



**SINMAH CAPITAL
BERHAD**

Registration No.: 199401015973 (301653-V)



Building Tomorrow, Today

Annual Report 2022



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 Ninth Annual General Meeting (“29th AGM”) of Sinmah Capital Berhad (“Sinmah” or “Company”) will be conducted at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Monday, 29 May 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with Reports of the Directors’ and the Auditors’ thereon.
Please refer to Explanatory Note 1
- To re-elect Datuk Ng Peng Hong @ Ng Peng Hay as Director in accordance with Clause 84 of the Constitution of the Company. **Ordinary Resolution 1**
- To re-elect Datuk Seri Rahadian Mahmud bin Mohammad Khalil as Director in accordance with Clause 91 of the Constitution of the Company. **Ordinary Resolution 2**
- To re-elect Yeong Siew Lee as Director in accordance with Clause 91 of the Constitution of the Company. **Ordinary Resolution 3**
- To approve the payment of the Directors’ remuneration to Non-Executive Directors amounting to RM350,000.00 per annum until the next Annual General Meeting of the Company. **Ordinary Resolution 4**
- To re-appoint Messrs TGS TW PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

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

7. AUTHORITY UNDER SECTION 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT SHARES OR GRANT RIGHTS

“THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total issued shares/total number of voting shares of the Company (excluding treasury shares) at the time of issue.

THAT pursuant to Section 85 of the Companies Act 2016 approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued Company’s shares arising from any issuance of new Company’s shares pursuant to Section 76 of the Companies Act 2016.

THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.” **Ordinary Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

8. PROPOSED GRANT OF SHARE ISSUANCE SCHEME (“SIS”) OPTIONS TO DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

“THAT the Directors be and are hereby authorised to, from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-laws of the SIS, the Main Market Listing Requirements (“MMLR”) of Bursa Securities, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time throughout the duration of the SIS, offer and grant to Datuk Seri Rahadian Mahmud bin Mohammad Khalil, being the Executive Chairman of the Company, SIS Options to subscribe for the Company’s Shares under the SIS, provided that not more than 10% of the total number of SIS Options shall be allocated to him, as long as he either singly or collectively through persons connected to him holds 20% or more of the total number of issued shares of the Company (excluding treasury shares).”

Ordinary Resolution 7

9. PROPOSED GRANT OF SIS OPTIONS TO YEONG SIEW LEE

“THAT the Directors be and are hereby authorised to, from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-laws of the SIS, the MMLR of Bursa Securities, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time throughout the duration of the SIS, offer and grant to Yeong Siew Lee, being the Independent Non-Executive Director of the Company, SIS Options to subscribe for the Company’s Shares under the SIS, provided that not more than 10% of the total number of SIS Options shall be allocated to her, as long as she either singly or collectively through persons connected to her holds 20% or more of the total number of issued shares of the Company (excluding treasury shares).”

Ordinary Resolution 8

10. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

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 : 28 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary and Special Businesses:

1. Item 1 of the Agenda

Agenda item no. 1 is meant for discussion only as the provisions of Section 340 of the Companies Act 2016, it does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Items 2, 3 and 4 of the Agenda

The Nomination Committee (“**NC**”) have considered the performance and contribution of each of the retiring Directors and have also assessed the independence of the Independent Non-Executive Directors seeking for re-election. Based on the results of the Board Evaluation conducted for the financial year ended 31 December 2022, the performance of each of the retiring Directors was found to be satisfactory. In addition, each of the retiring Directors had provided their annual declaration/confirmation on their fitness and propriety as well as independence, where applicable.

Based on the recommendation of the NC, the Board supports the re-election of the Directors based on the following justifications:

Datuk Ng Peng Hong @ Ng Peng Hay : Datuk Ng Peng Hong @ Ng Peng Hay has more than two (2) decades of experience with the Company and holds multiple directorships in other public companies. With his vast experience, he will be able to provide valuable input to the Company.

Datuk Ng Peng Hong @ Ng Peng Hay has exercised his due care and carried out his professional duties proficiently during his tenure as Non-Independent Non-Executive Director of the Company.

Datuk Seri Rahadian Mahmud bin Mohammad Khalil : Datuk Seri Rahadian Mahmud bin Mohammad Khalil has a well versed experience in the timber industry and also involved in the construction and manufacturing sectors. He is familiar with the Company's business operations and able to provide valuable input to steer the Company forward.

Datuk Seri Rahadian Mahmud bin Mohammad Khalil has exercised his due care and carried out his professional duties proficiently during his tenure as Executive Chairman of the Company.

Yeong Siew Lee : Yeong Siew Lee fulfils the requirements of independence set out in MMLR of Bursa Securities. She remains objective and independent in expressing her view and participating in Board's deliberations and decision making process.

Yeong Siew Lee has exercised her due care and carried out her professional duties proficiently during her tenure as Independent Non-Executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

3. Item 7 of the Agenda

The Ordinary Resolution 6 proposed under item 7 of the agenda is to seek the shareholders' approval of a new general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

4. Items 8 and 9 of the Agenda

The SIS was implemented on 18 September 2018 following the shareholders' approval obtained at the Extraordinary General Meeting of the Company held on 2 May 2018.

The proposed Ordinary Resolutions 7 and 8 if passed, will provide flexibility to the Directors to grant Datuk Seri Rahadian Mahmud bin Mohammad Khalil, the Executive Chairman of the Company and Yeong Siew Lee, the Independent Non-Executive Director of the Company, SIS Options to subscribe for new shares, subject to the By-Laws of the SIS. The Board is also authorised to allot and issue the corresponding number of new shares of the Company arising from the exercise of the SIS Options that may be granted to them under the SIS.

Notes:

1. *The 29th AGM of the Company will be conducted at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Monday, 29 May 2023 at 10.00 a.m., or at any adjournment thereof. Shareholders of the Company are required to register for the 29th AGM not less than forty eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. (Please follow the procedures as stipulated in the Administrative Details).*
2. *A member of the Company who is entitled to attend, speak and vote at this 29th 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.*
3. *Where a member appoints more than one (1) proxy to attend and vote at the same 29th AGM, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.*
4. *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.*
5. *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.

6. *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.*

NOTICE OF ANNUAL GENERAL MEETING

7. *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 with the Share Registrar of the Company, GAP Advisory Sdn. Bhd. at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or email to ir.shareregistry@gapadvisory.my not less than forty eight (48) hours before the time appointed for holding the 29th AGM (no later than Saturday, 27 May 2023 at 10.00 a.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*
8. *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 Constitution of the Company.*
9. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 May 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 29th AGM.*
10. *Any alteration in the Proxy Form must be initialed.*
11. *Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolution set out in the Notice of 29th 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 29th AGM and/ or any adjournment thereof, a member of the Company:

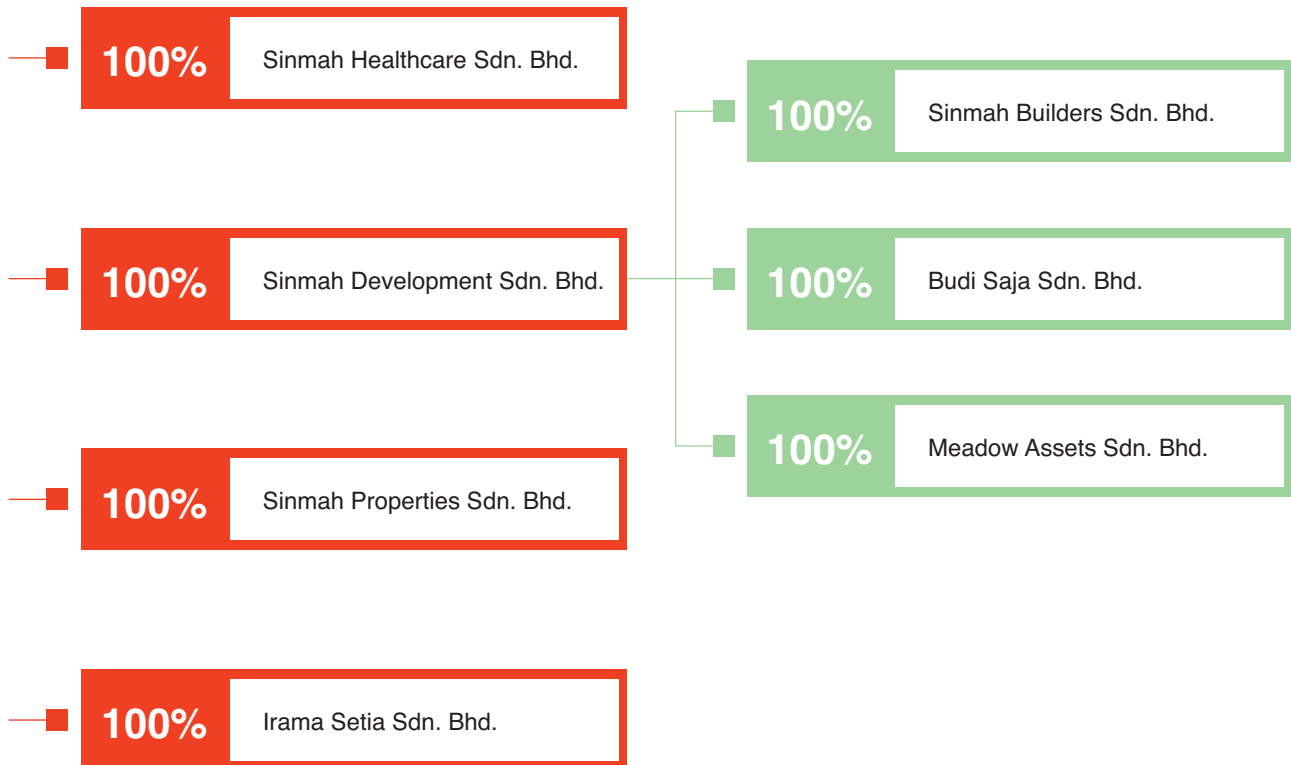
- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 29th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 29th 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



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. By evolving contemporary lifestyles, we are enhancing our customers' quality of life. Inspired by our success, we are surging ahead to discover new opportunities and to fulfil our true potential.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Rahadian Mahmud bin Mohammad Khalil
(Executive Chairman)

Toh Hong Chye
(Executive Director)

Datuk Fong Kiah Yeow
(Executive Director)

Datuk Ng Peng Hong @ Ng Peng Hay
(Non-Independent Non-Executive Director)

Masleena binti Zaid
(Independent Non-Executive Director)

Yeong Siew Lee
(Independent Non-Executive Director)

AUDIT COMMITTEE

Yeong Siew Lee (Chairperson)
Datuk Ng Peng Hong @ Ng Peng Hay
Masleena binti Zaid

REMUNERATION COMMITTEE

Datuk Ng Peng Hong @ Ng Peng Hay (Chairman)
Yeong Siew Lee
Masleena binti Zaid

NOMINATION COMMITTEE

Datuk Ng Peng Hong @ Ng Peng Hay (Chairman)
Yeong Siew Lee
Masleena binti Zaid

SHARE ISSUANCE SCHEME COMMITTEE

Toh Hong Chye (Chairman)
Datuk Fong Kiah Yeow
Kunju Kandan A/L K. Vasan

COMPANY SECRETARIES

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

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

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

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

REGISTERED OFFICE

E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel No. : +603-2181 0516
Fax No.: +603-2181 0516

PRINCIPAL PLACE OF BUSINESS

No. 88, Jalan KU 4
Taman Krubong Utama
75260 Krubong Melaka
Malaysia
Tel No. : +606-335 3329
Fax No. : +606-335 1329

AUDITORS

Messrs TGS TW PLT (AF-2345)
E-5-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel No. : +603-9771 4326
Fax No. : +603-9771 4327

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia)
Berhad

SHARE REGISTRAR

GAP Advisory Sdn. Bhd.
E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel No. : +603-2181 0516
Fax No. : +603-2181 0516

STOCK EXCHANGE LISTING

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

CORPORATE WEBSITE

www.sinmah.com.my

DIRECTORS' AND KEY SENIOR MANAGEMENT PROFILE

DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Executive Chairman

Age: 50

Nationality: Malaysian

Gender: Male

Date of Appointment:

1 August 2022

Qualification, Working Experience and Occupation

Datuk Seri Rahadian Mahmud bin Mohammad Khalil holds a Degree in Civil Engineering from Queen Mary College, University of London in 1996.

He has vast experience in businesses under various industries throughout his career with active participation in reforestation, construction, property development, timber and manufacturing sectors.

From 2005 to 2017 he was the Executive Chairman of Per maju Industries Berhad, an investment holding and provision of management services company.

He was a Non-Executive Director of Magna Prima Berhad from July 2007 to May 2011.

Subsequently, he was re-designated to Executive Director on 12 May 2011 and from 14 April 2014 to 15 July 2021 he was the Group Managing Director.

Directorship of public companies and listed issuers

- AppAsia Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

TOH HONG CHYE

Executive Director

Age: 48

Nationality: Malaysian

Gender: Male

Date of Appointment:

13 January 2021

Board Committee membership:

- Chairman of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

Toh Hong Chye holds a Master in Business Administration in Finance from the International Islamic University Malaysia. He is also a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

He founded H.C. Toh & Co., a non-audit firm involved in company secretary, accounting and business advisory services for companies from various industries. 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 include merger and acquisition and corporate debt restructuring exercises undertaken by private and public listed companies.

Directorship of public companies and listed issuers

- AppAsia Berhad (Executive Director)
- Pegasus Heights Berhad (Executive Director)

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' AND KEY SENIOR MANAGEMENT PROFILE

DATUK FONG KIAH YEOW

Executive Director

Age: 69

Nationality: Malaysian

Gender: Male

Date of Appointment:

10 February 1995

Board Committee membership:

- Member of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

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, 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.

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

Directorship of public companies and listed issuers

Nil

Relationship with other directors/shareholders/listed issuer

- Brother of Dato' Fong Kok Yong and Fong Ngan Teng

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DATUK NG PENG HONG @ NG PENG HAY

Non-Independent Non-Executive Director

Age: 71

Nationality: Malaysian

Gender: Male

Date of Appointment:

10 February 1995

Board Committee membership:

- Chairman of the Nomination Committee
- Chairman of the Remuneration Committee
- Member of the Audit Committee

Qualification, Working Experience and Occupation

Datuk Ng Peng Hay was the State Assemblyman for Tengkeru 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, 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.

Directorship of public companies and listed issuers

- Wellcall Holdings Berhad (Group Independent Non-Executive Chairman)
- CRG Incorporated Berhad (Independent Non-Executive Chairman)
- Bonia Corporation Berhad (Senior Independent Non-Executive Director)

Relationship with other directors/shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' AND KEY SENIOR MANAGEMENT PROFILE

MASLEENA BINTI ZAID

Independent Non-Executive Director

Age: 48

Nationality: Malaysian

Gender: Female

Date of Appointment:

24 August 2021

Board Committee membership:

- Member of the Audit Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee

Qualification, Working Experience and Occupation

Masleena binti Zaid is an L.L.B. (Hons) graduate from Sheffield Hallam University, United Kingdom. She was admitted to the High Court of Malaya as an advocate and solicitor in 2001. She is also a registered Trade Mark Agent. Her predominant areas of practise are corporate, commercial and company law. Her portfolio includes providing advice to corporate clients which matters varies from liaising with relevant authorities for clients, dealing with human management issues, conveyancing matters and preparing agreements and on case-to-case basis.

Prior to founding Masleena, Yee & Partners, she was with the Securities Commission of Malaysia as Senior Prosecuting Officer and subsequently with the Companies Commission of Malaysia as Head of Interest Scheme Section and acting Head for the Insolvency Section.

Directorship of public companies and listed issuers

- ECA Integrated Solution Berhad (Independent Non-Executive Director)
- Gabungan AQRS Berhad (Independent Non-Executive Director)
- Meta Bright Group Berhad (formerly known as Eastland Equity Bhd) (Independent Non- Executive Director)

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

YEONG SIEW LEE

Independent Non-Executive Director

Age: 45

Nationality: Malaysian

Gender: Female

Date of Appointment:

1 July 2022

Board Committee membership:

- Chairperson of the Audit Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee

Qualification, Working Experience and Occupation

Yeong Siew Lee is a Chartered Accountant and also a member of the Malaysian Institute of Accountants (MIA). She began her career with GHL Systems Berhad (GHL), a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Assistant Accountant in 2003 and moved up the ranks and became Head/Assistant General Manager of Finance in 2008 to supervise the company's local and overseas accounting teams. She left GHL in August 2009 to venture into business in the consumer and architectural industry and was working as a finance adviser for SMR HR Group Sdn Bhd.

Directorship of public companies and listed issuers

- Pekat Group Berhad (Independent Non-Executive Director)
- TFP Solutions Berhad (Independent Non-Executive Director)
- AppAsia Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

KEY SENIOR MANAGEMENT

The Key Senior Management consists of our Executive Directors, namely Datuk Seri Rahadian Mahmud bin Mohammad Khalil, Toh Hong Chye and Datuk Fong Kiah Yeow. The profiles of our Executive Directors are set out in the "Directors' and Key Senior Management Profile" in this Annual Report

SIX YEARS FINANCIAL SUMMARY

	FY 2022 RM'000	FY 2021 RM'000	FY 2020 RM'000	FY 2019 RM'000	FY 2018 RM'000	FY 2017 RM'000
FINANCIAL RESULTS						
Revenue	86,801	131,553	114,067	182,458	180,931	299,532
Profit/(loss) before interest and taxation	(10,329)	1,782	(19,411)	5,576	(30,739)	36,943
Profit/(loss) before taxation ("PBT")	(13,474)	(7,281)	(25,183)	1,426	(35,135)	25,480
Profit/(Loss) after taxation	(13,389)	(7,845)	(22,675)	(803)	(39,716)	15,221
Non-controlling interests	-	19	547	50	(538)	193
Profit/(loss) attributable to owners of the parent ("PATAMI")	(13,389)	(7,826)	(22,128)	(853)	(39,178)	15,028
FINANCIAL POSITION						
Share capital	107,188	188,500	160,229	149,840	149,840	123,220
Warrants reserve	3,588	3,588	3,619	3,619	3,619	3,706
SIS reserve	1,838	-	-	-	-	-
Accumulated losses	(13,393)	(88,004)	(80,178)	(57,758)	(56,905)	(17,525)
Shareholders' funds	99,221	104,084	83,670	95,701	96,554	109,401
Non-controlling interests	-	-	(108)	186	958	1,496
TOTAL EQUITY	99,221	104,084	83,562	95,887	97,512	110,897
Property, plant & equipment	1,388	3,935	4,626	6,571	16,041	11,038
Right-of-use assets	1,353	2,085	4,793	3,832	21	22
Inventories	77,988	75,690	88,847	90,359	31,930	31,228
Investment properties	757	1,234	1,736	-	-	-
Other non-current assets	-	13,505	1,084	3,348	2,264	4,510
Trade receivables	7,509	33,816	39,587	44,155	35,123	94,600
Cash (including cash in Housing Development A/c)	11,524	47,559	21,133	32,625	35,086	22,128
Other current assets	24,560	17,029	10,835	18,430	28,011	94,747
Assets held for sale	-	-	-	-	-	17,345
Total Assets	125,079	194,853	172,641	199,320	148,476	275,618
Borrowings	13,506	75,937	71,020	77,302	31,073	104,333
Non-current liabilities (excluding borrowings)	2,277	2,425	2,848	3,312	653	2,123
Current liabilities (excluding borrowings)	10,075	12,407	15,211	22,819	19,238	58,265
Total Liabilities	25,858	90,769	89,079	103,433	50,964	164,721
NET ASSETS	99,221	104,084	83,562	95,887	97,512	110,897
FINANCIAL RATIOS (%)						
PBT margin	(15.52)	(5.53)	(22.1)	0.8	(19.4)	8.5
PATAMI margin	(15.42)	(5.95)	(19.4)	(0.5)	(21.7)	5.0
Return on shareholders' fund	(13.49)	(7.52)	(26.5)	(0.9)	(40.6)	13.7
Gross gearing ratio	13.61	72.96	85.0	80.6	31.9	94.1
SHARE INFORMATION						
Basic earnings/(loss) per share (sen)	(3.67)	(2.45)	(10.3)	(0.4)	(34.7)	24.6
Dividend per share (sen)	-	-	-	-	-	-
Net assets per share (RM)	0.25	0.32	0.3	0.4	0.5	1.8

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 Sinmah Capital Berhad (“**SCB**” or “**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) for the financial year ended 31 December 2022 (“**FYE 2022**”), which is accompanied by this Management Discussion and Analysis.

A. GROUP STRUCTURE

The Group structure and principal activities are shown in the Annual Report of the Company. There are no associated companies in the Group.

B. OVERVIEW OF SCB'S BUSINESS ACTIVITIES

The Group has discontinued its poultry business activities and is now divided into three (3) segments, that being development and construction of residential and commercial properties (“**housing development activities**”), healthcare services and others. Others comprises the Company and its dormant subsidiary companies.

The housing development activities of the Group are carried out by Sinmah Development Sdn. Bhd. and its subsidiary companies, 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 past, current and future development activities are as follows:

(i) Tanjung Minyak

The Group has completed nine (9) units of double-storey houses with a gross development value of RM3.07 million during the FYE 2022. Construction work commenced in July 2020, fully sold out in 2021 and completed during the FYE 2022.

Besides this, the Group has two (2) more pieces of freehold land in Tanjung Minyak measuring a total of 2.675 acres which are being held for future development of thirty-two (32) residential properties with a total gross development value of RM11.43 million. Construction of ten (10) units with a gross development value of RM3.50 million commenced in the second quarter of FYE 2022 and is expected to be completed at the end of the financial year ending 31 December 2023 (“**FYE 2023**”). The remaining twenty-two (22) units are expected to be launched in the FYE 2023.

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(ii) 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.

(iii) Bukit Gambir

This project is located at Batu 17, Jalan Sengkang, Bukit Gambir, Muar, Johor with an aggregate area measuring approximately 55.24 acres and currently being developed into 446 units of mixed development with a gross development value of RM186.97 million. During the FYE 2022, RM18.81 million of gross development value was recognized in income statement compared to RM18.88 million of its gross development value recognized during the financial year ended 31 December 2021 ("FYE 2021").

(iv) 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 fifteen (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 fifteen (15) units of this project have a gross development value of approximately RM6.92 million. The Group has constructed two (2) units in 2020 with the hope that there will be demand for them and the construction works are almost completed. Unfortunately, only one unit was sold in the FYE 2022. As the take-up rate for properties of the type planned is rather slow, the Group will not commence construction of the remaining units until demand picks up.

(v) 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 186 units of high-rise apartments with a gross development value of RM55.80 million.



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C. GROUP FINANCIAL PERFORMANCE AND POSITION REVIEW

The table below highlights the Group's key financial performance and position for FYE 2022 and FYE 2021:

	FYE 2022 RM'000	FYE 2021 RM'000	Changes RM'000	%
Revenue	86,801	131,553	-44,752	-34
Expenses	26,355	28,730	-2,375	-8
Other operating income	8,365	6,420	+1,945	+30
Gross profit	4,516	15,029	-10,513	-70
Loss before taxation	(13,474)	(7,281)	-6,193	-85
Loss after taxation	(13,389)	(7,845)	-5,544	-71
Gross profit margin	5.2%	11.4%	-6.2%	-54
Pre-tax margin	(15.5%)	(5.5%)	-10.0%	->100
Net loss margin	(15.4%)	(6.0%)	-9.4%	->100
Total assets	125,079	194,853	-69,774	-36
Total liabilities	25,858	90,769	-64,911	-72
Total equity	99,221	104,084	-4,863	-5
Total loans and borrowings	12,919	74,519	-61,600	-83
Gearing ratio (net)	0.02	0.27	-0.25	-93
Cash and bank balances	11,524	47,559	-36,035	-76
Issued and fully paid-up capital	107,188	188,500	-81,312	-43
Net assets per share (sen)	27.18	32.03	-5.44	-17
Basic loss per share (sen)	(3.67)	(2.45)	-1.22	-50

Revenue

The Group's revenue for FYE 2022 had decreased by RM44.75 million or 34% as compared to the FYE 2021. The decrease in revenue was mainly due to decrease in sales volume of live broilers and from lower increment in percentage of completion of properties under construction and decrease in sales of completed properties in the FYE 2022 compared to FYE 2021.

Gross profit

Gross profit had decreased by RM10.51 million or 70% in the FYE 2022. This was mainly due to decrease in sales volume of live broilers, increase in cost of production of broilers and lower increment in percentage of completion of properties under construction and decrease in sales of completed properties in the FYE 2022 compared to FYE 2021.

Other operating income

Other operating income had increased by RM1.94 million or 30% in the FYE 2022. The increase is attributable to a higher gain on disposal of subsidiary companies of RM3.84 million during the FYE 2022 compared to RM3.57 million during the FYE 2021.

Expenses

Expenses had decreased by RM2.38 million or 8% in the FYE 2022. This was mainly due to decrease in finance costs by RM5.92 million and decrease in net loss on impairment of financial instruments of RM5.81 million, being partially off-set by a consultancy fee of RM5.00 million incurred in connection with a joint-venture agreement for the proposed development of a piece of land located at Mukim Setapak, Negeri Wilayah Persekutuan, Kuala Lumpur measuring approximately 15,929 square meters, a share-based payment expenses of RM1.84 million and write-down of inventories of RM0.92 million during the FYE 2022.

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Loss after tax

During the FYE 2022, the Group's loss after taxation increased by RM5.54 million or 71%. This was mainly due to a consultancy fee of RM5.00 million incurred in connection with a joint-venture agreement for the proposed development of a piece of land located at Mukim Setapak, Negeri Wilayah Persekutuan, Kuala Lumpur measuring approximately 15,929 square meters, a share-based payment expenses of RM1.84 million and write-down of inventories of RM0.92 million during the FYE 2022. Furthermore, revenue from its housing development activities has decreased by 31% during the FYE 2022 compared to the FYE 2021.

Total assets

Total assets decreased by RM69.77 million or 36% mainly due to disposal of a subsidiary, SM Broilers Sdn. Bhd. during the FYE 2022.

Total liabilities

Total liabilities decreased by RM64.91 million or 72% mainly due to disposal of a subsidiary, SM Broilers Sdn. Bhd. during the FYE 2022.

D. OPERATIONS AND FINANCIAL PERFORMANCE

Housing Development Activities

The performance of the housing development activities for the FYE 2022 as compared to FYE 2021 is summarized below:

	2022 RM'000	2021 RM'000	VARIANCE RM'000, %
Total revenue	44,354	54,235	-9,881, -18%
Inter-segment revenue	(14,945)	(11,756)	-3,189, -27%
External revenue	29,409	42,479	-13,070, -31%
Results			
Segment results	(911)	5,304	-6,215, ->100%
Interest income	49	36	+13, +36%
Operating profit/(loss)	(862)	5,340	-6,202, ->100%
Finance costs	(1,423)	(1,930)	+507, +26%
Other non-cash items	(1,286)	180	-1,466, ->100%
Profit/(loss) before taxation	(3,571)	3,590	-7,161, ->100%
Taxation	(27)	(962)	+935, +97%
Profit/(loss) for the year	(3,598)	2,628	-6,226 ->100%

Revenue from the housing development division decreased by RM13.07 million or 31% mainly due decrease in number of completed properties sold coupled with decrease in incremental percentage of completion of the properties sold but under construction during the FYE 2022.

As a result of that, the housing development division made a loss of RM3.60 million during the FYE 2022 as opposed to a profit of RM2.63 million during the FYE 2021.

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Strategies

Our strategy is to continue sourcing for land banks and joint-venture opportunities in order to expand our housing development activities even further.

During the FYE 2022, a subsidiary of the Company Sinmah Properties Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a joint-venture agreement ("**the Agreement**") with Persatuan Bolasepak Kuala Lumpur for the proposed development for the land situated at Mukim Setapak, Negeri Wilayah Persekutuan Kuala Lumpur measuring 15,929 square meters, into a mix development, in accordance with the terms and conditions of the Agreement.

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 price 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) **Credit risk**

The Group's exposure to credit risk arises principally from 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.

- iv) **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.

- v) **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.



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, Sustainability Policy, Emergency Succession Planning Policy, Anti-Bribery and Anti-Corruption Policy, Code of Ethics Policy, Directors and Senior Management's Remuneration Policy, External Auditors' Assessment Policy, Diversity Policy and Directors' Fit and Proper 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 2022.

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

The Group is looking at ways to enhance its housing development operations. Efforts are being taken to increase its land banks in order to ensure the continuity of profitable operations. This includes looking for land deals or joint ventures that are profitable to the Group.

ACKNOWLEDGEMENT

Our appreciation goes to our business partners, consultants, customers, contractors, suppliers, financiers, and government agencies such as MITI, MIDA, Immigration Department, Ministry of Housing, Real Estate and Housing Developers' Association Malaysia (REHDA) and Construction Industry Development Board (CIDB).

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 wish to thank 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 SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
EXECUTIVE CHAIRMAN

SUSTAINABILITY STATEMENT

Sinmah Capital Berhad (“Sinmah” or “the Company”) and its subsidiaries (collectively referred to as “the Group”) aims to make a positive difference through its business activities by 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 the Group is guided by our four pillars of Basic Principles which sets the foundation for the Group’s business sustainability strategy:



The Board of Directors (“**Board**”) 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 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 2022.

This Statement is made by the Board pursuant to Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and after taking into consideration of the Sustainability Reporting Guide – 3rd Edition issued by Bursa Securities.

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 its part in contributing to several of the global development goals.



(Illustration 1: 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 2022, and covers all of the Group's subsidiaries and operations in the 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**"). Active property development projects during the financial year are as follows:

- Taman Gambir Perdana (developed by BSSB); and
- Taman Tanjung Minyak (developed by SDSB).

Details of the two (2) projects above are:

Project name	Project size (GDV)	Project details	Status as of 31 December 2022	
Gambir Perdana	RM189,969,668	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	125
			80% - 95%	8
			50% - 80%	16
			25% - 50%	44
			≤ 25%	226
Commercial				
Status	Units			
50% - 80%	13			
≤ 50%	14			
Tanjung Minyak	RM3,067,161	9 units double-storey terrace houses	Status	Units
			100%	9
	RM3,500,300	10 units double-storey terrace houses	Status	Units
			10% - 12%	10

SUSTAINABILITY STATEMENT

Governance Structure for Sustainability Management

The Group's business sustainability strategy and initiatives are spearheaded by the Company'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 Executive Director ("ED") 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 the MMLR of Bursa Securities.

Management, which is led by the ED, is 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.

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

Board	<ul style="list-style-type: none"> - Ultimately responsible for the Group's sustainability practices & performance - Reviewing and adopting the Group's strategy, plans and directions, considering sustainability
Audit Committee	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Responsible for the management and performance of sustainability matters (including engagement with stakeholders), focussing on MSMs, within the respective operations

SUSTAINABILITY STATEMENT

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:

SUSTAINABILITY POLICY

- consider sustainability issues and integrate these considerations when considering business decisions
- 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
- strive to improve the Group's sustainability performance
- observe and comply with all relevant legislation, regulations, and codes of practice applicable and relevant to the Group

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 2022, to enable the Group's systematic management and reporting of its sustainability:

- limited review on the stakeholder engagement;
- limited review on the materiality assessment;
- management and reporting of MSMs; and
- determining the reporting scope of and preparing the Group's financial year ended 31 December 2022 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 as such we interact and communicate 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	<ul style="list-style-type: none"> - Code of Conduct - Training and learning programmes 	<ul style="list-style-type: none"> - Employee Engagement - Operational performance and issues - Code of Ethics - Health and safe working environment 	<ul style="list-style-type: none"> - Career development - Benefits - Employment equality - Working environment - Job performance 	<ul style="list-style-type: none"> - Training programmes - Employee engagements - Competitive remuneration package

SUSTAINABILITY STATEMENT

Stakeholders	Engagement Platforms	Engagement Areas	Stakeholder Concerns	Management Response
Customer	<ul style="list-style-type: none"> - Letter of handover of keys - Face to face interactions or via telephone 	<ul style="list-style-type: none"> - Safe and quality products - Good governance practices - Regulatory compliances 	<ul style="list-style-type: none"> - Quality of products (such as houses) - Compliance with law 	<ul style="list-style-type: none"> - Customers' complaints forms
Contractor and suppliers	<ul style="list-style-type: none"> - Interviews - Face to face interactions 	<ul style="list-style-type: none"> - Business continuity - Regulatory compliances 	<ul style="list-style-type: none"> - Shortage in supply - Quality of goods and services 	<ul style="list-style-type: none"> - Supplier assessment forms
Government and Regulators	<ul style="list-style-type: none"> - On-going meetings and interactions 	<ul style="list-style-type: none"> - Regulatory compliances - Responsible business practices 	<ul style="list-style-type: none"> - Compliance with laws and regulations 	<ul style="list-style-type: none"> - Continuous training on regulatory requirements and updates - Consultations with regulators to ensure compliance
Shareholders and investors	<ul style="list-style-type: none"> - Annual General Meeting - Financial statements and quarterly reporting - Company announcements - Press releases 	<ul style="list-style-type: none"> - Financial reporting on performance - Good corporate governance 	<ul style="list-style-type: none"> - Activities carried out by Group not disclosed - Any event leading to financial losses 	<ul style="list-style-type: none"> - Corporate Affairs Department to oversee the investor relationship function
Communities	<ul style="list-style-type: none"> - Online platforms - Corporate voluntary programmes 	<ul style="list-style-type: none"> - Indirect economic contribution - Responsible environment management 	<ul style="list-style-type: none"> - Activities carried out causing negative impact on community - Affordable housing 	<ul style="list-style-type: none"> - Community programmes such as financial assistance for the needy - Participated in government programmes for affordable housing

SUSTAINABILITY STATEMENT

Materiality Assessment

For the financial year under review, we have undertaken a limited materiality assessment review on the Group’s sustainability matters. The approach towards the limited materiality assessment review is to consider the relevance of the existing MSMs, where the basis of the Group’s EES risks and opportunities are if they:

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

The limited materiality assessment review process was led by the ED 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, key stakeholders of the Group, 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. The materiality assessment review process is summarised as follows:



Arising from the limited materiality assessment review, the Group’s identified MSMs remain unchanged compared to the previous year, as shown below:



SUSTAINABILITY STATEMENT

Material Sustainability Matters

Product Safety and Quality and Customer Satisfaction

The Group emphasises on “Customer First” philosophy in the delivery of our products and services. We strive to create value to our customers 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, in line with our mission below:

OUR MISSION

- To continuously improve building quality houses and to achieve purchaser satisfaction
- Our commitment to quality, service and efficiency permeates every strata of our organisation
- As a responsible and reliable developer and contractor, we always believe in providing the best in quality and service

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.

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.

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.

Formal processes are put in place to document unsatisfactory workmanships during the defects liability period and to ensure issues raised are addressed. The documentation enables 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.

SUSTAINABILITY STATEMENT

During the financial year ended 31 December 2022, there were only one (1) house key handovers for the Group's "Rumah Mampu Milik" project in Taman Krubong Utama and eight (8) house key handovers in the Group's project in Taman Tanjung Minyak Jaya. A total of 6 complaint forms were received from homeowners during the financial year ended 31 December 2022, and all were from the Group's "Rumah Mampu Milik" project in Taman Krubong Utama. All complaints were minor and were duly rectified by the 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 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 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, Sinmah has also established the following policies and procedures, and performed the following practices, amongst others, guided by the Ministerial Guidelines on Adequate Procedures:

- Anti-Bribery and Anti-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 Anti-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. We have performed corruption risk assessment on the Group, in line with Principle II (Risk Assessment) of the Ministerial Guidelines on Adequate Procedures.

To effectively communicate the Group's stance, policies and control measures with regards to anti-bribery and corruption, we have provided training to the Executive Directors, Non-Executive Directors, Managerial staff, and selected Non-Managerial Office Staff in year 2020. The Group will arrange for a training in year 2023 to the abovementioned personnel, to provide a refresher in relation to anti-bribery and corruption.

Further to the above, there was also no incidence of corruption or bribery or serious breaches against business ethics noted or reported in the past three (3) financial years (i.e. 2020, 2021 and 2022) as follows:

Financial Year	2020	2021	2022
No. of cases	0	0	0

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 practices or wrongdoing without fear of reprisal. For enhanced objectivity in handling of the whistleblowing cases, all reports will be addressed to the AC Chairman, a Senior Independent Non-Executive Director designated by the AC. 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	2020	2021	2022
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.



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 business to ensure 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 Group include, amongst others, those related to public listed companies, financial reporting, construction law [such as the Construction Industry Development Board ("**CIDB**") Act 520, the Housing Development Act 1966 (2007), the Housing Development (Control and Licensing) Regulations 1989], 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. There were no fines imposed on the Group in relation to non-compliances or breaches of laws during the past three (3) financial years as follows:

Financial Year	2020	2021	2022
Fines (RM)	0	0	0

Ensuring a Safe Workplace

The people of the 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 SBSB, 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 to safeguard the safety of our employees and workers at the construction sites. The Safety and Health Committee comprises representatives of the contractors as well as representatives of the Group's management team, 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 improvements 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 and implement 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. 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 part of the responsibilities of the Safety and Health Committee.

SUSTAINABILITY STATEMENT

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. 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. The number of employees trained on health and safety standards in the past three (3) financial years as follows:

Financial Year	2020	2021	2022
No. of employees trained	22	22	22
Total no. of employees required to be trained	22	22	22
Percentage of employees trained	100%	100%	100%

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	2020	2021	2022
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.



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.

SUSTAINABILITY STATEMENT

Learning and development of our employees come hand-in-hand with the employees' performance review and assessment. Leaders of the Group 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 for employees of the Group 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, where employees are then to attend the recommended training to improve and further upskill themselves.

The total hours of training by employee category in the past three (3) financial years are as follows:

Financial Year	2020	2021	2022
Executive Directors	12	12	12
Non-Executive Directors	16	12	12
Managerial Position	60	24	24
Non-Managerial Office Staff	12	0	0
Site workers	880	880	880

Conclusion

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

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

INTRODUCTION

The Board of Directors (“**the Board**”) of Sinmah Capital Berhad (“**the Company**”) recognises the importance of corporate governance and is committed to ensuring that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) are observed and practised throughout the Company and its subsidiaries (collectively referred to as “**the Group**”) so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders’ investment and ultimately enhancing shareholders’ value.

This statement is prepared in compliance with Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and it is meant to be read together with the Corporate Governance Statement and Corporate Governance Report. The Corporate Governance Report provides details on how the Company has applied each practices as set out in MCCG for the financial year ended 31 December 2022 (“**FYE2022**”), a copy of which is available on the Company’s website

The Board will continue to take measures to improve compliance with the principles and recommended best practices in the ensuing years.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the financial year ended 31 December 2022, including strategic decisions and reviewing of risk associated matters in the business. The Board is aware that decisions made for the business of the Group would affect a broad range of our stakeholders. While the Board seeks to ensure that the decisions were taken in a way that was fair and consistent with the Group’s values, the Board also recognised the importance of balancing these with the need to support the long-term future of the business.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has established various committees where specific powers of the Board are delegated to the relevant Board Committees.

The Board has a formal schedule of matters reserved for deliberation set out in the Board Charter to ensure good governance is in place for the Group.

II. BOARD COMPOSITION

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thought, perspective, cultural and geographical background, age, ethnicity and gender which will ensure that the Group has a competitive advantage.

In evaluating the suitability of individual Board members, the Nomination Committee (“**NC**”) takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contribution, background, character, integrity and competence. In the case of candidates for the position of Independent Non-Executive Directors, the NC will evaluate the candidates’ ability to discharge their responsibilities and should bring in their independent judgement, provide constructive challenge, strategic guidance, offer specialist advice and impartiality.

The Board currently has two (2) female Directors, and with the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. The Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION

The Board has in place a Directors' Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. In this regard, the Remuneration Committee ("RC") is responsible to formulate and review the remuneration policies for the Directors of the Company to ensure the same remain competitive, appropriate, and in line with the prevalent market practices.

The Board carries out a remuneration review for its employees including that of Senior Management, with the view to ensure that the Group continues to retain and attract the best talents in the industry. The proposed salary structure was considered by the RC and subsequently approved by the Board for implementation.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee ("AC") plays a key role in ensuring integrity and transparency of corporate reporting. The AC's role is to review and challenge Management to ensure that appropriate disclosures of accounting treatment and accounting policies are made. The AC has a duty to provide assurance to the Board that robust risk management, controls and assurance process are in place. The AC continues to monitor the potential risks of the Group and ensures that mitigating factors are in place to ensure health, safety and business continuity of the Group.

The AC with the assistance of the Internal Auditors had undertaken a thorough review of the following areas within the Group to ensure that appropriate controls and effective management process are in place:

- Property Development Appraisal Management
- Corporate Governance Practices
- Roles and responsibilities of the Board
- Composition of the Board
- Independence of independent directors
- Commitment of directors
- Integrity of financial reporting
- Risk management and internal control system
- Timely and high-quality disclosure

Annually, the composition of the AC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NC ensures that only Independent Non-Executive Directors who have the appropriate level of expertise and experience and have the strong understanding of the Group's business would be considered for membership on the AC.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management is a critical component of good management practice and effective corporate governance. With the Risk Management Framework being in place, the Board's decision-making was supported by sufficient information for the right discussions and considerations. The enhanced level of risk debate and greater involvement from the Management were also critical in ensuring that appropriate monitoring and mitigations were embedded to support the proposals under discussion.

The Board will continue to drive a proactive risk management approach and ensure that the Group's employees have a good understanding of the application of risk management principles in order to work towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group's risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement leading to the long-term sustainability of its businesses. As a responsible corporate citizen, the Group must interact with stakeholders and also acknowledge the potential impact that its operations may have on a wide range of stakeholders. For engagement to be constructive and meaningful, each matter considered by the Board therefore has to be in the context of relevant economic, social and environmental factors.

The Company has heightened its engagement efforts with stakeholders by engaging discussions with analysts, fund managers and shareholders, both locally and overseas, upon requests.

Moving forward, the Board intends to adopt a more mature form of sustainability reporting to stakeholders by implementing the International Integrated Reporting Framework in the Annual Report, allowing stakeholders to have a better understanding on the Group sustainability.

II. CONDUCT OF GENERAL MEETINGS

The Group's Annual General Meeting ("AGM") is an important means of communicating with its shareholders. To ensure effective participation of an engagement with the shareholders at the AGM of the Group, all members of the Board would be present at the meeting to respond to questions raised by shareholders and proxies. In addition, the Chairman of the Board would chair the AGM in an orderly manner and encourage the shareholders and proxies to speak at the meeting. The overall performance of the Group would be presented at the meeting.

In line with good governance practices, the notice of the AGM would be issued at least twenty (28) days before the AGM. In line with Bursa Securities' MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

PRELUDE

Over the next few pages, we would look at the Board, its role, performance and oversight. We will provide details on the Board's activities and discussions during the financial year, the actions arising from these and the progress made against them. We also provide an insight on director independence effectiveness and our Board evaluation, succession planning and induction and ongoing developments.

CORPORATE GOVERNANCE STATEMENT

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board of Directors

Sinmah Capital Berhad (“**the Company**”) and its subsidiaries (“**the Group**”) acknowledge the pivotal role played by the Board of Directors (“**the Board**”) in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders’ value. To fulfil this role, the Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner. The directors individually have a legal duty to act in the best interest of the Group and are also collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board’s responsibilities, amongst others include the following:

- a) Develop, review and monitor the Group’s strategic plan and direction and ensure that resources are available to meet its objectives.
- b) Identify and review principal risks and ensure the implementation of appropriate systems to manage these risks.
- c) Supervise the operation of the Group to evaluate whether established targets are achieved.
- d) Monitor the compliance with legal, regulatory requirements and ethical standards.
- e) Promote better investor relations and shareholder communications
- f) Ensure that the Group’s core values, vision and mission; and shareholders’ interests are met.
- g) Review the adequacy and the integrity of the Group’s internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- h) Establish such committees, policies and procedures to effectively discharge the Board’s roles and responsibilities.
- i) Initiate a Board self-evaluation program and follow up action to deal with issues arising and arrange for directors to attend courses seminars and participate in development programs as the Board deems appropriate.
- j) Implement and ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

- (i) Nomination Committee (“**NC**”)
- (ii) Remuneration Committee (“**RC**”)
- (iii) Audit Committee (“**AC**”)
- (iv) Share Issuance Scheme (“**SIS**”) Committee

Each Board Committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

CORPORATE GOVERNANCE STATEMENT

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate under approved terms of reference or guidelines and are formed whenever required.

Board meeting agenda includes statutory matters, governance and management reports, which include strategic risks, strategic projects and operational items. The Board approves an annual performance contract setting the priorities direction and performance targets for the Group within the parameters of the corporate plan.

The profile of each Director is presented in the Annual Report of the Company.

2. Separation of position of the Chairman and Group Managing Director

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.

At the moment, the Company does not have a GMD. However, the Chairman of the Board, Datuk Seri Rahadian Mahmud bin Mohammad Khalil, the Executive Chairman, leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings to ensure that relevant views and contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. The Chairman’s key responsibility, amongst others, includes the following:

- a) Leadership of the Board;
- b) Overseeing the effective discharge of the Board’s supervisory role;
- c) Facilitating the effective contribution of all Directors;
- d) Conducting the Board’s function and meetings;
- e) Briefing all Directors in relation to issues arising at meetings;
- f) Scheduling regular and effective evaluations of the Board’s performance;
- g) Promoting constructive and respectful relations between Board members and between the Board and the Management

The Board is assisted by the Executive Directors, Datuk Seri Rahadian Mahmud bin Mohammad Khalil, Toh Hong Chye and Datuk Fong Kiah Yeow to oversee the day-to-day operations to ensure the smooth and effective running of the Group. They also implement the policies, strategies, decisions adopted by the Board, monitors the operating financial results against plans and budgets and acts as a conduit between the Board and Management in ensuring the success of the Group’s governance and management functions.

During Board meetings, the Chairman maintains a collaborative atmosphere and ensures that all Directors contribute to the discussion. The Chairman and Executive Directors arrange informal meetings and events from time to time to build constructive relationships between the Board members.

The Executive Directors take on primary responsibility to spearhead and manage the overall business activities of the various business division of the Group to ensure optimum utilization of corporate resources and expertise by all the business divisions and at the same time achieve the Group’s long-term objectives. The Executive Directors are assisted by the heads of each division in implementing and running the Group’s day-to-day business.

CORPORATE GOVERNANCE STATEMENT

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to Directors at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials at least seven (7) days in advance of the Board or Board Committees' meetings. Senior Management may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

Technology is effectively used in the meetings of Board and Board Committees and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

4. Commitment of the Board

The Board would meet at least five (5) times a year, at quarterly intervals which are scheduled at the onset of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

All pertinent issues discussed at the Board meetings are properly recorded by the Company Secretary.

The Board met six (6) times during the financial year ended 31 December 2022 ("FYE2022"). The attendance of each Director at the Board Meeting held during the FYE2022 are as follow:

Directors	Number of meetings attended	%
Toh Hong Chye ^[1]	6/6	100%
Datuk Fong Kiah Yeow	6/6	100%
Datuk Ng Peng Hong @ Ng Peng Hay	6/6	100%
Masleena Binti Zaid	6/6	100%
Datuk Seri Rahadian Mahmud bin Mohammad Khalil ^[2]	2/2	100%
Yeong Siew Lee ^[3]	2/2	100%
Fong Ngan Teng ^[4]	4/4	100%
Mohd Khasan bin Ahmad ^[5]	3/3	100%

Notes:

^[1] Redesignated to an Executive Director of the Company with effect from 1 August 2022

^[2] Appointed as an Executive Chairman of the Company with effect from 1 August 2022

^[3] Appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 1 July 2022

^[4] Resigned as an Executive Director of the Company with effect from 1 August 2022

^[5] Resigned as an Independent Non-Executive Director, Chairman of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 16 June 2022

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

CORPORATE GOVERNANCE STATEMENT

It is the Board's policy for Directors to notify the Board before accepting any new directorship notwithstanding that the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") allow a Director to sit on the board of a maximum of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At present, all Directors of the Company have complied with the MMLR where they do not sit on the board of more than five (5) listed issuers.

5. Continuous Development of the Board

The Board, via the NC, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they would continue to enhance their skills and knowledge to maximize their effectiveness as Directors during their tenure. During the financial year under review, the Board have attended individually or collectively seminar(s), conference(s) and/or training(s) to continuously upgrade their skills and to keep abreast with current developments.

In addition, the Directors receive regular briefings and updates on the Group's businesses, operations, risk management activities, MMLR and relevant law updates. The Company Secretary also highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The external auditors on the other hand, briefed the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

6. Board Committees

AC

The AC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The AC maintains direct, unfettered access to the Company's external auditor, internal auditor and management.

The AC comprises of three (3) members, majority of whom are Independent Non-Executive Directors. The present members of the AC are as follows:

Director	Designation
Yeong Siew Lee ^[1]	Chairperson
Datuk Ng Peng Hong @ Ng Peng Hay	Member
Masleena binti Zaid	Member
Mohd Khasan bin Ahmad ^[2]	Chairman

Notes:

^[1] Appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 1 July 2022

^[2] Resigned as an Independent Non-Executive Director, Chairman of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 16 June 2022

A copy of the AC's Terms of Reference can be found in the Company's website at www.sinmah.com.my

CORPORATE GOVERNANCE STATEMENT

NC

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NC comprises three (3) members, majority of whom are Independent Non-Executive Directors. The present members of the NC are as follows:

Director	Designation
Datuk Ng Peng Hong @ Ng Peng Hay	Chairman
Masleena binti Zaid	Member
Yeong Siew Lee ^[1]	Member
Mohd Khasan bin Ahmad ^[2]	Member

Notes:

^[1] Appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 1 July 2022

^[2] Resigned as an Independent Non-Executive Director, Chairman of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 16 June 2022

During the FYE2022, the NC held one (1) meeting. Below are the summary of the key activities undertaken by the NC in discharge of its duty:

- (a) Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy.
- (b) Determined the Directors who stand for re-election and re-appointment by rotation.
- (c) Assessed the effectiveness and performance of the Board and its committees. This is carried out through a self-assessment document that is completed by each Director. The assessment criteria include the following:
 - Board composition
 - Board process
 - Performance of Board Committees
 - Information provided to the Board
 - Role of the Board in strategy and planning
 - Risk management framework
 - Accountability and standard of conduct of Directors
- (d) Reviewed the term of office and performance of the AC and each of its members to ascertain that the AC and its member have carried out their duties in accordance with the AC's Terms of Reference.
- (e) Assessed and reviewed the independence and continuing independence of the Independent Directors.

A copy of the NC's Terms of Reference can be found in the Company's website at www.sinmah.com.my

CORPORATE GOVERNANCE STATEMENT

RC

The RC is responsible for recommending to the Board the remuneration principles and the framework for members of the Board and Senior Management.

The RC comprises three (3) members, majority of whom are Independent Non-Executive Directors. The present members of the RC are as follows:

Director	Designation
Datuk Ng Peng Hong @ Ng Peng Hay	Chairman
Masleena binti Zaid	Member
Yeong Siew Lee ^[1]	Member
Mohd Khasan bin Ahmad ^[2]	Member

Notes:

- ^[1] Appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 1 July 2022
- ^[2] Resigned as an Independent Non-Executive Director, Chairman of the Audit Committee, Member of the Nomination Committee and Remuneration Committee of the Company with effect from 16 June 2022

During the FYE2022, the RC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the RC in discharge of its duty:

- Reviewed, assessed and recommended the remuneration packages of the Executive Directors and Senior Management.
- Reviewed the remuneration package of Non-Executive Directors and their Meeting Allowances.
- Reviewed the Terms of Reference of the RC
- Reviewed the Directors' and Senior Management Remuneration Policy.

A copy of the RC's Terms of Reference can be found in the Company's website at www.sinmah.com.my

SIS Committee

The SIS Committee was established on 18 September 2018. The SIS Committee is primarily responsible for administering the Company's SIS Option in accordance with the approved SIS By-Laws and regulations. The present members of the SIS Option Committee are as follows:

Officers	Designation
Toh Hong Chye	Chairman
Datuk Fong Kiah Yeow	Member
Kunju Kandan A/L K. Vasani	Member

The SIS Committee meets as and when required. No meeting was held during the financial year. Approval on matter requiring the sanction of the SIS Committee was sought by way of written resolution.

CORPORATE GOVERNANCE STATEMENT

7. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance and the Board Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, and the Board Committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging their duties towards the Group as well as its operating practices. The Board Charter further entails the following issues and decisions reserved for the Board:

- a) Appointment and recommendation for removal of Directors.
- b) Appointment and removal of Company Secretary(ies).
- c) Establishment of Board Committees, their members and the specific terms of reference.
- d) Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders.
- e) Approval of remuneration packages, including service contracts for Executive Directors.
- f) Review and approve Company strategic plan and annual budget (including capital expenditure budget).
- g) Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority.
- h) Approval of investment or divestment in a company, business, property or undertaking.
- i) Approval of investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities.
- j) Approval of major changes in the activities of the Company.
- k) Approval of limits of authority for the Company.
- l) Approval of financial statements and their release (including financial reports for announcement to Bursa Securities or the Securities Commission).
- m) Approval of any corporate announcement to the regulators like Bursa Securities and Securities Commission.
- n) Approval of any transactions that require shareholders' approval.
- o) Approval of Directors' Report, Corporate Governance Statement and Internal Control Statement for inclusion in the Company's Annual Report.
- p) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.

The Board Charter is reviewed annually by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

A copy of the Board Charter can be found in the Company's website at www.sinmah.com.my

8. Code of Conduct and Code of Ethics

The Company has established a Code of Conduct and Code of Ethics which is also enshrined in the Board Charter to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Where else the Code of Ethics is based on the principles in relation to integrity, transparency, accountability and corporate social responsibility.

The Board is focused on creating corporate culture which engenders ethical conduct that permeates throughout the Company. The Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies. Ongoing training is provided to staff on the Code of Conduct, Ethics and general workplace behavior to ensure they continuously uphold high standard of conduct when performing their duties.

CORPORATE GOVERNANCE STATEMENT

The Board is provided guidance through the Code of Conduct and Ethics on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests.

Notices on the closed period for trading in the Company's shares are sent to Directors, principal officers and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR.

Details of the Code of Conduct and Code of Ethics can be found in the Company's website at www.sinmah.com.my

9. Whistleblowing Policy and Procedure

The Company has adopted a Whistleblowing Policy that 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. The Chairman of the AC was designated to be responsible for the effective implementation of this Policy.

A copy of the Whistleblowing Policy can be found in the Company's website at www.sinmah.com.my

The Company has also adopted a Anti-Bribery and Anti-Corruption ("**ABAC**") Policy to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct in relation to the business activities.

The ABAC Policy is designed to provide guidance on practices that are appropriate for employees. The Group will continue to behave with integrity and in accordance with the new Corporate Liability Provisions under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018).

A copy of the ABAC Policy can be found in the Company's website at www.sinmah.com.my

10. Company Secretaries

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Group's Constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. All the Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board's affairs and the business.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. The Company Secretaries has also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or the Malaysian Institute of Chartered Secretaries and Administrators for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging its functions.

CORPORATE GOVERNANCE STATEMENT

In addition, the Company Secretaries are also accountable to the Board and is responsible for the following:

- Advising the Board on its roles and responsibilities.
- Advising the Board on matters related to corporate governance and the MMLR.
- Ensuring that Board procedures and applicable rules are observed.
- Maintaining records of the Board and ensuring effective management of the Company's statutory records.
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded.
- Assisting communications between the Board and Management.
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.
- Preparing agendas and co-coordinating the preparation of Board papers.

II. Board Composition

1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the scope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

The NC ensures that the composition of the Board is refreshed periodically while the tenure, performance and contribution of each Director is assessed by the NC through the Board Evaluation. In addition, each of the retiring Directors will provide their annual declaration/confirmation on their fitness and propriety as well as independence, where applicable.

As at the date of this Statement, the Board consists of six (6) members, where two (2) of the Directors are Independent Non-Executive Directors, three (3) are Executive Directors and one (1) is Non-Independent Non-Executive Director. 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.

The Board of Directors' profile can be found in the Annual Report of the Company.

2. Independency of Independent Directors

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the NC assesses each Director's independence to ensure on-going compliance with this requirement annually. The NC is satisfied that the Independent Directors are independent of Management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.

The Board has limited the tenure of the Independent Directors to twelve (12) years and they may continue to serve on the Board subject to their re-designation as Non-Independent Directors.

As at the date of this statement, none of the Independent Directors has exceeded a cumulative term of twelve (12) years. Nonetheless, the Board would justify and seek annual shareholders' approval to retain the Independent Directors after the ninth (9th) year through a two-tier voting process.

CORPORATE GOVERNANCE STATEMENT

3. Appointment of Board and Senior Management

The Board of Directors comprise of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting ("AGM").

4. Gender Diversity

While the Board of Directors acknowledge the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions.

The Company has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board and in Senior Management positions. This includes requirements for the Board to establish measurable objectives for achieving diversity on the Board and in management positions, and for the appropriate Board Committees to monitor the implementation of the policy, assess the effectiveness of the Board nomination process and the appointment process for management positions at achieving the objectives of the policy.

5. Identifying Suitable Candidates

Any proposed appointment of a new Member to the Board will be deliberated by the full Board based upon a formal report, prepared by the NC on the necessity for reviewing the qualifications and experience of the proposed director. The NC would be guided by an internal policy on Criteria and Skill Sets for the Board Members in assessing the suitability of the potential candidates for appointment to the Board.

During the FYE2022, the Company had appointed Datuk Seri Rahadian Mahmud bin Mohammad Khalil and Yeong Siew Lee, via the recommendation by the management. Despite the recommendation was made by the management, the Board had also utilised independent sources when identifying suitable candidates. Ultimately, the NC, being the responsible for assessing the suitability of the above mentioned Director for appointment, opined that the nominated Directors are of suitable calibre and have the necessary knowledge, experience, diverse range of skills, competence and independency to enable them to discharge their duties and responsibilities effectively.

6. Chairman of the NC

The NC is led by Datuk Ng Peng Hong @ Ng Peng Hay, the Non-Independent Non-Executive Director, who directs the NC for succession planning and appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the NC with relevant information of the Group's needs, allowing them to source for suitable candidates when the need arises.

Although Datuk Ng Peng Hong @ Ng Peng Hay is the Non-Independent Non-Executive Director of the Company, he is not the employee nor shareholder of the Company and has no relationships or circumstances which is likely to affect, or could appear to affect, his judgment as the Chairman of the NC.

CORPORATE GOVERNANCE STATEMENT

7. Annual Evaluation

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretaries via questionnaires. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

The assessment criteria used in the assessment of Board and individual Directors include mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contribution of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Directors' Peer Evaluation and Assessment of the independence of the Independent Directors. The assessment is based on four (4) main areas relating to Board Structure, Board Operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

For Directors' Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his/ her contribution to Board processes.

Any appointment of a new Director to the Board or Board Committee is recommended by the Nomination Committee for consideration and approval by the Board. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A retiring director shall be eligible for re-election. The Constitution also provides that all directors shall retire at least once every three (3) years.

During the year, the Board conducted an internally facilitated Board assessment. The results and recommendations from the evaluation of the Board and Committees are reported to the Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.

The NC also considered the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement the Directors standing for re-election at forthcoming AGM of the Company.

III. Remuneration

The objective of the Group's internal remuneration policy is to provide fair and competitive remuneration to its Board and senior management in order for the Company to attract and retain Board and senior management of calibre to run the Group successfully. The responsibilities for developing the remuneration policy and determining the remuneration packages of Executive Directors and senior management lie with the RC. Nevertheless, it is ultimately the responsibility of the Board to approve the remuneration of Executive Directors and Senior Management.

Based on the remuneration framework, the remuneration packages for the Executive Directors and Senior Management compose of a fixed component (i.e. salary, allowance and etc.) and a variable component (i.e. bonus, benefit-in kind-and etc.) which is determined by the Group's overall financial performance in each financial year which is designed to support our strategy and provides a balance between motivating and challenging our senior managements to deliver our business priorities, as set out by Executive Directors, and strong performance while also driving the long-term sustainable success of the Group.

CORPORATE GOVERNANCE STATEMENT

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the AC or NC receiving a higher fee in respect of his service as Chairman of the respective Committees. The fees for Directors are determined by the Board with the approval from shareholders at the AGM and no Director is involved in deciding his/her own remuneration.

During the financial year under review, the RC had reviewed the remuneration for the Executive Directors and Senior Management which reflects their level of responsibilities as well as the performance of the Group, and considered their remuneration packages are comparable within the industry norm. The RC further discussed the annual salary review for the Executive Directors and Senior Management in line with the budget salary increase for the rest of the organisation. When approving payments for annual bonus, the RC considered the overall performance of the business and of the Executive Directors and Senior Management against this, as well as their individual targets. Bonus payments made to Executive Directors and Senior Management reflected the large proportion of collective measures for the year, in support of focusing on teamwork and simplicity within the pay arrangements.

The detailed disclosure on named basis for the remuneration of individual Directors that includes fees, salary, bonus, benefits in-kind and other emoluments from the Company and the Group for the FYE2022 are set out in the Corporate Governance Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

Presently, the AC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, where all of them are financial literate and have sufficient understanding of the Group's business. All the members of the AC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Chairman of the AC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the AC's findings and recommendation remains intact.

The AC has adopted a Terms of Reference which sets out its goals, objectives, duties, responsibilities and criteria on the composition of the AC which includes a former key audit partner of the Group to observe a cooling-off period of at least three (3) years before being able to be appointed as a member of the AC.

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The AC is entrusted to provide assistance to the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with the accounting standards.

The Board places great emphasis on the objectivity and independence of the external auditors. Through the AC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The AC is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The AC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, internal audit and standard operating policies and procedures documentation.

CORPORATE GOVERNANCE STATEMENT

For the financial year ended 31 December 2022, fees paid to the external auditors, Messrs. TGS TW PLT by the Company and the Group are stated in the table below:

Nature of Services	Group (RM)	Company (RM)
Total Audit fees	119,800	38,000
Non-Audit:		
Review of the Statement on Risk Management and Internal Control	5,000	5,000
Total Non-audit fees	5,000	5,000

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Further information on the roles and responsibilities of the AC may be found in the AC Report section of the Annual Report of the Company.

II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage and eliminate risks (where possible) to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the AC. This covers all material controls including financial, operational, compliance and risk management systems. The AC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the framework.

The Group has outsourced the internal audit function as being the most cost effective means of implementing an internal audit function. During the FYE2022, the Company had engaged Needsbridge Advisory Sdn. Bhd. and subsequently changed the internal audit service provider to S F Chang Corporate Services Sdn. Bhd., of which both reported directly to the AC as specified in the Terms of Reference of the AC. Both the Internal Auditors are free from any relationship or conflict of interest, which may impair their objectivity and independence of the internal audit function. The Internal Auditors carries out its function in accordance with the approved annual Internal Audit Plan approved by the AC.

S F Chang Corporate Services Sdn. Bhd. has approximately three (3) audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are set out below:

Name	: Chang Siew Foong
Qualification	: C.A.(M), FCCA, ACTIM
Independence	: Does not have any family relationship with any of the director and/or major shareholder of the Company
Public Sanction or penalty	: Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Further information may be found in the Statement on Risk Management and Internal Control and the Management Discussion and Analysis of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board has formalised a corporate disclosure policy and procedure not only to comply with the disclosure requirements as stipulated in the MMLR, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Group has set up an investor relations program to facilitate effective two-way communication with investors and analyst to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to learn about their needs enabling sustainability and growth of the Group.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

The Company's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to e-mail alerts from the Group via the Investor Relation page.

II. Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During the AGM, a presentation was shown to the shareholders on the Group's performance and major activities which were carried out during the financial year under review. The Board also encourages participation from shareholders by having "question and answer" session during the AGM during which the Directors (inclusive of the Chairman of the AC, NC and RC) are available to provide meaningful response to questions raised by the shareholders.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the Statement on Risk Management and Internal Control (“**Statement**”), which outlines the nature and scope of risk management and internal control of Sinmah Capital Berhad (“**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) during the financial year ended 31 December 2022 (“**FYE2022**”).

This Statement is made by the Board of Directors pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and after taking into consideration of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**Guidelines**”) and taking into consideration the recommendations of the Malaysian Code on Corporate Governance.

BOARD'S RESPONSIBILITY

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system, and ensuring its adequacy and effectiveness.

Due to inherent limitations in any risk management and internal control system, such system put into effect by management are designed to manage rather than eliminate all the risks that may impede the achievement of the Group's business objectives, and as such, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board through its Audit Committee (“**AC**”) has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the AC on a periodic basis.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

The Board is of the view that the risk management and internal control system in place for the period under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

RISK MANAGEMENT FRAMEWORK

Risk management is firmly embedded in the Group's management system as the Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

Periodic Management Meetings which are attended by the Department Heads and key management staff are held to:

- communicate the vision, roles and direction of the Group and priorities to all the employees and key stakeholders;
- identify, assess and evaluate the key risks of the Group that affect its goals and objectives for the year under review; and
- propose the appropriate mitigating controls and the significant risks that affect the Group's strategic and business plans, if any, to the Board at their scheduled meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key management staff meets regularly to review the risks faced by the Group and ensure that the existing mitigation actions are adequate. Risks identified are prioritised in terms of likelihood of occurrence and its impact on the achievement of the Group's business objectives.

INTERNAL AUDIT FUNCTION

The Group appointed independent professional firm, Needsbridge Advisory Sdn. Bhd. ("**Needsbridge**") and subsequently changed the internal audit service provider to S F Chang Corporate Services Sdn. Bhd. ("**SFC**") to assist the Board and Audit Committee in performing regular and systematic review and provide independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system. Both Needsbridge and SFC are free from any relationship or conflict of interest, which may impair their objectivity and independence of the internal audit function.

The total costs incurred in respect of the outsourced internal audit function for FYE2022 was RM35,000.

During the FYE2022, internal audit visits were carried out and the findings of the internal audit, including the recommended corrective actions, were presented directly to the Audit Committee.

In addition, follow up review will be conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

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.

- *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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 and;
- Regular informal meetings with Heads of division which provide a platform for the Heads of division to communicate with and provide feedback to Management.

Audit Committee

The Audit Committee reviews and notes the internal audit observations reported by the outsourced internal audit function, including follow-up by the outsourced internal audit function on the status of Management-agreed action plans to address observations reported in preceding cycles of internal audit. Internal audits are carried out by the outsourced internal audit functions (which reports directly to Audit Committee) on key risk areas identified based on the key risk registers of the Group. The outsourced internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control 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 in the Annual Report contains further details on the activities undertaken by the Audit Committee during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

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 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 Executive Director (Finance), being highest ranking executive in the Company and 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 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 2022. 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 20 March 2023.

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 2022 (“**FYE2022**”) in accordance with Paragraph 15.15 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

MEMBERS OF THE AC

The Audit Committee (“**AC**”) comprises the following members, all of whom are Non-Executive Directors.

During the FYE2022, the AC held five (5) meetings and the records of the attendance of AC members are as follow:

Directors	Designation	Number of meetings attended	%
Yeong Siew Lee ^{[1][2]}	Chairperson	2/2	100%
Datuk Ng Peng Hong @ Ng Peng Hay	Member	5/5	100%
Masleena binti Zaid	Member	5/5	100%
Mohd Khasan bin Ahmad ^[3]	Chairman	3/3	100%

Notes:

^[1] Member of the Malaysian Institute of Accountants

^[2] Appointed as the Chairperson of the AC of the Company with effect from 1 July 2022.

^[3] Resigned as the Chairman of the AC of the Company with effect from 16 June 2022

The meeting dates where the AC met during the FYE2022 were 22 February 2022, 12 April 2022, 24 May 2022, 23 August 2022 and 28 November 2022. The Company and its subsidiaries (“**Group**”)’s external auditors attended the AC meetings on 22 February 2022, 12 April 2022 and 28 November 2022.

The Chairperson of the AC 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 AC is kept up-to-date with all important issues including key audit issues and concerns affecting the Company.

Minutes of each AC meeting are presented to the Board for notation and the Chairman of the AC highlights on key issues discussed in the AC Meeting at each Board meeting.

TERMS OF REFERENCE

The scope of duties and responsibilities of the AC stated in the Terms of Reference (“**TOR**”) is made available on the Company’s at www.sinmah.com.my. The Board has reviewed and assessed the performance of the AC and is satisfied that the AC has discharged its functions, duties and responsibilities in accordance with its TOR.

AUDIT COMMITTEE REPORT

ACTIVITIES OF THE AUDIT COMMITTEE

During the FYE2022, the activities undertaken by the AC 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 AC 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.

AC 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.
- 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 AC 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 and audit report together with management's response to the findings before recommending to the Board of Directors for approval.

AUDIT COMMITTEE REPORT

- 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 AC 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 three (3) times during FYE2022, 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 Group. There were no major issues highlighted by them.
- f) Reviewed and approved the non-audit services provided/to be provided by the external auditors to ensure the provision of the non-audit services does not impair their independence or objectivity as external auditors of the Group and the Company;
- g) 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 AC 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 Statement on Risk Management and Internal Control, set out in this Annual Report further details on the activities undertaken by the AC during the FYE2022.

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 MMLR of Bursa Securities and that the transactions were carried out on arm's length basis. The AC 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 FYE 2022, there was no insider trading reported.

Annual Reporting

Reviewed the AC Report, Statement of Risk Management and Internal Control, the Corporate Governance Overview Statement and the Corporate Governance Report 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) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- c) Reviewed the Company's compliance with the MMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

AUDIT COMMITTEE REPORT

- d) Reviewed and verify the allocation of share issuance scheme (SIS) options in accordance with MMLR.
- e) Discussed and reviewed the disposal of SM Broilers Sdn. Bhd.

Evaluation and Assessment of the AC

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

INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional Internal Audit firm, which reports to the AC and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the AC.

The AC approves the Internal Audit Planning Memorandum during the first AC meeting each year. Any subsequent changes to the Internal Audit plan are approved by the AC. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

During the FYE2022, the following activities were carried out by the Internal Auditors in discharge of its responsibilities:

- a. The internal audit function conducted based on an annual internal audit plan which was tabled before and approved by the AC;
- b. Internal Audit Plan covers the key functional areas and business activities of the major subsidiaries of the Group as well as issues relating to control deficiencies and areas for improvements including the relevant recommendations to address the issues;
- c. Emphasis on best practices and management assurance that encompass all business risks, particularly on the effectiveness and efficiency of operations, reliability of reporting, compliance with applicable law and regulations and safeguard of assets;
- d. Performed follow-up on status of management agreed action plan on recommendation raised in previous cycles of internal audits including specific timelines for those outstanding matters to be resolved; and
- e. Reports issued by the internal audit function were tabled at AC meetings in which management was present at such meeting to provide pertinent clarification or additional information to address questions raised by AC members pertaining to matters raised.

The AC and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control in this Report.

This AC Report was approved by the Board of Directors on 20 March 2023.

DIRECTORS' RESPONSIBILITIES 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 2022 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 2022 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

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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 2022.

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.

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year	13,389	11,526
<hr/>		
Attributable to:		
Owners of the Company	13,389	11,526
<hr/>		

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 issued 67,521,100 new ordinary shares arising from private placement for a total cash consideration of RM6,687,856 for future viable investments.

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Warrants Reserve

Warrants 2018/2023 ("Warrants C")

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

As at 31 December 2022, the total number of Warrants C that remain unexercised were 37,851,039.

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

DIRECTORS' REPORT

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme Options ("SIS").

At the Extraordinary General Meeting held on 2 May 2018, the Company's shareholders approved the establishment of SIS of not more than 15% of the issued and paid-up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 35 to the financial statements.

As at 31 December 2022, the options offered to take up unissued ordinary shares and the exercise price are as follows:

Date of offer	Exercise price (RM)	Number of options over ordinary shares			At 31.12.2022
		At 1.1.2022	Granted	Exercised	
22 June 2022	0.0962	-	50,640,000	-	50,640,000

Directors

The Directors in office during the financial year until the date of this report are:

Datuk Fong Kiah Yeow *	
Datuk Ng Peng Hong @ Ng Peng Hay	
Toh Hong Chye *	
Masleena Binti Zaid	
Yeong Siew Lee	(Appointed on 1 July 2022)
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil *	(Appointed on 1 August 2022)
Mohd Khasan Bin Ahmad	(Resigned on 16 June 2022)
Fong Ngan Teng *	(Resigned on 1 August 2022)

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

Dato' Fong Kok Yong	
Liew Seng Aun	
Kow Keng Yam	
Hoh Koei Teng	
Low Yen Hoon	
Wong Kean Hoong	(Appointed on 1 April 2022)
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil *	(Appointed on 23 September 2022)

* *Director of the Company and its subsidiary companies*

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

DIRECTORS' REPORT

Directors' Interests in Shares

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2022
	At 1.1.2022	Bought	Sold	
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	14,302,200	-	-	14,302,200
Fong Ngan Teng [#]	12,706,000	-	-	12,706,000
Toh Hong Chye	18,000,000	12,700,000	-	30,700,000
Indirect interest				
Datuk Fong Kiah Yeow [*]	21,253	-	-	21,253
Fong Ngan Teng ^{**}	21,253	-	-	21,253

	Number of options over ordinary shares			At 31.12.2022
	At 1.1.2022	Granted	Exercised	
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	-	18,000,000	-	18,000,000
Datuk Ng Peng Hong @ Ng Peng Hay	-	500,000	-	500,000
Toh Hong Chye	-	20,000,000	-	20,000,000

* Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his/her substantial shareholdings in F.C.H. Holdings Sdn. Bhd..

Until the date of resignation

Other than as disclosed above, none of the other Directors in office at the end of the financial year have 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 below) 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.

The Directors' remuneration for the Group and for the Company as set out in Notes 25 and 28 to the financial statements are RM3,577,357 and RM221,282 respectively.

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 the issue of Warrants and Employees Share Option Scheme.

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 Group during the financial year.

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 no allowance for doubtful debts was required; 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 it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts 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 the 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; 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.

Subsequent Events

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

Auditors

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF 002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and for the Company are disclosed in Note 25 to the financial statements are RM119,800 and RM38,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 March 2023.

TOH HONG CHYE

DATUK FONG KIAH YEOW

MELAKA

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 70 to 143 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 2022 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 20 March 2023.

TOH HONG CHYE**DATUK FONG KIAH YEOW**

MELAKA

STATUTORY DECLARATION

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

I, LIEW SENG AUN (MIA 13109) (NRIC No: 700318-04-5063), 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 70 to 143 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 20 March 2023)

 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 Statements

Opinion

We have audited the financial statements of Sinmah Capital Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or 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 70 to 143.

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 2022, 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' *International 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 the 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
<p><u>Recognition of revenue and cost for construction and property development activities</u></p> <p>The Group are involved in construction and property development activities which span more than one reporting period. The revenue and cost of construction and property development activities are recognised over the period using the input method to measure the progress towards complete satisfaction of the performance obligation, based on the proportion of total costs incurred for works performed up to the end of the reporting period as a percentage of the estimated total costs of the construction and property development contracts.</p> <p>We identified recognition of revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs.</p> <p>Key management judgements applied in:</p> <ul style="list-style-type: none"> • Estimating the budgeted costs to complete each project; • Determining the future profitability of each project; and • Evaluating the percentage of completion at the end of the reporting period. <p>Changes in these key judgements could lead to a material change in the value of revenue to be recognised in the profit or loss.</p>	<p>We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 <i>Revenue from Contracts with Customers</i>.</p> <p>We performed a range of audit procedures which included reviewing contract documents, variation orders and inquiring key personnel regarding status of on-going contracts, adjustments in project budgets and potential impairment losses.</p> <p>In relation to construction and property development revenue and costs, we, amongst others and where applicable, agreed to the original signed contracts, sale and purchase agreements, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviewing the project team.</p> <p>In assessing management's assumptions in estimating the costs to completion for contracts, we verified the approved budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date.</p> <p>We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 <i>Revenue from Contracts with Customers</i>.</p>

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 information included in 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.

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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 have no realistic alternative but to do so.

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 an 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 of 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.

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 (Cont'd)

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.

Other Matters

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.

TGS TW PLT

202106000004 (LLP0026851-LCA) & AF 002345
Chartered Accountants

LIM GE RU

03360/03/2024 J
Chartered Accountant

KUALA LUMPUR
20 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	4	1,388	3,935	5	231
Right-of-use assets	5	1,353	2,085	-	403
Inventories	6	19,365	13,960	-	-
Investment properties	7	757	1,234	-	-
Investment in subsidiary companies	8	-	-	9,144	21,144
Goodwill	9	-	-	-	-
Other receivables	10	-	13,505	-	-
		22,863	34,719	9,149	21,778
Current Assets					
Inventories	6	58,623	61,730	-	-
Trade receivables	11	7,509	33,816	-	-
Contract assets	12	16,943	12,213	-	-
Other receivables	10	7,204	4,348	545	1,341
Amount due from subsidiary companies	13	-	-	96,157	75,091
Tax recoverable		413	468	41	69
Deposits, cash and bank balances	14	11,524	47,559	2,872	31,617
		102,216	160,134	99,615	108,118
Total Assets		125,079	194,853	108,764	129,896
EQUITY					
Share capital	15	107,188	188,500	107,188	188,500
Reserves	16	(7,967)	(84,416)	1,462	(76,850)
Equity attributable to owners of the Company		99,221	104,084	108,650	111,650
Non-controlling interests		-	-	-	-
Total Equity		99,221	104,084	108,650	111,650
LIABILITIES					
Non-current Liabilities					
Loans and borrowings	17	3,915	15,646	-	970
Lease liabilities	18	406	1,045	-	356
Deferred tax liabilities	19	2,277	2,425	57	57
		6,598	19,116	57	1,383

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current Liabilities					
Loans and borrowings	17	9,004	58,873	-	16,425
Lease liabilities	18	181	373	-	106
Trade payables	20	5,038	6,601	-	-
Other payables	21	4,470	4,820	57	325
Amount due to Directors	22	2	9	-	7
Tax payable		565	977	-	-
		19,260	71,653	57	16,863
Total Liabilities		25,858	90,769	114	18,246
Total Equity and Liabilities		125,079	194,853	108,764	129,896

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 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	23	86,801	131,553	-	-
Cost of sales		(82,285)	(116,524)	-	-
Gross profit		4,516	15,029	-	-
Other income		8,365	6,420	1,393	628
Administrative expenses		(23,210)	(13,855)	(12,553)	(4,418)
Net loss on impairment of financial instruments		-	(5,812)	-	-
(Loss)/Profit from operation		(10,329)	1,782	(11,160)	(3,790)
Finance costs	24	(3,145)	(9,063)	(331)	(721)
Loss before tax	25	(13,474)	(7,281)	(11,491)	(4,511)
Taxation	26	85	(564)	(35)	-
Loss for the financial year, representing total comprehensive loss for the financial year		(13,389)	(7,845)	(11,526)	(4,511)
Loss for the financial year attributable to:					
Owners of the Company		(13,389)	(7,826)	(11,526)	(4,511)
Non-controlling interests		-	(19)	-	-
		(13,389)	(7,845)	(11,526)	(4,511)
Total comprehensive loss attributable to:					
Owners of the Company		(13,389)	(7,826)	(11,526)	(4,511)
Non-controlling interests		-	(19)	-	-
		(13,389)	(7,845)	(11,526)	(4,511)
Loss per share					
Basic loss per share (sen)	27(a)	(3.67)	(2.45)		
Diluted loss per share (sen)	27(b)	(3.48)	(2.32)		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Note	← Attributable to Owners of the Company →				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Warrant Reserves RM'000	SIS Reserves RM'000	Accumulated Losses RM'000			
Group							
At 1 January 2022	188,500	3,588	-	(88,004)	104,084	-	104,084
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(13,389)	(13,389)	-	(13,389)
Transactions with owners:							
Issue of ordinary shares	15	6,688	-	-	6,688	-	6,688
Share capital reduction	15	(88,000)	-	88,000	-	-	-
Share options granted under SIS	16	-	-	1,838	-	-	1,838
Total transactions with owners		(81,312)	-	1,838	8,526	-	8,526
At 31 December 2022	107,188	3,588	1,838	(13,393)	99,221	-	99,221
Group							
At 1 January 2021	160,229	3,619	-	(80,178)	83,670	(108)	83,562
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(7,826)	(7,826)	(19)	(7,845)
Transactions with owners:							
Issue of ordinary shares	15	28,175	-	-	28,175	-	28,175
Conversion of warrants	15	96	(31)	-	65	-	65
Disposal of subsidiary companies	8	-	-	-	-	127	127
Total transactions with owners		28,271	(31)	-	28,240	127	28,367
At 31 December 2021	188,500	3,588	-	(88,004)	104,084	-	104,084

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Non-distributable			Accumulated Losses RM'000	Total RM'000
		Share Capital RM'000	Warrant Reserve RM'000	SIS Reserve RM'000		
Company						
At 1 January 2022		188,500	3,588	-	(80,438)	111,650
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(11,526)	(11,526)
Transactions with owners:						
Issue of ordinary shares	15	6,688	-	-	-	6,688
Share capital reduction	15	(88,000)	-	-	88,000	-
Share options granted under SIS	16	-	-	1,838	-	1,838
Total transactions with owners		(81,312)	-	1,838	88,000	8,526
At 31 December 2022		107,188	3,588	1,838	(3,964)	108,650
At 1 January 2021		160,229	3,619	-	(75,927)	87,921
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(4,511)	(4,511)
Transactions with owners:						
Issue of ordinary shares	15	28,175	-	-	-	28,175
Conversion of Warrants	15	96	(31)	-	-	65
Total transactions with owners		28,271	(31)	-	-	28,240
At 31 December 2021		188,500	3,588	-	(80,438)	111,650

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Loss before tax	(13,474)	(7,281)	(11,491)	(4,511)
Adjustments for:				
Bad debts written off	5	17	5	-
Depreciation of:				
- property, plant and equipment	389	461	6	9
- investment properties	320	318	-	-
- right-of-use assets	382	644	64	110
Impairment losses on:				
- trade receivables	-	4,518	-	-
- other receivables	-	1,294	-	-
- goodwill	-	1,084	-	-
Property, plant and equipment written off	7	1	7	-
Inventories written down	918	-	-	-
Interest expense	3,145	9,063	331	721
Interest income	(322)	(636)	(228)	(107)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(412)	-	(388)	-
- investment properties	(293)	(461)	-	-
- right-of-use assets	-	2	-	-
- subsidiary companies	(3,841)	(3,571)	9,100	-
Share-based payment expenses	1,838	-	1,838	-
Termination of lease contracts	(66)	-	(66)	-
Waiver of accrued liabilities	-	(1,359)	-	-
Waiver of debt	-	-	-	3,170
Operating (loss)/profit before working capital changes	(11,404)	4,094	(822)	(608)
Change in working capital:				
Inventories	(3,216)	12,249	-	-
Receivables	15,459	(13,764)	791	365
Contract assets/(liabilities)	(4,730)	(12,123)	-	-
Payables	3,542	9,054	(268)	(573)
Amount due to subsidiary companies	-	-	(21,066)	7,397
Cash (used in)/generated from operations	(349)	(490)	(21,365)	6,581
Interest received	322	636	228	107
Interest paid	(3,145)	(9,063)	(331)	(721)
Tax paid	(476)	(52)	(44)	(34)
Tax refund	68	-	37	-
Net cash (used in)/from operating activities	(3,580)	(8,969)	(21,475)	5,933

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022

		Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities					
Proceeds from disposal of:					
- property, plant and equipment		664	-	606	-
- investment properties		450	1,530	-	-
- right-of-use assets		-	70	-	-
- subsidiary company, net of cash disposed		-	-	2,900	-
Net cash outflows from disposal of subsidiary companies	8(e)	(4,962)	(494)	-	-
Additional investment in a subsidiary company	8(c)	-	-	-	(10,500)
Acquisition of:					
- property, plant and equipment		(123)	(630)	(5)	-
- right-of-use assets	5(a)	(113)	(19)	-	-
Net cash (used in)/from investing activities		(4,084)	457	3,501	(10,500)
Cash flows from financing activities					
Net movement of short-term borrowings		(9,636)	9,117	(11,000)	-
Repayment of term loans		(14,766)	(5,587)	(1,401)	(432)
Payment of lease liabilities		(348)	(590)	(57)	(91)
(Repayment to)/Advances from Directors		(7)	5	(7)	7
Proceeds from issue of shares capital	15	6,688	28,175	6,688	28,175
Proceeds from conversion of Warrants	15	-	65	-	65
Withdrawal/(Placement) of fixed deposits with licensed banks		18,536	(2,353)	8,312	(107)
Net cash from financing activities		467	28,832	2,535	27,617
Net (decrease)/increase in cash and cash equivalents		(7,197)	20,320	(15,439)	23,050
Cash and cash equivalents at the beginning of the financial year		15,673	(4,647)	18,311	(4,739)
Cash and cash equivalents at the end of the financial year		8,476	15,673	2,872	18,311
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	14	10,474	27,973	2,872	23,305
Fixed deposits with licensed banks	14	1,050	19,586	-	8,312
Bank overdrafts	17	(1,998)	(12,300)	-	(4,994)
Less: Fixed deposits pledged with licensed banks	14	(1,050)	(19,586)	-	(8,312)
		8,476	15,673	2,872	18,311

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. Corporate Information

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

The principal place of business of the Company is located at 88, Jalan KU 4, Taman Krubong Utama, 75260 Krubong, Melaka.

The registered office of the Company is located at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur.

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 of the Company and its subsidiary companies 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 amendments to MFRSs issued by the Malaysian Accounting Standards Board (“**MASB**”) that are mandatory for current financial year:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	
• Amendments to MFRS 1	
• Amendments to MFRS 9	
• Amendments to Illustrative Examples accompanying MFRS 16	
• Amendments to MFRS 141	

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to 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 Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Basis of Preparation (Cont'd)

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

Judgements

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

Satisfaction of performance obligations in relation to contracts with customers

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

The Group recognises revenue over time in the following circumstances:

- (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.

Determining the lease term of contracts with renewal and termination options - Group as lessee

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.

The Group includes the renewal period as part of the lease term for leases of 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 2022

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment, right-of-use ("ROU") asset and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU asset and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU asset and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU asset and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU asset and investment properties are disclosed in Notes 4, 5 and 7 respectively.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 19.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling 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.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract due to discounts or penalties in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 (Cont'd)

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 Notes 6 and 12 respectively.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contracts 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 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. 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 judgements 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 Note 12.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group 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 estimates the incremental borrowing rate using observable inputs when available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Notes 16(b) and 35 respectively.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group has tax recoverable and payable of approximately RM413,000 (2021: RM468,000) and RM565,000 (2021: RM977,000) respectively. The Company has tax recoverable of approximately RM41,000 (2021: RM69,000).

3. Significant Accounting Policies

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

- (a) Basis of consolidation

- (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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 entities 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, investment 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(m)(i) on impairment of non-financial assets.

(ii) Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiary companies to equity interests that are not owned by the Company, whether directly or indirectly through subsidiary companies, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between the non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Loss of control

Upon the loss of control of a subsidiary company, the Group derecognised the assets and liabilities of the former subsidiary company, including any goodwill, and non-controlling interests and other components of equity related to the former subsidiary company from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary company, then such interest is remeasured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(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 (i.e. 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(m)(i) on impairment of non-financial assets.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(m)(i) on impairment losses of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged for 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

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

(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 a 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.

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

Buildings	10 to 50 years
Motor vehicles	5 years
Other assets	5 to 10 years

Other assets consist of furniture, fixtures and fittings, office equipment, computers and software, and renovations.

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.

(c) Leases

(i) 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(m)(i) on impairment of non-financial assets.

The ROU asset 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 useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Medical equipment	5 years
Computer and software	5 years
Leasehold buildings	4 to 50 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

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 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.

(ii) As lessor

When the Group 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.

The Group and the Company recognise assets held under a finance lease in its statements 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 recognises 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(d) 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	Over the remaining period of the lease
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(m)(i) 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.

(e) 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.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(e) Financial assets (Cont'd)

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 method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company have not designated any financial assets as fair value through other comprehensive income (“**FVTOCI**”) and FVTPL.

All financial assets at amortised cost are subject to impairment.

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 or 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 where the contractual rights to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative consideration received for financial instrument is recognised in profit or loss.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(g) 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*.

(h) 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.

(i) Inventories

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

(i) Land held for property development

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(i) Inventories (Cont'd)

(ii) Property under development and completed property (Cont'd)

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.

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

(iii) Other inventories

Cost of finished goods 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.

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.

(j) 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.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed billings to contract customers, the balance is shown as contract assets. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(k) 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 assets are subject to impairment assessment in accordance of MFRS 9 *Financial Instruments*.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(k) Contract assets and contract liabilities (Cont'd)

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.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets 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 that have indefinite useful lives, 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(m) 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**”).

(n) Share capital

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

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

(o) Provisions

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

Provisions are reviewed at the end of each 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 recognised in the profit or loss net of any reimbursement.

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(i) Short-term employee benefits (Cont'd)

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”). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings or accumulated losses.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation (“PO”) by transferring a promised good or service 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

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

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

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

(c) Sale of goods

The Group is 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.

(d) Rendering of services

Revenue from services are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

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3. Significant Accounting Policies (Cont'd)

(s) 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 financial 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 financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements 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. 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.

(t) Operating segments

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.

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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 2022	1,042	1,278	1,077	3,199	6,596
Additions	-	-	106	17	123
Transfer from right-of-use assets	-	-	70	-	70
Disposal of subsidiary companies	(1,042)	(785)	(280)	(493)	(2,600)
Disposals	-	(409)	(74)	(25)	(508)
Written off	-	-	-	(240)	(240)
At 31 December 2022	-	84	899	2,458	3,441
Accumulated depreciation					
At 1 January 2022	-	332	452	1,877	2,661
Charge for the financial year	-	31	140	218	389
Transfer from right-of-use assets	-	-	40	-	40
Disposal of subsidiary companies	-	(86)	(155)	(307)	(548)
Disposals	-	(198)	(42)	(16)	(256)
Written off	-	-	-	(233)	(233)
At 31 December 2022	-	79	435	1,539	2,053
Carrying amount					
At 31 December 2022	-	5	464	919	1,388
At 31 December 2021					
At 1 January 2021	1,009	1,278	617	4,142	7,046
Additions	33	-	460	137	630
Disposal of subsidiary companies	-	-	-	(1,074)	(1,074)
Written off	-	-	-	(6)	(6)
At 31 December 2021	1,042	1,278	1,077	3,199	6,596
Accumulated depreciation					
At 1 January 2021	-	291	360	1,769	2,420
Charge for the financial year	-	42	92	327	461
Disposal of subsidiary companies	-	(1)	-	(214)	(215)
Written off	-	-	-	(5)	(5)
At 31 December 2021	-	332	452	1,877	2,661
Carrying amount					
At 31 December 2021	1,042	946	625	1,322	3,935

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

	Buildings RM'000	Office equipment RM'000	Total RM'000
Company			
2022			
Cost			
At 1 January	410	261	671
Additions	-	5	5
Disposals	(410)	(21)	(431)
Written off	-	(240)	(240)
At 31 December	-	5	5
Accumulated depreciation			
At 1 January	192	248	440
Charge for the financial year	5	1	6
Disposals	(197)	(16)	(213)
Written off	-	(233)	(233)
At 31 December	-	-	-
Carrying amount			
At 31 December	-	5	5
2021			
Cost			
At 1 January/At 31 December	410	261	671
Accumulated depreciation			
At 1 January	184	247	431
Charge for the financial year	8	1	9
At 31 December	192	248	440
Carrying amount			
At 31 December	218	13	231

(a) Other assets consist of furniture, fixtures and fittings, office equipment, computers and software, and renovations.

(b) Assets held in trust

Included in the motor vehicles of the Group amounted to RM Nil (2021: RM138,000) are being held in trust by third parties.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

5. Right-of-use Assets

	Leasehold buildings RM'000	Motor vehicles RM'000	Total RM'000
Group			
Cost			
At 1 January 2022	2,247	988	3,235
Additions	-	483	483
Transfer to property, plant and equipment	-	(70)	(70)
Termination of lease contracts	(659)	-	(659)
Disposal of subsidiary companies	(180)	(647)	(827)
At 31 December 2022	1,408	754	2,162
Accumulated depreciation			
At 1 January 2022	745	405	1,150
Charge for the financial year	216	166	382
Transfer to property, plant and equipment	-	(40)	(40)
Termination of lease contracts	(320)	-	(320)
Disposal of subsidiary companies	(75)	(288)	(363)
At 31 December 2022	566	243	809
Carrying amount			
At 31 December 2022	842	511	1,353

	Medical equipment RM'000	Computers and software RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Total RM'000
Group					
Cost					
At 1 January 2021	190	645	3,727	1,361	5,923
Additions	190	-	121	-	311
Disposals	-	-	-	(114)	(114)
Disposal of subsidiary companies	(380)	(645)	(1,601)	(259)	(2,885)
At 31 December 2021	-	-	2,247	988	3,235
Accumulated depreciation					
At 1 January 2021	-	-	797	333	1,130
Charge for the financial year	25	-	398	221	644
Disposals	-	-	-	(42)	(42)
Disposal of subsidiary companies	(25)	-	(450)	(107)	(582)
At 31 December 2021	-	-	745	405	1,150
Carrying amount					
At 31 December 2021	-	-	1,502	583	2,085

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

	2022 RM'000	2021 RM'000
Company Buildings Cost		
At 1 January	659	659
Termination of lease contracts	(659)	-
At 31 December	-	659
Accumulated depreciation		
At 1 January	256	146
Charge for the financial year	64	110
Termination of lease contracts	(320)	-
At 31 December	-	256
Carrying amount		
At 31 December	-	403

(a) Acquisition of right-of-use assets

The aggregate costs for the right-of-use assets of the Group during the financial year under leases and cash payment are as follows:

	Group	
	2022 RM'000	2021 RM'000
Aggregate costs	483	311
Less: Lease liabilities	(370)	(292)
Cash payments	113	19

(b) Assets held under lease contracts

Included in the above, medical equipment, computer and software, and motor vehicles of the Group and of the Company are pledged as securities for the related lease liabilities as disclosed in Note 18.

(c) Assets pledged as security to financial institutions

Leasehold buildings of the Group with an aggregate carrying amount of RM652,062 (2021: RM738,000) are pledged as securities for bank borrowings as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

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6. Inventories

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Land held for property development (Note a)	19,365	13,960
Current		
Property development costs (Note b)	55,612	53,459
Completed units (Note c)	3,011	8,271
	58,623	61,730
	77,988	75,690

(a) Land held for property development

	Freehold land RM'000	Development costs RM'000	Total RM'000
Non-current			
Group			
2022			
Cost			
At 1 January	12,033	1,927	13,960
Additions	2,400	3,661	6,061
Transfer to current assets	(448)	(208)	(656)
At 31 December	13,985	5,380	19,365
2021			
At 1 January	12,033	1,304	13,337
Additions	-	623	623
At 31 December	12,033	1,927	13,960

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

6. Inventories (Cont'd)

(b) Property development costs

	Freehold land RM'000	Development costs RM'000	Total RM'000
Current Group 2022			
Cumulative property development cost			
At 1 January	43,265	31,635	74,900
Cost incurred during the financial year	-	16,553	16,553
Transfer from non-current assets	448	208	656
At 31 December	43,713	48,396	92,109
Cumulative costs recognised in profit or loss			
At 1 January	(1,511)	(19,930)	(21,441)
Recognised during financial year	(2,833)	(12,223)	(15,056)
At 31 December	(4,344)	(32,153)	(36,497)
Carrying amount			
At 31 December	39,369	16,243	55,612
2021			
Cumulative property development cost			
At 1 January	43,265	21,363	64,628
Cost incurred during the financial year	-	10,272	10,272
At 31 December	43,265	31,635	74,900
Cumulative costs recognised in profit or loss			
At 1 January	(1,392)	(6,296)	(7,688)
Recognised during financial year	(119)	(13,634)	(13,753)
At 31 December	(1,511)	(19,930)	(21,441)
Carrying amount			
At 31 December	41,873	11,586	53,459

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

6. Inventories (Cont'd)

(b) Property development costs (Cont'd)

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

	Group	
	2022 RM'000	2021 RM'000
Sales commission	110	421

The freehold land of the Group are pledged as securities for bank borrowings as disclosed in Note 17.

(c) Completed units

	Group	
	2022 RM'000	2021 RM'000
At 1 January	8,271	18,543
Transfer to investment properties	-	(885)
Inventories written down	(918)	-
Disposals during the financial year	(4,342)	(9,387)
At 31 December	3,011	8,271

7. Investment Properties

	Office RM'000	Shoplot RM'000	Total RM'000
Group			
2022			
Cost			
At 1 January	1,580	431	2,011
Disposals	(241)	-	(241)
At 31 December	1,339	431	1,770
Accumulated depreciation			
At 1 January	346	431	777
Charge for the financial year	320	-	320
Disposals	(84)	-	(84)
At 31 December	582	431	1,013
Carrying amount			
At 31 December	757	-	757
Fair value of investment properties	3,715	-	3,715

NOTES TO THE FINANCIAL STATEMENTS

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7. Investment Properties (Cont'd)

	Office RM'000	Shoplot RM'000	Total RM'000
2021			
Cost			
At 1 January	695	1,532	2,227
Transfer from inventories	885	-	885
Disposals	-	(1,101)	(1,101)
At 31 December	1,580	431	2,011
Accumulated depreciation			
At 1 January	38	453	491
Charge for the financial year	308	10	318
Disposals	-	(32)	(32)
At 31 December	346	431	777
Carrying amount			
At 31 December	1,234	-	1,234
Fair value of investment properties	2,943	-	2,943

(a) Fair value basis of investment properties

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable input used.

<u>Description of valuation technique</u>	<u>Significant unobservable input</u>	<u>Inter-relationship between significant unobservable input and fair value measurement</u>
The Group estimates the fair value of the investment property by comparing to investment properties that were listed for sale within the same locality or other comparable localities.	Market price of property per square feet ("sq ft") in vicinity compared.	The estimated fair value would increase/(decrease) if market prices of properties were higher/(lower).

The fair value of investment property was estimated by the management using above valuation technique. The fair value is within Level 3 of the fair value hierarchy.

There were no transfers between levels during current and previous financial years.

Highest and best use

The Group's investment property represents a two-storey shoplot. The highest and best use of this property is for rental income generation as it is located in the vicinity of the commercial area.

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7. Investment Properties (Cont'd)

(b) Income and expenses recognised in profit or loss

	Group	
	2022 RM'000	2021 RM'000
Rental income	106	92
Direct operating expenses:		
- Income generating investment properties	9	18

8. Investment in Subsidiary Companies

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
In Malaysia		
At 1 January	21,144	10,644
Additions	-	10,500
Disposals	(12,000)	-
At 31 December	9,144	21,144

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of Incorporation	Effective interest		Principal activities
		2022 %	2021 %	
SM Broilers Sdn. Bhd.	Malaysia	-	100	Marketing and distribution of poultry products
Sinmah Development Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Sinmah Healthcare Sdn. Bhd.	Malaysia	100	100	Investment holding company and healthcare related activities
Sinmah Properties Sdn. Bhd.	Malaysia	100	100	Property management and construction of buildings
Irama Setia Sdn. Bhd.	Malaysia	100	-	Investment holding company, general trading and construction of buildings

NOTES TO THE FINANCIAL STATEMENTS

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8. Investment in Subsidiary Companies (Cont'd)

Name of company	Place of business/ Country of Incorporation	Effective interest		Principal activities
		2022 %	2021 %	
Held by Sinmah Development Sdn. Bhd.				
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contractors and provision of management services
Budi Saja Sdn. Bhd.	Malaysia	100	100	Property development
Meadow Assets Sdn. Bhd.	Malaysia	100	100	Property development

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests ("NCI"):

Name of Company	Loss allocated to NCI		Accumulated NCI	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Individually immaterial subsidiaries companies with NCI	-	(19)	-	-
Total NCI	-	(19)	-	-

(b) Incorporation of a subsidiary company

In the previous financial year

On 13 August 2021, the Company had incorporated a subsidiary company with the name of Sinmah Properties Sdn. Bhd. with the issued and paid up share capital RM1 comprising of one ordinary shares. Consequently, Sinmah Properties Sdn. Bhd. became a 100% owned subsidiary company of the Company. The principal activities of Sinmah Properties Sdn. Bhd. is property management company.

With effect from 27 July 2022, the Company changed the business nature to property management and construction of buildings.

(c) Additional investment in a subsidiary company

In the previous financial year

On 15 December 2021, SM Broilers Sdn. Bhd., a wholly-owned subsidiary company of the Company has increased its paid-up capital from 1,500,000 to 12,000,000 ordinary shares. The Company had subscribed for additional 10,500,000 new ordinary shares in SM Broilers Sdn. Bhd., for a total cash consideration of RM10,500,000. SM Broilers Sdn. Bhd. remains as wholly-owned subsidiary company of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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8. Investment in Subsidiary Companies (Cont'd)

(d) Acquisition of a subsidiary company

On 7 April 2022, the Company acquired 100% issued and paid-up share capital in Irama Setia Sdn. Bhd. for a total cash consideration of RM1. Consequently, Irama Setia Sdn. Bhd. become a 100% owned subsidiary company of the Company.

(e) Disposal of subsidiary companies

On 20 April 2022, the Company had entered into a share sale agreement with F.C.H. Holdings Sdn. Bhd. for the disposal of 12,000,000 ordinary shares, representing 100% of the equity interest in SM Broilers Sdn. Bhd., a wholly-owned subsidiary company of the Company for a total consideration of RM2,900,000.

The disposal was deemed completed on 30 September 2022.

The effect of the above disposal on the financial position of the Group as at the date of disposal was as follows:

	Group 2022 RM'000
Property, plant and equipment	2,052
Right-of-use assets	464
Trade receivables	13,770
Other receivables	7,722
Cash and bank balances	10,734
Trade payables	(3,743)
Other payables	(1,712)
Bank overdrafts	(2,872)
Tax payables	(12)
Lease liabilities	(448)
Bank borrowings	(26,896)
Net liabilities	(941)
Gain on disposal	3,841
Proceeds from disposal	2,900
Less: Cash and bank balances disposed	(7,862)
Net cash outflows from disposal	(4,962)

In the previous financial year

On 3 March 2021, Sinmah Axis Healthcare Sdn. Bhd., the 99% owned subsidiary company of Sinmah Healthcare Sdn. Bhd., a wholly-owned subsidiary company of the Company, had entered into a share sale agreement with Zainal Shaffiq Bin Ahmad Shukkeri to dispose of 2 ordinary shares, representing the entire equity interest in Medigo Telemedicine Sdn. Bhd. for a total sales consideration of RM2.

On 30 March 2021, the Company had undertaken a Group restructuring involving the disposal of 500,000 ordinary shares, representing the entire equity interest in Sterling Healthcare Sdn. Bhd. by Sinmah Axis Healthcare Sdn. Bhd., the 99% owned subsidiary company of Sinmah Healthcare Sdn. Bhd., the wholly-owned subsidiary company of the Company to Sinmah Healthcare Sdn. Bhd. for a total cash consideration of RM500,000.

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8. Investment in Subsidiary Companies (Cont'd)

(e) Disposal of subsidiary companies (Cont'd)

On 15 June 2021, Sinmah Healthcare Sdn. Bhd. and Sinmah Development Sdn. Bhd., the wholly-owned subsidiary companies of the Company had entered into a share sale agreement with Intan Lyana Binti Md Jali and Azliana Binti Allias to dispose of 2,970,000 ordinary shares, representing 99% of the equity interest in Sinmah Axis Healthcare Sdn. Bhd. for a total cash consideration of RM3.

On 24 June 2021, Sinmah Healthcare Sdn. Bhd., the wholly-owned subsidiary company of the Company had entered into a share sale agreement with Zainal Shaffiq Bin Ahmad Shukkeri to dispose of 500,000 ordinary shares, representing 100% of the equity interest in Sterling Healthcare Sdn. Bhd. for a total cash consideration of RM1.

The effect of the above disposal on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM'000
Property, plant and equipment	859
Right-of-use assets	2,303
Trade receivables	23
Other receivables	68
Tax recoverable	5,175
Cash and bank balances	494
Trade payables	(7)
Other payables	(10,537)
Lease liabilities	(2,068)
Deferred tax liabilities	(8)
Net liabilities	(3,698)
Less: Non-controlling interests	127
Total net liabilities disposed	(3,571)
Gain on disposal	3,571
Proceeds from disposal	-
Less: Cash and bank balances disposed	(494)
Net cash outflows from disposal	(494)

NOTES TO THE FINANCIAL STATEMENTS

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9. Goodwill

	Group	
	2022 RM'000	2021 RM'000
Cost		
At 1 January/At 31 December	3,348	3,348
Accumulated impairment losses		
At 1 January	3,348	2,264
Additions	-	1,084
At 31 December	3,348	3,348
Carrying amount		
At 31 December	-	-

10. Other Receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Other receivables (a)	-	13,505	-	-
Current				
Other receivables	643	3,581	540	1,341
Prepayments	405	1,312	5	-
Refundable deposits (b)	6,156	877	-	-
	7,204	5,770	545	1,341
Less: Accumulated impairment losses	-	(1,422)	-	-
	7,204	4,348	545	1,341
	7,204	17,853	545	1,341

(a) This represents amount due from former subsidiary companies, non-interest bearing, unsecured and repayable within 7 years.

(b) Included in deposits of the Group is an amount of RM5,500,000 (2021: RMNil) being deposits paid to enter into a Joint Venture Agreement with Persatuan Bolasepak Kuala Lumpur to develop lands into a mix development for a total sum of RM60,000,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

10. Other Receivables (Cont'd)

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2022 RM'000	2021 RM'000
At 1 January	1,422	-
Charge for the financial year	-	1,294
Disposal of subsidiary companies	(1,422)	-
Transfer from former subsidiary companies	-	128
At 31 December	-	1,422

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.

11. Trade Receivables

	Group	
	2022 RM'000	2021 RM'000
Trade receivables	7,509	44,686
Less: Accumulated impairment losses	-	(10,870)
At 31 December	7,509	33,816

Trade receivables are non-interest bearing and are generally on 30 days (2021: 30 to 60 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 RM18,000 (2021: RM702,000) 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 24 months (2021: 8 to 24 months).

NOTES TO THE FINANCIAL STATEMENTS

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11. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM'000	Credit impaired RM'000	Total RM'000
Group			
2022			
At 1 January	1,391	9,479	10,870
Disposal of subsidiary company	(1,391)	(9,479)	(10,870)
At 31 December	-	-	-
2021			
At 1 January	1,391	4,961	6,352
Charge for the financial year	-	4,518	4,518
At 31 December	1,391	9,479	10,870

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The following table provide information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2022			
Not past due	17,888	-	17,888
Past due:			
Less than 30 days	1,513	-	1,513
31 to 60 days	628	-	628
61 to 90 days	1,242	-	1,242
More than 90 days	3,181	-	3,181
	6,564	-	6,564
	24,452	-	24,452
Trade receivables	7,509	-	7,509
Contract assets (Note 12)	16,943	-	16,943
	24,452	-	24,452

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11. Trade Receivables (Cont'd)

The following table provide information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature: (Cont'd)

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
2021			
Not past due	28,308	(203)	28,105
Past due:			
Less than 30 days	5,419	(180)	5,239
31 to 60 days	3,067	(1,008)	2,059
61 to 90 days	8,184	-	8,184
More than 90 days	2,442	-	2,442
	19,112	(1,188)	17,924
	47,420	(1,391)	46,029
Credit impaired:			
Individual impaired	9,479	(9,479)	-
	56,899	(10,870)	46,029
Trade receivables	44,686	(10,870)	33,816
Contract assets (Note 12)	12,213	-	12,213
	56,899	(10,870)	46,029

12. Contract Assets

	Group	
	2022 RM'000	2021 RM'000
Current		
Contract assets		
Property development activities (a)	16,943	11,757
Construction contracts (b)	-	456
	16,943	12,213

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Contract Assets (Cont'd)

(a) Property development activities

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	11,757	(1,059)
Revenue recognised during the financial year	20,156	21,554
Less: Progress billings during the financial year	(14,970)	(8,738)
At 31 December	16,943	11,757
Presented as:		
Contract assets	16,943	11,757
Increase in contract assets balances during the financial year:		
Change in measure of progress	19,760	21,554

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.

(b) Construction contracts

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	456	1,149
Attributable loss	(456)	-
Less: Progress billings during the financial year	-	(693)
At 31 December	-	456
Presented as:		
Contract assets	-	456

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.

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12. Contract Assets (Cont'd)

(c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that were unsatisfied at the reporting date:

	2023 RM'000	2024 RM'000	2025 RM'000	Total RM'000
Property development	45,984	68,311	31,394	145,689

13. Amount Due from Subsidiary Companies

Amount due from subsidiary companies with non-interest bearing are unsecured and repayable on demand.

14. Deposits, Cash and Bank Balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	8,295	26,940	2,872	23,305
Housing Development Account	2,179	1,033	-	-
Deposits with licensed banks - Conventional	1,050	19,586	-	8,312
Total cash and bank balances	11,524	47,559	2,872	31,617
Less: Deposits pledged with licensed banks	(1,050)	(19,586)	-	(8,312)
	10,474	27,973	2,872	23,305

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

Deposits with licensed banks of the Group and of the Company amounting to RM1,050,035 and RMNil (2021: RM19,586,000 and RM8,312,000) are pledged as securities for bank borrowings as disclosed in Note 17.

The effective interest rate and maturities of deposits with licensed banks of the Group and of the Company at the end of the reporting period are range from 1.55% to 2.40% and Nil (2021: 0.25% to 2.15% and 1.30% per annum and 1 to 12 months and 12 months (2021: 1 month to 12 months and 12 months) respectively.

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15. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2022 Units'000	2021 Units'000	2022 RM'000	2021 RM'000
Ordinary shares issued and fully paid:				
At 1 January	324,905	251,791	188,500	160,229
Issuance of shares	67,521	72,788	6,688	28,175
Conversion of Warrants	-	326	-	96
Share capital reduction	-	-	(88,000)	-
At 31 December	392,426	324,905	107,188	188,500

During the financial year, the Company issued 67,521,100 new ordinary shares arising from private placement for a total cash consideration of RM6,687,856 for future viable investments.

In previous financial year, the Company issued:

- (a) 72,788,200 new ordinary shares arising from private placement for a total cash consideration of RM28,174,543 for future viable investments.
- (b) 326,000 new ordinary shares at RM0.20 per ordinary shares for a total cash consideration of RM65,200 arising from exercise of warrants.

The new ordinary shares issued during the reporting period shall rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

On 20 January 2022, the Company completed a capital reduction exercise announced on 4 October 2021, to reduce its issued share capital by RM88 million which is lost and unrepresented by available assets pursuant to Section 116(1)(b) of the Companies Act 2016 in Malaysia. The corresponding credit of RM88 million was utilised to eliminate the accumulated losses of the Company.

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16. Reserves

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Warrant reserve	(a)	3,588	3,588	3,588	3,588
SIS reserve	(b)	1,838	-	1,838	-
Accumulated losses		(13,393)	(88,004)	(3,964)	(80,438)
		(7,967)	(84,416)	1,462	(76,850)

(a) Warrant reserve

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

Warrants C (Warrants 2018/2023)

The Rights Warrants are constituted by a Deed Poll dated 25 July 2018. The salient features of the Warrants are as follows:

- 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;
- 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 shall mature on 11 September 2023; and
- 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.

In the previous financial year, a total of 326,000 warrants were exercised. As at 31 December 2022, the total number of Warrants C that remain unexercised were 37,851,000 (2021: 37,851,000).

(b) SIS reserve

	Group and Company	
	2022 RM'000	2021 RM'000
Non-distributable		
At 1 January	-	-
SIS options granted	1,838	-
At 31 December	1,838	-

Share Issuance Scheme Option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Share Issuance Scheme Option is disclosed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

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17. Loans and Borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Bank overdrafts	1,998	12,300	-	4,994
Bankers' acceptance	-	25,532	-	-
Revolving credits	-	11,000	-	11,000
Term loans	7,006	10,041	-	431
	9,004	58,873	-	16,425
Non-current				
Term loans	3,915	15,646	-	970
Secured				
Bank overdrafts	1,998	12,300	-	4,994
Bankers' acceptance	-	25,532	-	-
Revolving credits	-	11,000	-	11,000
Term loans	10,921	25,687	-	1,401
	12,919	74,519	-	17,395

Included in revolving credit of the Group and of the Company amounting to RMNil (2021: RM5,000,000) was utilised by one of its subsidiary company.

The loans and borrowings are secured by the following:

- (i) Fixed and floating charges over certain assets and also negative pledges over the assets of the Group as disclosed in Notes 5 and 6 respectively;
- (ii) Fixed deposits of the Group and of the Company as disclosed in Note 14;
- (iii) Corporate guarantees by the Company;
- (iv) Joint and several guarantee by Directors of the Group and of the Company;
- (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) Personal guarantee by one of the Director of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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17. Loans and Borrowings (Cont'd)

The average effective interest rates per annum are as follows:

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Bank overdrafts	6.85 to 6.90	6.15 to 7.58	-	7.32
Bankers' acceptance	-	3.40 to 6.83	-	-
Revolving credits	-	4.16 to 4.25	-	4.16 to 4.25
Term loans	5.25 to 7.35	3.95 to 9.00	-	3.95

18. Lease Liabilities

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current	406	1,045	-	356
Current	181	373	-	106
	587	1,418	-	462

The maturity analysis of lease liabilities at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within 1 year	211	456	-	139
Between 1 to 2 years	220	464	-	148
Between 2 to 5 years	220	668	-	246
	651	1,588	-	533
Less: Future finance charges	(64)	(170)	-	(71)
Present value of lease liabilities	587	1,418	-	462

The Group and the Company leases various buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rate per annum for lease liabilities are ranged from 3.69% to 8.99% (2021: 3.69% to 8.99%).

NOTES TO THE FINANCIAL STATEMENTS

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19. Deferred Tax Liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	2,425	2,848	57	57
Recognised in profit or loss	(148)	(413)	-	-
Disposal of subsidiary companies	-	(8)	-	-
Over provision in prior years	-	(2)	-	-
At 31 December	2,277	2,425	57	57

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	(40)	(85)	-	-
Deferred tax liabilities	2,317	2,510	57	57
	2,277	2,425	57	57

Deferred tax liabilities of the Company was arising from accelerated capital allowances.

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

	Unutilised capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
Group			
Deferred tax assets			
At 1 January 2021	(41)	(44)	(85)
Recognised in profit or loss	(6)	(17)	(23)
(Under)/Over provision in prior years	(2)	25	23
At 31 December 2021	(49)	(36)	(85)
Recognised in profit or loss	(23)	11	(12)
Over provision in prior years	32	25	57
At 31 December 2022	(40)	-	(40)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

19. Deferred Tax Liabilities (Cont'd)

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
Group			
Deferred tax liabilities			
At 1 January 2021	144	2,789	2,933
Recognised in profit or loss	23	(413)	(390)
Over provision in prior years	(25)	-	(25)
Disposal of subsidiary companies	-	(8)	(8)
At 31 December 2021	142	2,368	2,510
Recognised in profit or loss	12	(148)	(136)
Over provision in prior years	(57)	-	(57)
At 31 December 2022	97	2,220	2,317

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	13,650	6,772
Unutilised capital allowances	240	36
Other deductible temporary differences	-	78
	13,890	6,886

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

20. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 90 days (2021: 30 to 90 days) depending on the terms of the contracts. Included in trade payables of the Group are retention sum payables amounting to RMNil (2021: RM40,000).

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31 December 2022

21. Other Payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	3,859	3,267	10	55
Deposit received	213	90	-	6
Accruals	398	1,463	47	264
	4,470	4,820	57	325

22. Amount Due to Directors

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

23. Revenue

	Group	
	2022 RM'000	2021 RM'000
Revenue from contracts with customers:		
- Sales of goods and services	57,392	89,074
- Property development	23,930	32,285
- Construction contract	5,479	10,194
	86,801	131,553

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

	Poultry	Housing	Healthcare	Total
	RM'000	development RM'000	services RM'000	RM'000
Group				
2022				
Major goods and services				
Sales of goods and services	57,392	-	-	57,392
Property development	-	23,930	-	23,930
Construction contract	-	5,479	-	5,479
Total revenue from contracts with customer	57,392	29,409	-	86,801
Timing of revenue recognition:				
At a point in time	57,392	9,253	-	66,645
Over time	-	20,156	-	20,156
Total revenue from contracts with customer	57,392	29,409	-	86,801

NOTES TO THE FINANCIAL STATEMENTS

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23. Revenue (Cont'd)

Breakdown of the Group's revenue from contracts with customers (Cont'd):

	Poultry RM'000	Housing development RM'000	Healthcare services RM'000	Total RM'000
2021				
Major goods and services				
Sales of goods and services	88,463	-	611	89,074
Property development	-	32,285	-	32,285
Construction contract	-	10,194	-	10,194
Total revenue from contracts with customer	88,463	42,479	611	131,553
Timing of revenue recognition:				
At a point in time	88,463	20,925	611	109,999
Over time	-	21,554	-	21,554
Total revenue from contracts with customer	88,463	42,479	611	131,553

24. Finance Costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expenses on:				
- Bank overdrafts	504	778	158	365
- Bankers' acceptance	1,057	1,415	-	-
- Term loans	1,285	1,798	30	64
- Lease liabilities	58	168	21	43
- Revolving credits	238	249	122	249
- Fair value adjustments on receivables	-	4,653	-	-
- Others	3	2	-	-
Total	3,145	9,063	331	721

NOTES TO THE FINANCIAL STATEMENTS

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25. Loss Before Tax

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditor's remuneration				
- statutory audit				
- current year	120	120	38	37
- over provision in prior years	-	(27)	-	(2)
- non-audit services	5	5	5	5
Bad debts written off	5	17	5	-
Impairment losses on:				
- trade receivables	-	4,518	-	-
- other receivables	-	1,294	-	-
- goodwill	-	1,084	-	-
Depreciation of:				
- property, plant and equipment	389	461	6	9
- investment properties	320	318	-	-
- right-of-use assets	382	644	64	110
Lease expenses relating to short-term leases (a)	9	13	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(412)	-	(388)	-
- investment properties	(293)	(461)	-	-
- right-of-use assets	-	2	-	-
- subsidiary companies	(3,841)	(3,571)	9,100	-
Non-executive Directors' remuneration	215	167	215	158
Wages subsidies (b)	(13)	(34)	-	-
Live bird subsidies (c)	(2,470)	-	-	-
Property, plant and equipment written off	7	1	7	-
Inventories written down	918	-	-	-
Share-based payment expenses	1,838	-	1,838	-
Termination of lease contracts	(66)	-	(66)	-
Rental income	(129)	(116)	(23)	(24)
Waiver of accrued liabilities	-	(1,359)	-	-
Waiver of debt	-	-	-	3,170
Interest income	(322)	(636)	(228)	(489)

- (a) The Group leases a number of properties with contract terms of not more than one year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
- (b) Certain subsidiary companies of the Group were entitled to wage subsidy programme introduced by the government of Malaysia in respond to the COVID-19 pandemic during the previous financial year.
- (c) A subsidiary company of the Group received live bird subsidy for broiler and egg-producing hen breeders from government.

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26. Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax expenses recognised in profit or loss				
Current tax				
- Current year	94	981	-	-
- (Over)/Under provision in prior years	(31)	(2)	35	-
	63	979	35	-
Deferred tax:				
- Origination and reversal of temporary differences	(148)	(413)	-	-
- Over provision in prior years	-	(2)	-	-
	(148)	(415)	-	-
	(85)	564	35	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to loss before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before tax	(13,474)	(7,281)	(11,491)	(4,511)
At Malaysian statutory tax rate of 24% (2021: 24%)	(3,234)	(1,747)	(2,758)	(1,083)
Income not subject to tax	(270)	(731)	(274)	(28)
Expenses not deductible for tax purposes	1,769	3,281	3,032	1,111
Deferred tax assets not recognised	1,681	349	-	-
Utilisation of previously unrecognised deferred tax assets	-	(584)	-	-
	(54)	568	-	-
(Over)/Under provision of income tax in prior years	(31)	(2)	35	-
Over provision of deferred tax in prior years	-	(2)	-	-
	(85)	564	35	-

NOTES TO THE FINANCIAL STATEMENTS

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26. Taxation (Cont'd)

The Group have the following estimated unutilised tax losses and unutilised capital allowances available for carried forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group	
	2022	2021
	RM'000	RM'000
Unutilised tax losses	13,650	6,818
Unutilised capital allowances	406	106
	14,056	6,924

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 Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022	2021
Loss attributable to owners of the Company (RM'000)	(13,389)	(7,826)
Weighted average number of ordinary shares in issue (in thousands of shares):		
Issued ordinary shares at 1 January	324,905	251,791
Effect of ordinary shares issued during the financial year	40,161	67,294
	365,066	319,085
Basic loss per ordinary share (in sen)	(3.67)	(2.45)

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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 Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2022	2021
Loss attributable to owners of the Company (RM'000)	(13,389)	(7,826)
Weighted average number of ordinary shares used in the calculation of basic loss per share	365,066	319,085
Effect of warrants	-	18,838
Effect of share options on issue	19,703	-
Weighted average number of ordinary shares at 31 December (diluted)	384,769	337,923
Diluted loss per ordinary share (sen)	(3.48)	(2.32)

28. Staff Costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and other emoluments	6,204	6,107	211	-
Defined contribution plans	716	719	10	-
Social security contributions	35	39	-	-
Other benefits	46	40	-	-
	7,001	6,905	221	-

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
<u>Existing Directors of the Company</u>				
Salaries and other emoluments	1,684	1,663	6	-
Defined contribution plans	202	200	-	-
Social security contributions	1	1	-	-
Estimated money value of benefit-in-kind	32	2	-	-
	1,919	1,866	6	-

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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 (Cont'd):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
<u>Existing Directors of subsidiary companies</u>				
Salaries and other emoluments	1,278	1,379	-	-
Defined contribution plans	147	166	-	-
Social security contributions	2	2	-	-
Estimated money value of benefit-in-kind	16	17	-	-
	1,443	1,564	-	-

29. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Financing cash flows (i) RM'000	Disposal of subsidiary companies RM'000	New leases RM'000	Termination of lease term RM'000	At 31 December RM'000
Group						
2022						
Term loans	25,687	(14,766)	-	-	-	10,921
Other bank borrowings	36,532	(9,636)	(26,896)	-	-	-
Lease liabilities	1,418	(348)	(448)	370	(405)	587
Amount due to Directors	9	(7)	-	-	-	2
	63,646	(24,757)	(27,344)	370	(405)	11,510
2021						
Term loans	31,274	(5,587)	-	-	-	25,687
Other bank borrowings	27,415	9,117	-	-	-	36,532
Lease liabilities	3,784	(590)	(2,068)	292	-	1,418
Amount due to Directors	4	5	-	-	-	9
	62,477	2,945	(2,068)	292	-	63,646

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29. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below show the 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	Financing cash flows (i) RM'000	Termination of lease term RM'000	At 31 December RM'000
Company				
2022				
Term loans	1,401	(1,401)	-	-
Other bank borrowings	11,000	(11,000)	-	-
Lease liabilities	462	(57)	(405)	-
Amount due to Directors	7	(7)	-	-
	12,870	(12,465)	(405)	-
2021				
Term loans	1,833	(432)	-	1,401
Other bank borrowings	11,000	-	-	11,000
Lease liabilities	553	(91)	-	462
Amount due to Directors	-	7	-	7
	13,386	(516)	-	12,870

- (i) The cash flows from term loans, other bank borrowings, lease liabilities and amount due to Directors make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

30. Related Party Disclosures

- (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.

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30. Related Party Disclosure (Cont'd)

(b) Significant related party transactions

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 related party transactions of the Group and of the Company are as follows:

	Company	
	2022 RM'000	2021 RM'000
Transactions with subsidiary companies		
Waiver of debt	-	3,170

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, fees and other emoluments	3,852	4,015	211	167
Defined contribution plans	440	462	10	-
Social security contributions	8	8	-	-
Estimated money value of benefit-in-kind	69	46	-	-
	4,369	4,531	221	167

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, provision of management services, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purpose 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

31. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Healthcare services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group						
2022						
Revenue						
External sales	57,392	29,409	-	-	-	86,801
Inter-segment sales	-	14,945	-	-	(14,945)	-
Total revenue	57,392	44,354	-	-	(14,945)	86,801
Results						
Segment results	(2,199)	(911)	(817)	(6,330)	(1,147)	(11,404)
Interest income	45	49	-	228	-	322
Interest expenses	(1,383)	(1,423)	(8)	(331)	-	(3,145)
Other non-cash items	(206)	(1,286)	(36)	(10,660)	12,941	753
(Loss)/Profit before tax	(3,743)	(3,571)	(861)	(17,093)	11,794	(13,474)
Taxation	-	(27)	-	(36)	148	85
Segment (loss)/profit	(3,743)	(3,598)	(861)	(17,129)	11,942	(13,389)
Assets						
Included in the measurement of segment assets are:						
Capital expenditure	65	434	-	112	(5)	606
Segment assets	34,743	165,608	168	120,983	(196,423)	125,079
Liabilities						
Segment liabilities	35,684	152,524	1,856	18,198	(182,404)	25,858
Other non-cash items						
Bad debts written off	-	-	-	(5)	-	(5)
Depreciation	(232)	(659)	(36)	(164)	-	(1,091)
Gain/(Loss) on disposal of:						
- property, plant and equipment	26	(2)	-	388	-	412
- investment properties	-	293	-	-	-	293
- subsidiary companies	-	-	-	(9,100)	12,941	3,841
Inventories written down	-	(918)	-	-	-	(918)
Property, plant and equipment written off	-	-	-	(7)	-	(7)
Share-based payment expenses	-	-	-	(1,838)	-	(1,838)
Termination of lease contracts	-	-	-	66	-	66
	(206)	(1,286)	(36)	(10,660)	12,941	753

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

31. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Healthcare services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group						
2021						
Revenue						
External sales	88,463	42,479	611	-	-	131,553
Inter-segment sales	-	11,756	-	-	(11,756)	-
Total revenue	88,463	54,235	611	-	(11,756)	131,553
Results						
Segment results	2,061	5,304	(1,098)	(1,220)	(953)	4,094
Interest income	111	36	-	489	-	636
Interest expenses	(6,341)	(1,930)	(71)	(721)	-	(9,063)
Other non-cash items	(5,708)	180	2,913	(3,320)	2,987	(2,948)
Profit/(Loss) before tax	(9,877)	3,590	1,744	(4,772)	2,034	(7,281)
Taxation	(16)	(962)	-	-	414	(564)
Segment profit/(loss)	(9,893)	2,628	1,744	(4,772)	2,448	(7,845)
Assets						
Included in the measurement of segment assets are:						
Capital expenditure	33	11	437	460	-	941
Segment assets	38,800	163,285	236	130,647	(138,115)	194,853
Liabilities						
Segment liabilities	36,000	146,602	1,063	19,258	(112,154)	90,769
Other non-cash items						
Bad debts written off	-	(17)	-	-	-	(17)
Depreciation	(357)	(661)	(255)	(150)	-	(1,423)
Gain/(Loss) on disposal of:						
- investment properties	461	-	-	-	-	461
- right-of-use assets	-	-	(2)	-	-	(2)
- subsidiary companies	-	-	(500)	-	4,071	3,571
Impairment losses on:						
- trade receivables	(4,518)	-	-	-	-	(4,518)
- other receivables	(1,294)	-	-	-	-	(1,294)
- goodwill	-	-	-	-	(1,084)	(1,084)
Property, plant and equipment written off	-	(1)	-	-	-	(1)
Waiver of accrued liabilities	-	859	500	-	-	1,359
Waiver of debt	-	-	3,170	(3,170)	-	-
	(5,708)	180	2,913	(3,320)	2,987	(2,948)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

31. Segment Information (Cont'd)

Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

Inter-segment revenues are eliminated on consolidation.

Geographic information

No disclosure on geographical segment information as the Group predominantly operates 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 Guarantees

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unsecured:				
Bank guarantee for performance bond given to third parties	3,212	2,495	-	-
Unsecured:				
Financial guarantee given to licensed banks for credit facilities granted to subsidiary companies	-	-	12,919	74,519

33. Financial Instruments

(a) Classification of financial instruments

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Financial Instruments (Cont'd)

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

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:

	2022 RM'000	2021 RM'000
Group		
At amortised cost		
Financial assets		
Trade receivables	7,509	33,816
Other receivables	6,799	16,541
Deposits, cash and bank balances	11,524	47,559
	25,832	97,916
At amortised cost		
Financial liabilities		
Loans and borrowings	12,919	74,519
Lease liabilities	587	1,418
Trade payables	5,038	6,601
Other payables	4,470	4,820
Amount due to Directors	2	9
	23,016	87,367
Company		
At amortised cost		
Financial assets		
Other receivables	540	1,341
Amount due from subsidiary companies	96,157	75,091
Deposits, cash and bank balances	2,872	31,617
	99,569	108,049
At amortised cost		
Financial liabilities		
Loans and borrowings	-	17,395
Lease liabilities	-	462
Other payables	57	325
Amount due to Directors	-	7
	57	18,189

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned 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 advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits 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.

The Company provides unsecured loans and advances to subsidiary companies. It also provides 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 of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) 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 RM12,919,000 (2021: RM74,519,000), representing the outstanding banking facilities to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Financial Instruments (Cont'd)

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

(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 due. 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.

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 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Group					
2022					
<u>Non-derivative financial liabilities</u>					
Loans and borrowings	9,456	2,734	1,414	13,604	12,919
Lease liabilities	211	220	220	651	587
Trade payables	5,038	-	-	5,038	5,038
Other payables	4,470	-	-	4,470	4,470
Amount due to Directors	2	-	-	2	2
Financial guarantee liabilities *	3,212	-	-	3,212	-
	22,389	2,954	1,634	26,977	23,016
Group					
2021					
<u>Non-derivative financial liabilities</u>					
Loans and borrowings	60,353	7,816	9,220	77,389	74,519
Lease liabilities	456	464	668	1,588	1,418
Trade payables	6,601	-	-	6,601	6,601
Other payables	4,820	-	-	4,820	4,820
Amount due to Directors	9	-	-	9	9
Financial guarantee liabilities *	2,495	-	-	2,495	-
	74,734	8,280	9,888	92,902	87,367

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. 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. (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Company					
2022					
<u>Non-derivative financial liabilities</u>					
Other payables	57	-	-	57	57
Financial guarantee liabilities *	12,919	-	-	12,919	-
	12,976	-	-	12,976	57
2021					
<u>Non-derivative financial liabilities</u>					
Loans and borrowings	16,473	462	553	17,488	17,395
Lease liabilities	-	148	246	394	462
Other payables	325	-	-	325	325
Amount due to Directors	7	-	-	7	7
Financial guarantee liabilities *	74,519	-	-	74,519	-
	91,324	610	799	92,733	18,189

* Based on the maximum amount that could be called for under the financial guarantee contract.

The Company provides financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risk

(a) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

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 monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2022 RM'000	2021 RM'000
Group		
Fixed rate instruments		
Financial assets	1,050	19,586
Financial liabilities	(587)	(26,950)
	463	(7,364)
Floating rate instruments		
Financial liabilities	(12,919)	(48,987)
Company		
Fixed rate instruments		
Financial assets	-	8,312
Financial liabilities	-	(462)
	-	7,850
Floating rate instruments		
Financial liabilities	-	(17,395)

Interest rate risk sensitivity analysis

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

31 December 2022

33. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (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 before tax by RM129,000 and RMNil (2021: RM490,000 and RM174,000) 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 short-term 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 amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Group					
2022					
Financial liability					
Term loans	-	4,149	-	4,149	3,915
2021					
Financial asset					
Advances to former subsidiary companies	-	-	18,158	18,158	13,505
Financial liability					
Term loans	-	17,036	-	17,036	15,646

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

33. Financial Instruments (Cont'd)

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

	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Company					
2021					
Financial liability					
Term loans	-	1,015	-	1,015	970

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as key unobservable inputs used in the valuation method.

<u>Type</u>	<u>Valuation technique and key inputs</u>	<u>Significant unobservable inputs</u>
Advances to former subsidiary companies	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities at the reporting date.	Interest rate (8%)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

34. 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 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans and borrowings	12,919	74,519	-	17,395
Lease liabilities	587	1,418	-	462
Less: Deposits, cash and bank balances	(11,524)	(47,559)	(2,872)	(31,617)
Net debt	1,982	28,378	(2,872)	(13,760)
Total equity	99,221	104,084	108,650	111,650
Gearing ratio	0.02	0.27	- *	- *

* The gearing ratio is not applicable as the Company has sufficient cash and bank balances to settle the liabilities as at year end.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

35. Share Issuance Scheme (“SIS”)

At an extraordinary general meeting held on 2 May 2018, the Company’s shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

- (a) any employee of the Group shall be eligible if as at the date of offer, the employee:
 - (i) has attained at least eighteen (18) years of age;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) is employed on a full-time basis and is on the payroll of a company in the Group which is not dormant and has not served a notice to resign and has not received a notice of termination;
 - (iv) must have been confirmed in service and have served at least six (6) months in the employment of the eligible company (unless the Option Committee under certain circumstances and at its sole discretion reduces the period of six (6) months to a lesser period as it deems fit);
 - (v) where the employee is under an employment contract, the contract is for a duration of at least (1) year and has not expired within three (3) months from the Date of Offer; and
 - (vi) fulfills any other criteria that the Option Committee may from time to time determine at its discretion.
- (b) any Director of the Group shall be eligible if as at the date of offer, the Director:
 - (i) is at least eighteen (18) years of age;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) has been appointed as a Director of a company within the Group, which is not dormant and has not served a notice to resign and has not received a notice of termination; and
 - (iv) fulfills any other criteria that the Option Committee may from time to time determine at its discretion.
- (c) an Employee who attains the prescribed retirement age but is offered to continue to serve the Group on a full time basis shall be treated as an employee of the Group.
- (d) the Option Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the SIS Offer. In the event that any Eligible Persons are a member of the Option Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocation of SIS Offers.
- (e) any eligible Employee who holds more than one (1) position within the Group and by holding such position is an Eligible Person, shall only be entitled to the Maximum Allowable Allotment of any one (1) category. The Option Committee shall be entitled at its discretion to determine the applicable category.
- (f) an Eligible Person of a dormant company within the Group is not eligible to participate in the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

35. Share Issuance Scheme (“SIS”) (Cont’d)

The salient features of the SIS Options are as follows: (Cont’d)

- (g) eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in the Scheme or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the SIS Offers unless a SIS Offer has been made by the Option Committee in writing to the Eligible Person and the Eligible Person has accepted the SIS Offer in accordance with By-Law 8 hereof.
- (h) for the avoidance of doubt, subject to the By-Laws and compliance with the Vesting Conditions, unless otherwise stated in the SIS Offer as determined by the Option Committee from time to time, the SIS Options are not subject to any vesting period or to the satisfaction of any performance targets to be achieved by the Eligible Persons.
- (i) the maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS Shares shall not exceed fifteen percent (15%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the SIS.
- (j) the options granted may be exercised any time upon the satisfaction of vesting conditions of each offer.
- (k) the SIS shall be in force for a period of five (5) years. On 3 March 2023, the Company announced to extend its existing SIS which is expiring on 18 September 2023 for another five (5) years until 18 September 2028 in accordance with the terms of the By-Laws.
- (l) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.

Movements in the number of share options and weighted average exercise prices are as follows:

Date of offer	Number of options over ordinary shares			
	Exercise price (RM)	At 1.1.2022	Granted	At 31.12.2022
22 June 2022	0.0962	-	50,640,000	50,640,000

There are no share options exercised during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

35. Share Issuance Scheme (“SIS”) (Cont’d)

The fair value of services received in return for share options granted during the previous financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	2022
	RM
Fair value of share options granted	0.0363
Weighted average share price at grant date	0.1069
Weighted average exercise price	0.0962
Expected volatility (%)	66.39
Expected life (years)	5 years
Risk free rate (%)	3.531
Expected dividend yield (%)	Nil

The expected life of the share options is based on historical data, has been adjusted according to management’s best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long-term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

36. Subsequent Events

On 3 March 2023, the Company announced to extend its existing SIS which is expiring on 18 September 2023 for another five (5) years until 18 September 2028 in accordance with the terms of the By-Laws. This extension is not subject to the approval of Bursa Malaysia Securities Berhad and the shareholders of the Company.

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 20 March 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

Total Number of Issued Shares : 392,426,720
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	116	3.58	1,871	0.00
100 to 1,000	441	13.62	237,100	0.06
1,001 to 10,000	1,212	37.42	6,600,482	1.68
10,001 to 100,000	1,102	34.02	42,301,720	10.78
100,001 to 19,621,335*	367	11.33	320,585,547	81.69
19,621,336 and above**	1	0.03	22,700,000	5.78
TOTAL	3,239	100.00	392,426,720	100.00

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

List of Substantial Shareholders

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Toh Hong Chye	30,700,000	7.82	-	-

List of Directors' Shareholdings

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Toh Hong Chye	30,700,000	7.82	-	-
2.	Datuk Seri Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
3.	Datuk Fong Kiah Yeow	14,302,200	3.64	21,253 ^[1]	0.01
4.	Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
5.	Yeong Siew Lee	-	-	-	-
6.	Masleena binti Zaid	-	-	-	-

Note:

^[1] Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016 via his interest in F.C.H. Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Hong Chye	22,700,000	5.78
2.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Satvinder Singh (Margin)	18,300,000	4.66
3.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Boon Ling (M&A)	18,300,000	4.66
4.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rajinder Kaur A/P Piara Singh	18,221,100	4.64
5.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow (M&A)	10,924,200	2.78
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Chiew Peng	10,250,000	2.61
7.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Ngan Teng (M&A)	9,206,000	2.35
8.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Choon Kai (M&A)	9,206,000	2.35
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Hong Chye (7004332)	8,000,000	2.04
10.	Lee See Yang	7,500,000	1.91
11.	Woo Wai Yeen	6,800,000	1.73
12.	RHB Nominees (Tempatan) Sdn. Bhd. OSK Capital Sdn. Bhd. for Darren Solomon Low Jun Ket	6,221,400	1.59
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choong Leo	5,196,600	1.32
14.	Lai Thiam Poh	4,626,000	1.18
15.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Lim Lee Aik	3,839,600	0.98
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Choon Kai	3,500,000	0.89
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Ngan Teng	3,500,000	0.89
18.	Choong Yoke Far	3,379,200	0.86
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow	3,378,000	0.86
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tie Ming Chung (7002470)	3,000,850	0.76
21.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sheldon Wee Tah Poh	3,000,000	0.76
22.	Lim Kian Huat	2,994,200	0.76
23.	Teh Sen Siew	2,854,700	0.72
24.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kok Choon	2,840,000	0.72
25.	Tan Kuan Teck	2,796,500	0.71
26.	Yeow Boon Siang	2,600,000	0.66
27.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Jasvinder Singh A/L Piara Singh	2,500,000	0.64
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kuan Teck	2,494,500	0.64
29.	Gan Sieow Hung	2,438,500	0.62
30.	Lembaga Tabung Amanah Warisan Negeri Terengganu	2,333,000	0.59

ANALYSIS OF WARRANT HOLDINGS

AS AT 3 APRIL 2023

Number of Warrants in issue	:	37,851,039
Exercise price of the warrants	:	RM0.20
Expiry date of warrants	:	29 August 2023
Rights of Warrants Holder	:	The Warrants holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants holders exercise their Warrants into new ordinary shares of the Company.

Distribution of Warrant Holders

Size of Warrant holdings	No. of Warrant holders	%	No. of Warrants	%
Less than 100	119	17.95	5,578	0.01
100 to 1,000	67	10.11	40,355	0.11
1,001 to 10,000	202	30.47	949,658	2.51
10,001 to 100,000	199	30.02	7,913,411	20.91
100,001 to 1,892,550*	73	11.01	20,547,437	54.29
1,892,551 and above**	3	0.45	8,394,600	22.18
TOTAL	663	100.00	37,851,039	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

List of Directors' Warrant Holdings

No.	Name	Direct Interest	No. of Warrants held		%
			%	Indirect Interest	
1.	Toh Hong Chye	-	-	-	-
2.	Datuk Seri Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
3.	Datuk Fong Kiah Yeow	-	-	-	-
4.	Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
5.	Yeong Siew Lee	-	-	-	-
6.	Masleena binti Zaid	-	-	-	-

ANALYSIS OF WARRANT HOLDINGS

AS AT 3 APRIL 2023

Thirty (30) Largest Warrant Holders

No.	Name	No. of Warrants	%
1.	Kam Kok Kow	2,902,900	7.67
2.	Ng Chiew Peng	2,900,000	7.66
3.	Lai Thiam Poh	2,591,700	6.85
4.	Gan Sieow Hung	1,512,100	3.99
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. for Chiang Siew Eng @ Le Yu Ak Ee	1,193,300	3.15
6.	CGS-Cimb Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kwek Chee Lee (Penang-CL)	1,088,800	2.88
7.	Woo Wai Yeen	992,300	2.62
8.	Ng Kam Chaw	755,000	1.99
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choong Leo	600,000	1.59
10.	Kong Seh Kiang	550,000	1.45
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Chiew Peng	540,000	1.43
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Koh Choan (04cj132Q-004)	500,000	1.32
13.	Tie Ming Chung	485,900	1.28
14.	Goh Boon Loong	400,000	1.06
15.	Mohamad Shahrizan bin Mohamad Sopthw	350,600	0.93
16.	Zulkarnain bin Aswan	345,000	0.91
17.	Tan Tin Hwa	339,200	0.90
18.	Liow Sue Ling	327,000	0.86
19.	Chong Mow Chai	326,600	0.86
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Mohamad Abdullah bin Ismail	321,100	0.85
21.	Jamaliah binti Ishak	300,000	0.79
22.	Soon Lay Kian	295,000	0.78
23.	Tan Tiong Wah	280,000	0.74
24.	David Tan Kah Chuan	276,000	0.73
25.	Mah Kit Wai	275,000	0.73
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Muaz bin Ariffin	255,000	0.67
27.	Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account For Zou Xiaocui (E-Tcs)	248,500	0.66
28.	Lee Chee Hao	245,000	0.65
29.	Kwek Chee Lee	230,400	0.61
30.	Lee Hsin Ye	230,000	0.61

LIST OF PROPERTIES OWNED BY THE GROUP

31 December 2022

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 shoptlot	Leasehold (expiring in 2075)	270,102	2003
No. 65 & 65-1 Jalan KU 12, Taman Krubong Utama, Krubong 75250 Melaka	Double Storey shoptlot	Leasehold (expiring in 2105)	211,865	2013
Hakmilik Geran Mukim 68, Lot 1700 Solok Telok Mukim Bukit Baru, Daerah Melaka Tengah, Melaka	Development land	Freehold	2,668,612	2014
H.S. (M) 4964, PT 17606, Mukim Tanjong Minyak Daerah Melaka Tengah, Melaka	Development land	Freehold	1,318,611	2018
Geran 5499, Lot 953 Mukim Durian Tunggal Daerah Alor Gajah, Melaka	Development land	Freehold	7,600,465	2019
No. 54 & 54-1 Jalan KU 3 Taman Krubong Utama, Krubong 75250 Melaka	Double Storey shoptlot	Leasehold (Expiring in 2105)	170,094	2020
No. 47 & 47-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	150,898	2020
No.31 & 31-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	132,666	2020
No.25 & 25-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	152,769	2021
No.27 & 27-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	152,769	2021
No.29 & 29-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	152,769	2021
No.33 & 33-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double storey shop office	Freehold	156,788	2021
Geran Mukim No. Hakmilik 3955 Lot 5272, Hulu Selangor Bandar Kuala Kubu Bahru, Selangor.	Development land	Freehold	2,400,000	2022

ADDITIONAL COMPLIANCE INFORMATION

31 December 2022

1. Utilisation of Proceeds

Private Placement Pursuant to Circular to Shareholders dated 27 July 2021

The proposed private placement of up to 82,298,500 new ordinary shares in Sinmah Capital Berhad (“the Company”), representing approximately 25% of the existing number of issued shares of the Company was approved by shareholders of the Company at an extraordinary general meeting held on 24 August 2021. The proceeds of the proposed private placement (net of expenses) are to be utilised for future viable investment within 24 months from the receipt of placement funds.

On 19 January 2022, the Company allotted 12,700,000 new ordinary shares in the Company to a third-party investor pursuant to the said private placement at an issue price of RM0.1571 per share. The proceeds of RM1,995,170 was received on 19 January 2022. Hence, the last date for utilisation of the proceeds of RM1,995,170 shall be on the 18 January 2024.

On 28 June 2022, the Company allotted 54,821,100 new ordinary shares in the Company to third-party investors pursuant to the said private placement at an issue price of RM0.0856 per share. The proceed of RM4,692,686.16 was received on 28 June 2022. Hence, the last date for utilisation of the proceeds of RM4,692,686.16 shall be on 27 June 2024.

With the issue of the 54,821,100 new ordinary shares, the Private Placement pursuant to the circular to shareholders dated 27 July 2021 was completed and there will be no further issue of shares pursuant the said private placement.

The status of the utilisation of proceeds as at 31 December 2022 are as follows:

Date of receipt of proceeds	Purpose of Utilisation	Planned Utilisation RM'000	Actual Utilisation RM'000	Balance to be Utilised RM'000	Last date for Utilisation
19 January 2022	For future viable investments	1,995	1,995	-	18 January 2024
28 June 2022	For future viable investments	4,693	4,693	-	27 June 2023
		6,688	6,688	-	

The utilisation of proceeds was as follows:

- (a) RM2.400 million was for the purchase of land by Irama Setia Sdn. Bhd., a wholly-owned subsidiary of the Company.
- (b) RM4.288 million was for consideration of joint-venture agreement by Sinmah Properties Sdn. Bhd., a wholly-owned subsidiary of the Company with Persatuan Bolasepak Kuala Lumpur.

Hence, as at 31 December 2022 the proceeds from the private placements have been fully utilised within the prescribed period and in accordance with the terms of the Circular.

2. Share Issuance Scheme (“SIS”)

The SIS of the Company is governed by the SIS By-Laws and was approved by shareholders on 2 May 2018. The SIS is to be in force for a period of five (5) years effective from 18 September 2018 and will be expiring on 18 September 2023. On 3 March 2023, the Company had announced to extend the SIS for another five (5) years until 18 September 2028 in accordance with the terms of the By-Laws.

ADDITIONAL COMPLIANCE INFORMATION

31 December 2022

A brief detail on the number of SIS options granted, exercised, forfeited and outstanding since commencement to 31 December 2022 is set out in the table below:

Description	Grand Total	Number of Options
		Directors and Chief Executives
Granted	50,640,000	38,500,000
Exercised	-	-
Forfeited	-	-
Outstanding	50,640,000	38,500,000

Note:

- None of the options granted has any vesting period.

The percentages of options applicable to Directors and Senior Management under the SIS during the financial year and since its commencement up to 31 December 2022 are set out below:

Directors and Senior Management	Percentage	
	During the financial year	Since commencement up to 31 December 2022
Aggregate maximum allocation	80%	80%
Actual options granted	76%	76%

The details of the options offered to and exercised by the non-executive directors of the Company pursuant to the SIS in respect of the financial year are as follows:

Name	Number of Options	
	Number of Options Granted	Number of Options Exercised
Dato' Ng Peng Hong @ Ng Peng Hay	500,000	-
Masleena binti Zaid	-	-
Yeong Siew Lee	-	-

3. 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.

4. Contract Related to Loans

There were no material contracts relating to loans entered into by the Group during the financial year involving Directors and major shareholders.

5. Recurrent Related Party Transactions ("RRPT")

The Company did not enter into any RRPT which exceeded the threshold limits allowed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad during the financial year.



SINMAH CAPITAL BERHAD

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

PROXY FORM

Number of Shares Held	
CDS Account No.	

*I/We _____ NRIC/Passport No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

contact no. _____ email address _____ being a member / members of **Sinmah Capital Berhad ("Company")** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company ("**29th AGM**") will be conducted at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Monday, 29 May 2023 at 10.00 a.m., or at any adjournment thereof.

IMPORTANT NOTE:

Please (i) tick [] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [] option (c) if you would like to appoint the Chairman of the 29th AGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/ Registration No.	Email Address & Phone Number	Proportion of shareholding to be represented
(a)	Appoint ONE proxy only (Please complete details of proxy below)			
				100%
(b)	Appoint MORE THAN ONE proxy (Please complete details of proxies below)			
Proxy 1				%
Proxy 2				%
				100%
(c)	The Chairman of the 29th AGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf			

*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.	RESOLUTIONS	FOR		AGAINST	
		PROXY 1	PROXY 2	PROXY 1	PROXY 2
Ordinary Resolution 1	To re-elect Datuk Ng Peng Hong @ Ng Peng Hay as Director in accordance with Clause 84 of the Constitution of the Company				
Ordinary Resolution 2	To re-elect Datuk Seri Rahadian Mahmud bin Mohammad Khalil as Director in accordance with Clause 91 of the Constitution of the Company.				
Ordinary Resolution 3	To re-elect Yeong Siew Lee as Director in accordance with Clause 91 of the Constitution of the Company.				
Ordinary Resolution 4	To approve the payment of the Directors' remuneration to Non-Executive Directors amounting to RM350,000.00 per annum until the next Annual General Meeting of the Company.				
Ordinary Resolution 5	To re-appoint Messrs TGS TW PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
Ordinary Resolution 6	Authority to Issue Shares pursuant to Section 76 of the Companies Act 2016.				
Ordinary Resolution 7	Proposed Grant of Share Issuance Scheme Options to Datuk Seri Rahadian Mahmud bin Mohammad Khalil				
Ordinary Resolution 8	Proposed Grant of Share Issuance Scheme Options to Yeong Siew Lee				

Dated this ____ day of _____ 2023

Contact No: _____

Signature / Common Seal of Shareholder

NOTES :-

1. The 29th AGM of the Company will be conducted at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Monday, 29 May 2023 at 10.00 a.m., or at any adjournment thereof. Shareholders of the Company are required to register for the 29th AGM not less than forty eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. **(Please follow the procedures as stipulated in the Administrative Details).**
2. A member of the Company who is entitled to attend, speak and vote at this 29th 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.
3. Where a member appoints more than one (1) proxy to attend and vote at the same 29th AGM, the appointment shall be invalid unless he/she specifies the proportion of his(her) holdings to be represented by each proxy.
4. 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.
5. 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.
6. 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.
7. 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 with the Share Registrar of the Company, GAP Advisory Sdn. Bhd, at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or email at ir.shareregistry@gapadvisory.my not less than forty eight (48) hours before the time appointed for holding the 29th AGM (no later than Saturday, 27 May 2023 at 10.00 a.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

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8. 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 Constitution of the Company.
9. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 May 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 29th AGM.
10. Any alteration in the Proxy Form must be initialed.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolution set out in the Notice of 29th 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 29th 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 29th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 29th 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

Affix
Stamp

The Share Registrar

GAP ADVISORY SDN. BHD.

E-10-4, Megan Avenue 1,
189, Jalan Tun Razak,
50400 Kuala Lumpur,
W.P. Kuala Lumpur,
Malaysia

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