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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

1. Corporate Information

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

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

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

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

2. Basis of Preparation

(a) Statement of compliance

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

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

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

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

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Asset for Unrealised losses

Annual Improvements to FRSs 2012–2014 Cycle

- Amendments to FRS 12

The adoption of the Amendments to FRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 32. Other than that, the adoption of above amendments to FRSs did not have any significant impact on the financial statement of the Group and the Company.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group's and the Company's financial statements for annual period beginning 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards issued by the MASB. As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company consider that they are achieving their schedule milestone and expect to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies of the Group which do not fall within the scope of Transition Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these consolidated financial statements.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

The Directors expect the adoption of MFRS Framework will have no material impacts on the financial statements of the Group and the Company except as mentioned below:

<u>MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)</u>

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that existed at that date, the Directors of the Group and of the Company have assessed the impact of MFRS 9 to the Group's and the Company's consolidated financial statements as follows:

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

(1) Classification and measurement

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on its assessment, the Group and the Company believe that the new classification requirements will have no material impact on the Group's and the Company's financial assets and financial liabilities.

Accordingly, the Group and the Company does not expect the new guidance to affect the classification and measurement of the above financial assets.

(2) Impairment

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

(2) Impairment (Cont'd)

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. A financial asset's credit risk deemed not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group and the Company expects an increase in the Group's and the Company's allowance for impairment by less than 10% of loans and receivables.

The Group and the Company will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative for 2017 will not be restated.

(3) Hedge accounting

The Group and the Company does not adopt hedge accounting in the Group's financial statements. Hence, hedging requirements of MFRS 9 will not have any impact on the Group's financial statements.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 9.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after on 1 January 2018)

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with the core principle by applying the following steps:

(1) Identify the contracts with a customer;
(2) Identify the performance obligation in the contract;
(3) Determine the transaction price;
(4) Allocate the transaction price to the performance obligations in the contract;
(5) Recognise revenue when the entity satisfies a performance obligation.

The Group and the Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after on 1 January 2018) (Cont'd)

Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on its consolidated financial statements. Consequently its property development cost and inventories are not expected to be significantly impacted.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 15 and the Group and the Company have not finalised the testing and assessment of controls over its new accounting system.

MFRS 16 *Leases* (effective for annual period beginning on or after on 1 January 2019)

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases* (effective for annual period beginning on or after on 1 January 2019) (Cont'd)

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

The Group and the Company do not expect the application of MFRS 16 to have a significant impact on its consolidated financial statements.

(b) Functional and presentation currency

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

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

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

Key sources of estimation uncertainty

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

<u>Useful lives of property, plant and equipment</u> (Note 4)

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2017, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

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

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 7.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiary companies

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

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 8.

Inventories valuation

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

Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Property development (Cont'd)

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 9.

Impairment of receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11, 12 and 13.

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group has tax recoverable and payable of RM1,506,000 (2016: RM1,295,000) and RM8,577,000 (2016: RM618,000) respectively.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement,* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation

Foreign currency transactions and balances

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

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

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

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

3. Significant Accounting Policies (Cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(d) Land use rights

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

(e) Leases

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

<u>As lessee</u>

(i) Finance lease

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

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

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

(ii) Operating lease

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

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

<u>As lessee</u> (Cont'd)

(ii) Operating lease (Cont'd)

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

<u>As lessor</u>

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

(f) Property development activities

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

3. Significant Accounting Policies (Cont'd)

(g) Land Held for Property Development

Land held for property development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(h) Financial assets

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

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

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

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

(i) Loans and receivables

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

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

(ii) Held-to-maturity investments

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

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

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

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

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

(i) Financial liabilities

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

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

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

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (Cont'd)

(i) Financial liabilities measured at amortised cost

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

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

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

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

(ii) Financial guarantee contracts

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

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (Cont'd)

(ii) Financial guarantee contracts (Cont'd)

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

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

(j) Offsetting of financial instruments

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

(i) Raw materials: purchase costs on a weighted average basis.

(ii) Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overhead based on normal operating capacity but excluding borrowing costs.

(iii) Property inventories: cost of unsold properties comprises cost associated with the acquisition of land, construction and appropriate development overheads.

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

3. Significant Accounting Policies (Cont'd)

(l) Construction contracts

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(m) Cash and cash equivalents

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

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

(n) Impairment of assets

(i) Non-financial assets

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

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

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

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

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

(ii) Financial assets

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

Financial assets carried at amortised cost

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

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

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

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

Available-for-sale financial assets

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

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

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets

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

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

(o) Share capital

Ordinary shares

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

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

(p) Provisions

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

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

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

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(r) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

3. Significant Accounting Policies (Cont'd)

(r) Revenue (Cont'd)

(iii) Interest income

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

(iv) Rental income

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

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

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

3. Significant Accounting Policies (Cont'd)

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant Accounting Policies (Cont'd)

(t) Income taxes (Cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(u) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(v) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(w) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. Significant Accounting Policies (Cont'd)

(x) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

4. Property, Plant and Equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group								
Cost								
At 1 January 2017	16,548	1,723	44,766	27,734	11,973	4,463	813	108,020
Additions	-	-	-	241	67	436	113	857
Disposals	(9,751)	-	(23,473)	(8,103)	(6,580)	(1,781)	-	(49,688)
Transfer to non-current assets held for sale (Note 16)	(6,146)	-	(10,946)	(250)	-	(64)	-	(17,406)
Written off	-	-	-	-	-	(36)	-	(36)
Reclassification	-	-	-	-	-	-	(262)	(262)
At 31 December 2017	651	1,723	10,347	19,622	5,460	3,018	664	41,485
Accumulated depreciation								
At 1 January 2017	-	1,315	14,714	24,262	9,456	3,991	-	53,738
Charge for the financial year	-	8	134	656	617	113	66	1,594
Disposals	-	-	(9,135)	(7,306)	(5,494)	(1,519)	-	(23,454)
Transfer to non-current assets held for sale (Note 16)	-	-	(1,279)	(58)	-	(61)	-	(1,398)
Written off	-	-	-	-	-	(33)	-	(33)
At 31 December 2017	-	1,323	4,434	17,554	4,579	2,491	66	30,447
Carrying amount								
At 31 December 2017	651	400	5,913	2,068	881	527	598	11,038

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group								
Cost								
At 1 January 2016	20,115	3,666	85,825	119,343	21,246	11,254	2,817	264,266
Additions	-	-	1,500	398	984	74	45	3,001
Disposals	-	-	-	-	(1,481)	(4)	-	(1,485)
Transfer to non-current assets held for sale	(3,567)	-	(29,355)	(22,781)	-	(4,182)	-	(59,885)
Written off	-	-	-	-	-	(8)	-	(8)
Disposal of subsidiary	-	(1,943)	(13,204)	(69,226)	(8,776)	(2,671)	(2,049)	(97,869)
At 31 December 2016	16,548	1,723	44,766	27,734	11,973	4,463	813	108,020
Accumulated depreciation								
At 1 January 2016								
As previously stated	-	883	40,897	81,761	15,465	9,773	-	148,779
Prior year adjustment	-	-	(1,565)	(579)	-	-	-	(2,144)
At 1 January 2016 (restated)	-	883	39,332	81,182	15,465	9,773	-	146,635
Charge for the financial year	-	938	1,648	2,075	1,515	157	92	6,425
Disposals	-	-	-	-	(1,262)	(3)	-	(1,265)
Transfer to non-current assets held for sale	-	-	(20,306)	(20,528)	-	(3,355)	-	(44,189)
Written off	-	-	-	-	-	(8)	-	(8)
Disposal of subsidiary	-	(506)	(5,960)	(38,467)	(6,262)	(2,573)	(92)	(53,860)
At 31 December 2016	-	1,315	14,714	24,262	9,456	3,991	-	53,738
Carrying amount								
At 31 December 2016	16,548	408	30,052	3,472	2,517	472	813	54,282

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

Company	Buildings RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 January 2017 / 31 December 2017	410	246	656
Accumulated depreciation			
At 1 January 2017	151	246	397
Charge for the financial year	8	-	8
At 31 December 2017	159	246	405
Carrying amount			
At 31 December 2017	251	-	251
Cost			
At 1 January 2016 / 31 December 2016	410	246	656
Accumulated depreciation			
At 1 January 2016	143	246	389
Charge for the financial year	8	-	8
At 31 December 2016	151	246	397
Carrying amount			
At 31 December 2016	259	-	259

(a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tube well, renovations and improvements and capital work-in-progress.

(b) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements are:

	Group 2017 RM'000	Group 2016 RM'000
Land and buildings	4,236	41,982
Plant and machinery	1,749	2,020
Other assets	-	962
	5,985	44,964

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

(c) Assets held under financial leases

The net carrying amount of leased plant and machinery of the Group is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Motor vehicles	1,619	2,389

(d) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Aggregate costs	857	3,001
Less : Hire purchase financing	(66)	(282)
Cash payments	791	2,719

(e) Certain motor vehicles with carrying amount of RM Nil (2016: RM407,987) are registered in the name of related companies of which the directors have financial interests and a third party and are held in trust for the Group.

5. Land Use Rights

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
At 1 January	122	122
Disposal	(95)	-
At 31 December	27	122
Accumulated amortisation		
At 1 January	78	65
Amortisation for the financial year	-	13
Disposal	(73)	-
At 31 December	5	78
Carrying amount		
At 31 December	22	44

Land use rights have been pledged to secure the bank borrowings as disclosed in Note 20.

6. Investment in Subsidiary Companies

	Company	
	2017	**2016**
	RM'000	**RM'000**
Unquoted shares, at cost		
In Malaysia		
At 1 January	66,389	116,589
Disposal during the year	-	(50,200)
At 31 December	66,389	66,389
Accumulated impairment losses		
At 1 January	27,738	38,138
Reversal of impairment losses	-	(10,400)
At 31 December	27,738	27,738
	38,651	38,651

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

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Held by the Company				
Sinmah Livestocks Sdn. Bhd.	Malaysia	100	100	Contract farming and trading of chicken feeds, day old chicks and vaccines
Sinmah Multifeed Sdn. Bhd.	Malaysia	99.99	99.99	Manufacturing and wholesale of chicken feeds
Sinmah Land Services Sdn. Bhd.	Malaysia	100	100	Investment holding
Sinmah Development Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Breeders Sdn. Bhd.	Malaysia	100	100	Poultry breeding and hatchery operations

6. Investment in Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Held by Sinmah Livestocks Sdn. Bhd.				
Joint Farming Sdn. Bhd.*	Malaysia	-	58.91	Dormant
Bersatu Segar Sdn. Bhd.	Malaysia	100	100	Trading of feeds, medication and poultry farming
Dee Huat Farming Trading Sdn. Bhd.	Malaysia	100	100	Dormant
Chem Ventures Sdn. Bhd.	Malaysia	100	100	Trading of chemicals, medication and related equipment
Syarikat Perniagaan Suann Sdn. Bhd.	Malaysia	51	51	Trading of feeds, medication and poultry farming
SM Broilers Sdn. Bhd.	Malaysia	100	100	Contract farming, marketing and distribution of poultry products
Held by Joint Farming Sdn. Bhd.				
Joint Food Proccessing Sdn. Bhd.*	Malaysia	-	60	Dormant
Held by Syarikat Perniagaan Suann Sdn. Bhd.				
Suann Food Processors Sdn. Bhd.	Malaysia	100	100	Poultry meat processing
Held by Sinmah Land Services Sdn. Bhd.				
Sinmah Project Management Sdn. Bhd.	Malaysia	100	100	Poultry farming and investment holding
Held by Sinmah Development Sdn. Bhd.				
Realtemas Realty Sdn. Bhd.	Malaysia	100	100	Property development
Cosmal Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contracting and provision of management services
Sinmah Amegajaya Healthcare Sdn. Bhd.	Malaysia	70	-	Hospital activities
Sinmah Encorp Development Sdn. Bhd. (formerly known as Sinmah Development JV Sdn. Bhd.)	Malaysia	70	-	Property development

* Not audited by UHY

6. Investment in Subsidiary Companies (Cont'd)

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

(a) Material partly-owned subsidiary companies

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

Name of company	Proportion of ownership interests and voting rights held by NCI		Profit/(Loss) allocated to NCI		Accumulated NCI	
	2017	2016	2017	2016	2017	2016
	%	%	RM'000	RM'000	RM'000	RM'000
Syarikat Perniagaan Suann Sdn. Bhd.	49.00	49.00	241	50	1,484	1,243
Sinmah Encorp Development Sdn. Bhd. (formerly known as Sinmah Development JV Sdn. Bhd.)	30.00	-	(4)	-	26	-
Sinmah Amegajaya Healthcare Sdn. Bhd.	30.00	-	(44)	-	(14)	-
Total NCI					1,496	1,243

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

6. Investment in Subsidiary Companies (Cont'd)

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

	Syarikat Perniagaan Suann Sdn. Bhd.		Sinmah Encorp Development Sdn. Bhd. (formerly known as Sinmah Development JV Sdn. Bhd.)		Sinmah Amegajaya Healthcare Sdn. Bhd.	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Summarised statements of financial position						
Total assets	4,033	6,306	4,970	-	319	-
Total liabilities	(1,004)	(13,211)	(4,883)	-	(367)	-
Net assets/ (liabilities)	3,029	(6,905)	87	-	(48)	-
Equity attributable to owners to the parent	1,545	(8,148)	61	-	(34)	-
Non-controlling interests	1,484	1,243	26	-	(14)	-
	3,029	(6,905)	87	-	(48)	-
(ii) Summarised statements of profit or loss and other comprehensive income						
Revenue	27,106	26,670	-	-	-	-
Profit/(Loss) before taxation	7,590	333	(13)	-	(148)	-
Taxation	(444)	(6)	-	-	-	-
Net profit/(loss) for the financial year	7,146	327	(13)	-	(148)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	7,146	327	(13)	-	(148)	-

6. Investment in Subsidiary Companies (Cont'd)

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

	Syarikat Perniagaan Suann Sdn. Bhd.		Sinmah Encorp Development Sdn. Bhd. (formerly known as Sinmah Development JV Sdn. Bhd.)		Sinmah Amegajaya Healthcare Sdn. Bhd.	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(iii) Summarised statements of cash flows						
Net cash (used in)/ generated from operating activities	(9,097)	40	(6)	-	134	-
Net cash generated from/ (used in) investing activities	12,547	9	-	-	(207)	-
Net cash (used in)/ generated from financing activities	(1,032)	(43)	100	-	100	-
Net increase in cash and cash equivalents	2,418	6	94	-	27	-

(b) Acquisition of subsidiary companies

On 7 June 2017, Sinmah Development Sdn. Bhd.("SDSB"), a wholly-owned subsidiary company of the Company, incorporated a 70% owned subsidiary company, Sinmah Encorp Development Sdn. Bhd. (formerly known as Sinmah Development JV Sdn. Bhd., with cash subscription of RM7.

The intended principal activity of SEDSB is to undertake the joint venture project between SDSB and Encorp Bukit Katil Sdn. Bhd. ("EBKSB").

The investment in SEDSB was subsequently increased to RM70,000 which EBKSB increased their shareholding to RM30,000.

On 11 July 2017, SDSB acquired 70% equity interest in Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB"), for a cash consideration of RM70,000.00.

The intended principal activities of SAHSB are to acquire or set up and run hospital clinics, nursing homes and other healthcare activities.

6. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary company

On 28 November 2017, Sinmah Livestocks Sdn. Bhd. ("SLSB"), a wholly-owned subsidiary of the Company, had disposed off its 59.91% equity interest in Joint Farming Sdn. Bhd., which is equivalent to 3,240 ordinary shares of RM1.00 each to Malar Vili A/P Palanysamy for a total cash consideration of RM3.24 for which had resulted in a gain of RM10,324.

The effect of the disposal of Joint Farming Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	Group 2017 RM'000
Tax recoverable	1
Cash and bank balances	12
Other payables	(13)
Net liabilities disposed off	-
Less: Non-controlling interests	-
	-
Gain on disposal of investment in subsidiary company	-
Disposal proceeds settled by cash	-
Less: Cash and cash equivalents of subsidiary company disposed	(12)
Net cash outflow from disposal of investment in subsidiary company	(12)

6. Investment in Subsidiary Companies (Cont'd)

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

In the previous financial year, the Company disposed off the entire equity interest in Farm's Best Food Industries Sdn. Bhd. for a cash consideration of RM13,384,099, which had resulted a gain of RM18,217,577.

The effect of the disposal of Farm's Best Industries Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	Group 2016 RM'000
Property, plant and equipment	44,012
Inventories	6,807
Trade receivables	19,598
Other receivables	1,522
Cash and bank balances	1,064
Trade payables	(42,881)
Other payables	(3,878)
Lease payables	(1,082)
Bank borrowings	(29,998)
Net liabilities disposed off	(4,836)
Less: Non-controlling interests	-
	(4,836)
Gain on disposal of investment in subsidiary company	18,220
Disposal proceeds settled by cash	13,384
Less: Cash and cash equivalents of subsidiary company disposed	(1,064)
Net cash inflow from disposal of investment in subsidiary company	12,320

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

7. Goodwill

	Group 2017 RM'000	Group 2016 RM'000
Cost		
At 1 January / 31 December	19,660	19,660
Accumulated impairment losses		
At 1 January	17,396	17,358
Written off during the year	-	38
At 31 December	17,396	17,396
Carrying amount		
At 31 December	2,264	2,264

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

	Group 2017 RM'000	Group 2016 RM'000
Housing Development		
Sinmah Development Sdn. Bhd.	2,264	2,264

Impairment testing of goodwill

The recoverable amount of each CGU is determined based on value-in-use calculations using cash flow projections of financial budgets approved by senior management covering a 5-year period. The forecast growth rates used to extrapolate cash flows for the five year period and pre-tax discount rated applied to the cash flow projections are as follows:

	Housing Division 2017	Housing Division 2016
Growth rate	-	-
Budgeted gross margins	21%	17%
Pre-tax discount rate	10%	10%

7. Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

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

Growth rates – As a matter of prudence, the Group did not apply any forecast growth rates in extrapolating future cash flows of the CGUs.

Budgeted gross margins – Gross margins are based on average values achieved in the immediate year preceding the start of the budget period. No increase in gross margins are anticipated over the budgeted period.

The discount rate reflects the specific risks relating to the respective CGUs.

Market share assumptions. - Management assesses how the CGU's position relative to its competitors might change over the budget period. Management expects the Group's share of the poultry and property market, on which the Group's products are depended upon, to be stable over the budget period.

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

8. Deferred Tax (Assets)/Liabilities

	Group	
	2017 RM'000	2016 RM'000
At 1 January	2,608	10,108
Recognised in profit or loss (Note 29)	(2,731)	(7,500)
At 31 December	(123)	2,608

8. Deferred Tax (Assets)/Liabilities (Cont'd)

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

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets	(2,246)	(1,380)
Deferred tax liabilities	2,123	3,988
	(123)	2,608

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

	Property, plant and equipment RM'000	Unutilised tax losses and capital allowance RM'000	Unabsorbed reinvestment allowance RM'000	Total RM'000
At 1 January 2017	4,908	(1,542)	(758)	2,608
Recognised in profit and loss	(2,731)	-	-	(2,731)
At 31 December 2017	2,177	(1,542)	(758)	(123)
At 1 January 2016	13,011	(2,145)	(758)	10,108
Recognised in profit and loss	(8,103)	603	-	(7,500)
At 31 December 2016	4,908	(1,542)	(758)	2,608

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

	Group 2017 RM'000	Group 2016 RM'000
Unutilised tax losses and capital allowances	80,509	82,864
Unabsorbed reinvestment allowances	7,746	9,675
	88,255	92,539

9. Property Development Costs

Current	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2017				
Cumulative property development costs				
At 1 January	1,004	1,497	108,536	111,037
Cost incurred during the year	-	-	10,366	10,366
At 31 December	1,004	1,497	118,902	121,403
Cumulative costs recognised in profit or loss				
At 1 January	-	(222)	(96,302)	(96,524)
Recognised during the year	(341)	(469)	(5,708)	(6,518)
At 31 December	(341)	(691)	(102,010)	(103,042)
Property development costs as at 31 December 2017	663	806	16,892	18,361

9. Property Development Costs (Cont'd)

Current	**Freehold land RM'000**	**Leasehold land RM'000**	**Development costs RM'000**	**Total RM'000**
2016				
Cumulative property development costs				
At 1 January	222	4,137	115,369	119,728
Transfer to inventories	-	(78)	(1,339)	(1,417)
Cost incurred during the year	782	-	30,312	31,094
Reversal of completed projects	-	(2,562)	(35,806)	(38,368)
At 31 December	1,004	1,497	108,536	111,037
Cumulative costs recognised in profit or loss				
At 1 January	-	(2,646)	(100,861)	(103,507)
Recognised during the year	-	(138)	(31,247)	(31,385)
Reversal of completed projects	-	2,562	35,806	38,368
At 31 December	-	(222)	(96,302)	(96,524)
Property development costs as at 31 December 2016	1,004	1,275	12,234	14,513

(a) The freehold and leasehold land have been pledged to secure bank borrowings as disclosed in Note 20.

(b) Included in the property development costs for the financial year are as follows:

	2017 RM	**2016 RM**
Finance costs	357,247	357,247

10. Inventories

	Group 2017 RM'000	Group 2016 RM'000
At cost		
Raw materials, medical supplies and chemicals	4,041	3,620
Processed chickens	-	415
Consumable supplies	-	306
Completed houses and shops	8,826	9,935
Ingredient stocks and others	-	600
	12,867	14,876
Recognised in profit or loss:		
- Inventories recognised at cost of sales	267,786	289,750

11. Trade Receivables

	Group 2017 RM'000	Group 2016 RM'000
Trade receivables	168,394	213,896
- Related party	-	-
	168,394	213,896
Less: Accumulated impairment losses	(73,794)	(49,089)
At 31 December	94,600	164,807

Trade receivables are non-interest bearing and are generally on 30 to 120 (2016: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	49,089	28,742
Impairment losses recognised	24,705	22,608
Impairment losses reversed	-	(2,272)
Amount written off	-	11
At 31 December	73,794	49,089

11. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing at the end of the financial year is as follows:

	Group	
	2017	2016
	RM'000	RM'000
Neither past due nor impaired	38,515	78,206
Past due not impaired:		
Less than 30 days	17,984	46,725
31 to 60 days	13,554	12,982
More than 60 days	24,547	26,894
	56,085	86,601
	94,600	164,807
Impaired	73,794	49,089
	168,394	213,896

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

As at 31 December 2017, trade receivables of approximately RM56,085,000 (2016: RM86,601,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to approximately RM73,794,000 (2016: RM49,089,000), related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

12. Other Receivables

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deferred expenditure	4,101	-	-	-
Other receivables	80,779	9,562	21	54
Prepayments	2,314	2,340	-	-
Refundable deposits	7,507	1,946	-	-
	94,701	13,848	21	54
Less: Accumulated impairment losses	(1,460)	(1,460)	-	-
	93,241	12,388	21	54

Included in other receivables is the sales proceeds of RM62,278,000 (2016 : RM Nil) receivable from the purchaser in respect of disposition of farms, lands and assets.

12. Other Receivables (Cont'd)

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,460	1,456	-	-
Amount written off	-	4	-	-
At 31 December	1,460	1,460	-	-

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

13. Amount Due from Subsidiary Companies

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

14. Held-to-Maturity Investments

Held-to-maturity investments consist of deposits with licensed financial institutions with maturity period of more than three months are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Deposits with licensed financial institution	18,313	58,716

The weighted average effective interest rates of held-to-maturity investments are ranging from 3.04% to 3.15% (2016: 3.04% to 3.15%). The maturity period of held-to-maturity investments is 365 days (2016: 365 days).

Deposits of with licensed institutions are pledged to secure banking facilities granted to the Group as disclosed in Note 20.

15. Deposits, Cash and Bank Balances

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and bank balances	3,815	2,566	17	10

Included in cash and bank balances of the Group is an amount of RM1,642,934 (2016: RM1,175,681) held under Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

16. Non-current Assets Held For Sale

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	15,696	-
Transfer from property, plant and equipment (Note 4)	16,008	15,696
Refurbishment cost incurred	6,300	-
Disposal	(20,659)	-
At 31 December	17,345	15,696

Land and farm in poultry segment are expected to be recovered primarily through sale rather than through continuing use is classified as held for sale.

Certain motor vehicles with carrying amount of RM291,717 (2016: RM Nil) are registered in the name of a related company for which the Directors have financial interests and a third party held in trust for the Group.

17. Share Capital

	Group / Company 2017 RM'000	Group / Company 2016 RM'000
Ordinary shares with no par value (2016: par value of RM1.00 each)		
Authorised:		
At 1 January / 31 December	500,000	500,000

17. Share Capital (Cont'd)

	Group and Company			
	Number of shares		Amount	
	2017	2016	2017	2016
	Unit '000	Unit '000	RM'000	RM'000
Issued and fully paid:				
Ordinary shares				
At the beginning of financial year	61,083	61,083	61,083	61,083
Transition to no-par value regime on 31 January 2017 (note 22(a))				
- Share premium	62,137	-	62,137	-
At the end of financial year	123,220	61,083	123,220	61,083

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Sectio 618(2) of the Act. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. Share Premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium net of share listing expenses:

	Group / Company	
	2017	**2016**
	RM'000	**RM'000**
Non-distributable		
At 1 January	62,410	62,410
Share issuance expenses	(273)	-
Transition to no-par value regime	(62,137)	-
At 31 December	-	62,410

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account becomes part of the Company's share capital (Note 17). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM62,137,000 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act.

19. Other Reserves

Warrant reserve

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

In the financial year 2013, the Company

(i) issued 11,106,052 free warrants on the basis of one (1) free warrant for every five (5) existing ordinary shares of RM1.00 each in the Company.

(ii) issued 5,553,000 ordinary shares of RM1.00 each in the Company by way of a private placement together with 16,659,000 free detachable warrants on the basis of three (3) warrants for every one (1) placement share issued.

Each Warrant entitles the registered holder to subscribe for one new ordinary shares of RM1.00 each in the Company at an exercise price of RM1.00 per ordinary share subject to adjustments in accordance with the provisions of the Deed Poll. The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants mature on 14 July 2018.

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

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

20. Bank Borrowings

	Group	
	2017	**2016**
	RM'000	**RM'000**
Secured		
Bank overdrafts	11,147	16,362
Banker's acceptance	24,417	30,042
Revolving credits	46,877	116,623
Term loans	20,430	19,999
	102,871	183,026
Current		
Bank overdrafts	11,147	16,362
Banker's acceptance	24,417	30,042
Revolving credits	46,877	116,623
Term loans	4,774	7,702
	87,215	170,729
Non-current		
Term loans	15,656	12,297
Total bank borrowings	102,871	183,026

The bank overdrafts, banker's acceptance, revolving credits and term loans are secured by the following:

(i) Fixed and floating charges over certain assets and also negative pledges over the assets of the Group (Note 4). The borrowings of the subsidiaries are additionally guaranteed by the Company;

(ii) Corporate guarantees from the Company's certain existing operating subsidiaries;

(iii) Undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations;

(iv) Cross defaults, rights of set-off, negative pledges and pari passu ranking with all other debts of the Company, except where the obligations are preferred by applicable laws; and

(v) Certain fixed deposits of the Group as disclosed in Note 14 to the financial statements.

20. Bank Borrowings (Cont'd)

The average effective interest rates per annum are as follows:

	2017 %	2016 %
Bank overdrafts	9.40	9.40
Banker's acceptance	5.10	5.10
Revolving credits	8.35	8.35
Term loans	8.33	8.33

21. Finance Lease Payables

	Group	
	2017 RM'000	2016 RM'000
Minimum lease payments:		
Within one year	855	1,955
Later than one year and not later than five years	700	1,063
	1,555	3,018
Less: Future finance charges	(93)	(224)
Pesent value of minimum lease payments	1,462	2,794
Present value of minimum lease payments:		
Within one year	794	1,180
Later than one year and not later than five years	668	1,614
	1,462	2,794
Analysed as:		
Repayable within twelve months	794	1,180
Repayable after twelve months	668	1,614
	1,462	2,794

The finance lease payables bear interest rates ranges from 2.40% to 4.75% (2016: 2.40% to 4.75%) per annum.

22. Trade Payables

	Group	
	2017	2016
	RM'000	RM'000
Trade payables	19,876	23,474

Credit terms of trade payables of the Group and of the Company ranged from 30 to 90 days (2016: 30 to 90 days) depending on the terms of the contracts.

23. Other Payables

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other payables	10,884	9,945	280	34
Deposit received	2,996	18,490	6	-
Accruals	7,063	5,258	139	136
	20,943	33,693	425	170

Deposit received from the disposal of farms, lands and assets as disclosed in Note 37 amounted to RM2,996,000 (2016: RM18,490,000).

24. Amount Due to Directors

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

25. Amount Due to Holding Company

Amount due to holding company with non-interest bearing, unsecured and repayable on demand.

26. Revenue

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales of goods	289,952	319,060	-	-
Sales of completed houses and development revenue	9,580	24,636	-	-
	299,532	343,696	-	-

27. Finance Costs

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bank overdrafts	1,006	960	-	-
Banker's acceptance	1,755	1,982	-	-
Term loans	3,487	5,189	-	-
Obligations under finance leases	129	357	-	-
Revolving credits	5,080	8,071	-	-
Others	6	-	-	-
	11,463	16,559	-	-

28. Profit/(Loss) Before Taxation

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
Audit				
- current year	183	205	19	16
- under/(over)provision in prior years	1	(11)	-	-
Non-audit	42	-	42	-
Bad debts recovered	(1)	-	-	-
Bad debts written off on:				
- trade receivables	-	11	-	-
- other receivables	-	4	-	-
Goodwill written off	-	38	-	-
Impairment losses on:				
- trade receivables	24,705	22,608	-	-
Director remuneration	2,895	2,912	-	-
Deposit written off	-	64	-	-
Depreciation / amortisation:				
- property, plant and equipment	1,594	6,425	8	8
- land use rights	-	13	-	-
(Gain)/Loss on disposal of :				
- property, plant, equipment and non-current assets held for sale	(53,634)	(382)	-	-

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- subsidiary companies	-	(18,220)	-	26,416
- inventories	-	(10,177)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(6)	4	-	-
- unrealised	(98)	76	-	-
Rental expenses				
- office	14	8	-	-
- motor vehicles	885	-	-	-
Non-executive director remuneration	177	137	177	137
Property, plant and equipment written off	3	-	-	-
Reversal of impairment losses of:				
- trade receivables	-	(2,272)	-	-
Rental income	(164)	(320)	(7)	-
Interest income	(1,534)	(1,756)	-	-

29. Taxation

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	10,425	1,235	-	-
- Under/(Over) provision in prior years	2,565	(679)	-	(314)
	12,990	556	-	(314)
Deferred tax (Note 8) :				
Origination and reversal of temporary differences	(3,238)	20	-	-
Changes in tax rate	-	(20)	-	-
Under/(Over) provision in prior years	507	(7,500)	-	-
	(2,731)	(7,500)	-	-
	10,259	(6,944)	-	(314)

29. Taxation (Cont'd)

Malaysian income tax is calculated at the statutory rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before taxation	25,480	4,971	(1,298)	(27,035)
Taxation at statutory tax rate of 24% (2016: 24%)	6,115	1,192	(312)	(6,488)
Reduction in tax rate	-	(20)	-	-
Income not subject to tax	(7,338)	(1,399)	(2)	-
Expenses not deductible for tax purposes	7,301	3,947	314	6,488
Deferred tax assets not recognised	1,644	-	-	-
Utilisation of unrecognised deferred tax assets	-	(1,853)	-	-
Utilisation of unrecognised tax allowance	(515)	(257)	-	-
Utilisation of unabsorbed business loss	(20)	(375)	-	-
Under/(over) provision in prior years				
- current tax	2,565	(679)	-	(314)
- deferred tax	507	(7,500)	-	-
Tax expenses for the financial year	10,259	(6,944)	-	(314)

As at 31 December 2017, the Group and the Company have unutilised tax losses and unabsorbed capital allowances of approximately RM35,108,000 (2016:RM33,733,000) and RM5,910,000 (2016: RM3,411,000) respectively available to offset against future taxable profit. The said amounts are subject to approval by tax authorities.

30. Earnings Per Share

The basic earnings per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017	**2016**
Profit attributable to owners of the parent (RM'000)	15,028	11,936
Weighted average number of ordinary shares in issue (in thousands of shares)	61,083	61,083
Basic earnings per ordinary share (in sen)	24.6	19.5

The Group has no dilution in its earnings) per ordinary shares as disclosed in Note 17. There are no dilutive potential shares and is therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per ordinary shares.

31. Staff Costs

	Group	
	2017	**2016**
	RM'000	**RM'000**
Salaries, wages and other emoluments	9,889	14,058
Defined contribution plan	931	1,699
Other benefits	1,063	2,247
	11,883	18,004

31. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group	
	2017	2016
	RM'000	RM'000
Executive Directors		
Existing Directors of the Company		
Salary and other emoluments	2,464	2,486
Defined contribution plans	296	287
Estimated money value of benefit-in-kind	3	-
	2,763	2,773
Executive Directors		
Existing Directors of subsidiary companies		
Salary and other emoluments	118	124
Defined contribution plans	14	15
	132	139

32. Reconciliation of liabilities arising from financing activities

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

	At 1 January 2017 RM'000	Financing cash flows (i) RM'000	**Non-cash changes** New finance lease (Note 4(c)) RM'000	At 31 December 2017 RM'000
Group				
Finance lease liabilities (Note 21)	2,794	(1,398)	66	1,462
Term loans (Note 20)	19,999	431	-	20,430
Other bank borrowings (Note 20)	163,027	(80,586)	-	82,441
Advances from holding company	-	7,900	-	7,900
	185,820	(73,653)	66	112,233

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other changes include capitalisation of borrowing costs, interest accruals and payments.

33. Related Party Disclosure

(a) Identity of related parties

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

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

33. Related Party Disclosure (Cont'd)

(b) Significant related party transaction

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

	2017 RM'000	2016 RM'000
Company		
Transaction with subsidiary companies		
Advances from subsidiaries	1,127	317
Advances to subsidiaries	465	13,526
Repayment to subsidiaries through contra	1,016	-
Repayment from subsidiaries through contra	945	9
Payments on behalf by subsidiaries	257	241
Cash repayment from subsidiaries	435	267

(c) Compensation of key management personnel

Remuneration of key management personnel are as follows:

	Group	
	2017 RM'000	2016 RM'000
Salary, fees and other emoluments	1,821	3,644
Defined contribution plans	206	416
Estimated money value of benefit-in-kind	71	39
	2,098	4,099

34. Segment Information

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

Poultry	This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
Housing development	This consists of development and construction of residential and commercial properties.
Other business segments	This includes investment holding and provision of management services, and trading of chemicals, medication and related equipment, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

34. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group					
2017					
Revenue					
Sales	289,652	9,580	300	-	299,532
Inter-segment sales	462,987	9,845	4,864	(477,696)	-
Total revenue	752,639	19,425	5,164	(477,696)	299,532
Results					
Segment results	38,349	258	(802)	(2,396)	35,409
Interest income	1,429	105	-	-	1,534
Interest expenses	(10,680)	(618)	(165)	-	(11,463)
Other non-cash items	29,367	(77)	(73)	(1,989)	27,228
Segment profit / (loss)	18,945	(332)	(1,061)	(2,331)	15,221
Assets					
Additional to property, plant and equipment	637	220	-	-	857
Additional to non-current assets held for sale	6,300	-	-	-	6,300
Segment assets	332,819	65,593	61,336	(184,130)	275,618
Liabilities					
Segment liabilities	265,914	37,255	7,527	(145,975)	164,721
Non-cash expenses/(income)					
Depreciation and amortisation	(1,447)	(74)	(73)	-	(1,594)
Gain on disposal of property, plant, equipment and non-current assets held for sale	55,623	-	-	(1,989)	53,634
Impairment losses on trade receivables	(24,705)	-	-	-	(24,705)
Property, plant and equipment written off	-	(3)	-	-	(3)
Realised loss on foreign exchange	(6)	-	-	-	(6)
Unrealised loss on foreign exchange	(98)	-	-	-	(98)

34. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group					
2016					
Revenue					
Sales	317,624	24,637	1,435	-	343,696
Inter-segment sales	552,387	15,066	5,137	(572,590)	-
Total revenue	870,011	39,703	6,572	(572,590)	343,696
Results					
Segments results	44,614	1,631	(58,502)	46,600	34,343
Interest incomes	1,687	69	-	-	1,756
Interest expenses	(15,930)	(353)	(276)	-	(16,559)
Other non-cash items	(39,729)	116	26,533	(2,084)	(15,164)
Segment (loss)/profit	(9,844)	1,463	(32,245)	52,541	11,915
Assets					
Additional to property, plant and equipment	4,522	72	-	(1,593)	3,001
Segment assets	489,697	60,192	61,242	(267,290)	343,841
Liabilities					
Segment liabilities	419,227	36,971	28,185	(236,433)	247,950
Non-cash expenses/(income)					
Depreciation and amortisation	(6,211)	(112)	(102)	-	(6,425)
Gain on disposal of property, plant and equipment	382	-	-	-	382
Impairment losses on trade receivables	(22,491)	-	(117)	-	(22,608)
Other non-cash items	(11,489)	228	26,752	(2,084)	13,407
Realised gain on foreign exchange	4	-	-	-	4
Unrealised gain on foreign exchange	76	-	-	-	76

34. Segment Information (Cont'd)

Adjustments and eliminations

Fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Additional to non-current assets consists of additions of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

35. Financial Instruments

(i) Classification of financial assets

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivable RM'000	Held-to-maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Group				
2017				
Financial Assets				
Trade receivables	94,600	-	-	94,600
Other receivables	90,927	-	-	90,927
Held-to-maturity investments	-	18,313	-	18,313
Deposits, bank and cash balances	3,815	-	-	3,815
	189,342	18,313	-	207,655

35. Financial Instruments (Cont'd)

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

	Loans and receivable RM'000	Held-to-maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Group				
2017				
Financial Liabilities				
Trade payables	-	-	19,876	19,876
Other payables	-	-	20,943	20,943
Finance lease payables	-	-	1,462	1,462
Bank borowings	-	-	102,871	102,871
	-	-	145,152	145,152
Group				
2016				
Financial Assets				
Trade receivables	164,807	-	-	164,807
Other receivables	10,048	-	-	10,048
Held-to-maturity investments	-	58,716	-	58,716
Deposits, bank and cash balances	2,566	-	-	2,566
	177,421	58,716	-	236,137
Financial Liabilities				
Trade payables	-	-	23,474	23,474
Other payables	-	-	33,693	33,693
Amount due to Directors	-	-	359	359
Finance lease payables	-	-	2,794	2,794
Bank borowings	-	-	183,026	183,026
	-	-	243,346	243,346

35. Financial Instruments (Cont'd)

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

	Loans and receivable RM'000	Held-to-maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Company				
2017				
Financial Assets				
Other receivables	21	-	-	21
Amount due from subsidiary companies	13,376	-	-	13,376
Deposits, bank and cash balances	17	-	-	17
	13,414	-	-	13,414
Financial Liability				
Other payables	-	-	425	425
Company				
2016				
Financial Assets				
Other receivables	54	-	-	54
Amount due from subsidiary companies	14,658	-	-	14,658
Deposits, bank and cash balances	10	-	-	10
	14,722	-	-	14,722
Financial Liabilities				
Other payables	-	-	170	170

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

35. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM102,871,000 (2016: RM183,026,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

35. Financial Instruments (Cont'd)

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

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Group					
2017					
Trade payables	19,876	-	-	19,876	19,876
Other payables	20,943	-	-	20,943	20,943
Finance lease payables	834	674	-	1,508	1,462
Bank borrowings	88,531	12,906	4,951	106,388	102,871
	130,184	13,580	4,951	148,715	145,152
2016					
Trade payables	23,474	-	-	23,474	23,474
Other payables	33,693	-	-	33,693	33,693
Finance lease payables	1,955	1,063	-	3,018	2,794
Bank borrowings	168,625	13,736	6,586	188,947	183,026
	227,747	14,799	6,586	249,132	242,987

35. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Company					
2017					
Other payables	425	-	-	425	425
2016					
Other payables	170	-	-	170	170

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily United States Dollar (USD).

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

35. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD Group RM'000
2017	
Trade payables	(851)
2016	
Trade payables	(943)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

	Group	
	2017 RM'000	**2016 RM'000**
USD - strengthened 5%	(43)	(47)
- weakened 5%	43	47

35. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk

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

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

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	2017 RM'000	2016 RM'000
Group		
Fixed rate instruments		
Financial Asset		
Held-to-maturity investments	18,313	58,716
	18,313	58,716
Financial Liability		
Finance lease payables	1,462	2,794
Floating rate instruments		
Financial Liability		
Bank borrowings	102,871	183,026

35. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' and the Company's profit before tax by RM1,029,000 and Nil (2016: RM1,830,000 and Nil) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

35. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Carrying amount RM'000**
2017				
Group				
Financial Liability				
Finance lease payables	-	547	-	668
2016				
Group				
Financial Liability				
Finance lease payables	-	1,488	-	1,614

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

35. Financial Instruments (Cont'd)

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

(iii) Level 2 fair value (Cont'd)

Non-derivative financial instruments

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

(iv) Level 3 fair value

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

36. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	2017 RM'000	2016 RM'000
Total loans and borrowings	104,333	185,820
Less: Deposits, bank and cash balances	(3,815)	(2,566)
Net debt	100,518	183,254
Equity attributable to owners of the parent	109,401	94,646
Gearing ratio	0.92	1.94

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

37. Significant Events

(a) On 24 January 2017, Sinmah Livestocks Sdn. Bhd.("SLSB"), Sinmah Breeders Sdn. Bhd. ("SBSB"), Sinmah Multifeed Sdn. Bhd. ("SMSB"), Bersatu Segar Sdn. Bhd. ("BSSB") and Dee Huat Farming Trading Sdn. Bhd. ("DHFT") wholly-owned subsidiaries of the Company 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 sales consideration of Ringgit Malaysia Fifty Eight Million, Five Hundred Twenty Six Thousand (RM58,526,100) ("Disposal Considerations").

The above disposal agreements of the broiler farm land and assets and the disposal agreements of the breeder farm lands and assets which were signed on 31 October 2016 of which the disposal consideration amounted to RM63,000,000, were duly approved by the members of the Company at the Extraordinary General Meeting held on 23 November 2017.

(b) On 4 July 2017, the Company's 51%-owned subsidiary Syarikat Perniagaan Suann Sdn Bhd ("SPS") had entered into 4 sale and purchase agreements ("SPA" individually and "SPAs" collectively) to dispose the following assets to PTS Poultry Processing (BP) Sdn Bhd ("PTS") for a total cash consideration of RM12,334,000 ("Disposals"):

(i) a piece of agricultural land held under HS(M) 1745 MLO 8674, Mukim Tanjong Sembrong, Daerah Batu Pahat, Johor measuring approximately 261,360 square feet ("sq feet") together with 9 open broiler sheds erected thereon and all buildings, equipment, machineries, fixtures and fittings attached to the property, for RM1,653,730;

(ii) a piece of land held under GM 2448 Lot 3233, Mukim Minyak Beku, Daerah Batu Pahat, Johor measuring approximately 108,078 sq feet together with 13 open broiler sheds erected thereon and all buildings, equipment, machineries, fixtures and fittings attached to the property, for RM1,026,390;

(iii) a piece of industrial land held under GRN 47071 Lot 1310, Mukim Minyak Beku, Daerah Batu Pahat, Johor measuring approximately 2.3978 hectares, together with factory, office, canteen, workshop and all buildings including a chicken processing plant erected thereon, as well as all equipment, machineries, fixtures and fittings on the land, for RM9,228,353; and

(iv) a piece of land held under GRN 93203 Lot 1730, Bandar Penggaram, Daerah Batu Pahat, Johor measuring approximately 604.00 sq feet together with a double-storey shophouse located on the land, for RM425,527.

The Disposals were completed on 4 December 2017 and a pre-tax gain of RM8.3 million was recognised during the year.

38. Subsequent Events

(a) On 13 March 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary company known as SAH Mutiara Sdn. Bhd. ("SMSB") under the Companies Act, 2016. The intended principal activities are investment holding, property development and construction.

SMSB was incorporated with an issued share capital of RM1,000 comprising 1,000 ordinary shares, 85% of the issued and paid-up share capital of SMSB is owned by SAHSB and 15% is owned by a third party.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

(b) On 6 April 2018, the 70% owned subsidiary of the Company, SAHSB had incorporated a new subsidiary company known as SAH Medical Center Sdn. Bhd. ("SMCSB") under the Companies Act, 2016. The intended principal activities are hospital development, management and construction and healthcare investment.

SMSB was incorporated with an issued share capital of RM1,000 comprising 1,000 ordinary shares. 100% of the issued share capital of SMSCB is owned by SAHSB.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

(c) On 6 April 2018, the Company issued its Circular on Multiple Proposals for its members' approval at an Extraordinary General Meeting to be held on 2 May 2017. The Multiple Proposals comprise the following:

(i) Proposed Rights Issue

Our Company intends to issue up to 222,120,787 Rights Shares on a renounceable basis of 5 Rights Shares for every 2 existing Sinmah Shares together with up to 55,530,196 Rights Warrants on the basis of 1 Rights Warrant for every 4 Rights Shares subscribed by Entitled Shareholders.

38. Subsequent Events (Cont'd)

(c) On 6 April 2018, the Company issued its Circular on Multiple Proposals for its members' approval at an Extraordinary General Meeting to be held on 2 May 2017. The Multiple Proposals comprise the following (Cont'd) :

(i) Proposed Rights Issue (Cont'd)

The ratio of 5 Rights Shares for every 2 existing Sinmah Shares was arrived at after taking into consideration, the indicative issue price of the Rights Shares of RM0.20 each and the funding requirements of our Group, as detailed in Section 2.6 of this Circular. At this ratio and an indicative issue price of RM0.20 per Rights Share, the Proposed Rights Issue will raise up to RM44.42 million under the Maximum Scenario. The ratio is expected to enhance the trading liquidity of Sinmah Shares on Bursa Malaysia Securities Berhad as a result of the increase in the number of Sinmah Shares in issue. It is expected to appeal to a wider group of shareholders and/or investors to participate in the growth of our Company. At this ratio, the indicative issue price can be set as low as RM0.20 to meet the funding requirements of our Group. It will increase the attractiveness of the Proposed Rights Issue as the cost to subscribe the Rights Shares is lower.

The maximum number of 222,120,787 Rights Shares and 55,530,196 Rights Warrants are based on our enlarged issued share capital of RM88,848,315 comprising 88,848,315 Sinmah Shares after taking into consideration of the following:

(i) our existing issued share capital of RM61,083,263 comprising 61,083,263 Sinmah Shares; and

(ii) assuming 27,765,052 new Sinmah Shares are issued arising from the full exercise of 27,765,052 Warrants B at exercise price of RM1.00 each prior to the Entitlement Date.

The actual number of Rights Shares to be issued will depend on the total number of issued shares as at the Entitlement Date.

(ii) Proposed Exemption

FCH Holdings Sdn Bhd ("FCH") and its Persons Acting In Concert ("PAC") are the Company's controlling shareholders collectively holding 36.14% of the total number of our issued shares prior to the Proposed Rights Issue. After the completion of the Proposed Rights Issue, their aggregate interests may increase by more than 2% in a 6-month period (i.e. from 36.14% up to 81.76%) after the issuance of the Rights Shares under the maximum potential shareholding scenario for FCH and its PACs.

38. Subsequent Events (Cont'd)

(c) On 6 April 2018, the Company issued its Circular on Multiple Proposals for its members' approval at an Extraordinary General Meeting to be held on 2 May 2017. The Multiple Proposals comprise the following (Cont'd) :

(ii) Proposed Exemption (Cont'd)

Furthermore, if their aggregate interests after the Proposed Rights Issue is below 50%, and they either individually or collectively exercise their Rights Warrants subsequently, their aggregate interests may increase by more than 2% in a 6-month period. FCH and its PACs will closely monitor its subscription of the Rights Shares and exercise of the 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.

Pursuant to Paragraph 4.01(b) of the Code, a mandatory offer shall apply where the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of our company. FCH and its PACs may therefore trigger such a mandatory offer.

As it is not the intention of FCH and its PACs to undertake any such mandatory offer, FCH and its PACs intend to apply for an exemption pursuant to Paragraphs 4.08(1)(b) and 4.08(1)(c) of the Rules. SC may consider granting such exemption if FCH and its PACs are seeking an exemption under this paragraph and they have satisfied the following conditions:

(i) there is no acquisition of shares or instruments convertible into shares and options in respect of shares (other than subscriptions for new shares or new instruments convertible into or options in respect of new shares which have been disclosed in the whitewash circular) by FCH and its PACs, in the six months prior to the Announcement 1but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the company in relation to the proposed issue of new securities until completion of the subscription; and

(ii) approval has been obtained from the non-interested shareholders at an EGM to be convened for the Proposed Exemption.

(iii) Proposed SIS

The Company is proposing to grant SIS Options to the Eligible Persons, to subscribe for new Sinmah Shares in accordance with the By-laws. It is the intention of our Board intends to implement the Proposed SIS only after the completion of the Proposed Rights Issue.

38. Subsequent Events (Cont'd)

(c) On 6 April 2018, the Company issued its Circular on Multiple Proposals for its members' approval at an Extraordinary General Meeting to be held on 2 May 2017. The Multiple Proposals comprise the following (Cont'd) :

(iii) Proposed SIS (Cont'd)

The Proposed SIS will be administered by the SIS Committee.

The decision as to whether or not to stagger the allocation of the SIS Options over the duration of the Proposed SIS will be determined by the SIS Committee at a later date.

For the avoidance of doubt, the SIS Committee shall have sole and absolute discretion in determining whether the Sinmah Shares available for vesting under the Proposed SIS are to be offered to the grantees via:

(a) one single offer of SIS Options (as the case may be) at a time determined by the SIS Committee; or

(b) several offers of SIS Options (as the case may be) in such number of tranche or tranches and in such number of SIS Options in each tranche at such times and on such terms as determined by the SIS Committee.

(iv) Propose Joint Venture

On 8 June 2017, SDSB entered into a Joint Venture Agreement ("JVA") with EBKSB and Sinmah Encorp Development Sdn Bhd ("SEDSB") formerly known as Sinmah Development JV Sdn Bhd, to carry out a mixed development ("the Development") as explained above.

(v) Proposed Diversification

Presently, the Group is principally engaged in the poultry business, investment holdings and provision of management services and property business. In order to further expand its business activity in the property development and construction segment, the Group had via SDSB and SEDSB entered into the JVA with EBKSB to carry out the Development.

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2018.

CERTIFIED TRUE COPY

NOLAN JOHN FELIX
COMPANY SECRETARY
(MIA NO: 18938)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
(formerly known as Farm's Best Berhad)
Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2018

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS ENDED		3 MONTHS ENDED	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Note	31/3/2018	31/3/2017	31/3/2018	31/3/2017
		Unaudited	Restated	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue	9, 14 & 15	69,284	81,796	69,284	81,796
Cost of sales		(62,442)	(73,911)	(62,442)	(73,911)
Gross profit		6,842	7,885	6,842	7,885
Other income	23	763	2,580	763	2,580
Administrative expenses		(10,671)	(8,391)	(10,671)	(8,391)
Selling and marketing expenses		(300)	(1,580)	(300)	(1,580)
	9	(3,366)	494	(3,366)	494
Finance costs		(1,834)	(3,318)	(1,834)	(3,318)
Interest income		113	663	113	663
Loss before tax	9	(5,087)	(2,161)	(5,087)	(2,161)
Income tax expense	19	(135)	(152)	(135)	(152)
Loss for the period		(5,222)	(2,313)	(5,222)	(2,313)
Other comprehensive loss, net of tax:					
Exchange differences arising on translation of					
foreign operation		0	0	0	0
Other comprehensive loss, net of tax		0	0	0	0
Total comprehensive loss for the period		(5,222)	(2,313)	(5,222)	(2,313)
Loss attributable to:					
Owners of the Parent	14 & 15	(5,195)	(2,333)	(5,195)	(2,333)
Non-Controlling Interest		(27)	20	(27)	20
		(5,222)	(2,313)	(5,222)	(2,313)
Total comprehensive loss attributable to:					
Owners of the Parent		(5,195)	(2,333)	(5,195)	(2,333)
Non-Controlling Interest		(27)	20	(27)	20
		(5,222)	(2,313)	(5,222)	(2,313)
Earnings/(Loss) per ordinary share attributable to owners of the parent:					
Basic(sen)	25	(8.50)	(3.82)	(8.50)	(3.82)
Fully diluted(sen)		N/A	N/A)	N/A	N/A)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR FPE 2018 (*CONT'D*)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
(formerly known as Farm's Best Berhad)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 31 MARCH 2018

	Note	As At 31 March2018 (Unaudited) RM'000	As At 31 December 2017 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		11,452	11,038
Prepaid lease payments		22	22
Goodwill		2,264	2,264
Deferred tax assets		2,246	2,246
Total non-current assets		15,844	57,970
Current Assets			
Property development costs		19,452	18,361
Inventories		11,700	12,867
Trade receivables		79,521	94,600
Other receivables		88,853	93,241
Tax recoverable		1,509	1,506
Held-to-maturity investments		19,699	18,313
Cash and bank balances		2,617	3,815
		222,351	242,703
Assets held for sale		17,345	17,345
Total current assets		240,696	260,848
TOTAL ASSETS		256,680	275,618
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		123,220	123,220
Other reserves		3,706	3,706
Accumulated losses		(22,720)	(17,525)
Equity attributable to owners of the parent		104,206	109,401
Non-controlling interest		1,469	1,496
Total equity		105,675	110,897
Non-current liabilities			
Bank borrowings	21	14,513	16,324
Deferred tax liabilities		,2152	2,123
		16,665	18,447
Current Liabilities			
Bank borrowings	21	80,560	88,009
Trade payables		17,133	19,876
Other payables		19,370	20,943
Amount due to ultimate holding company		6,331	7,900
Progress billings		2,885	969
Tax payable		8,061	8,5779
		134,340	146,274
Total liabilities		151,005	164,721
TOTAL EQUITY AND LIABILITIES		256,680	275,618
Net assets per share attributable to owners of the parent (RM)		1.7060	1.7910

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR FPE 2018 (*CONT'D*)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
(formerly known as Farm's Best Berhad)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2018

		Attributable to Owners of the Parent						
		Non-distributable						
	Note	Capital	Share Premium	Warrants Reserves interests	Accumulated Losses	Total	Non-Controlling Interest	Total Equity
		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2017		61,083	62,410	3,706	(32,553)	94,646	1,243	95,889
Adjustment for effects of Companies Act 2016	(a)	62,410	(62,410)	-	-	-	-	-
Total comprehensive income/(loss) for the period		-	-	-	(2,333)	(2,333)	20	(2,313)
At 31 March 2017		61,083	-	3,706	(34,886)	92,313	1,263	93,576
At 1 January 2018		123,220	-	3,706	(17,525)	109,401	1,496	110,897
Total comprehensive loss for the period		-	-	-	(5,195)	(5,195)	(27)	(5,222)
At 31 March 2018		123,220	-	3,706	(22,720)	104,206	1,469	105,675

Note (a)

With the Companies Act 2016 ("CA 2016") that has taken effect on 31 January 2017, the credit standing in the share premium account of RM62,410,000 has been transferred to the share capital account. Pursuant to sub-section 618(3) and 618(4) of the CA 2016,the Group may exercise its right to use the credit amounts being transferred from share premium account within twenty four (24) months after commencement of the CA 2016. During the period, RM272,500 of the share premium account was utilised to defray corporate proposals expenses.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
(formerly known as Farm's Best Berhad)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018

	Note	Current Year 3 Months Unaudited 31/3/2018 RM'000	Preceding Year 3 Months Unaudited 31/3/2017 RM'000
Net loss before tax	9	(5,087)	(2,161)
Adjustment for non-cash flow:-			
Depreciation and amortisation		253	1,202
Non cash items		5,318	2,079
Interest expense		1,834	3,318
Interest income		(113)	(663)
Operating profit before changes in working capital		2,205	3,775
Changes in working capital			
Net decrease in current assets		12,735	24,695
Net (decrease)/increase in current liabilities		(2,363)	5,019
Net cash generated from operating activities		12,577	33,489
Interest received		113	663
Interest paid		(1,834)	(3,318)
Tax paid		(629)	(112)
Net cash flows generated from operating activities		10,227	30,722
Investing Activities			
Purchase of property, plant and equipment		(668)	(211)
Proceeds from sale of property, plant and equipment		70	973
Net cash flows (used in)/generated from investing activities		(598)	762
Financing Activities			
Repayment to ultimate holding company		(1,569)	-
Net drawdown/(repayments) on bank borrowings		(8,669)	(28,341)
Net cash flows used in financing activities		(10,238)	(28,341)
Net Change in Cash & Cash Equivalents		(609)	3,143
Effects of exchange rate changes		-	-
Cash & Cash Equivalents at beginning of period		(7,331)	(13,796)
Cash & Cash Equivalents at end of period		(7,940)	(10,653)
Cash & Cash Equivalents comprises:			
Cash & bank balances		2,617	3,250
Overdraft	21	(10,557)	(13,903)
Cash & Cash equivalents at end of period		(7,940)	(10,653)
Included in the cash flows from operating activities are			
Cash receipts from customers		79,976	85,314
Cash payments to suppliers, contractors and employees		72,379	69,805

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (301653-V)

(Formerly known as Farm's Best Berhad)

(Incorporated in Malaysia)

A) Notes in accordance to requirements under Financial Reporting Standards ("FRS") No. 134 - Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2017.

On 1 January 2018, the Group adopted the following FRSs, Amendmends to FRSs and IC Interpretations:-

Deascription	Effective for annual periods beginning on or after
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	1 January 2018
Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above amendments and Annual Improvements to Standards did not have any material impact on the Group and the Company's financial statements upon their initial application..

The following MFRSs, Amendments to FRSs and IC Interpretations were issued by the MASB but are not yet effective to the Group:

Deascription	Effective for annual periods beginning on or after
MFRS 16: Leases	1 January2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January2019
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014	1 January2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January2019
Amendments to FRS 128: Long-term Interests in Associates and Joint Ventures	1 January2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January2019
Amendments to MFRS 10 and FMRS 128: Sale or Contribution of Assets between an Investor and its Associates and Joint Venture	Deferred until further notice

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group upon first adoption.

3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2017 were reported without any qualification.

4. Comments about Seasonal or Cyclical factors

The Company operations are not affected by any seasonal or cyclical factors.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2018.

6. Changes in Estimates

There were no changes in estimates that had any material effect to the financial statements in the quarter under review.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter and financial year to-date.

8. Dividends paid

No dividend has been declared for the current quarter ended 31 March 2018.

9. Segmental information

The Group is organized into two main business segments:

(i) Poultry – This consists of manufacturing and wholesale of animal feeds, contract farming, and trading of feeds, day-old chicks, medications and vaccines.

(ii) Property development – This consists of development and construction of residential and commercial properties.

Business segment

Segment information for the 3 months ended 31 March 2018 was as follows:

	Poultry	Property development	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000
2018				
Revenue	161,530	5,850	(98,096)	69,284
Results				
Segment results	(3,267)	(34)	-	(3,301)
Unallocated costs				(65)
Profit from operations				(3,366)
Finance income				113
Finance costs				(1,834)
Loss before tax				(5,087)

Unallocated costs represent common costs and expenses incurred by the company and its dormant subsidiary companies.

Segment information for the 3 months ended 31 March 2017 was as follows:

	Poultry	Property development	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000
2017				
Revenue	209,402	4,920	(132,525)	81,796
Results				
Segment results	1,088	(493)	-	595
Unallocated costs				(101)
Profit from operations				494
Finance income				663
Finance costs				(3,318)
Loss before tax				(2,161)

Unallocated gains represent gains on disposal of subsidiary, net off common costs and expenses incurred by the company and its dormant subsidiary companies.

10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 31 March 2018., except for the following:

On 6 April, 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary known as SAH Medical Center Sdn. Bhd. ("SMCSB") under the Companies Act, 2016. The intended principal activities are hospital development, management and construction and healthcare investment.

SMCSB was incorporated with an issued share capital of RM1,000.00 comprising 1,000 ordinary shares. 100% of the issued share capital of SMSB is owned by SAHSB. Upon incorporation, SMCSB shall become a wholly-owned subsidiary of SAHSB.

The above incorporation does not have any effect on the issued share capital of the Company and has no material effect on the earnings and net assets of the Company and its subsidiaries for the financial year ending 31 December 2018.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

An announcement was duly made to Bursa Malaysia Securities Berhad on 9 April, 2018.

11. Changes to the composition of the Group

There were no changes in the composition of the Group in the current quarter under review, except for the following:

On 13 March, 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary known as SAH Mutiara Sdn. Bhd. ("SMSB") under the Companies Act, 2016. The intended principal activities are investment holding, property development and construction.

SMSB was incorporated with an issued and paid-up share capital of RM1,000.00 comprising 1,000 ordinary shares. 85% of the issued and paid-up share capital of SMSB is owned by SAHSB and 15% is owned by K Shanmuganathan A/L Krisnan.

The above incorporation does not have any effect on the issued and paid-up share capital of the Company and has no material effect on the earnings and net assets of the Company and its subsidiaries for the financial year ending 31 December 2018.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

An announcement was duly made to Bursa Malaysia Securities Berhad on 13 March, 2018.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM93.98 million as at 31 March 2018.

13. Capital Commitments

Material capital commitments not provided for in the interim financial statements as at 31 March 2018 amounted to:

	RM'000
Approved and contracted for:	
Purchase consideration for the land measuring 77.94 acres held as part of PN 43209, Lot 6934,	48,760
Upgrading of feedmill production system	748
	49,508

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR FPE 2018 (*CONT'D*)

B) Notes in accordance to requirements under Chapter 9, Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements

14. Review of Current Quarter Events and Performance
The Group's performance for the current year's first quarter ended 31 March 2018 compared to the preceding year's first quarter ended 31 March 2017 is shown in Table 1 and Table 2.

Table 1: Financial review for current quarter and financial year to date

	Individual Period (4th Quarter)		Changes (Amount/%)	Cumulative Period		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/3/2018	31/3/2017		31/3/2018	31/3/2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	69,284	81,796	(12,512), (15%)	69,284	81,796	(12,512), (15%)
Loss before interest and tax	(3,306)	494	(3,800), >100%	(3,306)	494	(3,800), >100%
Loss before tax	(5,087)	(2,161)	(2,926), >100%	(5,087)	(2,161)	(2,926), >100%
Loss after tax	(5,222)	(2,313)	(2,909), >100%	(5,222)	(2,313)	(2,909), >100%
Loss attributable to Ordinary Equity Holders of the Parent	(5,195)	(2,333)	(2,862) >100%	(5,195)	(2,333)	(2,862) >100%

Table 2: Revenue by Segment (Current Quarter and Corresponding Quarter)

Description	3 months ended 31-Mar-18	3 months ended 31-Mar-17	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- Poultry	66,533	79,164	(12,631)	(16)
- Property development	2,751	2,632	119	5
	69,284	81,796		

For the current quarter ended 31 March 2018, the poultry segment recorded a lower revenue of RM66.53 million as compared with RM79.16 million in the corresponding quarter ended 31 March 2017, a decrease of 16%. The decrease was mainly due to decrease in sales volume of live broilers during the current quarter ended 31 March 2018 as compared to the corresponding quarter ended 31 March 2017.

The property development segment posted a higher revenue of RM2.75 million in the current quarter ended 31 March 2018 as compared to the revenue of RM2.63 million in the corresponding quarter ended 31 March 2017, an increase of 5%. This was due to higher recognition of revenue on the percentage of completion basis in the current quarter ended 31 March 2018 as compared to corresponding quarter ended 31 December 2017.

As a result of the decreased revenue, the Group posted a loss attributable to owners of the parent of RM5.20 million during the current quarter ended 31 March 2018 as compared to a loss attributable to owners of the parent of RM2.33 million in the corresponding quarter ended 31 March 2017. The adverse results during the current quarter ended 31 Mar 2018, were mainly due to decrease in sales volume of live broilers during the quarter ended 31 March 2018 as compared to the corresponding quarter ended 31 March 2017.
Furthermore, there was an increase in provision for impairment loss on trade receivables of RM2.89 million during the quarter ended 31 March 2018 as compared to the corresponding quarter ended 31 March 2017.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 31 March 2018 compared to the previous quarter ended 31 December 2017 is as shown in Table 3 and Table 4 below:

Table 3: Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31/3/2018 RM'000	Immediate Preceding Quarter 31/12/2017 RM'000	Changes (Amount/%)
Revenue	69,284	71,623	(2,339), (3%)
Profit/(loss) before interest and tax	(3,366)	39,418	(42,784), (>100%)
Profit/(loss) before tax	(5,087)	37,809	(42,896), (>100%)
Profit/(loss) after tax	(5,222)	30,256	(35,478), (>100%)
Profit/(loss) attributable to Ordinary Equity Holders of the Parent	(5,195)	30,098	(35,293), (>100%)

Table 4: Revenue by Segment (Current Quarter Compared With Immediate Preceding Quarter)

Description	**3 months ended** 31/3/2018	**3 months ended** 31/12/2017	**Increase/(Decrease)**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue				
-Poultry	66,533	70,833	(4,300)	(6)
-Property development	2,751	790	1,961	(>100)
	69,284	71,623		

For the current quarter ended 31 March 2018, the poultry segment posted a lower revenue of RM66.53 million compared to the turnover of RM70.83 million recorded in the previous quarter ended 31 December 2017, a decrease of 6%. The decrease was mainly due to decrease in sales volume of live broilers during the current quarter ended 31 March 2018.

The property development segment posted a higher revenue of RM2.75 million in the current quarter ended 31 March 2018 as compared to the revenue of RM0.79 million in the preceding quarter ended 31 December 2017, an increase of more than 100%. This was due to higher recognition of revenue on the percentage of completion basis in the current quarter ended 31 March 2018 as compared to previous quarter ended 31 December 2017.

There was a gain on disposal of breeder and broiler farm assets of RM52.52 million during the previous quarter ended 31 December 2017 but no such gain the during quarter ended 31 March 2018. As such, the Group showed a loss attributable to owners of the parent of RM5.20 million during the quarter ended 31 March 2018 as opposed to a profit attributable to owners of the parent of RM30.10 million during the previous quarter ended 31 December 2017.

16. Prospects

As at the date of this report, the average purchase costs of imported raw materials remain stable and approximate the average prices during the quarter under review. The average selling price of live broilers is also expected to approximate the average selling price during the quarter under review. However, the remaining disposal of breeder and broiler farm assets will be completed subsequent to the quarter under review. As such, the Group is hopeful of producing a positive set of results for the second quarter of the financial year ending 31 December 2018.

17. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

18. Profit/(Loss) before tax

	Current Year Quarter ended 31 Mar 2018 RM'000	Preceding Year Quarter ended 31 Mar 2017 RM'000	Current Year to-date 31 Mar 2018 RM'000	Preceding Year to-date 31 Mar 2017 RM'000
Depreciation and amortization	253	1,202	253	1,202
Foreign exchange loss / (gain)	34	44	34	44
(Gain) / loss on disposal of properties, plant and equipment	(69)	(422)	(69)	(422)
Gain on disposal of subsidiary companies	-	-	-	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	5,394	2,500	5,394	2,500
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(113)	(663)	(113)	(663)
Interest expense	1,834	3,318	1,834	3,318

19. Taxation

The income tax (expense)/income to the Group for the current quarter under review is as follows:

	Quarter ended 31 Mar 2018 RM '000	Year to-date 31 Mar 2018 RM '000	Quarter ended 31 Mar 2017 RM '000	Year to-date 31 Mar 2017 RM '000
Current tax	(106)	(106)	(201)	(201)
Deferred tax	(29)	(29)	49	49
Total tax expense	(135)	(135)	(152)	(152)

The tax charge is in respect of profits of certain subsidiaries which do not enjoy group loss relief and other tax incentives.

20. Corporate Proposals

There were no corporate proposals in the current quarter under review, except for the following:

Multiple Proposals

Following on from announcements made to BMSB on 8 July 2017, 20 July 2017 , 27 July 2017, 15 September 2017 and 7 September 2017 , BMSB had approved the following multiple proposals:

1. Proposed Joint Venture;
2. Proposed Diversification:
3. Proposed Rights Issue;
4. Proposed Exemption; and
5. Proposed SIS

At the date of this report, The proposals have been approved by the Company's shareholders at an Extraordinary General Meeting held on 2 May 2018 and Bursa had also approved an extension of time till 30 September 2018 to complete the proposals.

21. Group Borrowings

Group borrowings and debt securities as at the end of the reporting period:

(a) The borrowings of the Group are secured by way of fixed and floating charges over certain assets and negative pledges over assets of the Group, corporate guarantees from the Company's certain existing operating subsidiaries and undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations.

(b) Group borrowings as at the end of the reporting period are as follows:-

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Bank Overdraft	10,557	-	10,557
Bankers Acceptance	23,556	-	23,556
Revolving Credit	40,858	-	40,858
Hire Purchase Creditors	529	569	1,0,98
Term Loans	5,060	13,944	19,004
	80,560	14,513	95,073

22. Trade Receivables

		Financial period ended 31 March 2018	Immediate preceding financial year ended 31 December 2017
		RM'000	RM'000
Trade receivables			
Third parties		158,709	168,394
Impairment losses	- brought forward	(73,794)	(49,089)
	- impaired during the quarter/year	(5,394)	(24,705)
	- reversed during the quarter/year	-	-
	- written off during the quarter/year	-	-
		(79,188)	(73,794)
		79,521	94,600

The Group's normal credit term for trade receivables ranges from 30 to 120 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. There are no trade receivables due from related parties.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR FPE 2018 (*CONT'D*)

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or groups of receivables.

Ageing analysis of trade receivables is as follows:

	Financial period ended 31 March 2018	Immediate preceding financial year ended 31 December 2017
	RM'000	RM'000
Neither past due nor impaired	31,726	38,515
Past due not impaired:		
Up to 60 days past due	25,723	31,538
More than 60 days	22,072	24,547
	47,795	56,085
	79,521	94,600
Impaired	79,188	73,794
	158,709	168,394

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

As at 31 March, trade receivables of approximately RM47,795,000 (31 December 2017: RM56,085,000)were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to approximately RM79,188,000 relates to customers that are in financial difficulties, have defaulted on payments and / or have disputed on billings. These balances are expected to be recovered through the Group's debt recovery process.

Commentaries on the recoverability of trade receivables which exceeded the average credit term granted

All trade receivables which exceeded the average credit terms are closely monitored by the Group's credit control team. Delinquent cases are handed over promptly to external lawyers for further recovery action.

23. Other Income

	Current Year Quarter Ended 31/3/2018	Preceding Year Quarter Ended 31/3/2017	Current Year Cumulative Period Ended 31/3/2018	Preceding Year Cumulative Period Ended 31/3/2017
	RM'000	RM'000	RM'000	RM'000
Other income comprises the following:				
Rental income	47	23	47	23
Sales of used packaging materials, scrap & others	4	3	4	3
Sales of corn	454	-	454	-
Reimbursement of expenses	-	1,980	-	1,980
Miscellaneous other income	104	144	104	144
Bad debts recovered	51	-	51	-
Gain on disposal of property, plant and equipment	69	430	69	430
Gain on foreign exchange (realised)	34	-	34	-
	763	2,580	763	2,580

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 28 May 2018.

25. Material Litigations

There was no material litigation for the current quarter under review, except for the Group's appeal against the additional tax liability and penalty on two (2) of the Company's subsidiary companies which has now been forwarded by the Inland Revenue Department to the Special Commissioners of Income Tax for registration for trial.

26. Dividend

No interim dividend has been declared for the quarter ended 31 March 2018 (31 March 2017: Nil).

27. Earnings Per Share

Basic earnings/(loss) per share

The basic earnings/ (loss) per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the current quarter and current year-to-date respectively as follows:

	Current Year Quarter Ended 31/3/2018	Preceding Year Quarter Ended 31/3/2017	Current Year To-Date 31/3/2018	Preceding Year To-Date 31/3/2017
Loss attributable to owners of the parent (RM'000)	(5,195)	(2,333)	(5,195)	(2,333)
Weighted average number of shares – ('000)	61,083	61,083	61,083	61,083
Basic loss per share (sen)	(8.50)	(3.82)	(8.50)	(3.82)

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 28 May 2018.

DIRECTORS' REPORT

SINMAH CAPITAL BERHAD

(formerly known as Farm's Best Berhad) Company No.: (301653-V)

Registered Office:
No. 4-1
KompleksNiaga Melaka Perdana
Jalan KNMP 3
Bukit Katil
75450 Melaka

27 JUL 2018

To: Shareholders of Sinmah Capital Berhad("**Sinmah**" or "**Company**")

Dear Sir/Madam,

On behalf of the Board of Directors of Sinmah("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 31 December 2017 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than 14 days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 8.3 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
SINMAH CAPITAL BERHAD

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN
Chairman, Independent Non-Executive Director

Company No. 301653-V

VALUATION CERTIFICATE

Raine&Horne

Raine & Horne International Zaki + Partners Sdn. Bhd.
(Company No. 99440-T)
Perpetual 99, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur, Malaysia
Telephone : 03-2698 0911
Fax : 03-2691 1959
Email : enquiries@rhizp.com.my
Facebook : Raine and Horne Malaysia
Twitter : twitter@raineandhorneMY

CERTIFIED TRUE COPY

....
MUHD HAZLY ABDUL KARIM
Registered Valuer (V-985)
Director

Our Ref : VKL17.339.11 **(VKL17.261.05)**

4th December 2017

SINMAH DEVELOPMENT SDN BHD
AG5730
Alor Gajah Industrial Estate,
78000 Alor Gajah,
Melaka, Malaysia

Dear Sir,

**UPDATE VALUATION OF A COMMERCIAL PLOT AND A RESIDENTIAL PLOT IDENTIFIED AS COMMERCIAL PLOT 3 AND RESIDENTIAL PLOT 6 HAVING A COMBINED TOTAL LAND AREA OF ABOUT 77.94 ACRES BEING PART AND PARCEL OF PARENT LOT NO. 31915 HELD UNDER MASTER TITLE NO. PN 58407 (FORMERLY KNOWN AS LOT NO. 6934 HELD UNDER MASTER TITLE NO. PN 43209) MUKIM OF BUKIT KATIL, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA.
[HEREINAFTER REFERRED TO AS 'THE SUBJECT PROPERTIES']**

Further to our earlier valuation report and valuation certificate of the Subject Properties vide Ref No. VKL17.261.05 ("Previous Valuation Report and Valuation Certificate") dated 30th May 2017 and your further instruction requesting us to conduct an update valuation of the abovementioned properties, we have re-inspected the Subject Properties on 4th December 2017 to determine its present physical state of which we noted that there were no physical changes on the Subject Properties as compared to our Previous Valuation Report and Valuation Certificate as well as the basis of this valuation exercise. This updated valuation certificate should be read in conjunction with the above said Previous Valuation Report and Valuation Certificate.

This updated valuation certificate is prepared for inclusion in the circular and abridged prospectus to shareholders of Sinmah. This valuation was prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission and Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia.

Particular of Title:

However, our recent title search conducted at the Registry of Land Titles, Melaka on 29th November 2017 revealed that the parent lot of the Subject Properties (*formerly known as Lot No. 6934 held under master Title No. PN43209, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka)* had been issued with a new master land title confirming details as follows: -

Item	Details
Parent Lot	Lot No. 31915, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka.
Master Title No.	PN 58407.
Tenure	99 years leasehold interest expiring on 27th January 2096. The unexpired term of leasehold interest is about 79 years.
Site Area	259.5 hectares

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Item	Details
Registered Owner	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN.
Annual Rent	RM2,335,500.00.
Category of Land Use	Building.
Expressed Condition	Untuk bangunan perniagaan sahaja.
Restriction In-Interest	Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri. Sekatan kepentingan ini dikecualikan kepada Pembeli pertama.
Encumbrances	Nil.
Endorsement	Nil.

Only the parent lot number, master title number, site area, annual rent and endorsement were different from the previous title particulars. The change in site area in respect of parent lot is however nominal and does not give significant impact to the valuation of the Subject Properties.

Planning Details:

Based on our Previous Valuation Report and Valuation Certificate, the application for the proposed development has conditionally been approved. However, based on the latest letter issued by Majlis Perbandaran Hang Tuah Jaya vide Ref No. MPHJT/709/6/7/65(34) dated 17th July 2017, the application had been tabled to *'Mesyuarat Teknikal Perancang Negeri Melaka bil.3/2017'* dated 29th May 2019 and the outcome are as follows: -

i) Jawatankuasa memutuskan pembangunan ini hanyalah merupakan pembangunan pelan induk dan bukannya permohonan Kebenaran Merancang di bawah 21(1) Akta 172. Disyorkan permohonan ini dikategorikan sebagai persetujuan MPHTJ terhadap Pelan Induk di kawasan berkenaan. Oleh yang demikian, ianya bukan Kebenaran Merancang maka permohonan ini tidak berkaitan di bawah seksyen 22(2A).

ii) Mesyuarat bersetuju kertas kerja ini tidak diangkat untuk pertimbangan Mesyuarat Jawatankuasa Perancang Negeri Melaka akan datang.

However, the above endorsement does not affect our basis of valuation. The above title search document and corresponding letter from MPHTJ are attached for easy reference.

Market Outlook:

The property market in Melaka generally remains stable and positive. The Kuala Lumpur-Singapore High Speed Rail (HSR) project which will pass through the state is another forward-looking mega infrastructure project for betterment of the state's economy and property market. Several projects currently under construction are taking place outside the heritage boundary especially those near to the shores of Malacca Straits and fronting beaches. A few significant projects to note are Hatten City in Malacca city centre, Melaka Gateway and Harbour City in Pulau Melaka. There are other large projects seen in Klebang along the coastal line such as Marina Point and Cheng Ho City. In overall property market prospect for commercial and residential property in Melaka generally remains stable and on a steady growth path since our Previous Valuation Report and Valuation Certificate.

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Basis of Valuation:

The basis of this update valuation exercise is the same as the Previous Valuation Report and Valuation Certificate which was derived based on the following basis:

i) Two separate land titles will be issued in due course with Commercial Plot 3 held under commercial use and Residential Plot 6 held under residential use respectively,
ii) The separate individual land titles will convey a leasehold interest which corresponds with the unexpired term of the master title i.e. 79 years,
iii) Subject Properties have been granted with master layout planning approval with the following land areas: -

Plot Nos	Land Areas (acres)
Commercial Plot 3	57.89
Residential Plot 6	20.05
Total	**77.94**

iv) There is no provision for low cost and affordable house are required to be built on the abovementioned Residential Plot 6 as they have been already allocated to other plots within the proposed master layout plan.
v) We were made to understand that since the master title is under commercial use, there is no premium for conversion to be paid for Commercial Plot 3 except for Residential Plot 6 which is subject to the normal application process with nominal premium and
vi) The subject properties are not provided with common infrastructure works and we were made to understand that the said common infrastructure cost shall be contributed at an amount which is to be determined and agreed by both parties in due course. This factor has been taken into consideration in this valuation exercise.

We also wish to reiterate at this juncture that if the above basis differs from the particulars as stated in the land titles when issued, our valuation shall be nullified accordingly and a fresh valuation is to be carried out. However, pursuant to this updated valuation exercise there were no changes on the basis of valuation compared to our Previous Valuation Report and Valuation Certificate.

Method of Valuation and Market Value:

In arriving at the Market Value of the Subject Properties, we have adopted the Comparison Method of Valuation. Comparison method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar property in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available. The Comparison Method of valuation is adopted as the sole method of valuation as the Land does not have detailed planning approvals nor approved building plans. Hence other methods of valuation are considered not appropriate. Further, there were no changes in Market Value of the Subject Properties pursuant to this updated valuation exercise compared to our Previous Valuation Report and Valuation Certificate.

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Based on the above, we wish to advise that the Market Value of the Subject Properties identified as Commercial Plot 3 and Residential Plot 6, having a total combined land area of 77.94 acres, being part and parcel of the Parent Lot No. 31915 held under Master Title No. PN 58407, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka on the basis that both plots will eventually be issued with two separate unencumbered leasehold titles having approximately 79 years unexpired term, with vacant possession, free from encumbrances, with the specified respective land areas and also subject to the above provisions are as follows: -

Plot Nos.	Land Areas (acres)	Market Values	Approximate equivalent to
Commercial Plot 3	57.89	RM44,130,000.00	RM17.50 psf
Residential Plot 6	20.05	RM13,970,000.00	RM16.00 psf
TOTAL	**77.94**	**RM58,100,000.00**	

We trust the above will meet with your immediate requirements.

Thank you.

Yours faithfully,

For and on behalf of
RAINE & HORNE INTERNATIONAL ZAKI + PARTNERS

DATO' Sr. ROSLI BIN ATAN, MRISM
B. SC (Hons) Estate Management (UiTM)
Registered Valuer
Reg. No. V-748
RA.afb

CERTIFIED TRUE COPY

MUHD HAZLY ABDUL KARIM
Registered Valuer (V-985)
Director

4

VALUATION CERTIFICATE *(CONT'D)*

Pejabat Tanah Dan Galian
MELAKA

CATATAN CARIAN PERSENDIRIAN

Adalah diperakui bahawa suatu carian persendirian telah dibuat mengikut Seksyen 384, Kanun Tanah Negara berkenaan tanah berikut :

Jenis dan No. Hakmilik	: **PN 58407**	Nombor Lot	: **LOT 31915**
Bandar/Pekan/Mukim	: **MUKIM BUKIT KATIL**	Tempat	:
Keluasan	: **259.5 Hektar (259.4)**	Daerah	: **MELAKA TENGAH**
No. Syit Piawai	: **34-B-III**	Nombor Pelan Akui	: **108502-108506**
Taraf Pegangan *(Selama-lamanya atau Pajakan)*	: **Pajakan 99 tahun**	Tarikh Luput Pajakan *(Jika Berkenaan)*	: **27 Januari 2096**
Kawasan Rizab *(Jika Berkenaan)*	: **Tiada**		
Tarikh Daftar	: **20 September 2017**	Cukai Tanah	: **RM2,335,500.00**

Bahawa pada tarikh dan waktu perakuan ini dikeluarkan,
butir-butir tanah tersebut adalah seperti berikut:

Kategori Penggunaan Tanah : **Bangunan**

Syarat Nyata : **Untuk bangunan perniagaan sahaja.**

Sekatan Kepentingan : **Tanah ini tidak boleh di pindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri. Sekatan kepentingan ini dikecualikan kepada Pembeli pertama.**

Pemilikan dan Alamat :

LEMBAGA KEMAJUAN TANAH PERSEKUTUAN,
Tertubuh di bawah Akta Parlimen, 1/1 bahagian
WISMA FELDA JALAN PERUMAHAN GURNEY 54000 WP KUALA LUMPUR

Tanggungan dan endosan-endosan lain :

Urusan-urusan dalam perserahan yang belum didaftarkan : Tiada

Urusan-urusan yang terdahulu yang tidak berkuatkuasa lagi :

Hakmilik : 040108PN00058407
Muka Surat : 1 [2]
Tarikh : 29/11/2017

VALUATION CERTIFICATE *(CONT'D)*

No Pers 0400N2012000013 Pengambilan Sebahagian Tanah - Borang K
Seluas lebih kurang 259.4 Hektar
didaftarkan pada 17 Januari 2012 jam 08:49:18 pagi
(No. Warta : 804 bertarikh 13 Oktober 0011)
(No. Rujukan Fail : PTMT A1/01/1477 SJ)

No Pers 0400B2013002283 Perletakhakan Oleh Mahkamah
dari ARAB-MALAYSIAN FINANCE BERHAD
kepada AMFINANCE BERHAD, No Syarikat : 8515-D
mengikut No Perintah D8-24-111-2002
di bawah Seksyen 420 K.T.N
didaftarkan pada 12 Jun 2013 jam 03:22:20 petang

Suratkuasa Wakil : 0400SW2012000101

No Pers 0400SC2013007012 Pindahmilik Tanah
oleh C G & P CONSULTANTS SDN.BHD , sebagai Pemilik, 1/1 bahagian
kepada LEMBAGA KEMAJUAN TANAH PERSEKUTUAN, 1/1 bahagian sebagai Pemilik
WISMA FELDA JALAN PERUMAHAN GURNEY 54000 WP KUALA LUMPUR
didaftarkan pada 12 Jun 2013 jam 03:22:20 petang

Hakmilik yang terdahulu :
(Jika hakmilik sambungan)

Tarikh mula diberimilik	: **28 Januari 1997**
Hakmilik Asal (Tetap atau Sementara)	: **MUKIM BUKIT KATIL HSD 34498**
Hakmilik sebelum daripada ini	: **PN 43209 MUKIM BUKIT KATIL**

Perkara lain yang melibatkan hakmilik : Tiada

Dikeluarkan pada : 11:51:28 pagi **Tarikh** : 29 November 2017

Bayaran dijelaskan : RM 20.00 **Nombor Resit** : 000521711290030

Hakmilik : 040108PN00058407
Muka Surat : 2 [2]
Tarikh : 29/11/2017

18-07-17;08:56 ; # 1/ 2

MAJLIS PERBANDARAN HANG TUAH JAYA
ARAS 2, KOMPLEKS MELAKA MALL,
JALAN TUN ABDUL RAZAK – AYER KEROH,
75450 AYER KEROH, HANG TUAH JAYA, MELAKA
TEL : 06 – 2323773 (AM), 06 – 2323741 (T)
FAKS : 06 – 2322778 (AM), 06 – 2323746 (PA)

PENGHANTARAN MAKLUMAT KELUAR (OUTGOING TRANSMISSON)	
NO. FAX YANG DIHUBUNGI	03-6286 7666/ 7676
ALAMAT FAX YANG DITUJU	ENCORP BUKTI KATIL
UNTUK PERHATIAN	EN.Ezzuddin Hassan/
SALINAN KEPADA	AJC Planning Consultants
KEUTAMAAN	-
TARAF	SEGERA / BIASA
NO. SALINAN YANG DIHANTAR TERMASUK MUKASURAT INI	2 MUKASURAT
DARIPADA NAMA PENGHANTAR	JABATAN PERANCANG BANDAR, MPHTJ
NO. TELEFON PENGHANTAR	06-2323773
TANDATANGAN PENGHANTAR	
TARIKH PENGHANTARAN	17 Julai 2017
NOTA	Surat Encorp

18-07-17;08:56 ; # 2/ 2

مجليس ڤربندارن هڠ تواه جاي

MAJLIS PERBANDARAN HANG TUAH JAYA

SF - 01, Aras 2, Kompleks Melaka Mall
Jalan Tun Abdul Razak - Lebuh Ayer Keroh
Hang Tuah Jaya
75450 AYER KEROH
MELAKA

Telefon : 06-232 3773
Faksimili : 06-232 2778 (Am)
06-232 3746 (Pej. YDP)
Laman Web : *www.mphtj.gov.my*

Ruj. Tuan : EBK/BK/MPHTJ/KM/HAH/011-17
Ruj. Kami : MPHTJ/709/6/7/65(34)
Tarikh : 17 Julai 2017
23 *Syawal 1438H*

Encorp Bukit Katil Sdn Bhd
No.46G,Jalan PJU 5/22, Encorp Strand,
Pusat Dagangan Kota Damansara,
Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor.

Tuan,

PERMOHONAN KEBENARAN MERANCANG UNTUK PEMBANGUNAN BERCAMPUR SELUAS 640.98 EKAR BAGI TUJUAN SERAH BALIK DAN PEMBERIMILIKAN SEMULA TANAH DI BAWAH SEKSYEN 204D, KANUN TANAH NEGARA (KTN) 1965 DI ATAS LOT 6934, MUKIM BUKIT KATIL, DAERAH MELAKA TENGAH, MELAKA UNTUK TETUAN : ENCORP BUKIT KATIL SDN BHD

Dengan segala hormatnya, merujuk kepada perkara di atas dan surat tuan bertarikh 15 Jun 2017 adalah berkaitan.

2. Adalah dimaklumkan, pemohonan ini telah dibawa ke Mesyuarat Jawatankuasa Teknikal Perancang Negeri Melaka Bil.3/2017 bertarikh 29 Mei 2017 dan keputusan mesyuarat adalah seperti berikut :

i) *Jawatankuasa memutuskan pembangunan ini hanyalah merupakan pembangunan pelan induk dan bukannya permohonan Kebenaran Merancang di bawah 21(1) Akta 172. Disyorkan permohonan ini dikategorikan sebagai persetujuan MPHTJ terhadap Pelan Induk di kawasan berkenaan. Oleh yang demikian, ianya bukan Kebenaran Merancang maka permohonan ini tidak berkaitan di bawah seksyen 22(2A).*

ii) *Mesyuarat bersetuju kertas kerja ini tidak diangkat untuk pertimbangan Mesyuarat Jawatankuasa Perancang Negeri Melaka akan datang.*

3. Walaubagaimanapun, bagi pemohonan kelulusan Pelan Induk ini hendaklah selaras dengan susunatur no.pelan AJCSB/487/LP_MLP9260417 *(perlu dipinda tajuk)* dan tertakluk kepada <u>kelulusan Jawatankuasa Belah Bahagi (JKBB)</u> & perlu menjelaskan baki <u>fee bayaran</u> *(peringkat ke-3)* sebanyak RM157,449.54

Sekian, terima kasih.

"BERKHIDMAT UNTUK NEGARA"
"MELAKA MAJU NEGERIKU SAYANG FASA KE II "
"BERKAT, CEPAT, TEPAT"
"HANG TUAH JAYA-BANDARAYA PINTAR"

Saya yang menurut perintah,

(RAFIDAH BINTI HJ. JAAPAR)
Pengarah,
Jabatan Perancangan Bandar,
Majlis Perbandaran Hang Tuah Jaya, Melaka.

s.k 1. AJC Planning Consultants Sdn Bhd
Blok B, 1st Floor,No.8, Jalan 19/1,
46300, Petaling Jaya, Selangor

2. Fail projek

BANDARAYA PINTAR

PENGIKTIRAFAN MS ISO 9001 : 2008 NO. PENSIJILAN : AR 5298

Raine&Horne

Raine & Horne International Zaki + Partners Sdn. Bhd.
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Our Ref : VKL17.261.05

30th May 2017

SINMAH DEVELOPMENT SDN BHD
AG5730,
Alor Gajah Industrial Estate,
78000 Alor Gajah,
Melaka, Malaysia

CERTIFIED TRUE COPY

MUHD HAZLY ABDUL KARIM
Registered Valuer (V-985)
Director

Dear Sir,

VALUATION OF A COMMERCIAL PLOT AND A RESIDENTIAL PLOT IDENTIFIED AS COMMERCIAL PLOT 3 AND RESIDENTIAL PLOT 6 HAVING A COMBINED TOTAL LAND AREA OF ABOUT 77.94 ACRES BEING PART AND PARCEL OF PARENT LOT NO. 6934 HELD UNDER MASTER TITLE NO. PN 43209, MUKIM OF BUKIT KATIL, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA [HEREINAFTER REFERRED TO AS 'THE SUBJECT PROPERTIES']

This Valuation Certificate has been prepared in determining the Market Value of the Subject Properties for the purpose of inclusion in the circular and abridged prospectus to shareholders of Sinmah Capital Berhad *(formerly known as Farm's Best Berhad)* in relation to the proposed tripartite joint venture between Encorp Bukit Katil Sdn Bhd and Sinmah Development Sdn Bhd as Sinmah Development JV Sdn Bhd to develop the Subject Properties.

This valuation is prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

In accordance with your instructions to value the abovementioned properties for the above said purpose, we confirm that we have inspected the subject properties on 23rd May 2017 and the material date of valuation shall be as at the same as the date of inspection. We had also conducted a title search at the Melaka Registry of Land Titles on 8th May 2017.

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Interest to be valued

For the purpose of this valuation, the interests to be valued comprise a commercial plot and a residential plot being part and parcel of Parent Lot No. 6934 held under Master Title No. PN 43209, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka which can be described as follows: -

Plot Nos.	Land Areas (acres)	Land Use
Commercial Plot 3	57.89	Commercial
Residential Plot 6	20.05	Residential
Total	**77.94**	

Background of the Joint Venture And Shareholders Agreement

We wish to highlight at this juncture that the interests in the subject properties is regulated by the Joint Venture And Shareholders Agreement (JVA) between Encorp Bukit Katil Sdn Bhd ("EBKSB"), Sinmah Development Sdn Bhd ("SDSB") and Sinmah Development JV Sdn. Bhd ("JVCo") dated 8th June 2017.

Based on the JVA under Recitals (B), we note that pursuant to the Master Development Agreement and Power of Attorney both dated 20th January 2016 between EBKSB and Federal Land Development Authority ("FELDA"), FELDA has appointed EBKSB as the Master Developer to develop the Parent Lot No. 6934 encompassing a land area of about 640.98 acres for the whole remaining tenure. Under the Master Development Agreement, EBKSB has the right to receive, collect, retain and demand all proceeds and/or profits derived from the sale of the components in the development and to any other form of revenue derived from the development.

Based on the JVA under Recitals (C), by virtue of Memorandum of Understanding dated 31st October 2016 made between EBKSB and SDSB with regard to the proposed development proposal, SDSB has the resources to develop this commercial and housing projects on part of the said Parent Lot having a land area of about 77.94 acres with bungalows, semi-detached units, link houses and commercial units including a medical college and a hospital.

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Location of the Subject Properties

The subject properties comprise a plot of commercial land and a plot of residential land identified as Commercial Plot 3 and Residential Plot 6 being part and parcel of Parent Lot No.6934 held under Master Title No. PN 43209, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka, as shown in the master layout plan vide Plan No. AJCSB/487/LP_MLP9-260417. They are located within a locality known as Bukit Katil, approximately 13 kilometres due north east of Melaka city centre and 5 kilometres due south of Ayer Keroh Toll Plaza Exit 231 (PLUS).

The parent lot of the subject properties is situated on the east of Jalan Tun Hamzah, one of main arterial roads linking Bukit Katil area with Ayer Keroh development neighborhoods.

The Commercial Plot 3 enjoy a direct frontage onto the existing Jalan Tun Hamzah whilst Residential Plot 6 is accessible via laterite field roads within the parent lot.

Neighbourhood Developments

Properties within the immediate vicinity of the subject properties include residential schemes and vacant development land earmarked for future developments. Notable schemes located nearby are 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.

Other notable developments located within the larger vicinity are Kompleks Kementerian Dalam Negeri (Cawangan Melaka), Jabatan Imigresen Melaka, Bangunan Seri Negeri, Pejabat Tuan Yang Dipertua Melaka, Melaka Zoo and Melaka International Trade Centre (MITC).

Description of the Subject Properties

The subject properties are two separated plots of commercial and residential land identified as Commercial Plot 3 and Residential Plot 6 respectively, measuring approximately a total combined land area of 77.94 acres.

The Parent Lot of the subject properties identified as Lot No 6934 has a land area of about 259.4 hectares (or approximately 640.98 acres) and is currently under commercial land use title.

Based on the amended proposed master layout plan vide Plan No. AJCSB/487/LP_MLP9-260417 prepared by AJC Planning Consultants Sdn Bhd, we noted the subject properties are described as follows:

Plot Nos.	Land Areas (acres)	Proposed Land Uses	Shapes
Commercial Plot 3	57.89	Commercial	Irregularly
Residential Plot 6	20.05	Residential	Irregularly
Total	**77.94**		

However, as at the date of valuation, we noted the above said amended proposed master layout plan has yet to be endorsed by the local authority.

Based on the said amended proposed master layout plan, we noted that Commercial Plot 3 fronts onto the existing Jalan Tun Hamzah which is located on the western boundary of the said plot whilst Residential Plot 6 is slightly interior plot which fronts onto the unmade proposed road reserves. Both sites are irregularly in shape and the site terrain varies from undulating to slightly hilly in physical terrain.

During the course of our site inspection, we were unable to determine the exact plot boundaries of the subject properties within the parent lot as there was no official land survey done on the sites. We therefore recommend the service of a land surveyor to demarcate the status and boundaries of the subject properties.

The Parent Lot No. 6934 and the area wherein the subject properties are located were overgrown with wild trees, shrubs and undergrowth.

We also noted that there was a TNB rentice which runs parallel along the southern boundary of the Commercial Plot 3 which also runs along the southern boundary of the parent lot. However, TNB rentice does not encroach into the Commercial Plot 3. Thus, TNB rentice is not been taken into consideration in the valuation.

We further noted that the earthworks and infrastructure works such as internal roads, perimeter drains and utilities connections have not been carried out on the sites except for the existing laterite field roads which served the estate before.

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Particulars of Titles

We noted the Subject Properties are yet to be issued with individual titles. Nevertheless, we have conducted a title search on the Master land title at the Registry of Land Titles, Melaka on 8th May 2017, confirming details of the title particulars of the Parent Lot as follows: -

Parent Lot	:	Lot No. 6934, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka.
Title No.	:	PN 43209.
Tenure	:	99 years leasehold interest expiring on 27th January 2096. The unexpired term of leasehold interest is about 79 years.
Site Area	:	259.4 hectares (equivalent to approx. 640.99 acres)
Registered Owner (s)	:	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN.
Annual Rent	:	RM2,334,600.00.
Category of Land Use	:	Building.
Expressed Condition	:	Untuk bangunan perniagaan sahaja.
Restriction In-Interest	:	Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa negeri. Sekatan kepentingan ini dikecualikan kepada Pembeli pertama.
Encumbrances	:	Nil
Endorsements	:	No. Perserahan 0400N2012000013 Pengambilan sebahagian tanah – Borang K seluas lebih kurang 0.0338 hektar, Cukai dipinda kepada RM2,334,240.00 didaftarkan pada 17 Januari 2012. No. Perserahan 0400B2013002283 Perletakhakan oleh Mahkamah melibatkan Gadaian Menjamin Wang Pokok No. Pers 0400SC1998002376 Jil.607 Fol. 38 dari ARAB-MALAYSIAN FINANCE BERHAD kepada AMFINANCE BERHAD mengikut No. Perintah D8-24-111-2002 di bawah Seksyen 420 KTN didaftarkan pada 12 Jun 2013.

Note:

For the purpose of this Report and Valuation, we have valued the Subject Properties on the basis that the Subject Properties will be issued with two separate individual titles for residential use and commercial use respectively, conveying a leasehold interest with 79 years unexpired term with a total combined land area of about 77.94 acres.

Planning Details

Our enquiries conducted at Majlis Perbandaran Hang Tuah Jaya (MPHTJ) revealed that the Parent Lot No. 6934 is presently zoned for residential use. A copy of the zoning plan as extracted from '*Rancangan Tempatan Majlis Perbandaran Hang Tuah Jaya 2025*' is attached as ***APPENDIX D*** for easy reference.

However, we noted that the titled land use of the said Parent Lot is 'building' specifically for commercial.

Further, we noted that EBKSB has submitted *'PERMOHONAN KEBENARAN MERANCANG UNTUK PEMBANGUNAN BERCAMPUR SELUAS 640.98 EKAR BAGI TUJUAN SERAH BALIK DAN PEMBERIMILIKAN SEMULA TANAH DI BAWAH SEKSYEN 204D, KANUN TANAH NEGARA (KTN) 1965, DI ATAS LOT 6934, MUKIM BUKIT KATIL, DAERAH MELAKA TENGAH, MELAKA BANDARAYA BERSEJARAH'* and the application has conditionally been approved vide a letter from Majlis Perbandaran Hang Tuah Jaya bearing reference number MPHTJ/6.03/06/2016/16(10) dated 31st March 2017

The endorsement for Master Layout Plan will be obtained subject to approvals from Majlis Perancangan Fizikal Negara and other various technical departments were received

Subsequently, EBKSB has submitted an application for *'PERMOHONAN KEBENARAN MERANCANG (PINDAAN)'* which has been approved bearing reference number MPHTJ/603/06/2016/16 dated 18th May 2017 issued by Majlis Perbandaran Hang Tuah Jaya for the parent lot.

The said amendments to the above *'PERMOHONAN KEBENARAN MERANCANG (PINDAAN)'* to include as follows: -

a. *Penambahan plot perumahan bercampur dari 6 plot kepada 7 plot perumahan bercampur,*
b. *Pengurangan 1 plot perumahan mampu milik,*
c. *Perubahan lokasi Pusat Komuniti dan PPU,*
d. *Perubahan pembangunan di fasa 3,*
e. *Perubahan 'alignment' jalan*
f. *Pengurangan saiz bagi rezab kubur dari 12.68 ekar kepada 12.51 ekar (perbezaan sebanyak 0.1 ekar) dan*
g. *Penambahan saiz sekolah menengah dan rendah dari 26.14 ekar kepada 27.43 ekar (perbezaan sebanyak 1.29 ekar).*

However, we were further made to understand that the above amendment requirements are not affecting the layout of the subject properties and as such based on the amended proposed Master Layout Plan vide Plan No. AJCSB/487/LP_MLP9-260417 provided to us we noted the subject properties are being proposed for the following developments:

Plot Nos.	Land Use	Proposed Development Details
Commercial Plot 3	Commercial	• Plot Ratio: 1:2 • Open Space : 10% • Nursing and Medical College • Private Hospital

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Plot Nos.	Land Use	Proposed Development Details
Residential Plot 6	Residential	• Density: 14 units/acre • Total Units: 281 units • Open Space: 10% • TNB Substation (Per calculation of detailed load demand) • Surau, Kindergarten & Community Hall

As at the date of this valuation, the above amended proposed Master Layout Plan has yet to be fully endorsed by the said local authority as it subject to fulfilling the abovementioned requirements on the parent lot.

Basis of Valuation:

Our basis of valuation is the **Market Value**.

Market Value is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Our Market Value is derived based on the following basis:

i) Two separate land titles will be issued in due course with Commercial Plot 3 held under commercial use and Residential Plot 6 held under residential use respectively,
ii) The separate individual land titles will convey a leasehold interest which corresponds with the unexpired term of the master title i.e. 79 years,
iii) Subject Properties have been granted with master layout planning approval with the following land areas: -

Plot Nos.	Land Areas (acres)
Commercial Plot 3	57.89
Residential Plot 6	20.05
Total	**77.94**

iv) There is no provision for low cost and affordable house are required to be built on the abovementioned Residential Plot 6 as they have already allocated to other plots within the proposed master layout plan.
v) We were made to understand that since the master title is under commercial use, there is no premium for conversion to be paid for Commercial Plot 3 except for Residential Plot 6 which is subject to the normal application process with nominal premium and
vi) The subject properties are not provided with common infrastructure works and we were made to understand that the said common infrastructure cost shall be contributed at an amount which is to be determined and agreed by both parties in due course. This factor has been taken into consideration in this valuation exercise.

We also wish to reiterate at this juncture that if the above basis differs from the particulars as stated in the land titles when issued, our valuation shall be nullified accordingly and a fresh valuation is to be carried out.

Methods of Valuation:

In arriving at the Market Value of the Subject Properties, we have adopted the Comparison Method of Valuation. Comparison method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar property in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

The Comparison Method of valuation is adopted as the sole method of valuation as the Land does not have detailed planning approvals nor approved building plans. Hence other methods of valuation are considered not appropriate.

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Evidences of Value

Our investigations revealed the following sale evidences of commercial and residential land which are comparable to the subject properties: -

i) Residential Development Land

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property	Lorong Setia 11, Taman Ayer Keroh Heights 1	Jalan Padang Bola Sepak, Paya Rumput Off Lebuh SPA	Jalan Pesisir Pantai, Klebang	Jalan Autocity, Taman Tasik Utama
Locality	Bukit Katil	Paya Rumput	Pekan Klebang	Bukit Katil
Lot No./ Title No.	PT 3/ HSD 4956	PT 3748/ HSD 67621	PT 135/ HSD 80219	Lot 535/ G 13148
Mukim / District	Melaka Tengah	Melaka Tengah	Melaka Tengah	Alor Gajah
Land Area	627,263.32 sq.ft (14.4 acres)	958,320.78 sq.ft (22.00 acres)	959,626.80 sq.ft (22.03 acres)	436,035.60 sq.ft (10.01 acres)
Tenure	Leasehold	Leasehold	Leasehold	Freeehold
Tenure Expiry	9/7/2074	21/1/2109	4/6/2113	-
Title land use	Building	Building	Building	Nil
Express Condition	Residential	Residential	Residential	Not stated
Consideration	RM10,000,000.00	RM10,500,000.00	RM28,379,637.00	RM8,281,366.00
Date	14/11/2014	11/5/2016	21/5/2015	3/11/2013
Vendor (s)	MDD Properties Sdn Bhd	Natural Concept Development Sdn Bhd	Orientalcove Realty Sdn Bhd	Kiara Cekal Sdn Bhd
Purchaser (s)	Kapital Setiakaya Sdn Bhd	Sumber Ekuiti Sdn Bhd	Faithview Group Development Sdn Bhd	Webest Sdn Bhd
Analysis (RM/sq.ft)	RM15.94	RM10.96	RM29.58	RM19.00
Adjustments	Adjustment are made on tenure, provision for low cost and affordable house status, location, size, common infrastructure status, physical condition, time factor and conversion status.			
Adjusted value (RM/sq.ft)	RM16.02	RM13.70	RM19.24	RM15.94

Based on the above, we noted the analysed comparables ranging from RM10.96 to RM29.57 per sq. ft. Further adjustments were made on any dissimilarities to the subject properties in terms of time factor, location, size, provision for low cost and affordable house, physical condition, land conversion, tenure and infrastructure status to arrive at our opinion of value.

However, based on the above consideration, we are of the opinion that the best comparable would be Taman Ayer Keroh Heights 1 i.e. Comparable No. 1 due to the nearest location with subject properties and almost similar in land use.

ii) Commercial Development Land

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property	Jalan Persisir Pantai, Taman Kota Laksamana	Jln Coastal Tambak Laut	Jalan Durian Tunggal Off Lebuh SPA	Lorong Hajah Maznah, Klebang
Locality	Bandar Melaka	Bandar Melaka	Durian Tunggal	Pekan Klebang
Lot Nos./Title Nos	Lot 12545/ PN 56431	PT 2280 & 5 others,/ HSD 80973 & 5 others	Lot 9265/ PN 48155	PT 184 Sec 3/ HSD 81015
Mukim / District	Melaka Tengah	Melaka Tengah	Alor Gajah	Melaka Tengah
Land Area	1,815,137.98 sq.ft (41.67 acres)	1,477,743.54 sq.ft (33.92 acres)	1,407,423.60 sq.ft (32.31 acres)	456,944.40 sq.ft (10.49 acres)
Tenure	Leasehold	Leasehold	Leasehold	Leasehold
Tenure Expiry	10/11/2112	20/4/2115	13/9/2103	25/4/2115
Title land use	Commercial	Commercial	Commercial	Commercial
Consideration	RM83,496,679.00	RM62,075,614.00	RM42,814,000.00	RM18,279,518.00
Date	5/5/2015	20/3/2014	2/4/2013	8/7/2015
Vendor (s)	Pembinaan Kota Laksamana (Melaka) Sdn Bhd	Jayamas Cekap Sdn Bhd	Perbadanan Kemajuan Negeri Melaka	Ketua Menteri (Perbadanan)
Purchaser (s)	Arah Menang Holdings Sdn Bhd	Ultra Harmony Development Sdn Bhd	Mampro Bersatu Sdn Bhd	Laris Dimensi Sdn Bhd
Analysis (RM/sq.ft)	RM46.00	RM42.01	RM30.42	RM40.00
Adjustments	Adjustment are made on location, plot ratio, tenure, restriction status, common infrastructure status, physical condition and size.			
Adjusted value (RM/sq.ft)	RM17.55	RM14.21	RM13.92	RM12.10

Based on the above, we noted the analysed comparables ranging from RM30.42 to RM46.00 per sq. ft. Further adjustments were made on any dissimilarities to the subject properties in terms of time factor, location, size, plot ratio, physical condition, restriction, tenure and infrastructure status to arrive at our opinion of value.

However, based on the above consideration, we are of the opinion that the best comparable would be Jalan Pesisir Pantai, Taman Kota Laksamana i.e. Comparable No. 1 due to the recent transaction date and almost similar in land use.

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Opinion of Value

Based on the above, we wish to advise that the Market Value of the subject properties identified as Commercial Plot 3 and Residential Plot 6, having a total combined land area of 77.94 acres, being part and parcel of the Parent Lot No. 6934 held under Master Title No. PN 43209, Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka on the basis that both plots will eventually be issued with two separate unencumbered leasehold titles having approximately 79 years unexpired term, with vacant possession, free from encumbrances, with the specified respective land areas and also subject to the above provisions are as follows: -

Plot Nos.	Land Areas (acres)	Market Values	Approximate equivalent to
Commercial Plot 3	57.89	RM44,130,000.00	RM17.50 psf
Residential Plot 6	20.05	RM13,970,000.00	RM16.00 psf
Total	**77.94**	**RM58,100,000.00**	

CERTIFIED TRUE COPY

MUHD HAZLY ABDUL KARIM
Registered Valuer (V-985)
Director

Yours faithfully,

For and on behalf of
RAINE & HORNE INTERNATIONAL ZAKI + PARTNERS SDN BHD

DATO' Sr. ROSLI BIN ATAN, MRISM
B. Sc (Hons) Estate Management (UiTM)
Registered Valuer
Reg. No. V-748

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ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 No securities in our Company will be allotted or issued on the basis of this AP later than 12 months after the date of the issuance of this AP save for the Rights Shares, Rights Warrants and new Shares to be issued pursuant to the exercise of the Rights Warrants.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

1.3 Save for the Entitled Shareholders who will be allotted the provisional Rights Shares with Rights Warrants under the Rights Issue, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.

2. REMUNERATION OF DIRECTORS

The provisions in our M&A in respect of the arrangements for the remuneration of Directors are as follows:

Remuneration of Directors

Article 102

(a) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting subject to Articles 102(b) and (c) and Article 103. That remuneration shall be deemed to accrue from day to day. Remuneration paid by the Company to the alternate shall be deducted from the Director nominating him. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

(b) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

(c) Salaries payable to executive Directors may not include a commission on or percentage of turnover.

Increase in Directors' remuneration

Article 103

Fees payable to directors shall not be increased except pursuant to a resolution passed at a general Meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Remuneration for extra services

Article 104

If any Director being willing and having been called upon to do so by the other Directors shall render or perform special or extraordinary services or travel or reside abroad for any business or purposes on behalf of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses and also such remuneration as the Directors may think fit, either as a fixed sum or as percentage of profits or otherwise but not a commission on or percentage of turnover ans such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

Remuneration for professional services

Article 137

Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Remuneration of managing director

Article 148

A managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

3. MATERIAL CONTRACTS

Our Group has not entered into any material contracts, (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this AP, except for the following:

(i) 4 separate sale and purchase agreements dated 25 November 2016 entered into between Sinmah Breeders, Sinmah Multifeed and FBF for the Disposal of Breeder Farms for a total cash consideration of RM63,000,000. The agreements were completed on 23 May 2018;

(ii) 9 separate sale and purchase agreements dated 24 January 2017 entered into between Sinmah Livestocks Sdn Bhd, Sinmah Breeders, Sinmah Multifeed, Bersatu Segar Sdn Bhd, Dee Huat Farming Trading Sdn Bhd and FBF for the Disposal of Broiler Farms for a total cash consideration of RM58,526,100. The agreements were completed on 3 July 2018 save for a sale and purchase agreement entered into between Sinmah Livestocks Sdn Bhd and FBF to dispose 4 parcels of land and 1 broiler farm located in Johor which had been mutually terminated on 3 July 2018;

(iii) A JVA dated 8 June 2017 entered into between SDSB, EBKSB and JVCo to carry out a mixed development project on the Project Land. On 5 December 2017, SDSB and EBKSB had mutually agreed to extend the term for the fulfilment of the conditions precedent pursuant to the JVA to 6 June 2018. Subsequently, SDSB and EBKSB had on 31 May 2018 mutually agreed to further extend the term for the fulfilment of the conditions precedent pursuant to the JVA to 6 December 2018;

(iv) 4 separate sale and purchase agreements dated 4 July 2017 entered into between Syarikat Perniagaan Suann Sdn Bhd (our 51%-owned subsidiary) and PTS Poultry Processing (BP) Sdn Bhd for the Disposal of Poultry Assets for a total cash consideration of RM12,334,000. The agreements were completed on 4 December 2017; and

(v) Deed Poll dated 25 July 2018 constituting the Rights Warrants.

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ADDITIONAL INFORMATION (*CONT'D*)

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Group and there is no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group, except for the following:

(i) Sinmah Multifeed Sdn Bhd has been issued with a notice of additional tax assessment amounting to approximately RM2.78 million in connection with a tax audit carried out by the IRB for the years of assessment 2008 to 2013. Sinmah Multifeed had on 26 May 2017 filed an appeal to IRB to negotiate on the payment installment and subsequently IRB has agreed to accept the payment installment while the appeal process is ongoing. On 14 November 2017, IRB issued a notice to Sinmah Multifeed that the dispute resolution proceedings session has been fixed on 13 December 2017 in respect of the abovesaid additional tax assessment. The date of the dispute resolution proceedings session was subsequently postponed by the IRB to 15 February 2018. There was no outcome forthcoming at the dispute resolution proceeding held on 15 February 2018. On 23 March 2018, Sinmah Multifeed's legal representative had written to the IRB on behalf of our Company to seek IRB's consideration of the reason for our group relief to be allowed and the respective additional tax to be waived. The IRB was unable to give due consideration to the appeals of Sinmah Multifeed and hence, the case was forwarded by the IRB to the Special Commissioners of Income Tax for decisions on the matter. Our legal representative will take up the case with the Special Commissioners of Income Tax in due course; and

(ii) Sinmah Project Management Sdn Bhd, being our Group's subsidiary, has been issued with a notice of additional tax penalty amounting to approximately RM2.78 million in connection with a tax audit carried out by IRB for the years of assessment 2008 to 2013. IRB has disallowed the surrendering losses by Sinmah Project Management Sdn Bhd to its related company, Sinmah Multifeed as advised by Sinmah Project Management Sdn Bhd's tax agent under our Group relief provision. Sinmah Project Management Sdn Bhd had on 26 May 2017 filed an appeal to IRB to against the tax penalty. On 14 November 2017, IRB issued a notice to Sinmah Project Management Sdn Bhd that the dispute resolution proceedings session has been fixed on 13 December 2017 in respect of the abovesaid additional tax penalty. The date of the dispute resolution proceedings session was subsequently postponed by the IRB to 15 February 2018. There was no outcome forthcoming at the dispute resolution proceeding held on 15 February 2018. On 23 March 2018, Sinmah Project Management Sdn Bhd's legal representative had written to the IRB on behalf of our Company to seek IRB's consideration of the reason for our group relief to be allowed and the tax penalty be waived. The IRB was unable to give due consideration to the appeals of Sinmah Project Management Sdn Bhd and hence, the case was forwarded by the IRB to the Special Commissioners of Income Tax for decisions on the matter. Our legal representative will take up the case with the Special Commissioners of Income Tax in due course.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within 1 year from the date of this AP.

5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Principal Bankers, Share Registrar, Solicitors for the Rights Issue and Bloomberg Finance L.P. have each given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 December 2017 and the audited consolidated financial statements of our Group for the FYE 2017 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

Valuer has given and has not subsequently withdrawn its written consent to the inclusion of its name in this AP, the valuation certificate dated 30 May 2017 and 4 December 2017, and all references thereto in the form and context in which they appear in this AP.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at No. 4-1 Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of 12 months from the date of this AP:

(i) the M&A of our Company;

(ii) our audited financial statements for the past 2 FYEs 2016 and 2017 and our latest unaudited consolidated financial statements for FPE 2018;

(iii) Undertaking letter referred to in Section 2.4 of this AP;

(iv) the pro forma consolidated statements of financial position as at 31 December 2017 and the Reporting Accountants' letter thereon as set out in Appendix III of this AP;

(v) Directors' Report referred to as Appendix VI of this AP;

(vi) the valuation report and valuation certificate referred to as Appendix VII of this AP;

(vii) Deed Poll;

(viii) material contracts as referred to in Section 3 above; and

(ix) the letters of consent referred to in Section 6 above.

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, there are no false or misleading statements or other facts, the omission of which would make any statement herein 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 this Rights Issue.

NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH RIGHTS WARRANTS

Terms defined in the Abridged Prospectus dated 8 August 2018 ("**Abridged Prospectus**") shall have the same meanings when used in this Notice of Provisional Allotment. The provisional allotment of Rights Shares (as defined herein) with Rights Warrants (as defined herein) is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") shall apply in respect of dealings in the provisional allotment of Rights Shares with Rights Warrants.

SINMAH CAPITAL BERHAD

(Company No. 301653-V)
(Incorporated in Malaysia)

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 ("ENTITLEMENT DATE") 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 ("RIGHTS ISSUE")

Adviser

TA SECURITIES
A MEMBER OF THE TA GROUP

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

To: Shareholders of Sinmah

Dear Sir/ Madam,

The Board of Directors of Sinmah ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 15 November 2017 and the Ordinary Resolution 1 passed by shareholders of the Company at the Extraordinary General Meeting convened on 2 May 2018, the number of Rights Shares with Rights Warrants as indicated below ("**Provisional Allotment**").

We wish to advise that the following Rights Shares with Rights Warrants provisionally allotted to you in respect of the Rights Issue have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form dated 8 August 2018 issued by the Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus dated 8 August 2018 issued by the Company. Bursa Securities has already prescribed the securities of Sinmah listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the provisional allotment of Rights Shares with Rights Warrants arising from the Rights Issue are prescribed securities and, as such, all dealings in the Provisional Allotment will be by way of book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository.

ALL RIGHTS SHARES WITH RIGHTS WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES WITH RIGHTS WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREES(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

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

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF SINMAH SHARES HELD AS AT 5.00 P.M. ON 8 AUGUST 2018	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF RIGHTS WARRANTS ATTACHED TO THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.20 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	Wednesday, 8 August 2018 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	Wednesday, 15 August 2018 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	Monday, 20 August 2018 at 4.00 p.m.
Last date and time for acceptance and payment	Friday, 24 August 2018 at 5.00 p.m.
Last date and time for excess application and payment	Friday, 24 August 2018 at 5.00 p.m.

By order of the Board
Teo Soon Mei (MAICSA 7018590)
Nolan John Felix (MIA 18938)
Company Secretaries

Share Registrar
Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel. no. : 03-7849 0777
Fax. no. : 03-7841 8151/52

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 8 AUGUST 2018

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 8 AUGUST 2018 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE RIGHTS SHARES (AS DEFINED HEREIN) WITH RIGHTS WARRANTS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS RIGHTS SHARES WITH RIGHTS WARRANTS PURSUANT TO THE RIGHTS ISSUE (AS DEFINED HEREIN) OF SINMAH CAPITAL BERHAD ("SINMAH" OR THE "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON 24 AUGUST 2018. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH RIGHTS WARRANTS STANDING TO THE CREDIT OF HIS / HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

SINMAH CAPITAL BERHAD

(Company No. 301653-V)
(Incorporated in Malaysia)

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 HELD AS AT 5.00 P.M. ON 8 AUGUST 2018 ("ENTITLEMENT DATE") 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 ("RIGHTS ISSUE")

NAME AND ADDRESS OF APPLICANT
(in block letters as per Bursa Depository's record)

NRIC NO. / PASSPORT NO. (STATE COUNTRY) / **COMPANY NO.**

CDS ACCOUNT NO. _ _ _ - _ _ _ - _ _ _ _ _ _ _ _ _

NUMBER OF SINMAH SHARES HELD AT 5.00 P.M. ON 8 AUGUST 2018	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF RIGHTS WARRANTS ATTACHED TO THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.20 PER RIGHTS SHARE (RM)

Note: If you have subsequently purchased additional provisional Rights Shares with Rights Warrants from the open market, you should indicate your acceptance of the total provisional Rights Shares with Rights Warrants that you have standing to the credit in your CDS account under Part I(A).

To: The Board of Directors of Sinmah ("**Board**")

PART I – ACCEPTANCE OF PROVISIONAL RIGHTS SHARES WITH RIGHTS WARRANTS AND APPLICATION FOR EXCESS RIGHTS SHARES WITH RIGHTS WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, I / we* hereby irrevocably:
(i) *accept the number of Rights Shares with Rights Warrants as stated below, which were provisionally allotted / transferred / renounced* to me / us*;
(ii) *apply for the number of excess Rights Shares with Rights Warrants as stated below in addition to the above;

in accordance with and subject to the Constitution of the Company.

I / We* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of Rights Shares with Rights Warrants accepted / applied for, and hereby request for the said Rights Shares with Rights Warrants to be credited into my / our valid and subsisting CDS account as stated above:

NUMBER OF RIGHTS SHARES WITH RIGHTS WARRANTS ACCEPTED / EXCESS RIGHTS SHARES WITH RIGHTS WARRANTS APPLIED		AMOUNT PAYABLE BASED ON RM0.20 PER RIGHTS SHARE (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				**SINMAH RIGHTS ISSUE ACCOUNT**
(B) EXCESS				**SINMAH EXCESS RIGHTS ISSUE ACCOUNT**

I / We* hereby authorise you to return without interest, my / our* application money or the balance thereof should my / our* application for excess Rights Shares with Rights Warrants be not successful at all or only partial successful by ORDINARY POST to me / us* at MY / OUR* OWN RISK.

PART II – DECLARATION

I / We* hereby confirm and declare that:
(i) All information provided by me / us* is true and correct;
(ii) All information is identical with the information in the records of the Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our* rights may be rejected;
(iii) I / We* consent to Sinmah and the Share Registrar of Sinmah collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Shares and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations; and
* I am 18 years of age or over.
* I am / We are* resident(s) of Malaysia.
* I am / We are* resident(s) of ………………….. (country) and having ……………………. citizenship.
* I am / We are* nominee(s) of a person who is a Bumiputera / Non-Bumiputera / Non-Citizen* resident in ……………….. (country) and having..………………… citizenship.

I / We* hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Signature / Authorised signatory(ies)
(Corporate Bodies must affix their Common Seal)

Contact telephone no. during office hours

LAST DATE AND TIME FOR		
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.

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 8 AUGUST 2018 ("ABRIDGED PROSPECTUS").

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 ADVISERS IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE SHOULD BE ADDRESSED TO THE SHARE REGISTRAR OF THE COMPANY, SYMPHONY SHARE REGISTRARS SDN BHD, LEVEL 6, SYMPHONY HOUSE, PUSAT DAGANGAN DANA 1, JALAN PJU 1A/46, 47301 PETALING JAYA, SELANGOR. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.

This RSF, together with the Abridged Prospectus and Notice of Provisional Allotment ("**NPA**") for the Rights Issue, is not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Sinmah Capital Berhad ("**Sinmah**" or the "**Company**") and TA Securities Holdings Berhad shall not accept any responsibility or liability in the event that any acceptance or renunciation made by entitled shareholders and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the entitled shareholders and/or renouncees/transferees (if applicable) are residents.

The Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The NPA and RSF, have also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

The shareholders of Sinmah have approved the Rights Issue at the Extraordinary General Meetings held on 2 May 2018. Approval has also been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 15 November 2017 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 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. The official listing of and quotation for Rights Shares with Rights Warrants will commence after, among others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") that all the Central Depository System ("**CDS**") accounts of entitled shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the successful applicants.

Bursa Securities takes no responsibility for the correctness or accuracy of any statements made or opinions expressed herein. Admission to the Official List and quotation of the said securities on Bursa Securities are in no way reflective of the merits of the Rights Issue.

This RSF, together with the Abridged Prospectus and NPA, have been seen and approved by the Board of Directors of Sinmah ("**Board**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

The provisionally allotted Rights Shares with Rights Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of the Bursa Depository shall apply in respect of dealings of the provisionally allotted Rights Shares.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "**RM**" in abbreviation) and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in this documents, unless they are otherwise defined here or other context otherwise requires.

INSTRUCTIONS:

(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 24 August 2018.

(II) FULL ACCEPTANCE OF THE RIGHTS SHARES

If you wish to accept the Rights Shares provisionally allotted to you, please complete Part I(A) and Part II of this RSF and return this RSF, together with the appropriate remittance made 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 and must be made out in favour of "**SINMAH RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and CDS account number in block letters, for the full amount payable for the Rights Shares accepted, to be received by the Share Registrar, before 5.00 p.m. on 24 August 2018. Cheques or any other mode of payments are not acceptable.

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
Telephone No.: 03-7849 0777
Facsimile No.: 03-7841 8151/52

FOR ORDINARY POST:
Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

If acceptance and payment for the Rights Shares provisionally allotted to you is not received by the Share Registrar by 5.00 p.m. on 24 August 2018, being the last time and date for acceptance and payment, such provisional allotment of rights will be deemed to have been declined and will be cancelled. The Board will then have the right to allot such Rights Shares with Rights Warrants not taken up, first, to applicants applying for excess Rights Shares in the manner set out in note (IV) below.

The remittance must be made for the exact amount payable for the Rights Shares accepted. No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within 8 market days from the last date for acceptance and payment for the Rights Shares with Rights Warrants.

(III) PART ACCEPTANCE OF THE RIGHTS SHARES WITH RIGHTS WARRANTS

If you wish to accept part of your provisional allotment of the Rights Shares with Rights Warrants, please complete Part I(A) of this RSF by specifying the number of Rights Shares with Rights Warrants which you are accepting and Part II of this RSF and deliver the completed RSF together with the relevant payment to the Share Registrar by 5.00 p.m. on 24 August 2018, being the last time and date for acceptance and payment.

(IV) APPLICATION FOR EXCESS RIGHTS SHARES WITH RIGHTS WARRANTS

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to apply for excess Rights Shares with Rights Warrants in addition to those provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable), please complete Part I(B) of this 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 the Share Registrar. Payment for the excess Rights Shares with Rights Warrants applied for should be made in the same manner described in note (II) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**SINMAH EXCESS RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and CDS account number in block letters to be received by the Share Registrar not later than 5.00 p.m. on 24 August 2018, being the last time and date for the excess Rights Shares with Rights Warrants acceptance and payment. No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within 8 market days from the last date for acceptance and payment for the excess Rights Shares with Rights Warrants.

In respect of unsuccessful or partially successful excess Rights Shares with Rights Warrants applications, the full amount or the surplus application monies (as the case may be) will be refunded without interest within 15 market days from the last date for application and payment for the excess Rights Shares with Rights Warrants by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository at the applicant's own risk. It is the intention of the 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 the 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)/renouncee(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, the Board reserves the right to allot any excess Rights Shares with Rights Warrants applied for under Part I(B) of the Rights Subscription Form in such manner as it deems fit and expedient and in the best interest of the Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out in (i), (ii), (iii) and (iv) above are achieved. The Board also reserves the right to accept any excess Rights Shares with Rights Warrants application, in full or in part, without assigning any reason.

(V) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH RIGHTS WARRANTS

If you wish to sell/transfer all or part of your provisional allotment of the Rights Shares with Rights Warrants to your renouncee(s)/transferee(s) (if applicable), you may do so immediately through your stockbroker without first having to request the Company for a splitting of the provisional allotment of the Rights Shares with Rights Warrants standing to the credit of your CDS accounts. To sell/transfer all or part of your provisional allotment of the Rights Shares with Rights Warrants, you may sell such provisional allotment of the Rights Shares with Rights Warrants on the open market of Bursa Securities or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of the Rights Shares with Rights Warrants, you and/ or your renouncee(s)/transferee(s) (if applicable) need not deliver any document, including this RSF, to the stockbroker. However, you and/or your renouncee(s)/transferee(s) (if applicable) must ensure that you have sufficient provisional allotment of the Rights Shares with Rights Warrants standing to the credit of your CDS account before trading.

The purchaser(s)/renouncee(s)/transferee(s) can collect a copy of this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, the Registered Office of the Company, the Share Registrar's office or Bursa Securities' website at http://www.bursamalaysia.com.

If you have sold only part of the provisional allotment of the Rights Shares with Rights Warrants, you may still accept the balance of your provisional allotment of the Rights Shares with Rights Warrants by completing Parts I(A) and II of this RSF.

(VI) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) Rights Shares with Rights Warrants subscribed by the shareholders and/or their renouncee(s)/transferee(s) will be credited into their respective CDS accounts as shown in Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the provisional allotment of the Rights Shares with Rights Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
(e) The Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on the RSF.