

*All terms and abbreviations used herein shall have the same meanings as those defined in the “Definitions” section of this AP unless stated otherwise.*

**THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.** If you have sold or transferred all your shares in our Company, you should immediately hand this AP together with the NPA and RSF (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue to our share registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 8 August 2018 at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 9 of this AP. Neither our Company nor TA Securities shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renounee/transferee (if applicable) is a resident.

This AP has been registered by the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. The Documents have also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

Our shareholders have approved the Rights Issue at the EGM held on 2 May 2018. Bursa Securities had vide its letter dated 15 November 2017 approved the admission of the Rights Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Rights Warrants and the new Sinmah Shares to be issued upon the exercise of the Rights Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. Admission of the Rights Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Rights Warrants and new Sinmah Shares to be issued upon exercise of the Rights Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. Bursa Securities takes no responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Rights Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees/transferees (if applicable).

Our Board has seen and approved all the documentation relating to this Rights Issue. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Adviser for the Rights Issue, acknowledges that, based on all available information, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 5 HEREIN.**



## SINMAH CAPITAL BERHAD

(Company No. 301653-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 152,708,157 NEW ORDINARY SHARES IN SINMAH CAPITAL BERHAD (“SINMAH” OR THE “COMPANY”) (“SINMAH SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 2 EXISTING SINMAH SHARES HELD AS AT 5.00 P.M. ON 8 AUGUST 2018 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 38,177,039 FREE DETACHABLE WARRANTS (“RIGHTS WARRANTS”) ON THE BASIS OF 1 RIGHTS WARRANT FOR EVERY 4 RIGHTS SHARES SUBSCRIBED FOR**

*Adviser*



A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

### IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Wednesday, 8 August 2018 at 5.00 p.m.
<b>Last date and time for:</b>		
Sale of provisional allotment of rights	:	Wednesday, 15 August 2018 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Monday, 20 August 2018 at 4.00 p.m.
Acceptance and payment	:	Friday, 24 August 2018 at 5.00 p.m.
Excess application and payment	:	Friday, 24 August 2018 at 5.00 p.m.

**This Abridged Prospectus is dated 8 August 2018**

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP unless stated otherwise.*

**BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE RIGHTS WARRANTS TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, RIGHTS WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE RIGHTS WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE.**

**THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**THE INCLUSION OF THE VALUATION CERTIFICATE IN THIS AP SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE PROJECT LAND.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

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**DEFINITIONS**

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

“5D-VWAP”	:	5-day volume weighted average market price
“Act”	:	Companies Act 2016 as amended, modified or re-enacted from time to time
“Announced Disposals”	:	Disposal of Breeder Farms, Disposal of Broiler Farms and Disposal of Poultry Assets, collectively
“Announcement 1”	:	Announcement of the Joint Venture and Diversification dated 8 June 2017
“Announcement 2”	:	Announcement of the Rights Issue, Exemption and SIS dated 20 July 2017
“AP”	:	This Abridged Prospectus issued by our Company dated 8 August 2018
“Balance Agreed Land Cost”	:	Balance land cost of RM48.76 million agreed by SDSB and EBKSB
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of our Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CDS”	:	Central Depository System
“Code”	:	Malaysian Code on Take-overs and Mergers 2016
“Deed Poll”	:	The document constituting the Rights Warrants dated 25 July 2018
“Development”	:	Mixed development project on the Project Land
“Director”	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“Disposal of Breeder Farms”	:	Disposal of 21 parcels of agricultural land and 6 breeder farms to FBF which was completed on 23 May 2018
“Disposal of Broiler Farms”	:	Disposal of 39 parcels of agricultural land and 25 broiler farms to FBF which was completed on 3 July 2018
“Disposal of Poultry Assets”	:	Disposal of poultry-related assets to PTS Poultry Processing (BP) Sdn Bhd which was completed on 4 December 2017
“Diversification”	:	Diversification of our business to include property development and construction
“EBKSB”	:	Encorp Bukit Katil Sdn Bhd, a wholly-owned subsidiary of Encorp Berhad
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EGM”	:	Extraordinary general meeting of our Company held on 2 May 2018

**DEFINITIONS (CONT'D)**

“Entitled Shareholders”	:	Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	8 August 2018 at 5.00 p.m., being the date and time on which our shareholders must be registered on the Record of Depositors of our Company in order to be entitled to the Rights Issue
“EPS”	:	Earnings per Sinmah Share
“Exemption”	:	Exemption under Paragraphs 4.08(1)(b) and 4.08(1)(c) of the Rules and the Code from the obligation to undertake a mandatory offer for all remaining Sinmah Shares and convertible securities in our Company not already owned by FCH and its PACs
“FBF”	:	Farm’s Best Food Industries Sdn Bhd, a 53.04%-owned subsidiary of CAB Cakaran Corporation Berhad
“FCH” or “Undertaking Shareholder”	:	F.C.H. Holdings Sdn. Bhd.
“FPE”	:	3-month period ended 31 March
“FYE”	:	Financial year ended/ending 31 December, as the case may be
“GP”	:	Gross profit
“Initial Agreed Land Cost”	:	Initial land cost of RM20.90 million agreed by SDSB and EBKSB
“IRB”	:	Inland Revenue Board
“Joint Venture”	:	Joint venture between SDSB and EBKSB to carry out a mixed development project on the Project Land
“JVA”	:	The joint venture and shareholders agreement entered into between SDSB, EBKSB and JVCo on 8 June 2017 to carry out a mixed development project on the Project Land
“JVCo”	:	Sinmah Encorp Development Sdn Bhd ( <i>formerly known as Sinmah Development JV Sdn Bhd</i> ), being the joint venture company formed by SDSB and EBKSB to undertake the JV, in which SDSB holds 70% while EBKSB holds 30% equity interests
“Land Cost”	:	The development rights to the Project Land of RM69.65 million
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including any amendments, modifications and additions thereto
“LPD”	:	16 July 2018, being the latest practicable date prior to the registration of this AP
“LPS”	:	Loss per Sinmah Share
“M&A”	:	Memorandum and Articles of Association of our Company

**DEFINITIONS (CONT'D)**

“Market Day”	:	A day which Bursa Securities is open for the trading of securities
“Maximum Scenario”	:	Assuming all Entitled Shareholders fully subscribe for their entitlements of the Rights Shares
“Minimum Subscription Level”	:	Assuming only the Undertaking Shareholder subscribes to its entitlement pursuant to the Undertaking and no other shareholder subscribes for the Rights Shares and Rights Warrants
“NA”	:	Net assets attributable to ordinary equity holders of our Company
“NBV”	:	Net book value
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issue
“PAC”	:	Persons acting in concert with FCH, namely Dato’ Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai, collectively pursuant to Section 216(3) of the Capital Markets and Services Act 2007 as at LPD
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Project Land”	:	Land measuring 77.93 acres held as part of PN 58407, Lot 31915 ( <i>formerly known as PN 43209, Lot 6934</i> ), Mukim Bukit Katil, District of Melaka Tengah in the State of Melaka
“Record of Depositors”	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“Rights Issue”	:	Renounceable rights issue of up to 152,708,157 new Sinmah Shares on the basis of 5 Rights Shares for every 2 existing Sinmah Shares, together with up to 38,177,039 Rights Warrants on the basis of 1 Rights Warrant for every 4 Rights Shares subscribed for
“Rights Shares”	:	Up to 152,708,157 new Sinmah Shares to be issued pursuant to the Rights Issue
“Rights Warrants”	:	Up to 38,177,039 free detachable warrants to be issued pursuant to the Rights Issue
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue
“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
“Rules of Bursa Depository”	:	Rules of Bursa Depository as issued pursuant to the SICDA
“SC”	:	Securities Commission Malaysia
“SDSB”	:	Sinmah Development Sdn Bhd, our wholly-owned subsidiary
“Sinmah” or “Company”	:	Sinmah Capital Berhad
“Sinmah Breeders”	:	Sinmah Breeders Sdn Bhd, our wholly-owned subsidiary
“Sinmah Group” or “Group”	:	Sinmah and its subsidiaries, collectively

**DEFINITIONS (CONT'D)**

“Sinmah Multifeed”	:	Sinmah Multifeed Sdn Bhd, our 99.99%-owned subsidiary
“Sinmah Shares” or “Shares”	:	Ordinary shares in Sinmah
“SIS”	:	Establishment of a share issuance scheme of up to 15% of the total number of issued Sinmah Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible Directors and employees of our Company and our non-dormant subsidiaries
“Share Registrar”	:	Symphony Share Registrars Sdn Bhd
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“TA Securities” or “Adviser”	:	TA Securities Holdings Berhad
“TEAP”	:	Theoretical ex-all price
“TERP”	:	Theoretical ex-rights price
“Undertaking”	:	Unconditional and irrevocable written undertaking from our major shareholder, namely FCH, in a letter dated 19 July 2017 that it will not dispose any of its Sinmah Shares following the date of the Announcement 2 up to Entitlement Date and that it will subscribe in full for its entitlements of 53,659,512 Rights Shares with 13,414,878 Rights Warrants in respect of its direct shareholding in our Company. In addition, FCH has also undertaken to subscribe for 22,694,566 additional Rights Shares together with 5,673,641 Rights Warrants if not subscribed by other shareholders of our Company pursuant to the Minimum Subscription Level
“Valuer”	:	Raine & Horne International Zaki+Partners Sdn Bhd

All references to “**our Company**” and/or “**Sinmah**” in this AP are to Sinmah Capital Berhad. References to “**our Group**” and/or “**Sinmah Group**” are to Sinmah and our subsidiaries and references to “**we**”, “**us**” “**our**” and “**ourselves**” are to Sinmah and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>
Datuk Hj. Zainal Bin Hj. Shamsudin <i>(Chairman, Independent Non-Executive Director)</i>	343, Jalan J4, Taman Melawati, Fasa 6, 53100 Ulu Kelang, Selangor Darul Ehsan	71	Malaysian	Company Director
Dato' Fong Kok Yong <i>(Managing Director)</i>	No. 70 Jalan Tun Fatimah, Durian Daun, 75400 Melaka	67	Malaysian	Company Director
Datuk Fong Kiah Yeow <i>(Executive Director)</i>	No. 70 Jalan Tun Fatimah, Durian Daun, 75400 Melaka	64	Malaysian	Company Director
Fong Ngan Teng <i>(Executive Director)</i>	No. 70 Jalan Tun Fatimah, Durian Daun, 75400 Melaka	60	Malaysian	Company Director
Fong Choon Kai <i>(Executive Director)</i>	No. 70 Jalan Tun Fatimah, Durian Daun, 75400 Melaka	57	Malaysian	Company Director
Datuk Ng Peng Hong @ Ng Peng Hay <i>(Non-Independent Non-Executive Director)</i>	No. 103A, Taman Melaka Raya, 76000 Melaka	66	Malaysian	Company Director
Mohd Khasan Bin Ahmad <i>(Senior Independent Non-Executive Director)</i>	Lot 80, Lorong Bistari 2, Kampung Seri Aman, 47100 Puchong, Selangor Darul Ehsan	57	Malaysian	Company Director
Munawar Kabir Mohd Bin Zainal Abidin <i>(Independent Non-Executive Director)</i>	No. 26, Jalan P14 C1/6, Presint 14, 62050 Putrajaya, Wilayah Persekutuan	66	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Mohd Khasan Bin Ahmad	Chairman	Chairman, Senior Independent Non-Executive Director
Datuk Hj. Zainal Bin Hj. Shamsudin	Member	Independent Non-Executive Director
Munawar Kabir Mohd Bin Zainal Abidin	Member	Independent Non-Executive Director

**COMPANY SECRETARIES**

- : Teo Soon Mei (MAICSA 7018590)  
No. 4-1, Kompleks Niaga Melaka Perdana  
Jalan KNMP 3, Bukit Katil  
75450 Melaka  
Tel. no. : 06-232 6033  
Fax. no. : 06-232 6034
- Nolan John Felix (MIA 18938)  
AG 5730  
Alor Gajah Industrial Estate  
78000 Alor Gajah, Melaka  
Tel. no. : 06-556 1293  
Fax. no. : 06-556 2445

**CORPORATE DIRECTORY (CONT'D)**

- REGISTERED OFFICE** : No. 4-1, Kompleks Niaga Melaka Perdana  
Jalan KNMP 3, Bukit Katil  
75450 Melaka  
Tel. no. : 06-232 6033  
Fax. no. : 06-232 6034
- HEAD/MANAGEMENT OFFICE/  
PRINCIPAL PLACE OF BUSINESS** : AG 5730  
Alor Gajah Industrial Estate  
78000 Alor Gajah, Melaka  
Tel. no. : 06-556 1293  
Fax. no. : 06-556 2445  
Website : <http://www.sinmah.com.my>  
E-mail address : [general@sinmah.com.my](mailto:general@sinmah.com.my)
- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Tel. no. : 03-7849 0777  
Fax. no. : 03-7841 8151/52
- AUDITORS/REPORTING  
ACCOUNTANTS** : Messrs. UHY  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel. no. : 03-2279 3088  
Fax. no. : 03-2279 3099
- SOLICITORS FOR THE RIGHTS  
ISSUE** : Messrs. Radhi Azizan  
B-07-08 Gateway Kiaramas  
No.1 Jalan Desa Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Tel. no. : 03-6411 6280  
Fax. no. : 03-6411 6270
- PRINCIPAL BANKERS** : Bank Kerjasama Rakyat Malaysia Berhad  
Menara Kembar Bank Rakyat  
No. 33, Jalan Travers, 50470 Kuala Lumpur  
Tel. no. : 03-2612 9600  
Fax. no. : 03-2272 2237
- Malayan Banking Berhad  
Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Tel. no. : 03-2070 8833  
Fax. no. : 03-2026 1790
- VALUER** : Raine & Horne International Zaki+Partners Sdn Bhd  
Perpetual 99, Jalan Raja Muda Abdul Aziz  
50300 Kuala Lumpur  
Tel. no. : 03-2698 0911  
Fax. no. : 03-2691 1959

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**CORPORATE DIRECTORY (CONT'D)**

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**ADVISER FOR THE RIGHTS ISSUE** : TA Securities Holdings Berhad  
32<sup>nd</sup> Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel. no. : 03-2072 1277  
Fax. no. : 03-2026 0127

**STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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**SINMAH CAPITAL BERHAD**

(Company No. 301653-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

**Registered Office:**

No. 4-1  
Kompleks Niaga Melaka Perdana  
Jalan KNMP 3  
Bukit Katil  
75450 Melaka

8 August 2018

**Our Board of Directors:**

Datuk Hj. Zainal Bin Hj. Shamsudin (*Chairman, Independent Non-Executive Director*)

Dato' Fong Kok Yong (*Managing Director*)

Datuk Fong Kiah Yeow (*Executive Director*)

Fong Ngan Teng (*Executive Director*)

Fong Choon Kai (*Executive Director*)

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

Mohd Khasan Bin Ahmad (*Senior Independent Non-Executive Director*)

Munawar Kabir Mohd Bin Zainal Abidin (*Independent Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 152,708,157 RIGHTS SHARES ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 2 EXISTING SINMAH SHARES HELD AS AT 5.00 P.M. ON 8 AUGUST 2018 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 38,177,039 RIGHTS WARRANTS ON THE BASIS OF 1 RIGHTS WARRANT FOR EVERY 4 RIGHTS SHARES SUBSCRIBED FOR**

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**1. INTRODUCTION**

Our shareholders had approved the Rights Issue at the EGM held on 2 May 2018. A certified true extract of the ordinary resolution passed at the EGM in relation to the Rights Issue is set out in Appendix I of this AP.

Bursa Securities had vide its letter dated 15 November 2017 approved the following:

- (i) listing of and quotation for up to 222,120,787\* Rights Shares;
- (ii) listing of and quotation for up to 55,530,196\*\* Rights Warrants;
- (iii) admission to the Official List for up to 55,530,196\*\* Rights Warrants; and
- (iv) listing of and quotation for up to 55,530,196\*\* new Sinmah Shares to be issued pursuant to the exercise of the Rights Warrants,

on the Main Market of Bursa Securities.

Notes:

\* The maximum number of Rights Shares to be issued has decreased to 152,708,157 due to the expiry of warrants 2013/2018 on 13 July 2018.

\*\* The maximum number of Rights Warrants to be issued has decreased to 38,177,039 due to the expiry of warrants 2013/2018 on 13 July 2018.

The approval of Bursa Securities is subject to the following conditions:

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(i)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied with
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue;	To be complied with
(iii)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and	To be complied with
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the SIS and exercise of Rights Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied with

Bursa Securities had vide its letter dated 6 May 2018 approved our application for an extension of time of up to 30 September 2018 for our Company to complete the implementation of the Rights Issue.

On 25 July 2018, TA Securities announced on our behalf that our Board has fixed the issue price of the Rights Shares at RM0.20 each and the exercise price of the Rights Warrants at RM0.20 each.

On 25 July 2018, TA Securities announced on our behalf that the Entitlement Date has been fixed as 8 August 2018 at 5.00 p.m. together with the other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue.

## 2. DETAILS OF THE RIGHTS ISSUE

As at the LPD, our Company has an issued share capital of RM123,220,500 comprising 61,083,263 Sinmah Shares. The Rights Issue entails the issuance of up to 152,708,157 Rights Shares on a renounceable basis of 5 Rights Shares for every 2 existing Sinmah Shares together with up to 38,177,039 Rights Warrants on the basis of 1 Rights Warrant for every 4 Rights Shares subscribed by the Entitled Shareholders at an issue price of RM0.20 per Rights Share.

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The Rights Shares with Rights Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis specified under Section 9.7 herein. The entitlements for the Rights Shares with Rights Warrants are renounceable in full or in part. The Rights Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The renunciation of Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Rights Warrants to be issued together with the Rights Shares pursuant to the Rights Issue. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Rights Warrants in the proportion of their Rights Shares entitlements. Any unsubscribed Rights Shares with the attached Rights Warrants shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess Rights Shares with Rights Warrants application.

In determining our shareholders' entitlements to the Rights Shares with Rights Warrants under the Rights Issue, fractional entitlements, if any, will be disregarded and shall be dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient or in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Rights Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Rights Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Rights Warrants, as well as to apply for the excess Rights Shares with Rights Warrants if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Rights Warrants and new Shares to be issued arising from the exercise of the Rights Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Rights Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renounees/transferees, if applicable. A notice of allotment will be despatched to the successful applicants within 8 Market Days from the last date of acceptance and payment for the Rights Issue and a notice of allotment will be despatched to the exercising Rights Warrant holders within 8 Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Rights Warrants. The Rights Shares and Rights Warrants will then be quoted on the Main Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

## **2.1 Basis of determining the Issue Price of the Rights Shares and exercise price of the Rights Warrants**

### **(i) Rights Shares**

Our Board has fixed the issue price for the Rights Shares at RM0.20 each after taking into consideration the following:

- (a) the TEAP<sup>(1)</sup> of Sinmah Shares of RM0.2606 based on the 5D-VWAP of Sinmah Shares up to and including 24 July 2018 (being the last trading day immediately preceding the price fixing date) of RM0.45. The issue price of RM0.20 represents a discount of RM0.0606 or 23.25% to the TEAP of RM0.2606; and
- (b) the funding requirements of our Group as detailed in Section 4 of this AP.

Note:

(1) TEAP is computed as follows:

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:

- A = Number of Rights Shares
- B = Number of Rights Warrants
- C = Number of existing Sinmah Shares
- X = Issue price of the Rights Shares
- Y = Exercise price of the Rights Warrants
- Z = 5D-VWAP of Sinmah Shares up to and including the LPD

and the ratio of A:B:C is 5:5/4:2, in accordance with the entitlement basis of 5 Rights Shares together with 5/4 Rights Warrant for every 2 existing Sinmah Shares held.

**(ii) Rights Warrants**

The Rights Warrants will be issued at no cost only to Entitled Shareholders who successfully subscribe for the Rights Shares.

Our Board has fixed the exercise price of the Rights Warrants at RM0.20 each after taking into consideration, among others, the TERP<sup>(1)</sup> of Sinmah Shares of RM0.2714 based on the 5D-VWAP of Sinmah Shares up to and including 24 July 2018 (being the last trading day immediately preceding the price fixing date) of RM0.45. The exercise price of RM0.20 represents a discount of RM0.0714 or 26.31% to the TERP of RM0.2714.

Note:

(1) TERP is computed as follows:

$$\text{TERP} = \frac{(A \times X) + (B \times Y)}{A + B}$$

where:

- A = Number of Rights Shares
- B = Number of existing Sinmah Shares
- X = Issue price of the Rights Shares
- Y = 5D-VWAP of Sinmah Shares up to and including the LPD

and the ratio of A:B is 5:2, in accordance with the entitlement basis of 5 Rights Shares for every 2 existing Sinmah Shares held.

**2.2 Ranking of the Rights Shares and the new Sinmah Shares arising from the exercise of the Rights Warrants**

The holders of the Rights Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Rights Warrants exercise their Rights Warrants into new Sinmah Shares.

The Rights Shares and the new Sinmah Shares to be issued arising from the exercise of the Rights Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing Sinmah Shares, save and except that the Rights Shares and the new Sinmah Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new Sinmah Shares arising from the exercise of the Rights Warrants.

### 2.3 Salient terms of the Rights Warrants

The salient terms of the Rights Warrants are as follows:

- Issue size : Up to 38,177,039 Rights Warrants.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Rights Warrants shall be 100 units of the Rights Warrants.
- Expiry date : A date being 5 years from and including the date of issuance of the Rights Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
- Exercise period : The Rights Warrants may be exercised at any time commencing on and including the date of issuance of the Rights Warrants until 5.00 p.m. on the expiry date.
- Exercise price : The exercise price for the Rights Warrants is fixed at RM0.20 each.
- Exercise rights : Each Rights Warrant carries the entitlement, at any time during the exercise period, to subscribe for 1 new Sinmah Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll.
- Forms and denomination : The Rights Warrants will be issued in the registered form and will be constituted by the Deed Poll.
- Adjustments to the exercise price and/or the number of Rights Warrants : The exercise price and/or number of unexercised Rights Warrants shall be adjusted in accordance with the provisions of the Deed Poll.
- Mode of exercise : The registered holder of the Rights Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price of the new Sinmah Shares subscribed for by banker's draft or cashier's order or money order or postal order in RM drawn on a bank or post office operating in Malaysia.
- Provision for changes in the terms of the Rights Warrants : Any modification to the Deed Poll (including the form and content of the warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if all other relevant requirements of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required).
- Rights of the Rights Warrants : The new Sinmah Shares arising from the exercise of the Rights Warrants are not entitled to any dividend, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new Sinmah Shares upon the exercise of Rights Warrants. The Rights Warrants holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Rights Warrants holders exercise their Rights Warrants into new Sinmah Shares.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed by our Company for a members' voluntary winding-up or there is compromise or arrangement, whether or not for the purpose of or in connection with scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies:



- (a) for the purposes of such winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holders of the Rights Warrants or some persons designated by them for such purposes by special resolution, shall be party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Rights Warrants; and
- (b) in any other case, every holder of the Rights Warrants shall be entitled at any time within 6 weeks after the passing of such resolution or the granting of the court order, by irrevocable surrender of his Rights Warrants together with payment of the relevant subscription monies to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by such Rights Warrants and be entitled to receive out of the assets which would be available in liquidation if he had on such date been the holder of the new Sinmah Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

**Listing** : The Rights Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Rights Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Warrants and the new Sinmah Shares to be issued pursuant to the exercise of the Rights Warrants on the Main Market of Bursa Securities.

**Governing Law** : Laws of Malaysia.

#### 2.4 Undertaking by shareholders and minimum subscription level

Our Board has determined to implement the Rights Issue on a Minimum Subscription Level, which will raise minimum gross proceeds of approximately RM15.27 million based on the issue price of RM0.20 per Rights Share. The minimum gross proceeds of approximately RM15.27 million to be raised was determined by our Board after taking into consideration the funding requirements of our Group as set out in Section 4 of this AP and the ability of our Company to raise financing.

To meet the Minimum Subscription Level, our Company had on 19 July 2017 obtained the letter of Undertaking from our Undertaking Shareholder stating that it will not dispose any of its Sinmah Shares following the date of the Announcement 2 up to the Entitlement Date and that it undertakes to subscribe for the following:

	Shareholding as at LPD		Rights Shares Entitlement		Excess Rights Shares	
	No. of Sinmah Shares	%	No. of Rights Shares	% of Rights Shares <sup>(1)</sup>	No. of Rights Shares	% of Rights Shares <sup>(1)</sup>
FCH	21,463,805	35.14	53,659,512	70.28	22,694,566 <sup>(2)</sup>	29.72

Notes:

- (1) As a percentage of 76,354,078 Rights Shares under the Minimum Subscription Level.

- (2) The number of excess Rights Shares of 22,694,566 was based on FCH's undertaking to subscribe for additional Rights Shares with Rights Warrants to the extent of a minimum aggregate value of RM4,538,913.20 based on the issue price of RM0.20 each to fund the Land Cost of Joint Venture.

The Undertaking Shareholder has confirmed that it has sufficient financial resources to fulfil its Undertaking. As the Adviser for the Rights Issue, TA Securities has verified the confirmation made by the Undertaking Shareholder.

No underwriting will be arranged for the Rights Issue since the Rights Issue will be implemented on a minimum subscription basis.

Premised on the above, FCH and its PACs are the controlling shareholders of Sinmah, and they collectively hold 36.14% of issued Sinmah Shares prior to the Rights Issue. Their aggregate interests in Sinmah may increase by more than 2% in a 6-month period (i.e. from 36.14% up to 71.62%) after the issuance of the Rights Shares under the minimum subscription level for FCH and its PACs. As such, FCH and its PACs would be obligated to extend a mandatory offer to acquire the remaining Sinmah Shares and convertible securities in our Company not already owned by them upon the completion of the Rights Issue. As it is not the intention of FCH and its PACs to undertake any such mandatory offer upon completion of the Rights Issue, approval for the Exemption had been obtained from our non-interested shareholders on 2 May 2018 and the SC on 3 July 2018.

Furthermore, if their aggregate interest in Sinmah after the Rights Issue is below 50%, and they subsequently (either individually or collectively) exercise their Rights Warrants, their aggregate interest may increase by more than 2% in a 6-month period. Thus, FCH and its PACs will closely monitor their subscription of the Rights Shares and exercise of Rights Warrants, in order to ensure that the public shareholding spread of Sinmah is at least 25% for Sinmah to maintain its listing status on the Main Market of Bursa Securities.

## 2.5 Details of other corporate exercises

Save as disclosed below, our Board has confirmed that as at the LPD, there is no other outstanding corporate proposal which has been announced by our Company but is pending implementation and completion prior to the printing of this AP:

- (i) Our Company had on 8 June 2017 and 20 July 2017 announced the following:
- (a) establishment of a share issuance scheme of up to 15% of the total number of issued Sinmah Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible Directors and employees of our Company and our non-dormant subsidiaries; and
  - (b) joint venture between SDSB and EBKSB to carry out a mixed development project on the Project Land. The details of the Project Land is as follows:

Postal address and identification	: PN 58407, Lot 31915 ( <i>formerly known as PN 43209, Lot 6934</i> ), Mukim Bukit Katil, District of Melaka Tengah in the State of Melaka
Proposed land area <sup>(1)</sup>	: 77.93 acres
Land tenure	: 99 years leasehold interest expiring on 27 January 2096. The unexpired term of leasehold interest is approximately 79 years.
Audited NBV as at 31 December 2016	: RM46,385,940

Category of land use	: Building
Express condition	: Untuk bangunan perniagaan sahaja (For commercial use only.) <sup>(2)</sup>
Restriction in interests	: Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa negeri. Sekatan kepentingan ini dikecualikan kepada pembeli pertama. (The Land cannot be transferred or leased except with the consent of the state authority. This interest restriction does not apply to first time buyer.)
Encumbrance / Charge	: Nil
Existing use	: Nil
Proposed use	: Mixed development
Market Value	: RM58.10 million <sup>(3)</sup>

## Notes:

- (1) Only the Project Land area of 77.93 acres (out of the total land area of 640.98 acres) was taken into consideration by the Valuer in arriving at the market value of the Project Land.
- (2) Even though the express condition of the Project Land is stated for commercial use only, the said lot is presently zoned to include residential use, based on the Rancangan Tempatan Majlis Perbandaran Hang Tuah Jaya 2025.
- (3) Based on the valuation certificate dated 30 May 2017 which was subsequently updated to 4 December 2017 as set out in Appendix VII of this AP.

Bursa Securities had vide its letter dated 15 November 2017 approved the listing of and quotation for the new Sinmah Shares to be offered and issued under the SIS.

On 2 May 2018, our Company obtained approval from our shareholders for the SIS and Joint Venture which are both expected to be completed in the 2<sup>nd</sup> half of 2018.

### 3. RATIONALE FOR THE RIGHTS ISSUE

After consideration of the various funding options available to our Group for the purposes as stated in Section 4 of this AP, our Board is of the opinion that the Rights Issue is currently the most appropriate avenue of fund raising for our Group as:

- (i) the Rights Issue will enable our Company to raise funds via equity capital which would not incur interest expenses compared to bank borrowings;
- (ii) the Rights Issue will increase our Group's NA and thus reduce our Group's gearing ratio since no borrowings are involved. Our Group would therefore have the flexibility to further expand our operations by raising financing, and/or acquisition of companies or businesses if opportunities arise. The healthier resulting cash flow will also enable our Group to fund our existing business; and

- (iii) the Rights Issue will provide our shareholders with an opportunity to increase their equity participation in our Company via the issuance of new Sinmah Shares without diluting our existing shareholders' shareholdings, assuming that all the Entitled Shareholders fully subscribe for their entitlements pursuant to the Rights Issue. The Undertaking will allow our major shareholder to extend its support for the Rights Issue which will facilitate the raising of the necessary funds.

#### 4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.20 per Rights Share, the Rights Issue will raise gross proceeds of up to approximately RM30.54 million.

Details of utilisation	Notes	Minimum Subscription Level RM'000	Maximum Scenario RM'000	Expected timeframe for the utilisation of proceeds (from the date of listing of the Rights Shares)
Land cost and development expenditure for property development and construction business	(1)	14,141	29,412	Within 24 months
Expenses in relation to the corporate exercises	(2)	1,130	1,130	Within 2 weeks
<b>Total</b>		<b>15,271</b>	<b>30,542</b>	

Notes:

- (1) Our Group intends to allocate RM14.14 million and RM29.41 million of the proceeds under the Minimum Subscription Level and Maximum Scenario, respectively to fund the land cost and development expenditure of our property development and construction business (i.e., the Joint Venture or on-going and future projects of our Group) in order to provide new sources of income to our Group, which is expected to contribute positively to our Group's financial performance in the future.

The JVCo is required to pay RM69.65 million for the Land Cost. SDSB, as the 70% shareholder of the JVCo, is required to pay RM48.76 million, being 70% of the Land Cost of RM69.65 million. SDSB will allocate RM14.14 million under the Minimum Subscription Level and RM20.90 million under the Maximum Scenario towards this amount of RM48.76 million. The balance Land Cost of RM34.62 million and RM27.86 million under the Minimum Subscription Level and Maximum Scenario respectively will be funded using internally-generated funds and/or bank borrowings, the breakdown of which will be determined later.

Our Group will also allocate approximately RM8.51 million under the Maximum Scenario towards the development expenditure for the Joint Venture with the following breakdown:

Description	RM'000
Purchase of building materials for building construction	6,040
Purchase of materials for infrastructure	1,700
Professional fees – consultants for Joint Venture	430
Sales and administration	340
<b>Total</b>	<b>8,510</b>

The allocation between the categories of development expenditure is indicative at this juncture and will be re-allocated amongst these categories if necessary. Any surplus/shortfall will be adjusted against the amount allocated for expenses in relation to the corporate exercises.

In the event only the Minimum Subscription Level is achieved, the development expenditure will be funded using internally-generated funds and/or bank borrowings.

In the event the Joint Venture does not materialise, our Board envisages that the amounts of proceeds under Note (1) will instead be utilised for our Group's future property development and construction projects or ongoing projects as follows:

- (i) Rumah Mampu Milik Melaka project is located in Taman Krubong Utama, Cheng, Melaka with an estimated gross development value and gross development cost of RM20.95 million and RM16.45 million, respectively. It consists of 3 blocks of 5 storey apartments with an aggregate of 120 units.
- (ii) The double storey terrace houses project is located in Taman Krubong Utama, Cheng, Melaka with an estimated gross development value and gross development cost of RM15.66 million and RM12.77 million, respectively. It consists of 56 units of double storey terrace houses.
- (iii) The two and a half storey semi-detached houses project is located in Taman Saujana, Seksyen 2, Bukit Katil, Melaka with an estimated gross development value and gross development cost of RM5.03 million and RM3.14 million, respectively. It consists of 6 units of two and a half storey semi-detached houses.

The potential breakdown of the said allocation for the Rumah Mampu Milik Melaka project, double storey terrace houses project and two and a half storey semi-detached houses project are as below:

	Minimum Subscription Level RM'000	Maximum Scenario RM'000
<b><u>Rumah Mampu Milik Melaka project</u></b>		
(a) Cost of building construction	10,938	10,938
(b) Cost of infrastructure	1,500	1,500
(c) Professional fees	150	150
(d) Sales and administration	120	120
(e) Conversion premium(partial)	1,433	1,433
<b><u>Double storey terrace houses project</u></b>		
(a) Cost of building construction (at tail end of project)	-	200
(b) Cost of infrastructure	-	1,588
(c) Professional fees	-	50
(d) Sales and administration	-	40
<b><u>Two and a half storey semi-detached houses project</u></b>		
(a) Cost of building construction	-	2,539
(b) Cost of infrastructure	-	416
(c) Professional fees	-	120
(d) Sales and administration	-	65
<b>Future property development and construction projects (to be identified)</b>	-	10,253
<b>Total</b>	<b>14,141</b>	<b>29,412</b>

Notwithstanding the potential allocation as stated above, the actual allocation of funding on the above-mentioned projects and other ongoing projects will be determined over the progress of the projects based on their status and the estimated costs required then. In the event of, any termination of and/or delays in the above-mentioned projects, the surplus arising therefrom will be adjusted to the proceeds allocated for other ongoing property development and construction projects and/or future projects of our Group which are yet to be identified.

- (2) The breakdown of the expenses in relation to the corporate exercises is as follows:

<b>Description</b>	<b>RM'000</b>
Professional fees <sup>(i)</sup>	923
Fees payable to relevant authorities	147
Other incidental expenses in relation to the corporate exercises (comprising printing and despatch cost, cost of convening EGM and other expenses)	60
<b>Total</b>	<b>1,130</b>

Note:

- (i) Comprising fees payable to the Adviser, due diligence solicitors, reporting accountants, company secretaries, Share Registrar and Valuer.

Any surplus/shortfall for the expenses will be adjusted against the amount allocated for development expenditure purposes.

The proceeds to be raised from the issuance of Rights Shares will depend on the number of Rights Shares issued. Any variation to the expected proceeds will be adjusted against the amount allocated for development expenditure purposes of our Group.

Prior to being utilised, the proceeds will be placed in deposits with financial institutions or short-term money market instruments, as decided by our Board. The resulting interest income will be used for our Group's working capital.

The amount of proceeds that may be raised from the exercise of the Rights Warrants will depend upon the number of Rights Warrants exercised during the tenure of the Rights Warrants. Such proceeds will be utilised for the development expenditure of our Group such as purchase of building materials, labour cost for the development project and professional fees on the development project with the timing and breakdown to be determined at a later date.

## 5. RISK FACTORS

Subscribers should consider carefully the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for the Rights Issue.

### 5.1 Risks relating to our poultry business and industry

#### (i) Inherent business risks in the poultry industry

Our Group's poultry business is subject to risks inherent to the poultry industry. These include, but are not limited to, outbreaks of diseases, spread of pathogens from other farms, or other natural disasters, shortage of raw material for poultry feed, decrease in broiler selling prices, adverse climate conditions, the entry of new players into the market, changes in law and tax regulations affecting poultry industry, increases in labour and/or other production costs, changes in business and credit conditions.

#### (ii) Foreign exchange fluctuation

In the poultry industry, a very high percentage of the feed contents such as corn and soya bean meal are imported. The industry is therefore exposed to world commodity prices and foreign exchange fluctuation. Our Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, our Group will apply natural hedging by selling and purchasing in the same currency. Our Group will monitor closely the movement in foreign exchange and commodity prices to limit these risks.

**(iii) Inability to renew or maintain the approvals, licences, permits and certificates required to operate our Group's poultry business**

Our Group has various approvals, licences, permits and certificates to operate its poultry business. Our Group may be required to renew these approvals, licences, permits and certificates or to obtain new approvals, licences, permits and certificates. The relevant authorities may not issue or renew any required approvals, licences, permits or certificates in a timely manner or at all. Failure to renew, maintain or obtain the required approvals, licences, permits and certificates may interrupt our Group's operations or delay or prevent the implementation of any capacity expansion and may have a material adverse effect on our Group's business, financial condition and results of operations.

**(iv) Disease and changes in environmental and weather conditions**

The poultry industry is subject to risks such as the outbreak of disease and adverse changes in environmental and weather conditions. There has been no outbreak of diseases which have affected our Group's farms in the past.

**(v) Political, economic and environmental considerations**

Our Group's financial and business prospects may be materially affected by any changes in the economic, political and regulatory conditions in Malaysia. Such risks include, but are not limited to, changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations, changes in interest rates, inflation and taxation and political leadership.

**5.2 Risks relating to our property business and industry****(i) Business diversification risk**

Our Group is principally involved in the poultry business. The Joint Venture will result in the diversification of our Group's core business to include the property development and construction. Our Group will as a result be exposed to new challenges and risks arising from our Group's investment in the property development and construction industries in which our Group has no prior experience.

**(ii) Non-completion of the JVA**

In the event any of the conditions precedent of the JVA is not fulfilled or waived (as the case may be), the Joint Venture may be delayed or terminated, and the potential benefits arising therefrom may not materialise.

**(iii) Financing risks**

The Joint Venture will be funded through a combination of proceeds raised from Rights Issue, internally generated funds or bank borrowings. If bank borrowings are secured to fund the Joint Venture, the gearing level of the our Group will increase and any adverse movement in interest rates may have a significant impact on the project costs which could adversely affect our Group's financial performance in the future.

**(iv) Competition**

Our Group will face direct competition from both new entrants and existing players in the property development and construction industry. Our Group may also face disadvantage as a relatively new entrant in the property development and construction industry as it lacks the relevant track record and brand name as compared to the existing players which enjoy the privilege of their established brand name and reputation in the industry.

**(v) Business risks**

Pursuant to the implementation/undertaking of the Joint Venture and Diversification, our Group will be subject to risks inherent to the property development and construction. These may include amongst others, general economic downturn in the global and regional economy, entry of new players, socio-political instability, changes in demand and oversupply of properties, increases in the costs of labour and building materials disruptions/shortages, changes in credit conditions and changes in the legal and environment framework within which this industry operate.

**(vi) Failure to settle the payment of Balance Agreed Land Cost**

Pursuant to the JVA, JVCo may utilise the proceeds generated from the sales from the individual units of the residential and commercial projects developed by the JVCo to make the payment towards the Balance Agreed Land Cost to EBKSB. In the event the proceeds generated from the sales from the individual units of the residential and commercial projects developed by the JVCo are insufficient to pay the outstanding Balance Agreed Land Cost when due, SDSB is required to settle the payment in advance. The said arrangement is expected to diminish the cash flow of SDSB and in the event SDSB has insufficient funds and may need to seek for internally-generated funds or bank borrowings, additional bank borrowings (if secured) will increase the gearing level and interest expenses to be incurred by our Group.

**(vii) Dependency on key personnel**

Our Group's involvement in property development and construction business depends largely on the abilities, skills, experience and competency of Kow Keng Yam, Manoj Kumar Sukumaran, Yeo Pay Leng and other key management personnel. The loss of any of the relevant key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, may adversely affect our Group's property development and construction operations.

**(viii) Regulatory risk**

Our business operations may be adversely affected by changes in regulatory in Malaysia. Regulatory changes such as introduction of new laws and regulations, changes in regulatory framework governing the construction industry, changes in interest rates or taxes will impact our Group's business, financial condition, results of operations and prospects.

**5.3 Risks relating to the Rights Issue**

**(i) Investment and capital market risk**

The market price of the Rights Shares will be influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of Sinmah Shares, the outlook for the poultry and property industries, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local share market (on which our Shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, the Rights Shares may not trade above the Issue Price for the Rights Shares or TEAP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.



The market price of the Rights Warrants may be influenced by, amongst others, the market price of Sinmah Shares, and the remaining exercise period of the Rights Warrants and the volatility of Sinmah Shares. The Rights Warrants may not be “in-the-money” during the exercise period of the Rights Warrants. In the event the Rights Warrants are not exercised during the exercise period, the unexercised Rights Warrants will lapse.

**(ii) Delay in or failure of the Rights Issue**

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue. Such events or circumstances include, *inter alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

All proceeds arising from the Rights Issue will be refunded without interest to the Entitled Shareholders and/or their renounees/transferees (if applicable) in the event the Rights Issue is aborted and if such monies are not repaid within 14 days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act, 2007.

**(iii) Potential dilution**

The Entitled Shareholders who do not or are not able to accept their provisional offer of the Rights Shares will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly.

**(iv) Forward-looking statements**

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, amongst others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

## **6. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP**

### **6.1 Overview and outlook of the Malaysian economy**

The Malaysian economy expanded by 5.4% in the first quarter of 2018 (4Q 2017: 5.9%), driven by continued growth in private sector spending (5.2%; 4Q 2017: 7.4%) and strong growth in net exports (62.4%; 4Q 2017: 2.3%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (4Q 2017: 1.0%).

Domestic demand recorded a moderate growth of 4.1% (4Q 2017: 6.2%), due to lower growth of private sector expenditure (5.2%; 4Q 2017: 7.4%) and a marginal decline in public sector spending (-0.1%; 4Q 2017: +3.4%). Private consumption registered a sustained growth of 6.9% (4Q 2017: 7.0%), supported by continued strength in wage and employment growth. Public consumption growth was lower at 0.4% (4Q 2017: 6.8%) on account of lower expenditure on supplies and services. On the supply side, services and manufacturing sectors remained the key drivers of growth.

In 2018, growth is projected to remain favourable, with domestic demand as the key driver of growth. The positive growth prospects are supported by continued spillovers from the external sector to domestic economic activity. Trade performance is expected to benefit from favourable global demand, new export production capacity and exposure to the global technology cycle.

On the domestic front, leading indicators such as the Department of Statistics Malaysia's Composite Leading Index, MIER Business Conditions Index and MIER Consumer Sentiments Index point toward continued expansion of the economy. Private consumption will be underpinned by continued wage and employment growth, with support from Government measures. Investment activity will be supported by capital spending for new and ongoing projects amid positive business sentiments.

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2018, BNM)*

## **6.2 Overview and outlook of the poultry industry in Malaysia**

Agriculture sector recorded a double-digit growth of 10.7% (Q4 2016: -2.5%) supported by the higher production of palm oil and livestock. Value-added of the oil palm subsector rebounded significantly by 24.3% (Q4 2016: -7.2%) driven by higher production of crude palm oil despite lower price at RM2,681 per tonne during the quarter (Q4 2016: RM2,955 per tonne). Meanwhile, the rubber subsector contracted 2.8% (Q4 2016: 1.1%) on account of declining output due to lower prices amid unfavourable weather conditions. The price of natural rubber (SMR 20) remained low at RM5.88 per kilogramme during the quarter (Q4 2016: RM7.19 per kilogramme). Other agriculture subsector grew 2.1% (Q4 2016: 4.6%) supported by output of vegetables (4.6%) and fruits (3.9%). The livestock subsector strengthened to 8.6% (Q4 2016: 0.8%) backed by higher output of poultry and swine. Meanwhile, the forestry subsector declined 17.9% (Q4 2016: 0.3%) in tandem with slower logging activities in line with sustainable forest management. Likewise, the fishing subsector contracted 4.2% (Q4 2016: 1.1%) largely due to decline in marine landings following monsoon season.

*(Source: Quarterly update on the Malaysian Economy – 4th Quarter 2017, Ministry of Finance Malaysia)*

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The historical and projected output of broilers and chicken eggs in Peninsular Malaysia for 2004 to 2017 are set out in the table below:

Years	Broilers	Chicken eggs
	Output (units)	Output (units)
2004	414,350,008	6,871,061,160
2005	437,054,987	7,420,599,487
2006	427,225,469	7,237,692,613
2007	513,799,107	7,772,670,290
2008	491,413,930	7,516,050,893
2009	516,231,809	7,628,783,615
2010	524,035,048	8,564,601,148
2011	614,496,996	8,920,889,949
2012	636,997,602	9,103,145,498
2013	657,095,676	11,123,141,506
2014	724,695,581	10,307,045,418
2015	737,612,422	11,308,020,289
2016	818,649,109	12,113,441,163
2017 (projected)	799,623,385	13,662,580,866

(Source: Output of broiler, chicken eggs and meat duck in Peninsular Malaysia 2004-2017, Federation of Livestock Farmers' Associations of Malaysia)

### 6.3 Overview of the property development and construction industries in Malaysia

Growth in the construction sector moderated in the quarter. While growth of the civil engineering sub-sector was stronger, supported by the transportation, petrochemical and power plant projects, the sector's performance was affected by weaker activity in the residential and non-residential sub-sectors. This is consistent with the significant number of unsold residential properties and the ongoing weaknesses in the commercial property segment (oversupply of office spaces and shopping complexes).

The oversupply situation in the office space and shopping complex segment continued to persist despite some pickup in rental rates for selected shopping complexes in choice locations. Direct risks to banks from end-financing exposures to the office space and shopping complex segments have been small at 3.1% of total bank loans. Banks continue to maintain sound underwriting and valuation practices, even though excess supply in these segments were apparent. Banks remained cautious in extending lending to these segments as reflected in the lower loan approval rates for the construction and purchase of such properties (1Q 2018: 62% and 71.3% respectively; 4Q 2017: 66.9% and 74.7% respectively). The delinquency and impairment ratios for the non-residential property segment remained low at 0.6% and 1.3%, respectively (4Q 2017: 0.7% and 1.2%, respectively).

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2018, BNM)

### 6.4 Outlook and prospects of the Land

The Project Land is situated due east of Jalan Tun Hamzah, one of main arterial road linking Bukit Katil area with Ayer Keroh development neighbourhoods.

The neighbourhood is generally residential in character comprising individually-designed detached houses, premium loft terrace villas, terraced shop and terraced houses.

Notable developments immediate vicinity of the Project Land is Vista Kirana, Taman Ozana Impian, Melaka Perdana Resort Homes, Taman Bukit Katil Damai, Ozana Villas, Country Villas Resort, Taman Saujana Indah and Taman Saujana Permai.

The location of the Project Land is depicted in the following diagram:



(Source: Valuation Certificate)

Given the ideal location of the Project Land for similar development and accessibility via Jalan Tun Hamzah, one of the main arterial roads linking Bukit Katil area with Ayer Keroh development neighbourhoods, the management expects that the prospect for the development on the Project Land to be favourable.

Based on the foregoing, our Board is of the view that the Joint Venture will contribute positively towards the performance of our Group as it will unlock the value of the Project Land and that our Board shall benefit from the development to be undertaken over the period of the Project Land.

## 6.5 Outlook and prospects of Melaka property industry

The state's property market continued to decline in 2017. There were 13,534 transactions worth RM4.1 billion, indicating a contraction of 6.8% in volume and 3.1% in value against 2016. The residential property remained the leading sub-sector, dominating 61.5% of overall market activity, followed by agriculture sub-sector with 20.9% market share.

Market activity was down in all sub-sectors except for development land and agriculture which recorded an increase of 4.4% and 3.65, respectively. Significant decline was recorded by commercial and residential sub-sector followed by industrial at 12.8%, 10.6% and 7.3%, respectively. Value of agriculture sub-sector transactions, recorded an increase of 9.4%, while other sub-sectors showed otherwise.

Residential sub-sector continued to propel the market activity with 61.5% share. There were 8,322 transactions worth RM2.07 billion, indicating a decrease of 10.6% in volume and 1.6% in value. Terraced houses transactions dominated 55.3% of the residential property transactions.

The residential overhang decreased in volume to 753 units worth RM285 million, down by 30.3% in volume but up by 59.8% in value over 2016. The unsold under construction increased by more than double from 443 units to 974 units. In addition, the unsold not constructed also increased to 133 units, up 64.2%.

The commercial sub-sector recorded 879 transactions worth RM837.76 million in the review period, decreased by 12.8% in volume and 3.2% in value against 2016.

Shop segment recorded lower market activity in the review period with 633 transactions worth RM359.79 million. This indicated a decrease of 2.2% in volume but an increase of 11.3% in value against 2016. Two to two and a-half storey shop transactions dominated 57.8% of the shop property transactions.

The performance of retail sub-sector took a downturn as at year-end, with an average occupancy rate of 70.7% against 74.9% recorded in 2016.

Housing sector is expected to continue to be the main contributor to the state's real estate transactions. State government requires housing developers to build 20% low-cost houses and 20% affordable homes for each planned housing projects exceeding 3.23 hectares (8 acres). Affordable homes in Malacca should not exceed RM180,000 per unit with minimum built-up area of 92.9 square meters (1,000 square feet). The State of Malacca has been recognised as the supplier of affordable housing by BNM and has also received recognition as a prosperous state.

*(Source: Property Market Report 2017 by Valuation and Property Services Department, Ministry of Finance Malaysia)*

Notwithstanding the above, in the longer term, our Board is of the opinion that the Melaka's property market will still present an opportunity for our Group to benefit from the potential upside arising from the demand within the property industry.

## **6.6 Prospects of our Group**

### **(i) Poultry business**

Our Group is principally involved in poultry business such as poultry processing, poultry breeding, trading of chicken feeds, day old chicks and vaccines, as well as marketing and distribution of poultry products. Our Group had on 8 November 2016, 4 December 2017, 23 May 2018 and 3 July 2018 completed the disposal of FBF, Disposal of Poultry Assets, Disposal of Breeder Farms and Disposal of Broiler Farms, respectively.

Our Group will continue with the trading of broilers and contract farming even after the Announced Disposals. Currently, the trading of broilers involved broilers raised by our own broiler farms and broilers acquired from external contract farmers. After the Announced Disposals, our Group will acquire broilers from contract farmers and independent farmers whereby our Group would not have to bear any fixed operation costs from owning farms. To date, our Group has secured 25 external contract farmers who are willing to sell their broilers to our Group at fixed costs. With a mark-up to the broilers bought from the external contract farmers, this arrangement is expected to contribute positively to our Group. Our Group is also working to secure more external contract farmers.

The feedmill business is an upstream sector of our Group's poultry business. For information, our Group's feedmill business is currently running at approximately 40% of the production capacity. It is the intention of our Group to extend our customer network for feedmill business by approaching external parties including a public listed company which is involved in the poultry business and external farmers. Some of the external parties had indicated their interest in purchasing poultry feed from our Group for their own usage.

In view of the above, the poultry business is expected to continue to be the main source of revenue and profit to our Group, even after the Announced Disposals, and until such time the Board secures more property development and construction projects in the future.

**(ii) Property business**

On 8 June 2017, SDSB entered into the JVA with EBKSB and JVCo to carry out a Development on Project Land consisting of bungalows, semi-D and link houses as well as commercial units such as medical college and hospital.

In line with our Group's strategic growth and future expansion plans to strengthen the position and market presence in property development and construction as well as to ensure earnings sustainability for our Group moving forward, our Group had on 2 May 2018 obtained approval from our shareholders to diversify the business to include property development and construction.

**7. EFFECTS OF THE RIGHTS ISSUE**

**7.1 Share capital**

The pro forma effects of the Rights Issue on our share capital and number of issued shares are as follows:

	Minimum Subscription Level		Maximum Scenario	
	No. of Sinmah Shares	RM	No. of Sinmah Shares	RM
Issued share capital as at the LPD	61,083,263	123,220,500	61,083,263	123,220,500
Arising pursuant to the Rights Issue	76,354,078	15,270,816	152,708,157	30,541,631
Assuming full exercise of Rights Warrants	137,437,341	138,491,316	213,791,420	153,762,131
<b>Enlarged share capital</b>	<b>19,088,519</b>	<b>3,817,704</b>	<b>38,177,039</b>	<b>7,635,408</b>
	<b>156,525,860</b>	<b>142,309,020</b>	<b>251,968,459</b>	<b>161,397,539</b>

**7.2 NA and gearing**

The pro forma effects of the Rights Issue on the NA and gearing of our Group based on our audited consolidated financial statements as at 31 December 2017 are as follows:

**Minimum Subscription Level**

	(Audited) As at 31 December 2017 (RM'000)	(I) Subsequent events up to the LPD <sup>(1)</sup> (RM'000)	(II) After (I) and Rights Issue (RM'000)	(III) After (II) and full exercise of Rights Warrants (RM'000)
Share capital	123,220	123,220	137,361 <sup>(3)</sup>	141,179
Warrants reserves	3,706	-	2,560 <sup>(4)</sup>	-
Other reserves	-	-	(2,560) <sup>(4)</sup>	-
(Accumulated losses) / Retained profits	(17,525)	667	667	667
<b>Shareholders' funds / NA</b>	<b>109,401</b>	<b>123,887</b>	<b>138,028</b>	<b>141,846</b>
No. of shares in issue	61,083,263	61,083,263	137,437,341	156,525,860
NA per Share (RM)	1.79	2.03	1.00	0.91
Total borrowings (RM'000)	104,333	38,420 <sup>(2)</sup>	38,420	38,420
Gearing (times)	0.95	0.31	0.28	0.27

Notes:

- (1) After taking into consideration:
  - (i) Profit after tax on disposal of approximately RM6.74 million from the Disposal of Breeder Farms.
  - (ii) Profit after tax on disposal of approximately RM7.75 million from the Disposal of Broiler Farms.
- (2) After repayment of revolving credit of approximately RM65.91 million from part of the proceeds from the Disposal of Breeder Farms and Disposal of Broiler Farms.
- (3) After deducting estimated expenses of approximately RM1.13 million for the corporate exercises.
- (4) Arising from the issuance of Rights Warrants pursuant to the Rights Issue. For illustration purposes, the Rights Warrants are assumed to have a fair value of RM0.1341 each based on the Black-Scholes Options Pricing Model.

**Maximum Scenario**

	(Audited) As at 31 December 2017 (RM'000)	(I) Subsequent events up to the LPD <sup>(1)</sup> (RM'000)	(II) After (II) and Rights Issue (RM'000)	(III) After (III) and full exercise of Rights Warrants (RM'000)
Share capital	123,220	123,220	152,632 <sup>(3)</sup>	160,267
Warrants reserves	3,706	-	5,116 <sup>(4)</sup>	-
Other reserves	-	-	(5,116) <sup>(4)</sup>	-
(Accumulated losses) / Retained profits	(17,525)	667	667	667
<b>Shareholders' funds / NA</b>	<b>109,401</b>	<b>123,887</b>	<b>153,299</b>	<b>160,934</b>
No. of shares in issue	61,083,263	61,083,263	213,791,420	251,968,459
NA per Share (RM)	1.79	2.03	0.72	0.64
Total borrowings (RM'000)	104,333	38,420 <sup>(2)</sup>	38,420	38,420
Gearing (times)	0.95	0.31	0.25	0.24

Notes:

- (1) After taking into consideration:
  - (i) Profit after tax on disposal of approximately RM6.74 million from the Disposal of Breeder Farms.
  - (ii) Profit after tax on disposal of approximately RM7.75 million from the Disposal of Broiler Farms.
- (2) After repayment of revolving credit of approximately RM65.91 million from part of the proceeds from the Disposal of Breeder Farms and Disposal of Broiler Farms.
- (3) After deducting estimated expenses of approximately RM1.13 million for the Proposals.
- (4) Arising from the issuance of Rights Warrants pursuant to the Rights Issue. For illustration purposes, the Rights Warrants are assumed to have a fair value of RM0.1340 each based on the Black-Scholes Options Pricing Model.

### 7.3 Earnings and EPS

The Rights Issue is not expected to have an immediate material effect on the consolidated earnings of our Group for the FYE 2018 as it is expected to be completed only in the 2<sup>nd</sup> half of 2018. The proceeds raised are expected to be utilised within 24 months from the date of the listing of the Rights Shares and the realisation of the benefits arising therefrom are expected to contribute positively to the future earnings of our Group.

However, our Group's EPS will be diluted as a result of the increase in the number of issued Sinmah Shares in the form of Rights Shares and new Sinmah Shares arising from any future exercise of Rights Warrants.

The effect on our Group's EPS from the exercise of Rights Warrants would depend on the returns generated from the utilisation of proceeds arising therefrom.

Assuming the Rights Issue had been effected as at the beginning of the FYE 2017, the pro forma effects on our Group's earnings and EPS are as follows:

#### Minimum Subscription Level

	(Audited) As at 31 December 2017	(I) After Rights Issue	(II) After (I) and full exercise of Rights Warrants
Profit attributable to owners of the Company (RM'000)	15,028	15,028	15,028
No. of Sinmah Shares in issue	61,083,263	137,437,341	156,525,860
No. of Rights Warrants in issue	-	19,088,519	-
Basic EPS (RM)	0.25	0.11	0.10
Diluted EPS (RM)	N/A	0.10	N/A

Note:

N/A Not applicable.

#### Maximum Scenario

	(Audited) As at 31 December 2017	(I) After Rights Issue	(II) After (I) and full exercise of Rights Warrants
Profit attributable to owners of the Company (RM'000)	15,028	15,028	15,028
No. of Sinmah Shares in issue	61,083,263	213,791,420	251,968,459
No. of Rights Warrants in issue	-	38,177,039	-
Basic EPS (RM)	0.25	0.07	0.06
Diluted EPS (RM)	N/A	0.06	N/A

Note:

N/A Not applicable.



## 8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 8.1 Working capital

Our Board is of the opinion that our Group will have adequate working capital for the next 12 months commencing from the date of this AP after taking into consideration the proceeds from the Rights Issue, cash in hand, funds generated from our operations and available banking facilities.

### 8.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM34,596,000, all of which are interest-bearing and from local financial institutions, as follows:

	<b>As at the LPD (RM'000)</b>
<b>Long-term borrowings:</b>	
<u>Secured</u>	
Bank borrowings	8,300
Finance lease payables	786
<b>Short-term borrowings:</b>	
<u>Secured</u>	
Bank borrowings	25,058
Finance lease payables	452

As at the LPD, our Group does not have any non-interest bearing and foreign currency-denominated borrowings.

Throughout the FYE 2017 and the subsequent financial period up to the LPD, our Group did not default on payment of either interest or principal sums in respect of any borrowing.

### 8.3 Contingent liabilities

Save as disclosed below, our Board confirms that as at the LPD, there are no contingent liabilities incurred or known to be incurred by our Company and/or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Company and/or our Group:

	<b>Company level As at the LPD (RM'000)</b>
Corporate guarantees granted to subsidiaries for banking facilities	33,358
Amount to be paid to IRB	3,939
<b>Total</b>	<b>37,297</b>

**8.4 Material commitments**

Save as disclosed below, our Board confirmed that as at the LPD, there are no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	<b>Amount (RM'000)</b>
Purchase consideration for the Project Land	48,758

**9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE****9.1 General**

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Rights Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Rights Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Rights Warrants, as well as to apply for excess Rights Shares with Rights Warrants if you choose to do so.

**9.2 NPA**

The provisionally allotted Rights Shares with Rights Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Rights Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

**9.3 Last date and time for acceptance and payment**

The last date and time for acceptance and payment for the provisional Rights Shares with Rights Warrants is at **5.00 p.m. on 24 August 2018**.

**9.4 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renounees/transferees**

If you wish to accept your entitlement to the provisional Rights Shares with Rights Warrants, the acceptance of and payment for the provisional Rights Shares with Rights Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renounees/transferees who wish to accept the provisional Rights Shares with Rights Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renounees/transferees who wish to accept the provisional Rights Shares with Rights Warrants.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH RIGHTS WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH RIGHTS WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

If you wish to accept your entitlement/acceptance, please complete parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

**FOR DELIVERY BY HAND AND/OR COURIER:**

**Symphony Share Registrars Sdn Bhd**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel. no.: 03-7849 0777  
Fax no.: 03-7841 8151/8152

**FOR ORDINARY POST:**

**Symphony Share Registrars Sdn Bhd**  
Peti Surat 9150  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

so as to arrive **not later than 5.00 p.m. on 24 August 2018**, being the last time and date for acceptance and payment.

1 RSF can only be used for acceptance of provisional Rights Shares with Rights Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Rights Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Rights Warrants, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renounees/transferees (if applicable) should take note that a trading board lot for the Rights Shares and Rights Warrants comprises 100 Rights Shares and 100 Rights Warrants, respectively. The minimum number of security that can be subscribed for or accepted is 1 Rights Share. Successful applicants of the Rights Shares will be given the Rights Warrants on the basis of 1 Rights Warrant for every 4 Rights Shares successfully subscribed for. Fractions of a Rights Warrant, if any, will be disregarded and shall be dealt with by our Board as it may deem fit, expedient and in the best interest of our Company.

If acceptance of and payment for the provisional Rights Shares with Rights Warrants is not received by our Share Registrar by **5.00 p.m. on 24 August 2018**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Rights Warrants, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Rights Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Rights Warrants to the applicants who have applied for the excess Rights Shares with Rights Warrants in the manner as set out in Section 9.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar at the address stated above or our Registered Office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "SINMAH RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH RIGHTS WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPACHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPACHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

#### **9.5 Procedure for part acceptance by Entitled Shareholders**

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Rights Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 9.4 of this AP.

The portion of the provisional Rights Shares with Rights Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Rights Warrants.

## 9.6 Procedure for sale/transfer of provisional Rights Shares with Rights Warrants

As the provisional Rights Shares with Rights Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Rights Warrants to 1 or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Rights Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Rights Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Rights Warrants, you may still accept the balance of the provisional Rights Shares with Rights Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 9.4 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally Rights Shares with Rights Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Rights Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

## 9.7 Procedure for application for excess Rights Shares with Rights Warrants

You and/or your renounees/transferees (if applicable) who accepted the provisional Rights Shares with Rights Warrants may apply for excess Rights Shares with Rights Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Rights Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 24 August 2018**, being the last time and date for acceptance and payment.

**PAYMENT FOR THE EXCESS RIGHTS SHARES WITH RIGHTS WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 9.4 OF THIS AP, EXCEPT THAT THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "SINMAH EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

It is the intention of our Board to allot the excess Rights Shares with Rights Warrants on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to the Entitled Shareholders who have applied for excess Rights Shares with Rights Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company on the Entitlement Date;
- (iii) thirdly, to the Entitled Shareholders who have applied for excess Rights Shares with Rights Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess Rights Shares with Rights Warrants applied for; and
- (iv) fourthly, to transferee(s)/renounee(s) who have applied for the excess Rights Shares with Rights Warrants, on a pro-rata basis and in board lots, based on the quantum of excess Rights Shares with Rights Warrants applied for.

If there is any remaining excess Rights Shares with Rights Warrants after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess Rights Shares with Rights Warrants have been allocated.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Rights Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Rights Warrants application, in full or in part, without assigning any reason.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

#### **9.8 Notice of allotment**

Upon allotment of the Rights Shares with Rights Warrants in respect of your acceptance and/or your renounee's/transferee's acceptance (if applicable) and excess Rights Shares with Rights Warrants application (if any), the Rights Shares with Rights Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Rights Warrants. However, a notice of allotment will be despatched to you and/or your renounees/transferees (if applicable), by ordinary post within 8 Market Days from the last date of acceptance and payment for the Rights Shares with Rights Warrants and excess Rights Shares with Rights Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Rights Warrants is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within 15 Market Days from the last date and time for acceptance and payment of the Rights Shares with Rights Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue cannot be withdrawn subsequently.

#### **9.9 Form of issuance**

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Rights Warrants and the new Shares to be issued arising from the exercise of Rights Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Rights Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Rights Warrants shall mean your consent to receiving such Rights Shares with Rights Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue. Instead, the Rights Shares with Rights Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 9.8.

Any person who has purchased the provisional Rights Shares with Rights Warrants or to whom provisional Rights Shares with Rights Warrants has been transferred and intends to subscribe for the Rights Shares with Rights Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Rights Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Rights Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Rights Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Rights Warrants will be made on a fair and equitable basis as disclosed in Section 9.7 of this AP.

#### **9.10 Laws of foreign jurisdictions**

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue.

Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees/transferees (if applicable) is or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Rights Warrants;

- (iii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Rights Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are aware that the Rights Shares with Rights Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) decision to subscribe for or purchase the Rights Shares with Rights Warrants. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Rights Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Rights Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Rights Warrants from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Rights Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

## **10. TERMS AND CONDITIONS**

The issuance of the Rights Shares with Rights Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

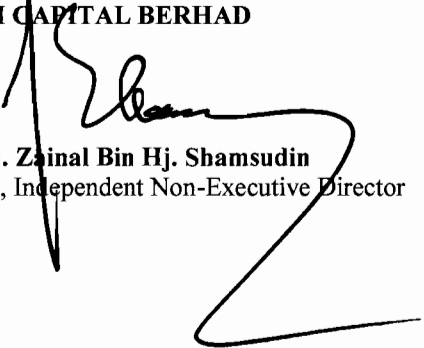


**11. FURTHER INFORMATION**

You are requested to refer to the attached appendices for further information.

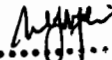
Yours faithfully

For and behalf of the Board of  
**SINMAH CAPITAL BERHAD**

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

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018

**CERTIFIED TRUE COPY**

  
.....  
**NOLAN JOHN FELIX**  
COMPANY SECRETARY  
(MIA NO: 18938)

**SINMAH CAPITAL BERHAD**  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)  
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT BILIK DUNGA TERATAI, 7TH FLOOR, RAMADA PLAZA MELAKA, JALAN BENDAHARA, 75100 MELAKA ON WEDNESDAY, 2 MAY 2018 AT 11.00 A.M..

<b>Directors</b>	: Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin (Chairman) Y. Bhg. Dato' Fong Kok Yong Y. Bhg. Datuk Fong Kiah Yeow Mr. Fong Ngan Teng Mr. Fong Choon Kai En. Mohd Khasan Bin Ahmad En. Munawar Kabir Mohd Bin Zainal Abidin Datuk Ng Peng Hong @ Ng Peng Hay
<b>Secretary</b>	: Ms. Teo Soon Mei Mr. Nolan John Felix
<b>Shareholders &amp; Proxies</b>	: As per Attendance List
<b>By Invitation</b>	: As per Attendance List

**EGM 1/1 : CHAIRMAN**

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin, the Chairman of the Company chaired the Extraordinary General Meeting. He welcomed all present to the Extraordinary General Meeting of the Company and called the Meeting to order at 11.00 a.m..

**EGM 2/1 : QUORUM**

The Secretary informed that the requisite quorum being present pursuant to Article 93 of the Company's Articles of Association at the commencement of the meeting and the proxies had been received from 14 shareholders representing 24,910,505 shares within the stipulated prescribed period of 48 hours before the time for convening this Meeting.

**EGM 3/1 : DEMANDED FOR A POLL**

Before the Chairman continued with the proceeding of the Meeting, the Chairman briefed the Meeting the provisions in the Company's Articles of Association governing the right to demand a poll, amongst others, as follows :-

Pursuant to Article 80 of the Company's Articles of Association, at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded :-

- (a) by the Chairman; or
- (b) by at least (5) five Members present in person or by proxy; or

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**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

- (c) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10th) of the total voting rights of all the Members having the right to vote at the meeting; or
- (d) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10th) of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The Chairman added pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution relating to the matters as set out in the Notice convening this Meeting would be put to vote by poll. Accordingly, the Chairman do hereby demand a poll to be taken for the resolution relating to the matters as set out in the Notice convening this Meeting. The Chairman also informed that the Board of Directors of the Company had appointed Malaysian Issuing House Sdn. Bhd. as the scrutineers for this general meeting pursuant to Paragraph 8.29A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The result of the poll shall be verified and confirmed by Malaysian Issuing House Sdn. Bhd. before declaring to the shareholders and proxies present to this general meeting.

The Chairman further read certain legal provisions governing the casting of votes on a poll. He explained that :-

- 1) On a poll, votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 2) Every shareholder present in person or by proxy or by attorney or in the case of corporation by a representative shall have one vote for every fully paid share registered in his name in the Record of Depository.
- 3) Shareholders and proxies present to this general meeting will be given a poll form. For Shareholders who are attending in their own capacity are required to cast their votes in the poll form. For those who are attending in their capacity as proxies, the votes cast as indicated in the proxy forms submitted shall be used. For proxy forms which have not indicated how the votes are to be cast, the proxies appointed to attend this general meeting are required to cast the votes in the poll forms.
- 4) For Shareholders and proxies who required to cast the votes in the poll form, please insert an "X" to indicate a vote "for" or "against" the motion.
- 5) The poll form must be signed before returning to the Scrutineers.

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

Thereafter, the Chairman proceeded with the business of the Meeting.

**EGM 4/1 : NOTICE OF MEETING**

On the proposal of the Chairman and seconded by Hoh Koei Teng, the proxy, the notice of this Meeting having been circulated within the prescribed period and it was tabled and taken as read.

**EGM 5/1 : PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 222,120,787 NEW ORDINARY SHARES IN SINMAH ("SINMAH SHARES") ("RIGHTS SHARES") ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 2 EXISTING SINMAH SHARES, TOGETHER WITH UP TO 55,530,196 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS") ON THE BASIS OF 1 RIGHTS WARRANT FOR EVERY 4 RIGHTS SHARES SUBSCRIBED FOR ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE")**

The Board of Directors of the Company dealt with the questions from the shareholders on the proposed Rights Issue. With the permission of the Meeting, the motion was taken as read.

On the proposal of Liew Seng Aun, the shareholder and seconded by Nolan John Felix, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 6/1 : PROPOSED EXEMPTION UNDER PARAGRAPHS 4.08(1)(B) AND 4.08(1)(C) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") AND THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016 ("CODE") FOR F.C.H. HOLDINGS SDN BHD ("FCH") AND ITS PARTIES ACTING IN CONCERT ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL REMAINING SINMAH SHARES AND CONVERTIBLE SECURITIES IN SINMAH NOT ALREADY OWNED BY FCH AND PACS ("PROPOSED EXEMPTION")**

The Chairman of the Company explained that the implementation by the Company of the Proposed Rights Issue would result in the aggregate interests of F.C.H. Holdings Sdn Bhd ("FCH") and its parties acting in concert ("PACs") increase by more than 2% in a six months period. In such an event, FCH and its PACs would incur the obligation to undertake a mandatory offer for the remaining shares not held by them. Subject to Shareholders' approval at this meeting, an exemption will be sought from the Securities Commission for waiver to FCH and its PACs from the obligation to undertake a mandatory offer.

The Chairman further informed the meeting that FCH, the major shareholder of the Company and its PACs namely Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Mr. Fong Ngan Teng and Mr. Fong Choon Kai as well as the person connected to them are deemed interested in the Proposed Exemption and would abstain from voting on this Ordinary Resolution 2 in respect of their direct and indirect shareholdings in the Company.

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**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Exemption. With the permission of the Meeting, the motion was taken as read.

On the proposal of Tay Yek Lee, the proxy and seconded by Hoh Koei Teng, the proxy, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 7/1 : PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME  
("SIS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED  
SINMAH SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT  
ANY ONE TIME DURING THE DURATION OF THE SCHEME FOR  
THE ELIGIBLE DIRECTORS AND EMPLOYEES OF SINMAH AND ITS  
NON-DORMANT SUBSIDIARIES ("PROPOSED SIS")**

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed SIS. With the permission of the Meeting, the motion was taken as read.

On the proposal of Hoh Koei Teng, the proxy and seconded by Nolan John Felix, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 8/1 : PROPOSED GRANTING OF SIS OPTIONS TO DATUK HJ. ZAINAL BIN HJ.  
SHAMSUDIN**

Datuk Hj. Zainal Bin Hj. Shamsudin, the Chairman of this Meeting who is a director of the Company was deemed interested in this motion and therefore he shall abstain from giving any opinion or recommendation on this motion. He handed over the chair of the Meeting to Dato' Fong Kok Yong, the Managing Director of the Company.

Dato' Fong Kok Yong, the Managing Director of the Company took the Chair from Datuk Hj. Zainal Bin Hj. Shamsudin, the Chairman of this Meeting and he then presided and continued the proceeding of the Meeting.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Datuk Hj. Zainal Bin Hj. Shamsudin. With the permission of the Meeting, the motion was taken as read.

On the proposal of Hoh Koei Teng, the proxy and seconded by Liew Seng Aun, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 9/1 : PROPOSED GRANTING OF SIS OPTIONS TO DATO' FONG KOK YONG**

Datuk Hj. Zainal Bin Hj. Shamsudin, the Chairman of this Meeting took the Chair from Dato' Fong Kok Yong, the Managing Director of the Company and he then presided and continued the proceeding of the Meeting.

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**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

The Chairman informed the meeting that FCH, the major shareholder of the Company and its PACs namely Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Mr. Fong Ngan Teng and Mr. Fong Choon Kai as well as the person connected to them are deemed interested in the Proposed Granting of SIS Options to Dato' Fong Kok Yong and would abstain from voting on this Ordinary Resolution 5 in respect of their direct and indirect shareholdings in the Company.

The Board of Directors of the Company dealt with the questions from the shareholders on the Granting of SIS Options to Dato' Fong Kok Yong. With the permission of the Meeting, the motion was taken as read.

On the proposal of Liew Seng Aun, the shareholder and seconded by Hoh Koei Teng, the proxy, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 10/1 : PROPOSED GRANTING OF SIS OPTIONS TO DATUK FONG KIAH YEOW**

The Chairman informed the meeting that FCH, the major shareholder of the Company and its PACs namely Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Mr. Fong Ngan Teng and Mr. Fong Choon Kai as well as the person connected to them are deemed interested in the Proposed Granting of SIS Options to Datuk Fong Kiah Yeow and would abstain from voting on this Ordinary Resolution 6 in respect of their direct and indirect shareholdings in the Company.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Datuk Fong Kiah Yeow. With the permission of the Meeting, the motion was taken as read.

On the proposal of Tay Yek Lee, the proxy and seconded by Hoh Koei Teng, the proxy, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 11/1 : PROPOSED GRANTING OF SIS OPTIONS TO FONG NGAN TENG**

The Chairman informed the meeting that FCH, the major shareholder of the Company and its PACs namely Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Mr. Fong Ngan Teng and Mr. Fong Choon Kai as well as the person connected to them are deemed interested in the Proposed Granting of SIS Options to Mr. Fong Ngan Teng and would abstain from voting on this Ordinary Resolution 7 in respect of their direct and indirect shareholdings in the Company.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Mr. Fong Ngan Teng. With the permission of the Meeting, the motion was taken as read.

On the proposal of Liew Seng Aun, the shareholder and seconded by Hoh Koei Teng, the proxy, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

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CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)

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**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
**(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

**EGM 12/1 : PROPOSED GRANTING OF SIS OPTIONS TO FONG CHOON KAI**

The Chairman informed the meeting that FCH, the major shareholder of the Company and its PACs namely Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Mr. Fong Ngan Teng and Mr. Fong Choon Kai as well as the person connected to them are deemed interested in the Proposed Granting of SIS Options to Mr. Fong Choon Kai and would abstain from voting on this Ordinary Resolution 8 in respect of their direct and indirect shareholdings in the Company.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Mr. Fong Choon Kai. With the permission of the Meeting, the motion was taken as read.

On the proposal of Tay Yek Lee, the proxy and seconded by Liew Seng Aun, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 13/1 : PROPOSED GRANTING OF SIS OPTIONS TO DATUK NG PENG HONG @  
NG PENG HAY**

The Chairman informed the Meeting that Datuk Ng Peng Hong @ Ng Peng Hay, the Non-Independent Non-Executive Director of the Company was deemed interested in this motion and therefore he shall abstain from giving any opinion or recommendation on this motion.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Datuk Ng Peng Hong @ Ng Peng Hay. With the permission of the Meeting, the motion was taken as read.

On the proposal of Nolan John Felix, the shareholder and seconded by Hoh Koei Teng, the proxy, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 14/1 : PROPOSED GRANTING OF SIS OPTIONS TO MOHD KHASAN BIN  
AHMAD**

The Chairman informed the Meeting that Mohd Khasan Bin Ahmad, the Independent Non-Executive Director of the Company was deemed interested in this motion and therefore he shall abstain from giving any opinion or recommendation on this motion.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Encik Mohd Khasan Bin Ahmad. With the permission of the Meeting, the motion was taken as read.

On the proposal of Hoh Koei Teng, the proxy and seconded by Nolan John Felix, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

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CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)

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**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
**(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

**EGM 15/1 : PROPOSED GRANTING OF SIS OPTIONS TO MUNAWAR KABIR MOHD  
BIN ZAINAL ABIDIN**

The Chairman informed the Meeting that Munawar Kabir Mohd Bin Zainal Abidin, the Independent Non-Executive Director of the Company was deemed interested in this motion and therefore he shall abstain from giving any opinion or recommendation on this motion.

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Granting of SIS Options to Encik Munawar Kabir Mohd Bin Zainal Abidin. With the permission of the Meeting, the motion was taken as read.

On the proposal of Hoh Koei Teng, the proxy and seconded by Nolan John Felix, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 16/1 : PROPOSED JOINT VENTURE BETWEEN SINMAH DEVELOPMENT SDN  
BHD ("SDSB"), A WHOLLY-OWNED SUBSIDIARY OF SINMAH AND  
ENCORP BUKIT KATIL SDN BHD ("EBKSB"), AN INDIRECT WHOLLY-  
OWNED SUBSIDIARY OF ENCORP BERHAD, TO CARRY OUT A MIXED  
DEVELOPMENT PROJECT ON LAND MEASURING 77.94 ACRES HELD  
AS PART OF PN 58407, LOT 31915 (FORMERLY KNOWN AS PN 43209,  
LOT 6934), MUKIM BUKIT KATIL, DISTRICT OF MELAKA TENGAH IN THE  
STATE OF MELAKA ("PROPOSED JOINT VENTURE")**

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Joint Venture. With the permission of the Meeting, the motion was taken as read.

On the proposal of Hoh Koei Teng, the proxy and seconded by Liew Seng Aun, the shareholder, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 17/1 : PROPOSED DIVERSIFICATION OF THE BUSINESS OF SINMAH TO  
INCLUDE PROPERTY DEVELOPMENT AND CONSTRUCTION  
("PROPOSED DIVERSIFICATION")**

The Board of Directors of the Company dealt with the questions from the shareholders on the Proposed Diversification. With the permission of the Meeting, the motion was taken as read.

On the proposal of Liew Seng Aun, the shareholder and seconded by Hoh Koei Teng, the proxy, the motion was tabled to the meeting for consideration. The Meeting then proceeded to the next item on the Agenda.

**EGM 18/1 : POLL RESULTS**

The results of the poll in respect of all the Resolutions as set out in the Notice convening the Meeting were as per "Appendix 1".

The Chairman announced the results of the poll to the Meeting.



**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

Based on the results of the poll, the Chairman declared the following resolutions, as set out in the Notice convening the Meeting, carried and **IT WAS RESOLVED** :-

**ORDINARY RESOLUTION 1**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 222,120,787 NEW ORDINARY SHARES IN SINMAH ("SINMAH SHARES") ("RIGHTS SHARES") ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 2 EXISTING SINMAH SHARES, TOGETHER WITH UP TO 55,530,196 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS") ON THE BASIS OF 1 RIGHTS WARRANT FOR EVERY 4 RIGHTS SHARES SUBSCRIBED FOR ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE")**

*"THAT, subject to the Ordinary Resolution 2 and the approvals being obtained from the relevant authorities and parties (where required), authority be and is hereby given to the Board for the following:*

- (i) *provisionally allot and issue by way of a renounceable rights issue of up to 222,120,787 Rights Shares on the basis of 5 Rights Shares for every 2 existing Sinmah Shares, together with up to 55,530,196 Warrants on the basis of 1 Rights Warrant for every 4 Rights Shares, held by the shareholders of Sinmah whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date;*
- (ii) *enter into and execute the deed poll in relation to the Proposed Rights Issue ("**Deed Poll**") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll;*
- (iii) *utilise the proceeds to be derived from the Proposed Rights Issue in the manner as set out in Section 2.6 of the circular to shareholders dated 9 April 2018 ("**Circular**") and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company;*
- (iv) *to issue and allot the Rights Warrants based on the salient terms of which are set out in Section 2.4 of the Circular and upon the terms and conditions of the Deed Poll;*
- (v) *to issue and allot such number of new Shares arising from the exercise of the Rights Warrants during the tenure of the Rights Warrants; and*
- (vi) *to issue and allot such Rights Warrants as may be required or permitted to be issued as a result of any adjustment under the provisions of the Deed Poll.*

*THAT the shareholders' fractional entitlements, if any, shall be disregarded and/or dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;*

*THAT the Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounce(s) (if applicable). It is the intention of the Board to allocate the excess Rights Shares with Warrants in a fair and equitable manner as set out in Section 2.1 of the Circular;*

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)

**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
**(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

*THAT the Rights Shares and the new Sinmah Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing Sinmah Shares, save and except that the Rights Shares and the new Sinmah Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new Sinmah Shares arising from the exercise of the Warrants;*

*AND THAT the Board of Directors of Sinmah ("Board") be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue."*

**ORDINARY RESOLUTION 2**

**PROPOSED EXEMPTION UNDER PARAGRAPHS 4.08(1)(B) AND 4.08(1)(C) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") AND THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016 ("CODE") FOR F.C.H. HOLDINGS SDN BHD ("FCH") AND ITS PARTIES ACTING IN CONCERT ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL REMAINING SINMAH SHARES AND CONVERTIBLE SECURITIES IN SINMAH NOT ALREADY OWNED BY FCH AND PACS ("PROPOSED EXEMPTION")**

*"THAT, subject to the passing of Ordinary Resolution 1 and the approval being obtained from the relevant authorities and parties (where required), including compliance with such conditions as may be imposed by the Securities Commission Malaysia, approval be and is hereby given to exempt FCH and its PACs under Paragraphs 4.08(1)(b) and 4.08(1)(c) of the Rules and the Code from the obligation to undertake a mandatory offer for all remaining Sinmah Shares and convertible securities in Sinmah not already owned by them.*

*AND THAT the Board be and are hereby authorised to sign and execute all documents, do all things and acts, and take all such steps to enter into all such agreements, arrangements, undertakings, indemnities, transfer, assignment and guarantee with any party or parties as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Exemption with full power to assent to any terms, conditions, variations, modifications and/or amendments as may be agreed or required or permitted by the relevant authorities or as a consequence of such requirement or otherwise in any manner as the Director may in its absolute discretion deem necessary and/or expedient to implement, finalise and/or give effect to the Proposed Exemption in the best interest of the Company."*

**ORDINARY RESOLUTION 3**

**PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME ("SIS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SINMAH SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME DURING THE DURATION OF THE SCHEME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF SINMAH AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED SIS")**

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)

**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
**(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

*"THAT subject to the provisions under the Act and the approvals of the relevant authorities being obtained for the Proposed SIS, approval be and is hereby given for the Company to:*

- (a) establish and administer the Proposed SIS which involves the granting of options ("**SIS Options**") to all eligible employees of the Company and its subsidiaries ("**Sinmah Group**" or "**the Group**") including Directors of the Group (excluding Sinmah's subsidiaries which are dormant) who meet the criteria of eligibility for participation of the Proposed SIS ("**Eligible Persons**") as set out in the By-Laws, a draft of which is set out in Appendix II of the Circular ("**New By-Laws**");*
- (b) allot and issue such number of new Sinmah Shares to the Eligible Persons from time to time as may be required in connection with the implementation of the Proposed SIS while this approval is in force provided that the aggregate number of Sinmah Shares to be allotted and issued shall not exceed 15% of the total number of issued Sinmah Shares (excluding any treasury shares) at any one time throughout the duration of the Proposed SIS;*
- (c) make necessary applications, and to do all things necessary at the appropriate time or times, to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new Sinmah Shares which may from time to time be allotted and issued pursuant to the Proposed SIS. Such new Sinmah Shares to be issued upon exercise of the SIS Options ("**SIS Shares**") shall, upon allotment and issuance, rank pari passu in all respects with the then existing Sinmah Shares, save and except that the SIS Shares will not be entitled to any dividends, rights, allotments or any other distributions where the entitlement date of which is prior to the date of allotment and issuance of such SIS Shares and will be subject to all the provisions of the Memorandum and Articles of Association of the Company (including those relating to transfer and transmission);*
- (d) modify and/or amend the Proposed SIS from time to time provided that such modifications and/or amendments are effected in accordance with By-Laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed SIS; and*
- (e) extend the duration of the Proposed SIS for a maximum period of an additional 5 years (the duration of the Proposed SIS would then be for a total period of 10 years from the effective date of the Proposed SIS), if the Board deems fit;*

*AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed SIS with full power to modify and/or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to amendments and/or modifications and to assent to any condition, variation, modification and/or amendment as may be necessary or expedient and/or imposed by and/or agreed with the relevant authorities."*

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

**ORDINARY RESOLUTION 4  
PROPOSED GRANTING OF SIS OPTIONS TO DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN**

*“THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Datuk Hj. Zainal Bin Hj. Shamsudin, being the Independent Non-Executive Director and Chairman of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”), or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Datuk Hj. Zainal Bin Hj. Shamsudin pursuant to the exercise of such options.”*

**ORDINARY RESOLUTION 5  
PROPOSED GRANTING OF SIS OPTIONS TO DATO' FONG KOK YONG**

*“THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Dato' Fong Kok Yong, being the Managing Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Dato' Fong Kok Yong pursuant to the exercise of such options.”*

**ORDINARY RESOLUTION 6  
PROPOSED GRANTING OF SIS OPTIONS TO DATUK FONG KIAH YEOW**

*“THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Datuk Fong Kiah Yeow, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted*

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**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

*or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Datuk Fong Kiah Yeow pursuant to the exercise of such options."*

**ORDINARY RESOLUTION 7  
PROPOSED GRANTING OF SIS OPTIONS TO FONG NGAN TENG**

*"THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Fong Ngan Teng, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Fong Ngan Teng pursuant to the exercise of such options."*

**ORDINARY RESOLUTION 8  
PROPOSED GRANTING OF SIS OPTIONS TO FONG CHOON KAI**

*"THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Fong Choon Kai, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

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**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Fong Choon Kai pursuant to the exercise of such options."*

**ORDINARY RESOLUTION 9  
PROPOSED GRANTING OF SIS OPTIONS TO DATUK NG PENG HONG @ NG PENG HAY**

*"THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Datuk Ng Peng Hong @ Ng Peng Hay, being the Non-Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Datuk Ng Peng Hong @ Ng Peng Hay pursuant to the exercise of such options."*

**ORDINARY RESOLUTION 10  
PROPOSED GRANTING OF SIS OPTIONS TO MOHD KHASAN BIN AHMAD**

*"THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Mohd Khasan Bin Ahmad, being the Senior Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Mohd Khasan Bin Ahmad pursuant to the exercise of such options."*

**ORDINARY RESOLUTION 11  
PROPOSED GRANTING OF SIS OPTIONS TO MUNAWAR KABIR MOHD BIN ZAINAL  
ABIDIN**

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

*“THAT subject to the passing of Ordinary Resolution 3 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Munawar Kabir Mohd Bin Zainal Abidin, being the Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Sinmah Shares (excluding treasury shares, if any), does not exceed 10% of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

*AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Munawar Kabir Mohd Bin Zainal Abidin pursuant to the exercise of such options.”*

**ORDINARY RESOLUTION 12**

**PROPOSED JOINT VENTURE BETWEEN SINMAH DEVELOPMENT SDN BHD (“SDSB”), A WHOLLY-OWNED SUBSIDIARY OF SINMAH AND ENCORP BUKIT KATIL SDN BHD (“EBKSB”), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ENCORP BERHAD, TO CARRY OUT A MIXED DEVELOPMENT PROJECT ON LAND MEASURING 77.94 ACRES HELD AS PART OF PN 58407, LOT 31915 (FORMERLY KNOWN AS PN 43209, LOT 6934), MUKIM BUKIT KATIL, DISTRICT OF MELAKA TENGAH IN THE STATE OF MELAKA (“PROPOSED JOINT VENTURE”)**

*“THAT subject to the approval of Ordinary Resolution 13 and approvals of all relevant authorities (if required) being obtained, approval be and is given to the Company to accept the terms and conditions of the joint venture agreement dated 8 June 2017 entered by SDSB and EBKSB to carry out a mixed development project on land measuring 77.94 acres held as part of PN 58407, Lot 31915 (formerly known as PN 43209, Lot 6934), Mukim Bukit Katil, District of Melaka Tengah in the state of Melaka.*

*AND THAT the Board be and are hereby authorised to empower and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements as may be necessary or expedient to give effect and complete the Proposed Joint Venture, and to assent to any modifications, variations, additions and/or amendments as may be required or imposed by the relevant authorities.”*

**ORDINARY RESOLUTION 13**

**PROPOSED DIVERSIFICATION OF THE BUSINESS OF SINMAH TO INCLUDE PROPERTY DEVELOPMENT AND CONSTRUCTION (“PROPOSED DIVERSIFICATION”)**

*“THAT, subject to the approvals of all relevant authorities (if any), approval be and is hereby granted to Sinmah Group to diversify its principal activities to include the property development and construction business.*

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 2 MAY 2018 (CONT'D)**

**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)**

(Minutes of the Extraordinary General Meeting held on 2 May, 2018 – Cont'd)

*AND THAT the Board be and are hereby authorised to do all acts, deeds and things as are necessary to give full effects to the Proposed Diversification with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities, and to take all steps and actions in the best interest of the Company as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Diversification."*

**EGM 19/1 : TERMINATION OF MEETING**

There being no other business, the meeting was terminated at 12.00 noon with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD



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

Dated : 2<sup>nd</sup> May, 2018



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**INFORMATION ON OUR COMPANY**


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**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia under the Act on 26 May 1994 as a private limited company under the name of Iklim Sinar Sdn Bhd. On 21 June 1994, our Company was converted into a public limited liability company, changing its name to Iklim Sinar Berhad. On 18 May 1995, our Company was listed on the Main Market of Bursa Securities. Subsequently, our Company changed its name to Sinmah Resources Berhad and Farm's Best Berhad on 1 December 1994 and 11 July 2005, respectively. Our Company changed its name to Sinmah Capital Berhad on 1 June 2017.

The principal activities of our Company are investment holding and the provision of management services while its subsidiary companies are involved in the poultry business comprising contract farming, trading of chicken feeds, day old chicks and vaccines, manufacturing and wholesale of chicken feeds, poultry farming, trading of chemicals, medication and related equipment, marketing and distribution of poultry products. Certain other subsidiaries are dormant, involved in investment holding, property development, building and general contracting and provision of management services as well as hospital activities.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this Appendix.

**2. SHARE CAPITAL**

As at the LPD, our Company has an issued share capital of RM123,220,500 comprising 61,083,263 ordinary shares.

The changes in our issued share capital for the past 3 years up to the LPD are as follows:

<b>Date of allotment/change</b>	<b>No. of Shares allotted</b>	<b>Description</b>	<b>Cumulative issued share capital (RM)</b>
31 January 2017	-	Inclusion of the share premium account balance	123,220,500

**3. BOARD OF DIRECTORS**

Please refer to the Corporate Directory on page 1 of this AP for details of our Board.

**[The rest of this page has been intentionally left blank]**

**INFORMATION ON OUR COMPANY (CONT'D)****4. DIRECTORS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue on the shareholdings of our Directors as at the LPD are as follows:

**Minimum Subscription Level**

Name	As at LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Datuk Hj. Zainal Bin Hj. Shamsuddin	-	-	-	-	-	-	-	-
Dato' Fong Kok Yong	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	97,817,883 <sup>(1)</sup>	71.17
Datuk Fong Kiah Yeow	613,200	1.00	21,463,805 <sup>(1)</sup>	35.14	613,200	0.45	97,817,883 <sup>(1)</sup>	71.17
Fong Ngan Teng	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	97,817,883 <sup>(1)</sup>	71.17
Fong Choon Kai	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	97,817,883 <sup>(1)</sup>	71.17
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-	-	-	-	-
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	-	-	-	-	-

Name	(II) After (I) and full exercise of Rights Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Hj. Zainal Bin Hj. Shamsuddin	-	-	-	-
Dato' Fong Kok Yong	-	-	116,906,402 <sup>(1)</sup>	74.69
Datuk Fong Kiah Yeow	613,200	0.39	116,906,402 <sup>(1)</sup>	74.69
Fong Ngan Teng	-	-	116,906,402 <sup>(1)</sup>	74.69
Fong Choon Kai	-	-	116,906,402 <sup>(1)</sup>	74.69
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	-

Notes:

(1) Deemed interest by virtue of their interests in FCH.

(2) Based on the Minimum Subscription Level.

## INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Name	As at LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Hj. Zainal Bin Hj. Shamsuddin	-	-	-	-	-	-	-	-
Dato' Fong Kok Yong	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	75,123,317 <sup>(1)</sup>	35.14
Datuk Fong Kiah Yeow	613,200	1.00	21,463,805 <sup>(1)</sup>	35.14	2,146,200	1.00	75,123,317 <sup>(1)</sup>	35.14
Fong Ngan Teng	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	75,123,317 <sup>(1)</sup>	35.14
Fong Choon Kai	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	75,123,317 <sup>(1)</sup>	35.14
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-	-	-	-	-
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	-	-	-	-	-

Name	(II) After (II) and the full exercise of Rights Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Hj. Zainal Bin Hj. Shamsuddin	-	-	-	-
Dato' Fong Kok Yong	-	-	88,538,195 <sup>(1)</sup>	35.14
Datuk Fong Kiah Yeow	2,529,450	1.00	88,538,195 <sup>(1)</sup>	35.14
Fong Ngan Teng	-	-	88,538,195 <sup>(1)</sup>	35.14
Fong Choon Kai	-	-	88,538,195 <sup>(1)</sup>	35.14
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	-

Note:

(1) Deemed interest by virtue of their interests in FCH.

**INFORMATION ON OUR COMPANY (CONT'D)****5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The Rights Issue has the following pro forma effects on the shareholdings of our substantial shareholders as at the LPD:

**Minimum Subscription Level**

Name	As at LPD			(I) After the Rights Issue			
	Direct		Indirect	Direct		Indirect	
	No. of Shares	%		No. of Shares	% <sup>(2)</sup>		No. of Shares
FCH	21,463,805	35.14	-	97,817,883	71.17 <sup>(3)</sup>	-	-
Dato' Fong Kok Yong	-	-	21,463,805 <sup>(1)</sup>	-	-	97,817,883 <sup>(1)</sup>	71.17
Datuk Fong Kiah Yeow	613,200	1.00	21,463,805 <sup>(1)</sup>	613,200	0.45	97,817,883 <sup>(1)</sup>	71.17
Fong Ngan Teng	-	-	21,463,805 <sup>(1)</sup>	-	-	97,817,883 <sup>(1)</sup>	71.17
Fong Choon Kai	-	-	21,463,805 <sup>(1)</sup>	-	-	97,817,883 <sup>(1)</sup>	71.17
Deutsche Bank AG London	6,002,900	9.83	-	6,002,900	4.37	-	-

Name	(II) After (I) and full exercise of Rights Warrants			
	Direct		Indirect	
	No. of Shares	%		No. of Shares
FCH	116,906,402	74.69 <sup>(3)</sup>	-	-
Dato' Fong Kok Yong	-	-	116,906,402 <sup>(1)</sup>	74.69
Datuk Fong Kiah Yeow	613,200	0.39	116,906,402 <sup>(1)</sup>	74.69
Fong Ngan Teng	-	-	116,906,402 <sup>(1)</sup>	74.69
Fong Choon Kai	-	-	116,906,402 <sup>(1)</sup>	74.69
Deutsche Bank AG London	6,002,900	3.84	-	-

Notes:

- (1) Deemed interest by virtue of their interests in FCH.
- (2) Based on the Minimum Subscription Level.
- (3) Exemption had been obtained from our non-interested shareholders on 2 May 2018 and the SC on 3 July 2018.

## INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Name	As at LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
FCH	21,463,805	35.14	-	-	75,123,317	35.14	-	-
Dato' Fong Kok Yong	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	75,123,317 <sup>(1)</sup>	35.14
Datuk Fong Kiah Yeow	613,200	1.00	21,463,805 <sup>(1)</sup>	35.14	2,146,200	1.00	75,123,317 <sup>(1)</sup>	35.14
Fong Ngan Teng	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	75,123,317 <sup>(1)</sup>	35.14
Fong Choon Kai	-	-	21,463,805 <sup>(1)</sup>	35.14	-	-	75,123,317 <sup>(1)</sup>	35.14
Deutsche Bank AG London	6,002,900	9.83	-	-	21,010,150	9.83	-	-

Name	(II) After (II) and the full exercise of Rights Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
FCH	88,538,195	35.14	-	-
Dato' Fong Kok Yong	-	-	88,538,195 <sup>(1)</sup>	35.14
Datuk Fong Kiah Yeow	2,529,450	1.00	88,538,195 <sup>(1)</sup>	35.14
Fong Ngan Teng	-	-	88,538,195 <sup>(1)</sup>	35.14
Fong Choon Kai	-	-	88,538,195 <sup>(1)</sup>	35.14
Deutsche Bank AG London	24,761,962	9.83	-	-

Note:

(1) Deemed interest by virtue of their interests in FCH.

**INFORMATION ON OUR COMPANY (CONT'D)****6. SUBSIDIARY AND ASSOCIATED COMPANIES**

The details of our subsidiary companies as at the LPD are as follows:

	<b>Date and place of incorporation</b>	<b>Principal activities</b>	<b>Issued share capital (RM)</b>	<b>Effective equity interest (%)</b>
<b>Subsidiaries of Sinmah:</b> Sinmah Livestocks Sdn Bhd	12 May 1980, Malaysia	Contract farming and trading of chicken feeds, day old chicks and vaccines	3,000,000	100.00
Sinmah Multifeed Sdn Bhd	5 October 1973, Malaysia	Manufacturing and wholesale of chicken feeds	10,000,000	99.99
Sinmah Land Services Sdn Bhd	5 September 1997, Malaysia	Investment holding	2	100.00
SDSB	3 May 1990, Malaysia	Property development	13,500,000	100.00
Sinmah Breeders Sdn Bhd	20 January 1983, Malaysia	Poultry breeding and hatchery operations	3,000,000	100.00
<b>Subsidiaries of Sinmah Livestocks Sdn Bhd:</b> Bersatu Segar Sdn Bhd	7 January 1999, Malaysia	Trading of feeds, medication and poultry farming	5,600,000	100.00
Dee Huat Farming Trading Sdn Bhd	5 January 1988, Malaysia	Dormant	250,000	100.00
Chem Ventures Sdn Bhd	12 April 1997, Malaysia	Trading of chemicals, medication and related equipment	1,000,000	100.00
SM Broilers Sdn Bhd	23 October 1996, Malaysia	Contract farming, marketing and distribution of poultry products	200,000	100.00
Syarikat Perniagaan Suann Sdn Bhd	20 March 1982, Malaysia	Trading of feeds, medication and poultry farming	3,306,123	51.00
<b>Subsidiaries of Syarikat Perniagaan Suann Sdn Bhd:</b> Suann Food Processors Sdn Bhd	26 August 1980, Malaysia	Poultry meat processing	2,450,000	100.00

## INFORMATION ON OUR COMPANY (CONT'D)

	Date and place of incorporation	Principal activities	Issued share capital (RM)	Effective equity interest (%)
<b>Subsidiaries of Sinmah Land Services Sdn Bhd:</b> Sinmah Project Management Sdn Bhd	29 May 1978, Malaysia	Poultry farming and investment holding	24,250,000	100.00
<b>Subsidiaries of SDSB:</b> Realtemas Realty Sdn Bhd	4 September 1990, Malaysia	Property development	250,000	100.00
Cosmal Enterprise Sdn Bhd	24 July 1991, Malaysia	Dormant	250,000	100.00
Sinmah Builders Sdn Bhd	13 July 1996, Malaysia	Building and general contracting and provision of management services	1,000,000	100.00
Sinmah Encorp Development Sdn Bhd ( <i>formerly known as Sinmah Development JV Sdn Bhd</i> )	7 June 2017, Malaysia	Property development	100,000	70.00
Sinmah Amegajaya Healthcare Sdn Bhd	27 March 2017, Malaysia	Hospital activities	100,000	70.00
<b>Subsidiaries of Sinmah Amegajaya Healthcare Sdn Bhd:</b> SAH Mutiara Sdn Bhd	13 March 2018, Malaysia	Investment holding, property development and construction	1,000	85.00
SAH Medical Center Sdn Bhd	6 April 2018, Malaysia	Hospital development, management and construction and healthcare investment	1,000	100.00

We do not have any associated companies as at the LPD.

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**INFORMATION ON OUR COMPANY (CONT'D)****7. PROFIT AND DIVIDEND RECORDS**

Our Group's profit and dividend records based on its audited consolidated financial statements from the FYEs 2015 to 2017 and the unaudited consolidated financial statements for FPE 2017 and FPE 2018 are as follows:

	Audited			Unaudited	
	FYE 2015 (RM'000)	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FPE 2017 (RM'000)	FPE 2018 (RM'000)
Revenue	346,763	343,696	299,532	81,796	69,284
GP	24,494	36,836	25,200	7,885	6,842
Other income	16,698	43,677	57,419	2,580	763
Administrative expenses	(23,681)	(53,295)	(45,674)	(8,391)	(10,671)
Other operating expenses	(12,717)	(5,688)	(2)	(1,580)	(300)
<b>Profit from operations</b>	<b>4,794</b>	<b>21,530</b>	<b>36,943</b>	<b>494</b>	<b>(3,366)</b>
Finance costs	(18,449)	(16,559)	(11,463)	(2,655)	(1,721)
<b>(LBT) / PBT</b>	<b>(13,655)</b>	<b>4,971</b>	<b>25,480</b>	<b>(2,161)</b>	<b>(5,087)</b>
Tax income / (expense)	264	6,944	(10,259)	(152)	(135)
<b>(LAT) / PAT</b>	<b>(13,391)</b>	<b>11,915</b>	<b>15,221</b>	<b>(2,313)</b>	<b>(5,222)</b>
(Loss) / Profit attributable to:					
Owners of our Company	(13,710)	11,936	15,028	(2,333)	(5,195)
Non-controlling interests	319	(21)	193	20	(27)
<b>Net (loss) / profit</b>	<b>(13,391)</b>	<b>11,915</b>	<b>15,221</b>	<b>(2,313)</b>	<b>(5,222)</b>
(LBITDA) / EBITDA	14,608	27,968	38,537	1,696	(3,113)
Weighted average number of Shares in issue ('000)	61,083	61,083	61,083	61,083	61,083
Basic (LPS) / EPS <sup>(1)</sup> (sen)	(22.44)	19.54	24.60	(3.82)	(8.50)
Diluted (LPS) / EPS(sen)	N/A	N/A	N/A	N/A	N/A
GP margin (%)	7.06	10.72	8.41	9.64	9.88
(LBT) / PBT margin (%)	(3.94)	1.45	8.51	(2.64)	(7.34)
(LAT) / PAT margin (%)	(3.86)	3.47	5.08	(2.83)	(7.54)
Dividend (sen)	-	-	-	-	-

Notes:

N/A Not applicable.

(1) Being the PAT/LAT attributable to owners of our Company divided by weighted average number of Shares in issue for the financial periods/years under review.

**(a) FPE 2018 vs. FPE 2017**

Our Group's revenue decreased by 15.30% to approximately RM69.28 million in the FPE 2018 (FPE 2017: approximately RM81.80 million), mainly due to decrease in sales volumes of live broilers in the FPE 2018 as a result of the lower productivity of breeder farms in the FPE 2018 resulting from the disposal of breeder farms in the fourth quarter of 2017.

In line with the decrease in revenue, our Group recorded a LAT of approximately RM5.22 million in the FPE 2018 (FPE 2017: approximately RM2.31 million). The increase in LAT for FYE 2018 was mainly due to increase in provision for impairment loss on trade receivables to RM5.39 million (FPE 2017: approximately RM2.50 million) due to slower collections from certain debtors who had exceeded the credit term ranging between 30 to 120 days in the FPE 2018.



**INFORMATION ON OUR COMPANY (CONT'D)****(b) FYE 2017 vs. FYE 2016**

Our Group's revenue decreased by 12.85% to approximately RM299.53 million in the FYE 2017 (FYE 2016: approximately RM343.70 million), mainly due to:

- (i) decrease in sales volumes of poultry processing products in the FYE 2017 as compared to the FYE 2016 as a result of the disposal of FBF, which was principally involved in poultry processing, contract farming, marketing and distribution of poultry products; and
- (ii) decrease in revenue from housing development division due to lower revenue recognition of percentage completion method in the FYE 2017 as compared to the FYE 2016.

Despite the decrease in revenue, our Group recorded higher PAT of approximately RM15.22 million in the FYE 2017 (FYE 2016: approximately RM11.92 million), mainly due to:

- (i) increase in other income to RM57.42 million in the FYE 2017 (FYE 2016: RM41.92 million) as a result of gain on disposal of breeder farms and assets as well as broiler farms of approximately RM53.63 million; and
- (ii) decrease in interest expenses to RM11.46 million in the FYE 2017 (FYE 2016: RM16.56 million) due to repayment of bank borrowings during the financial year.

The increased PAT was partially offset by our Group's income tax expense of RM10.26 million in the FYE 2017 (FYE 2016: tax income of RM6.94 million) due to additional tax assessment of RM2.78 million for Sinmah Multifeed for the years of assessment 2008 to 2013 and income tax provision of approximately RM6.00 million resulting from the gain on disposal of breeder farms and assets.

**(c) FYE 2016 vs. FYE 2015**

Our Group's revenue slightly decreased by 0.89% to approximately RM343.69 million in FYE 2016 (FYE 2015: approximately RM346.76 million). The decrease in revenue was mainly due to decrease in the sales volumes of live broilers as a result of lower productivity in broiler farms in the FYE 2016 as compared to the FYE 2015 mainly due to the effective transfer of operations arising from the Disposal of Breeder Farms.

Despite the decrease in revenue, our Group recorded a PAT of approximately RM11.92 million in the FYE 2016 (FYE 2015: approximately RM13.39 million). The increase in PAT for FYE 2016 was mainly due to gain on disposal of FBF of approximately RM18.2 million which was completed on 8 November 2016 and write-back of deferred taxation liabilities of RM6.9 million.

**INFORMATION ON OUR COMPANY (CONT'D)****8. HISTORICAL PRICES OF SINMAH SHARES**

The monthly highest and lowest transacted market prices of Sinmah Shares for the past 12 months are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b>2017</b>		
August	0.680	0.540
September	0.620	0.560
October	0.590	0.520
November	0.630	0.520
December	0.545	0.505
<b>2018</b>		
January	0.590	0.500
February	0.600	0.480
March	0.570	0.420
April	0.555	0.455
May	0.590	0.440
June	0.550	0.420
July	0.480	0.420

The last transacted market price on 7 June 2017 (being the last trading date prior to the Announcement 1) was RM0.730 per Sinmah Share.

The last transacted market price on 19 July 2017 (being the last trading date prior to the Announcement 2) was RM0.675 per Sinmah Share.

The last transacted market price for Sinmah Shares as at 16 July 2018 (being the LPD prior to printing of this AP) was RM0.45 each.

The last transacted market price for Sinmah Shares on 3 August 2018 (being the last day on which Sinmah Shares were traded prior to the ex-date of the Rights Issue) was RM0.330 each.

*(Source: Bloomberg Finance L.P.)*

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON**



20 July 2018  
 The Board of Directors  
 Sinmah Capital Berhad  
 AG 5730  
 Alor Gajah Industrial Estate  
 78000 Alor Gajah  
 Melaka

**UHY** (AF1411)  
**Chartered Accountants**  
 Suite 11.05, Level 11  
 The Gardens South Tower  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur

Phone +60 3 2279 3088  
 Fax +60 3 2279 3099  
 Email uhykl@uhy.com.my  
 Web www.uhy.com.my

Dear Sirs,

**SINMAH CAPITAL BERHAD (“SINMAH” OR “THE COMPANY”) AND ITS SUBSIDIARIES’ (COLLECTIVELY KNOWN AS “SINMAH GROUP” OR “THE GROUP”) PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (“PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION”)**

We have completed our assurance engagement to report on the compilation of Pro forma Consolidated Statement of Financial Position of Sinmah Group as at 31 December 2017 together with the accompanying notes thereto, for which the Board of Directors of Sinmah (“Board”) is solely responsible as set out in the accompanying statement (which we have stamped for the purpose of identification).

The Pro forma Consolidated Statement of Financial Position have been compiled by the Board to illustrate the impact of the following Corporate Exercises:

- (a) Renounceable rights issue of up to 152,708,157 new ordinary shares in Sinmah (“Sinmah Shares”) (“Rights Shares”) on the basis of 5 Rights Shares for every 2 existing Sinmah Shares, together with up to 38,177,039 free detachable warrants (“Rights Warrants”) on the basis of 1 Rights Warrant for every 4 Rights Shares subscribed for (“Rights Issue”);
- (b) Exemption under paragraphs 4.08(1)(b) and 4.08(1)(c) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions and the Malaysian Code on Take-Overs and Mergers 2016 for F.C.H. Holdings Sdn Bhd (“FCH”) and its parties acting in concert (“PACs”) from the obligation to undertake a mandatory offer for all remaining Sinmah shares and convertible securities in Sinmah not already owned by FCH and its PACs (“Exemption”);
- (c) Establishment of a share issuance scheme (“SIS”) of up to 15% of the total number of issued Sinmah Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible Directors and employees of Sinmah and its non-dormant subsidiaries (“SIS”);
- (d) Joint venture between Sinmah Development Sdn Bhd, a wholly-owned subsidiary of Sinmah and Encorp Bukit Jalil Sdn Bhd, a wholly-owned subsidiary of Encorp Berhad, to carry out a mixed development project on land measuring 77.93 acres held as part of PN58,407, Lot 31915 (formerly known as PN43209, Lot 6934), Mukim Bukit Katil, District of Melaka Tengah in the State of Melaka (“Joint Venture”); and

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**



- 2 -

- (e) Diversification of the business of Sinmah to include property development and construction (“Diversification”).

Collectively referred to as the “Corporate Exercises”.

The Pro forma Consolidated Statement of Financial Position have been compiled by the Directors to illustrate the impact of the Corporate Exercises on the Consolidated Statement of Financial Position of the Sinmah Group as at 31 December 2017 and the notes, set out in Appendix A to this letter.

As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements as at 31 December 2017, on which an audit report has been published.

**The Directors’ Responsibility for the Pro Forma Consolidated Statement of Financial Position**

The Directors are responsible for compiling the Pro forma Consolidated Statement of Financial Position on the basis set out in the accompanying notes thereto.

**Our Responsibilities**

Our responsibility is to express an opinion about whether the Pro forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the accompanying notes thereto.

We conducted our engagement in accordance with the International Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires us to comply with the ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Directors have compiled, in all material respects, the pro forma financial information on the basis set out in the accompanying notes thereto.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro forma Consolidated Statement of Financial Position.

The purpose of the Pro forma Consolidated Statement of Financial Position included in the Abridged Prospectus in relation to the Corporate Exercises is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**



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**Our Responsibilities (Cont'd)**

A reasonable assurance engagement to report on whether the Pro forma Consolidated Statement of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence on whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Consolidated Statement of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (i) the Pro forma Consolidated Statement of Financial Position, which have been prepared by the Directors, have been properly prepared on the basis stated in the accompanying Note 1 in Appendix A to the Pro forma Consolidated Statement of Financial Position using financial statements prepared in accordance with Financial Reporting Standards and in a manner consistent with both the format to the financial statements and the accounting policies adopted by the Company; and
- (ii) each material adjustments made to the information used in the preparation of the Pro forma Consolidated Statement of Financial Position is appropriate for the purpose of preparing the Pro forma Consolidated Statement of Financial Position.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**



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**Other Matters**

This letter has been prepared for the purpose of inclusion in the Abridged Prospectus. Our work had been carried out in accordance with International Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Corporate Exercises described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Corporate Exercises.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'UHY'.

UHY  
Firm Number: AF 1411  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'NG LEONG TECK'.

NG LEONG TECK  
Approved Number: 03168/12/19(J)  
Chartered Accountant

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**Sinmah Capital Berhad and its subsidiaries ("Sinmah Group" or "Sinmah")**

**Notes to the Pro forma Consolidated Statement of Financial Position as at 31 December 2017**

The Pro forma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma Sinmah Group as at 31 December 2017 and also based on the assumptions that the following events had been effected on that date.

		<b>Audited Sinmah Group Level 31.12.2017 RM'000</b>	<b>Subsequent events RM'000</b>	<b>Proforma I Rights Issue RM'000</b>	<b>Proforma II After full exercise of Rights Warrants RM'000</b>
<b>MAXIMUM SCENARIO</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	11,038	12,963	12,963	12,963
Land use rights		22	22	22	22
Goodwill		2,264	2,264	2,264	2,264
Deferred tax assets		2,246	2,246	2,246	2,246
		<u>15,570</u>	<u>17,495</u>	<u>17,495</u>	<u>17,495</u>
<b>CURRENT ASSETS</b>					
Property development costs	7	18,361	18,361	47,773	47,773
Inventories		12,867	12,867	12,867	12,867
Trade receivables		94,600	94,600	94,600	94,600
Other receivables	8	93,241	30,456	30,456	30,456
Held-to-maturity investments		18,313	18,313	18,313	18,313
Tax recoverable		1,506	1,506	1,506	1,506
Deposits, cash and bank balances	9	3,815	27,352	27,352	34,987
		<u>242,703</u>	<u>203,455</u>	<u>232,867</u>	<u>240,502</u>
Non-current assets held for sale	10	17,345	612	612	612
		<u>275,618</u>	<u>221,562</u>	<u>250,974</u>	<u>258,609</u>
<b>EQUITY</b>					
Share capital	14	123,220	123,220	152,632	160,267
Warrant reserves	14	3,706	-	5,116	-
Other reserves	14	-	-	(5,116)	-
(Accumulated losses)/Retained earnings	14	(17,525)	667	667	667
		<u>109,401</u>	<u>123,887</u>	<u>153,299</u>	<u>160,934</u>
Non-controlling interests		1,496	1,496	1,496	1,496
		<u>110,897</u>	<u>125,383</u>	<u>154,795</u>	<u>162,430</u>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables		668	668	668	668
Bank borrowings	11	15,656	12,297	12,297	12,297
Deferred tax liabilities		2,123	2,123	2,123	2,123
		<u>18,447</u>	<u>15,088</u>	<u>15,088</u>	<u>15,088</u>
<b>CURRENT LIABILITIES</b>					
Trade payables		19,876	19,876	19,876	19,876
Other payables	12	20,943	16,606	16,606	16,606
Amount owing to ultimate holding company		7,900	7,900	7,900	7,900
Progress billing		969	969	969	969
Hire purchase payables		794	794	794	794
Bank borrowings	11	87,215	24,661	24,661	24,661
Tax payables	13	8,577	10,285	10,285	10,285
		<u>146,274</u>	<u>81,091</u>	<u>81,091</u>	<u>81,091</u>
		<u>275,618</u>	<u>221,562</u>	<u>250,974</u>	<u>258,609</u>
No of shares in issue		61,083,263	61,083,263	213,791,420	251,968,458
Net assets (RM'000)		<u>109,401</u>	<u>123,887</u>	<u>153,299</u>	<u>160,934</u>
NA per share (RM)		<u>1.79</u>	<u>2.03</u>	<u>0.72</u>	<u>0.64</u>
Total borrowings (RM'000)		<u>104,333</u>	<u>38,420</u>	<u>38,420</u>	<u>38,420</u>
Gearing (times)		<u>0.95</u>	<u>0.31</u>	<u>0.25</u>	<u>0.24</u>



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**Sinmah Capital Berhad and its subsidiaries ("Sinmah Group" or "Sinmah")**

**Notes to the Pro forma Consolidated Statement of Financial Position as at 31 December 2017**

The Pro forma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma Sinmah Group as at 31 December 2017 and also based on the assumptions that the following events had been effected on that date.

		<b>Audited Sinmah Group Level 31.12.2017 RM'000</b>	<b>Subsequent events RM'000</b>	<b>Proforma I Rights Issue RM'000</b>	<b>Proforma II After full exercise of Rights Warrants RM'000</b>
<b>MINIMUM SUBSCRIPTION LEVEL</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	11,038	12,963	12,963	12,963
Land use rights		22	22	22	22
Goodwill		2,264	2,264	2,264	2,264
Deferred tax assets		2,246	2,246	2,246	2,246
		<u>15,570</u>	<u>17,495</u>	<u>17,495</u>	<u>17,495</u>
<b>CURRENT ASSETS</b>					
Property development costs	7	18,361	18,361	32,502	32,502
Inventories		12,867	12,867	12,867	12,867
Trade receivables		94,600	94,600	94,600	94,600
Other receivables	8	93,241	30,456	30,456	30,456
Held-to-maturity investments		18,313	18,313	18,313	18,313
Tax recoverable		1,506	1,506	1,506	1,506
Deposits, cash and bank balances	9	3,815	27,352	27,352	31,170
		242,703	203,455	217,596	221,414
Non-current assets held for sale	10	17,345	612	612	612
		<u>275,618</u>	<u>221,562</u>	<u>235,703</u>	<u>239,521</u>
<b>EQUITY</b>					
Share capital	14	123,220	123,220	137,361	141,179
Warrant reserves	14	3,706	-	2,560	-
Other reserves	14	-	-	(2,560)	-
(Accumulated losses)/Retained earnings	14	(17,525)	667	667	667
		109,401	123,887	138,028	141,846
Non-controlling interests		1,496	1,496	1,496	1,496
		<u>110,897</u>	<u>125,383</u>	<u>139,524</u>	<u>143,342</u>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables		668	668	668	668
Bank borrowings	11	15,656	12,297	12,297	12,297
Deferred tax liabilities		2,123	2,123	2,123	2,123
		<u>18,447</u>	<u>15,088</u>	<u>15,088</u>	<u>15,088</u>
<b>CURRENT LIABILITIES</b>					
Trade payables		19,876	19,876	19,876	19,876
Other payables	12	20,943	16,606	16,606	16,606
Amount owing to ultimate holding company		7,900	7,900	7,900	7,900
Progress billings		969	969	969	969
Hire purchase payables		794	794	794	794
Bank borrowings	11	87,215	24,661	24,661	24,661
Tax payables	13	8,577	10,285	10,285	10,285
		146,274	81,091	81,091	81,091
		<u>275,618</u>	<u>221,562</u>	<u>235,703</u>	<u>239,521</u>
No of shares in issue		61,083,263	61,083,263	137,437,341	156,525,860
Net assets (RM'000)		<u>109,401</u>	<u>123,887</u>	<u>138,028</u>	<u>141,846</u>
NA per share (RM)		<u>1.79</u>	<u>2.03</u>	<u>1.00</u>	<u>0.91</u>
Total borrowings (RM'000)		<u>104,333</u>	<u>38,420</u>	<u>38,420</u>	<u>38,420</u>
Gearing (times)		<u>0.95</u>	<u>0.31</u>	<u>0.28</u>	<u>0.27</u>





**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**Appendix A**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

**1. Basis of Preparation**

The Pro forma Consolidated Statement of Financial Position of Sinmah Group as at 31 December 2017 of which the Directors of Sinmah Group are solely responsible, has been prepared for illustration purposes only, to show the effects on the audited Consolidated Statement of Financial Position of Sinmah Group had the Corporate Exercises been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro forma Consolidated Statement of Financial Position of Sinmah Group as at 31 December 2017 has been prepared based on the audited Consolidated Statement of Financial Position of Sinmah Group as at 31 December 2017.

The Pro forma Consolidated Statement of Financial Position of Sinmah Group has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of Sinmah as disclosed in the Sinmah's audited consolidated financial statement for the financial year ended 31 December 2017, which have been prepared by the Directors in accordance with the Financial Reporting Standards in Malaysia.

**2. Adjustment for Subsequent Events**

The Pro forma Consolidated Statement of Financial Position of the Group has been prepared assuming the following subsequent events up to 16 July 2018, being the latest practicable date ("LPD") are incorporated as at 31 December 2017:

**(i) Disposal of breeder farms**

Incorporated the effect of the gain on disposal (net of tax) of RM6.74 million, reduction of RM1.25 million from the non-current asset held for sale account of Sinmah and part of the proceeds arising from the disposals being used to repay bank borrowings.

**(ii) Disposal of broiler farms**

Incorporated the effect of the gain on disposal (net of tax) of RM7.75 million from 39 parcels of agricultural land and 25 broiler farms in relation to the Disposal of broiler farms, reduction of RM15.48 million from the non-current asset held for sale account of Sinmah and the proceeds arising from the disposal are used to repay the bank borrowings.

Incorporated also the effect of the cancellation of 1 sale and purchase agreement in relation to the disposal of broiler farms with a net book value of RM1.9 million. Such amount has been reclassified from non-current asset held for sale account to property, plant and equipment account.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

**2. Adjustment for Subsequent Events (Cont'd)**

**(iii) Expiry of warrants 2013/2018**

Incorporated the effect of the expiry of warrants 2013/2018 and the reduction of warrants reserves account of RM3.7 million and the corresponding entries credited to accumulated losses.

**3. Corporate Exercises**

The Pro forma Consolidated Statement of Financial Position of the Group has been prepared assuming the following Corporate Exercises are effected as at 31 December 2017. The Corporate Exercises to be undertaken by Sinmah Group are presented into scenarios as follows:

- Minimum Subscription Level** : Based on the assumption of minimum subscription undertaken by FCH of 53,659,512 Rights Shares with 13,414,878 Rights Warrants at the issue price of RM0.20 per Rights Share. In addition, FCH also undertake to subscribe for 22,694,566 additional Rights Shares together with 5,673,641 Rights Warrants if not subscribed by other shareholders of Sinmah Group.
- Maximum Scenario** : Based on the assumption that all the entitled shareholders fully subscribe the entitlement of 152,708,157 Rights Shares pursuant to the Rights Issue of Share with Warrants and full exercise of the 38,177,039 Warrants into new Sinmah Shares.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

**3. Corporate Exercises (Cont'd)**

**Fair value of Warrants**

The fair value of each Warrant is assumed to be RM0.130 under the Minimum Subscription Level and RM0.134 under the Maximum Scenario based on the Black-Scholes option pricing model extracted from Bloomberg based on the following key assumptions:

- |  |                    |
|--|--------------------|
| a) Exercise price  | RM0.20 per Warrant |
| b) Theoretical ex-rights price up to and including the LPD | RM0.2661 per Share |
| c) Tenure  | 5 years            |
| d) Volatility rate   | 57.542%            |
| e) Risk-free interest rate                                 | 3.627%             |
| f) Dividend rate   | Nil                |

**Utilisation of Proceeds from the Rights Issue of Shares with Warrants**

The proceeds from the Rights Issue of Shares with Warrants will be utilised in the following manner:

Details of utilisation	Notes	Minimum Subscription Level RM'000	Maximum Scenario Level RM'000	Expected timeframe for the utilisation of proceeds (from the date of listing of the Rights Shares)
Land cost and development expenditure for property development and construction business	1	14,141	29,412	Within 24 months
Expenses in relation to the Corporate Exercises	2	1,130	1,130	Within 2 weeks
		<b>15,271</b>	<b>30,542</b>	

*Notes:*

- The Group intends to allocate RM14.14 million and RM29.41 million of the proceeds under the Minimum Subscription Level and Maximum Scenario respectively to fund the land cost and development expenditure of the property development and construction business (i.e., the Joint Venture or on-going and future projects of the Group).*
- The estimated expenses of approximately RM1.13 million consist of professional fees, fees payable to authorities, expenses to convene EGM, printing, advertising and other ancillary expenses. Any surplus/shortfall will be adjusted against the amount allocated for the development expenditure purpose.*

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)**

**4. Maximum Scenario**

**4.1 Pro forma I**

**Rights Issue**

Pro forma I incorporated the effect of rights issue of 152,708,157 Right Shares on the basis of 5 Rights Share for every 2 Sinmah Shares held together with 1 Rights Warrant for every 4 Rights Shares, at an issue price of RM0.20 per Right Share. The estimated expenses for the Corporate Exercises are approximately RM1,130,000 which are to be charged out immediately.

**4.2 Pro forma II**

**After Pro forma I and full exercise of Rights Warrants**

The Rights Warrants are detachable on the basis of 1 Rights Warrant for every 4 Rights Shares subscribed.

Based on the assumption that the entitled Shareholders fully subscribe for their entitlement of 38,177,039 Rights Warrants at its exercise price of RM0.20 per Rights Warrant into 38,177,039 new Sinmah Shares.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)**

**5. Minimum Subscription Level**

**5.1 Pro forma I**

**Rights Issue**

Pro forma I incorporated the effect of rights issue of 76,354,078 Right Shares on the basis of 5 Rights Shares for every 2 existing Sinmah Shares together with 1 Rights Warrant for every 4 Right Shares, at an issue price of RM0.20 per Rights Share. The estimated expenses for this Corporate Exercises are approximately RM1,130,000 which are to be charged out immediately.

**5.2 Pro forma II**

**After Pro forma I and full exercise of Rights Warrants**

The Rights Warrants are detachable on the basis of 1 Rights Warrant for every 4 Rights Shares subscribed.

Based on the assumption that FCH undertakes to subscribe the minimum subscription level of 19,088,519 Rights Warrants at its exercise price of RM0.20 per Rights Warrant into 19,088,519 new Sinmah Shares.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)**

**6. Property, plant and equipment**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	11,038	11,038
After the subsequent events	1,925	1,925
As per Pro forma I and II	<u>12,963</u>	<u>12,963</u>

**7. Property development costs**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	18,361	18,361
After Rights Issue	14,141	29,412
As per Pro forma I and II	<u>32,502</u>	<u>47,773</u>

**8. Other receivables**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	93,241	93,241
After the subsequent events	(62,785)	(62,785)
As per Pro forma I and II	<u>30,456</u>	<u>30,456</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)**

**9. Cash and bank balances**

	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	3,815
After the subsequent events	23,537
As per Pro forma I	<u>27,352</u>
After full exercise of Rights Warrants	7,635
As per Pro forma II	<u>34,987</u>
	<b>Minimum Subscription Level RM'000</b>
As at 31 December 2017	3,815
After the subsequent events	23,537
After full exercise of Rights Warrants	3,818
As per Pro forma I and II	<u>31,170</u>

**10. Non-current assets held for sale**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	17,345	17,345
After the subsequent events	(16,733)	(16,733)
As per Pro forma I and II	<u>612</u>	<u>612</u>



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)**

**11. Bank Borrowings**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	102,871	102,871
After the subsequent events	(65,913)	(65,913)
As per Pro forma I and II	<u>36,958</u>	<u>36,958</u>

**12. Other payables**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	20,943	20,943
After the subsequent events	(3,740)	(3,740)
After the disposals of broiler farms	(597)	(597)
As per Pro forma I and II	<u>16,606</u>	<u>16,606</u>

**13. Tax payable**

	<b>Minimum Subscription Level RM'000</b>	<b>Maximum Scenario RM'000</b>
As at 31 December 2017	8,577	8,577
After the subsequent events	1,708	1,708
As per Pro forma I and II	<u>10,285</u>	<u>10,285</u>





PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

SINMAH CAPITAL BERHAD  
(Incorporated in Malaysia)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

14. Equity

The movements of the issued and paid-up share capital, share premium and reserves of Sinmah are as follows:

Maximum Scenario

	Number of shares	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Warrant reserves RM'000	Accumulated losses/(Retained earning) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 31 December 2017	61,083,263	123,220	-	-	3,706	(17,525)	109,401	1,496	110,897
Subsequent events	-	-	-	-	(3,706)	18,192	14,486	-	14,486
Rights issue	152,708,157	30,542	-	(5,116)	5,116	-	30,542	-	30,542
Share issuance expenses	-	(1,130)	-	-	-	-	(1,130)	-	(1,130)
Pro forma I	213,791,420	152,632	-	(5,116)	5,116	667	153,299	1,496	154,795
After full exercise of rights warrants	38,177,039	7,635	-	5,116	(5,116)	-	7,635	-	7,635
Pro forma II	251,968,459	160,267	-	-	-	667	160,934	1,496	162,430



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**SINMAH CAPITAL BERHAD**  
(Incorporated in Malaysia)

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

**14. Equity (Cont'd)**

The movements of the issued and paid-up share capital and reserves of the Sinmah are as follows:

**Minimum Subscription Level**

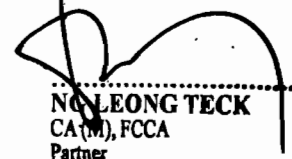
	Number of shares	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Warrant reserves RM'000	Accumulated losses/(Retained earning) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 31 December 2017	61,083,263	123,220	-	-	3,706	(17,525)	109,401	1,496	110,897
Subsequent events	-	-	-	-	(3,706)	18,192	14,486	-	14,486
Rights issue	76,354,078	15,271	-	(2,560)	2,560	-	15,271	-	15,271
Share issuance expenses	-	(1,130)	-	-	-	-	(1,130)	-	(1,130)
Pro forma I	137,437,341	137,361	-	(2,560)	2,560	667	138,028	1,496	139,524
After full exercise of rights warrants	19,088,519	3,818	-	2,560	(2,560)	-	3,818	-	3,818
Pro forma II	156,525,860	141,179	-	-	-	667	141,846	1,496	143,342



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON**



**CERTIFIED TRUE COPY**

  
**NG LEONG TECK**  
CA(M), FCCA  
Partner

**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. 301653-V)  
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

**Registered office:  
No. 4-1, Kompleks Niaga  
Melaka Perdana  
Jln KNMP 3, Bukit Katil  
75450 Melaka**

**Principal place of business:  
AG 5730  
Alor Gajah Industrial Estate  
78000 Alor Gajah, Melaka**

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)****REPORTS AND FINANCIAL STATEMENTS****31 DECEMBER 2017****INDEX****\*\*\*\*\***

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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- 1 -

**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
(Incorporated in Malaysia)

**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 2017.

**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 6 to the financial statements.

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

**Change of Name**

The Company changed its name from Farm's Best Berhad to Sinmah Capital Berhad on 14 June 2017.

**Financial Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net profit/(loss) for the financial year attributable to:		
Owners of the parent	15,028	(1,298)
Non-controlling interests	193	-
	<u>15,221</u>	<u>(1,298)</u>

**Reserves and Provisions**

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

**Dividends**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Issue of Shares and Debentures**

There was no issuance of shares or debentures during the financial year.

**Options Granted Over Unissued Shares**

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

**Warrant Reserves**

The Warrants 2013/2018 were constituted under the Deed Poll dated 27 June 2013.

As at 31 December 2017, the total numbers of Warrants that remain unexercised were 27,765,052 (2016: 27,765,052).

**Directors**

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

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

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

Hoh Koei Teng  
Siah Kim Hew @ Sia Kian Heng

\* Director of the Company and its subsidiary companies

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Directors' Interests**

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

	Number of ordinary shares			
	At 01.01.2017	Bought	Sold	At 31.12.2017
<b>Interests in the Holding Company</b>				
<b>F.C.H. Holdings Sdn. Bhd.</b>				
<i>Direct interest</i>				
Dato' Fong Kok Yong	1,250,000	-	-	1,250,000
Datuk Fong Kiah Yeow	1,250,000	-	-	1,250,000
Fong Ngan Teng	1,250,000	-	-	1,250,000
Fong Choon Kai	1,250,000	-	-	1,250,000
<b>Interests in the Company</b>				
<i>Direct interest</i>				
Datuk Fong Kiah Yeow	613,200	-	-	613,200
<i>Indirect interest</i>				
Dato' Fong Kok Yong	21,463,805	-	-	21,463,805
Datuk Fong Kiah Yeow	21,463,805	-	-	21,463,805
Fong Ngan Teng	21,463,805	-	-	21,463,805
Fong Choon Kai	21,463,805	-	-	21,463,805
<b>No. of Warrants 2013/2018</b>				
	At 01.01.2017	Bought	Sold	At 31.12.2017
<b>Interests in the Company</b>				
<i>Direct interest</i>				
Datuk Fong Kiah Yeow	21,600	-	-	21,600
<b>Interests in the Holding Company</b>				
<b>F.C.H. Holdings Sdn. Bhd.</b>				
<i>Indirect interest</i>				
Dato' Fong Kok Yong	41	-	-	41
Datuk Fong Kiah Yeow	41	-	-	41
Fong Ngan Teng	41	-	-	41
Fong Choon Kai	41	-	-	41

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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- 4 -

**Directors' Interests (Cont'd)**

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

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

**Directors' Benefits**

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

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

**Indemnity and Insurance Costs**

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

**Other Statutory Information**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no bad debt had been written off and adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Other Statutory Information (Cont'd)**

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
  - (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Holding Company**

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

**Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

**Significant Events**

The significant events are disclosed in Note 37 to the financial statements.

**Subsequent Events**

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

**Auditors' Remuneration**

The details of auditors' remuneration are set out in Note 28 to the financial statements.


**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Auditors**


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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors  
dated 19 APR 2018



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DATO' FONG KOK YONG



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DATUK FONG KIAH YEOW

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**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 17 to 116 are drawn up in accordance with 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 2017 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 19 APR 2018

  
\_\_\_\_\_  
DATO' FONG KOK YONG

  
\_\_\_\_\_  
DATUK FONG KIAH YEOW

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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SINMAH CAPITAL BERHAD (FORMERLY KNOWN AS FARM'S BEST BERHAD) (Incorporated in Malaysia)

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

I, NOLAN JOHN FELIX (MIA Membership No: 18938), being the officer primarily responsible for the financial management of Sinmah Capital Berhad (formerly known as Farm's Best Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 17 to 116 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 19 APR 2018

[Signature]
NOLAN JOHN FELIX

Before me,

[Signature]
ZALINA BINTI ZAINUDDIN (BKT)
NO: M070
PESURUHJAYA SUMPATI
NO: M 070
ZALINA BINTI ZAINUDDIN
BKT
BC/Z/201
31/12/18
MALAYSIA
COMMISSIONER FOR OATHS
No. 25, TAMAN MELAKA RAYA, 75000 MELAKA.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 301653-V)  
(Incorporated in Malaysia)**

**UHY (AF1411)  
Chartered Accountants**  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Phone +60 3 2279 3088  
Fax +60 3 2279 3099  
Email [uhykl@uhy.com.my](mailto:uhykl@uhy.com.my)  
Web [www.uhy.com.my](http://www.uhy.com.my)

**Report on the Financial Statement****Opinion**

We have audited the financial statements of Sinmah Capital Berhad (formerly known as Farm's Best Berhad), which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 116.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

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

**Independence and Other Ethical Requirements**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD (CONT'D)  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 301653-V)  
(Incorporated in Malaysia)**

**Key Audit Matters (Cont'd)**

Key Audit Matters	How we addressed the key audit matters
<p><b>Impairment of trade receivables</b></p> <p>The carrying amount of the trade receivables amounted to RM94.6 million (2016: RM164.8 million). The Group carries significant receivables as disclosed in Note 11 to the financial statements and subject to a credit risk exposure. The assessment of recoverability of the trade receivables involved judgements and estimation in analysing historical trend in bad payment clients, customer concentration, customer creditworthiness and current economic trends etc.</p>	<p>Our audit procedures included:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding on the procedures of the Group:- <ul style="list-style-type: none"> <li>• the Group's identification and assessment on the impairment of receivables; and</li> <li>• the Group's basis and justification in making accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the aging analysis of receivables and testing the reliability thereof.</li> <li>• Reviewing subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries to management regarding the action plans on recovery of overdue amounts.</li> <li>• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.</li> <li>• Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.</li> </ul>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD (CONT'D)  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 301653-V)  
(Incorporated in Malaysia)**

**Key Audit Matters (Cont'd)**

Key Audit Matters	How we addressed the key audit matters
<p><b>Disposition of broiler farm lands and farms</b></p> <p>On 24 January 2017, 5 wholly owned subsidiary companies had entered into Sales and Purchase Agreements with Farm's Best Food Industries Sdn. Bhd. ("FBFI") for the disposal of the broiler farm lands and farms for a total sale consideration of RM58,526,100.</p>	<p>For this disposals, we obtained and reviewed the key supporting documentation such as Sales and Purchase Agreements, completion statements and legal correspondences. The consideration received or paid was tallied to the bank statements. We have reviewed the legal correspondences and check for whether the condition precedents were met. No material issues were noted</p>

**Information Other than the financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the 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.



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD (CONT'D)  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 301653-V)  
(Incorporated in Malaysia)****Responsibilities of Directors for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD (CONT'D)  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 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:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD (CONT'D)  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 301653-V)  
(Incorporated in Malaysia)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current finance 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SINMAH CAPITAL BERHAD (CONT'D)  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Company No. : 301653-V)  
(Incorporated in Malaysia)**

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

**Other Matters**

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

A handwritten signature in black ink, appearing to be 'UHY'.

UHY

Firm Number: AF 1411  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'NG LEONG TECK'.

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

KUALA LUMPUR  
19 APR 2018

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	11,038	54,282	251	259
Land use rights	5	22	44	-	-
Investment in subsidiary companies	6	-	-	38,651	38,651
Goodwill	7	2,264	2,264	-	-
Deferred tax assets	8	2,246	1,380	-	-
		<u>15,570</u>	<u>57,970</u>	<u>38,902</u>	<u>38,910</u>
<b>Current Assets</b>					
Property development costs	9	18,361	14,513	-	-
Inventories	10	12,867	14,876	-	-
Accrued billing in respect of property development costs		-	1,014	-	-
Trade receivables	11	94,600	164,807	-	-
Other receivables	12	93,241	12,388	21	54
Amount due from subsidiary companies	13	-	-	13,376	14,658
Held-to-maturity investments	14	18,313	58,716	-	-
Tax recoverable		1,506	1,295	-	-
Deposits, cash and bank balances	15	3,815	2,566	17	10
		<u>242,703</u>	<u>270,175</u>	<u>13,414</u>	<u>14,722</u>
Non-current assets held for sale	16	17,345	15,696	-	-
<b>Total Assets</b>		<u>275,618</u>	<u>343,841</u>	<u>52,316</u>	<u>53,632</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017 (CONT'D)**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY</b>					
Share capital	17	123,220	61,083	123,220	61,083
Share premium	18	-	62,410	-	62,410
Other reserves	19	3,706	3,706	3,706	3,706
Accumulated losses		(17,525)	(32,553)	(75,035)	(73,737)
Equity attributable to owners of the parent		109,401	94,646	51,891	53,462
Non-controlling interests		1,496	1,243	-	-
<b>Total Equity</b>		<b>110,897</b>	<b>95,889</b>	<b>51,891</b>	<b>53,462</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Bank borrowings	20	15,656	12,297	-	-
Finance lease payables	21	668	1,614	-	-
Deferred tax liabilities	8	2,123	3,988	-	-
		<b>18,447</b>	<b>17,899</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Progress Billing		969	-	-	-
Trade payables	22	19,876	23,474	-	-
Other payables	23	20,943	33,693	425	170
Amount due to directors	24	-	359	-	-
Amount due to holding company	25	7,900	-	-	-
Bank borrowings	20	87,215	170,729	-	-
Finance lease payables	21	794	1,180	-	-
Tax payable		8,577	618	-	-
		<b>146,274</b>	<b>230,053</b>	<b>425</b>	<b>170</b>
<b>Total Liabilities</b>		<b>164,721</b>	<b>247,952</b>	<b>425</b>	<b>170</b>
<b>Total Equity and Liabilities</b>		<b>275,618</b>	<b>343,841</b>	<b>52,316</b>	<b>53,632</b>

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	26	299,532	343,696	-	-
Cost of sales		(274,332)	(306,860)	-	-
<b>Gross profit</b>		25,200	36,836	-	-
Other incomes		57,419	43,677	7	-
Administrative expenses		(45,674)	(53,295)	(1,305)	(27,035)
Selling and marketing expenses		(2)	(5,688)	-	-
<b>Profit/(Loss) from operations</b>		36,943	21,530	(1,298)	(27,035)
Finance costs	27	(11,463)	(16,559)	-	-
<b>Profit/(Loss) before taxation</b>	28	25,480	4,971	(1,298)	(27,035)
Taxation	29	(10,259)	6,944	-	314
<b>Profit/(Loss) for the financial year</b>		15,221	11,915	(1,298)	(26,721)
<b>Total comprehensive income for the financial year</b>		15,221	11,915	(1,298)	(26,721)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit/(Loss) for the financial year attributable to:</b>					
Owners of the parent		15,028	11,936	(1,298)	(26,721)
Non-controlling interests		193	(21)	-	-
		<u>15,221</u>	<u>11,915</u>	<u>(1,298)</u>	<u>(26,721)</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		15,028	11,936	(1,298)	(26,721)
Non-controlling interests		193	(21)	-	-
		<u>15,221</u>	<u>11,915</u>	<u>(1,298)</u>	<u>(26,721)</u>
<b>Earnings/(Losses) per share attributable to the owners of the parent (sen)</b>					
Basic/ Diluted	30	<u>24.6</u>	<u>19.5</u>		

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON  
(CONT'D)

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**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON  
(CONT'D)

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**SINMAH CAPITAL BERHAD**  
**(FORMERLY KNOWN AS FARM'S BEST BERHAD)**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

	Attributable to Owners of the Parent				Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000		
<b>Group</b>						
At 1 January 2016	61,083	62,410	3,706	(44,489)	1,306	84,016
Total comprehensive income for the financial year	-	-	-	11,936	(21)	11,915
Dividend paid to non-controlling interests	-	-	-	-	(42)	(42)
At 31 December 2016	61,083	62,410	3,706	(32,553)	1,243	95,889

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

	<b>Attributable to Owners of the Parent</b>				<b>Total RM</b>
	<b>Non-distributable</b>			<b>Accumulated Losses RM</b>	
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Other Reserve RM'000</b>		
<b>Company</b>					
At 1 January 2016	61,083	62,410	3,706	(47,016)	80,183
Total comprehensive income for the financial year	-	-	-	(26,721)	(26,721)
At 31 December 2016	61,083	62,410	3,706	(73,737)	53,462
At 1 January 2017	61,083	62,410	3,706	(73,737)	53,462
Total comprehensive income for the financial year	-	-	-	(1,298)	(1,298)
<b>Transaction with owners:</b>					
Private placement expenses	-	(273)	-	-	(273)
Transition to no-par value regime on 31 January 2017	62,137	(62,137)	-	-	-
At 31 December 2017	123,220	-	3,706	(75,035)	51,891

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit/(Loss) before taxation	25,480	4,971	(1,298)	(27,035)
<b>Adjustments for:</b>				
Amortisation of land use rights	-	13	-	-
Bad debts written off				
- Trade	-	11	-	-
- Non-trade	-	4	-	-
Bad debts recovered	(1)	-	-	-
Deposit written off	-	64	-	-
Depreciation of property, plant and equipment	1,594	6,425	8	8
Goodwill written off	-	38	-	-
Impairment losses on :				
- Trade receivables	24,705	22,608	-	-
Interest expense	11,463	16,559	-	-
Interest income	(1,534)	(1,756)	-	-
Unrealised loss on foreign exchange:	(98)	76		
Gain on disposal of property, plant , equipment and non-current assets held for sale	(53,634)	(382)	-	-
(Gain)/Loss on disposal of investment in subsidiaries	-	(18,220)	-	26,416
Property, plant and equipment written off	3	-	-	-
Reversal of impairment on:				
- Trade receivables	-	(2,272)	-	-
Balance carried down	7,978	28,139	(1,290)	(611)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

	Group		Company		
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance brought down		7,978	28,139	(1,290)	(611)
Changes in working capital					
Property Development Costs		(3,848)	1,708	-	-
Land held for property development		-	782	-	-
Biological assets		-	10,066	-	-
Inventories		2,009	10,302	-	-
Accrued billing in respect of property development costs		1,014	(9,671)	-	-
Progress billings		969	-	-	-
Trade receivables		45,503	(13,328)	-	-
Other receivables		(18,379)	17,525	33	(41)
Trade payables		(3,488)	(50,159)	-	-
Other payables		(12,750)	(1,748)	255	(30)
Amount due to directors		(359)	(2,099)	-	-
Amount due from/(to) subsidiary companies		-	-	1,282	(12,694)
		10,671	(36,622)	1,570	(12,765)
Cash from/(used in) operations		18,649	(8,483)	280	(13,376)
Interest received		1,534	1,756	-	-
Interest paid		(11,463)	(16,559)	-	-
Tax paid		(5,242)	(1,368)	-	-
		(15,171)	(16,171)	-	-
Net cash from/(used in) operating activities		3,478	(24,654)	280	(13,376)
<b>Cash Flows From Investing Activities</b>					
Proceeds from disposal of property, plant equipment, and non-current assets held for sale		38,271	602	-	-
Decrease/(Increase) in held-to-maturity		40,403	(2,817)	-	-
Net cash (outflows)/inflows from disposal of subsidiary companies	6(c)	(12)	12,320	-	13,384
Balance carried down		78,662	10,105	-	13,384

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2017  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**SINMAH CAPITAL BERHAD  
(FORMERLY KNOWN AS FARM'S BEST BERHAD)  
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance brought down		78,662	10,105	-	13,384
Purchase of property, plant and equipment	4(d)	(791)	(2,719)	-	-
Addition in non-current assets held for sale		(6,300)	-	-	-
Net cash from investing activities		<u>71,571</u>	<u>7,386</u>	<u>-</u>	<u>13,384</u>
<b>Cash Flows From Financing Activities</b>					
Movement of short term borrowings	32	(75,371)	83,002	-	-
Dividend paid to non-controlling interests		-	(42)	-	-
Net drawdown/(repayment) of term loans	32	431	(69,042)	-	-
Repayment of hire purchase payables	32	(1,332)	(2,487)	-	-
Advances from holding company	32	7,900	-	-	-
Non-controlling interest in acquisition of new subsidiaries		60	-	-	-
Utilisation of share premium for share issuance expenses		(273)	-	(273)	-
Net cash (used in)/from financing activities		<u>(68,585)</u>	<u>11,431</u>	<u>(273)</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,464</b>	<b>(5,837)</b>	<b>7</b>	<b>8</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>(13,796)</b>	<b>(7,959)</b>	<b>10</b>	<b>2</b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b><u>(7,332)</u></b>	<b><u>(13,796)</u></b>	<b><u>17</u></b>	<b><u>10</u></b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Deposits, cash and bank balances		3,815	2,566	17	10
Bank overdrafts		(11,147)	(16,362)	-	-
		<u>(7,332)</u>	<u>(13,796)</u>	<u>17</u>	<u>10</u>

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