

SINMAH CAPITAL BERHAD

Registration No.: 199401015973 (301653-V)

Building Tomorrow, Today

ANNUAL REPORT 2021





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 Eighth Annual General Meeting (“28th AGM”) of Sinmah Capital Berhad (“Sinmah” or “Company”) will be conducted virtually from the broadcast venue at 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Thursday, 30 June 2022 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

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with Reports of the Directors’ and the Auditors’ thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect Datuk Fong Kiah Yeow as Director in accordance with Clause 84 of the Constitution of the Company. **(Ordinary Resolution 1)**
3. To re-elect Mr Fong Ngan Teng as Director in accordance with Clause 84 of the Constitution of the Company. **(Ordinary Resolution 2)**
4. To re-elect Puan Masleena Binti Zaid as Director in accordance with Clause 91 of the Constitution of the Company. **(Ordinary Resolution 3)**
5. To approve the payment of the Directors’ remuneration to Non-Executive Directors amounting to RM350,000.00 for the period from 1 July 2022 until the next Annual General Meeting of the Company to be held in year 2023. **(Ordinary Resolution 4)**
6. 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 with or without modifications, the following resolutions:

7. **PROPOSED CONTINUATION IN OFFICE OF ENCIK MOHD KHASAN BIN AHMAD AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

“THAT approval be and is hereby given to Encik Mohd Khasan Bin Ahmad who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.” **(Ordinary Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

8. 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 and 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 7)

9. PROPOSED GRANT OF SHARE ISSUANCE SCHEME (“SIS”) OPTIONS TO PUAN MASLEENA BINTI ZAID

“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 Puan Masleena Binti Zaid, 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. PROPOSED GRANT OF SIS OPTIONS TO MADAM YONG MAI FANG

“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 Madam Yong Mai Fang, who is a person connected to Mr Toh Hong Chye, 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 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 9)

11. PROPOSED GRANT OF SIS OPTIONS TO MR BENJAMIN FONG HIAN BOON

“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 Mr Benjamin Fong Hian Boon, who is a person connected to Datuk Fong Kiah Yeow and Mr Fong Ngan Teng, the Executive Directors 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 10)

NOTICE OF ANNUAL GENERAL MEETING

12. PROPOSED GRANT OF SIS OPTIONS TO MR FONG HIANG KHIM

“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 Mr Fong Hiang Khim, who is a person connected to Datuk Fong Kiah Yeow and Mr Fong Ngan Teng, the Executive Directors 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 11)**

13. PROPOSED GRANT OF SIS OPTIONS TO DATO’ FONG KOK YONG

“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 Dato’ Fong Kok Yong, who is a person connected to Datuk Fong Kiah Yeow and Mr Fong Ngan Teng, the Executive Directors 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 12)**

14. 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 : 29 April 2022

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.

NOTICE OF ANNUAL GENERAL MEETING

2. Items 2, 3 and 4 of the Agenda

The Nomination Committee of the Company (“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 2021, 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.

The Board endorsed the NC’s recommendation that the Directors who retire in accordance with Clauses 84 and 91 of the Constitution, namely, Datuk Fong Kiah Yeow, Mr Fong Ngan Teng, and Puan Masleena Binti Zaid are eligible to stand for re-election. The retiring Directors had abstained from deliberations and decisions on their own eligibility and suitability on their re-election at the relevant Board meetings. The profiles of these Directors are set out in the Company’s Annual Report for the financial year ended 31 December 2021.

The retiring Directors will abstain from voting on the resolution in respect of their re-election at the 28th AGM.

3. Item 7 of the Agenda

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

The abovementioned Director have served the Company for more than nine (9) years as at the date of the notice of the 28th AGM. However, he has met the independence guideline as set out in Chapter 1 of the MMLR of Bursa Securities. The Board upon the recommendation from the NC, therefore, considered Encik Mohd Khasan Bin Ahmad to be an Independent Non-Executive Director and recommends that Encik Mohd Khasan Bin Ahmad continue to act as an Independent Non-Executive Director of the Company subject to the approval from the Shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance.

4. Item 8 of the Agenda

The Ordinary Resolution 7 proposed under item 8 of the agenda, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of 10% of the total number of issued shares of the Company (“Sinmah Shares”) at the time of such allotment and issuance of Sinmah Shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders’ approval as and when the Company issues new Sinmah Shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s). No Sinmah Shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the previous Annual General Meeting held on 24 August 2021 and hence no proceeds were raised therefrom.

NOTICE OF ANNUAL GENERAL MEETING

5. Items 9, 10, 11, 12 and 13 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 8, 9, 10, 11 and 12 if passed, will provide flexibility to the Directors to grant Puan Masleena Binti Zaid, an Independent Non-Executive Director of the Company, Madam Yong Mai Fang, a person connected to Mr Toh Hong Chye, the Executive Chairman of the Company, Mr Benjamin Fong Hian Boon, Mr Fong Hiang Khim and Dato' Fong Kok Yong, persons connected to Datuk Fong Kiah Yeow and Mr Fong Ngan Teng, the Executive Directors 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 Sinmah Shares arising from the exercise of the SIS Options that may be granted to them under the SIS.

Notes:

1. *The 28th AGM of the Company will be conducted virtually from the broadcast venue at 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Thursday, 30 June 2022 at 10.00 a.m. or at any adjournment thereof. Shareholders of the Company are required to register for the 28th 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 Guide).***
2. *A member of the Company who is entitled to attend, speak and vote at this 28th 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 28th 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, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time appointed for holding the 28th AGM (no later than Tuesday, 28 June 2022 at 10.00 a.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*

Alternatively, individual shareholders may choose to submit an electronic Proxy Form using the RPV facilities at <https://agm.digerati.com.my/sinmah-online> or e-mail to Sinmah_helpdesk@digerati.com.my, no later than Tuesday, 28 June 2022 at 10.00 a.m. or at any adjournment of the virtual meeting. Please refer to the Administrative Guide to Shareholders for the procedures to submit the electronic proxy form.

NOTICE OF ANNUAL GENERAL MEETING

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 23 June 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 28th 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 28th AGM will be put to the vote by poll.*

Personal data privacy:

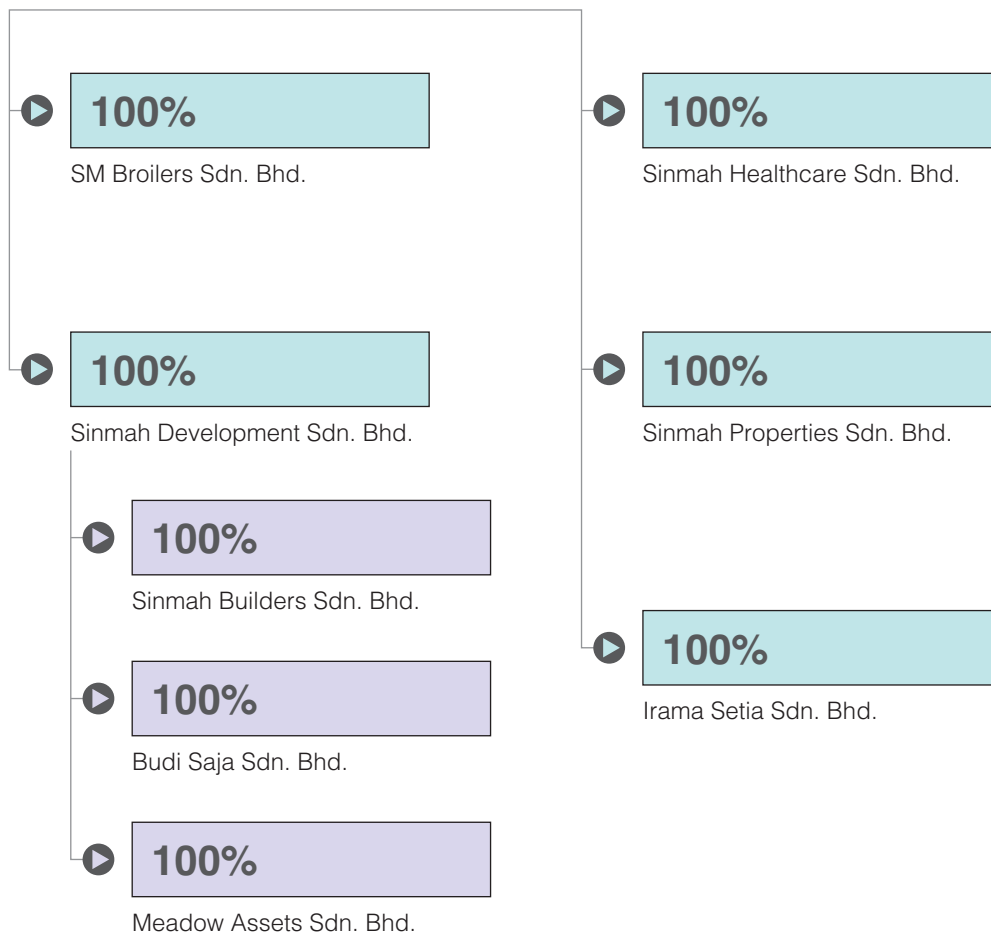
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 28th AGM and/ or any adjournment thereof, a member of the Company:

- (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 28th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 28th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty

CORPORATE STRUCTURE

**SINMAH CAPITAL
BERHAD**

Registration No.: 199401015973 (301653-V)



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.



Taman Gambir Perdana

CORPORATE INFORMATION

BOARD OF DIRECTORS

Toh Hong Chye
Executive Chairman

Datuk Fong Kiah Yeow
Executive Director

Fong Ngan Teng
Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

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

Masleena Binti Zaid
Independent Non-Executive Director

AUDIT COMMITTEES

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

Datuk Ng Peng Hong @ Ng Peng Hay
Member, Non-Independent Non-Executive Director

Masleena Binti Zaid
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Ng Peng Hong @ Ng Peng Hay
Chairman, Non-Independent Non-Executive Director

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

Masleena Binti Zaid
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Ng Peng Hong @ Ng Peng Hay
Chairman, Non-Independent Non-Executive Director

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

Masleena Binti Zaid
Member, Independent Non-Executive Director

SHARE ISSUANCE SCHEME COMMITTEE

Toh Hong Chye
Chairman, Executive Chairman

Datuk Fong Kiah Yeow
Member, Executive Director

Kunju Kandan A/L K.Vasan
Member, Human Resource Specialist

RISK MANAGEMENT COMMITTEE

Datuk Fong Kiah Yeow
Executive Director - Chairman

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

Fong Ngan Teng
Executive Director - Member

Dato' Fong Kok Yong
Director, Business Strategy - Member

Liew Seng Aun
Director, Operations - Corporate Affairs and Sales & Marketing for Property Division cum Joint Company Secretary - Member

Kow Keng Yam
Director, Operations, Property Development & Construction - Member

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

Manoj Kumar Sukumaran
General Manager, Property Development Division - Member

REGISTRAR

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

PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARIES

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

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

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

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

AUDITORS

MESSRS TGS TW PLT
Chartered Accountants
E-5-4, Megan Avenue 1
189, Jalan Tun Razak
50400 W.P. Kuala Lumpur
Tel : 03-9771 4326
Fax : 03-9771 4327

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

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

DIRECTORS' PROFILE

TOH HONG CHYE

Executive Chairman

Age	: 47
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

DATUK FONG KIAH YEOW

Executive Director

Age	: 68
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 10 February 1995
Board Committee membership	: Chairman of the Risk Management Committee 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 Fong Ngan Teng, Director of the Company and Dato' Fong Kok Yong, Director, Business Strategy.
- Father of Benjamin Fong Hian Boon, Senior Project Manager – Property Development Division.

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILE

FONG NGAN TENG

Executive Director

Age	: 64
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 10 February 1995
Board Committee membership	: Member of the Risk Management Committee

Qualification, Working Experience and Occupation

Fong Ngan Teng graduated in 1982 with a Bachelor of Arts (Honours) degree from The City of London Polytechnic in United Kingdom.

He joined Sinmah Multifeed Sdn. Bhd. upon his graduation and was appointed as a Director of Sinmah Multifeed Sdn. Bhd. on 1 March 1983. He is currently the Group's Marketing Director and is also responsible for the contract farming of the Group.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/listed issuer

- Brother of Datuk Fong Kiah Yeow, the Director of the Company and Dato' Fong Kok Yong, Director, Business Strategy.
- Uncle of Benjamin Fong Hian Boon, Senior Project Manager - Property Development Division.

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	: 70
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' PROFILE

MOHD KHASAN BIN AHMAD

Senior Independent Non-Executive Director

Age	: 61
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 10 January 2002
Board Committee membership	: Chairman of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee

Qualification, Working Experience and Occupation

Mohd Khasan obtained a diploma in Accountancy and later graduated with a degree in Accountancy from University Teknologi Mara. He is a member of the Malaysian Institute of Accountants (MIA). He served Bank Negara Malaysia for a period of about seven (7) years, the last two (2) years of which he was seconded to the Capital Issues Committee (CIC) as its Principal Assistant Secretary.

Subsequently, he joined the Securities Commission for a period of about six (6) years and his last capacity was an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He joined the private sector in 1997 and held various senior management positions.

Directorship of public companies and listed issuers

- Crest Builder Holdings Berhad (Independent Non-Executive Director)
- Homeritz Corporation Berhad (Independent Non-Executive Director)
- LYC Healthcare 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

MASLEENA BINTI ZAID

Independent Non-Executive Director

Age	: 47
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 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

- Eastland Equity Berhad (Independent Non- Executive Director)
- ECA Integrated Solution 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 PROFILE

DATO' FONG KOK YONG

Director, Business Strategy

Age : 71
Nationality : Malaysian
Gender : Male
Date of Appointment : 10 February 1995
Board Committee membership : Member of the Risk Management Committee

Qualification, Working Experience and Occupation

Dato' Fong Kok Yong was the Managing Director of Sinmah Capital Berhad until his resignation on 13 January 2021. However, he remains a director of certain subsidiaries of Sinmah Capital Berhad.

Dato' Fong Kok Yong graduated from the University of Singapore in 1975 with a Bachelor of Business Administration degree and is currently the:

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

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

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

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

Currently, Dato' Fong Kok Yong is responsible to formulate the business strategies for the food and property divisions of the Sinmah Group.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/listed issuer

- Brother of Datuk Fong Kiah Yeow and Fong Ngan Teng, Directors of the Company.
- Uncle of Benjamin Fong Hian Boon, Senior Project Manager – Property Development Division.

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

KEY SENIOR MANAGEMENT PROFILE

HOH KOEI TENG

Director, Finance

Age : 62
Nationality : Malaysian
Gender : Male
Date of Appointment : 5 May 1988
Board Committee membership : -

Qualification, Working Experience and Occupation

Hoh Koei Teng joined Sinmah Multifeed Sdn. Bhd., a former subsidiary of Sinmah Capital Berhad, in 1988 as the Head of Accounting Department. Prior to joining Sinmah Multifeed Sdn. Bhd., he was attached to various companies within the Multi-Purpose Holdings Berhad group. He was also one of the key management personnel who was involved in leading Sinmah Capital Berhad to its listing on Bursa Malaysia in 1995.

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

Currently, Hoh Koei Teng is responsible in managing the funding requirements of certain operating units of Sinmah Group.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

KOW KENG YAM

Director, Operations – Property Development & Constructions

Age : 61
Nationality : Malaysian
Gender : Male
Date of Appointment : 1 January 1997
Board Committee membership : Member of the Risk Management Committee

Qualification, Working Experience and Occupation

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

Kow Keng Yam graduated from Tunku Abdul Rahman College with a Diploma in Building Technology and Management in 1984. He has more than thirty (30) years of working experience in managing mixed development housing projects.

Currently, Kow Keng Yam oversees the operations of property development and constructions arm of the property division of Sinmah Group.

Directorship of public companies and listed issuers

Nil

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 PROFILE

LIEW SENG AUN

Director, Operations – Corporate Affairs and Sales & Marketing For Property Division Cum Joint Company Secretary

Age : 52
Nationality : Malaysian
Gender : Male
Date of Appointment : 1 August 1999
Board Committee membership : Member of the Risk Management Committee

Qualification, Working Experience and Occupation

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

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

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

Currently, Liew Seng Aun oversees the accounting, financial management, taxation, internal control and other related corporate functions of Sinmah Group. He is also a joint Company secretary for the Sinmah Group.

Besides this, during the financial year, he was also appointed as the Sales & Marketing Director for the property division and currently is also responsible in overseeing the marketing and sales functions for the property division.

Directorship of public companies and listed issuers

Nil

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 PROFILE

KALAI CHELVAN MUNIANDY

General Manager- Business Development And Human Resource

Age	: 58
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 1 February 1997
Board Committee membership	: Member of the Risk Management Committee

Qualification, Working Experience and Occupation

Kalai Chelvan Muniandy joined the Sinmah Group in 1996. Prior to joining the Group, he worked in the Ministry of Education and the plantation sector. He graduated from University of Malaya and also has completed his Masters in Occupational Safety Health and Risk Management. Kalai Chelvan Muniandy is also a Certified Trainer and a Competent Safety & Health Officer with DOSH and CIDB.

He had dealt in the fields of Human Resources, Administration, Safety & Health, Training, Education, Industrial Relations, Public Relations, Halal, Quality & Productivity, and Auditing expertise in various industry such as Manufacturing, Farming, Property and Plantation for over twenty (25) years.

He currently is responsible for HR matter of the Sinmah Group and also manages the Sales and Marketing functions of the property division.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

MANOJ KUMAR SUKUMARAN

General Manager-Property Development Division

Age	: 53
Nationality	: Malaysian
Gender	: Male
Date of Appointment	: 28 June 1997
Board Committee membership	: Member of the Risk Management Committee

Qualification, Working Experience and Occupation

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

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

He currently holds the position of General Manager in Sinmah Builders Sdn. Bhd. He is responsible to oversee the construction arm of the Sinmah Group.

Directorship of public companies and listed issuers

Nil

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 PROFILE

NOLAN JOHN FELIX

Senior Manager – Corporate Affairs Cum Joint Company Secretary

Age : 57
Nationality : Malaysian
Gender : Male
Date of Appointment : 22 November 2004
Board Committee membership : Member of the Risk Management Committee

Qualification, Working Experience and Occupation

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

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

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

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

TAY YEK LEE

Senior Manager -Treasury, Finance And Accounts

Age : 45
Nationality : Malaysian
Gender : Female
Date of Appointment : 24 April 2006
Board Committee membership : -

Qualification, Working Experience and Occupation

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

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

Currently she assists to oversee the accounting, financing and taxation functions of the Sinmah Group. She also assists to manage the funding needs for the Sinmah Group.

Directorship of public companies and listed issuers

Nil

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 PROFILE

BENJAMIN FONG HIAN BOON

Senior Project Manager-Property Development Division

Age : 34
Nationality : Malaysian
Gender : Male
Date of Appointment : 1 January 2019
Board Committee membership : -

Qualification, Working Experience and Occupation

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

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

Benjamin Fong Hian Boon has almost ten (10) years of working experience, mainly in housing development projects. He is currently the Senior Project Manager in Sinmah Development Sdn. Bhd. and assist in the management of the housing projects carried out by the Group.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

- Son of Datuk Fong Kiah Yeow, Director of the Company
- Nephew of Fong Ngan Teng, Director of the Company and Dato' Fong Kok Yong, Director, Business Strategy

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

SIX YEARS FINANCIAL SUMMARY

	FY 2021 RM'000	FY 2020 RM'000	FY 2019 RM'000	FY 2018 RM'000	FY 2017 RM'000	FY 2016 RM'000
FINANCIAL RESULTS						
Revenue	131,553	114,067	182,458	180,931	299,532	343,696
Profit/(loss) before interest and taxation	1,782	(19,411)	5,576	(30,739)	36,943	21,530
Profit/(loss) before taxation ("PBT")	(7,281)	(25,183)	1,426	(35,135)	25,480	4,971
Profit/(Loss) after taxation	(7,845)	(22,675)	(803)	(39,716)	15,221	11,915
Non-controlling interests	(19)	(547)	50	(538)	193	(21)
Profit/(loss) attributable to owners of the parent ("PATAMI")	(7,826)	(22,128)	(853)	(39,178)	15,028	11,936
FINANCIAL POSITION						
Share capital	188,500	160,229	149,840	149,840	123,220	61,083
Share premium	-	-	-	-	-	62,410
Warrants reserve	3,588	3,619	3,619	3,619	3,706	3,706
Accumulated losses	(88,004)	(80,178)	(57,758)	(56,905)	(17,525)	(32,553)
Shareholders' funds	104,084	83,670	95,701	96,554	109,401	94,646
Non-controlling interests	-	(108)	186	958	1,496	1,243
TOTAL EQUITY	104,084	83,562	95,887	97,512	110,897	95,889
Property, plant & equipment	3,935	4,626	6,571	16,041	11,038	54,282
Right-of-use assets	2,085	4,793	3,832	21	22	44
Inventories	75,690	88,847	90,359	31,930	31,228	29,389
Investment properties	1,234	1,736	-	-	-	-
Other non-current assets	13,505	1,084	3,348	2,264	4,510	3,644
Trade receivables	33,816	39,587	44,155	35,123	94,600	164,807
Cash (including cash in Housing Development A/c)	47,559	21,133	32,625	35,086	22,128	61,282
Other current assets	17,029	10,835	18,430	28,011	94,747	14,697
Assets held for sale	-	-	-	-	17,345	15,696
Total Assets	194,853	172,641	199,320	148,476	275,618	343,841
Borrowings	75,937	71,020	77,302	31,073	104,333	185,820
Non-current liabilities (excluding borrowings)	2,425	2,848	3,312	653	2,123	3,988
Current liabilities (excluding borrowings)	12,407	15,211	22,819	19,238	58,265	58,144
Total Liabilities	90,769	89,079	103,433	50,964	164,721	247,952
NET ASSETS	104,084	83,562	95,887	97,512	110,897	95,889
FINANCIAL RATIOS (%)						
PBT margin	(5.53)	(22.1)	0.8	(19.4)	8.5	1.4
PATAMI margin	(5.95)	(19.4)	(0.5)	(21.7)	5.0	3.5
Return on shareholders' fund	(7.52)	(26.5)	(0.9)	(40.6)	13.7	12.6
Gross gearing ratio	73.0	85.0	80.6	31.9	94.1	193.8
SHARE INFORMATION						
Basic earnings/(loss) per share (sen)	(2.5)	(10.3)	(0.4)	(34.7)	24.6	19.5
Dividend per share (sen)	-	-	-	-	-	-
Net assets per share (RM)	0.3	0.3	0.4	0.5	1.8	1.6

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 ("**Sinmah**" or "**the Company**") and its subsidiaries (collectively referred to as "**the Group**") for the financial year ended 31 December 2021 ("**FYE 2021**"), which is accompanied by this Management Discussion and Analysis.

A. GROUP STRUCTURE

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

B. OVERVIEW OF SINMAH'S BUSINESS ACTIVITIES

The Group has three (3) reportable business divisions comprising as follows:

1. Poultry

The poultry division comprises broiler contract farming and trading of broilers and day-old chicks and poultry biologicals. These activities were carried out by SM Broilers Sdn. Bhd. ("**SMB**") during the FYE 2021. Poultry products are sold to contract farmers and wet market wholesalers.

2. Housing Development

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

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

i) Tanjong Minyak

The Group is currently developing nine (9) units of double-storey houses with a gross development value of RM3.07 million. Construction work commenced in July 2020 and fully sold out in 2021. This project is expected to be completed by end of the financial year ended 31 December 2022 ("**FYE 2022**").

Besides this, the Group has two (2) more pieces of freehold land in Tanjong Minyak measuring a total of 2.675 acres which are being held for future development of 32 residential properties with a total gross development value of RM11.43 million. Construction is expected to commence in the second quarter of FYE 2022 and completed at the end of FYE 2023.

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.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

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 RM191.33 million. During the FYE 2021, RM18.88 million of gross development value was recognized in income statement compared to only RM8.74 million of its gross development value recognized during the financial year ended 31 December 2020 ("FYE 2020").

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 15 units which have yet to be constructed by the Group, all the other units were completed and fully sold by the year 2007. The remaining 15 units of this project have a gross development value of approximately RM6.92 million and has commenced construction works in FYE 2020 and is expected to be completed and fully sold by the end of the financial year ended 2023.

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.



3. Healthcare

Despite an increase in revenue, the management was of the view that it would be difficult for this division to turn around, as operationally this division is still making losses. Hence, Sinmah Healthcare Sdn. Bhd. ("SHSB") disposed all its subsidiary companies during the current financial year under review and this resulted in a gain on disposal of RM3.57 million to the Group. As a result of the disposals, SHSB is the only company left in this division.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

C. GROUP FINANCIAL PERFORMANCE AND POSITION REVIEW

The table below highlights the Group's key financial performance and position for FYE 2021 and FYE 2020:

	FYE 2021 RM'000	FYE 2020 RM'000	Changes RM'000
Revenue	131,553	114,067	+17,486
Expenses	28,730	38,740	-10,010
Other operating income	6,420	7,614	-1,194
Gross profit	15,029	5,943	+9,086
Loss before taxation	(7,281)	(25,183)	+17,902
Loss after taxation	(7,845)	(22,675)	+14,830
Gross profit margin	11.4%	5.2%	+6.2%
Pre-tax margin	(5.5%)	(22.1%)	+16.6%
Net loss margin	(6.0%)	(19.9%)	+13.9%
Total assets	194,853	172,641	+22,212
Total liabilities	90,769	89,079	+1,690
Total equity	104,084	83,562	+20,522
Total loans/ borrowings	74,519	67,236	+7,283
Gearing ratio (net)	0.27	0.60	-0.33
Cash and bank balances	47,559	21,133	+26,426
Issued and fully paid-up capital	188,500	160,229	+28,271
Net assets per share (sen)	32.04	33.19	-1.15
Basic loss per share (sen)	(2.45)	(10.3)	+7.85

Revenue

The Group's revenue for FYE 2021 had increased by RM17.49 million or 15% as compared to the FYE 2020. The increase in revenue was mainly from increase in sales revenue in its property development division.

The increase in sales revenue in the property development division is attributable to an increase in percentage of completion of properties under construction as well as increase in sales of completed units during the FYE 2021.

Gross profit

Gross profit had increased by RM9.09 million or more than 100% in the FYE 2021. This was mainly due to the increase in average selling price of live broilers during the FYE 2021 brought about by a contracting supply in the live broilers market coupled with increase in revenue from the property development division which carries a higher gross margin than the poultry division.

Other operating income

Other operating income had decreased by RM1.19 million or 16% in the FYE 2021. The decrease is attributable to a government grant of RM4.51 million received in the FYE 2020 compared to a gain on disposal of subsidiary companies of RM3.57 million during the FYE 2021.

Expenses

Expenses had decreased by RM10.01 million or 26% in the FYE 2021. This was mainly due to impairment loss on trade receivables of RM10.03 million, write-down of inventories of RM2.80 million, impairment loss on goodwill of RM2.26 million and RM1.47 million of property development expenditure written off during the FYE 2020. During the FYE 2021, impairment loss on trade receivables was only RM4.52 million.

Loss after tax

Loss after taxation decreased by RM14.83 million or 65% mainly due to increase in gross profit and decrease in expenses as stated above.

Total assets

Total assets increased by RM22.21 million or 13% mainly due to increase in share capital of RM28.27 million during the FYE 2021.

Total liabilities

Total liabilities increased by RM1.69 million or 2% mainly due to tax payable during the FYE 2021 resulting from profits in the property development division.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

POULTRY



Temperature-controlled closed broilers house

D. OPERATIONS AND FINANCIAL PERFORMANCE BY DIVISIONS

1. POULTRY

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

The performance of the poultry division for the FYE 2021 as compared to FYE 2020 is summarized below:

	2021 RM'000	2020 RM'000	VARIANCE RM'000
Total revenue	88,463	141,052	-52,589
Inter-segment revenue	-	(42,587)	+42,587
External revenue	88,463	98,465	-10,002
Results			
Segment results	2,061	18,175	-16,114
Interest income	111	562	-451
Operating profit	2,172	18,737	-16,565
Finance costs	(6,341)	(2,586)	-3,755
Other non-cash items	(5,708)	(9,770)	+4,062
Profit/(loss) before taxation	(9,877)	6,381	-16,258
Taxation	(16)	2,093	-2,109
Profit/(loss) for the year	(9,893)	8,474	-18,367

Revenue from the poultry division decreased by RM10.00 million mainly due to decrease in sales volume of live broilers resulting from decrease in supply of live broilers in the marketplace during the FYE 2021.

Operating profit decreased by RM16.57 million during the FYE 2021 mainly due to decrease in sales volume of live broilers.

Taxation for FYE 2021 is in respect of interest income whereas taxation for FYE 2020 is mainly due to reversal of overprovision of prior years' taxation of RM2.13 million during the FYE 2020.

As a result of the above, profit after taxation decreased by RM18.37 million (more than 100%).

Strategies

Prices of raw feedstuffs are rising causing costs of production of broilers to spiral uncontrollably. Furthermore, it is getting more and more difficult to get labour for the poultry industry. Management will continue to assess the viability of the poultry business and make the necessary decisions accordingly.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

**HOUSING
DEVELOPMENT**

Taman Gambir Perdana

2. HOUSING DEVELOPMENT**Construction and sale of residential and commercial properties**

FYE 2021 was a better year for the property development division.

The performance of the housing development division for the FYE 2021 as compared to FYE 2020 is summarized below:

	2021 RM'000	2020 RM'000	VARIANCE RM'000
Total revenue	54,235	28,269	+25,966
Inter-segment revenue	(11,756)	(12,788)	+1,032
External revenue	42,479	15,481	+26,998
Results			
Segment results	5,304	671	+4,633
Interest income	36	67	-31
Operating profit	5,340	738	+4,602
Finance costs	(1,930)	(2,233)	+303
Other non-cash items	180	(3,253)	+3,433
Profit/(loss) before taxation	3,590	(4,748)	+8,338
Taxation	(962)	(51)	-911
Profit/(loss) for the year	2,628	(4,799)	+7,427

Revenue from the housing development division increased by RM25.97 million mainly due increase in number of completed properties sold coupled with increase in percentage of completion of the properties sold but under construction during the FYE 2021.

As a result of that, the housing development division made a profit of RM2.63 million during the FYE 2021 as opposed to a loss of RM4.80 million during the FYE 2020.

Strategies

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

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

3. HEALTHCARE

Clinics and other healthcare related services

The performance of healthcare division for the FYE 2021 as compared to FYE 2020 is summarized below:

	2021 RM'000	2020 RM'000	VARIANCE RM'000
Total revenue	611	121	+490
Inter-segment revenue	-	-	-
External revenue	611	121	+490
Results			
Segment results	(1,098)	(5,573)	+4,475
Interest income	-	-	-
Operating loss	(1,098)	(5,573)	+4,475
Finance costs	(71)	(169)	+98
Other non-cash items	2,913	(2,458)	+5,371
Profit/(Loss) before taxation	1,744	(8,200)	+9,944
Taxation	-	28	-28
Profit/(Loss) for the year	1,744	(8,172)	+9,916

Revenue from the healthcare division increased by RM0.49 million mainly due to increase in COVID-19 testing during the FYE 2021.

Even though revenue increased, the division was still operationally making losses. Hence, the management took a decision to dispose-off all the subsidiaries in the healthcare division during the FYE 2021.

E. RISK MANAGEMENT

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

i) Fluctuations in commodity prices

The Group's housing development operations are affected by the risk of fluctuating building material prices, such as steel, timber, bricks and cement. This risk is mitigated through constant monitoring of commodity prices to ensure that building materials are purchased in advance of impending prices increases.

ii) Fluctuations in foreign currency exchange

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

iii) Disease challenges

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

iv) Credit risk

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

v) Liquidity risks

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

vi) Interest rate risks

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

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

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

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

vii) COVID-19 Pandemic

The COVID-19 pandemic outbreak in 2020 has created many uncertainties on its potential impact on societies, businesses and supply chain. In order to mitigate this risk, the Group has strictly adhered to the Standard Operating Procedure and government regulations in order to ensure the health and safety of our employees, suppliers, customers and other business associates. As we enter into the endemic phase of COVID-19, the Group will continue to observe all the necessary precautions to ensure the safety of our employees, customers and business associates.

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 Conduct and Ethics Policy, Directors and Senior Management's Remuneration Policy, External Auditors Assessment Policy and Diversity 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 2021.

The audited financial statements of Sinmah 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, suppliers, financiers, and government agencies such as Department of Veterinary Services, the Agriculture Ministry, MITI, MIDA, Immigration Department, Ministry of Housing, Real Estate and Housing Developers' Association Malaysia (REHDA), Construction Industry Development Board (CIDB).

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.

TOH HONG CHYE
CHAIRMAN

SUSTAINABILITY STATEMENT

Sinmah Capital Berhad (“Sinmah”) and its subsidiaries (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 Sinmah 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**”) of Sinmah is pleased to present this Sustainability Statement (“**Statement**”) which sets out the Group’s strategy and commitment towards ensuring that our business operations are carried out sustainably, responsibly and ethically, covering 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 2021.

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

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 I: The 17 SDGs by the United Nation)

SUSTAINABILITY STATEMENT

Scope of Reporting

This Statement reports on the Group's sustainability management and performance for the financial year ended 31 December 2021, and it solely covers the Group's property development segment in the manner detailed in the table below.

Business Segments	Other information
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Property Development Segment	<p>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:</p> <ul style="list-style-type: none"> • Taman Gambir Perdana (developed by BSSB); and • Taman Tanjong Minyak (developed by SDSB).
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Details of the two (2) projects above are:

Project name	Project size (GDV)	Project details	Status as of 31 December 2021	
Gambir Perdana	RM191,332,129	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	27
			80% - 95%	94
			50% - 80%	12
			≤ 15%	287
		Commercial		
		Status	Units	
		50% - 60%	13	
		≤ 20%	14	
Tanjong Minyak	RM3,067,161	9 units double-storey terrace houses	Status	Units
		80% - 90%		9

The scope of this Statement includes the entire Property Development Segment, including both the projects stated above.

Food Segment	<p>The Group's business activities within the Food Segment is broiler contract farming, and poultry and feed trading businesses, operated through SM Broilers Sdn. Bhd., a wholly-owned subsidiary of Sinmah.</p>
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In terms of profit contribution, business activities in the Food Segment were insignificant to the Group. Hence, the scope of this Statement will not include the Food Segment. As price of raw feedstuffs are rising causing costs of production of broilers to spiral uncontrollably and it is getting more difficult to get labour for the poultry industry, management will continue to assess the viability of the poultry business and consider its inclusion in future Sustainability Statements.

Healthcare Segment	<p>The Group has during the year performed restructuring of its business operations, and has decided to cease its business operations in the Healthcare Segment.</p>
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Hence, the cope of this Statement will not include the Healthcare Segment.

SUSTAINABILITY STATEMENT

Governance Structure for Sustainability Management

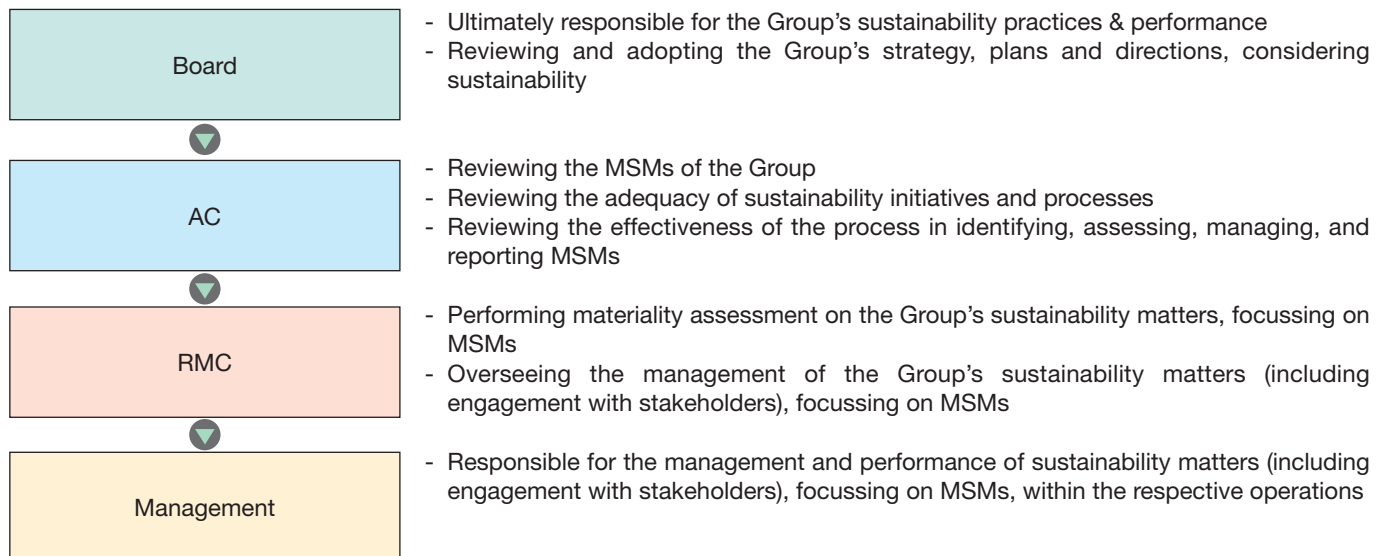
The Group's business sustainability strategy and initiatives are spearheaded by Sinmah's Board. The Board is responsible for reviewing and adopting the overall corporate strategy, plans, and directions for the Group, including those related to sustainability. The Board is assisted by the Audit Committee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

The Risk Management Committee ("RMC"), a management-level committee headed by the Group's 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:



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 2021, to enable the Group's systematic management and reporting of its sustainability:

- stakeholder engagement;
- materiality assessment;
- management and reporting of MSMs; and
- determining the reporting scope of and preparing the Group's financial year ended 31 December 2021 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

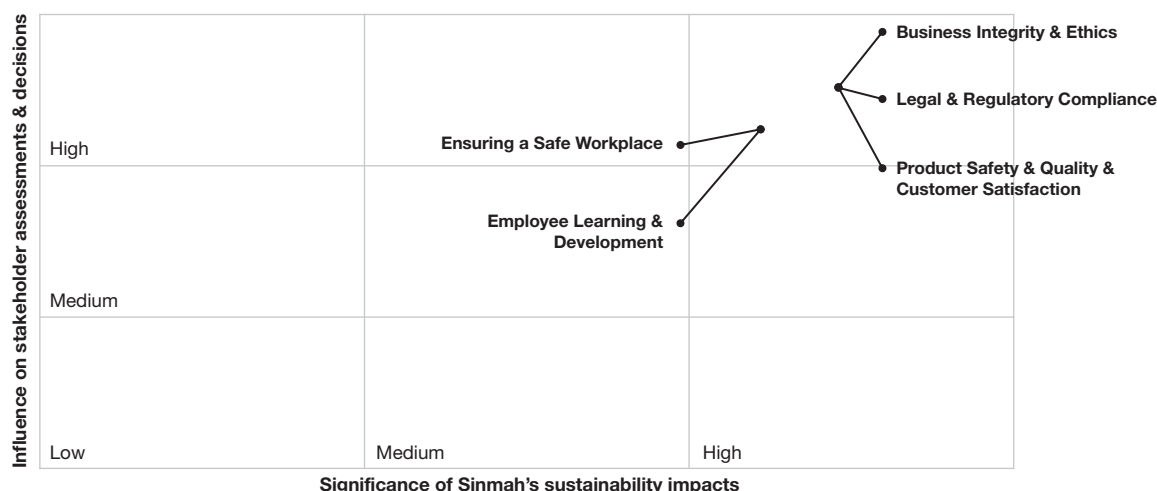
Materiality Assessment

For the financial year under review, we have undertaken a materiality assessment review on the Group’s sustainability matters. The approach towards the materiality assessment review is adopted from the Sustainability Reporting Guide and is in line with the MMLR of Bursa Securities. The Group has considered the Group’s EES risks and opportunities and if they:

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

The materiality assessment 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, assessment and prioritisation of the key stakeholders of the Group, review of its stakeholder engagement processes, assessment of the various EES aspects which may impact or be impacted by the Group’s businesses from the point of view of the business as well as from the point of view of stakeholders, as well as possible emerging risks which may affect the Group’s business or its stakeholders.

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



Material Sustainability Matters

Product Safety and Quality and Customer Satisfaction

The Group emphasises on our “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

SUSTAINABILITY STATEMENT

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.

During the financial year ended 31 December 2021, there were twenty four (24) house key handovers for the Group's "Rumah Mampu Milik" project in Taman Krubong Utama. Other than that, there were also seven (7) key handovers for two (2) units of double-storey semi-detached houses, three (3) single-storey semi-detached houses, one (1) one and half storey house and one (1) double-storey shop-office in the Group's project in Taman Krubong Utama. Out of the total thirty one (31) key handovers, only three (3) homeowners submitted their complaint forms. 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.

SUSTAINABILITY STATEMENT

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. From the audit checking performed during the financial year ended 31 December 2021, there were no bribery and corruption cases, and no non-compliances with the anti-bribery and corruption-related policies, procedures and practices noted.

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

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	2019	2020	2021
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.



SUSTAINABILITY STATEMENT

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, 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.

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

Financial Year	2019	2020	2021
Fines (RM)	< 1,800 ³	0	0

Note³: Minor offences which have been rectified by Management

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.

SUSTAINABILITY STATEMENT

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.

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.

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	2019	2020	2021
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.



SUSTAINABILITY STATEMENT

Globally, the world has continued to be affected by the outbreak of the COVID-19 coronavirus, which during the year, includes the Delta and Omicron variant. In order to reduce the impact of COVID-19 on our business and to minimise employee's risk of exposure to COVID-19, the Group has enforced strict practices in our business operations, including but not limited to the following, which also complies with the various Standard Operating Procedures introduced by the Government:

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

There were two (2) reported cases of COVID-19 in our Property Segment during the financial year and for both the cases they have recovered completely.

Employee Learning and Development

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

Learning and development of our employees come hand-in-hand with the employees' performance review and assessment. Leaders of the 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.

During the financial year, apart from the safety and health related training mentioned above, our staff have also attended and completed the "Hospital and Medical Centre Construction Project management" organised by the CIDB.

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 (“**the Code**”) 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 the Code for the financial year ended 31 December 2021, 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 2021, 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 one (1) female Director, 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. Moving forward, the Board, being in line with the national target of having 30% women on the boards of listed issuers, will maintain a register of potential directors which include high-calibre female candidates and appoint them when the need arises.

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 Board will continue to drive a proactive risk management culture and 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 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.

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

- Human Resource Management
- Project Management

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 date and the AGM is conducted virtually to enhance the quality of engagement with its shareholders to facilitate further participations by shareholders at the AGM of the Group.

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 director 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 and 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) Risk Management Committee (“**RMC**”)
- (v) 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 director 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, Toh Hong Chye, 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, Toh Hong Chye, Datuk Fong Kiah Yeow and Fong Ngan Teng 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 2021. The attendance of each Director at the Board Meeting held during the financial year ended 31 December 2021 is as follow:

Directors	Number of meetings attended	%
Toh Hong Chye ^[1]	6/6	100%
Datuk Fong Kiah Yeow	6/6	100%
Fong Ngan Teng	6/6	100%
Datuk Ng Peng Hong @ Ng Peng Hay	6/6	100%
Mohd Khasan Bin Ahmad	6/6	100%
Masleena Binti Zaid ^[2]	2/2	100%
Datuk Hj. Zainal Bin Hj. Shamsudin ^[3]	3/4	75%
Munawar Kabir Mohd Bin Zainal Abidin ^[4]	3/4	75%

Notes:

^[1] Redesignated to an Executive Chairman of the Company with effect from 24 August 2021

^[2] Appointed as an Independent Non-Executive Director of the Company with effect from 24 August 2021

^[3] Retired as an Independent Non-Executive Chairman of the Company at the Annual General Meeting held on 24 August 2021

^[4] Resigned as an Independent Non-Executive Director of the Company with effect from 23 August 2021

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.

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.

CORPORATE GOVERNANCE STATEMENT

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
Mohd Khasan Bin Ahmad	Chairman
Datuk Ng Peng Hong @ Ng Peng Hay ^[1]	Member
Masleena Binti Zaid ^[1]	Member
Datuk Hj. Zainal Bin Hj. Shamsudin ^[2]	Member
Munawar Kabir Mohd Bin Zainal Abidin ^[3]	Member

Notes:

^[1] Appointed as a member of the AC of the Company with effect from 24 August 2021.

^[2] Retired as an Independent Non-Executive Chairman of the Company at the Annual General Meeting held on 24 August 2021 resulting in a cessation of membership in the AC of the Company.

^[3] Resigned as an Independent Non-Executive Director of the Company with effect from 23 August 2021 resulting in a cessation of membership in the AC of the Company.

The activities undertaken by the AC can be found in the AC Report as set out in this Annual Report.

A copy of the AC's Terms of Reference is made available on the Company's website.

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 ^[1]	Chairman
Mohd Khasan Bin Ahmad ^[2]	Member
Masleena Binti Zaid ^[3]	Member
Datuk Hj. Zainal Bin Hj. Shamsudin ^[4]	Member
Munawar Kabir Mohd Bin Zainal Abidin ^[5]	Member

Notes:

^[1] Appointed as the Chairman of the NC with effect from 24 August 2021.

^[2] Redesignated to member of the NC of the Company with effect from 24 August 2021.

^[3] Appointed as a member of the NC of the Company with effect from 24 August 2021.

^[4] Retired as an Independent Non-Executive Chairman of the Company at the Annual General Meeting held on 24 August 2021 resulting in a cessation of membership in the NC of the Company.

^[5] Resigned as an Independent Non-Executive Director of the Company with effect from 23 August 2021 resulting in a cessation of membership in the NC of the Company.

During the financial year ended 31 December 2021, the NC held one (1) meeting. Below is a 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 is made available on the Company's website.

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 ^[1]	Chairman
Mohd Khasan Bin Ahmad	Member
Masleena Binti Zaid ^[2]	Member
Datuk Hj. Zainal Bin Hj. Shamsudin ^[3]	Member
Munawar Kabir Mohd Bin Zainal Abidin ^[4]	Chairman

Notes:

- ^[1] Appointed as the Chairman of the RC with effect from 24 August 2021
- ^[2] Appointed as a member of the RC of the Company with effect from 24 August 2021.
- ^[3] Retired as an Independent Non-Executive Chairman of the Company at the Annual General Meeting held on 24 August 2021 resulting in a cessation of membership in the RC of the Company.
- ^[4] Resigned as an Independent Non-Executive Director of the Company with effect from 23 August 2021 resulting in a cessation of membership in the RC of the Company.

During the financial year ended 31 December 2021, 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:

- (a) Reviewed, assessed and recommended the remuneration packages of the Executive Directors and Senior Management.
- (b) Reviewed the remuneration package of Non-Executive Directors and their Meeting Allowances.
- (c) Reviewed the Terms of Reference of the RC.
- (d) Reviewed the Directors and Senior Management Remuneration Policy.

A copy of the RC's Terms of Reference is made available on the Company's website.

RMC

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

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

CORPORATE GOVERNANCE STATEMENT

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 Committee are as follows:

Officers	Designation
Toh Hong Chye	Chairman
Datuk Fong Kiah Yeow	Member
Tiew Chee Ming	Member
Low Yen Hoon	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.

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 is made available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

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.

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 is made available on the Company's website.

9. Whistleblowing Policy and Procedure

The scope of the Whistleblowing Policy covers all employees and third parties in making disclosure of any improper conduct or irregularities without any risk of reprisals. The platform, accessibility and channels of reporting are user-friendly to facilitate the submission of disclosure. The Chairman of the AC was designated to be responsible for the effective implementation of this Policy.

A copy of the Whistleblowing Policy is made available on the Company's website.

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 is made available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

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.

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 cope 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.

CORPORATE GOVERNANCE STATEMENT

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.

As at the date of this statement, Mohd Khasan Bin Ahmad, the Independent Non-Executive Director had served the Company for a cumulative term of more than nine (9) years. The Board concurred with the opinion of the NC that the length of services of Mohd Khasan Bin Ahmad as an Independent Non-Executive Director did not impair his independence. Conversely, he actively advocate his professional views without fear or favour in the Boardroom. The presence of such attributes will permit him to constructively challenge decisions proposed by other directors or the management and contribute in meaningful ways to the strategic objectives of the Group. Nevertheless, the Board would justify and seek annual shareholders' approval to retain Mohd Khasan Bin Ahmad as the Independent Director through a two-tier voting process.

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.

CORPORATE GOVERNANCE STATEMENT

5. Identifying Suitable Candidates

Any proposed appointment of a new member to the Board will be deliberated by the full Board based on 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 period, the Company had appointed the following Directors on the schedule below:

Name of Directors	Method of sourcing
Toh Hong Chye	Recommended by management
Masleena Binti Zaid	Recommended by management

Despite the nomination process was based on the recommendation by the management or external parties including the Company's contacts in related industries, the Board had also utilised independent search firms in identifying suitable candidates for appointment of Directors. Notwithstanding the same, the NC is responsible for assessing the suitability of the above mentioned Directors for appointment and opined that the Directors recommended by the management are of suitable calibre and have the necessary knowledge, experience, diverse range of skills and competence 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.

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.

CORPORATE GOVERNANCE STATEMENT

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.

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.

CORPORATE GOVERNANCE STATEMENT

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 financial year ended 31 December 2021 are set out in the Corporate Governance Report. While the details of the remuneration of the senior management on an aggregate basis in bands of RM50,000 are as set out below:

Remuneration Bands	Number of Senior Management
Below RM50,000	-
RM50,000 – RM100,000	1
RM100,001 – RM150,000	2
RM150,001 - RM200,000	2
RM200,001 above	4

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 2021, 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)
Statutory audit fees	119,500	37,000
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. The independent third party service provider of the internal audit services for the financial year ended 31 December 2021 was Needsbridge Advisory Sdn. Bhd., which reported directly to the AC as specified in the Terms of Reference of the AC. The Internal Auditor carries out its function in accordance with the approved annual Internal Audit Plan approved by the AC. Needsbridge Advisory Sdn. Bhd. is manned by one (1) engagement director, three (3) senior managers and eight (8) senior consultants / consultants during the financial year under review, all of whom are qualified professional and they are free from any relationships or conflicts of interest which could impair their objectivity and independence. Details on the person responsible for the internal audit are set out below:

Name	: Pang Nam Ming
Qualification	: FCCA, C.A.(M), CMIIA, CIA, CRMA
Independence	: Does not have any family relationship with any 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 2021.

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

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

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The system of internal control covers, inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities.

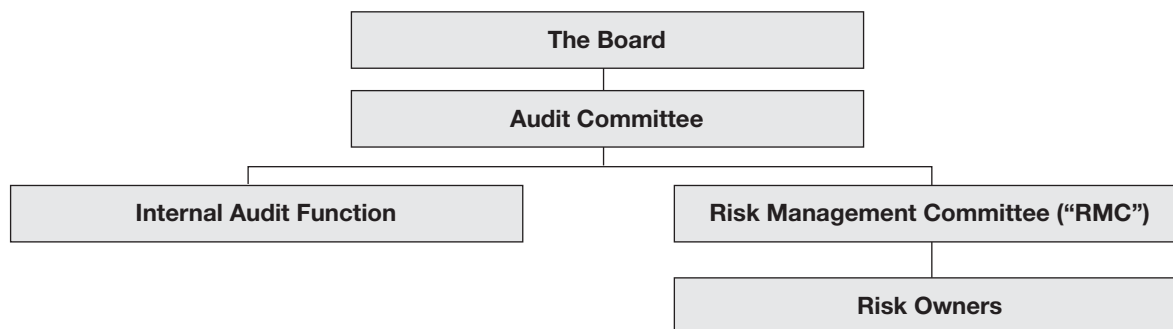
RISK MANAGEMENT

In line with Practice 10.1 of Malaysian Code on Corporate Governance 2021, the Board has established a structured group risk management policy (“**GRM Policy**”), including (but not limited to) the governance structure and processes for the risk management on group wide, in order to embed the risk management practice into all levels of the Group and to identify, evaluate, control, report and monitor significant business risks faced by major subsidiaries in the Group on systematic manner. The updated risk profiles of the subsidiaries concerned are tabled to Audit Committee and the Board for review and deliberation and action plans to be taken by Management in mitigating the risks, as deemed necessary.

The GRM Policy acts as second-line-of-defense. The principles, practices and process of GRM established by the Board are, in material aspects, guided by the ISO 31000:2018 – Risk Management - Guidelines.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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



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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Senior Manager, Corporate Affairs acts as the Key Risk Officer and also the Secretary of the RMC. Key Risk Officer actively oversee the implementation of the Group's ERM Policy, including but not limited to, to ensure that each step of the risk identification, risk assessment, control identification, risk treatment and control activities are performed by RMC and the risk owners. Risk assessment, at gross and residual level, whereby the business risks identified are scored for likelihood of their occurrence and the magnitude of impact upon the Group based on the relevant risk parameters established by the Board that articulate the risk appetite of the Group. Based on the risk management process, key risk registers were compiled by RMC, with relevant key risks identified rated based on the agreed upon risk rating. The key risk registers are used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring and that any material opportunities are not overlooked. As an important risk monitoring mechanism, RMC is scheduled to review the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level at least twice a year or on more frequent basis if circumstances required and to report to Audit Committee on the results of the review and assessment. The Group has duly updated its key risk registers on 23 November 2021.

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

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

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

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

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

INTERNAL AUDIT FUNCTION

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The outsourced internal audit function is reporting to Audit Committee directly and the engagement director, Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework (“**IPPF**”), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager and assisted by at least one (1) senior consultant or consultant per one (1) engagement with oversight performed by the director.

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

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

Risk-based internal audit plan in respect of financial year ended 31 December 2021 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified in the key risk registers of the Group, the Management’s opinion and previous internal audits performed, and was reviewed and approved by Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

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

During the financial year ended 31 December 2021, the outsourced internal audit function has conducted review, based on the internal audit plan approved by Audit Committee, on the following business processes:

- Human resource management of the Group. For human resource management, the internal audit function audited the human resource management policy, human resource planning, recruitment/ resignation/ termination/ abscondment/ transfer/ secondment management, succession planning, performance evaluation procedure, career development and training management, compliance with laws and regulations – human resources, payroll processing and staff claims and advance management.
- Project management of the Group. For project management, the internal audit function audited tender management, contract management, in-progress project management and monitoring, progress claim management, variation order management, subcontractor management, procurement management, payment processing, site management and progress monitoring, quality management, site safety and health, drawings control, communication (site instruction/memo etc.), machinery and equipment control, inventory control and manpower planning.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The cost involved for the internal audit function during the year ended 31 December 2021 amounted to approximately RM55,000.

INTERNAL CONTROL SYSTEM

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

- *Control environment*

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

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

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

- *Control structure*

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

Management

- Through the Group's Business and Financial Policies and Procedures manual, management has introduced well-established standard operating procedures that cover key aspects of the Group's business processes. These policies and procedures deal with, inter-alia, controls for financial accounting and reporting, treasury management, asset security, information technology, etc. The policies and procedures are subject to regular reviews to cater for process changes, changing risks or further improvements;
- The Group has a well-defined organisation structure in place with clear lines of reporting and accountability. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditure;
- Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently;
- Succession Planning Policy and Emergency Succession Policy is put in place to reduce the impact of abrupt departure of key personnel to the minimum possible by ensuring key roles within the Group are supported by competent and calibre second-in-line;
- Good farm management practices and biosecurity and disease controls to mitigate biosecurity and disease threats are adopted by the production chain and distribution process; and
- Regular informal meetings with Heads of division which provide a platform for the Heads of division to communicate with and provide feedback to Management.

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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- *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.

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 2021, other than impairment loss on trade receivables of RM4.52 million and impairment loss on other receivables of RM1.29 million. The Board continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the outsourced internal audit function as well as the External Auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

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

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

This statement is issued in accordance with a resolution of the Board dated 12 April 2022.

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 2021 (“**FYE 2021**”) in accordance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MMLR**”).

MEMBERS OF THE AUDIT COMMITTEE

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

During the FYE 2021, the AC held five (5) meetings and the records of the attendance of AC members are as follow:

Directors	Designation	Number of meetings attended	%
Mohd Khasan Bin Ahmad ^[1] Senior Independent Non-Executive Director	Chairman	5/5	100%
Datuk Ng Peng Hong @ Ng Peng Hay ^[2] Non-Independent Non-Executive Director	Member	2/2	100%
Masleena Binti Zaid ^[2] Independent Non-Executive Director	Member	2/2	100%
Datuk Hj. Zainal Bin Hj. Shamsudin ^[3] Independent Non-Executive Chairman	Member	3/3	100%
Munawar Kabir Mohd Bin Zainal Abidin ^[4] Independent Non-Executive Director	Member	2/3	67%

Notes:

^[1] Member of the Malaysian Institute of Accountants

^[2] Appointed as a Member of the AC of the Company with effect from 24 August 2021

^[3] Retired as an Independent Non-Executive Chairman of the Company with effect from 24 August 2021 resulting in a cessation of membership in the AC of the Company

^[4] Resigned as an Independent Non-Executive Chairman of the Company with effect from 23 August 2021 resulting in a cessation of membership in the AC of the Company

The meeting dates where the AC met during the FYE 2021 were 24 February 2021, 12 April 2021, 28 May 2021, 24 August 2021 and 23 November 2021. The Group’s external auditors attended the AC meetings on 24 February 2021, 12 April 2021 and 23 November 2021.

The Chairman 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 FYE 2021, 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;
 - MMLR of Bursa Securities;
 - 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.

AUDIT COMMITTEE REPORT

- c) Reviewed and discussed external auditors' observations, the results of the annual audit, audit report and management letter together with management's response to the findings before recommending to the Board of Directors for approval.
- d) Assessed and discussed the performance and effectiveness of the external auditors, including the independence, objectivity and professional skepticism, communication interaction, audit finalization, the quality of skills and capabilities of audit team, sufficiency of resources and terms of engagement. The 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 times during the financial year, with external auditors without the presence of management to discuss with them problems arising from the audit and to reinforce the independence of the external audit function of the Company and the Group. There were no major issues highlighted by them.
- f) Reviewed and approved the non-audit services provided/to be provided by the external auditors and its affiliates 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 FYE 2021.

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 2021, 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.

AUDIT COMMITTEE REPORT

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 of Bursa Securities, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- d) Reviewed and verified the allocation of share issuance scheme (SIS) options in accordance with MMLR of Bursa Securities.
- e) Discussed and reviewed the disposal of dormant and inactive subsidiaries involving:
 - i) The disposal of the entire equity interest in Sterling Healthcare Sdn. Bhd., by Sinmah Healthcare Sdn. Bhd. ("**SHSB**") for a total cash consideration of RM1.00 only;
 - ii) The disposal of 99% of equity interest in Sinmah Axis Healthcare Sdn. Bhd. ("**SAH**") by SHSB and SDSB together with the subsidiary company of SAH, i.e. SAH Medical Center Sdn. Bhd. for a total cash consideration of RM3.00 only; and
 - iii) The disposal of 65% of the equity interest in SAH Medical Sdn. Bhd. ("**SAH Medical**") by SHSB together with the subsidiary companies of SAH Medical, i.e. SAH Medical Center (Melaka) Sdn. Bhd. and SAH Medical Center (Segamat) Sdn. Bhd. for a total cash consideration of RM2.00 only.

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.

Training

The AC members attended individual training sessions as disclosed in the Corporate Governance Statement set out in this Annual Report.

INTERNAL AUDIT FUNCTION

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

NeedsBridge carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The AC reviews and approves the internal audit plan of the Group submitted by NeedsBridge. The total costs incurred for the internal audit function in respect of the financial year ended 31 December 2021 was approximately RM55,000.

AUDIT COMMITTEE REPORT

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

The other main activities performed by NeedsBridge are as follows:

- Reviewed the human resource management of the Group. For the human resource management, the internal audit function audited the human resource management policy, human resource planning, recruitment/ resignation/ termination/ abscondment/ transfer/ secondment management, succession planning, performance evaluation procedure, career development and training management, compliance with laws and regulations – human resources, payroll processing and staff claims and advance management;
- Reviewed the project management of the Group. For project management, the internal audit function audited tender management, contract management, in-progress project management and monitoring, progress claim management, variation order management, subcontractor management, procurement management, payment processing, site management and progress monitoring, quality management, site safety and health, drawings control, communication (site instruction/memo etc.), machinery and equipment control, inventory control and manpower planning;
- Reviewed the findings and action plans resulting from internal audits; and
- Reviewed the progress of implementation of the management action plans of the previous internal audit report and reported to the AC for its review.

During the FYE 2021, there was no material control failure that would have resulted in any significant losses to the Group.

Further details of the activities of the internal auditors performed during the FYE 2021 are set out in the Statement on Risk Management and Internal Control of this Annual Report.

In addition, the oversight of NeedsBridge by the AC was enhanced with the review by the resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development for the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the FYE 2021.

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 2021 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 2021 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 2021.

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	7,845	4,511
Attributable to:		
Owners of the Company	7,826	4,511
Non-controlling interests	19	-
	7,845	4,511

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:

- (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 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.

DIRECTORS' REPORT

Warrants Reserve**Warrants 2018/2023 ("Warrants C")**

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

As at 31 December 2021, 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.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

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

Datuk Fong Kiah Yeow *	
Fong Ngan Teng *	
Datuk Ng Peng Hong @ Ng Peng Hay	
Mohd Khasan Bin Ahmad	
Toh Hong Chye *	(Appointed on 13 January 2021)
Masleena Binti Zaid	(Appointed on 24 August 2021)
Dato' Fong Kok Yong *	(Resigned on 13 January 2021)
Fong Choon Kai *	(Resigned on 13 January 2021)
Munawar Kabir Mohd Bin Zainal Abidin	(Resigned on 23 August 2021)
Datuk Hj. Zainal Bin Hj. Shamsudin	(Retired on 24 August 2021)

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

Dato' Fong Kok Yong	
Liew Seng Aun	
Kow Keng Yam	
Hoh Koei Teng	
Low Yen Hoon	(Appointed on 13 August 2021)

* Director of the Company and of 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 warrants 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 31.12.2021
	At 1.1.2021	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	-	-	18,000,000
Indirect interest				
Datuk Fong Kiah Yeow*	21,253	-	-	21,253
Fong Ngan Teng*	21,253	-	-	21,253

* *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.*

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 in Note 30(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Indemnity and Insurance Costs

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

DIRECTORS' REPORT

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

Subsidiary Companies

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

Significant Events

The details of the significant events are disclosed in Note 35 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.

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2022.

TOH HONG CHYE

MELAKA

DATUK FONG KIAH YEOW

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 82 to 160 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 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2022.

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), 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 82 to 160 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Melaka in the State of)
Melaka on 12 April 2022)

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 2021 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 82 to 160.

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 2021, 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.

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 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>

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 (Cont'd)</u></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>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>
<p><u>Recoverability of trade receivables</u></p> <p>The Group's trade receivables amounting to RM34 million, representing approximately 17% of the Group's total assets as at 31 December 2021.</p> <p>The assessment of recoverability of receivables involved significant judgements and estimation uncertainty in analysing historical bad debts, customer creditworthiness and customer payment terms.</p>	<p>We obtained the understanding of the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and expected credit loss, which include consideration of the current economic and impact of COVID-19 pandemic.</p> <p>We tested the accuracy and completeness of the data used by the management.</p> <p>We reviewed the adequacy of the amount of expected credit loss and inquired the management regarding the recoverability of a sample of trade receivables that are past due but not impaired accounts and review of customers' correspondence.</p> <p>We evaluated the appropriateness and adequacy of the disclosures of expected credit loss in accordance with MFRS 9 <i>Financial Instruments</i>.</p>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINMAH CAPITAL BERHAD [REGISTRATION NO. 199401015973 (301653-V)]
(INCORPORATED IN MALAYSIA)

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.

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.

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)

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: (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2020, were audited by another firm of Chartered Accountants who expresses an unmodified opinion on those statements on 12 April 2021.
2. 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
12 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	4	3,935	4,626	231	240
Right-of-use assets	5	2,085	4,793	403	513
Inventories	6	13,960	13,337	-	-
Investment properties	7	1,234	1,736	-	-
Investment in subsidiary companies	8	-	-	21,144	10,644
Goodwill	9	-	1,084	-	-
Other receivables	10	13,505	-	-	-
		34,719	25,576	21,778	11,397
Current Assets					
Inventories	6	61,730	75,510	-	-
Trade receivables	11	33,816	39,587	-	-
Contract assets	12	12,213	1,149	-	-
Other receivables	10	4,348	9,392	1,341	1,706
Amount due from subsidiary companies	13	-	-	75,091	85,658
Tax recoverable		468	294	69	35
Deposits, cash and bank balances	14	47,559	21,133	31,617	8,435
		160,134	147,065	108,118	95,834
Total Assets		194,853	172,641	129,896	107,231

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY					
Share capital	15	188,500	160,229	188,500	160,229
Warrant reserves	16	3,588	3,619	3,588	3,619
Accumulated losses		(88,004)	(80,178)	(80,438)	(75,927)
Equity attributable to owners of the Company		104,084	83,670	111,650	87,921
Non-controlling interests		-	(108)	-	-
Total Equity		104,084	83,562	111,650	87,921
LIABILITIES					
Non-current Liabilities					
Loans and borrowings	17	15,646	23,238	970	1,833
Lease liabilities	18	1,045	2,988	356	462
Deferred tax liabilities	19	2,425	2,848	57	57
		19,116	29,074	1,383	2,352
Current Liabilities					
Loans and borrowings	17	58,873	43,998	16,425	15,969
Lease liabilities	18	373	796	106	91
Contract liabilities	12	-	1,059	-	-
Trade payables	20	6,601	6,292	-	-
Other payables	21	4,820	7,848	325	898
Amount due to Directors	22	9	4	7	-
Tax payable		977	8	-	-
		71,653	60,005	16,863	16,958
Total Liabilities		90,769	89,079	18,246	19,310
Total Equity and Liabilities		194,853	172,641	129,896	107,231

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 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	23	131,553	114,067	-	-
Cost of sales		(116,524)	(108,124)	-	-
Gross profit		15,029	5,943	-	-
Other income		6,420	7,614	628	225
Administrative expenses		(13,855)	(23,636)	(4,418)	(1,799)
Net loss on impairment of financial instruments		(5,812)	9,332)	-	-
Profit/(Loss) from operation		1,782	(19,411)	(3,790)	(1,574)
Finance costs	24	(9,063)	(5,772)	(721)	(784)
Loss before tax	25	(7,281)	(25,183)	(4,511)	(2,358)
Taxation	26	(564)	2,508	-	75
Loss for the financial year, representing total comprehensive loss for the financial year		(7,845)	(22,675)	(4,511)	(2,283)
Loss for the financial year attributable to:					
Owners of the Company		(7,826)	(22,128)	(4,511)	(2,283)
Non-controlling interests		(19)	(547)	-	-
		(7,845)	(22,675)	(4,511)	(2,283)
Total comprehensive loss attributable to:					
Owners of the Company		(7,826)	(22,128)	(4,511)	(2,283)
Non-controlling interests		(19)	(547)	-	-
		(7,845)	(22,675)	(4,511)	(2,283)
Loss per share					
Basic loss per share (sen)	27(a)	(2.45)	(10.26)		
Diluted loss per share (sen)	27(b)	(2.32)	(8.72)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	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	Accumulated Losses RM'000			
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
At 1 January 2020		149,840	3,619	(57,758)	95,701	186	95,887
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(22,128)	(22,128)	(547)	(22,675)
Transactions with owners:							
Issue of ordinary shares	15	10,389	-	-	10,389	-	10,389
Acquisition of non-controlling interests		-	-	(292)	(292)	292	-
Disposal of subsidiary companies	8	-	-	-	-	(39)	(39)
Total transactions with owners		10,389	-	(292)	10,097	253	10,350
At 31 December 2020		160,229	3,619	(80,178)	83,670	(108)	83,562

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Non-distributable			Total RM'000
		Share Capital RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	
Company					
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
At 1 January 2020		149,840	3,619	(73,644)	79,815
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(2,283)	(2,283)
Transactions with owners:					
Issue of ordinary shares	15	10,389	-	-	10,389
At 31 December 2020		160,229	3,619	(75,927)	87,921

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Loss before tax	(7,281)	(25,183)	(4,511)	(2,358)
Adjustments for:				
Bad debts written off	17	48	-	-
Depreciation of:				
- property, plant and equipment	461	491	9	9
- investment properties	318	60	-	-
- right-of-use assets	644	899	110	109
Impairment losses on:				
- trade receivables	4,518	10,030	-	-
- other receivables	1,294	56	-	-
- goodwill	1,084	2,264	-	-
Written off of:				
- property, plant and equipment	1	1	-	-
- property development costs	-	1,472	-	-
- right-of-use assets	-	551	-	-
Inventories written down	-	2,797	-	-
Interest expense	9,063	5,772	721	784
Interest income	(636)	(819)	(107)	(205)
Unrealised loss on foreign exchange	-	7	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	-	(35)	-	-
- investment properties	(461)	-	-	-
- right-of-use assets	2	(23)	-	-
- subsidiary companies	(3,571)	(1,356)	-	610
Reversal of impairment losses of trade receivables	-	(754)	-	-
Waiver of accrued liabilities	(1,359)	-	-	-
Waiver of debt	-	-	3,170	-
Operating profit/(loss) before working capital changes	4,094	(3,722)	(608)	(1,051)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities (Cont'd)					
Operating profit/(loss) before working capital changes (Cont'd)		4,094	(3,722)	(608)	(1,051)
Change in working capital:					
Inventories		12,249	(3,815)	-	-
Receivables		(13,764)	(21,652)	365	(1,599)
Contract assets/(liabilities)		(12,123)	6,379	-	-
Payables		9,054	15,934	(573)	(447)
Amount due to subsidiary companies		-	-	7,397	(14,653)
Cash (used in)/generated from operations		(490)	(6,876)	6,581	(17,750)
Interest received		636	819	107	205
Interest paid		(9,063)	(5,757)	(721)	(784)
Tax paid		(52)	(989)	(34)	(21)
Net cash (used in)/from operating activities		(8,969)	(12,803)	5,933	(18,350)
Cash flows from investing activities					
Proceeds from disposal of:					
- property, plant and equipment		-	234	-	-
- investment properties		1,530	-	-	-
- right-of-use assets		70	89	-	-
Net cash outflows from disposal of subsidiary companies		(494)	(28)	-	-
Additional investment in a subsidiary company	8(c)	-	-	(10,500)	-
Acquisition of a subsidiary company	8(d)	-	-	-	(1,500)
Acquisition of:					
- property, plant and equipment		(630)	(593)	-	(6)
- right-of-use assets	5(a)	(19)	(337)	-	-
Net cash from/(used in) investing activities		457	(635)	(10,500)	(1,506)
Cash flows from financing activities					
Net movement of short-term borrowings		9,117	(552)	-	8,000
(Repayment)/Drawdown of term loans		(5,587)	(1,122)	(432)	1,833
Payment of lease liabilities		(590)	(1,553)	(91)	(81)
Advances from/(Repayment to) Directors		5	(825)	7	-
Proceeds from issue of shares capital	15	28,175	10,389	28,175	10,389
Proceeds from conversion of Warrants	15	65	-	65	-
(Placement)/Withdrawal of fixed deposits with licensed banks		(2,353)	10,518	(107)	(205)
Net cash from financing activities		28,832	16,855	27,617	19,936

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net increase in cash and cash equivalents		20,320	3,417	23,050	80
Cash and cash equivalents at the beginning of the financial year		(4,647)	(8,064)	(4,739)	(4,819)
Cash and cash equivalents at the end of the financial year		15,673	(4,647)	18,311	(4,739)
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	14	27,973	3,900	23,305	230
Fixed deposits with licensed banks	14	19,586	17,233	8,312	8,205
Bank overdrafts	17	(12,300)	(8,547)	(4,994)	(4,969)
		35,259	12,586	26,623	3,466
Less: Fixed deposits pledged with licensed banks		(19,586)	(17,233)	(8,312)	(8,205)
		15,673	(4,647)	18,311	(4,739)

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 was located at No. 4-1, Kompleks Niaga, Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka. With effect from 16 April 2021, the Company's registered office has been relocated to 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
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

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 2021

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and Company have not applied the following new MFRSs 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
Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to Illustrative Examples accompanying MFRS 16		
• Amendments to MFRS 141		
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 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 2021

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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of 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 2021

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.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 9.

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, the existence of any significant financing component and any non-cash consideration 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts

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

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured 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 contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the 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.

Provision for expected credit loss of financial assets at amortised cost

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

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 11 and 13 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)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.

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 2021, the Group has tax recoverable and payable of approximately RM468,000 (2020: RM294,000) and RM977,000 (2020: RM8,000) respectively. The Company has tax recoverable of approximately RM69,000 (2020: RM35,000).

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 2021

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

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

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

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

(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 land	99 years
Leasehold buildings	4 to 50 years
Motor vehicles	5 years

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

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.

(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
Shoplot

Over the remaining period of the lease
50 years

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(d) Investment properties (Cont'd)

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.

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, except for those measured at FVTPL and equity investments measured at FVTOCI, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)**(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(i) Inventories (Cont'd)

(ii) Property under development and completed property

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)**(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*.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

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

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

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

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

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

(b) Revenue from construction contracts (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(r) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(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 RM138,000 (2020: RM184,000) are being held in trust by third parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

5. Right-of-use Assets

Group	Medical equipment RM'000	Computers and software RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Total RM'000
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 2021

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

	2021 RM'000	2020 RM'000
Company		
Buildings		
Cost		
At 1 January/At 31 December	659	659
Accumulated depreciation		
At 1 January	146	37
Charge for the financial year	110	109
At 31 December	256	146
Carrying amount		
At 31 December	403	513

(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	
	2021 RM'000	2020 RM'000
Aggregate costs	311	1,863
Less: Lease liabilities	(292)	(1,526)
Cash payments	19	337

(b) Assets held under lease contracts

Included in the above, the 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 RM738,000 (2020: RM825,000) are pledged as securities for bank borrowings as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. Inventories

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Land held for property development (Note a)	13,960	13,337
Current		
Property development costs (Note b)	53,459	56,940
Completed units (Note c)	8,271	18,543
Other inventories (Note d)	-	27
	61,730	75,510
	75,690	88,847

(a) Land held for property development

	Freehold land RM'000	Development costs RM'000	Total RM'000
Non-current			
Group			
2021			
Cost			
At 1 January	12,033	1,304	13,337
Additions	-	623	623
At 31 December	12,033	1,927	13,960
2020			
At 1 January	3,019	2,317	5,336
Additions	1,318	199	1,517
Transfer from property development costs	7,696	245	7,941
Written off	-	(1,457)	(1,457)
At 31 December	12,033	1,304	13,337

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. Inventories (Cont'd)

(b) Property development costs

	Freehold land RM'000	Development costs RM'000	Total RM'000	
Current Group 2021				
Cumulative property development costs				
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	-	(13,753)	(13,753)	
At 31 December	(1,392)	(20,049)	(21,441)	
Carrying amount				
At 31 December	41,873	11,586	53,459	
	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Current Group 2020				
Cumulative property development costs				
At 1 January	50,675	451	36,902	88,028
Cost incurred during the financial year	302	-	16,511	16,813
Transfer to land held for property development	(7,696)	-	(245)	(7,941)
Transfer to completed units	(16)	(268)	(14,710)	(14,994)
Written off	-	-	(363)	(363)
Reversal of completed projects	-	(183)	(16,732)	(16,915)
At 31 December	43,265	-	21,363	64,628
Cumulative costs recognised in profit or loss				
At 1 January	(148)	(168)	(13,439)	(13,755)
Recognised during financial year	(1,244)	(16)	(9,937)	(11,197)
Written off	-	-	348	348
Reversal of completed projects	-	184	16,732	16,916
At 31 December	(1,392)	-	(6,296)	(7,688)
Carrying amount				
At 31 December	41,873	-	15,067	56,940

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

6. Inventories (Cont'd)

(b) Property development costs (Cont'd)

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

	Group	
	2021 RM'000	2020 RM'000
Sales commission	421	146

The freehold land has been charged to secure banking facilities granted to the Group as disclosed in Note 17.

(c) Completed units

	Group	
	2021 RM'000	2020 RM'000
At 1 January	18,543	10,734
Transfer from property development costs	-	14,994
Transfer to right-of-use assets	-	(363)
Transfer to investment properties	(885)	(695)
Inventories written down	-	(2,797)
Disposals during the financial year	(9,387)	(3,330)
At 31 December	8,271	18,543

(d) Other inventories

	Group	
	2021 RM'000	2020 RM'000
At cost		
Medicine and clinical supplies	-	27
Recognised in profit or loss:		
Inventories recognised at cost of sales	-	3,352

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

7. Investment Properties

	Office RM'000	Shoplot RM'000	Total RM'000
Group			
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
2020			
Cost			
At 1 January	-	-	-
Transfer from inventories	695	-	695
Transfer from property, plant and equipment	-	1,532	1,532
At 31 December	695	1,532	2,227
Accumulated depreciation			
At 1 January	-	-	-
Charge for the financial year	38	22	60
Transfer from property, plant and equipment	-	431	431
At 31 December	38	453	491
Carrying amount			
At 31 December	657	1,079	1,736
Fair value of investment properties	1,059	1,717	2,776

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

7. Investment Properties (Cont'd)

(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.

(b) Investment properties pledged as securities to financial institutions

Shoplot of the Group amounting to RMNil (2020: RM1,079,000) has been pledged as securities for bank borrowings as disclosed in Note 17.

(c) Income and expenses recognised in profit or loss

	Group	
	2021	2020
	RM'000	RM'000
Rental income		
Direct operating expenses:	92	34
- Income generating investment properties	18	18

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

8. Investment in Subsidiary Companies

	Group	
	2021	2020
	RM'000	RM'000
Unquoted shares, at cost		
In Malaysia		
At 1 January	10,644	33,207
Additions	10,500	1,500
Disposals	-	(24,063)
At 31 December	21,144	10,644
Accumulated impairment losses		
At 1 January	-	23,453
Disposals	-	(23,453)
At 31 December	-	-
	21,144	10,644

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of Incorporation	Effective interest		Principal activities
		2021 %	2020 %	
SM Broilers Sdn. Bhd.	Malaysia	100	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	-	Property management
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

8. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of Incorporation	Effective interest		Principal activities
		2021 %	2020 %	
Held by Sinmah Healthcare Sdn. Bhd.				
Sinmah Axis Healthcare Sdn. Bhd.	Malaysia	-	99	Hospital and clinical activities
SAH Medical Sdn. Bhd.	Malaysia	-	65	Hospital and clinical activities
Sterling Healthcare Sdn. Bhd.	Malaysia	-	99	Clinical activities
Held by Sinmah Axis Healthcare Sdn. Bhd.				
SAH Medical Center Sdn. Bhd.	Malaysia	-	94	Hospital and clinical activities
Medigo Telemedicine Sdn. Bhd.	Malaysia	-	99	Laboratories and diagnostics activities ^
Held by SAH Medical Sdn. Bhd.				
SAH Medical Center (Melaka) Sdn. Bhd.	Malaysia	-	65	Hospital and clinical activities^
SAH Medical Center (Segamat) Sdn. Bhd.	Malaysia	-	65	Hospital and clinical activities^

^ Remained dormant during the previous financial year until the date of disposal

(a) Material partly-owned subsidiary companies

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

Name of Company	Proportion of ownership interests and voting rights held by NCI		Loss allocated to NCI		Accumulated NCI	
	2021	2020	2021	2020	2021	2020
	%	%	RM'000	RM'000	RM'000	RM'000
SAH Medical Center Sdn. Bhd.	-	6	-	(8)	-	(14)
Individually immaterial subsidiaries companies with NCI			(19)	(539)	-	(94)
Total NCI			(19)	(547)	-	(108)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

8. Investment in Subsidiary Companies (Cont'd)

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

Summarised financial information for each subsidiary company that has NCI that are material to the Group is set out below. The summarised financial information below represents amount before inter-company eliminations.

	SAH Medical Center Sdn. Bhd.	
	2021	2020
	RM'000	RM'000
<u>Summarised statements of financial position</u>		
Total assets	-	4,765
Total liabilities	-	(4)
<hr/>		
Net assets/(liabilities)	-	4,761
<hr/>		
<u>Summarised statements of profit or loss and other comprehensive income</u>		
Profit for the financial year, representing total comprehensive income for the financial year	-	51
<hr/>		
<u>Summarised statements of cash flows</u>		
Net cash used in operating activities, representing total net decrease in cash and cash equivalents	-	(43)
<hr/>		

(b) Incorporation of a subsidiary company

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. become a 100% owned subsidiary company of the Company. The principal activities of Sinmah Properties Sdn. Bhd. is property management company.

(c) Additional investment in a subsidiary company

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.

(d) Acquisition of a subsidiary company

In the previous financial year

On 16 December 2020, the Company had undertaken a Group restructuring involving acquiring 1,500,000 ordinary shares, representing the entire equity interest in SM Broilers Sdn. Bhd. from Sinmah Livestocks Sdn. Bhd., the former wholly-owned subsidiary company for a total cash consideration of RM1,500,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

8. Investment in Subsidiary Companies (Cont'd)

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

During the 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.

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 15 June 2021, Sinmah Healthcare Sdn. Bhd., the wholly-owned subsidiary company of the Company had entered into a share sale agreement with Intan Lyana Binti Md Jali and Azliana Binti Allias to dispose of 65 ordinary shares, representing 65% of the equity interest in SAH Medical Sdn. Bhd. for a total cash consideration of RM2.

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
Inventories	23
Trade receivables	68
Other receivables	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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8. Investment in Subsidiary Companies (Cont'd)

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

In the previous financial year

On 30 September 2020, Sinmah Axis Healthcare Sdn. Bhd., the 99% owned subsidiary company of the Company entered into a share sale agreement with Azliana Binti Allias to dispose of 850 ordinary shares, representing 85% of the equity interest in SAH Mutiara Sdn. Bhd. for a total cash consideration of RM1.

On 30 September 2020, Sinmah Axis Healthcare Sdn. Bhd., the 99% owned subsidiary company of the Company entered into a share sale agreement with Azliana Binti Allias to dispose of 700 ordinary shares, representing 70% of the equity interest in SAH Medical Center (Batu Kawan) Sdn. Bhd. for a total cash consideration of RM1.

On 30 September 2020, Sinmah Development Sdn. Bhd., the wholly-owned subsidiary company of the Company had entered into a share sale agreement with Azliana Binti Allias to dispose of 70,000 ordinary shares, representing 70% of the equity interest in Sinmah Rising Development Sdn. Bhd. for a total cash consideration of RM1.

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

On 30 December 2020, the Company had entered into a share sale agreement with Ramatron Sdn. Bhd. to dispose of 3,000,000 ordinary shares, representing 100% of the equity interest in Sinmah Livestocks Sdn. Bhd. for a total consideration of RM1.

On 30 December 2020, the Company had entered into a share sale agreement with Ramatron Sdn. Bhd. to dispose of 3,000,000 ordinary shares, representing 100% of the equity interest in Chem Ventures Sdn. Bhd. for a total 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 2020 RM'000
Property, plant and equipment	144
Right-of-use assets	288
Trade receivables	16,517
Other receivables	2,372
Tax recoverable	430
Cash and bank balances	29
Trade payables	(1,000)
Other payables	(19,948)
Lease liabilities	(142)
Deferred tax liabilities	(7)
Net liabilities	(1,317)
Less: Non-controlling interests	(39)
Total net liabilities disposed	(1,356)
Gain on disposal	1,356
Proceeds from disposal	-
Less: Cash and bank balances disposed	(28)
Net cash outflows from disposal	(28)

NOTES TO THE FINANCIAL STATEMENTS

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9. Goodwill

	Group	
	2021	2020
	RM'000	RM'000
Cost		
At 1 January	3,348	3,548
Disposals	-	(200)
At 31 December	3,348	3,348
Accumulated impairment losses		
At 1 January	2,264	200
Additions	1,084	2,264
Disposals	-	(200)
At 31 December	3,348	2,264
Carrying amount		
At 31 December	-	1,084

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Housing Development		
Budi Saja Sdn. Bhd.	-	1,084

The recoverable amount of housing development unit is determined based on a value in use calculations using cash flow projections from financial budgets approved by senior management covering a three to five years period. The carrying amount of the unit amounting to RM1,084,000 was determined to be higher than its recoverable amount of RMNil and an impairment loss of RM1,084,000 was recognised. The impairment loss is recorded within administrative expenses in the statements of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

9. Goodwill (Cont'd)

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

	Housing Division	
	2021	2020
Budgeted gross margins	19 - 24%	10 - 27%
Pre-tax discount rate	8%	6.54 - 9.95%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

- (i) Growth rates - As a matter of prudence, the Group did not apply any forecast growth rates in extrapolating future cash flows of the CGUs.
- (ii) Budgeted gross margins - Gross margins are based on average values achieved in the immediate year preceding the start of the budget period. No increase in gross margins are anticipated over the budgeted period.
- (iii) The discount rate reflects the specific risks relating to the respective CGUs.
- (iv) Market share assumptions - Management assesses how the CGU's position relative to its competitors might change over the budget period. Management expects the Group's share in property market, on which the Group's products are depended upon, to be stable over the budget period.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount of the CGU.

10. Other Receivables

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables (a)	13,505	-	-	-
Current				
Other receivables	3,581	3,168	1,341	1,706
Prepayments	1,312	1,690	-	-
Refundable deposits	877	4,534	-	-
	5,770	9,392	1,341	1,706
Less: Accumulated impairment losses	(1,422)	-	-	-
	4,348	9,392	1,341	1,706
	17,853	9,392	1,341	1,706

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

NOTES TO THE FINANCIAL STATEMENTS

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10. Other Receivables (Cont'd)

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

	Group	
	2021 RM'000	2020 RM'000
At 1 January	-	4,653
Charge for the financial year	1,294	56
Disposal of subsidiary companies	-	(4,709)
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	
	2021 RM'000	2020 RM'000
Trade receivables	44,686	45,939
Less: Accumulated impairment losses	(10,870)	(6,352)
At 31 December	33,816	39,587

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2020: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the trade receivables was an amount of RM702,000 (2020: 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 8 to 24 months (2020: 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			
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
2020			
At 1 January	2,152	95,407	97,559
Charge for the financial year	859	9,171	10,030
Reversal of impairment losses	-	(754)	(754)
Disposal of subsidiary companies	(1,620)	(98,863)	(100,483)
At 31 December	1,391	4,961	6,352

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

NOTES TO THE FINANCIAL STATEMENTS

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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:

Group	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
2020			
Not past due	35,146	(425)	34,721
Past due:			
Less than 30 days	1,984	(75)	1,909
31 to 60 days	8,670	(429)	8,241
61 to 90 days	8,687	(462)	8,225
More than 90 days	14,313	-	14,313
	33,654	(966)	32,688
	68,800	(1,391)	67,409
Credit impaired:			
Individual impaired	5,092	(4,961)	131
	73,892	(6,352)	67,540
Trade receivables	45,939	(6,352)	39,587
Contract assets (Note 12)	27,953	-	27,953
	73,892	(6,352)	67,540

NOTES TO THE FINANCIAL STATEMENTS

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12. Contract Assets/(Liabilities)

	Group	
	2021	2020
	RM'000	RM'000
Current		
<u>Contract assets</u>		
Property development activities (a)	11,757	26,804
Construction contracts (b)	456	1,149
	12,213	27,953
<u>Contract liabilities</u>		
Property development activities (a)	-	(27,863)
At 31 December:		
Contract assets	12,213	1,149
Contract liabilities	-	(1,059)
	12,213	90

(a) Property development activities

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	(1,059)	969
Revenue recognised during the financial year	21,554	13,072
Less: Progress billings during the financial year	(8,738)	(15,100)
At 31 December	11,757	(1,059)
Presented as:		
Contract assets	11,757	26,804
Contract liabilities	-	(27,863)
	11,757	(1,059)
Increase in contract assets balances during the financial year:		
Change in measure of progress	21,554	13,072

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of Nil (2020: 180 days).

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Construction contracts

	Group	
	2021 RM'000	2020 RM'000
At 1 January	1,149	5,500
Revenue recognised during the financial year	-	267
Less: Progress billings during the financial year	(693)	(1,161)
Less: Completed project	-	(3,457)
At 31 December	456	1,149
Presented as:		
Contract assets	456	1,149

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of revenue recognised overtime in excess of billings during the construction period. This amount is expected to be billed to the customer within 30 days (2020: 30 days).

(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:

	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Total RM'000
Property development	26,457	44,711	55,888	24,351	151,407

13. Amount Due from Subsidiary Companies

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

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14. Deposits, Cash and Bank Balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	26,940	2,814	23,305	230
Housing Development Account	1,033	1,086	-	-
Deposits with licensed banks - Conventional	19,586	17,233	8,312	8,205
Total cash and bank balances	47,559	21,133	31,617	8,435
Less: Deposits pledged with licensed banks	19,586	17,233	8,312	8,205
	27,973	3,900	23,305	230

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 RM19,586,000 and RM8,312,000 (2020: RM17,233,000 and RM8,205,000) are pledged as security 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 0.25% to 2.15% and 1.30% (2020: 0.25% to 2.85% and 2.55%) per annum and 1 to 12 months and 12 months (2020: 1 month to 12 months and 12 months) respectively.

15. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2021 Units'000	2020 Units'000	2021 RM'000	2020 RM'000
Ordinary shares issued and fully paid:				
At 1 January	251,791	213,791	160,229	149,840
Issuance of shares	72,788	38,000	28,175	10,389
Conversion of Warrants	326	-	96	-
At 31 December	324,905	251,791	188,500	160,229

During the financial year, the Company issued:

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

In the previous financial year, the Company increased its issued and paid-up share capital from RM149,839,953 to RM160,229,153 by way of issuance of 38,000,000 new ordinary shares. The issuance of 38,000,000 new ordinary shares for a total cash consideration of RM10,389,200 through special issue at an issue price of RM0.2734 per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

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15. Share Capital (Cont'd)

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.

16. Warrant Reserves

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:

- (a) Each Warrant entitles the registered holder to subscribe for one new ordinary share at the exercise price, to be determined at a price fixing date later, subject to adjustments in accordance with the provisions of the Deed Poll;
- (b) The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants shall mature on 11 September 2023; and
- (c) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to date of allotment and issuance of new ordinary shares in the Company upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares in the Company.

During the financial year, a total of 326,000 warrants were exercised. As at 31 December 2021, the total number of Warrants C that remain unexercised were 37,851,000 (2020: 38,177,000).

17. Loans and Borrowings

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Bank overdrafts	12,300	8,547	4,994	4,969
Bankers' acceptance	25,532	16,415	-	-
Revolving credits	11,000	11,000	11,000	11,000
Term loans	10,041	8,036	431	-
	58,873	43,998	16,425	15,969
Non-current				
Term loans	15,646	23,238	970	1,833

NOTES TO THE FINANCIAL STATEMENTS

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17. Loans and Borrowings (Cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Secured				
Bank overdrafts	12,300	8,547	4,994	4,969
Bankers' acceptance	25,532	16,415	-	-
Revolving credits	11,000	11,000	11,000	11,000
Term loans	25,687	31,274	1,401	1,833
	74,519	67,236	17,395	17,802

Included in revolving credit of the Group and of the Company amounting to RM5,000,000 (2020: 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, 6 and 7 respectively;
- (ii) Fixed deposits of the Group and of the Company as disclosed in Note 14;
- (iii) Corporate guarantees by the Company and a subsidiary company;
- (iv) Joint and several guarantee by Directors of the Group and of the Company; and
- (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.

The average effective interest rates per annum are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Bank overdrafts	6.15 to 7.15	6.15 to 7.58	7.32	7.32
Bankers' acceptance	3.50 to 6.83	3.4 to 6.83	-	-
Revolving credits	4.11 to 4.65	4.16 to 4.25	4.11 to 4.65	4.16 to 4.25
Term loans	3.75 to 9.00	3.95 to 9.00	3.98	3.95

NOTES TO THE FINANCIAL STATEMENTS

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18. Lease Liabilities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current	1,045	2,988	356	462
Current	373	796	106	91
	1,418	3,784	462	553

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within 1 year	456	1,569	139	134
Between 1 to 2 years	464	916	148	139
Between 2 to 5 years	668	1,668	246	394
More than 5 years	-	270	-	-
	1,588	4,423	533	667
Less: Future finance charges	(170)	(639)	(71)	(114)
Present value of lease liabilities	1,418	3,784	462	553

The Group 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% (2020: 3.69% to 8.99%).

19. Deferred Tax Liabilities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	2,848	3,312	57	102
Recognised in profit or loss	(413)	(393)	-	-
Disposal of subsidiary companies	(8)	(7)	-	-
Over provision in prior years	(2)	(64)	-	(45)
At 31 December	2,425	2,848	57	57

NOTES TO THE FINANCIAL STATEMENTS

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19. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	(85)	(85)	-	-
Deferred tax liabilities	2,510	2,933	57	57
	2,425	2,848	57	57

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

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

	Unutilised capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
Group			
Deferred tax assets			
At 1 January 2020		(29)	(54)
Recognised in profit or loss		(12)	(31)
At 31 December 2020		(41)	(85)
Recognised in profit or loss		(6)	(23)
(Under)/Over provision in prior years		(2)	23
At 31 December 2021		(49)	(85)

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
Group			
Deferred tax liabilities			
At 1 January 2020	175	3,191	3,366
Recognised in profit or loss	5	(367)	(362)
Over provision in prior years	(36)	(28)	(64)
Disposal of subsidiary companies	-	(7)	(7)
At 31 December 2020	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

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19. Deferred Tax Liabilities (Cont'd)

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

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	8,561	9,572
Unutilised capital allowances	63	33
	8,624	9,605

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 (2020: 30 to 90 days) depending on the terms of the contracts. Included in trade payables of the Group are retention sum payables amounting to RM40,000 (2020: RM40,000).

21. Other Payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other payables	3,267	6,147	55	548
Deposit received	90	6	6	6
Accruals	1,463	1,695	264	344
	4,820	7,848	325	898

22. Amount Due to Directors

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

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23. Revenue

	Group	
	2021	2020
	RM'000	RM'000
Revenue from contracts with customers:		
- Sales of goods and services	89,074	98,586
- Property development	32,285	15,214
- Construction contract	10,194	267
	131,553	114,067

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

	Poultry	Housing	Healthcare	Total
	RM'000	development	services	RM'000
		RM'000	RM'000	
Group				
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

Group**2020****Major goods and services**

Sales of goods and services	98,465	-	121	98,586
Property development	-	15,214	-	15,214
Construction contract	-	267	-	267
Total revenue from contracts with customer	98,465	15,481	121	114,067

Timing of revenue recognition:

At a point in time	98,465	2,142	121	100,728
Over time	-	13,339	-	13,339
Total revenue from contracts with customer	98,465	15,481	121	114,067

All revenue from contracts with customers are predominantly generated from Malaysia.

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24. Finance Costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expenses on:				
- Bank overdrafts	778	879	365	384
- Bankers' acceptance	1,415	1,772	-	-
- Term loans	1,798	2,553	64	65
- Lease liabilities	168	283	43	54
- Revolving credits	249	281	249	281
- Fair value adjustments on receivables	4,653	-	-	-
- Others	2	4	-	-
	9,063	5,772	721	784

25. Loss Before Tax

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditor's remuneration				
- statutory audit				
- current year	120	232	37	42
- over provision in prior years	(27)	-	(2)	-
- non-audit services	5	5	5	5
Bad debts written off	17	48	-	-
Impairment losses on:				
- trade receivables	4,518	10,030	-	-
- other receivables	1,294	56	-	-
- goodwill	1,084	2,264	-	-
Reversal of impairment losses of trade receivables	-	(754)	-	-
Grant received (a)	-	(4,509)	-	-
Depreciation of:				
- property, plant and equipment	461	491	9	9
- investment properties	318	60	-	-
- right-of-use assets	644	899	110	109
Lease expenses relating to short-term leases (b)	13	-	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	-	(35)	-	-
- investment properties	(461)	-	-	-
- right-of-use assets	2	(23)	-	-
- subsidiary companies	(3,571)	(1,356)	-	610
Unrealised loss on foreign exchange	-	7	-	-
Non-executive Directors' remuneration	167	185	158	185
Wages subsidies (c)	(34)	(246)	-	-

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25. Loss Before Tax (Cont'd)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Written off of:				
- property, plant and equipment	1	1	-	-
- property development cost	-	1,472	-	-
- right-of-uses assets	-	551	-	-
Inventories written down	-	2,797	-	-
Rental income	(116)	(81)	-	-
Waiver of accrued liabilities	(1,359)	-	-	-
Waiver of debt	-	-	3,170	-
Interest income	(636)	(819)	(107)	(205)

- (a) In the previous financial year, the Group received a government grant from Unit Kerjasama Awam Swasta, Jabatan Perdana Menteri (UKAS) amounting to RM4,509,000. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred during the financial year.
- (b) 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.
- (c) 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 financial year.

26. Taxation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax expenses recognised in profit or loss				
Current tax				
- Current year	981	11	-	-
- Over provision in prior years	(2)	(2,062)	-	(30)
	979	(2,051)	-	(30)
Deferred tax:				
- Origination and reversal of temporary differences	(413)	(393)	-	-
- Over provision in prior years	(2)	(64)	-	(45)
	(415)	(457)	-	(45)
	564	(2,508)	-	(75)

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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26. Taxation (Cont'd)

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 rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss before tax	(7,281)	(25,183)	(4,511)	(2,358)
At Malaysian statutory tax rate of 24% (2020: 24%)	(1,747)	(6,044)	(1,083)	(566)
Income not subject to tax	(731)	(2,464)	(28)	-
Expenses not deductible for tax purposes	3,281	2,369	1,111	252
Deferred tax assets not recognised	349	5,757	-	314
Utilisation of previously unrecognised deferred tax assets	(584)	-	-	-
	568	(382)	-	-
Over provision of income tax in prior years	(2)	(2,062)	-	(30)
Over provision of deferred tax in prior years	(2)	(64)	-	(45)
	564	(2,508)	-	(75)

The unutilised tax losses and unutilised capital allowances which are available to be carried forward to offset against future chargeable income as follows:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	8,709	9,650
Unutilised capital allowances	270	214
	8,979	9,864

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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	
	2021	2020
Loss attributable to owners of the Company (RM'000)	(7,826)	(22,128)
<hr/>		
Weighted average number of ordinary shares in issue (in thousands of shares):		
Issued ordinary shares at 1 January	251,791	213,791
Effect of ordinary shares issued during the financial year	67,294	1,874
<hr/>		
Weighted average number of ordinary shares at 31 December	319,085	215,665
<hr/>		
Basic loss per ordinary share (in sen)	(2.45)	(10.26)
<hr/>		

(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	
	2021	2020
Loss attributable to owners of the Company (RM'000)	(7,826)	(22,128)
<hr/>		
Weighted average number of ordinary shares used in the calculation of basic loss per share	319,085	215,665
Effect of warrants	18,838	38,177
<hr/>		
Weighted average number of ordinary shares at 31 December (diluted)	337,923	253,842
<hr/>		
Diluted loss per ordinary share (sen)	(2.32)	(8.72)
<hr/>		

NOTES TO THE FINANCIAL STATEMENTS

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28. Staff Costs

	Group	
	2021	2020
	RM'000	RM'000
Salaries, wages and other emoluments	6,107	7,958
Defined contribution plans	719	1,011
Social security contributions	39	62
Other benefits	40	318
	6,905	9,349

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	
	2021	2020
	RM'000	RM'000
Executive Directors		
<u>Existing Directors of the Company</u>		
Salaries and other emoluments	1,663	2,669
Defined contribution plans	200	320
Social security contributions	1	-
Estimated money value of benefit-in-kind	2	3
	1,866	2,992

Executive Directors		
<u>Existing Directors of subsidiary companies</u>		
Salaries and other emoluments	1,379	981
Defined contribution plans	166	120
Social security contributions	2	-
Estimated money value of benefit-in-kind	17	15
	1,564	1,116

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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/ Modification to lease term RM'000	At 31 December RM'000
Group					
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
2020					
Term loans	32,396	(1,122)	-	-	31,274
Other bank borrowings	27,967	(552)	-	-	27,415
Lease liabilities	4,001	(1,553)	(142)	1,478	3,784
Amount due to Directors	829	(825)	-	-	4
	65,193	(4,052)	(142)	1,478	62,477
Company					
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
2020					
Term loans			-	1,833	1,833
Other bank borrowings			3,000	8,000	11,000
Lease liabilities			634	(81)	553
			3,634	9,752	13,386

(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.

NOTES TO THE FINANCIAL STATEMENTS

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30. Related Party Disclosure

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2021 RM'000	2020 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, fees and other emoluments	4,015	4,860	167	185
Defined contribution plans	462	570	-	-
Social security contributions	8	-	-	-
Estimated money value of benefit-in-kind	46	48	-	-
	4,531	5,478	167	185

NOTES TO THE FINANCIAL STATEMENTS

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31. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

Poultry	This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
Housing development	This consists of development and construction of residential and commercial properties.
Healthcare services	This consists of development of hospitals, running of hospitals, clinics, laboratories and related healthcare activities.
Other business segments	This includes investment holding, 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.

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31. Segment Information (Cont'd)

Group	Poultry RM'000	Housing development RM'000	Healthcare services RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
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)
(Loss)/Profit before tax	(9,877)	3,590	1,744	(4,772)	2,034	(7,281)
Taxation	(16)	(962)	-	-	414	(564)
Segment (loss)/profit	(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

NOTES TO THE FINANCIAL STATEMENTS

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31. Segment Information (Cont'd)

Group	Poultry RM'000	Housing development RM'000	Healthcare services RM'000	Adjustments and eliminations		Total RM'000
				Others RM'000	RM'000	
2021						
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)
Written off of property, plant and equipment	-	(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

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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						
2020						
Revenue						
External sales	98,465	15,481	121	-	-	114,067
Inter-segment sales	42,587	12,788	-	-	(55,375)	-
Total revenue	141,052	28,269	121	-	(55,375)	114,067
Results						
Segment results	18,175	671	(5,573)	(1,646)	(12,637)	(1,010)
Interest income	562	67	-	190	-	819
Interest expenses	(2,586)	(2,233)	(169)	(784)	-	(5,772)
Other non-cash items	(9,770)	(3,253)	(2,458)	(119)	(3,620)	(19,220)
Profit/(Loss) before tax	6,381	(4,748)	(8,200)	(2,359)	(16,257)	(25,183)
Taxation	2,093	(51)	28	75	363	2,508
Segment profit/(loss)	8,474	(4,799)	(8,172)	(2,284)	(15,894)	(22,675)
Assets						
Included in the measurement of segment assets are:						
Capital expenditure	515	376	1,559	6	-	2,456
Segment assets	56,889	190,893	16,624	107,230	(198,995)	172,641
Liabilities						
Segment liabilities	55,314	176,846	18,748	19,308	(181,137)	89,079

NOTES TO THE FINANCIAL STATEMENTS

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31. Segment Information (Cont'd)

Group	Adjustments and					Total RM'000
	Poultry RM'000	Housing development RM'000	Healthcare services RM'000	Others RM'000	eliminations RM'000	
2020						
Other non-cash items						
Bad debts written off	(48)	-	-	-	-	(48)
Depreciation	(387)	(471)	(473)	(119)	-	(1,450)
Gain/(Loss) on disposal of:						
- property, plant and equipment	4	31	-	-	-	35
- right-of-use assets	-	-	23	-	-	23
- subsidiary companies	-	-	-	-	(1,356)	(1,356)
Impairment losses on:						
- trade receivables	(10,030)	-	-	-	-	(10,030)
- other receivables	(56)	-	-	-	-	(56)
- goodwill	-	-	-	-	(2,264)	(2,264)
Written off of:						
- property, plant and equipment	-	(1)	-	-	-	(1)
- right-of-use assets	-	-	(551)	-	-	(551)
- property development cost	-	(15)	(1,457)	-	-	(1,472)
Inventories written down	-	(2,797)	-	-	-	(2,797)
Unrealised loss on foreign exchange	(7)	-	-	-	-	(7)
Reversal of impairment losses of trade receivables	754	-	-	-	-	754
	(9,770)	(3,253)	(2,458)	(119)	(3,620)	(19,220)

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.

NOTES TO THE FINANCIAL STATEMENTS

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32. Financial Guarantees

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unsecured:				
Bank guarantee for performance bond given to third parties	2,495	2,435	-	-
Unsecured:				
Financial guarantee given to licensed banks for credit facilities granted to subsidiary companies	-	-	74,519	67,236

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.

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:

	2021 RM'000	2020 RM'000
Group		
At amortised cost		
Financial assets		
Trade receivables	33,816	39,587
Other receivables	16,541	7,702
Deposits, cash and bank balances	47,559	21,133
	97,916	68,422
At amortised cost		
Financial liabilities		
Loans and borrowings	74,519	67,236
Lease liabilities	1,418	3,784
Trade payables	6,601	6,292
Other payables	4,820	7,848
Amount due to Directors	9	4
	87,367	85,164

NOTES TO THE FINANCIAL STATEMENTS

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33. Financial Instruments (Cont'd)

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

	2021 RM'000	2020 RM'000
Company		
At amortised cost		
Financial assets		
Other receivables	1,341	1,706
Amount due from subsidiary companies	75,091	85,658
Deposits, cash and bank balances	31,617	8,435
	108,049	95,799
At amortised cost		
Financial liabilities		
Loans and borrowings	17,395	17,802
Lease liabilities	462	553
Other payables	325	898
Amount due to Directors	7	-
	18,189	19,253

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

33. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

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 RM74,519,000 (2020: RM67,236,000), 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 credit risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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.

	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					
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

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Group						
2020						
<u>Non-derivative financial liabilities</u>						
Loans and borrowings	44,935	16,783	8,012	-	69,730	67,236
Lease liabilities	1,569	916	1,668	270	4,423	3,784
Trade payables	6,292	-	-	-	6,292	6,292
Other payables	7,848	-	-	-	7,848	7,848
Amount due to Directors	4	-	-	-	4	4
Financial guarantee liabilities *	2,435	-	-	-	2,435	-
	63,083	17,699	9,680	270	90,732	85,164

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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					
2021					
<u>Non-derivative financial liabilities</u>					
Loans and borrowings	16,473	462	553	17,488	17,395
Lease liabilities	139	148	246	533	462
Other payables	325	-	-	325	325
Amount due to Directors	7	-	-	7	7
Financial guarantee liabilities *	74,519	-	-	74,519	-
	91,463	610	799	92,872	18,189

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Company						
2020						
<u>Non-derivative financial liabilities</u>						
Loans and borrowings	15,969	1,833	-	-	17,802	17,802
Lease liabilities	134	139	394	-	667	553
Other payables	898	-	-	-	898	898
Financial guarantee liabilities *	67,236	-	-	-	67,236	-
	84,237	1,972	394	-	86,603	19,253

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

33. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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.

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 and the Company 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:

	2021 RM'000	2020 RM'000
Group		
Fixed rate instruments		
Financial assets	19,586	17,233
Financial liabilities	(26,950)	(20,199)
	(7,364)	(2,966)
Floating rate instruments		
Financial liabilities	(48,987)	(50,821)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 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: (Cont'd)

	2021 RM'000	2020 RM'000
Company		
Fixed rate instruments		
Financial assets	8,312	8,205
Financial liabilities	(462)	(553)
	<hr/> 7,850	<hr/> 7,652
Floating rate instruments		
Financial liabilities	(17,395)	(17,802)

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' and the Company's loss before tax by RM490,000 and RM174,000 (2020: RM508,000 and RM178,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

33. Financial Instruments (Cont'd)

(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					
2021					
Financial asset					
Advances to former subsidiary companies	-	-	18,158	18,158	13,505
Financial liability					
Term loans	-	17,036	-	17,036	15,646
2020					
Financial liability					
Term loans	-	26,208	-	26,208	23,238
Company					
2021					
Financial liability					
Term loans	-	1,015	-	1,015	970
2020					
Financial liability					
Term loans	-	1,833	-	1,833	1,833

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

33. Financial Instruments (Cont'd)

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

(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%)

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

34. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at end of the reporting period are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	74,519	67,236	17,395	17,802
Lease liabilities	1,418	3,784	462	553
Less: Deposits, cash and bank balances	(47,559)	(21,133)	(31,617)	(8,435)
Net debt	28,378	49,887	(13,760)	9,920
Total equity	104,084	83,562	111,650	87,921
Gearing ratio	0.27	0.60	- *	0.11

* 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.

35. Significant Events during the Financial YearOutbreak of coronavirus pandemic

Following from the development of the COVID-19 declared by the World Health Organisation as a global pandemic on 11 March 2020, the Government Malaysia imposed various phases of Movement Control Order ("MCO") to curb the spreads of the COVID-19 pandemic in Malaysia.

As at the date of this report, the COVID-19 pandemic situation is still evolving and remain uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Nevertheless, with the Group's past focus on cost efficiency, strong cash position and resilient fundamentals, the Group expects to sustain its operational and financial performance for the forthcoming financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

36. Subsequent Events

- (a) On 18 June 2021, the Company announced to undertake a proposed private placement by issuance of new ordinary shares up to 20% of the total number of issued shares of the Company. On 21 January 2022, the Company had issued an additional 12,700,000 new ordinary shares at issue price of RM0.1571 per share pursuant to this private placement.
- (b) On 4 October 2021, the Company announced to undertake a proposed capital reduction of RM88 million of the issued share capital of the Company which is lost and unrepresented by available assets pursuant to Section 116(1)(b) of the Companies Act 2016. The corresponding credit of RM88 million will be utilised to eliminate the accumulated losses of the Company. This proposal was completed on 20 January 2022.
- (c) On 7 April 2022, the Company acquired 100% issued and paid-up 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.

37. Comparative Information

- (a) The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants.
- (b) Certain comparatives were reclassified to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2020.

38. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 April 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

Total Number of Issued Shares : 337,605,620
 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	115	3.365	1,821	0.001
100 to 1,000	454	13.283	245,750	0.073
1,001 to 10,000	1,296	37.917	7,168,382	2.123
10,001 to 100,000	1,167	34.143	44,062,420	13.051
100,001 to 16,880,280*	386	11.293	286,127,247	84.752
16,880,281 and above**	0	0.000	0	0.000
TOTAL	3,418	100.000	337,605,620	100.000

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	18,000,000	5.33	-	-

List of Directors' Shareholdings

No.	Name	Direct Interest	No. of Ordinary Shares		%
			%	Indirect Interest	
1.	Toh Hong Chye	18,000,000	5.33	-	-
2.	Datuk Fong Kiah Yeow	14,302,200	4.24	21,253 ^[1]	0.01
3.	Fong Ngan Teng	12,706,000	3.76	21,253 ^[1]	0.01
4.	Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
5.	Mohd Khasan Bin Ahmad	-	-	-	-
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 1 APRIL 2022

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Kim Fong	12,700,000	3.762
2.	M&A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow (M&A)	10,924,200	3.236
3.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Chiew Peng	10,250,000	3.036
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Hong Chye	10,000,000	2.962
5.	M&A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Ngan Teng (M&A)	9,206,000	2.727
6.	M&A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Choon Kai (M&A)	9,206,000	2.727
7.	RHB Nominees (Tempatan) Sdn. Bhd. Toh Hong Chye	8,000,000	2.370
8.	Lee See Yang	7,500,000	2.222
9.	Woo Wai Yeen	6,800,000	2.014
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choong Leo	5,196,600	1.539
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Lim Lee Aik	3,839,600	1.137
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Choon Kai	3,500,000	1.037
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Ngan Teng	3,500,000	1.037
14.	Choong Yoke Far	3,379,200	1.001
15.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow	3,378,000	1.001
16.	RHB Nominees (Tempatan) Sdn. Bhd. OSK Capital Sdn. Bhd. for Darren Solomon Low Jun Ket	3,221,500	0.954
17.	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tie Ming Chung (7002470)	3,104,450	0.920
18.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sheldon Wee Tah Poh	3,000,000	0.889
19.	Lim Kian Huat	2,994,200	0.887
20.	Teh Sen Siew	2,854,700	0.846
21.	Darren Solomon Low Jun Ket	2,845,900	0.843
22.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kok Choon	2,840,000	0.841
23.	Tan Kuan Teck	2,796,500	0.828
24.	Yeow Boon Siang	2,600,000	0.770
25.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kuan Teck	2,494,500	0.739
26.	Gan Sieow Hung	2,438,500	0.722
27.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Khai Ric	2,363,300	0.700
28.	Lai Thiam Poh	2,227,600	0.660
29.	Tan Kuan Teck	2,155,000	0.638
30.	Lembaga Tabung Amanah Warisan Negeri Terengganu	2,141,000	0.634

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 APRIL 2022

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	115	16.523	5,416	0.014
100 to 1,000	65	9.339	40,467	0.107
1,001 to 10,000	211	30.316	1,009,333	2.667
10,001 to 100,000	225	32.328	8,873,436	23.443
100,001 to 1,892,551*	78	11.207	22,119,487	58.438
1,892,552 and above**	2	0.287	5,802,900	15.331
TOTAL	696	100.000	37,851,039	100.000

Notes:

* 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 Fong Kiah Yeow	-	-	-	-
3.	Fong Ngan Teng	-	-	-	-
4.	Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
5.	Mohd Khasan Bin Ahmad	-	-	-	-
6.	Masleena Binti Zaid	-	-	-	-

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 APRIL 2022

Thirty (30) Largest Warrant Holders

No.	Name	No. of Warrants	%
1.	Kam Kok Kow	2,902,900	7.669
2.	Ng Chiew Peng	2,900,000	7.662
3.	Gan Sieow Hung	1,512,100	3.995
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kwek Chee Lee (Penang-CL)	1,088,800	2.877
5.	Woo Wai Yean	992,300	2.622
6.	Loh Yuet Mui	717,425	1.895
7.	Lai Thiam Poh	693,000	1.831
8.	Ng Kam Chaw	675,000	1.783
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. For Chiang Siew Eng @ Le Yu Ak Ee	613,300	1.620
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choong Leo	600,000	1.585
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Cheong Chee Chung	563,600	1.489
12.	Kong She Kiang	550,000	1.453
13.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Chiew Peng	540,000	1.427
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Koh Choan (04CJ132Q-004)	500,000	1.321
15.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Thong Guan (MY1081)	499,800	1.320
16.	Goh Boon Loong	400,000	1.057
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Tan Chee Hong	369,300	0.976
18.	Mohamad Shahrizan bin Mohamad Sopthw	350,600	0.926
19.	Liow Sue Ling	327,000	0.864
20.	Lin JiaYu	325,000	0.859
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Wai Mun (MY3555)	300,000	0.793
22.	Jamaliah binti Ishak	300,000	0.793
23.	Soon Lay Kian	295,000	0.779
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Lim Lee Aik	287,000	0.758
25.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Soon Lay Peng (B Tinggi-CL)	280,000	0.740
26.	Tan Tiong Wah	280,000	0.740
27.	Mah Kit Wai	275,000	0.727
28.	Chong Mow Chai	256,500	0.678
29.	David Tan Kah Chuan	250,200	0.661
30.	Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Zou XiaoCui (E-TCS)	248,500	0.657

LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
THE COMPANY AND 100% OWNED SUBSIDIARIES				
P.T. No. 197 H.S.(D) 33179 Kawasan Bandar XXXIX Daerah Melaka Raya, Melaka	3 1/2 Storey Intermediate shophot	Leasehold (expiring in 2075)	278,792	2003
No. 65 & 65-1 Jalan KU 12 Taman Krubong Utama Krubong 75250 Melaka	Double Storey shop office	Leasehold (expiring in 2105)	216,910	2013
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of bedrooms apartment	Freehold	217,795	1998
MLO 5436, MLO 5437 Lot 1639 & Lot 3523 H.S. (D) 2447, H.S. (D) 2448 GM1333 & GM 364 Mukim of Lenga District of Muar, Johor	Broiler Farm	Freehold	1,763,488	2020
No. 54 & 54-1 Jalan KU 3 Taman Krubong Utama Krubong 75250 Melaka	Double Storey shop office	Leasehold (expiring in 2105)	242,779	2020
No. 47 & 47-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	205,770	2020
No.31 & 31-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	180,910	2020
No.23 & 23-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	180,910	2020
No.25 & 25-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	201,011	2021
No.27 & 27-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	201,011	2021
No.29 & 29-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	201,011	2021
No.33 & 33-1 Jalan TMJ 29 Taman Minyak Jaya 75260 Melaka	Double Storey shop office	Freehold	205,032	2021

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

Proposed Private Placement I and Proposed Private Placement II

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

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

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

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

Placement	Date	Number of shares	Price per share (RM)	Amount (RM)
Placement I	18.12.2020	38,000,000	0.2734	10,389,200
	06.01.2021	12,358,284	0.3864	4,775,241
Sub-total		50,358,284		15,164,441
Placement II	06.01.2021	27,641,716	0.3864	10,680,759
	25.02.2021	32,788,200	0.3879	12,718,543
Sub-total		60,429,916		23,399,302
Total proceeds		110,788,200		38,563,743

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

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

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

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

Private Placement I	Planned Utilisation RM'000	Actual Utilisation To-date RM'000
Purchase of poultry feeds	9,032	9,032
Purchase of DOCs	2,258	2,258
Purchase of broilers	3,764	3,764
Sub-total for working capital	15,054	15,054
Expenses	110	110
Total	15,164	15,164

ADDITIONAL COMPLIANCE INFORMATION

Private Placement II	Planned Utilisation RM'000	Actual Utilisation To-date RM'000
Purchase of poultry feeds	7,376	7,376
Purchase of DOCs	1,844	1,844
Purchase of broilers	3,073	3,073
Sub-total for working capital	12,293	12,293
Development expenditure	10,966	10,966
Expenses	140	140
Total	23,399	23,399

Hence, as at 31 December 2021 the proceeds from Private Placement I and Private Placement II have been fully utilized in accordance with the terms of the Circular.

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 21 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 21 January 2022. Hence, the last date for utilisation of the proceeds of RM1,995,170 shall be on the 20 January 2024.

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 option granted may be exercised any time upon the satisfaction of vesting conditions of each offer. The SIS is in force for a period of five (5) years effective from 18 September 2018 which is expiring on 18 September 2023. However, no allocation of the SIS options to the Directors and Key Management was made as at 31 December 2021.

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 FYE2021 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 Eighth Annual General Meeting of the Company ("**28th AGM**") will be conducted virtually from the broadcast venue at 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Thursday, 30 June 2022 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 28th 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 28th 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 Fong Kiah Yeow as Director in accordance with Clause 84 of the Constitution of the Company.				
Ordinary Resolution 2	To re-elect Mr Fong Ngan Teng as Director in accordance with Clause 84 of the Constitution of the Company.				
Ordinary Resolution 3	To re-elect Puan Masleena Binti Zaid 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 for the period from 1 July 2022 until the next Annual General Meeting of the Company to be held in year 2023.				
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	Proposed Continuation in Office of Encik Mohd Khasan Bin Ahmad as Independent Non-Executive Director.				
Ordinary Resolution 7	Authority to Issue Shares pursuant to Section 76 of the Companies Act 2016.				
Ordinary Resolution 8	Proposed grant of Share Issuance Scheme (" SIS ") Options to Puan Masleena Binti Zaid				
Ordinary Resolution 9	Proposed grant of SIS Options to Madam Yong Mai Fang				
Ordinary Resolution 10	Proposed grant of SIS Options to Mr Benjamin Fong Hian Boon				
Ordinary Resolution 11	Proposed grant of SIS Options to Mr Fong Hiang Khim				
Ordinary Resolution 12	Proposed grant of SIS Options to Dato' Fong Kok Yong				

Dated this ____ day of _____ 2022

Contact No: _____

Signature / Common Seal of Shareholder

NOTES :-

1. The 28th AGM of the Company will be conducted virtually from the broadcast venue at 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Thursday, 30 June 2022 at 10.00 a.m. or at any adjournment thereof. Shareholders of the Company are required to register for the 28th 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 Guide).**
2. A member of the Company who is entitled to attend, speak and vote at this 28th 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 28th 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, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time appointed for holding the 28th AGM (no later than Tuesday, 28 June 2022 at 10.00 a.m.) or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

- Alternatively, individual shareholders may choose to submit an electronic Proxy Form using the RPV facilities at <https://agm.digerati.com.my/sinmah-online> or e-mail to Sinmah_helpdesk@digerati.com.my, no later than Tuesday, 28 June 2022 at 10.00 a.m. or at any adjournment of the virtual meeting. Please refer to the Administrative Guide to Shareholders for the procedures to submit the electronic proxy form.
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 23 June 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this 28th 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 28th 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 28th 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 28th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 28th 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

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Affix
Stamp

The Share Registrar

Boardroom Share Registrars Sdn. Bhd.

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

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www.sinmah.com.my

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