

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**SINMAH CAPITAL BERHAD**  
Registration No.: 199401015973 (301653-V)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED PRIVATE PLACEMENT OF UP TO 82,298,500 NEW ORDINARY SHARES IN SINMAH CAPITAL BERHAD ("SMCAP" OR THE "COMPANY") ("SMCAP SHARE(S)", REPRESENTING APPROXIMATELY 25% OF THE EXISTING NUMBER OF ISSUED SMCAP SHARES, TO THIRD PARTY INVESTOR(S), WHO QUALIFY UNDER SCHEDULES 6 AND 7 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser and Placement Agent*

**UOBKayHian**

**UOB Kay Hian Securities (M) Sdn. Bhd.**  
Registration No.: 199001003423 (194990-K)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting of SMCAP ("**EGM**"), which will be conducted virtually from the main venue at Boardroom, 1-17-02, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Tuesday, 24 August 2021 at 11.00 a.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Twenty Seventh Annual General Meeting of SMCAP scheduled to be held on the same day at 10.00 a.m., whichever is earlier, together with the Proxy Form are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy to attend, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited with the Poll Administrator, Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or via email to AGM-support.Sinmah@megacorp.com.my not less than forty eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Sunday, 22 August 2021 at 11.00 a.m.

Date and time of the EGM : Tuesday, 24 August 2021 at 11.00 a.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Twenty Seventh Annual General Meeting of SMCAP scheduled to be held on the same day at 10.00 a.m., whichever is earlier

This Circular is dated 27 July 2021

---

## DEFINITIONS

---

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"AGM"	:	Annual General Meeting of SMCAP
"Board"	:	Board of Directors of SMCAP
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular dated 27 July 2021
"Deed Poll"	:	The deed poll dated 25 July 2018 constituting the Warrants
"Director(s)"	:	The director(s) of SMCAP and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	Extraordinary General Meeting of SMCAP
"EPS"	:	Earnings per Share
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	7 July 2021, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
"Maximum Scenario"	:	Assuming all the outstanding Warrants are fully exercised and maximum grant and full exercise of the available SIS Options pursuant to the SIS Scheme of up to 15% of the total number of issued SMCAP Shares (excluding treasury shares, if any) prior to the implementation of the Proposed Private Placement
"Minimum Scenario"	:	Assuming none of the outstanding Warrants are exercised and none of the SIS Options are granted and exercised pursuant to the SIS Scheme prior to the implementation of the Proposed Private Placement
"NA"	:	Net assets attributable to the owners of SMCAP
"PAT/ (LAT)"	:	Profit / (Loss) after taxation
"PBT/ (LBT)"	:	Profit / (Loss) before taxation
"Placement Share(s)"	:	Up to 82,298,500 new SMCAP Shares to be issued pursuant to the Proposed Private Placement
"Proposed Private Placement"	:	Proposed private placement of up to 82,298,500 new SMCAP Shares, representing up to 25% of the existing number of issued Shares as at the LPD
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SIS Option(s)"	:	Share option(s) to be granted pursuant to the SIS Scheme

---

**DEFINITIONS (CONT'D)**

---

"SIS Scheme"	:	Share issuance scheme of up to 15% of the total number of issued SMCAP Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible directors and employees of SMCAP and its non-dormant subsidiaries
"SMCAP" or the "Company"	:	Sinmah Capital Berhad (Registration No.: 199401015973 (301653-V))
"SMCAP Group" or the "Group"	:	SMCAP and its subsidiaries, collectively
"SMCAP Share(s)" or the "Share(s)"	:	Ordinary share(s) in SMCAP
"UOBKH" or the "Adviser" or the "Placement Agent"	:	UOB Kay Hian Securities (M) Sdn. Bhd. (Registration No.: 199001003423 (194990-K))
"VWAP"	:	Volume weighted average market price
"Warrant(s)"	:	37,851,039 outstanding warrants 2018/ 2023 in SMCAP as at the LPD. Warrants are constituted by the Deed Poll and each Warrant carries the entitlement to subscribe for 1 new SMCAP Share during the 5-year exercise period up to 29 August 2023 at an exercise price of RM0.20 per Warrant

All references to "you" in this Circular is to the shareholders of the Company. All references to "we", "us", "our" and "SMCAP" in this Circular is to the Company.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>EXECUTIVE SUMMARY</b>	iv
<b>LETTER TO THE SHAREHOLDERS OF SMCAP IN RELATION TO THE PROPOSED PRIVATE PLACEMENT CONTAINING:-</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT	2
3. UTILISATION OF PROCEEDS	4
4. OTHER FUND RAISING EXERCISES IN THE PAST 12 MONTHS	5
5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT	7
6. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF SMCAP GROUP	13
7. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT	18
8. HISTORICAL SHARE PRICES	22
9. APPROVALS REQUIRED/ OBTAINED	22
10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM	23
11. ESTIMATED TIMEFRAME FOR COMPLETION	23
12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	23
13. DIRECTORS' STATEMENT AND RECOMMENDATION	23
14. EGM	24
15. FURTHER INFORMATION	24
<b>APPENDIX</b>	
I. FURTHER INFORMATION	
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>PROXY FORM</b>	<b>ENCLOSED</b>

---

## EXECUTIVE SUMMARY

---

This Executive Summary highlights only the salient information of the Proposed Private Placement. You are advised to read this Circular in its entirety for further details of the Proposed Private Placement and not to rely solely on this Executive Summary in forming a decision on the Proposed Private Placement before voting at the EGM.

Key information	Description	Reference to Circular
<b>Summary of the Proposed Private Placement</b>	The Company is proposing to issue up to 82,298,500 Placement Shares, representing approximately 25% of the existing number of issued SMCAP Shares as at the LPD.	Section 2
<b>Rationale and justifications for the Proposed Private Placement</b>	<ul style="list-style-type: none"><li>• Enables SMCAP to raise additional funds without incurring interest costs as compared to conventional bank borrowings;</li><li>• Provides SMCAP with an expeditious way of raising funds from the capital market as opposed to other forms of fund raising; and</li><li>• Increases the size and strength of SMCAP shareholders' funds.</li></ul>	Section 5
<b>Conditionality</b>	The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by SMCAP.	Section 9
<b>Approvals required</b>	The Proposed Private Placement is subject to the following approvals being obtained:- <ul style="list-style-type: none"><li>• Bursa Securities, which was obtained on 7 July 2021;</li><li>• Our shareholders at the forthcoming EGM; and</li><li>• Any other relevant authority and/ or third parties, if required.</li></ul>	Section 9
<b>Interested parties and any conflict of interest from the Proposed Private Placement</b>	<ul style="list-style-type: none"><li>• None of our Directors, major shareholders, chief executive of SMCAP and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.</li><li>• UOBKH is an independent party, which have no conflicts of interest or potential conflicts of interest arising from its role as the Adviser and Placement Agent for the Proposed Private Placement.</li></ul>	Section 10 and Appendix I
<b>Board's recommendation</b>	Our Board recommends that you vote in favour of the resolution pertaining to the Proposed Private Placement at the EGM, the details of which are set out in the cover page of this Circular, or the Notice of EGM as enclosed.	Section 13

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



## SINMAH CAPITAL BERHAD

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

### Registered Office

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

27 July 2021

### Board of Directors

Datuk Hj. Zainal Bin Hj. Shamsudin (*Chairman, Independent Non-Executive Director*)  
Datuk Fong Kiah Yeow (*Executive Director*)  
Fong Ngan Teng (*Executive Director*)  
Toh Hong Chye (*Executive Director*)  
Mohd Khasan Bin Ahmad (*Senior Independent Non-Executive Director*)  
Munawar Kabir Mohd Bin Zainal Abidin (*Independent Non-Executive Director*)  
Datuk Ng Peng Hong @ Ng Peng Hay (*Non-Independent Non-Executive Director*)

### To: The shareholders of Sinmah Capital Berhad

Dear Sir/ Madam,

### PROPOSED PRIVATE PLACEMENT

---

#### 1. INTRODUCTION

On 18 June 2021, UOBKH had, on behalf of our Board, announced that SMCAP intends to undertake the Proposed Private Placement.

On 8 July 2021, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 7 July 2021, resolved to approve the listing and quotation for up to 82,298,500 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, subject to the terms and conditions as set out in **Section 9** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE EGM.**

## 2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

### 2.1 Placement size

The Proposed Private Placement involves the issuance of up to 82,298,500 new SMCAP Shares, representing approximately 25% of the existing number of issued Shares as at the LPD, at an issue price to be determined later.

As at the LPD, the total issued share capital of SMCAP was RM188,468,896 comprising 324,905,620 SMCAP Shares.

In addition, as at the LPD, SMCAP has the following convertible securities:-

- (i) 37,851,039 Warrants; and
- (ii) For information purpose, our Board has yet to offer any share options pertaining to the share issuance scheme of up to 15% of the total number of issued SMCAP Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible directors and employees of SMCAP and its non-dormant subsidiaries. The SIS Scheme shall be in force for a period of 5 years from the implementation date of 18 September 2018. The unexercised SIS Options will become null and void after the date of expiry on 17 September 2023.

Under the Maximum Scenario, the Company's enlarged number of issued Shares will be 411,492,502 SMCAP Shares. Accordingly, a total of up to 82,298,500 Placement Shares, representing approximately 20% of the enlarged number of issued shares of SMCAP, may be issued pursuant to the Proposed Private Placement.

For illustrative purpose, the total number of Placement Shares that may be issued by SMCAP pursuant to the Proposed Private Placement is based on the following 2 scenarios:-

Scenario	No. of Placement Shares
<b>Minimum Scenario</b>	64,981,124 Placement Shares (representing approximately 20% of the existing number of issued Shares of 324,905,620 Shares)
<b>Maximum Scenario</b>	82,298,500 Placement Shares (representing approximately 20% of the enlarged number of issued Shares of 411,492,502 Shares)

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued shares of the Company on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement as set out in **Section 9** of this Circular, where applicable.

### 2.2 Basis and justification for the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined and fixed by our Board at a later date after receipt of all relevant approvals for the Proposed Private Placement, after taking into consideration, among others the following:-

- (i) the prevailing market conditions and market prices of SMCAP Shares;
- (ii) the rationale and justifications for the Proposed Private Placement as set out in **Section 5** of this Circular; and

- (iii) the historical financial performance of SMCAP Group, where SMCAP Group has been in a loss making position in the latest audited consolidated financial statements of SMCAP Group for the FYE 31 December 2020 and the latest unaudited quarterly report of SMCAP Group for the 3-month FPE 31 March 2021 as set out in **Section 5.1** of this Circular.

The maximum discount has been set at 20% to provide SMCAP with more flexibility when fixing the issue price of the Placement Shares as well as such discount deemed to be sufficient to entice the investor(s) to subscribe for the Placement Shares for the intended utilisation of proceeds as set out in **Section 3** of this Circular. Additionally, it is the intention of the Board to fully place out the Placement Shares to raise maximum funding for the Company from the Proposed Private Placement and thus, such discount of 20% will provide the Board with sufficient flexibility to place out the Placement Shares at a price deemed attractive as well as acceptable to both potential investor(s) and the Company. As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustration purposes only, the indicative issue price of the Placement Shares is assumed to be at RM0.28 per Placement Share, which represents a discount of approximately 19.63% to the 5-day VWAP of SMCAP Shares up to and including the LPD of RM0.3484 (*Source: Bloomberg*).

### **2.3 Allocation to Placees**

The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

Additionally, the Placement Shares will not be placed out to the following parties:-

- (i) director, major shareholder or chief executive of SMCAP or a holding company of SMCAP, if any ("**Interested Person**");
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in tranches within 6 months from the date of Bursa Securities approval for the Proposed Private Placement, as such, the issue price of the Placement Shares will be determined for each tranche of the Proposed Private Placement. We will make the necessary price-fixing announcement(s) once our Board has fixed the issue price of the Placement Shares which may be issued in tranches, in which there will be a price-fixing announcement including the basis and justification for the quantum of discount for each tranche of Placement Shares. In any event, we will ensure payment for the Placement Shares by the placee(s) is received within 5 market days from the price-fixing date of each tranche of the Proposed Private Placement.

In the event our Board is unable to identify sufficient placees to subscribe for the entire portion of the Placement Shares at one time, the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, respectively.

### **2.4 Ranking of the Placement Shares**

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares.



## 2.5 Listing and quotation for the Placement Shares

The Placement Shares to be issued will be listed on the Main Market of Bursa Securities. Approval for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities have been obtained via Bursa Securities' approval letter dated 7 July 2021.

## 3. UTILISATION OF PROCEEDS

Based on the indicative issue price of RM0.28 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to RM23.04 million under the Maximum Scenario. For illustrative purposes, the intended utilisation of proceeds to be raised from the Proposed Private Placement are set out as follows:-

	Timeframe for utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Future viable investment <sup>*1</sup>	Within 24 months from the receipt of placement funds	18,064	22,913
Estimated expenses <sup>*2</sup>	Upon completion of the Proposed Private Placement	130	130
<b>Total</b>		<b>18,194</b>	<b>23,043</b>

### Notes:-

<sup>\*1</sup> SMCAP Group is principally involved in the development and construction of residential and commercial properties, as well as in the healthcare and poultry businesses.

As part of SMCAP growth plan initiatives, SMCAP Group intends to expand its businesses which may involve investments and/ or mergers and acquisitions of businesses or assets that are similar or complementary to its nature of businesses, and/ or in different businesses with growth potential, if the need arises to mitigate SMCAP Group's reliance on its existing business segments and/ or to diversify its earnings base.

In line with the above, the proceeds which may be raised from the Proposed Private Placement shall be utilised to finance any suitable and viable potential business(es)/ investment(s), within 24 months from receipt of funds received. As these potential acquisition(s) of business(es)/ investment(s) may cost a substantial amount, the proceeds raised from the Proposed Private Placement may allow SMCAP Group to capitalise on suitable and viable investment opportunities as and when it arises, which in turn may generate positive returns to SMCAP Group in the future.

At this juncture, our Board is still exploring options for new business opportunities as mentioned above and has yet to finalise the terms of any such business opportunity. Notwithstanding that, SMCAP Group's priority remained focused on the look-out for such new business(es)/ investment(s) opportunities that are similar or complementary to its nature of business, and which can enable SMCAP Group to achieve higher scalability and/ or derive business synergy throughout its business value chain. As such, apart from making investment into and/ or acquiring similar core entities or assets relating to property, healthcare and poultry businesses, SMCAP Group may invest in and/ or acquire complementary businesses/ assets such as pharmaceutical business, trading/ distribution of medical products and related activities, which are aimed at providing additional revenue stream or creating new business synergies to the existing businesses of SMCAP Group.

SMCAP Group is currently in the midst of identifying and evaluating such business opportunities, and key considerations that are aligned with its investment objectives and criteria include but not limited to, business(es)/ assets with profitable track record, ability to generate growth potential, or the ability to create value-added synergies and/ or business peripherals to complement SMCAP Group's existing business. In the event such investment opportunity(ies) is/ are not within the existing business of SMCAP Group or is anticipated to result in a diversification of business, our Board will ensure compliance with the provisions of the Listing Requirements, specifically Paragraph 10.13 of the Listing Requirements. Additionally, a brief explanation of the status of utilisation of proceeds raised from the Proposed Private Placement, including the breakdown and details of the acquisition/ investment, will be made in the Company's quarterly report and annual report in accordance with the Listing Requirements. Nonetheless, SMCAP shall also make an immediate announcement in accordance with the Listing Requirements as and when such acquisition/ investment materialised.

Further, SMCAP Group shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements as and when new investment(s) are identified and the terms of negotiations are finalised. However, in the event SMCAP Group is unable to identify any suitable and viable investment opportunities within the permitted timeframe, the proceeds earmarked for business/ investment opportunities will continue to be placed as deposits with licensed financial institutions or short-term money market instruments, until such time when our Board and/ or management is able to identify a suitable and viable investment opportunity. Any interest income earned from such deposits or instruments will be used to fund the working capital of SMCAP Group. In addition, SMCAP will make an immediate announcement in the event SMCAP Group is unable to identify any suitable and viable investment opportunities within the permitted timeframe, together with the amount of unutilised proceeds and the intended utilisation. SMCAP will seek shareholders' approval if SMCAP triggers the provision of Paragraph 8.22(1) of the Listing Requirements in respect of any material variation.

<sup>2</sup> The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised as follows:-

	<b>RM'000</b>
Professional fees (i.e. adviser and placement agent)	70
Regulatory fees	30
Other incidental expenses in relation to the Proposed Private Placement	30
<b>Total</b>	<b>130</b>

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for the future viable investment.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for future viable investment.

Any shortfall between the actual gross proceeds raised and the intended gross proceeds to be raised from the Proposed Private Placement will be funded via internally generated funds and/or bank borrowings, the exact quantum of which will be determined by our Board at a later date upon obtaining all the necessary approvals (if necessary). Any excess in the actual gross proceeds raised and the intended gross proceeds to be raised from the Proposed Private Placement will be accordingly allocated to fund the future viable investment.

Pending utilisation of the proceeds from the Proposed Private Placement for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for SMCAP Group.

#### **4. OTHER FUND RAISING EXERCISES IN THE PAST 12 MONTHS**

SMCAP had on 8 September 2020 obtained the approval from Bursa Securities for the listing and quotation of up to 119,936,985 new Shares to be issued pursuant to the:-

- (i) a private placement of up to 20% of the total number of issued shares of SMCAP to third party investor(s) in accordance with the general mandate pursuant to Sections 75 and 76 of the Act ("**General Mandate Placement**"); and
- (ii) a private placement of up to 20% of the total number of issued shares of SMCAP to third party investor(s) to be identified later at an issue price to be determined and announced later ("**20% Placement**"),

collectively referred to as the "**Placement Exercises**".

As at the LPD, SMCAP has placed out an aggregate number of 110,788,200 Shares, raising a total gross proceeds of approximately RM38.56 million, further details of which are set out below:-

Listing Date	Issue Price RM	Shares	Proceeds raised RM
21 December 2020	0.2734	38,000,000	10,389,200
8 January 2021	0.3864	40,000,000	15,456,000
26 February 2021	0.3879	32,788,200	12,718,542
<b>Total</b>		<b>110,788,200</b>	<b>38,563,742</b>

The status of the utilisation of the said gross proceeds as at the LPD is set out below:-

Details of utilisation	Expected timeframe for utilisation from receipt of funds	Proposed utilisation RM'000	Amount utilised as at the LPD RM'000	Balance to be utilised RM'000
Working capital:-	Within 6 months			
Purchase of poultry feeds		16,408	13,055	3,353
Purchase of day-old chicks ("DOCs")		4,102	2,953	1,149
Purchase of broilers		6,837	6,837	-
<b>Sub-total for working capital</b>		<b>27,347</b>	<b>22,845</b>	<b>4,502</b>
Development expenditure to be incurred on SMCAP Group's existing projects	Within 12 months	10,966	6,516 <sup>*1</sup>	4,450
Expenses	Upon completion	250	159	91
<b>Total</b>		<b>38,563</b>	<b>29,520</b>	<b>9,043</b>

**Note:-**

<sup>\*1</sup> The proceeds for the development expenditure has been utilised for SMCAP Group existing projects located at Taman Gambir Perdana, Bukit Gambir, Johor and Taman Tanjung Minyak Utama, Melaka as follows:-

Development expenditure	Amount (RM'000)
Purchase of building materials	1,595
Cost of labour	1,839
Plumbing, sewerage and drainage	1,609
Roofing works	407
Painting works	255
Tiling works	175
Electrical works	82
Aluminium works	71
Road works	92
Preliminaries	391
<b>Total</b>	<b>6,516</b>

For information purposes, the General Mandate Placement has been completed on 8 January 2021 and the 20% Placement has been completed on 26 February 2021. Save for the Placement Exercises and the Proposed Private Placement, SMCAP has not undertaken any other fund raising exercises in the past 12 months up to the LPD.

## 5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of the various methods of fund raising, our Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement:-

- (i) Enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings;
- (ii) Provides the Company with an expeditious way of raising funds from the capital market as opposed to other forms of fund raising; and
- (iii) Increases the size and strength of the Company's shareholders' funds.

### 5.1 Current financial performance and financial position of SMCAP Group

As at the LPD, SMCAP Group is principally involved in the following operating segments:-

- (i) Property segment - development and construction of residential and commercial properties;
- (ii) Poultry segment - wholesale of animal feeds, contract farming and trading of feeds, DOCs, medications and vaccines; and
- (iii) Healthcare segment - development of hospitals, running of hospitals, clinics, laboratories and related healthcare activities.

The financial summary of SMCAP Group based on the audited consolidated results for the past 3 financial years up to the FYE 31 December 2020 and the unaudited quarterly results for the 3-month FPE 31 March 2020 and the 3-month FPE 31 March 2021, is set out below:-

	<-----Audited----->			<-----Unaudited----->	
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	3-month FPE 31 March 2020 RM'000	3-month FPE 31 March 2021 RM'000
Revenue	180,931	182,458	114,067	38,308	28,763
Gross profit	8,220	3,871	5,943	1,988	2,900
PBT/ LBT	(35,135)	1,426	(25,183)	(2,893)	(747)
PAT/ LAT	(39,716)	(803)	(22,675)	(2,781)	(795)
Earnings/ (Loss) per Share (RM)	(0.35)	(0.004)	(0.104)	(0.013)	(0.003)
Gross profit margin (%)	4.54	2.12	5.21	5.19	10.08
Total interest-bearing borrowings	31,073	77,302	67,236	78,894	65,104
Deposits, cash and bank balances	35,086	32,625	21,133	33,747	44,884
Net cash generated from/ (used in) operating activities	37,288	(38,283)	(12,803)	(4,239)	(2,183)
Non-current assets	19,364	19,087	25,576	20,743	25,867
Current assets	129,112	180,233	147,065	176,955	166,892
Non-current liabilities	9,818	32,537	29,074	36,457	27,471
Current liabilities	41,146	70,896	60,005	68,135	54,281

	Audited			Unaudited	
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	3-month FPE 31 March 2020 RM'000	3-month FPE 31 March 2021 RM'000
Shareholders' funds/ NA	96,554	95,701	83,670	92,920	111,127
Total equity	97,512	95,887	83,562	93,106	111,007
Weighted average no. of Shares outstanding ( '000)	112,962	213,791	215,665	213,791	301,299
NA per Share (RM)	0.85	0.45	0.39	0.43	0.37
Current ratio (times)	3.14	2.54	2.45	2.60	3.07
Gearing ratio (times)	0.32	0.81	0.80	0.85	0.59

#### Audited FYE 31 December 2018

For the FYE 31 December 2018, SMCAP Group recorded revenue of approximately RM180.93 million, which represents a decrease of approximately of RM118.60 million or 39.60% as compared to the preceding financial period of RM299.53 million. The decrease in revenue was mainly attributable to the following:-

- (i) decrease of approximately RM125.47 million from the poultry segment from RM289.65 million to RM164.18 million. The decrease was mainly due to the decrease in sales volume of live broilers resulting from the disposal of SMCAP Group's breeder and broiler farms during the past 2 financial years; and
- (ii) decrease of approximately RM0.30 million from the others business segment from RM0.30 million to nil. The decrease was mainly due to ceasing of trading of chemicals, medication and related equipment to third party customers in the financial year under review.

The revenue contraction was partially offset by the increase in revenue of approximately RM7.17 million from the property business from RM9.58 million to RM16.75 million in the financial year under review. The increase was mainly due to higher recognition of revenue on the percentage of completion basis mainly due to the recognition of new sales of 42 units of properties sold from Taman Krubong Utama project coupled with revenue recognised from the construction contract with Koperasi Pekerja Johor in the financial year under review.

We incurred LBT of approximately RM82.95 million as compared to the PBT of RM29.10 million for the FYE 31 December 2017 for the poultry segment mainly due to waiver of debt owing to the subsidiaries, impairment loss on trade receivables as well as decrease in sales volume and selling prices of live broilers in the financial year under review.

Despite recognising gross profit of approximately RM8.22 million for the FYE 31 December 2018, SMCAP Group incurred LBT of approximately RM35.14 million as compared to the PBT of RM25.48 million for the FYE 31 December 2017. The LBT recorded was mainly attributable to:-

- (i) higher expenses by RM7.59 million or 13% in the FYE 31 December 2018 which was mainly due to repair and maintenance costs on disposed farms of RM10.38 million during the transition period between the signing of the sale and purchase agreements and the actual handing over of the disposed farms to the buyer in the financial year under review; and

- (ii) lower other operating income by RM36.05 million or 63% in the FYE 31 December 2018 which was mainly due to the absence of the pre-tax gain on disposal of several breeder and broiler farm lands and assets amounting to approximately RM45.80 million and pre-tax gain on disposal of 2 pieces of broiler farm land and assets, a piece of industrial land together with buildings and all its machinery and equipment including a poultry processing plant and a piece of land with a double-storey shop-house erected thereon, of approximately RM8.30 million in the preceding financial year which was partially offset by the recognition of pre-tax gain on disposal of about RM16.10 million, arising from the disposal of the balance broiler farms in the financial year under review.

#### **Audited FYE 31 December 2019**

For the FYE 31 December 2019, SMCAP Group recorded revenue of approximately RM182.46 million, which represents an increase of approximately RM1.53 million or 0.85% as compared to the preceding financial year of RM180.93 million. The increase in revenue was mainly attributable to the following:-

- (i) increase of approximately RM1.43 million from the poultry segment from RM164.18 million to RM165.61 million. The increase was mainly due to the increase in trading activities and higher sales of broilers during financial year under review; and
- (ii) increase of approximately RM0.05 million from the property segment from RM16.75 million to RM16.80 million. The increase was mainly attributable to the increase in the number of properties sold from the newly launched project, Taman Gambir Perdana, located at Bukit Gambir, Muar, Johor ("**TGP Project**") in the financial year under review.

In addition, SMCAP Group has also diversified into and commenced the healthcare business operations in the financial year under review. The healthcare segment has contributed revenue of approximately RM0.05 million to SMCAP Group in the financial year under review.

For the FYE 31 December 2019, SMCAP Group recorded PBT of approximately RM1.43 million as compared to the LBT of RM35.14 million for the preceding financial year. The PBT was mainly attributable to:-

- (i) higher other operating income by RM4.62 million or 22% in the FYE 31 December 2019 which was mainly due to pre-tax gain on the disposal of feed mill assets (RM18.71 million) and nine subsidiary companies amounting to RM2.48 million in the financial year under review as compared to a pre-tax gain on disposal of broilers farms (RM16.10 million) in the preceding financial year; and
- (ii) lower expenses by RM36.29 million or 56% in the FYE 31 December 2019 which was mainly due to the absence of impairment loss on trade receivables (RM24.61 million) and repair and maintenance costs of disposed farms (RM10.38 million) incurred in the preceding financial year.

#### **Audited FYE 31 December 2020**

For the FYE 31 December 2020, SMCAP Group recorded revenue of approximately RM114.07 million, which represents a decrease of approximately RM68.39 million or 37.48% as compared to the preceding financial year of RM182.46 million. The decrease in revenue was mainly attributable to the following:-

- (i) decrease of approximately RM67.15 million from the poultry segment from RM165.61 million to RM98.46 million. The decrease was mainly due to the decrease in sales of life broilers resulting from decrease in supply of live broilers in the marketplace during the financial year under review.
- (ii) decrease of approximately RM1.32 million from the property segment from RM16.80 million to RM15.48 million. The decrease mainly due to the decrease in number of properties sold during the financial year under review due to the temporary closure of property activities and operations caused by the COVID-19 pandemic outbreak.

The revenue contraction was partially offset by the increase in revenue of approximately RM0.07 million from the healthcare business from RM0.05 million to RM0.12 million in the financial year under review. The increase was mainly due to an additional clinic was in operation during the financial year under review as compared to only one clinic was in operation during the preceding financial year.

For the FYE 31 December 2020, SMCAP Group recorded LBT of approximately RM25.18 million as compared to the PBT of RM1.43 million for the preceding financial year. The LBT was mainly attributable to:-

- (i) operating income decreased by RM18.38 million or 71%% in the FYE 31 December 2020. This decrease was mainly due to a pre-tax gain on the disposal of feed mill assets (RM18.71 million) in the preceding financial year; and
- (ii) higher expenses by RM10.30 million or 36% in the FYE 31 December 2020 which was mainly due to the impairment loss on trade receivables (RM10.03 million), write down of inventories (RM2.80 million), impairment loss on goodwill (RM2.26 million) and expenditure on property development (RM1.47 million).

#### **Unaudited 3-month FPE 31 March 2021**

For the FPE 31 March 2021, SMCAP Group recorded revenue of approximately RM28.76 million, which represents a decrease of approximately RM9.55 million or 24.93% as compared to the preceding financial period of RM38.31 million. The decrease in revenue was mainly attributable to the decrease of approximately RM11.27 million from the poultry segment from RM35.37 million to RM24.10 million. The decrease was mainly due to lower sales volume of live broilers resulting from decrease in trading of live broilers activity during the financial period under review as compared to the preceding financial period.

The revenue contraction was partially offset by the following:-

- (i) increase of approximately RM1.46 million from the property segment from RM2.91 million to RM4.37 million. The increase was mainly due to higher recognition of revenue on the percentage of completion basis mainly due to the recognition of revenue contributed from the TGP Project in the financial period under review; and
- (ii) increase of approximately RM0.26 million from the healthcare segment from RM0.03 million to RM0.29 million. The increase was mainly due to an increase in COVID-19 tests carried out on local as well as foreign workers as required by the Malaysian Government ("**Government**") in the financial period under review.

For the FPE 31 March 2021, SMCAP Group recorded LBT of approximately RM0.75 million, which represents a decrease of approximately RM2.15 million or 74.05% as compared to the LBT of RM2.89 million for the preceding financial period. The lower LBT was mainly attributed to the increase in average selling price of live broilers coupled with higher revenue contributed from the property and healthcare segments.

## 5.2 Value creation and impact of the Proposed Private Placement to SMCAP Group and its shareholders

The Proposed Private Placement is undertaken with the objective of improving the financial condition of the SMCAP Group as it serves as an additional source of funding for SMCAP Group without relying on conventional bank borrowings, which may otherwise result in SMCAP Group incurring additional debt repayment obligation. The proceeds to be raised from the Proposed Private Placement may allow SMCAP Group to capitalise on suitable and viable investment opportunities that are similar or complementary to its nature of business, as and when it arises, which in turn may generate positive returns to SMCAP Group in the future.

Further, as compared to other equity fund raising alternatives for instance, a rights issue exercise, the Proposed Private Placement is an expedient fund raising alternative as the placement funds for the Placement Shares will be paid by the third party investor(s) within 5 market days from the price-fixing date and thus, allowing SMCAP Group to gain access to the funds within short period of time as opposed to other form of fund raising options such as rights issue exercise.

The Proposed Private Placement may have a dilutive effect on the existing shareholders' shareholdings. Shareholders should take note that prior to the Proposed Private Placement, SMCAP has also completed the earlier Placement Exercises in the first quarter of 2021, details as set out in **Section 4** of this Circular. Strictly for illustrative purposes, in the case of a shareholder who holds 10% equity interest in SMCAP prior to the Placement Exercises ("**Shareholder A**"), the illustrative dilution effect to Shareholder A's interest in SMCAP pursuant to the Placement Exercises and the Proposed Private Placement are set out below:-

Shareholder	As at 9 September 2020 (being the date prior to the implementation of the Placement Exercises)		Pro Forma I  As at the LPD (after the completion of the Placement Exercises)		Pro Forma II (Minimum Scenario)  After Pro Forma I and the Proposed Private Placement	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shareholder A	21,379,142	10.00	21,379,142	6.58	21,379,142	5.48
<b>Total</b>	<b>213,791,420</b>	<b>100.0</b>	<b>324,905,620</b>	<b>100.0</b>	<b>389,886,744</b>	<b>100.0</b>

As illustrated in the table above, upon the completion of the Placement Exercises and the Proposed Private Placement, the shareholdings of the Shareholder A will be diluted by approximately 4.52% (Minimum Scenario). However, the Proposed Private Placement is expected to enlarge the share capital and increase the shareholders' funds. As set out in **Section 7.2** of this Circular, the Proposed Private Placement is expected to enlarge the issued share capital from approximately RM188.47 million to RM206.66 million (Minimum Scenario) and may increase the shareholders' funds/ NA from approximately RM111.91 million to RM129.97 million (Minimum Scenario).



### 5.3 Adequacy of the Proposed Private Placement in addressing the financial concerns of SMCAP Group and steps taken to improve the financial condition of SMCAP Group

SMCAP Group's priority remained focused to improve and/ or turn around its financial position. Our Board and the management of SMCAP are of the view that the primary financial concerns of SMCAP Group comprise the funding requirements for suitable and viable potential business(es)/ investment(s), which in turn is expected to drive future growth and expand the revenue stream and earnings base of SMCAP Group. These initiatives are expected to improve SMCAP Group's financial performance when the benefits from the said future investment is realised moving forward. At this juncture, SMCAP Group is also currently in midst of identifying and evaluating such business opportunities, and key considerations that are aligned with its investment objectives and criteria include but not limited to, business(es)/ assets with profitable track record, ability to generate growth potential, or the ability to create value-added synergies and/ or business peripherals to complement SMCAP Group's existing business.

In the event such investment opportunity(ies) is/ are not within the existing business of SMCAP Group or is anticipated to result in a diversification of business, our Board will ensure compliance with the provisions of the Listing Requirements, specifically Paragraph 10.13 of the Listing Requirements. Further, SMCAP Group shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements as and when new investment(s) are identified and the terms of negotiations are finalised. Notwithstanding that, the commencement for any such suitable and viable potential business(es)/ investment(s) will take place upon successful implementation of the Proposed Private Placement.

Further, in view of the negative operating cash flow position as exhibited in the financial statement of the latest quarterly report for the 3-month FPE 31 March 2021, SMCAP Group's main priority is to conserve its cash flow position and at the same time maintain flexibility over the cash flow needs and facilitate its working capital requirements for the existing businesses in the short term. As such, the Proposed Private Placement will free up SMCAP Group's cash flow and thus, enabling SMCAP Group to conserve its internally generated funds for other business and/ or working capital requirements while the proceeds raised from the Proposed Private Placement will facilitate its funding requirements as set out in **Section 3** of this Circular. Premised on **Section 5.2** above as well as the effects of the Proposed Private Placement as set out in **Section 7** of this Circular, our Board is of the view that the Proposed Private Placement is adequate to address SMCAP Group's financial requirements at this juncture.

Barring any unforeseen circumstances and premised on the above, our Board is of the view that the above steps may reposition SMCAP Group in a better financial footing moving forward and allow SMCAP Group to pursue further growth opportunities in SMCAP Group's existing and/ or future viable businesses. Our Board is of the opinion that, after taking into consideration the funds generated from our operations, existing cash and bank balances, unutilised amount raised from the Placement Exercises and the proceeds to be raised from the Proposed Private Placement, SMCAP will have sufficient working capital to address its financial requirements for a period of 12 months from the date of this Circular. Nevertheless, in any event that SMCAP Group embarks in any new business(es)/ investment(s) and should the Board require any form of cash funding for the said intended purposes, the Board may consider to embark on the other form of equity fund raising exercise such as rights issue as well as SMCAP Group may explore to any available financial facility, as and when required. Our Board is currently not considering any other corporate exercises to address SMCAP Group's financial concerns and/ or financial performance. Nevertheless, our Board will continue to monitor its funding requirements (including a consideration of SMCAP Group's capital structure and cost of funds) and financial performance over the longer term as well as developments in the COVID-19 pandemic, and will consider undertaking future corporate exercises should the need/ opportunity arise.

*(Source: Management of SMCAP)*

## 6. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF SMCAP GROUP

### 6.1 Overview and outlook for the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter of 2021 (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics ("E&E") products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("MCO") 2.0 and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity.

Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors. The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)*

The impact of the packages is anticipated to have spill-over effects and provide an additional boost to the economy in 2021. With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% and 7.5% in 2021. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand.

Private consumption is anticipated to increase by 7.1% in 2021, mainly supported by higher disposable income arising from buoyant domestic economic activities, stronger export earnings, accommodative financial stance, extension of tax relief on childcare and favourable stock market conditions. Better job prospects, following broader improvement in the economy and measures addressing employability, are also expected to contribute to household spending. Furthermore, the expected recovery in the tourism-related industries following tax incentives on domestic tourism expenses for households will also provide additional impetus to private sector spending. As the nation rapidly shifts towards adopting digitalisation, the broader availability of various e-commerce platforms and rollout of fifth-generation wireless (5G) technology will facilitate economic activities.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*

Overall, Malaysia's real gross domestic product growth contracted by 5.6% in 2020 (2019: +4.3%). Meanwhile, inflationary pressures were muted with average headline inflation turning negative for the year at -1.2% (2019: +0.7%) due mainly to the substantially lower global oil prices during the year. However, Malaysia was not experiencing deflation as the decline in prices was neither persistent nor broad-based.

*(Source: Annual Report 2020, Bank Negara Malaysia)*

Economic growth thus expanded by 4.3% in 2019 (2018: 4.7%), driven by private sector spending.

*(Source: Annual Report 2019, Bank Negara Malaysia)*

## **6.2 Overview and outlook for the property industry in Malaysia**

The property market performance recorded a slight decrease in 2020 as compared to 2019. A total of 295,968 transactions worth RM119.08 billion were recorded, showing a decrease of 9.9% in volume and 15.8% in value compared to 2019, which recorded 328,647 transactions worth RM141.40 billion.

The residential sub-sector led the overall property market, with 64.7% contribution. This was followed by agriculture sub-sector (20.7%), commercial (6.8%), development land (6.2%) and industrial (1.6%). In terms of value, residential took the lead with 55.3% share, followed by commercial (16.4%), industrial (10.7%), development land (7.1%) and agriculture (10.5%).

Fewer new launches in 2020 led to the decrease in residential overhang and unsold under construction and not constructed. After four consecutive years of increase, the overhang recorded a decline in 2019 and 2020. There were 29,565 overhang units worth RM18.92 billion, decreased by 3.5% in volume and 0.53% in value against 2019 (30,664 units worth RM18.82 billion).

By state, Johor retained the highest number and value of overhang in the country with 7,030 units resulting in the state's overhang situation worsening as the numbers increased by 24.9%. As for Selangor, 4,889 units were recorded, and this is an increase of 4.13% %. Perak came third with 3,637 units a decrease of 27.6%

By type, condominium/apartment units formed 53.2% (15,718 units) of the national's overhang at a value of RM8.21 billion. Terrace houses (8,3061 units) formed another 28.1% of the total. By price range, those priced below RM300,000 (8,758 units) formed 29.6% while those priced from RM500,000 to RM1,000,000 (10,199 units) formed 34.5% of the total residential overhang.

The unsold under construction and not constructed improved as the number dropped to 71,735 units and 12,975 units, down by 1.32% and 22.65% respectively.

The COVID-19 outbreak is expected to take its toll on the world economies and the Malaysian economy, in particular tourism-related sectors such as airlines, retail, food and beverage and hospitality; as well as the manufacturing and selected services sector. The magnitude of the impact on the Malaysian economy would depend on the duration and spread of the outbreak not only in Malaysia but also in other countries, especially those that are Malaysia's major trading partners.

Nevertheless, Government has introduced several incentives to help cushion off the impact on the property market namely:-

- (i) The revision of the base year for Real Property Gains Tax to 1 Jan 2013 (initially 1 Jan 2000) for property purchased before the date.
- (ii) The reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas.
- (iii) The reduction of Overnight Policy Rate (OPR) by 25 basis points to 2.75% on 22 January 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

Another significant mega-project which is expected to have high positive impact on the property market landscape is the revival of Bandar Malaysia project. Bandar Malaysia is a 196-hectare integrated property development project located in Sungai Besi which was suspended in 2017. The development plan was revised and officially resumed in December 2019 with the signing of an agreement between TRX City Sdn. Bhd. and IWH CREC Sdn. Bhd. The project is a long-term development of over 20 years which is expected to start in 2020 and spur the property market in the long run.

*(Source: Property Market Report 2020, National Property Information Centre)*

### **6.3 Overview and outlook for the poultry industry in Malaysia**

The agriculture sector rebounded in the quarter at 0.4% (4Q 2020: - 1.0%), mainly due to the recovery in oil palm production as fresh fruit bunch yields normalised from the earlier impact of dry weather and fertiliser cutbacks. The oil palm recovery was also supported by higher harvesting activities, arising from the greater presence of workers in estates during the MCO period. This more than offset the weaker production in the other agriculture subsectors, such as fisheries and livestock, due to weak demand.

*(Source: Quarterly Bulletin First Quarter of 2021, Bank Negara Malaysia)*

As per 2019, the ex-farm value of the livestock products in Malaysia was more than RM24 billion. Poultry meat contribute with RM12.4 billion, while the ex-farm value of eggs was RM5.8 billion; the poultry industry, thus, represents almost 76% of the livestock ex-farm value. However, the ex-farm value is not to be confused with the contribution to the gross domestic product ("**GDP**"); as per 2019, agriculture contribution to the Malaysia GDP was RM103.8 billion (7.3%) and livestock represented 14.9% of the agriculture contribution to the GDP. The yearly chicken per capita consumption is close to 50 kilogram ("**kg**") (third in the world and first in Asia), while egg per capita consumption is close to 20 kg per year.

The Malaysian poultry industry is self-sufficient, able to produce 98.4% of the national demand for poultry meat and 113.8% of the demand for chicken and duck eggs. The main importer of Malaysian poultry products is Singapore (37% of the poultry import and 73% of the egg import in Singapore come from Malaysia. As reference, Singaporeans consume 34 kg of chicken per capita per year). Between 2006 and 2019, per capita poultry consumption increased 40%, from 35 to 49 kg per year per capita, and it is estimated to surpass 50 kg in 2025. Poultry is the main source of protein for Malaysians; according to statistics, the yearly consumption of beef and veal is estimated to be 5.42 kg per capita, pork 5.31 kg per capita and sheep 1.18 kg per capita. The only match for poultry is coming from fish and seafood, with Malaysian consuming around 55 kg per year per person.

*(Source: Research release entitled "The Poultry Industry and Its Supply Chain in Malaysia: Challenges from the Covid-19 Emergency" dated 18 May 2020, Carmelo Ferlito)*

The agriculture sector contracted by 3.9% in the first half of 2020 due to lower growth of oil palm and rubber subsectors following supply disruptions. The oil palm subsector was affected even before the pandemic, attributed to dry weather and cutbacks in fertilisers by smallholders in 2019. The rubber subsector also declined due to unfavourable weather and low rubber prices. The agriculture sector was further affected by the MCO, which led to lower production across most of the subsectors. The sector is anticipated to rebound by 1.4% in the second half of the year driven by the recovery in the oil palm subsector. The output of livestock and other agriculture subsectors are also expected to expand, supported by stable demand for food items, primarily during festivities.

*(Source: Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)*

## 6.4 Overview and outlook for the healthcare industry in Malaysia

Provision of quality healthcare services is one of the main priorities of the Government. The main challenge in achieving this objective is the escalating cost of healthcare vis-à-vis constraint on Government finance. In 2018, Malaysia recorded the second-highest healthcare inflation in Asia after Vietnam. Besides, the Auditor General's Report 2018 highlights that only 58.7% to 74.5% of patients were treated in less than four to six hours in the Emergency and Trauma Department in public hospitals. Furthermore, Malaysia has the highest rate of diabetics in Asia and one of the highest in the world. The changing pattern of diseases, including those related to lifestyle and ageing population will further increase the healthcare cost. This not only leads to increasing public expenditure but also impacts the economy.

To further elevate healthcare quality, the Government will strengthen its services by providing a comfortable environment for the people while receiving treatment in public hospitals and clinics. An allocation will be provided to upgrade healthcare infrastructure, as well as enhance the capacity and capability of healthcare personnel. Concurrently, the Government will promote a healthy lifestyle and extend preventive care programmes nationwide.

*(Source: Economic Management and Prospects, Economic Outlook 2020, Ministry of Finance Malaysia)*

The other services subsector was projected to grow by 5.1% in 2020. This is due to strong demand for private education and healthcare services. The number of foreign students is expected to remain favourable attributed to the cost competitiveness of education offered in the country. Meanwhile, the private healthcare segment will be supported by the Malaysia Year of Healthcare Travel 2020 campaign which seeks to reinforce Malaysia as a reputable and global healthcare travel destination, especially in the areas of cardiology, oncology, fertility, orthopedics and cosmetic surgery.

Meanwhile, the health tourism industry is growing rapidly and Malaysia is recognized as one of the five best in the world. In 2018, the number of healthcare travelers surged 15% to RM1.2 million with revenue increasing 13% to RM1.4 billion, particularly from China, India and Indonesia. The quality of healthcare system; international qualified medical professionals and accredited medical facilities; competitive cost; availability of latest procedures and treatment technologies; as well as accessibility through air and land routes are the factors contributing to the growth of this industry. In conjunction with the Malaysia Year of Healthcare Travel 2020 campaign to establish Malaysia as a leading global destination for healthcare, the Government has targeted total revenue of RM2.2 billion in 2020. This campaign is targeting several new ASEAN markets and the Middle East, especially in the areas of cardiology, oncology and fertility. However this was hampered by the ongoing pandemic

The Government's development expenditure during 2021 will remain high and mostly concentrated in the economic and social sectors. Investment in economic sector mainly channeled into transportation system; energy and public utilities; as well as trade and industry. Meanwhile, the bulk of expenditure in the social sector is channeled into education and healthcare.

*(Source: Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)*

## 6.5 Future prospects of SMCAP Group

SMCAP Group intends to focus on the trading activities by maintaining its contract farming customers and to continue trading in broilers and DOCs in view of these poultry activities are still a profitable avenue for SMCAP Group. In relation to the property business, SMCAP Group intends to expand its activities in the housing development division by sourcing for land banks and joint-venture opportunities within this property business. In relation to the healthcare business, it is the intention of SMCAP Group to minimise the expenditure where necessary and to increase revenue by leveraging on technology to promote SMCAP Group's healthcare services to the public through online platform which is in line with the general sentiment of digitalisation whereby the traditional way of business conduct is now replaced with technology-driven solutions and services.

As set out in **Section 5.1** of this Circular, SMCAP Group has been in a loss-making position for the past 3 financial years. As part of the on-going effort to improve and/ or turn around the financial position of SMCAP Group, our Board and management of SMCAP has earmarked up to approximately RM26.37 million in gross proceeds to be raised from the Proposed Private Placement to fund the future viable investment. Such proceeds will provide SMCAP Group with the requisite funding requirements to identify new business/ investment opportunities that may be similar or complementary to SMCAP Group's nature of business, as and when it arises. In addition, with the successful implementation of the Proposed Private Placement and the utilisation of the proceeds for the intended purposes as mentioned, the Proposed Private Placement is expected to contribute positively to SMCAP Group's financial performance and financial position moving forward.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government has imposed series of MCO to curb the spread of the COVID-19 pandemic in Malaysia. SMCAP Group's property and healthcare operations have been temporarily disrupted in the first quarter of 2020 during the earlier phase of MCO due to lockdown/ restriction measures and standard operating procedures ("**SOPs**") put in place. These have resulted in the lower sales of the properties due to temporal closure of the property operations and offices, as well as affected the number of visiting patients at SMCAP Group's clinic to which SMCAP Group has subsequently halted its healthcare operations temporarily in effort to sustain the operating cost. SMCAP has since resumed its property operations in June 2020.

On 10 May 2021, the Government announced the reimposition of MCO to be implemented nationwide from 12 May 2021 to stem the spread of COVID-19 cases in Malaysia. Subsequently on 28 May 2021, the Government announced the implementation of the Phase 1 National Recovery Plan with the imposition of the full MCO from 1 June 2021 throughout all states and territories in Malaysia to curb the spread of the COVID-19. On 1 July 2021, the Government announced the imposition of enhanced MCO in several localities in Klang Valley due to the recent spike in the daily number of COVID-19 cases in the aforementioned districts. As a result of the recent series of MCO, we have incurred lower sales of our properties due to the temporal closure of the property operations and offices as well as the decrease in the sales volume and selling price of live broilers which has also affected our poultry business during the enforcement of the recent MCO phases.

Notwithstanding the implementation of the subsequent MCO phases as mentioned above, SMCAP has and will continue its operations in compliance with the SOPs, including temperature screening for all workers and visitors before entering project sites and offices, allocation of workforce in small groups and on shifts, and minimising clusters to the extent possible. SMCAP Group will continue to adhere to the COVID-19 directives and restrictions as may be imposed by the regulatory authorities from time to time to ensure its operations are not affected.

Despite the ongoing COVID-19 pandemic, SMCAP Group intends to strengthen its business operations and activities with continual effort in identifying and evaluating business opportunities/ investments to drive future growth and expand the revenue stream and earnings base of SMCAP Group. Notwithstanding that SMCAP had temporarily halted the healthcare operations and disposed a few subsidiaries involved in the healthcare business since March 2021, SMCAP Group intends to embark on business/ investment opportunities relating to and/ or complementary to the provision of healthcare and medical services such as pharmaceutical business, trading/ distribution of medical products and related activities as further elaborated in **Section 3** of this Circular, premised on anticipated growth in consumer demand for healthcare and medical products/ services in Malaysia as a result of greater public awareness for hygiene and self-protection as control against the spread of COVID-19 disease. The Group aims to leverage on its accumulated healthcare experience and knowledge as well as network of business partners and customer base within the healthcare business to complement such new business/ investment opportunities as and when materialised.

Premised on the above and barring any unforeseen circumstances, our Board is optimistic of SMCAP Group's future prospects.

(Source: Management of SMCAP)

## 7. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

### 7.1 Issued share capital

As at the LPD, no treasury shares were held by SMCAP. The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	324,905,620	188,468,896	324,905,620	188,468,896
Assuming full exercise of outstanding Warrants	-	-	37,851,039	11,189,208 <sup>*1</sup>
Assuming maximum grant and full exercise of the available SIS Options	-	-	48,735,843 <sup>*2</sup>	15,595,470 <sup>*3</sup>
	<b>324,905,620</b>	<b>188,468,896</b>	<b>411,492,502</b>	<b>215,253,574</b>
No. of Shares to be issued pursuant to the Proposed Private Placement	64,981,124	18,194,714 <sup>*4</sup>	82,298,500	23,043,580 <sup>*4</sup>
<b>Enlarged issued share capital</b>	<b>389,886,744</b>	<b>206,663,610</b>	<b>493,791,002</b>	<b>238,297,154</b>

#### Notes:-

<sup>\*1</sup> Computed based on the exercise price of RM0.20 per Warrant and after accounting for the reversal of warrant reserves of approximately RM3.62 million

<sup>\*2</sup> Assuming the maximum grant and full exercise of the available SIS Options of up to 15% of the number of issued Shares pursuant to the SIS Scheme

<sup>\*3</sup> Computed based on the indicative exercise price of RM0.32 per SIS Option, being approximately 8.15% discount to the 5-day VWAP of SMCAP Shares up to and including the LPD of RM0.3484 per SMCAP Share

<sup>\*4</sup> Computed based on the indicative issue price of RM0.28 per Placement Share

## 7.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of SMCAP Group for the FYE 31 December 2020, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing of SMCAP Group are set out as follows:-

### Minimum Scenario

	Audited as at FYE 31 December 2020 RM'000	I After adjusting for subsequent events* <sup>1</sup> RM'000	II After I and the Proposed Private Placement RM'000
Share capital	160,229	188,469	206,663 <sup>2</sup>
Warrant reserves	3,619	3,619	3,619
Accumulated losses	(80,178)	(80,178)	(80,308) <sup>3</sup>
<b>Shareholders' fund/ NA</b>	<b>83,670</b>	<b>111,910</b>	<b>129,974</b>
No. of Shares in issue ( '000)	251,791	324,906	389,887 <sup>2</sup>
NA per Share (RM)	0.33	0.34	0.33
Total borrowings (RM'000)	67,236	67,236	67,236
Gearing ratio (times)	0.80	0.60	0.52

#### Notes:-

\*<sup>1</sup> After adjusting for the following subsequent events from 1 January 2021 and up to the LPD:-

- i. issuance of 12,358,284 new Shares issued at RM0.3864 and listed on 8 January 2021 pursuant to the General Mandate Placement;
- ii. issuance of 27,641,716 new Shares issued at RM0.3864 and listed on 8 January 2021 pursuant to the 20% Placement;
- iii. a total of 326,000 Warrants were exercised at RM0.20 per Warrant and listed on 27 January 2021; and
- iv. issuance of 32,788,200 new Shares issued at RM0.3879 and listed on 26 February 2021 pursuant to the 20% Placement

\*<sup>2</sup> Assuming 64,981,124 Placement Shares are issued at the indicative issue price of RM0.28 per Placement Share

\*<sup>3</sup> After deducting estimated expenses of RM130,000 in relation to the Proposed Private Placement

### Maximum Scenario

	Audited as at FYE 31 December 2020 RM'000	I After adjusting for subsequent events* <sup>1</sup> RM'000	II After I and assuming full conversion of outstanding Warrants maximum grant and full exercise of the available SIS Options RM'000	III After II and the Proposed Private Placement RM'000
Share capital	160,229	188,469	215,253	238,297 <sup>2</sup>
Warrant reserves	3,619	3,619	-	-



	I	II	III
	After I and assuming full conversion of outstanding Warrants maximum grant and full exercise of the available SIS Options	After I and assuming full conversion of outstanding Warrants maximum grant and full exercise of the available SIS Options	After II and the Proposed Private Placement
Audited as at FYE 31 December 2020 RM'000	After adjusting for subsequent events <sup>*1</sup> RM'000	RM'000	RM'000
Accumulated losses	(80,178)	(80,178)	(80,308) <sup>*3</sup>
<b>Shareholders' fund/ NA</b>	<b>83,670</b>	<b>111,910</b>	<b>157,989</b>
No. of Shares in issue ('000)	251,791	324,906	493,791 <sup>*2</sup>
NA per Share (RM)	0.33	0.34	0.32
Total borrowings (RM'000)	67,236	67,236	67,236
Gearing ratio (times)	0.80	0.60	0.43

**Notes:-**

<sup>\*1</sup> After adjusting for the following subsequent events from 1 January 2021 and up to the LPD:-

- i. issuance of 12,358,284 new Shares issued at RM0.3864 and listed on 8 January 2021 pursuant to the General Mandate Placement;
- ii. issuance of 27,641,716 new Shares issued at RM0.3864 and listed on 8 January 2021 pursuant to the 20% Placement;
- iii. a total of 326,000 Warrants were exercised at RM0.20 per Warrant and listed on 27 January 2021; and
- iv. issuance of 32,788,200 new Shares issued at RM0.3879 and listed on 26 February 2021 pursuant to the 20% Placement

<sup>\*2</sup> Assuming 82,298,500 Placement Shares are issued at the indicative issue price of RM0.28 per Placement Share

<sup>\*3</sup> After deducting estimated expenses of RM130,000 in relation to the Proposed Private Placement

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 7.3 Substantial shareholder's shareholding structure

For information purpose, the Proposed Private Placement may have a dilutive effect on the Company's existing shareholders' shareholdings. However, the Proposed Private Placement is expected to enlarge the share capital of the Company and increase its shareholders' funds.

Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s), the pro forma effects of the Proposed Private Placement on the substantial shareholder's shareholdings of the Company as at the LPD are set out below:-

#### **Minimum Scenario**

Substantial shareholder	Shareholdings as at the LPD		After the Proposed Private Placement	
	<-----Direct-----> No. of Shares	<-----Indirect-----> %	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Toh Hong Chye	18,000,000	5.54	18,000,000	4.62

#### **Maximum Scenario**

Substantial shareholder	Shareholdings as at the LPD		Assuming full conversion of outstanding Warrants maximum grant and full exercise of the available SIS Options	
	<-----Direct-----> No. of Shares	<-----Indirect-----> %	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Toh Hong Chye	18,000,000	5.54	18,000,000	4.37

#### **II**

Substantial shareholder	After I and the Proposed Private Placement	
	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Toh Hong Chye	18,000,000	3.65

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 7.4 Earnings and EPS

The Proposed Private Placement is not expected to have any material impact on the earnings of SMCAP Group for the FYE 31 December 2021. However, the EPS of SMCAP Group is expected to be diluted upon completion of the Proposed Private Placement as a result of the increase in the number of SMCAP Shares in issue arising from the Proposed Private Placement.

The Proposed Private Placement is expected to contribute positively to the future earnings of SMCAP Group when the benefits from the utilisation of proceeds to be raised from the Proposed Private Placement as set out in **Section 3** of this Circular are realised.

## 7.5 Convertible securities

As at the LPD, save for the outstanding Warrants, the Company does not have any other existing convertible securities.

Pursuant to the Deed Poll, no adjustments will be made to the exercise price and the number of Warrants pursuant to the Proposed Private Placement.

## 8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of SMCAP Shares as traded on Bursa Securities for the past 12 months from July 2020 to June 2021 are set out below:-

	High RM	Low RM
<b>2020</b>		
July	0.140	0.115
August	0.255	0.130
September	0.305	0.185
October	0.425	0.240
November	0.340	0.245
December	0.540	0.290
<b>2021</b>		
January	0.535	0.410
February	0.505	0.410
March	0.455	0.320
April	0.340	0.300
May	0.365	0.260
June	0.470	0.300
Last transacted market price of SMCAP Shares as at 17 June 2021 (being the latest trading day prior to the announcement on the Proposed Private Placement)		RM0.365
Last transacted market price on LPD		RM0.375

(Source: Bloomberg)

## 9. APPROVALS REQUIRED/ OBTAINED

The Proposed Private Placement is subject to the following approvals being obtained:-

- (i) Bursa Securities, for which the approval for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities was obtained vide its letter dated 7 July 2021, subject to the following conditions:-

Conditions	Status of compliance
(a) SMCAP and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
(b) SMCAP is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders at the extraordinary general meeting approving the Proposed Private Placement;	To be complied
(c) SMCAP and UOBKH are required to inform Bursa Securities upon completion of the Proposed Private Placement;	To be complied
(d) SMCAP is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and	To be complied
(e) UOBKH is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each of tranche placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.	To be complied

(ii) the approval of the shareholders of SMCAP at the EGM; and

(iii) any other relevant authority, if required.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by SMCAP.

#### **10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM**

None of the Directors, major shareholders, chief executive of SMCAP and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

#### **11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Private Placement is expected to be completed by the fourth quarter of 2021.

#### **12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Private Placement, our Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the LPD.

#### **13. DIRECTORS' STATEMENT AND RECOMMENDATION**

Our Board, having considered all aspects of the Proposed Private Placement, including the rationale and justification and the effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Private Placement at the EGM.

#### **14. EGM**

The EGM, the notice of which is enclosed in this Circular, is scheduled to be conducted virtually from the main venue at Boardroom, 1-17-02, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Tuesday, 24 August 2021 at 11.00 a.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Twenty Seventh Annual General Meeting of SMCAP scheduled to be held on the same day at 10.00 a.m., whichever is earlier, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Private Placement.

If you are unable to attend, speak and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited with the Poll Administrator, Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or via email to [AGM-support.Sinmah@megacorp.com.my](mailto:AGM-support.Sinmah@megacorp.com.my) not less than forty eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof. The lodgement of the Proxy Form shall not preclude you from attending, speaking and voting in person at the forthcoming EGM should you subsequently wish to do so.

#### **15. FURTHER INFORMATION**

Shareholders are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,  
For and on behalf of our Board  
**SINMAH CAPITAL BERHAD**

**DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN**  
Independent Non-Executive Chairman

---

**APPENDIX I - FURTHER INFORMATION**

---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. CONSENT**

UOBKH, being the Adviser and the Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATION OF CONFLICT OF INTERESTS**

UOBKH has given their written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser and Placement Agent to SMCAP for the Proposed Private Placement.

**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, SMCAP Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against SMCAP Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of SMCAP Group.

**5. MATERIAL COMMITMENTS**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by SMCAP Group which, upon becoming enforceable, may have a material impact on the financial results/ position of SMCAP Group.

**6. CONTINGENT LIABILITIES**

Save as disclosed below, as at 31 March 2021, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of SMCAP Group:-

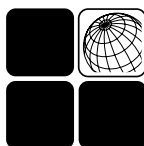
	<b>RM'million</b>
Corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries	47.40

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of SMCAP at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of SMCAP;
- ii. Audited consolidated financial statements of SMCAP Group for the past 2 financial years up to the FYE 31 December 2020 and the latest unaudited quarterly report of SMCAP Group for the 3-month FPE 31 March 2021; and
- iii. The letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** of Appendix I above, respectively.

<p><b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b></p>
---



## **SINMAH CAPITAL BERHAD**

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

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Sinmah Capital Berhad ("**SMCAP**" or the "**Company**") ("**EGM**") will be conducted virtually from the main venue at Boardroom, 1-17-02, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Tuesday, 24 August 2021 at 11.00 a.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Twenty Seventh Annual General Meeting of SMCAP scheduled to be held on the same day at 10.00 a.m., whichever is earlier, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

#### **ORDINARY RESOLUTION**

#### **PROPOSED PRIVATE PLACEMENT OF UP TO 82,298,500 NEW ORDINARY SHARES IN SMCAP, REPRESENTING APPROXIMATELY 25% OF THE EXISTING NUMBER OF ISSUED SHARES OF SMCAP ("PROPOSED PRIVATE PLACEMENT")**

"**THAT** subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to our Board of Directors of SMCAP ("**Board**") to allot and issue up to 82,298,500 new ordinary shares in SMCAP ("**SMCAP Share(s)**") ("**Placement Share(s)**"), representing approximately 25% of the existing number of issued shares of SMCAP by way of private placement to independent third party investor(s) to be identified later upon such terms and conditions as disclosed in the circular to the shareholders of the Company dated 27 July 2021 ("**Circular**").

**THAT** approval be and is hereby given to our Board to determine the issue price for the Placement Shares at a later date based on not more than 20% discount to the 5-day volume weighted average market price ("**VWAP**") of the SMCAP Shares immediately preceding the price-fixing date.

**THAT** the Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares.

**THAT** the proceeds of the Proposed Private Placement be utilised for the purpose as set out in the Circular, and our Board be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as our Board deems fit, necessary and/ or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities. Pursuant to Paragraph 9.19(33) of the Main Market Listing Requirements of Bursa Malaysia Securities Malaysia ("**Bursa Securities**") ("**Listing Requirements**"), the Company will make an immediate announcement to Bursa Securities should there be any deviation by 5% or more from the original utilisation of proceeds as set out in the Circular. Further, pursuant to Paragraph 8.24 of the Listing Requirements, in the event that the deviation from the original utilisation of proceeds is deemed as a material variation, the Company will seek its shareholders' approval for the variation at an extraordinary general meeting to be convened.

**AND THAT** our Board be and is hereby empowered and authorised to sign, execute, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangements as may be necessary, do all acts deeds and things as may be required to give effect and complete to the Proposed Private Placement with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to and to complete the Proposed Private Placement."



## BY ORDER OF OUR BOARD

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

Kuala Lumpur  
Date: 27 July 2021

### Notes:-

1. *A member of the Company who is entitled to attend, speak and vote at this EGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.*
2. *Where a member appoints more than one (1) proxy to attend and vote at the same EGM, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*
4. *Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*  
*An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
5. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.*
6. *The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited with the Poll Administrator, Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or via email to AGM-support.Sinmah@megacorp.com.my not less than forty eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*
7. *The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Constitution of the Company.*
8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 August 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this EGM.*
9. *Any alteration in the Proxy Form must be initialed.*
10. *Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolution set out in the Notice of EGM will be put to the vote by poll.*

### Personal data privacy:-

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

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

**SINMAH CAPITAL BERHAD**

Registration No.: 199401015973 (301653-V)

**PROXY FORM**

Number of Shares Held	
CDS Account No.	

I/We, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)of \_\_\_\_\_  
(FULL ADDRESS)

contact no. \_\_\_\_\_ email address \_\_\_\_\_ being a member/ members of **Sinmah Capital Berhad ("SMCAP" or the "Company")** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") to be held at Boardroom, 1-17-02, Menara Bangkok Bank, Berjaya Central Park, No. 105 Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Tuesday, 24 August 2021 at 11.00 a.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Twenty Seventh Annual General Meeting of SMCAP scheduled to be held on the same day at 10.00 a.m., whichever is earlier.

**IMPORTANT NOTE:**

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

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

\*My/our \*proxy/proxies shall vote as follows :-

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain for voting at his(her) discretion.

NO.	RESOLUTION	FOR		AGAINST	
		PROXY 1	PROXY 2	PROXY 1	PROXY 2
1.	PROPOSED PRIVATE PLACEMENT				

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature / Common Seal of Shareholder

Contact No: \_\_\_\_\_



Fold this flap for sealing

**Notes:-**

1. A member of the Company who is entitled to attend, speak and vote at this EGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.
2. Where a member appoints more than one (1) proxy to attend and vote at the same EGM, the appointment shall be invalid unless he/she specifies the proportion of his(her) holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he/she may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.  
An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited with the Poll Administrator, Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or via email to AGM-support.Sinmah@megacorp.com.my not less than forty eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
7. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Constitution of the Company.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 August 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this EGM.
9. Any alteration in the Proxy Form must be initialed.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolution set out in the Notice of EGM will be put to the vote by poll.

**Personal data privacy:**

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

- (i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty

Then fold here

AFFIX  
STAMP

**The Poll Administrator**

**Mega Corporate Services Sdn. Bhd.**

Level 15-2,  
Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur,  
W.P. Kuala Lumpur,  
Malaysia

1st fold here

