the performance obligations by reference to the proportion of property development costs or construction contract costs incurred to-date for work performed to date bear to the estimated total property development cost / construction contract costs. We focused on this area because the management applies significant judgement in determining the stage of completion, the extent of costs incurred for construction contracts and property development projects, and construction costs or property development costs yet to be incurred, the estimated total revenue and cost for property development and construction contract.	Our audit procedures performed in this area included, amongst others: • Reviewed all key contracts and agreements to identify any distinct and material performance obligations and the specific terms and conditions; • Reviewed management's workings on the computation of percentage-of-completion and compared the architect certificates or quantity surveyors' reports and contractors' claims and certificates against stage of completion to ascertain the reasonableness of the amounts of revenue and cost recognised in the profit or loss; • Evaluated the reasonableness of the estimated total cost and cost allocation for property development and construction contract in light of supporting evidence such as sales and purchase agreements, approved master plan, letters of award, approved purchase orders, quotations, sub-contractors' tender documents and any variation orders; • Agreed a sample of costs incurred to date to invoice and/or progress claim and assessed the adequacy of accruals of costs made; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
3. Goodwill on consolidation The Company carries out annual impairment test by comparing the recoverable amount of cash generating unit ("CGU") based on value in use method and the carrying amounts. The impairment tests were significant to our audit due to the complexity of the assessment process involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. for value in use of CGU based on future discounted cash flows.	Our audit procedures performed in this area included, amongst others: • Evaluated the reasonableness and consistency of key assumptions and inputs used in cash flow projection to available external industry sources of data; • Assessed the historical reliability of cash flows projections by comparing to the actual results and historical data; and • Performed sensitivity analysis to stress test the key assumptions and inputs used in the impairment assessment; • Assessed the adequacy of the impairment made and reasonableness of the disclosure in the financial statements.

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 [Registration No. 199401015973(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 these 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, actions taken to eliminate threats or safeguards applied.

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 [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Other Matter

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

HO SIEW CHAN
Approved Number: 03485/02/2022 J
Chartered Accountant

KUALA LUMPUR

12 April 2021

Statements of Financial Position

As at 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	4,626	6,571	240	243
Right-of-use assets	5	4,793	3,832	513	622
Inventories	6	13,337	5,336	-	-
Investment properties	7	1,736	-	-	-
Investment in subsidiary companies	8	-	-	10,644	9,754
Goodwill	9	1,084	3,348	-	-
		25,576	19,087	11,397	10,619
Current Assets					
Inventories	6	75,510	85,023	-	-
Contract assets	10	1,149	6,469	-	-
Trade receivables	11	39,587	44,155	-	-
Other receivables	12	9,392	11,448	1,706	108
Amount due from subsidiary companies	13	-	-	85,658	82,325
Tax recoverable		294	513	35	-
Deposits, cash and bank balances	14	21,133	32,625	8,435	8,159
		147,065	180,233	95,834	90,592
Total Assets		172,641	199,320	107,231	101,211

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY					
Share capital	15	160,229	149,840	160,229	149,840
Warrant reserves	16	3,619	3,619	3,619	3,619
Accumulated losses		(80,178)	(57,758)	(75,927)	(73,644)
Equity attributable to owners of the parent		83,670	95,701	87,921	79,815
Non-controlling interests		(108)	186	-	-
Total Equity		83,562	95,887	87,921	79,815
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	17	23,238	25,926	1,833	-
Lease liabilities	18	2,988	3,299	462	553
Deferred tax liabilities	19	2,848	3,312	57	102
		29,074	32,537	2,352	655
Current Liabilities					
Contract liabilities	10	1,059	-	-	-
Trade payables	20	6,292	12,470	-	-
Other payables	21	7,848	6,684	898	1,346
Amount due to directors	22	4	829	-	-
Amount due to subsidiary companies	13	-	-	-	11,321
Bank borrowings	17	43,998	47,375	15,969	7,978
Lease liabilities	18	796	702	91	81
Tax payable		8	2,836	-	15
		60,005	70,896	16,958	20,741
Total Liabilities		89,079	103,433	19,310	21,396
Total Equity and Liabilities		172,641	199,320	107,231	101,211

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

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	23	114,067	182,458	-	-
Cost of sales		(108,124)	(178,587)	-	-
Gross profit		5,943	3,871	-	-
Other incomes		7,614	25,994	225	125
Administrative expenses		(23,636)	(25,073)	(1,799)	(2,672)
Net loss on impairment of financial instruments		(9,332)	784	-	-
(Loss)/Profit from operation		(19,411)	5,576	(1,574)	(2,547)
Finance costs	24	(5,772)	(4,150)	(784)	(143)
(Loss)/Profit before taxation	25	(25,183)	1,426	(2,358)	(2,690)
Taxation	26	2,508	(2,229)	75	(163)
Loss for the financial year, representing total comprehensive loss for the financial year		(22,675)	(803)	(2,283)	(2,853)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(22,128)	(853)	(2,283)	(2,853)
Non-controlling interests		(547)	50	-	-
		(22,675)	(803)	(2,283)	(2,853)
Total comprehensive income attributable to:					
Owners of the parent		(22,128)	(853)	(2,283)	(2,853)
Non-controlling interests		(547)	50	-	-
		(22,675)	(803)	(2,283)	(2,853)
Loss per share attributable to the owners of the parent (sen)					
Basic	27(a)	(10.4)	(0.4)		
Diluted	27(b)	(8.7)	(0.3)		

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

Statements of Changes in Equity

For the financial year ended 31 December 2020

	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 →					
2020							
Group							
At 1 January		149,840	3,619	(57,758)	95,701	186	95,887
Total comprehensive loss for the financial year		-	-	(22,128)	(22,128)	(547)	(22,675)
Disposal of subsidiary companies		-	-	-	-	(39)	(39)
Transactions with owners:							
Private placement	15	10,389	-	-	10,389	-	10,389
Acquisition of non-controlling interests		-	-	(292)	(292)	292	-
At 31 December		160,229	3,619	(80,178)	83,670	(108)	83,562
2019							
Group							
At 1 January		149,840	3,619	(56,905)	96,554	958	97,512
Total comprehensive (loss)/income for the financial year		-	-	(853)	(853)	50	(803)
Non-controlling interest in acquisition of new subsidiary companies		-	-	-	-	250	250
Disposal of subsidiary		-	-	-	-	(1,072)	(1,072)
At 31 December		149,840	3,619	(57,758)	95,701	186	95,887

Statements of Changes in Equity

For the financial year ended 31 December 2020

	Notes	← Attributable to Owners of the Parent →				
		← Non-distributable →				
		Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM	Total RM
Company						
At 1 January 2019		149,840	-	3,619	(70,791)	82,668
Total comprehensive income for the financial year		-	-	-	(2,853)	(2,853)
At 31 December 2019		149,840	-	3,619	(73,644)	79,815
At 1 January 2020		149,840	-	3,619	(73,644)	79,815
Total comprehensive loss for the financial year		-	-	-	(2,283)	(2,283)
Transaction with owners:						
Rights issue	15	10,389	-	-	-	10,389
At 31 December 2020		160,229	-	3,619	(75,927)	87,921

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

Statements of Cash Flows

For the financial year ended 31 December 2020

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash Flows From Operating Activities				
(Loss)/Profit before taxation	(25,183)	1,426	(2,358)	(2,690)
Adjustments for:				
Bad debts written off				
- Trade receivable	48	-	-	-
- Other receivable	-	640	-	-
Bad debts recovered	-	(6)	-	-
Depreciation/amortisation of:				
- property, plant and equipment	491	857	9	9
- investment properties	60	-	-	-
- right-of-use assets	899	389	109	37
Impairment losses on:				
- Trade receivables	10,030	740	-	-
- Other receivables	56	-	-	-
- goodwill	2,264	-	-	-
Written off of:				
- property, plant and equipment	1	7	-	-
- property development costs	1,472	-	-	-
- right-of-use assets	551	-	-	-
Written down value of inventories	2,797	-	-	-
Interest expense	5,772	4,150	784	143
Interest income	(819)	(709)	(205)	-
Unrealised loss/(gain) on foreign exchange	7	(5)	-	-
(Gain)/Loss on disposal of:				
- other assets held for sale	-	(18,708)	-	-
- property, plant and equipment	(35)	-	-	-
- right-of-use assets	(23)	-	-	-
- investment in subsidiary	(1,356)	(2,476)	610	-
Reversal of impairment losses of trade receivables	(754)	(1,524)	-	-
Balance carried down	(3,722)	(15,219)	(1,051)	(2,501)

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Balance brought down		(3,722)	(15,219)	(1,051)	(2,501)
Changes in working capital					
Inventories		(3,815)	(7,555)	-	-
Accrued billing in respect of property development costs		-	(4,862)	-	-
Progress billings		6,379	(107)	-	-
Trade receivables		(20,279)	(9,798)	-	-
Other receivables		(1,373)	11,703	(1,599)	(90)
Trade payables		(5,178)	4,080	-	-
Other payables		21,112	(12,529)	(447)	1,096
Amount due to subsidiary companies		-	-	(14,653)	11,321
		(3,154)	(19,068)	(16,699)	12,327
Cash (used in)/from operations		(6,876)	(34,287)	(17,750)	9,826
Interest received		819	709	205	-
Interest paid		(5,757)	(4,150)	(784)	(143)
Tax paid		(989)	(1,631)	(21)	(46)
Tax refunded		-	920	-	-
		(5,927)	(4,152)	(600)	(189)
Net cash (used in)/from operating activities		(12,803)	(38,439)	(18,350)	9,637
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant equipment		234	28,182	-	-
Proceeds from disposal of right-of-use assets		89	-	-	-
Net cash outflows from disposal of subsidiary companies	8(c)	(28)	(57)	-	-
Purchase of additional share in subsidiary company		-	-	(1,500)	-
Proceeds from disposal of subsidiary companies		-	30	-	-
Balance carried down		295	28,155	(1,500)	-

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash Flows From Investing Activities					
Balance brought down		295	28,155	(1,500)	-
Deposits not for short-term funding requirements		(8,113)	(863)	(205)	7,000
Decrease/(Increase) in fixed deposits with licensed banks		18,631	(3,457)	-	-
Net cash outflows from acquisition of subsidiary companies	8(b)	-	(11,119)	-	-
Non-controlling interest in acquisition of new subsidiaries		-	250	-	-
Purchase of right-of-use assets		(337)	-	-	-
Purchase of property, plant and equipment	4(b)	(593)	(389)	(6)	(9)
Net cash from/(used in) investing activities		9,883	12,577	(1,711)	6,991
Cash Flows From Financing Activities					
Net movement of short term borrowings	29	(552)	13,187	8,000	3,000
Net (Repayment)/drawdown of term loans	29	(1,122)	5,278	1,833	-
Repayment of lease liabilities	29	(1,553)	(1,869)	(81)	(25)
Amount due from subsidiary companies		-	-	-	(24,863)
Amount due to director	29	(825)	(3,740)	-	-
Proceeds from issuance of shares	15	10,389	-	10,389	-
Net cash from/(used in) financing activities		6,337	12,856	20,141	(21,888)
Net increase/(decrease) in cash and cash equivalents		3,417	(13,006)	80	(5,260)
Cash and cash equivalents at the beginning of the financial year		(8,064)	4,942	(4,819)	441
Cash and cash equivalents at the end of the financial year		(4,647)	(8,064)	(4,739)	(4,819)
Cash and cash equivalents at the end of the financial year comprises:					
Deposits, cash and bank balances	14	3,900	4,874	230	159
Bank overdrafts	17	(8,547)	(12,938)	(4,969)	(4,978)
Fixed deposits with licensed banks	14	17,233	27,751	8,205	8,000
		12,586	19,687	3,466	3,181
Less: Deposits with tenures of more than 3 months		(8,991)	(878)	(8,205)	(8,000)
Less: Fixed deposits pledged with licensed banks		(8,242)	(26,873)	-	-
		(4,647)	(8,064)	(4,739)	(4,819)

Notes to the Financial Statements

31 December 2020

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 was located at 88, Jalan KU 4, Taman Krubong Utama, 75260 Krubong, 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 8. There have been no significant changes in the nature of these activities during the financial year.

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.

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 below.

Adoption of new and amended standards

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

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

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.

Notes to the Financial Statements

31 December 2020

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
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	17 August 2020
MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest rate benchmark reform- phase 2	1 January 2021
Amendments to MFRS 16	Covid-19-Related rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual	Amendments to MFRS 1	1 January 2022
Improvement to	Amendments to MFRS 9	1 January 2022
MFRS Standards	Amendments to MFRS 16	
2018 – 2020	Amendments to MFRS 141	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associates 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 of the Company.

(b) Functional and presentation currency

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

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company'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 and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

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:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) 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

(iii) 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.

<u>Determining the lease term of contracts with renewal and termination options – Group as lessee</u>

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to the Financial Statements

31 December 2020

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:

<u>Useful lives/amortisation of property, plant and equipment (Note 4) and depreciation of right-of-use ("ROU") assets (Note 5)</u>

Management estimates the useful lives of the property, plant and equipment and ROU assets to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. 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 and leased assets would increase the recorded depreciation and decrease the value of property, plant and equipment and leased assets.

<u>Impairment of goodwill on consolidation</u>

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 9.

<u>Deferred tax assets</u>

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 19.

<u>Inventories valuation</u>

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 6.

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 judgements 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.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Notes 10.

Provision for expected credit loss of financial assets at amortised cost

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 at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 12 and 13.

Notes to the Financial Statements

31 December 2020

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 and the Company recognise 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 2020, the Group has tax recoverable and payable of approximately RM294,000 (2019: RM513,000) and RM8,000 (2019: RM2,836,000) respectively. While, the Company has tax recoverable and payable of approximately RM35,000 (2019:Nil) and Nil (2019: RM15,000)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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 instrument 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 any 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(n)(i) to the financial statements on impairment of non-financial assets.

(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.

Notes to the Financial Statements

31 December 2020

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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 any 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(n)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

Foreign currency transactions and balances

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.

(c) Property, plant and equipment

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

(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.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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:

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.

(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, if any. The land use rights are amortised over their lease terms.

Notes to the Financial Statements

31 December 2020

3. Significant Accounting Policies (Cont'd)

(e) Leases

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated annual depreciation rates of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	2 to 9 years
Leasehold land	99 years
Motor vehicles	5 years
Medical equipment	5 years
Computer and software	5 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. 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.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessor (Cont'd)

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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.

(f) Financial assets

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, deposits, bank and cash balances and amount due from subsidiary companies.

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.

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.

Notes to the Financial Statements

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3. Significant Accounting Policies (Cont'd)

(g) Financial liabilities

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.

(h) Financial guarantee contracts

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 financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(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.

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 cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in any arm's length transaction.

3. Significant Accounting Policies (Cont'd)

(j) Inventories (Cont'd)

(i) Land Held for Property Development

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

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 under development and completed property

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. 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.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

(iii) 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 first-in-first out basis. Cost of finished goods and work-in-progress are measured on a weighted average basis and consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

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3. Significant Accounting Policies (Cont'd)

(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 recognised 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) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(m) 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.

3. Significant Accounting Policies (Cont'd)

(n) 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.

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.

Notes to the Financial Statements

31 December 2020

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets

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").

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.

(o) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Office	5 years
Shoplot	50 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Notes to the Financial Statements

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3. Significant Accounting Policies (Cont'd)

(p) Share capital

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.

(q) 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.

(r) 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 and of the Company. Short term accumulating compensated absences such as paid annual leave is 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.

(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 and the Company have no further payment obligations.

Notes to the Financial Statements

31 December 2020

3. Significant Accounting Policies (Cont'd)

(s) 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) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets 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 construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of construction costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group 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.

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(c) Sale of goods

The Group operates a factory mainly in manufacturing feeds. The Group is also involved in contract farming of live broilers and trading of live broilers, day-old-chicks and 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 purchases the goods.

(ii) Rendering of services

Revenue from consultation fees and sales of prescription drugs are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Company, and the Company 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) Lease income

Lease 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.

(t) 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 theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

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3. Significant Accounting Policies (Cont'd)

(u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are 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.

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.

(v) 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.

(w) 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	Buildings RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Group					
Cost					
At 1 January 2020	1,009	4,186	2,025	4,112	11,332
Additions	-	-	-	593	593
Disposals	-	(305)	(1,185)	(264)	(1,754)
Disposal of subsidiary companies	-	(188)	(273)	(258)	(719)
Transfer from/(to) right-of-use assets	-	(883)	50	-	(833)
Transfer to investment property	-	(1,532)	-	-	(1,532)
Written off	-	-	-	(41)	(41)
At 31 December 2020	1,009	1,278	617	4,142	7,046
Accumulated depreciation					
At 1 January 2020	-	1,312	1,697	1,752	4,761
Charge for the financial year	-	45	88	358	491
Disposals	-	(305)	(1,184)	(66)	(1,555)
Disposal of subsidiary companies	-	(98)	(242)	(235)	(575)
Transfer from/(to) right-of-use assets	-	(232)	1	-	(231)
Transfer to investment property	-	(431)	-	-	(431)
Written off	-	-	-	(40)	(40)
At 31 December 2020	-	291	360	1,769	2,420
Carrying amount					
At 31 December 2020	1,009	987	257	2,373	4,626

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4. Property, Plant and Equipment (Cont'd)

	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 2019, as previously stated	1,660	1,723	9,017	19,710	6,544	6,985	891	46,530
Effects of adoption of MFRS 16	-	-	-	-	(801)	-	-	(801)
At 1 January 2019, as restated	1,660	1,723	9,017	19,710	5,743	6,985	891	45,729
Additions	-	-	913	-	87	178	-	1,178
Disposals	-	(2,374)	(5,744)	(19,223)	(3,666)	(3,304)	(891)	(35,202)
Acquisition of subsidiary companies	-	-	-	-	4	279	-	283
Disposal of subsidiary companies	-	-	-	-	(143)	(8)	-	(151)
Written off	-	-	-	(487)	-	(18)	-	(505)
Reclassification	(651)	651	-	-	-	-	-	-
At 31 December 2019	1,009	-	4,186	-	2,025	4,112	-	11,332
Accumulated depreciation								
At 1 January 2019, as previously stated	-	1,331	2,942	18,005	5,442	2,637	132	30,489
Effects of adoption of MFRS 16	-	-	-	-	(339)	-	-	(339)
At 1 January 2019, as restated	-	1,331	2,942	18,005	5,103	2,637	132	30,150
Charge for the financial year	-	8	424	35	204	120	66	857
Disposals	-	(1,339)	(2,054)	(17,560)	(3,467)	(1,110)	(198)	(25,728)
Acquisition of subsidiary companies	-	-	-	-	-	131	-	131
Disposal of subsidiary companies	-	-	-	-	(143)	(8)	-	(151)
Written off	-	-	-	(480)	-	(18)	-	(498)
At 31 December 2019	-	-	1,312	-	1,697	1,752	-	4,761
Carrying amount								
At 31 December 2019	1,009	-	2,874	-	328	2,360	-	6,571

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4. Property, Plant and Equipment (Cont'd)

	Buildings RM'000	Office equipment RM'000	Total RM'000
Company			
2020			
Cost			
At 1 January	410	255	665
Additions	-	6	6
31 December	410	261	671
Accumulated depreciation			
At 1 January	176	246	422
Charge for the financial year	8	1	9
At 31 December	184	247	431
Carrying amount			
At 31 December	226	14	240
2019			
Cost			
At 1 January	410	246	656
Additions	-	9	9
31 December	410	255	665
Accumulated depreciation			
At 1 January	167	246	413
Charge for the financial year	9	-	9
At 31 December	176	246	422
Carrying amount			
At 31 December	234	9	243

(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) 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 2020 RM'000	Group 2019 RM'000
Aggregate costs	593	1,178
Less : Finance lease financing	-	(789)
Cash payments	593	389

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5. Right-of-Use Assets

	Medical equipment RM'000	Computers and software RM'000	Leasehold land RM'000	Leasehold Buildings RM'000	Motor Vehicles RM'000	Total RM'000
Group						
Cost						
At 1 January 2020	-	-	27	2,955	1,697	4,679
Additions	190	645	-	513	515	1,863
Disposal	-	-	-	-	(269)	(269)
Transfer from inventories	-	-	-	363	-	363
Transfer from/(to) property, plant and equipment	-	-	-	883	(50)	833
Disposal of subsidiary companies	-	-	(27)	(157)	(532)	(716)
Modifications on lease payments	-	-	-	(177)	-	(177)
Written off	-	-	-	(653)	-	(653)
At 31 December 2020	190	645	-	3,727	1,361	5,923
Accumulated amortisation						
At 1 January 2020	-	-	6	246	595	847
Amortisation	-	-	3	583	313	899
Disposal	-	-	-	-	(203)	(203)
Transfer from/(to) property, plant and equipment	-	-	-	232	(1)	231
Modifications on lease payments	-	-	-	(114)	-	(114)
Disposal of subsidiary companies	-	-	(9)	(48)	(371)	(428)
Written off	-	-	-	(102)	-	(102)
At 31 December 2020	-	-	-	797	333	1,130
Carrying amount						
At 31 December 2020	190	645	-	2,930	1,028	4,793

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5. Right-of-Use Assets (Cont'd)

	Leasehold land RM'000	Leasehold Buildings RM'000	Motor Vehicles RM'000	Total RM'000
Group				
Cost				
At 1 January 2019, as previously reported	-	-	-	-
- Effect of adoption of MFRS 16	27	-	801	828
At 1 January 2019, as restated	27	-	801	828
Additions	-	2,829	896	3,725
Acquisition of subsidiary	-	126	-	126
At 31 December 2019	27	2,955	1,697	4,679
Accumulated amortisation				
At 1 January 2019, as previously reported	-	-	-	-
- Effect of adoption of MFRS 16	6	-	339	345
At 1 January 2019, as restated	6	-	339	345
Amortisation	-	133	256	389
Acquisition of subsidiary	-	113	-	113
At 31 December 2019	6	246	595	847
Carrying amount				
At 31 December 2019	21	2,709	1,102	3,832

5. Right-of-Use Assets (Cont'd)

	2020 RM'000	2019 RM'000
Company		
Buildings		
Cost		
At 1 January	659	-
Addition	-	659
At 31 December	659	659
Accumulated amortisation		
At 1 January	37	-
Charge for the financial year	109	37
At 31 December	146	37
Carrying amount		
At 31 December	513	622

(a) 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	
	2020 RM'000	2019 RM'000
Aggregate costs	1,863	3,725
Less : Finance lease financing	(1,526)	(3,725)
Cash payments	337	-

	Company	
	2020 RM'000	2019 RM'000
Aggregate costs	-	659
Less : Finance lease financing	-	(659)
Cash payments	-	-

(b) Buildings with an aggregate carrying amount of RM825,000 (2019: RM535,000) are pledged as securities for bank borrowings as disclosed in Note 17.

(c) Included in the above, medical equipment, computer and software, and motor vehicles with a carrying amount of of the Group with the carrying amount of RM1,863,000 (2019: RM Nil) are pledged as securities for the related lease liabilities.

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6. Inventories

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
Land held for property development (Note a)	13,337	5,336
Current		
Property development costs (Note b)	56,940	74,273
Completed units (Note c)	18,543	10,734
Other inventories (Note d)	27	16
	75,510	85,023
	88,847	90,359

(a) Land held for property development

	Freehold Land RM'000	Development Expenditure RM'000	Total RM'000
Non-current			
Group			
2020			
Cost			
At 1 January	3,019	2,317	5,336
Addition	1,318	199	1,517
Transfer from property development costs	7,696	245	7,941
Written off	-	(1,457)	(1,457)
At 31 December	12,033	1,304	13,337
2019			
At 1 January	351	687	1,038
Addition	-	932	932
Acquisition of subsidiary companies	2,668	698	3,366
At 31 December	3,019	2,317	5,336

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6. Inventories (Cont'd)

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Current				
2020				
Cumulative property development costs				
At 1 January	50,675	451	36,902	88,028
Cost incurred during the financial year	302	-	16,511	16,813
Transfer to land held for property development costs	(7,696)	-	(245)	(7,941)
Transfer to inventory	(16)	(268)	(14,710)	(14,994)
Written off	-	-	(363)	(363)
Reversal of completed projects	-	(183)	(16,732)	(16,915)
At 31 December	43,265	-	21,363	64,628
Cumulative costs recognised in profit or loss				
At 1 January	(148)	(168)	(13,439)	(13,755)
Recognised during the financial year	(1,244)	(16)	(9,937)	(11,197)
Written off	-	-	348	348
Reversal of completed projects	-	184	16,732	16,916
At 31 December	(1,392)	-	(6,296)	(7,688)
Carrying amount				
At 31 December	41,873	-	15,067	56,940
2019				
Cumulative property development costs				
At 1 January	399	727	18,582	19,708
Acquisition of subsidiary company company	42,738	-	4,536	47,274
Cost incurred during the year financial year	7,298	-	13,748	21,046
Reclassification	240	(276)	36	-
At 31 December	50,675	451	36,902	88,028
Cumulative costs recognised in profit or loss				
At 1 January	-	(81)	(3,154)	(3,235)
Recognised during the financial year	-	(87)	(9,573)	(9,660)
Acquisition of subsidiary company	(148)	-	(712)	(860)
At 31 December	(148)	(168)	(13,439)	(13,755)
Carrying amount				
At 31 December	50,527	283	23,463	74,273

The freehold and leasehold land have been pledged to secure bank borrowings as disclosed in Note 17.

6. Inventories (Cont'd)

(b) Property development costs (Cont'd)

During the financial year, the following costs are capitalised to property development costs:

	Group	
	2020 RM'000	2019 RM'000
Sales Commission	146	-

(c) Completed properties

	Group	
	2020 RM'000	2019 RM'000
At beginning of the financial year	10,734	10,752
Transfer from property development costs	14,994	401
Transfer to right-of-use assets	(363)	-
Transfer to investment property	(695)	-
Written down value	(2,797)	-
Disposal during the financial year	(3,330)	(419)
At the end of the financial year	18,543	10,734

(d) Other inventories

	Group	
	2020 RM'000	2019 RM'000
At cost		
Medicine and clinical supplies	27	16

Recognised in profit or loss:		
- Inventories recognised at cost of sales	3,352	53,101

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7. Investment Properties

	Office RM'000	Shoplot RM'000	Total RM'000
Group			
2020			
Cost			
At 1 January	-	-	-
Transfer from inventory	695	-	695
Transfer from property, plant and equipment	-	1,101	1,101
At 31 December	695	1,101	1,796
Accumulated amortisation			
At 1 January	-	-	-
Charge for the financial year	38	22	60
At 31 December	38	22	60
Carrying amount			
At 31 December	657	1,079	1,736

Shoplot with an aggregate carrying amount of RM1,079,000 (2019: RM Nil) are pledged as securities for bank borrowings as disclosed in Note 17.

8. Investment in Subsidiary Companies

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost		
In Malaysia		
At 1 January	33,207	66,389
Addition	1,500	-
Disposal	(19,707)	(33,182)
At 31 December	15,000	33,207
Accumulated impairment losses		
At 1 January	23,453	56,635
Disposal	(19,097)	(33,182)
At 31 December	4,356	23,453
	10,644	9,754

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

8. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2020 %	Effective interest 2019 %	Principal activities
Held by the Company				
SM Broilers Sdn. Bhd.#	Malaysia	100	100	Contract farming, marketing and distribution of poultry products
Sinmah Livestocks Sdn. Bhd.	Malaysia	-	100	Contract farming and trading of chicken feeds, day old chicks and vaccines**
Chem Ventures Sdn. Bhd.#	Malaysia	-	100	Trading of chemicals, medication and related equipment^
Sinmah Multifeed Sdn. Bhd.	Malaysia	-	99.99	Manufacturing and wholesale of chicken feeds^
Sinmah Development Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Healthcare Sdn. Bhd.	Malaysia	100	100	Hospital activities
Held by Sinmah Development Sdn.Bhd.				
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contracting and provision of management services
Budi Saja Sdn. Bhd	Malaysia	100	100	Property development
Meadow Assets Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Rising Development Sdn.Bhd. (f.k.a.: Sinmah Encorp Development Sdn.Bhd.)	Malaysia	-	70	Property development^
Held by Sinmah Healthcare Sdn.Bhd.				
Sinmah Axis Healthcare Sdn. Bhd. (f.k.a.: Sinmah Amegajaya Healthcare Sdn. Bhd.)	Malaysia	99	69	Hospital and clinical activities
SAH Medical Sdn. Bhd.	Malaysia	65	65	Hospital and clinical activities

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8. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest 2020 %	2019 %	Principal activities
Held by Sinmah Axis Healthcare Sdn.Bhd. (f.k.a.: Sinmah Amegajaya Healthcare Sdn.Bhd.)				
SAH Mutiara Sdn. Bhd.@	Malaysia	-	59	Hospital and clinical activities^
SAH Medical Center Sdn. Bhd.	Malaysia	94	66	Hospital and clinical activities
Sterling Healthcare Sdn. Bhd.	Malaysia	99	69	Clinical activities
SAH Medical Center (Batu Kawan) Sdn. Bhd. *	Malaysia	-	48	Hospital and clinical activities^
Medigo Telemedicine Sdn. Bhd. (f.k.a.: Medigo Laboratories & Diagnostics Sdn. Bhd.)	Malaysia	99	69	Laboratories & diagnostics activities^
Held by SAH Medical Sdn. Bhd.				
SAH Medical Center (Melaka) Sdn. Bhd.	Malaysia	65	65	Hospital and clinical activities^
SAH Medical Center (Segamat) Sdn. Bhd.	Malaysia	65	65	Hospital and clinical activities^

Previously held by Sinmah Livestocks Sdn. Bhd.
@ Increased share capital to 85% on 26 October 2020.
* Increased share capital to 70% on 26 October 2020.
** Company ceased operations and become dormant during the financial year
^ Remained dormant during the financial year

8. 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	Proportion of ownership interests and voting rights held by NCI 2020 %	2019 %	(Loss)/Profit allocated to NCI 2020 RM'000	2019 RM'000	Accumulated NCI 2020 RM'000	2019 RM'000
SAH Medical Center Sdn.Bhd.	6	34	(8)	(60)	(14)	(81)
Individually immaterial subsidiaries with NCI			(539)	110	(94)	267
Total NCI					(108)	186

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.

	SAH Medical Center Sdn.Bhd. 2020 RM'000	2019 RM'000	Individually Immaterial Subsidiaries 2020 RM'000	2019 RM'000
(i) Summarised statements of financial position				
Total assets	4,765	7,747	11,672	13,143
Total liabilities	(4)	(2,935)	(15,574)	(15,034)
Net assets/(liabilities)	4,761	4,812	(3,902)	(1,891)
Equity attributable to owner equity	4,582	4,625	3,902	(1,891)
Non-controlling interests	179	187	-	-
	4,761	4,812	3,902	(1,891)

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8. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

	SAH Medical Center Sdn.Bhd.		Individually Immaterial Subsidiaries	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(ii) Summarised statements of profit or loss and other comprehensive income				
Revenue	-	-	121	47
Profit/(Loss) before taxation	51	(180)	(5,174)	(1,454)
Taxation	-	-	28	(19)
Profit/(Loss) for the financial year	51	(180)	(5,146)	(1,473)
Other comprehensive income	-	-	-	-
Total comprehensive income	51	(180)	(5,146)	(1,473)
(iii) Summarised statements of cash flows				
Net cash used in operating activities	(43)	(7,479)	(2,474)	(2,218)
Net cash used in investing activities	-	-	(759)	(7,527)
Net cash generated from financing activities	-	7,746	3,312	9,752
Net (decrease)/increase in cash and cash equivalents	(43)	267	79	7

(b) Acquisition of subsidiary companies

<u>In the previous financial year</u>

On 6 December 2018, the Company announced the proposed acquisitions of Budi Saja Sdn. Bhd. ("Budi") and Meadow Assets Sdn. Bhd. ("Meadow"), 2 property development companies incorporated in Malaysia, by its wholly-owned subsidiary, Sinmah Development Sdn. Bhd. ("SDSB").

Datuk Fong Kiah Yeow, who is a director of the Company and SDSB is also 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 proposed acquisitions were completed in May 2019, when the full purchase consideration of RM10,345,000 for Budi and RM1,500,000 for Meadow were paid to the vendors.

8. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

The effect of the acquisition of Budi Saja Sdn. Bhd. and Meadow Assets Sdn. Bhd. on the financial position of the Group as at the date of acquisition was as follows:

	Group 2019 RM'000
Revenue	1,130
Cost of sales	(860)
Other operating incomes	125
Operating expenses	(1,069)
Loss from operation	(674)
Finance costs	(733)
Loss before taxation	(1,407)
Taxation	-
Net loss for the financial year	(1,407)

The assets and liabilities arising from the acquisitions are as follows:

	Group 2019 RM'000
Property, plant and equipment	152
Land held for development	3,366
Goodwill on consolidation	1,084
Property development expenditure	47,274
Trade and other receivables	1,368
Held-to-maturity investments	160
Cash and bank balances	726
Trade and other payables	(16,945)
Lease liabilities	(60)
Term loans	(16,937)
Amount owing to directors	(4,569)
Deferred taxation	(3,511)
Gain on consolidation	(263)
Net assets acquired	11,845
Less: Cash and cash equivalents of subsidiary company acquired	(726)
Net cash outflow from acquisition of investment in subsidiary companies	11,119

Notes to the Financial Statements

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8. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

<u>In the previous financial year (Cont'd)</u>

Apart for the above acquisitions, the following are newly incorporated subsidiary companies of the Group during the financial year:

On 7 January 2019, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB"), a 70% owned subsidiary of Sinmah Development Sdn. Bhd. ("SDSB") (a wholly owned subsidiary of the Company), had entered into a Sale and Purchase of Shares Agreement with Encik Shaik Muhammad Haikhal Bin Abdul Rahim to dispose off 50 ordinary shares representing 5% equity interest in SAH Medical Center Sdn. Bhd. ("SMCSB") for a total cash consideration of RM50.00 ("the Disposal").

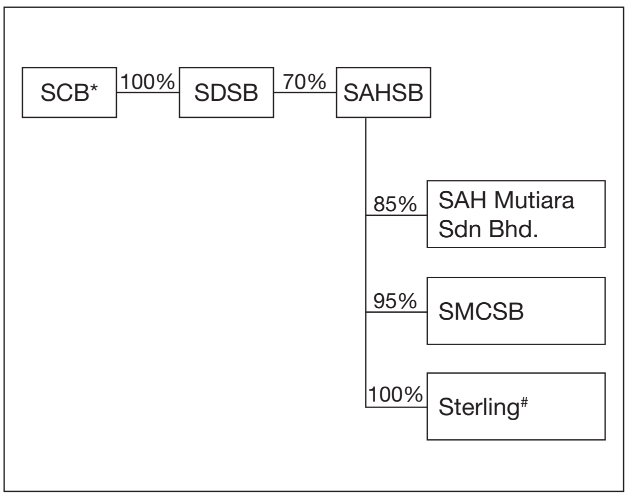
The disposal was completed on 9 January 2019 and SMCSB became a 95% owned subsidiary of SAHSB.

On 10 January 2019, SAHSB had subscribed for an additional 4,749,050 ordinary shares in SMCSB at an issue price of RM1.00 per share (hereinafter referred to as "the Subscription of Shares"), thereby increasing SAHSB's investment in SMCSB to RM4,750,000. SMCSB remains a 95% owned subsidiary of SAHSB and Encik Shaik Muhammad Haikhal Bin Abdul Rahim holds 5% equity interest in SMCSB after the Subscription of Shares.

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.

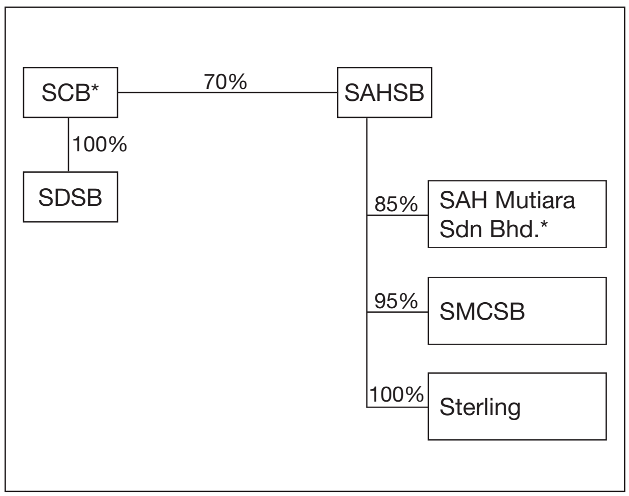
The Re-organisation exercise are diagrammatically presented as follows:-

<u>Before</u>



* Sinmah Capital Berhad
\# Sterling Healthcare Sdn Bhd

<u>After</u>



* SAH Mutiara Sdn Bhd

Notes to the Financial Statements

31 December 2020

8. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

In the previous financial year (Cont'd)

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.

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.

On 15 April 2019, SMSB, the wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary company, SAH Medical Center (Melaka) Sdn. Bhd. formerly known as SAH Medical Center (Melawati) Sdn. Bhd. ("SMCMSB") with a cash subscription of RM1,000.

The intended principal activities of SMCMSB are hospital development, management and construction and to carry on all healthcare related activities.

On 21 May 2019, SAHSB, the 70% owned subsidiary of the Company had incorporated a wholly owned subsidiary company, SAH Medical Center (Batu Kawan) Sdn. Bhd. ("SMCBKSB") with a cash subscription of RM100.

The intended principal activities of SMCBKSB are hospital development, management and construction and to carry on all healthcare related activities.

On 18 September 2019, the Company had incorporated a wholly owned subsidiary known as Sinmah Healthcare Sdn. Bhd. ("SHSB") with cash subscription of RM2.

The intended principal activities of SHSB are investment holding and to carry on all healthcare management related activities.

On 11 November 2019, SAHSB, the 70% owned subsidiary of the Company had incorporated a wholly owned subsidiary company, Medigo Laboratories & Diagnostics Sdn. Bhd. ("MLDSB") with a cash subscription of RM2.

The intended principal activities of MLDSB are provision of medical laboratories and diagnostics services and healthcare management related activities.

Notes to the Financial Statements

31 December 2020

8. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary companies

<u>During the financial year</u>

On 30 September 2020, Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd.) ("Sinmah Axis Healthcare"), the 99% owned subsidiary of SCB entered into a share sale agreement ("SSA") with Azliana Binti Allias ("the Purchaser") to dispose of 850 ordinary shares, representing 85% of the equity interest in SAH Mutiara Sdn. Bhd. ("SAH Mutiara") ("the Sale Shares") for a total cash consideration of RM1.00 only.

On 30 September 2020, Sinmah Axis Healthcare also entered into a share sale agreement ("SSA") with Azliana Binti Allias ("the Purchaser") to dispose of 700 ordinary shares, representing 70% of the equity interest in SAH Medical Center (Batu Kawan) Sdn. Bhd. ("SMC Batu Kawan") ("the Sale Shares") for a total cash consideration of RM1.00 only.

On 30 September 2020, Sinmah Development Sdn. Bhd. ("Sinmah Development"), the wholly-owned subsidiary of SCB entered into a share sale agreement ("SSA") with Azliana Binti Allias ("the Purchaser") to dispose of 70,000 ordinary shares, representing 70% of the equity interest in Sinmah Rising Development Sdn. Bhd. (formerly known as Sinmah Encorp Development Sdn. Bhd.). ("the Sale Shares") for a total cash consideration of RM1.00 only.

On 30 December 2020, the Company entered into a share sale agreement ("SSA") with Proaktif Enterprise Sdn. Bhd. ("the Purchaser") to dispose of 9,999,997 ordinary shares, representing 99.99% of the equity interest in Sinmah Multifeed Sdn. Bhd. ("Sinmah Multifeed") for a total cash consideration of RM1.00 only.

On 30 December 2020, the Company entered into a share sale agreement ("SSA") with Ramatron Sdn. Bhd. ("the Purchaser") to dispose of 3,000,000 ordinary shares, representing 100% of the equity interest in Sinmah Livestocks Sdn.Bhd. ("Sinmah Livestocks") (the Sale Shares") for a total consideration of RM1.00 only.

On 30 December 2020, the Company entered into a share sale agreement ("SSA") with Ramatron Sdn. Bhd. ("the Purchaser") to dispose of 3,000,000 ordinary shares, representing 100% of the equity interest in Chem Ventures Sdn.Bhd. (the Sale Shares") for a total consideration of RM1.00

The effect of the above disposals on the financial results of the Group in respect of the financial year are as follows:

	Group 2020 RM'000
Revenue	41,853
Cost of sales	(43,208)
Other operating incomes	20,240
Operating expenses	(12,179)
Profit from operation	6,706
Finance costs	(2,143)
Profit before taxation	4,563
Taxation	2,105
Net profit for the financial year	6,668

Notes to the Financial Statements

31 December 2020

8. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary companies (Cont'd)

During the financial year (Cont'd)

The assets and liabilities arising from the disposal are as follows:

	Group 2020 RM'000
Property, plant and equipment	144
Right-of-use assets	288
Trade receivables	16,517
Other receivables	2,372
Tax recoverable	430
Cash and bank balances	29
Trade payables	(1,000)
Other payables	(19,948)
Lease liabilities	(142)
Deferred taxation	(7)
Net liabilities disposed off	(1,317)
Less: Non-controlling interests	(39)
	(1,356)
Gain on disposal of investment in subsidiary companies	1,356
Disposal proceeds settled by cash	-
Less: Cash and cash equivalents of subsidiary companies disposed	(28)
Net cash outflow from disposal of investment in subsidiary companies	(28)

Notes to the Financial Statements

31 December 2020

8. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary companies (Cont'd)

<u>In the previous financial year</u>

On 30 May 2019, the Company, had disposed off its entire equity interest in Sinmah Breeders Sdn. Bhd., which is equivalent to 3,000,000 ordinary shares of RM1.00 each to Time Broadway Sdn. Bhd. for a total cash consideration of RM1.00 only.

On 30 May 2019, Sinmah Livestocks Sdn. Bhd. the wholly owned subsidiary of the Company, had disposed off its entire equity interest in Bersatu Segar Sdn. Bhd., which is equivalent to 5,600,000 ordinary shares of RM1.00 each to Time Broadway Sdn. Bhd. for a total cash consideration of RM30,000.00 only.

On 30 May 2019, Sinmah Livestocks Sdn. Bhd. the wholly owned subsidiary of the Company, had disposed off its entire equity interest in Dee Huat Farming Trading Sdn. Bhd., which is equivalent to 5,600,000 ordinary shares of RM1.00 each to Time Broadway Sdn. Bhd. for a total cash consideration of RM1.00 only.

On 28 June 2019, the Company had disposed off its entire equity interest in Sinmah Land Services Sdn. Bhd. ("SLSSB"), which is equivalent to 2 ordinary shares of RM1.00 each to Mohd Yuzaini Bin Mohamed Razali for a total cash consideration of RM1.00 only. SLSSB is disposed off together with its following subsidiary companies:

(a) Sinmah Project Management Sdn. Bhd., whereby SLSSB holds its entire paid up capital of RM24,250,000.
(b) Cosmal Enterprise Sdn. Bhd., whereby SLSSB holds the entire paid up capital of RM250,000.
(c) Realtemas Realty Sdn. Bhd., whereby SLSSB holds the entire paid up capital of RM250,000.
(d) Syarikat Perniagaan Suann Sdn. Bhd. ("SPSSB"), whereby SLSSB holds 1,686,123 shares in SPSSB, representing 51% of the paid up capital of SPSSB.
(e) Suann Food Processors Sdn. Bhd. ("SFPSB"), whereby SPSSB holds the entire paid up capital of SFPSB of RM2,450,000.

The effect of the above disposals on the financial results of the Group in respect of the financial year are as follows:

	Group 2019 RM'000
Revenue	-
Cost of sales	-
Other operating incomes	-
Operating expenses	(27)
Loss from operation	(27)
Finance costs	-
Loss before taxation	(27)
Taxation	-
Net loss for the financial year	(27)

8. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary companies (Cont'd)

In the previous financial year (Cont'd)

The assets and liabilities arising from the disposal are as follows:

	Group 2019 RM'000
Trade receivables	775
Other receivables	1,202
Held-to-maturity investments	2,030
Tax recoverable	202
Cash and bank balances	87
Trade payables	(565)
Other payables	(5,051)
Tax payable	(54)
Net liabilities disposed off	(1,374)
Less: Non-controlling interests	(1,072)
	(2,446)
Gain on disposal of investment in subsidiary company	2,476
Disposal proceeds settled by cash	30
Less: Cash and cash equivalents of subsidiary company disposed	(87)
Net cash outflow from disposal of investment in subsidiary company	(57)

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.

Notes to the Financial Statements

31 December 2020

9. Goodwill

	Group 2020 RM'000	Group 2019 RM'000
Cost		
At 1 January	3,548	7,838
Addition	-	1,084
Disposed	(200)	(5,374)
At 31 December	3,348	3,548
Accumulated impairment losses		
At 1 January	200	5,574
Addition	2,264	-
Disposed	(200)	(5,374)
At 31 December	2,264	200
Carrying amount		
At 31 December	1,084	3,348

Goodwill acquired through business combinations has been allocated to the following CGUs as follows:

	Group 2020 RM'000	Group 2019 RM'000
Housing Development		
Budi Saja Sdn. Bhd.	1,084	1,084
Sinmah Development Sdn. Bhd.	-	2,264
Net carrying amount	1,084	3,348

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 three to five years period. The budgeted gross margin used to extrapolate cash flows for the three to five years period and pre-tax discount rated applied to the cash flow projections are as follows:

	Housing Division 2020	Housing Division 2019
Budgeted gross margins	10 - 27%	22%
Pre-tax discount rate	6.54 - 9.95%	10%

9. Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

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.

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.

10. Contract Assets/(Liabilities)

	Group	
	2020 RM'000	**2019 RM'000**
Current		
Contract assets		
Property development activities	-	969
Construction contracts	1,149	5,500
	1,149	6,469
Contract liabilities		
Property development activities	(1,059)	-
At 31 December:		
Contract assets	1,149	6,469
Contract liabilities	(1,059)	-
	90	6,469

Notes to the Financial Statements

31 December 2020

10. Contract Assets/(Liabilities) (Cont'd)

(a) Property development activities

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 January	969	17
Property development revenue recognised during the financial year:	13,072	9,198
Less: Billings during the financial year	(15,100)	(8,246)
At 31 December	(1,059)	969
Presented as:		
Contract assets	26,804	13,709
Contract liabilities	(27,863)	(12,740)
	(1,059)	969
Increase in contract assets balances during the financial year:		
Arising from acquisition of subsidiary companies	-	1,130
Changes in measure of progress	13,072	9,198

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	
	2020	**2019**
	RM'000	**RM'000**
At 1 January	5,500	1,483
Contract costs incurred to date	1,188	16,300
Attributable profits	21	346
Less: Progress billings	(1,161)	(12,629)
Less: Completed project	(4,399)	-
At 31 December	1,149	5,500
Presented as:		
Contract assets	1,149	5,500

10. Contract Assets/(Liabilities) (Cont'd)

(b) Amount due from contract customer (Cont'd)

The contract assets represent 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 (2019: 30 days).

(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:

	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Property development	33,813	47,173	65,589	146,575
Construction contracts	-	-	-	-
	33,813	47,173	65,589	146,575

11. Trade Receivables

	Group 2020 RM'000	2019 RM'000
Trade receivables		
- Third parties	45,939	141,714
Less: Accumulated impairment losses	(6,352)	(97,559)
At 31 December	39,587	44,155

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2019: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the trade receivables was an amount of RM795,000 (2019: RM539,401) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sales and purchase agreements. The retention periods range from 8 to 24 months (2019: 8 to 24 months).

Notes to the Financial Statements

31 December 2020

11. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follows:

	Lifetime allowance	Credit impaired	Total
2019			
At 1 January	3,676	94,667	98,343
Addition	-	740	740
Reversal	(1,524)	-	(1,524)
Disposal of subsidiary	-	-	-
At 31 December	2,152	95,407	97,559
2020			
At 1 January	2,152	95,407	97,559
Addition	859	9,171	10,030
Reversal	-	(754)	(754)
Disposal of subsidiary	(1,620)	(98,863)	(100,483)
At 31 December	1,391	4,961	6,352

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.

	Gross Amount RM'000	Loss Allowance RM'000	Net Amount RM'000
2020			
Neither past due nor impaired	7,193	(425)	6,768
Past due not impaired:			
Less than 30 days	1,984	(75)	1,909
31 to 60 days	8,670	(429)	8,241
61 to 90 days	8,687	(462)	8,225
More than 90 days	14,313	-	14,313
	33,654	(966)	32,688
	40,847	(1,391)	39,456
Credit impaired:			
More than 90 days past due			
Individual impaired	5,092	(4,961)	131
	45,939	(6,352)	39,587

11. Trade Receivables (Cont'd)

	Gross Amount RM'000	Loss Allowance RM'000	Net Amount RM'000
2019			
Neither past due nor impaired	10,670	(649)	10,021
Past due not impaired:			
Less than 30 days	10,496	(631)	9,865
31 to 60 days	5,896	(387)	5,509
61 to 90 days	17,093	(485)	16,608
	33,485	(1,503)	31,982
	44,155	(2,152)	42,003
Credit impaired:			
More than 90 days past due			
Individual impaired	97,559	(95,407)	2,152
	141,714	(97,559)	44,155

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2020, trade receivables of approximately RM32,688,000 (2019: RM31,982,000) 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 RM4,961,000 (2019: RM95,407,000), 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.

Notes to the Financial Statements

31 December 2020

12. Other Receivables

	Group 2020 RM'000	Group 2019 RM'000
Deferred expenditure	-	3,103
Other receivables	3,168	7,368
Prepayments	1,690	1,808
Refundable deposits	4,534	3,822
	9,392	16,101
Less: Accumulated impairment losses	-	(4,653)
	9,392	11,448

	Company 2020 RM'000	Company 2019 RM'000
Other receivables	1,706	108

Movement in the allowance for impairment losses of other receivable are as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	4,653	4,653
Impairment loss recognised	56	-
Disposal of subsidiary company	(4,709)	-
At 31 December	-	4,653

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.

13. Amount Due from/(to) Subsidiary Companies

Amount due from/(to) subsidiary companies with non-interest bearing, unsecured and repayable on demand.

14. Deposits, Cash and Bank Balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	2,814	3,195	230	159
Housing Development Accounts	1,086	1,679	-	-
Deposits with licensed banks				
- Conventional	17,233	27,751	8,205	8,000
Total cash and bank balances	21,133	32,625	8,435	8,159
Less:				
Deposits with tenures of more than 3 months	8,991	878	8,205	8,000
Deposits pledged with licensed banks	8,242	26,873	-	-
	3,900	4,874	230	159

Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

Deposits with licensed institutions are pledged to secure banking facilities granted to the Group as disclosed in Note 17.

Deposits of the Group and Company have maturity periods ranging from overnight to 12 months (2019: overnight to 12 months).

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020 Unit '000	2019 Unit '000	2020 RM'000	2019 RM'000
Issued and fully paid:				
Ordinary shares				
At the beginning of financial year	213,791	213,791	149,840	149,840
Private Placement	38,000	-	10,389	-
At the end of the financial year	251,791	213,791	160,229	149,840

During the financial year, the Company increased its issued and paid-up share capital from RM149,839,954 to RM160,229,154 by way of issuance of 38,000,000 new ordinary shares. The issuance of 38,000,000 new ordinary shares for a total cash consideration of RM 10,389,200 through special issue at an issue price of RM0.2734 per ordinary share.

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.

Notes to the Financial Statements

31 December 2020

16. Warrant Reserves

Warrant reserve represents reserve allocated to free detachable warrants issued with existing and new issue of Company's shares.

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 2020, the total number of Warrants C that remain unexercised were 38,177,039 (2019: 38,177,039).

17. Bank Borrowings

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Secured				
Bank overdrafts	8,547	12,938	4,969	4,978
Bankers' acceptance	27,415	27,967	11,000	3,000
Term loans	31,274	32,396	1,833	-
	67,236	73,301	17,802	7,978
Current				
Bank overdrafts	8,547	12,938	4,969	4,978
Bankers' acceptance	27,415	27,967	11,000	3,000
Term loans	8,036	6,470	-	-
	43,998	47,375	15,969	7,978
Non-current				
Term loans	23,238	25,926	1,833	-
Total bank borrowings	67,236	73,301	17,802	7,978

17. Bank Borrowings (Cont'd)

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 (Notes 4,5 and 6). 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) Personal guarantees from certain directors of the Company on borrowings of a new subsidiary company;

(iv) Undertaking by the Company, to fully repay the facilities should the subsidiary companies be unable to meet its obligations;

(v) 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

(vi) Pledge of certain fixed deposits of the Group and of the Company as disclosed in Note 14 to the financial statements.

The average effective interest rates per annum are as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Bank overdrafts	6.15 to 7.58	6.85 to 8.60	7.32	8.60
Bankers' acceptance	3.4 to 6.83	4.72 to 7.58	-	5.72
Revolving credits	4.45	4.80	4.45	-
Term loans	3.95 to 9	8.80	3.95	-

18. Lease Liabilities

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,001	-	634	-
Effect of adoption of MFRS 16	-	1,296	-	-
At 1 January, restated	4,001	1,296	634	-
Acquisition of subsidiary companies	-	60	-	-
Disposal of subsidiary companies	(142)	-	-	-
Additional	1,526	4,514	-	659
Modification	(48)	-	-	-
Payments	(1,553)	(1,869)	(81)	(25)
At 31 December	3,784	4,001	553	634
Presented as:				
Non-current	2,988	3,299	462	553
Current	796	702	91	81

Notes to the Financial Statements

31 December 2020

18. Lease Liabilities (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:				
Within one year	1,569	1,218	667	134
Later than one year and not later than two years	916	-	-	-
Later than two year and not later than five years	1,668	3,712	-	668
Later than five years	270	-	-	-
	4,423	4,930	667	802
Less: Future finance charges	(639)	(929)	(114)	(168)
Present value of minimum lease payments	3,784	4,001	553	634
Present value of minimum lease payments:				
Within one year	796	702	462	81
Later than one year and not later than two years	880	-	-	-
Later than two year and not later than five years	1,864	3,299	91	553
Later than five years	244	-	-	-
	3,784	4,001	553	634
Analysed as:				
Repayable within twelve months	796	702	462	81
Repayable after twelve months	2,988	3,299	91	553
	3,784	4,001	553	634

The Group leases various land, buildings, machineries and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

19. Deferred Tax Liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of the financial year	3,312	653	102	-
Recognised in profit or loss (Note 26)	(429)	(852)	(45)	102
Acquisition of subsidiary company	-	3,511	-	-
Disposal of subsidiary companies	(7)	-	-	-
Over provision in prior year	(28)	-	-	-
At the end of the financial year	2,848	3,312	57	102

The deferred tax assets and liabilities shown on the statements of financial position before the appropriate offsetting are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	(27)	-	-	-
Deferred tax liabilities	2,875	3,312	57	102
	2,848	3,312	57	102

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	Others RM'000	Total RM'000
Group				
At 1 January 2020	243	(82)	3,151	3,312
Recognised in profit and loss	2,619	75	(3,151)	(457)
Disposal of subsidiary companies	(7)	-	-	(7)
At 31 December 2020	2,855	(7)	-	2,848
At 1 January 2019	653	-	-	653
Recognised in profit and loss	(410)	(82)	(360)	(852)
Acquisition of subsidiary company	-	-	3,511	3,511
At 31 December 2019	243	(82)	3,151	3,312

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19. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following temporary difference due to uncertainty of its recoverability:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses and capital allowances	12,541	35,085	-	-

The amount of unutilised tax losses and deductible temporary differences for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses				
- expiring not more than six years	4,356	25,771	-	-
- expiring not more than seven years	8,185	6,794	-	-
	12,541	32,565	-	-

Deferred tax assets have not been recognised on the unutilised tax losses as the realisation of the tax benefits accruing to these tax losses is uncertain.

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future profits will be available against which the Group and the Company can utilise the benefits therefrom.

20. Trade Payables

	Group	
	2020 RM'000	2019 RM'000
Trade payables	6,292	12,470

Credit terms of trade payables of the Group and of the Company range from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

21. Other Payables

	Group 2020 RM'000	Group 2019 RM'000
Other payables	6,147	4,674
Deposit received	6	8
Accruals	1,695	1,447
Deferred income	-	555
	7,848	6,684

	Company 2020 RM'000	Company 2019 RM'000
Other payables	548	1,034
Deposit received	6	6
Accruals	344	306
	898	1,346

Included in other payable is an amount of RMNil (2019: RM10,633) owing to a company in which certain directors have interest.

22. Amount Due to Directors

Amount due to directors are non-interest bearing, unsecured and repayable on demand.

23. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
- Sales of goods	98,586	165,659	-	-
- Property development	15,214	10,910	-	-
- Construction contract	267	5,889	-	-
	114,067	182,458	-	-

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23. Revenue (Cont'd)

Breakdown of the Group's revenue from contract with customers:

	Poultry RM'000	Property development RM'000	Construction contract RM'000	Healthcare Services RM'000	Total RM'000
Group					
2020					
Major goods and services					
Sales of goods and services	98,465	-	-	121	98,586
Property development	-	15,214	-	-	15,214
Construction contract	-	-	267	-	267
Total revenue contract with customer	98,465	15,214	267	121	114,067
Timing of recognition:					
At a point in time	98,465	2,308	-	121	100,894
Overtime	-	12,906	267	-	13,173
Total revenue contracts with customers	98,465	15,214	267	121	114,067

	Poultry RM'000	Property development RM'000	Construction contract RM'000	Total RM'000
Group				
2019				
Major goods and services				
Sales of goods	165,659	-	-	165,659
Property development	-	10,910	-	10,910
Construction contract	-	-	5,889	5,889
Total revenue contract with customer	165,659	10,910	5,889	182,458
Timing of recognition:				
At a point in time	165,659	1,712	-	167,371
Overtime	-	9,198	5,889	15,087
Total revenue contract with customer	165,659	10,910	5,889	182,458

24. Finance Costs

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expenses on:				
Bank overdrafts	879	621	384	80
Banker's acceptance	1,772	1,637	-	-
Term loans	2,553	1,700	65	-
Lease liabilities	283	78	-	-
Revolving credits	281	43	281	43
Others	4	71	54	20
	5,772	4,150	784	143

25. (Loss)/Profit Before Taxation

(Loss)/Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Auditors' remuneration				
Statutory audit				
- current year	232	217	42	31
- (over)/under provision in prior years	-	(4)	-	-
Non-audit services	5	5	5	5
Bad debts written off on:				
- trade receivables	48	-	-	-
- other receivables	-	640	-	-
Impairment losses on goodwill	2,264	-	-	-
Impairment losses on:				
- trade receivables	10,030	740	-	-
- other receivables	56	-	-	-
Reversal of impairment losses of trade receivables	(754)	(1,524)	-	-
Executive directors remuneration	3,946	3,786	-	-
Grant received	4,509	-	-	-
Depreciation / amortisation:				
- property, plant and equipment	491	857	9	9
- Investment property	60	-	-	-
- right-of-use assets	899	389	109	37
(Gain)/Loss on disposal of:				
- property, plant and equipment	(35)	-	-	-
- other investment assets held for sale	-	(18,708)	-	-
- right-of-use assets	(23)	-	-	-
- subsidiary companies	(1,356)	(2,476)	610	-
Loss/(Gain) on foreign exchange:				
- realised	-	10	-	-
- unrealised	7	(5)	-	-
Lease expenses				
- office	-	5	-	-

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25. (Loss)/Profit Before Taxation (Cont'd)

(Loss)/Profit before taxation is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-executive director remuneration	185	176	185	202
Written off of:				
- property, plant and equipment	1	7	-	-
- right-of-uses assets	551	-	-	-
- property development cost	1,472	-	-	-
Written down value of inventories	2,797	-	-	-
Bad debt recovered	-	(6)	-	-
Lease income	(81)	(24)	-	-
Interest income	(819)	(709)	(205)	-

26. Taxation

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	11	2,711	-	30
- (Over)/Under provision in prior years	(2,090)	(85)	(30)	31
- Real property gain tax	-	455	-	-
	(2,079)	3,081	(30)	61
Deferred tax (Note 19):				
Origination and reversal of temporary differences	21	72	-	45
(Over)/Under provision in prior years	(450)	(924)	(45)	57
	(429)	(852)	(45)	102
	(2,508)	2,229	(75)	163

Malaysian income tax is calculated at the statutory rate of 24% (2019: 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 of the Company are as follows:

26. Taxation (Cont'd)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
(Loss)/Profit before taxation	(25,183)	1,426	(2,358)	(2,690)
Taxation at statutory tax rate of 24% (2019: 24%)	(6,044)	342	(566)	(646)
Income not subject to tax	(6,604)	(66)	-	-
Real property gains tax	-	455	-	-
Expenses not deductible for tax purposes	6,923	1,911	252	281
Deferred tax assets not recognised	5,757	1,350	314	440
Utilisation of unrecognised tax allowance	-	(754)	-	-
(Over)/Under provision in prior years				
- current tax	(2,090)	(85)	(30)	31
- deferred tax	(450)	(924)	(45)	57
Tax expenses for the financial year	(2,508)	2,229	(75)	163

As at 31 December 2020, the Group and the Company have unutilised tax losses and unabsorbed capital allowances of approximately RM12,331,000 (2019: RM32,565,000) and RM210,000 (2019: RM4,000,000) respectively available to offset against future taxable profit. The said amounts are subject to approval by tax authorities.

27. Loss Per Share

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss 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 2020	Group 2019
Loss attributable to owners of the parent (RM'000)	(22,128)	(853)
Weighted average number of ordinary shares in issue (in thousands of shares) :	215,665	213,791
Basic loss per ordinary share (in sen)	(10.4)	(0.4)

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27. Loss Per Share (Cont'd)

(b) Diluted loss per share

Diluted loss per share are calculated based on the adjusted consolidated loss 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	
	2020	**2019**
Loss attributable to the owners of parent (RM'000)	(22,128)	(853)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	215,665	213,791
Adjusted for:		
Assumed conversion of warrants	38,177	38,177
Weighted average number of ordinary shares	253,842	251,968
Diluted loss per share (sen)	(8.7)	(0.3)

28. Staff Costs

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, wages and other emoluments	7,958	10,253	-	-
Defined contribution plan	1,011	1,234	-	-
Other benefits	380	1,265	-	-
	9,349	12,752	-	-

28. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors				
Existing Directors of the Company				
Salary and other emoluments	2,669	2,634	-	-
Defined contribution plans	320	316	-	-
Estimated money value of benefit-in-kind	3	3	-	-
	2,992	2,953	-	-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors				
Existing Directors of subsidiary companies				
Salary and other emoluments	981	731	-	-
Defined contribution plans	120	90	-	-
Estimated money value of benefit-in-kind	15	12	-	-
	1,116	833	-	-

29. 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	Effect of adopting MFRS16 RM'000	Financing cash flows RM'000	Acquisition/ (Disposal) of subsidiary company/(ies) RM'000	Non-cash changes RM'000	At 31 December RM'000
Group						
2019						
Amount due to director	-	-	(3,740)	-	4,569	829
Lease liabilities (Note 18)	-	5,177	(2,025)	60	789	4,001
Term loans (Note 17)	10,181	-	5,278	16,937	-	32,396
Short term borrowings (Note 17)	14,780	-	13,187	-	-	27,967
	24,961	5,177	12,700	16,997	5,358	65,193

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29. Reconciliation of liabilities arising from financing activities (Cont'd)

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: (Cont'd)

	At 1 January RM'000	Effect of adopting MFRS16 RM'000	Financing cash flows RM'000	Acquisition/ (Disposal) of subsidiary company/(ies) RM'000	Non-cash changes RM'000	At 31 December RM'000
Group						
2020						
Amount due to director	829	-	(825)	-	-	4
Lease liabilities (Note 19)	4,001	-	(1,553)	(142)	1,478	3,784
Term loans (Note 17)	32,396	-	(1,122)	-	-	31,274
Short term borrowings (Note 17)	27,967	-	(552)	-	-	27,415
	65,193	-	(4,052)	(142)	1,478	62,477

	At 1 January RM'000	Effect of adopting MFRS 16 RM'000	Financing cash flows RM'000	At 31 December RM'000
Company				
2019				
Amount due from subsidiary companies	-	-	(24,863)	(24,863)
Lease liabilities (Note 18)	-	659	(25)	634
Short term borrowings (Note 17)	-	-	3,000	3,000
	-	659	(21,888)	(21,229)
Company				
2020				
Amount due from subsidiary companies	(24,863)	-	-	(24,863)
Lease liabilities (Note 18)	634	-	(81)	553
Short term borrowings (Note 17)	3,000	-	8,000	11,000
Term loans (Note 17)	-	-	1,833	1,833
	(21,229)	-	9,752	(11,477)

30. 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.

(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 of Company are as follows:

	2020 RM'000	2019 RM'000
Company		
Transaction with subsidiary companies		
Advances from subsidiary companies	3,241	13,718
Advances to subsidiary companies	18,300	23,479
Repayment to subsidiary companies through contra	32,318	80,356
Repayment from subsidiary companies through contra	32,318	80,356
Payments on behalf by subsidiary companies	141	277
Payments on behalf of subsidiary companies	4	4,749
Cash repayment from subsidiary companies	269	689

(c) Compensation of key management personnel

Remuneration of key management personnel are as follows:

	Group	
	2020 RM'000	2019 RM'000
Salary, fees and other emoluments	1,025	1,463
Defined contribution plans	130	165
Estimated money value of benefit-in-kind	30	39
	1,185	1,667

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31. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four 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.
Healthcare services	This consists of development of hospitals, running of hospitals, clinics, laboratories and related healthcare activities.
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.

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.

	Poultry RM'000	Housing development RM'000	Healthcare RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group						
2020						
Revenue						
Sales	98,465	15,481	121	-	-	114,067
Inter-segment sales	42,587	12,788	-	-	(55,375)	-
Total revenue	141,052	28,269	121	-	(55,375)	114,067
Results						
Segment results	8,405	(2,582)	(8,031)	(1,765)	(16,257)	(20,230)
Interest income	562	67	-	190	-	819
Interest expenses	(2,586)	(2,233)	(169)	(784)	-	(5,772)
Other non-cash items	(10,517)	(440)	(450)	(119)	(2,264)	(13,790)
Profit/(loss) before taxation	6,381	(4,748)	(8,200)	(2,359)	(16,257)	(25,183)
Taxation	2,093	(51)	28	75	363	2,508
Segment profit/(loss)	8,474	(4,799)	(8,172)	(2,284)	(15,894)	(22,675)

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31. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Healthcare RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group						
2020						
Assets						
Additions to property, plant and equipment	-	160	427	6	-	593
Segment assets	56,889	190,893	16,624	107,230	(198,995)	172,641
Liabilities						
Segment liabilities	55,314	176,846	18,748	19,308	(181,137)	89,079
Non-cash (expenses)/income						
Bad debts written off	(48)	-	-	-	-	(48)
Depreciation and amortisation	(387)	(471)	(473)	(119)	-	(1,450)
Gain on disposal of property, plant and equipment	4	31	-	-	-	35
Gain on disposal of right-of-use assets	-	-	23	-	-	23
Impairment loss on:						
- trade receivables	(10,030)	-	-	-	-	(10,030)
- goodwill	-	-	-	-	(2,264)	(2,264)
- other receivables	(56)	-	-	-	-	(56)
	(10,517)	(440)	(450)	(119)	(2,264)	(13,790)
Group						
2019						
Revenue						
Sales	165,612	16,799	47	-	-	182,458
Inter-segment sales	124,055	12,291	-	-	(136,346)	-
Total revenue	289,667	29,090	47	-	(136,346)	182,458
Results						
Segment results	13,565	(3,684)	(1,788)	(2,684)	(542)	4,867
Interest income	542	63	-	104	-	709
Interest expenses	(2,664)	(1,296)	(47)	(143)	-	(4,150)
Other non-cash items	17,825	(716)	(166)	(46)	(817)	16,080
Profit/(loss) before taxation	11,443	(4,917)	(1,835)	(2,723)	(542)	1,426
Taxation	(2,748)	84	(28)	(163)	626	(2,229)
Segment profit/(loss)	8,695	(4,833)	(1,863)	(2,886)	84	(803)

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31. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Healthcare RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group						
2019						
Assets						
Additions to property, plant and equipment	492	20	657	9	-	1,178
Segment assets	121,858	179,288	18,413	96,612	(216,851)	199,320
Liabilities						
Segment liabilities	112,807	160,442	15,715	16,796	(202,327)	103,433
Non-cash (expenses)/income						
Depreciation and amortisation	(958)	(76)	(166)	(46)	-	(1,246)
Gain on disposal of property, plant and equipment	19,525	-	-	-	(817)	18,708
Impairment losses on :						
- Trade receivables	(740)	-	-	-	-	(740)
Property, plant and equipment written off	(7)	-	-	-	-	(7)
Unrealised gain on foreign exchange	5	-	-	-	-	5
Bad debt written off	-	(640)	-	-	-	(640)
	17,825	(716)	(166)	(46)	(817)	16,080

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.

Additions 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.

32. 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:

	Financial assets measured at amortised costs RM'000
Group	
2020	
Financial Assets	
Trade receivables	39,587
Other receivables	7,702
Deposits, bank and cash balances	21,133
	68,422

	Financial liabilities measured at amortised costs RM'000
Financial Liabilities	
Trade payables	6,292
Other payables	7,848
Amount due to directors	4
Lease liabilities	3,784
Bank borrowings	67,236
	85,164

	Financial assets measured at amortised costs RM'000
Group	
2019	
Financial Assets	
Trade receivables	44,155
Other receivables	6,537
Deposits, bank and cash balances	32,625
	83,317

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32. Financial Instruments (Cont'd)

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

	Financial liabilities measured at amortised costs RM'000
Group	
2019	
Financial Liabilities	
Trade payables	12,470
Other payables	6,129
Amount due to directors	829
Lease liabilities	4,001
Bank borrowings	73,301
	96,730

	Financial assets measured at amortised costs RM'000
Company	
2020	
Financial Assets	
Other receivables	1,706
Amount due from subsidiary companies	85,658
Deposits, bank and cash balances	8,435
	95,799

	Financial liabilities measured at amortised costs RM'000
Financial Liabilities	
Other payables	898
Bank borrowings	17,802
Lease liabilities	553
	19,253

32. Financial Instruments (Cont'd)

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

	Financial assets measured at amortised costs RM'000
Company	
2019	
Financial Assets	
Trade receivables	108
Amount due from subsidiary companies	82,325
Deposits, bank and cash balances	8,159
	90,592

	Financial liabilities measured at amortised costs RM'000
Financial Liabilities	
Other payables	1,346
Amount due to subsidiary companies	11,321
Bank borrowings	7,978
Lease liabilities	634
	21,279

(b) Financial risk management objectives and policies

The Group's and the Company'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 and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company'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 and the Company 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.

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32. 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 RM71,021,000 (2019: RM77,302,000), 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.

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (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.

	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					
2020					
Trade payables	6,292	-	-	6,292	6,292
Other payables	7,848	-	-	7,848	7,848
Lease liabilities	1,569	1,668	-	3,237	3,784
Bank borrowings	44,935	16,783	8,012	69,730	67,236
	60,644	18,451	8,012	87,107	85,160
2019					
Trade payables	12,470	-	-	12,470	12,470
Other payables	6,129	-	-	6,129	6,129
Lease liabilities	1,218	3,712	-	4,930	4,001
Bank borrowings	30,010	45,746	-	75,756	73,301
	49,827	49,458	-	99,285	95,901
Company					
2020					
Other payables	898	-	-	898	898
Bank borrowings	15,969	1,833	-	17,802	17,802
Lease liabilities	667	-	-	667	553
	17,534	1,833	-	19,367	19,253
2019					
Other payables	1,346	-	-	1,346	1,346
Bank borrowings	7,978	-	-	7,978	7,978
Lease liabilities	134	668	-	802	634
	9,458	668	-	10,126	9,958

Notes to the Financial Statements

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32. 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	**Company RM'000**
2020		
Trade payables	-	-
2019		
Trade payables	(252)	-

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	
	2020 RM'000	**2019 RM'000**
USD - strengthened 5%	-	(13)
- weakened 5%	-	13

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(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 and the Company manage 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 and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do 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:

	2020 RM'000	2019 RM'000
Group		
Financial Liability		
Lease Liabilities	3,784	4,001
Floating rate instruments		
Financial Liability		
Bank borrowings	67,236	73,301

	2020 RM'000	2019 RM'000
Company		
Floating rate instruments		
Financial Liability		
Bank borrowings	17,802	7,978

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.

Notes to the Financial Statements

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32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

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 (loss)/profit before tax by RM672,000 and RM178,000 (2019: RM733,000 and RM80,000) 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			Carrying
	Level 1	**Level 2**	**Level 3**	**amount**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2020				
Group				
Financial Liability				
Term loans	-	26,208	-	23,238
2019				
Financial Liability				
Term loans	-	22,737	-	25,926
2020				
Company				
Financial Liability				
Term loans	-	1,833	-	1,833

(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.

32. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(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.

33. 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.

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:

	2020 **RM'000**	**2019** **RM'000**
Total loans and borrowings	67,236	73,301
Less: Deposits, bank and cash balances	(3,900)	(4,874)
Net debt	63,336	68,427
Equity attributable to owners of the parent	83,962	95,701
Gearing ratio	0.75	0.72

There were no changes in the Group's approach to capital management during the year.

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34. Material Litigation

Sah Medical Center Sdn Bhd -v- The Aston Holiday Sdn Bhd & Anor

On 17 February 2020, SAH Medical Center Sdn, Bhd. (“SMCSB”), a 95%-owned subsidiary of SAHSB, which in turn is a 99%-owned subsidiary of Sinmah Healthcare Sdn. Bhd. (“SHSB”, a wholly-owned subsidiary of the Company, had issued a notice of termination (“Notice”) to The Aston Holiday Sdn. Bhd., the Vendor of 2 pieces of property (“the Properties”) that SMCSB, as Purchaser, had signed conditional Sale and Purchase Agreements (“SPAs”) with the Vendor on 17 January 2019.

The reason for the termination as indicated in the Notice is the breach by the Vendor of certain terms in the SPAs, whereby the market values of the Properties have been devalued as a result of removal of various fittings, furnishings and/or furniture in and on the Properties.

Pursuant to the Notice, SMCSB is seeking for a refund of deposits and first payments totalling RM2,740,000 as well as liquidated damages amounting to RM2,700,000 from the Vendor, in accordance with the terms of the SPAs.

35. Significant Events

(a) On 14 February 2020, Sime Darby Property (City of Elmina) Sdn. Bhd. (“SDP Elmina”) had accepted an offer from Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd., a 99%-owned indirect subsidiary of the Company (“SAHSB”) to purchase a piece of land measuring approximately 5 acres which has been sub-divided from a piece of land held under H.S. (D) 287140 PT 50327, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor (“Land”) for a purchase price of RM32,670,000, subject to a sale and purchase agreement to be executed by both parties within 3 months from the date of fulfilment of all conditions precedent. SAHSB intends to build a university hospital and a hospital related building on the Land.

No sale and purchase agreement has yet to be signed by both parties as conditions precedent have not been met yet.

(b) On 17 February 2020, SAH Medical Center Sdn, Bhd. (“SMCSB”), a 95%-owned subsidiary of SAHSB, which in turn is a 99%-owned subsidiary of Sinmah Healthcare Sdn. Bhd. (“SHSB”, a wholly-owned subsidiary of the Company, had issued a notice of termination (“Notice”) to The Aston Holiday Sdn. Bhd., the Vendor of 2 pieces of property (“the Properties”) that SMCSB, as Purchaser, had signed conditional Sale and Purchase Agreements (“SPAs”) with the Vendor on 17 January 2019.

The reason for the termination as indicated in the Notice is the breach by the Vendor of certain terms in the SPAs, whereby the market values of the Properties have been devalued as a result of removal of various fittings, furnishings and/or furniture in and on the Properties.

Pursuant to the Notice, SMCSB is seeking for a refund of deposits and first payments totalling RM2,740,000 as well as liquidated damages amounting to RM2,700,000 from the Vendor, in accordance with the terms of the SPAs.

(c) On 17 April 2020, Sterling Healthcare Sdn. Bhd. (“Sterling”), a wholly-owned subsidiary of SAHSB, had increased its share capital from RM50,000 to RM500,000 by the issuance of 450,000 new ordinary shares of RM1.00 each to SAHSB through the capitalisation of debt owing by Sterling to SAHSB. The capitalisation of debt was to provide Sterling with an adequate capital base for its operations.

(d) On 28 April 2020, the Company had assigned RM3,100,000 of the debts owing by SAHSB to SHSB. The assignment of debt is to provide funds to SHSB to take up additional shares to be issued by SAHSB.

35. Significant Events (Cont'd)

(e) On 29 April 2020, SAHSB had issued 2,900,000 ordinary shares of RM1.00 each to SHSB through its capitalisation of debt owing by SAHSB to SHSB, after the assignment of debt by the Company to SHSB. The capitalisation of debt was to provide SHSB with an adequate capital base for its operations. After the capitalisation of debt, SAHSB became a 99%-owned subsidiary company of SHSB.

(f) Outbreak of coronavirus pandemic

During the financial year ended 31 December 2020, the world was swept by an outbreak of coronavirus pandemic ("COVID-19") which resulted in massive lockdowns across the whole world in order to stop the spreading of the coronavirus. The Company and the Group had implemented all the standard operating procedures recommended by the Ministry of Health in order to prevent the spreading of COVID-19. Business activities of non-essential services were forced to shutdown at various times during the financial year ended 31 December 2020. This had an adverse effect on the Group's property development and construction businesses as this segment was classified as non-essential services and therefore, had shutdowns at various times during the year.

However, the Group has taken aggressive marketing strategy involving online advertising for the property development division in order to improve sales for the coming financial year. The Group's healthcare division also uses online media to promote its clinical services. The management are positive to the future profitability of the Group.

(g) Private placement exercises

The Group's private placement Proposals have been approved by members of the Company at an Extraordinary General Meeting held on 7 October 2020. The proposed private placement II is expected to raise between RM8.17 million under the Minimum Scenario and RM9.63 million under the Maximum Scenario while the proposed private placement II is expected to raise between RM9.80 million under the Minimum Scenario and RM13.28 million under the Maximum Scenario. Together the two proposed private placements are expected to raise between RM17.97 million under the Minimum Scenario and RM22.91 million under the Maximum Scenario. The proceeds of the proposed private placements have been earmarked towards development expenditure of the Group's existing housing development projects with an amount of RM6.0 million while the balance will be for working capital and expenses in respect of the two private placements.

On 18 December 2020, the Company issued the first tranche of Placement I shares totalling 38,000,000 ordinary shares at an issue price of RM0.2734 per share, raising a total of RM10,389,200 of additional share capital.

36. Subsequent Events

(a) On 8 January 2021, the Company issued an additional 40,000,000 new ordinary shares at an issue price of RM0.3864 per share to selected investors pursuant to our Private Placement proposals as mentioned above. The 40,000,000 new ordinary shares were issued under the following:

(i) 12,358,284 Placement Shares I issued pursuant to Private Placement I; and

(ii) 27,641,716 Placement Shares II issued pursuant to Private Placement II.

With that, Private Placement I was duly completed.

(b) On 26 January 2021, 326,000 new ordinary shares were issued following the exercise of 326,000 Warrants C by a shareholder of the Company at the exercise price of RM0.20 per share, raising additional share capital of RM65,200 for the Company.

Notes to the Financial Statements

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36. Subsequent Events (Cont'd)

(c) On 26 February 2021, the Company issued the final tranche of 32,788,200 Placement Shares II at an issue price of RM0.3879 per share, completing Private Placement II. With the completion of Private Placement II, the total number of shares issued and share capital raised under the two private placement proposals can be summarised as follows:

Placement	Date	Number of shares	Price per share (RM)	Amount (RM)
Placement I	21.12.2020	38,000,000	0.2734	10,389,200
	08.01.2021	12,358,284	0.3864	4,775,241
Sub-total		50,358,284		15,164,441
Placement II	08.01.2021	27,641,716	0.3864	10,680,759
	26.02.2021	32,788,200	0.3879	12,718,543
Sub-total		60,429,916		23,399,302
Total proceeds		110,788,200		38,563,743

(d) On 3 March 2021, Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd.) ("Sinmah Axis"), the 99%-owned subsidiary of Sinmah Healthcare Sdn. Bhd. ("Sinmah Healthcare"), a wholly-owned subsidiary of the Company, had entered into a share sale agreement with Zainal Shaffiq Bin Ahmad Shukkeri ("the Purchaser") to dispose off 2 ordinary shares representing the entire equity interest in Medigo Telemedicine Sdn. Bhd. (formerly known as Medigo Laboratories and Diagnostics Sdn. Bhd.) ("Medigo Telemedicine") ("the Sale Shares') for a total sales consideration of RM2.00 only ("the Disposal').

Upon completion of the Disposal, Medigo Telemedicine will cease to be an indirect wholly-owned subsidiary of the Company.

(e) On 30 March 2021, the Company had undertaken a restructuring of the Group involving the disposal of 500,000 ordinary shares representing the entire equity interest ("the Sale Shares") in Sterling Healthcare Sdn. Bhd. ("Sterling Healthcare") by Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd.) ("Sinmah Axis"), the 99% owned subsidiary of Sinmah Healthcare Sdn. Bhd. ("SHSB"), the wholly owned subsidiary of the Company to SHSB for a total cash consideration of RM500,000.00 only ("the Transactions"). Upon completion of the Transactions, Sterling Healthcare will cease to be a wholly owned subsidiary of Sinmah Axis and become a wholly owned subsidiary of SHSB.

37. 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 12 April 2021.

Analysis of Shareholdings

as at 6 April 2021

Total Issued shares	: 324,905,620 ordinary shares
Class of shares	: Ordinary Share
Voting Rights	: one vote per Ordinary Share
Number of Shareholders as at 6 April 2021	: 3,484

Distribution of Shareholdings based on the Records of Depositors as at 6 April 2021

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	125	3.59	2,016	0.00***
100 – 1,000	445	12.77	246,420	0.08
1,001 – 10,000	1,367	39.24	7,541,484	2.32
10,001 – 100,000	1,183	33.95	43,519,853	13.39
100,001 – 16,245,280 (*)	364	10.45	273,595,847	84.21
16,245,281 and above (**)	0	0.00	0	0.00
Total	3,484	100.01	324,905,620	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 6 April 2021

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 Shareholder	No. of Shares	%	No. of Shares	%
TOH HONG CHYE	18,000,000@	5.54	-	-

Notes:

(@) 18,000,000 shares are held by RHB Nominees (Tempatan) Sdn. Bhd. Toh Hong Chye for 8,000,000 shares and RHB Capital Nominees (Tempatan) Sdn. Bhd. pledged securities account for Toh Hong Chye for 10,000,000 shares

Analysis of Shareholdings

as at 6 April 2021

Directors' Shareholdings based on Register of Directors' Shareholdings as at 6 April 2021

Director	Direct interest No. of Shares	%	Indirect Interest No. of Shares	%
DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN	-	-	-	-
DATO' FONG KOK YONG *(Resigned w.e.f. 13.01.2021)*	-	-	21,253[#]	0.01
DATUK FONG KIAH YEOW	14,302,200[β]	4.40	21,253[#]	0.01
FONG NGAN TENG	12,706,000[α]	3.91	21,253[#]	0.01
FONG CHOON KAI *(Resigned w.e.f. 13.01.2021)*	12,706,000[∞]	3.91	21,253[#]	0.01
DATUK NG PENG HONG @ NG PENG HAY	-	-	-	-
MOHD KHASAN BIN AHMAD	-	-	-	-
MUNAWAR KABIR MOHD BIN ZAINAL ABIDIN	-	-	-	-
TOH HONG CHYE *(Appointed w.e.f. 13.01.2021)*	18,000,000[@]	5.54	-	-

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.

(β) 14,302,200 shares are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,924,200 shares and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 3,378,000 shares

(α) 12,706,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 3,500,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 9,206,000 shares

(∞) 12,706,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 3,500,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 9,206,000 shares

(@) 18,000,000 shares are held by RHB Nominees (Tempatan) Sdn. Bhd. Toh Hong Chye for 8,000,000 shares and RHB Capital Nominees (Tempatan) Sdn. Bhd. pledged securities account for Toh Hong Chye for 10,000,000 shares

Directors' Interests in Related Corporations based on Register of Directors' Shareholding in the Company and its subsidiaries as at 6 April 2021

By virtue of their interests in the shares of the Company, Datuk Fong Kiah Yeow, Fong Ngan Teng and Toh Hong Chye 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 6 April 2021.

Options, Warrants or Convertible Securities as at 6 April 2021

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 6 April 2021.

Save as disclosed above, the Company and its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 31 December 2020.

Analysis of Shareholdings

as at 6 April 2021

Thirty Largest Shareholders based on Record of Depositors as at 6 April 2021
(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 RAJINDER KAUR A/P PIARA SINGH (MARGIN)	12,588,200	3.87
2	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	10,924,200	3.36
3	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH HONG CHYE	10,000,000	3.08
4	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (M&A)	9,206,000	2.83
5	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (M&A)	9,206,000	2.83
6	RHB NOMINEES (TEMPATAN) SDN BHD TOH HONG CHYE	8,000,000	2.46
7	LEE SEE YANG	7,500,000	2.31
8	WOO WAI YEEN	6,800,000	2.09
9	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHIEW PENG	6,000,000	1.85
10	GAN SIEOW HUNG	5,927,400	1.82
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SAI MUN	5,879,300	1.81
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOONG LEO	5,196,600	1.60
13	NG CHIEW PENG	4,225,000	1.30
14	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM LEE AIK	3,768,100	1.16
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (MARGIN)	3,500,000	1.08
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (MARGIN)	3,500,000	1.08
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	3,378,000	1.04
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KHAI RIC	3,250,000	1.00
19	KAM KOK KOW	3,237,000	1.00
20	CHOONG YOKE FAR	3,229,200	0.99
21	LIM KIAN HUAT	3,095,200	0.95
22	KAM KOK KOW	3,021,700	0.93
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANNEDJMA CAPITAL SDN BHD	3,000,000	0.92
24	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHELDON WEE TAH POH	3,000,000	0.92
25	TEH SEN SIEW	2,854,700	0.88
26	SIN CHIN CHOON	2,664,300	0.82
27	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOK CHOON	2,340,000	0.72
28	TAN KUAN TECK	2,155,000	0.66
29	AZLAN SHAH BIN JAFFRIL	2,100,000	0.65
30	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO BOON LING (M&A)	2,000,000	0.62

Analysis of Warrant C Holdings

as at 6 April 2021

Number of Warrant C issued as at 6 April 2021	: 38,177,039 warrants
Number of Warrant C exercised	: 326,000 warrants
Number of Warrant C not exercised	: 37,851,039 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 6 April 2021	: 710

Distribution of Warrant C Holdings as at 6 April 2021

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	108	15.21	5,132	0.01
100 – 1,000	66	9.30	39,792	0.11
1,001 – 10,000	219	30.85	1,022,102	2.70
10,001 – 100,000	238	33.52	9,487,626	25.07
100,001 – 1,892,550 (*)	76	10.70	19,493,487	51.50
1,892,551 and above (**)	3	0.42	7,802,900	20.61
Total	710	100.00	37,851,039	100.00

Note:
(*) means less than 5% of issued Warrant C
(**) means 5% and above of issued Warrant C

Warrant C Holders Holding 5% or above as at 6 April 2021

None of the Holders holding 5% or above Warrant C as at 6 April 2021.

Directors' Warrant C Holdings as at 6 April 2021

None of the directors holding Warrant C as at 6 April 2021

Analysis of Warrant C Holdings

as at 6 April 2021

Thirty Largest Warrarnt C holders as at 6 April 2021

No	Shareholders	No. of Shares	%
1	KAM KOK KOW	2,902,900	7.67
2	NG CHIEW PENG	2,900,000	7.66
3	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP YOON SUN (MY3608)	2,000,000	5.28
4	GAN SIEOW HUNG	1,512,100	3.99
5	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWEK CHEE LEE (PENANG-CL)	1,088,800	2.88
6	WOO WAI YEEN	992,300	2.62
7	LOH YUET MUI	717,425	1.90
8	NG KAM CHAW	625,000	1.65
9	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM LEE AIK	616,300	1.63
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEONG CHEE CHUNG	600,000	1.59
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOONG LEO	600,000	1.59
12	LIM WEI YUEN	520,000	1.37
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW KOH CHOAN (04CJ132Q-004)	500,000	1.32
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN CHEE HONG	369,300	0.98
15	SIMON SURESH A/L V.VARUNAMEGAM	350,000	0.92
16	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NICHOLAS TAN ZHIA-CHERN (STA 1)	322,300	0.85
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG WAI MUN (MY3555)	300,000	0.79
18	CHEN CHEN FAH	300,000	0.79
19	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN GIN KENG (STA 1)	300,000	0.79
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (7002470)	283,012	0.75
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON LAY PENG (B TINGGI-CL)	280,000	0.74
22	HENG HAN-JUN	250,000	0.66
23	SOON LAY KIAN	250,000	0.66
24	LEE HSIN YE	230,000	0.61
25	MAH KIT WAI	230,000	0.61
26	TAN CHEE HONG	229,000	0.61
27	LIOW SUE LING	227,000	0.60
28	GRACE CHEAH YEONG SEN	220,200	0.58
29	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG HOI KEE (MY2666)	207,500	0.55
30	CH'NG JOO NEE	200,000	0.53

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)	287,482	2003
No. 65 & 65-1 Jalan KU 12, Taman Krubong Utama, Krubong 75250 Melaka	Double Storey shoplot	Leasehold (expiring in 2105)	227,801	2013
Lot 13151 Geran 114212 (formerly H.S. (D) 24419, No PT11641) Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	541,400	2006
Lot 13140 Geran 201166 (formerly inown H.S. (D) 24408, No PT11630) Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	537,530	2005
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of bedrooms apartment	Freehold	225,986	1998
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	1,762,090	2012
No.23 & 23-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	208,402	2020
No.31 & 31-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	208,402	2020
No. 47 & 47-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	239,891	2020

Additional Compliance Information

1. Corporate Proposals And Utilisation Of Proceeds

Proposed Private Placement I and Proposed Private Placement II
On 7 October 2020, the shareholders of the Company had approved private placement schemes at an Extraordinary General Meeting to issue private placement shares as follows:

	No. of Placement Shares Minimum Scenario	Maximum Scenario
Private Placement I	42,758,284	50,393,691
Private Placement II	51,309,940	69,543,294
Total	94,068,224	119,936,985

Private Placement I was completed on 8 January 2021 while Private Placement II was completed on 26 February 2021.

The actual number of placement shares and proceeds raised were as follows:

Placement	Date	Number of shares	Price per share (RM)	Amount (RM)
Placement I	18.12.2020	38,000,000	0.2734	10,389,200.00
	06.01.2021	12,358,284	0.3864	4,775,240.84
Sub-total		50,358,284		15,164,440.94
Placement II	06.01.2021	27,641,716	0.3864	10,680,759.06
	25.02.2021	32,788,200	0.3879	12,718,542.78
Sub-total		60,429,916		23,399,301.84
Total proceeds		110,788,200		38,563,742.78

The planned utilization and expected timeframe for utilization of proceeds based on the conditions prescribed in the Circular to shareholders dated 22 September 2020 is as follows:

Private Placement I	Planned Utilisation RM'000	Expected timeframe For utilization of proceeds
Working capital	15,054	Within 6 months from the receipt of placement funds
Expenses	110	Upon completion of Private Placement I
	15,164	

Additional Compliance Information

Private Placement II	Planned Utilisation RM'000	Expected timeframe For utilization of proceeds
Development expenditure incurred on the Group's existing projects	10,966	Within 12 months from the receipt of placement funds
Working capital	12,293	Within 6 months from the receipt of placement funds
Expenses	140	Upon completion of Private Placement II
	23,399	

As prescribed in the Circular to shareholders, our Group may utilize the proceeds to fund our working capital requirements in respect of our Group's poultry business segment, which include but are not limited to, purchase of poultry feeds, day-old chicks ("DOCs") and live broilers to be resold to customers. The estimated percentage of allocation of proceeds to be utilized for each component of working capital are as follows:

	Estimated allocation of proceeds (%)
Purchase of poultry feeds	60
Purchase of DOCs	15
Purchase of broilers	25
Total	100

Based on the above, the planned utilization and the actual utilization of proceeds as at 31 March 2021 are as follows:

Private Placement I	Planned Utilisation RM'000	Actual Utilisation To-date RM'000
Purchase of poultry feeds	9,032.40	-
Purchase of DOCs	2,258.10	-
Purchase of broilers	3,763.50	3,763.50
Sub-total for working capital	15,054.00	3,763.50
Expenses	110.00	67.51
Total	15,164.00	3,831.01

Additional Compliance Information

Private Placement II	Planned Utilisation RM'000	Actual Utilisation To-date RM'000
Purchase of poultry feeds	7,375.80	-
Purchase of DOCs	1,843.95	-
Purchase of broilers	3,073.25	3,073.25
Sub-total for working capital	12,293.00	3,073.25
Development expenditure	10,966.00	1,500.00
Expenses	140.00	91.94
Total	23,399.00	4,665.19

2. Share Buy-back

During the financial year, there was no share buy-back by the Company.

3. Options or Convertible Securities

The Shareholders of the Company had via the Extraordinary General Meeting which was held on 2 May 2018 to approve the establishment of a Share Issue Scheme ("SIS") and the Company has on 18 September 2018 implemented the SIS. However, no allocation of the share options to the Directors and Key Management was made as at 31 December 2020.

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, warants or convertible securities for the financial year ended 31 December 2020.

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 2020 except for traffic offences.

Additional Compliance Information

6. Audit and Non-Audit Fees

The audit and non-audit fees paid or payable for services rendered by external auditors and their affiliated company or firm to the Group and the Company for the financial year ended 31 December, 2020 are as follows:

	Group RM'000	Company RM'000
Statutory Audit	232	42
Non-Statutory Audit	5	5

7. Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 26 February 2021 announcement of unaudited results for the financial year ended 31 December 2020 and the annual audited financial statements of the Group for the financial year ended 31 December 2020.

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 which exceeded the threshold limits allowed under the Main Market Listing Requirements during the financial year.

12. Employee Share Option Scheme ("ESOS")

The Company did not grant any options to Directors and Key Management during the financial year.

SINMAH CAPITAL BERHAD

Registration No.: 199401015973 (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 Seventh Annual General Meeting ("**27th AGM**") to be held at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka on Tuesday, 21 June 2021 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 for voting at his(her) discretion.

No	Agenda			
1	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.			
		Resolution		
		Ordinary	**For**	**Against**
2	To approve the payment of additional Directors' Remuneration to Non-Executive Directors amounting to RM18,975.00 for the period from 24 July 2020 up to 21 June 2021.	**1**		
3	To approve the payment of the Directors' Remuneration to Non-Executive Directors amounting to RM200,000.00 for the period from 22 June 2021 until the next Annual General Meeting of the Company to be held in 2022.	**2**		
4	To re-elect Mohd Khasan Bin Ahmad, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company's Constitution.	**3**		
5	To re-elect Toh Hong Chye, the retiring Director, who retires and being eligible, offers himself for re-election in accordance with Clause 100 of the Company's Constitution.	**4**		
6	To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring auditors, Messrs UHY for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.	**5**		
	Special Business			
7	Proposed Continuation in Office of Mohd Khasan Bin Ahmad as Independent Non-Executive Director.	**6**		
8	Authority to Issue Shares pursuant to Section 76 of the Companies Act 2016.	**7**		
9	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 27th 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 authorised 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 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (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 14 June 2021 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 27th AGM.
9. Any alteration in the form of proxy must be initialed.
10. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of 27th 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 27th 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 27th AGM dated 11 May 2021.

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Affix
Stamp

The Share Registrar

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya, Selangor

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