MINHO (M) BERHAD

Registration No.: 199001009358 (200930-H)
(Incorporated in Malaysia)

2022
ANNUAL
REPORT

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Registration No. 199001009358 (200930-H)
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ANNUAL REPORT 2022

Contents

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Group Information

Main Office

Minho (M) Berhad
[Registration No. 199001009358 (200930-H)]
(Corporate Head Office)
Lot 6476, Lorong Sg. Puluh,
Batu 6, Off Jalan Kapar,
42100 Klang,
Selangor Darul Ehsan
Tel : +603-3291 1300 Fax : +603-3291 2100
Website : www.minhomalaysia.com
E-mail : enquires@minhobhd.com

Main Subsidiary Companies:

Syarikat Minho Kilning Sdn Bhd
[Registration No. 197701005526 (36556-D)] /
Syarikat Vinco Timber Industries Sdn Bhd
[Registration No. 198001004366 (58151-U)]
(Custom kiln drying & chemical impregnation services)
Lot 6476, Lorong Sg. Puluh,
Batu 6, Off Jalan Kapar,
42100 Klang,
Selangor Darul Ehsan
Tel : +603-3291 1300 (KP Lim) Fax : +603-3291 2100

Victory Enterprise Sdn Bhd
[Registration No. 198001001636 (55419-H)] /
Solivance Industry Sdn Bhd
[Registration No. 200401020351 (658855-H)]
(Sawntimber and timber mouldings)
Lot 6466, Lorong Sg. Puluh,
Batu 6, Off Jalan Kapar,
42100 Klang,
Selangor Darul Ehsan
Tel : +603-3291 2811 (Linda) Fax : +603-3291 2992
Website : www.mtc.com.my/victory
E-mail : victory83v@gmail.com

Costraco Sdn Bhd
[Registration No. 197301002028 (15557-U)] /
Euro-CGA Sdn Bhd
[Registration No. 200101023337 (559095-H)]
(Sawntimber, KOMO certified timber products)
711 & 712, 7th Floor,
Block B, Kelana Square,
No. 17, Jalan SS7/26, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan
Tel : +603-7880 2191 (Henry) Fax : +603-7880 2671
E-mail : info@costraco.com

Lionvest Corporation (Pahang) Sdn Bhd
[Registration No. 198601008062 (157253-M)] /
Lionvest Timber Industries Sdn Bhd
[Registration No. 199101004592 (214902-U)]
(Logs and Sawmilling)
Jengka Timber Complex,
26400 Bandar Jengka,
Pahang Darul Makmur
Tel : +609-466 4888 (Jeff Loo) Fax : +609-466 4220

Indah Paper Industries Sdn Bhd
[Registration No. 198101003381 (69495-M)]
(Industrial grade sack kraft paper bags)
Lot 6503, Lorong Sg. Puluh,
Batu 6, Off Jalan Kapar,
42100 Klang,
Selangor Darul Ehsan
Tel : +603-3290 6018 (Kelvin) Fax : +603-3290 6020
Website : www.indahpaper.com
E-mail : sales@indahpaper.com

My Squares Development Sdn Bhd
[Registration No. 199301005675 (260412-D)]
(Property development)
2A, Lintang Gelugor,
Off Persiaran Sultan Ibrahim,
41300 Klang,
Selangor Darul Ehsan
Tel : +603-3342 0552 (Mark Loo) Fax : +603-3343 9775
E-mail : mysquares@hotmail.com

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(Incorporated in Malaysia)

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Corporate Information

BOARD OF DIRECTORS

Dato' Loo Keng An @ Lee Kim An
(Group Managing Director)

Loo Say Leng
(Executive Director)

Khibir Bin Razali
(Executive Director)

Yap Leong Seng
(Executive Director)
(Resigned on 1 December 2022)

Tuan Haji Mohd Faizal Bin Haji Abdul Majid
(Independent Non-Executive Director)

Lim Kim Meng
(Independent Non-Executive Director)

Jeannie Lim Li Tein
(Independent Non-Executive Director)

Tan Choon Hian
(Non-Independent Non-Executive Director)
(Resigned on 1 December 2022)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman: Tuan Haji Mohd Faizal Bin Haji Abdul Majid
Members: Lim Kim Meng
Jeannie Lim Li Tein
Tan Choon Hian
(Resigned on 1 December 2022)

NOMINATION AND REMUNERATION COMMITTEE

Chairman: Lim Kim Meng
Members: Jeannie Lim Li Tein
(Appointed on 1 June 2022)
Tuan Haji Mohd Faizal Bin Haji Abdul Majid
(Appointed on 1 June 2022)
Dato' Loo Keng An @ Lee Kim An
(Resigned on 1 June 2022)

EXECUTIVE COMMITTEE

Chairman: Dato' Loo Keng An @ Lee Kim An
Members: Yap Leong Seng
Khibir Bin Razali
Loo Say Leng
Loo Say Kian
Loo Say Cheng
(Appointed on 28 February 2023)

REGISTRARS

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor
Tel : +603-7890 4700
Fax : +603-7890 4670

SECRETARIES

Lim Heng Seong (MIA 47165)
(SSM PC No. 202008004317)
(Appointed on 18 May 2022)

Mak Chooi Peng (MAICSA 7017931)
(SSM PC No. 201908000889)
(Appointed on 20 September 2022)

Tan Choon Hian (MIA 2851)
(SSM PC No. 202008000322)
(Resigned on 14 September 2022)

Monalisa Binti Ali (LS0009424)
(SSM PC No. 20200800029)
(Resigned on 18 May 2022)

REGISTERED OFFICE

No. 808, Jalan 17/24,
46400 Petaling Jaya,
Selangor
Tel : +603-8084 3751
Fax : +603-8084 3751

AUDITORS

ECOVIS MALAYSIA PLT (AF 001825)
No 9-3, Jalan 109F, Plaza Danau 2,
Taman Danau Desa,
58100 Kuala Lumpur, Wilayah Persekutuan
Tel : +603-7981 1799
Fax : +603-7980 4796

Corporate Information (cont'd)

PRINCIPAL BANKERS

Maybank Islamic Berhad

Alliance Bank Malaysia Berhad

HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

Stock Code : 5576

WEBSITE

www.minhomalaysia.com

Corporate Structure

MINHO (M) BERHAD

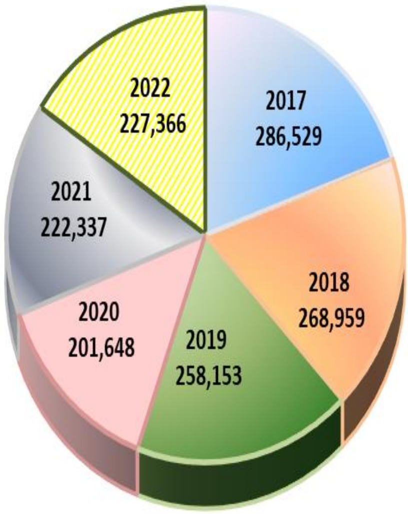
PROPERTIES
- (100%) IDAMAN HEIGHTS SDN. BHD.
  [Reg. No. 199201012685 (244188-U)]
- (51%) MY SQUARES DEVELOPMENT SDN. BHD.
  [Reg. No. 199301005675 (260412-D)]

INDUSTRIAL PAPER BAGS
- (100%) INDAH PAPER INDUSTRIES SDN. BHD.
  [Reg. No. 198101003381 (69495-M)]

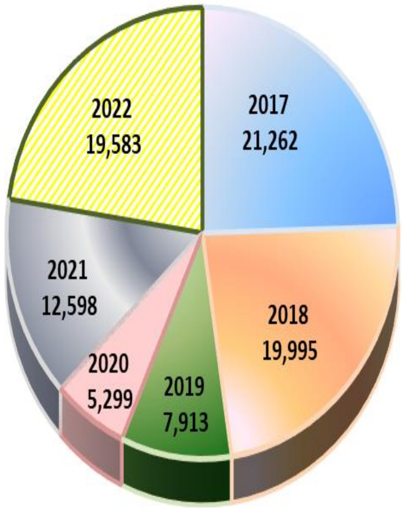
PLANTATION
- (51%) LIONVEST PLANTATION SDN. BHD.
  [Reg. No. 198901000533 (177839-P)]

TIMBER & WOOD BASED
- (100%) SYARIKAT MINHO KILNING SDN. BHD.
  [Reg. No. 197701005526 (36556-D)]
- (100%) VICTORY ENTERPRISE SDN. BHD.
  [Reg. No. 198001001636 (55419-H)]
  - (100%) SOLIVANCE INDUSTRY SDN. BHD.
    [Reg. No. 198001001636 (55419-H)]
- (100%) SYARIKAT VINCO TIMBER INDUSTRIES SDN. BHD.
  [Reg. No. 198001004366 (58151-U)]
  - (51%) COSTRACO SDN. BHD.
    [Reg. No. 198001004366 (58151-U)]
    - (100%) INDAH WOOD PRODUCTS SDN. BHD.
      [Reg. No. 198301012129 (107522-T)]
      (In-members voluntary liquidation)
    - (60.40%) EURO CGA SDN. BHD.
      [Reg. Co. 200101023337 (559095-H)]
- (100%) LIONVEST CORPORATION (PAHANG) SDN. BHD.
  [Reg. No. 198601008062 (157253-M)]
  - (100%) ABADI CANGGIH SDN. BHD.
    [Reg. Co. 199301023305 (278043-H)]
  - (51%) LIONVEST TIMBER INDUSTRIES SDN. BHD.
    [Reg. No. 199101004592 (214902-U)]

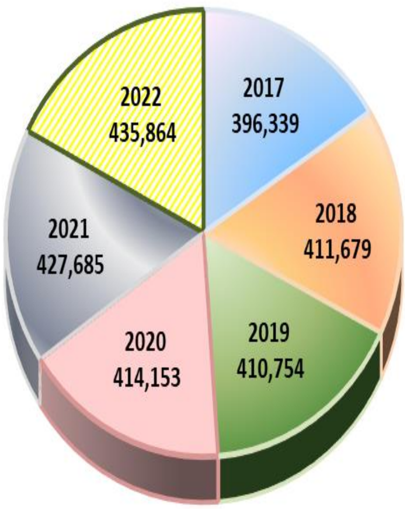
Financial Highlights



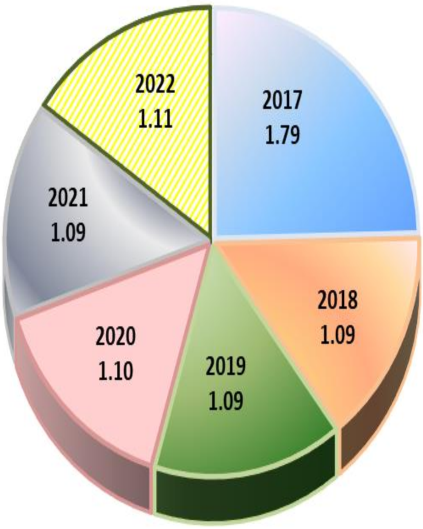
REVENUE (RM '000)



PROFIT/(LOSS) BEFORE TAX (RM '000)



TOTAL NET ASSETS (RM '000)



NET TANGIBLE ASSETS PER SHARE (RM)

Group Managing Director's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Minho (M) Berhad ("**the Company**"), I am pleased to present the Annual Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 ("**FYE 2022**").

Financial Performance

The Group registered a total revenue of RM227.37 million during FYE 2022, an increase of RM5.03 million or 2.26% as compared to RM222.34 million achieved in the financial year ended 31 December 2021. In line with the increase in turnover, the Group's pre-tax profit has also increased by RM6.98 million to RM19.58 million in FYE 2022.

The main contributors to the Group's revenue were the timber extraction, manufacturing and services & treatment segments. However, the decrease in revenue contribution was attributed to lower sales of the timber trading segment. Further elaboration, details and breakdown of the Group's financial performance for FYE 2022 are available in the Management Discussion and Analysis Section in this Annual Report.

Dividend

The Board of Directors of the Company do not recommend any dividend for FYE 2022.

Outlook

In its latest January 2023 World Economic Outlook ("**WEO**") Update, the International Monetary Fund ("**IMF**") forecasts that global growth is projected to fall from an estimated 3.4 per centum in 2022 to 2.9 per centum in 2023 before rising to 3.1 per centum in 2024. The forecast for 2023 is 0.2 percentage points higher than in the October 2022 WEO but below the historical (2000–2019) average of 3.8 per centum. The rise in central bank rates to fight inflation and Russia's war in Ukraine continued to weigh on economic activity. The rapid spread of COVID-19 in China has dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 per centum in 2022 to 6.6 per centum in 2023 and 4.3 per centum in 2024, still above pre-pandemic (2017–2019) levels of about 3.5 per centum.

In most economies, amid the cost-of-living crisis, the priority remains achieving sustained deflation. With tighter monetary conditions and slower growth potentially affecting financial and debt stability, it is necessary to deploy macroprudential tools and strengthen debt restructuring frameworks. Accelerating COVID-19 vaccinations in China would safeguard the recovery, with positive cross-border spillovers. Fiscal support should be better targeted at those most affected by rising food and energy prices, and broad-based fiscal relief measures should be withdrawn. Strengthening multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

In view of the uncertainty in market conditions above, the Group adopts a prudent view going ahead. The Group intends to strengthen efficiency and minimize cost on its operation and activities.

Group Managing Director's Statement (cont'd)

Acknowledgement

On behalf of the Board of Directors, I would like to extend our appreciation to our management team and employees of the Company. Their consistent hard work and dedication during these trying times have reduced the impact Covid-19 measures on the Group. I also wish to express my sincere gratitude to our customers, business associates, financiers, various government and non-government agencies, Bursa Malaysia Securities Berhad and shareholders for their confidence and support to the Board, management and Company. Finally, thank you to my fellow members of the Board for their contributions, professional advice and efforts.

Dato' Loo Keng An @ Lee Kim An
Group Managing Director

Profile of Directors

DATO' LOO KENG AN @ LEE KIM AN, aged 77, male, Malaysian, is the Group Managing Director of the Company and the Chairman of the Executive Committee. Dato' Loo was appointed to the Board on 16 July 1990 and he has more than 30 years of experience in the timber business. In 1970, he was a contractor providing lighterage service to the timber companies for Mahawangsa Jetty Sdn. Bhd. in Port Klang. Over the years, he had built up extensive experience on kiln drying, sawmilling, export of sawn timber and logging. In 1977, together with the late Mr. Ng Kim Kee, they founded Syarikat Minho Kilning Sdn. Bhd. to provide timber kiln drying services. Dato' Loo has been the key to the success of Minho.

Dato' Loo is a substantial shareholder of the Company by virtue of his interest in Minho Holdings Sdn. Bhd., a substantial shareholder of the Company, via Section 8 of the Companies Act 2016. He is the father of Mr. Loo Say Leng, an Executive Director of the Company. Dato' Loo does not hold directorship in other public companies or listed companies. He currently holds directorships in the subsidiaries of Minho (M) Berhad. Dato' Loo has no conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Dato' Loo attended all five (5) Board meetings held during the financial year ended 31 December 2022.

LOO SAY LENG, aged 55, male, Malaysian, is the Executive Director of the Company and a member of the Executive Committee. Mr. Loo was appointed to the Board on 13 January 1993. He graduated with a Bachelor of Science Degree majoring in Finance from the California State University, Fresno, United States of America. He is responsible for the Group's corporate finance and affairs.

Mr. Loo is a substantial shareholder of the Company by virtue of his interest in Minho Holdings Sdn. Bhd., a substantial shareholder of the Company, via Section 8 of the Companies Act 2016. He is the son of Dato' Loo Keng An @ Lee Kim An, the Managing Director of the Company. Mr. Loo does not hold directorship in other public companies or listed companies. He currently holds directorships in few subsidiaries of Minho (M) Berhad. He has no conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Mr. Loo attended all five (5) Board meetings held during the financial year ended 31 December 2022.

KHIBIR BIN RAZALI, aged 60, male, Malaysian, is the Executive Director of the Company and a member of the Executive Committee. Encik Khibir was appointed to the Board on 28 June 2002. He graduated from MARA University of Technology in 1990 with an Advance Diploma in Accountancy. He is also a Chartered Accountant registered with the Malaysian Institute of Accountants. He held various senior management positions in the companies in various industries. He was the Corporate Planning Manager with a stainless steel cutlery manufacturer, Managing Director of a Class C construction company and also a Finance Manager of a Class A construction company. He was with the Internal Audit Department of Amanah Saham Pahang Berhad, the biggest forest concessionaires in Pahang. He later joined Lionvest Corporation (Pahang) Sdn. Bhd. as Senior Accounts Executive in 1994 and was promoted to the Group Accountant of Minho (M) Berhad in September 2001.

Profile of Directors (cont'd)

Encik Khibir does not hold directorships in any other public companies or listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He does not hold any shares in the Company nor in subsidiary companies. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Encik Khibir attended all five (5) Board meetings held during the financial year ended 31 December 2022.

LIM KIM MENG, aged 52, male, Malaysian, is the Independent Non-Executive Director of the Company. Mr. Lim is the Chairman of the Nomination and Remuneration Committee and a Member of the Audit and Risk Management Committee. He was appointed to the Board on 30 November 2021. He graduated with a Second Class Honours Bachelor of Laws Degree from the University of London and completed his Certificate of Legal Practice in 1994. He is the Managing Partner of Kamil Hashim Raj & Lim, Advocates & Solicitors. His professional experience includes being a member of the Malaysia Financial Markets Association, holding the position of licensed foreign exchange and money market dealer at Southern Bank Berhad (1994-1997) and Institutional Sales Dealer and Licensed KLSE Equities Dealer with HLG Securities (1997-1998).

Mr. Lim does not hold directorships in any other public companies or listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He is currently a minority shareholder in the Company and does not hold any shares in the Company's subsidiary companies. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Mr. Lim attended all five (5) Board meetings held during the financial year ended 31 December 2022.

TUAN HAJI MOHD FAIZAL BIN HAJI ABDUL MAJID, aged 55, male, Malaysian, is the Independent Non-Executive Director of the Company. Encik Faizal is the Chairman of the Audit and Risk Management Committee and a Member of the Nomination and Remuneration Committee. He was appointed to the Board on 20 April 2022. He graduated with a First Class Honours Bachelor of Accountancy Degree from University Technology Mara and he is a Chartered Accountant registered with the Malaysian Institute of Accountants. He also holds a Bachelor of Accounting & Finance Degree from the University of Galmorgan. He held various senior management positions with companies in various industries. Encik Faizal started his career in K.Y. Ho & Co as semi-senior auditor in 1993. He was with the account department of Berjaya Timber Industries Sdn. Bhd. from 1994 to 1995, and he later joined Minho (M) Berhad as Senior Finance Executive and was appointed as the Alternate Director to Encik Khibir Bin Razali, the Finance Director of the Company, until 2013. He is currently the Senior Vice President of Corporate Finance in Quantum Medical Solutions Sdn. Bhd. in 2014.

Encik Faizal does not hold directorships in any other public companies or listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He is currently a minority shareholder in the Company and does not hold any shares in the Company's subsidiary companies. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Profile of Directors (cont'd)

Encik Faizal attended all three (3) Board meetings held during the financial year ended 31 December 2022 since his appointment on 20 April 2022.

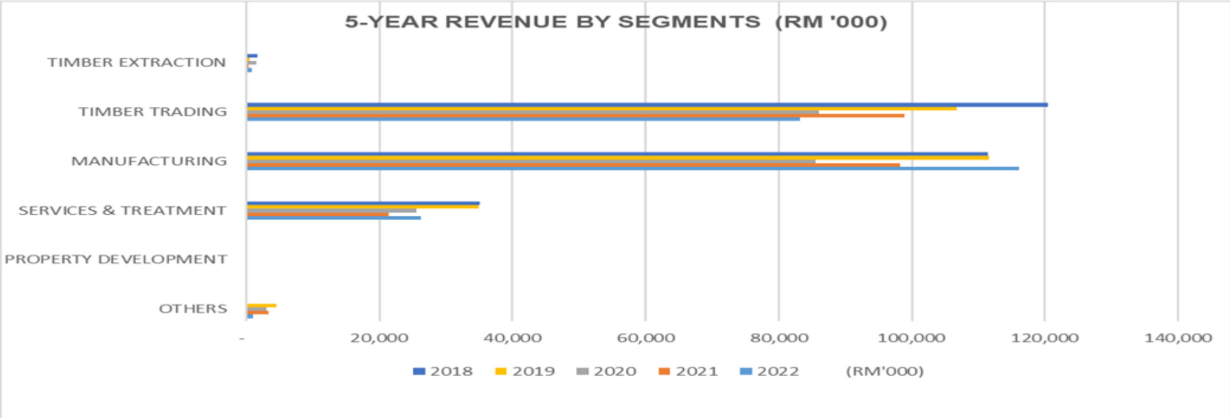
JEANNIE LIM LI TEIN, aged 41, female, Malaysian, is the Independent Non-Executive Director of the Company. Ms. Jeannie is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. She was appointed to the Board on 20 April 2022. Ms. Jeannie holds a Bachelor of Business and Commerce from the Monash University Malaysia. She is a member of the Malaysian Institute of Accountant and Australian Society of Certified Practicing Accountants. Currently, she is a Senior Specialist in Strategic Finance and Financial Planning & Analysis in Axiata Group Berhad. She has over 10 years' experience in consulting. Prior to joining Axiata Group Berhad, she was a Project Manager in Affilion Advisory Sdn. Bhd. involved in various projects including strategy consulting, market feasibility studies, management and technical risk assessment due diligence, investment due diligence, fund raising as well as evaluations and negotiations of privatisation packages. Her previous experience also includes Ernst & Young Taxation Sdn. Bhd. and PricewaterhouseCoopers Taxation Sdn. Bhd., where she was involved in the provision of corporate tax advisory.

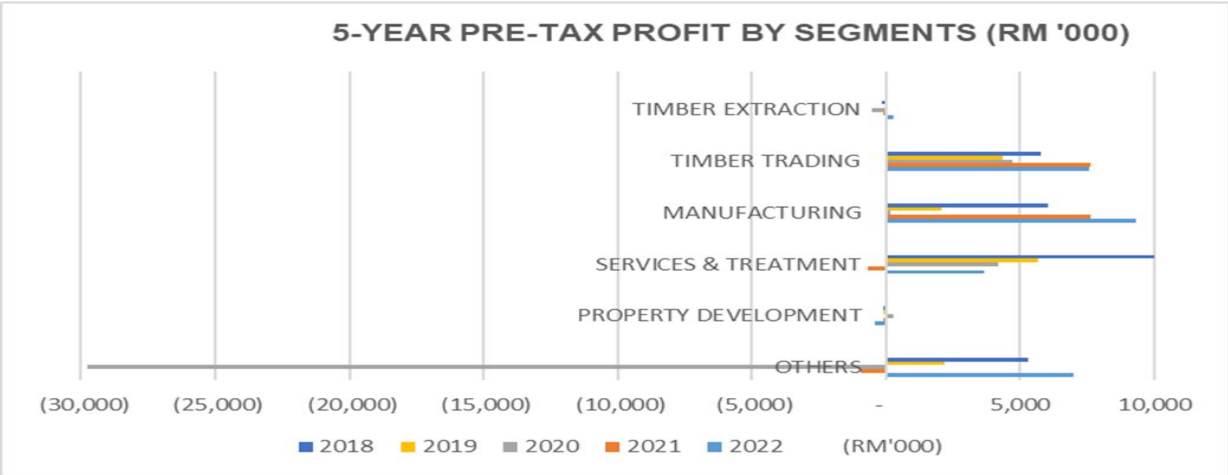
Ms. Jeannie does not hold directorships in any other public companies or listed companies. She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She does not hold any shares in the Company nor in subsidiary companies. She has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Ms. Jeannie attended all three (3) Board meetings held during the financial year ended 31 December 2022 since her appointment on 20 April 2022.

Management Discussion and Analysis

Overview of the Group's Business





Financial Performance

The United Kingdom ("**UK**") imported US$731 million of tropical wooden furniture products in 2022, 8% lesser than the previous year. In quantity terms, wood furniture imports were 153,000 tonnes last year, 9% lesser than in 2021. After the market turmoil in the previous two years during the COVID-19 pandemic, UK tropical wood furniture imports in 2022 returned to a level slightly below the annual average between 2015 and 2019 (US$771 million). In a sign of deteriorating consumption, UK wooden furniture import value in the last quarter of 2022 was 16% lower than the previous quarter and 15% down on the same period in 2021. In 2022, UK import value of wooden furniture from Vietnam decreased by 2% to US$365 million, decreased by 7% to US$130 million from Malaysia, decreased by 3% to US$80 million from India, decreased by 15% to US$69 million from Indonesia, decreased by 35% to US$54 million from Singapore. However, imports from Thailand increased by 19% to US$22 million. Import value and quantity in the fourth quarter were down around 30% compared to both the previous quarter and the same quarter in 2021. In 2022, UK imported tropical joinery products from Indonesia (in this case mainly doors) with total value of US$138 million, 14% lesser than the previous year. In quantity terms, UK joinery imports from Indonesia were also down 14% to 45,000 tonnes in 2021. UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) were slow throughout last year. In 2022, import value from Malaysia fell 18% to US$38 million and quantity fell 24% to 12,200 tonnes. Import value from Vietnam fell 49% to US$9 million and the quantity fell 44% to 2,300 tonnes. (Source - ITTO TTM Report: 27:4 16-28 February 2023)

Management Discussion and Analysis (cont'd)

Overview of the Group's Business (cont'd)

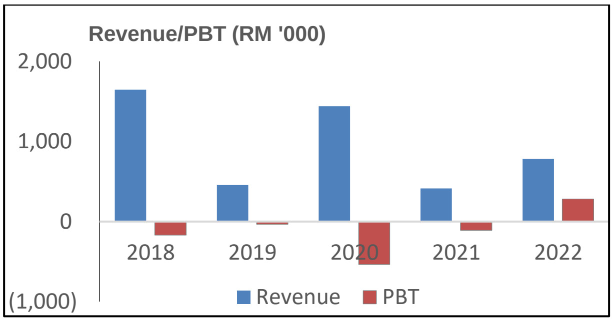
Financial Performance (cont'd)

The Group registered a total revenue of RM227.37 million for the current 12 months period ended 31 December 2022, RM5.03 million or 2.26% more than the RM222.34 million recorded in the corresponding 12 months period ended 31 December 2021. This increase was mainly attributed to the combined RM22.97 million increase in Timber Extraction, Manufacturing and Services & Treatment segments. This was partially offset by the total decrease of RM17.95 million in the turnover for Timber Trading and Others segments. The Group's pre-tax profit increased by RM6.98 million mainly due to the increase in pre-tax profit of RM391,000 for the Timber Extraction segment, RM1.67 million for the Manufacturing segment and RM4.35 million for the Services & Treatment segment. The increase was partially offset by the total decrease of RM409,000 in the pre-tax loss for Timber Trading and Property Development segments.

Performance by Segments

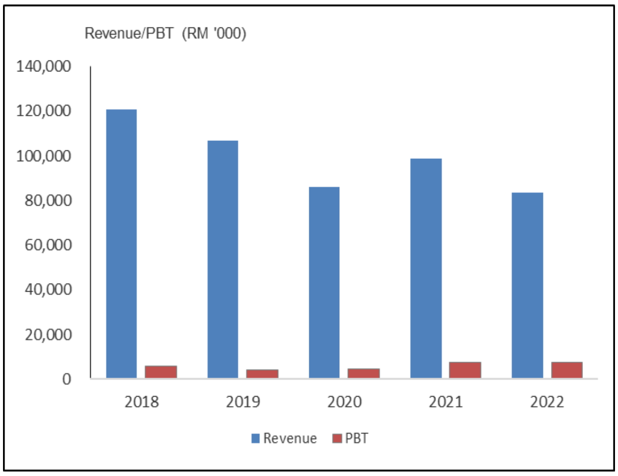
Timber Extraction

A much bigger area of 223.6 acres logged in the current 12 months period ended 31 December 2022 compared to 111 acres logged in the corresponding 12 months period ended 31 December 2021. Revenue for this segment increased by RM370,000 and incurred pre-tax profit of RM281,000.



Timber Trading

The turnover for this segment decreased by RM15.59 million due to lower freight charges. The pre-tax profit for this segment decreased by RM60,000 from a pre-tax profit of RM7.65 million in the corresponding 12 months period ended 31 December 2021 to RM7.59 million for the current 12 months period ended 31 December 2022 due to lower gross profit.



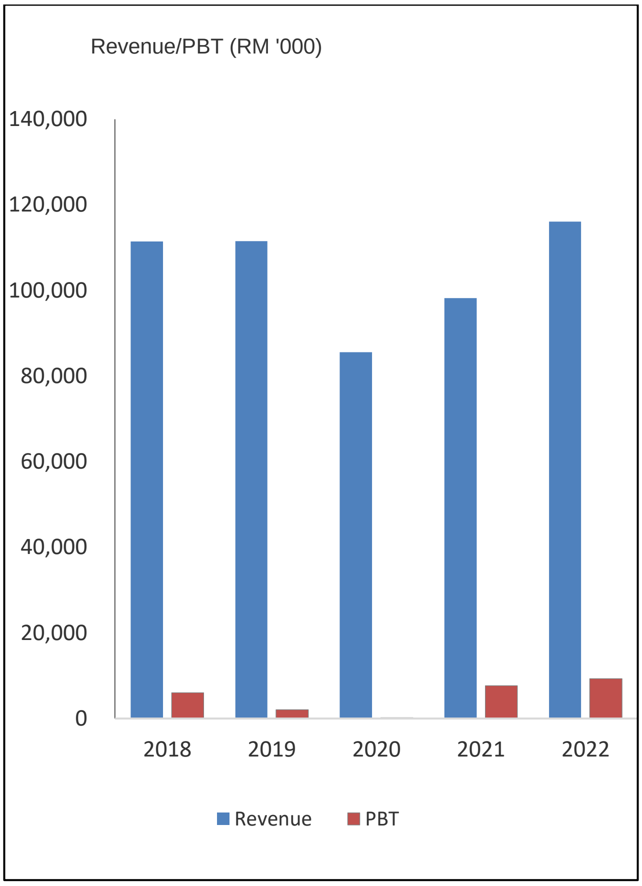
Management Discussion and Analysis (cont'd)

Overview of the Group's Business (cont'd)

Performance by Segments (cont'd)

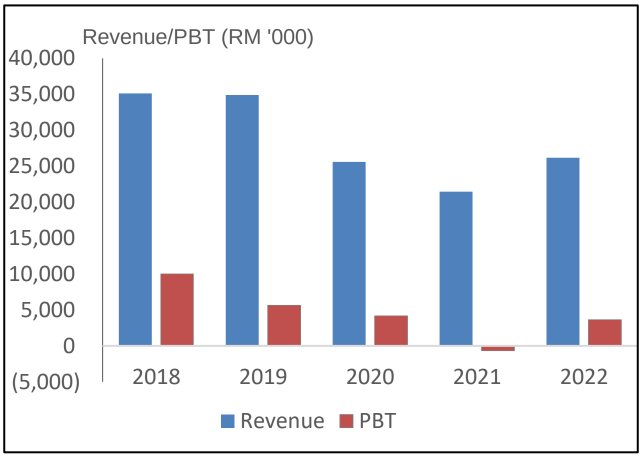
Manufacturing

Total turnover for this segment increased by RM17.87 million. Turnover for the manufacturing of industrial paper bags increased by RM6.78 million due to higher selling price in tandem with the increasing raw materials price, while the turnover for manufacturing of timber and wood based products increased by RM11.09 million due to urgent sales order from buyers. Pre-tax profit for this market segment increased by RM1.67 million or 21.91%; from pre-tax profit of RM7.65 million in the corresponding 12 months period ended 31 December 2021 to pre-tax profit RM9.32 million for the current 12 months period ended 31 December 2022. The increase in pre-tax profit was mainly attributed to higher profit registered by the manufacturing of timber and wood based products, the pre-tax profit increased by RM2.19 million due to rental income and gain on disposal of fixed assets. The pre-tax profit for the manufacturing of industrial paper bags decreased by RM522,000 due to higher other operating expenses.



Services & Treatment

Total turnover for this market segment in 2022 increased by RM4.73 million due to higher sales volume. The pre-tax profit for this segment in 2022 increased by RM4.35 million from a pre-tax loss of RM694,000 in the corresponding 12 months period ended 31 December 2021 to a pre-tax profit RM3.65 million for the current 12 months period ended 31 December 2022 due to higher gross profit and lower administrative expenses.



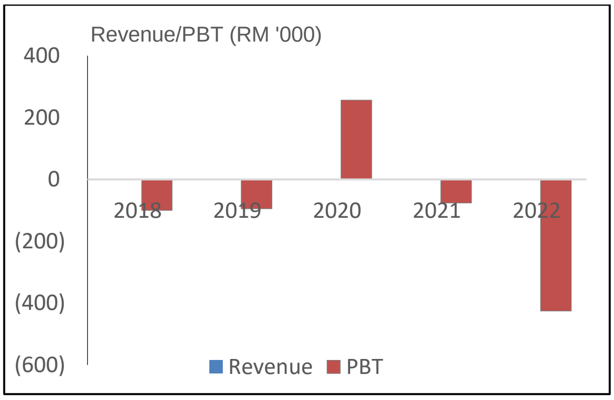
Management Discussion and Analysis (cont'd)

Overview of the Group's Business (cont'd)

Performance by Segments (cont'd)

Property Development

There were no revenue registered for the current 12 months period ended 31 December 2022 similar to the corresponding 12 months period ended 31 December 2021. It recorded a pre-tax loss of RM425,000 in 2022 compared to a pre-tax loss of RM76,000 in 2021.



Future Prospects

The International Monetary Fund in their latest publication of World Economic Outlook (WEO) Update April 2023 projected that the global growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent. Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases.

Sustainability Statement

Minho recognises corporate responsibility commitments to all of its stakeholders, communities and environment. It also continues to follow the guidelines in the Sustainability Reporting Framework which now applies to the annual reports of all Main Market listed companies after 31 December 2022.

The Group's commitment to our stakeholders through various activities focuses on Bursa Malaysia Securities Berhad's Sustainability Framework Incorporating Economic, Environment and Social (EES) considerations.

Economic

Minho is continually improving the quality and sustainability of its entire group's business operations and practices. We take part in the development of Malaysian and International Standards, when invited, for timber products and operations. We also engage with various domestic and foreign regulatory and NGO bodies via public consultations on policy formulations as well as the latest laws and regulations governing the nature of our operations. The Group believes that market perception and confidence are very important to ensure the sustainability of the businesses. As such, various standards, policies, best practices and procedures on quality, health and safety and good corporate governance have been adopted. The Group's logging activities follow all the stringent rules and regulations set up by the Forestry Department to ensure that sustainable forest management is achieved. The Group's kiln dried sawn timber and finger joint products has obtained Chain of Custody certification indicating that the source of timber products come from well managed and legal timber concession area.

Environment

Being an integrated timber company, the Group is mindful of the direct impact that its business activities have on the environment. The Group has long adopted logging best management practices and ensured stringent compliance to the guidelines laid down by the Programme for the Endorsement of Forest Certification scheme (PEFC) and the Malaysian Criteria and Indicators (MC&I). The Group continues to obtain all necessary certifications to ensure that its timber products originate from well-managed and legal forests to maintain market access and share. Replanting is always practised at all of the Company's working areas. The Paper division is installing a new waste water treatment plant this year and the Manufacturing divisions maintains its measures on emissions control and strives to achieve zero wastage by using its waste products to produce electricity for own consumption.

Social

Community

The Group acknowledges the fundamental role played by the local community in supporting its business activities. Therefore, the Group continues to promote social responsibility toward the community through its initiatives in charitable donation, education and industrial training. The Group has continued to give annual donations to various charities and hosted factory visits at the Group's business operations for students from various universities who benefited from practical knowledge of the timber operations and its related services and products.

Sustainability Statement (cont'd)

Social (cont'd)

Employee Welfare and Gender Equality

The Group recognises that the company employees are our key assets since their relevant skills and knowledge have a direct impact on the Group's business sustainability and growth. As such, we have organised various training, seminars and workshops to upgrade and enhance the skills and knowledge of our employees. Office employees are on five-day work weeks and those that qualify with children aged 12 years old and below can opt for flexible work arrangement/work from home. The Group also puts safety and health as another area of importance. Besides having appropriate plans to deal with any emergencies, concerted effort is made to prevent accidents and casualties at the workplace. More than 70% of our office personnel and 20% in all divisions of the senior management of the Group are women.

Covid-19 Response

The Covid-19 pandemic has caused necessary changes in our business operations and various measures were implemented to safeguard safety and health of our employees during this time. We have adhered to the Guidelines for all employees during the implementation of Movement Control Order ("MCO") period issued by the Government of Malaysia on 18 March 2020. In addition to the mandatory Work from Home ("WFH") order, we also suspended in person meetings, travel and events to keep our employees safe and curb any potential spread of Covid-19 in the community.

The following measures were introduced throughout the period of Covid-19 pandemic:
1. Encouraging our employees to WFH whilst ensuring business continuity, security and confidentiality;
2. Requiring meetings to be conducted via virtual meeting application such as Microsoft Teams and Zoom whenever possible.

We have established Covid-19 preventive measures and guidelines in the workplace in managing our employees at work, and in adapting to the new normal to curb the spread of Covid-19.

The following measures were undertaken to help prevent the spread of infections in our workplace:
1. Educating and ensuring physical distancing and mandatory wear face mask at all times;
2. Promoting good hygiene and carrying out regular sanitisation in the workplace;
3. Enforcing mandatory screening pre-entry, body temperature checks, wearing of masks and hand sanitisers; and
4. Ensuring all employees and visitors scan with MySejahtera application prior entering to our premises.

We conducted and completed covid tests on all our employees from December 2020 to December 2021. We have and will continue to take all necessary precautions on Covid-19 in addressing the health and safety of our employees and contacts.

Corporate Governance Overview Statement

The Board of Directors of Minho (M) Berhad ("**Minho**" or "**the Company**") ("**the Board**") is pleased to present an overview of the Group's corporate governance practices, which summarise the Group's application of the Principles and Recommendations of the Malaysian Code on Corporate Governance ("**MCCG**") throughout the financial year ended 31 December 2022 ("**FYE 2022**").

This Corporate Governance Overview Statement ("**Statement**") is prepared in compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and it is to be read together with the Corporate Governance Report 2022 of the Company ("**CG Report**") which can be found on the Company's website at www.minhomalaysia.com. The CG Report provides details of the Company's application and departures, including alternative practices of the principles and recommendations of MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Balance

The Board is a synergy of dynamic and experienced individuals from various sectors which reflect many years' of experience in logging, manufacturing, services, financial, legal and corporate affairs. The profiles of Directors are set out in this Annual Report. Currently, there are three (3) Independent Non-Executive Directors which form more than one-third of the Board thus ensuring that minority shareholders' interests are adequately represented. The Board is satisfied with its current composition which fairly reflects the interests of minority shareholders in the Company.

Roles and responsibilities of the Board

The Board is primarily responsible for the long-term value creation for its shareholders and all stakeholders. The duties and responsibilities of the Board, including reviewing and adopting the Group's overall strategic plans, annual budget, setting up policies for the business and governance of the Group, proper succession planning as well as shareholders communication policy, and maintaining the practices of high standards of ethics and corporate behaviour of the Group. Further, the Board also oversees the Group's business performance, review the Group's management information system and internal control system, and to maintain proper risk management system.

The Board has established the Board Committees, namely the Audit and Risk Management Committee ("**ARMC**"), Nomination and Remuneration Committee ("**NRC**") and Executive Committee ("**EXCO**") in carrying out the Board's duties and responsibilities. These Board Committees operate under their respective clearly defined Terms of References ("**TOR**") as approved by the Board and to deal with specific areas that are delegated and authorised by the Board. These TORs of ARMC, NRC and EXCO are reviewed periodically to reflect changes in compliance and regulatory framework as well as streamline the committee structures. All TORs of ARMC, NRC and EXCO are available at the Company's website at www.minhomalaysia.com.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Chairman of the Board

The Chairman of the Board must be an Independent Non-Executive Director of the Company and is responsible to:-

- provide leadership and run the Board effectively in all aspects of its roles with the assistance of the Board Committees and the management;
- chair and ensure the efficient organization and conduct of the Board and/or shareholders' functions and meetings;
- facilitate the effective contributions of all Directors and senior management personnel; and
- promote high standard of integrity, probity and corporate governance in the Group.

As at the date of this Statement, the Board has yet to appoint a new Chairman since the resignation of Tan Sri Dr. Salleh Bin Mohd Nor on 21 April 2022, and is sourcing for the right candidate in order to comply with Practice 1.2 of the MCCG.

Responsibilities of the Chairman and Managing Director ("MD")

There is a clear division of responsibility between the Chairman and MD to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman engages directly with the MD to understand and oversee the implementation of corporate strategy and performance delivery. He is also responsible to ensure that Board proceedings are effective in carrying out its duties and responsibilities including the timely provision of sufficient relevant information on financial and non-financial matters. The Chairman, in conjunction with the MD and Company Secretary, sets agendas for the meetings of the Board that focus on strategic direction and performance of the Group.

Whilst, the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions, the MD leads the management team and is accountable to the Board for the performance of the Group and the management team.

The Chairman must not be a member of any Board Committee to ensure there is proper check and balance as well as objective review by the Board. The Board acknowledges that having the same person assume the positions of Chairman of the Board and Chairman of the Board Committees gives rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

Role of the Executive Directors ("EDs")

The EDs are responsible for the day-to-day operation and management of the entire Group and its businesses and implementation of the Board's policies and decisions. Each ED is accountable to the Board for all the decisions and activities relating to all matters affecting the operations, management, performance, business strategies, staffing and for the procedures in financial and other matters including conduct and discipline; except for matters reserved for the Board's approval.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Role of the Independent Directors

Our Independent Directors are responsible in providing impartial and objective views, consideration, advice, judgement and ensures that discretion exercised by the Board in decision making remain objective and independent, whilst ensuring the interest of the Company is protected and the interest of other parties such as minority shareholders are addressed and adequately protected as well as being accorded with due consideration. The Independent Directors provide a check and balance to the Board's decisions and strategies.

Role of the Company Secretaries

Our Company Secretaries are responsible for ensuring that all the Company's statutory records are properly maintained at the registered office and, all relevant reports and data are filed accordingly. The Company Secretaries play a key role in advising the Board on matters relating to legislation, regulation, directors' responsibilities, obligations and duties to Bursa Securities, restrictions and disclosures, corporate governance and other secretarial matters.

The Board is supported by two (2) suitably qualified Company Secretaries who provide advisory services, particularly on applicable governance best practices, corporate administration and Board processes to facilitate overall compliance with the MCCG, Companies Act 2016 and applicable laws and regulations. All Directors have unrestricted access to the advice and services of the Company Secretaries when necessary. The Company Secretaries attends all Board and Board Committee meetings to witness and ensure that meeting agendas are properly convened and accurately recorded.

Board Meetings and Time Commitment

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary to deal with important and urgent matters that requires the attention and/or approval of the Board.

Five (5) Board meetings were held during FYE 2022. Based on the attendance by Directors who held office during FYE 2022, the Board is satisfied with the level of time commitment of the Directors towards fulfilling their roles and responsibilities as Directors. The record of attendance of the Directors at Board meetings and various Board Committees meetings for FYE 2022 is disclosed in the table below:-

Directors	Board Meeting	ARMC Meeting	NRC Meeting
Dato' Loo Keng An @ Lee Kim An	5/5	-	1/1
Loo Say Leng	5/5	-	-
Khibir bin Razali	5/5	-	-
Lim Kim Meng	5/5	5/5	2/2
Haji Mohd Faizal Bin Haji Abdul Majid *(Appointed on 20 April 2022)*	3/3	3/3	1/1
Jeannie Lim Li Tein *(Appointed on 20 April 2022)*	3/3	3/3	1/1
Tan Sri Dato' Seri Ismail Bin Yusof *(Resigned on 28 February 2022)*	1/1	1/1	-
Tan Sri Dr. Salleh Bin Mohd Nor *(Resigned on 21 April 2022)*	2/2	2/2	1/1
Yap Leong Seng *(Resigned on 1 December 2022)*	5/5	-	-
Tan Choon Hian *(Resigned on 1 December 2022)*	5/5	5/5	-

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

All the Directors do not hold directorships more than that prescribed under the MMLR.

All the Directors attended more than the minimum 50% of Board meetings held during FYE 2022 as stipulated under Paragraph 15.05 of the MMLR. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions supported with relevant information and explanations to form the basis of the decision. These information enabled the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

Supply of Information

All Directors receive relevant board papers prior to Board meetings, and these include agenda for the Board meetings, minutes of the last Board meeting, minutes of all Board Committees' meetings held between the Board meetings, quarterly financial results of the Group and other documents pertaining to matters to be discussed at the meeting. All Board members may, either as a full Board or individually, seek independent professional advice in the furtherance of their duties at the Company's expense.

Code of Conduct

The Board has adopted a Code of Conduct ("Code") for the Directors of the Company. This Code covers a range of best business practices and procedures and requires all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business behaviour and to act in the best interests of the Group and its shareholders. The Code is available on the Company's website at www.minhomalaysia.com.

Anti-Bribery and Whistleblowing Policy

The Company has also established and adopted an Anti-Bribery and Whistleblowing Policy for the Group to provide a clear line of communication and reporting channels for employees at all levels to disclose any unethical behaviour or malpractices as well as to govern the prevention of corruption and unethical practices in accordance with Section 17A of the Malaysia Anti-Corruption Commission Act (Amendment 2018). The Anti-Bribery and Whistleblowing Policy is available on the Company's website at www.minhomalaysia.com.

Board Charter

The Board has adopted a Board Charter which clearly defines the roles, functions, composition and operation of the Board. The Board Charter is intended to ensure that all the Board members acting on behalf of the Company are fully aware of their obligation in discharging their duties and responsibilities to the Company.

The Board Charter is reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the Company's website at www.minhomalaysia.com.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition

The current Board comprises six (6) Directors, which are one (1) Managing Director, two (2) EDs and three (3) Independent Non-Executive Directors. The Board is of the opinion that the composition of the current Board has the required mix of skills and experience required to discharge the Board's duties and responsibilities. Collectively, the Directors combine their diverse commercial, regulatory, industry and financial experience to add value to the Board as a whole.

As at 31 December 2022, the Board's diversity is as follows:

Gender Diversity			Ethnicity Diversity			Age Diversity			Tenure of Directorships		
	Number	%		Number	%		Number	%		Number	%
Male	5	83	Malay	2	33	Below 60 years	5	83	Below 12 years	3	50
Female	1	17	Chinese	4	67	Above 60 years	1	17	Above 12 years	3	50

The Board acknowledges the recommendation of MCCG in relation to the establishment of Board room gender diversity policy. In the process of selection of Board members, the Company practices non-discrimination in any form, whether based on gender, age, ethnicity or religion as all candidates shall be given fair and square opportunity. When the need arises, the Board would give more weightage on the appointment of female directors and senior management.

EXCO

The EXCO comprises the Managing Director, EDs and key senior management of the subsidiary companies. The MD is responsible for the day-to-day management of the Group's operations and business as well as implementation of the Board's policies and decisions. He is assisted by the EDs, managers and senior executives of the subsidiary companies. A total of six (6) EXCO meetings were held during FYE 2022, where there were a number of new proposals/businesses were studied by the EXCO. The EXCO also received quarterly updates from the respective head of divisions as well as reviewing the Group's capital expenditures, banking facilities, inventories and debtors.

NRC

The NRC comprises three (3) members all of whom are Independent Non-Executive Directors as follows:-

Name	Directorship	Designation
Lim Kim Meng	Independent Non-Executive Director	Chairman
Tuan Haji Mohd Faizal Bin Haji Abdul Majid *(Appointed on 31 May 2022)*	Independent Non-Executive Director	Member
Jeannie Lim Li Tein *(Appointed on 31 May 2022)*	Independent Non-Executive Director	Member

The NRC is responsible for the nomination and election process of new directors and evaluate the balance of skills, knowledge, experience and diversity of the Board. In light of this evaluation, prepares a description of the role and capabilities required for a particular appointment. The NRC also assist the Board to assess the remuneration of the EDs of the Company. The TOR of NRC is available on the Company's website at www.minhomalaysia.com.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

The NRC also assessed the independence of the Independent Non-Executive Directors of the Company based on the criteria for an independent director as prescribed in the MMLR and also monitor their tenure. Currently, none of the Independent Non-Executive Directors of the Company has served the Board for a cumulative term of more than nine (9) years.

During FYE 2022, the NRC had discharged their functions and duties appropriately, summarised as follows:-

(a) reviewed the present Board composition and made recommendation to the Board as regards to any changes be beneficial to the Company;
(b) recommended to the Board for the appointment of Tuan Haji Mohd Faizal Bin Haji Abdul Majid and Jeannie Lim Li Tein as Independent Non-Executive Directors of the Company;
(c) reviewed and recommended the composition of Board Committees in order to comply with MCCG;
(d) assessed and evaluated the performance and effectiveness of the Board as a whole, Board Committees as well as individual Directors;
(e) reviewed the terms of office of the ARMC;
(f) assessed the independence of the Independent Non-Executive Directors of the Company;
(g) reviewed and recommended to the Board, the remuneration of EDs of the Company; and
(h) reviewed, deliberated and recommended to the Board for the Directors' fees and benefits payable to the Non-Executive Directors.

Directors' Training

The Board fully recognizes that sustainability issues evolve in line with the ever-changing business environment and has initiatives to attend training from time to time, particularly on relevant new laws and regulations, in order to keep themselves abreast of the latest market trend and sustainability issues. All Directors attended the Mandatory Accreditation Programme as required by the MMLR. During FYE 2022, the Directors attended the following seminars and/or programmes;

Directors	Seminars/Programme attended
Dato' Loo Keng An @ Lee Kim An	Sustainable Value Creation Digital Transformation
Khibir Bin Razali	Sustainable Value Creation Digital Transformation
Loo Say Leng	Sustainable Value Creation Digital Transformation
Lim Kim Meng	Sustainable Value Creation Digital Transformation
Tuan Haji Mohd Faizal Bin Haji Abdul Majid	Sustainable Value Creation Digital Transformation
Jeannie Lim Li Tein	Mandatory Accreditation Programme

In addition, the Company Secretary and external auditors update the Board on a regular basis on the respective changes and amendments to regulatory requirements and laws and accounting standards to assist Directors to keep them abreast of such latest changes in the regulatory requirements.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Re-election of Directors

In accordance with Clause 96 of the Company's Constitution, an election of Directors shall take place each year. At every annual general meeting ("AGM") of the Company, one-third of the Directors for the time being shall retire from office provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. For FYE 2022, Mr. Loo Say Leng and Mr. Lim Kim Meng, being the Directors retiring by rotation and being eligible, have offered themselves for re-election.

Shareholders are well informed by the Company on the re-election of Directors through the notes accompanying the notice of AGM.

Directors' Remuneration

The Board had on 28 June 2022 adopted the Remuneration Policy to support the Company's key strategies, create a strong performance-oriented environment which can attract, motivate and/or retain talents of high caliber. Evaluation of remuneration packages is conducted annually and each Director shall abstain himself/herself from deliberations and voting on decisions as regards his/her individual remuneration. The Remuneration Policy is available on the Company's website at www.minhomalaysia.com.

Details of remuneration paid or payable to all Directors of the Company and the Group for FYE 2022 are as follows:-

Category	**Fees (RM '000)**	**Salaries & Other Emoluments (RM '000)**	**Benefits In Kind (RM '000)**	**Total (RM '000)**
Executive Directors	707	4,716	82	5,505
Non-Executives Directors	75	236	-	311
Total	**782**	**4,952**	**82**	**5,816**

The NRC reviewed the remuneration structure of the EDs of the Company to ensure that it commensurates with market expectation, the directors' experience and competency and performance of the Group. Based on the above review, the NRC has submitted the recommendations to the Board for their approval.

Remuneration of Key Senior Management

The remuneration for the key senior management of the Company are as follows:-

Range of Remuneration (RM)	Number of Key Senior Management
300,000 – 400,000	1
600,000 – 700,000	1
1,100,000 – 1,200,000	1
Total	**3**

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

The Board opined that such disclosure of the key senior management's remuneration on a named basis may not be in its best interest to the Company and such disclosure may cause unhealthy competition resulting in adverse effect on the Company's talent retention. Remuneration packages of the key senior management are based on their scope of duty and responsibilities.

The NRC is of the view that the level of remuneration packages of the key senior management in respect of FYE 2022 is fair and reasonable to retain and reward their talents.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

ARMC

The ARMC consists exclusively of independent directors to ensure that the committee is effective and fully independent and that the Board's review of the ARMC's findings and recommendations is objective and not impaired in any way. The Company also practices the policy requiring any former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the ARMC. The authority, duties and responsibilities of the ARMC and the summary of the work carried out to discharge its duties for FYE 2022 are set out in the ARMC Report in this Annual Report.

The ARMC oversees and ensures the integrity of the financial reports and that they are in accordance with the MMLR and Malaysian Financial Reporting Standards (MFRS) requirements before presenting the financial statements to the Board for approval. The ARMC also provides assurance to the Board with support and clarifications from the external auditors that the financial statements presented to them are in compliance with the applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position. The ARMC meets with the external auditors without the presence of the management at least once a year.

The external auditors declared their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants, in their annual audit plan presented to the ARMC. The assessment to consider the suitability, objectivity and independence of the external auditors firm is conducted annually while taking into account the Company's policy of appointing a different external auditing firm every few years. The ARMC was satisfied with the independence and performance of Messrs. Ecovis Malaysia PLT, the external auditors and recommended to the Board to put forth a proposal for their re-appointment at the Company's forthcoming AGM.

The ARMC has maintained an appropriate relationship with the external auditors and there are formal and transparent arrangements in reviewing the external auditors' audit plan, report, internal control issues and procedures. The external auditors are invited to attend the Company's AGM. This enables shareholders to seek clarification on the conduct of the audit and preparation of the Group's audit report. The key features and role of the ARMC in relation to the external auditors are included in the Committee's term of reference.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control Framework

The ARMC receives risk reports from different business units of the Group to review risk management activities and report before recommending any action(s) to be taken for Board's approval. The Group's internal audit function is outsourced to an independent professional consultation firm namely, Eco Asia Governance Advisory Sdn. Bhd. which carried out internal audit based on the internal audit plan approved by the ARMC. All findings and recommendations for improvements from the internal audit are reviewed by the ARMC and presented to the respective departments for implementation accordingly.

Details of the Group's risk management and internal control system are set out in the Statement on Risk Management and Internal Control in this Annual Report.

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

Communication with Stakeholders

The Board recognises the importance of a constructive and effective relationship between the Company and its stakeholders, which is essential for the enhancement of shareholder value as well as timely dissemination of information to shareholders and/or stakeholders via different channels. The Board monitors all information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. The Board also strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. The Company Secretary is responsible to compile such information for the Board's approval and release such information to the market as required by Bursa Securities. Apart from the provisions relating to closed period for dealing in the Company's shares, the Directors and senior management who are privy to price sensitive information are prohibited from dealing until such information is publicly available. The Company's website at www.minhomalaysia.com is updated regularly and provides relevant information on the Company which is accessible to the public to make informed decisions. The Company is not categorised as a "Large company" and hence, has not adopted integrated reporting based on a globally recognised framework.

Relationship with Shareholders

The Board recognises the value of good investor relations and the importance of disseminating information in a fair and equitable manner. Thus, the Board stresses on maintaining good relationship with shareholders through good communication. The Group reaches out to its shareholders through distribution of annual reports, holding of AGMs which provides excellent opportunities for shareholders to raise questions and give comments on the business activities of the Group, announcements made to Bursa Securities and quarterly results announcements. All Directors endeavour to attend all general meetings to provide meaningful and informative answers to all questions raised by the shareholders. All resolutions set out in the notice of general meetings are voted by poll. The Board makes announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation. The Company also provides a website at www.minhomalaysia.com for shareholders and the general public to access pertinent financial and non-financial information pertaining to the company at all times.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Conduct of General Meetings

The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company.

In compliance with Practice 12.1 of the MCCG, the Company gives its shareholders at least 28 days' notice prior to the AGM, so as to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The notice of AGM also provides detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights. Upon completion of the general meetings, the Company will upload the questions raised by the shareholders together with the answers responded by the Board and the management on the Company's website within 30 business days after the general meeting.

In line with the MMLR, the Company had implemented poll voting for all the resolutions set out in the notices of general meetings. An independent scrutineer is appointed to observe the polling process and to tabulate the polling results.

This statement is made in accordance with a resolution of the Board of Directors dated 7 April 2023.

Audit and Risk Management Committee Report

Membership

The Audit and Risk Management Committee ("**ARMC**") comprises the following members:-

Tuan Haji Mohd Faizal Bin Haji Abdul Majid *(Appointed as Chairman on 31 May 2022)*	Chairman/ Independent Non-Executive Director
Jeannie Lim Li Tein *(Appointed on 31 May 2022)*	Member/ Independent Non-Executive Director
Lim Kim Meng *(Redesignated as Member on 31 May 2022)*	Member/ Independent Non-Executive Director
Tan Choon Hian *(Resigned on 1 December 2022)*	Member/ Non-Independent Non-Executive Director

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors ("**INED**"). The Chairman of the ARMC is a qualified accountant and a member of the Malaysian Institute of Accountants. The composition of the ARMC complies with paragraph 15.09(1) and paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**").

Authority, Duties and Responsibilities of the ARMC

The ARMC is governed by its Terms of Reference, which is available on the Company's website at www.minhomalaysia.com.

Meetings

During the financial year ended 31 December 2022 ("**FYE 2022**"), the ARMC held five (5) meetings and the details of meeting attendance of each committee member is as follows:-

Name of Members	Meetings Attended
Tuan Haji Mohd Faizal Bin Haji Abdul Majid *(Appointed on 31 May 2022)*	3/3
Lim Kim Meng	5/5
Jeannie Lim Li Tein *(Appointed on 31 May 2022)*	3/3
Tan Choon Hian *(Resigned on 1 December 2022)*	5/5

The Executive Directors, together with the members of the Management are invited to attend all the ARMC meetings particularly to provide clarification on audit and risk related issues and to report on the operations. The external auditors are also invited to attend the ARMC Meetings to present their audit plan and audit findings, and to assist the ARMC in its review of the year-end financial statements.

The ARMC Chairman engages on a continuous basis with Senior Management, and the external and internal auditor to keep abreast of matters affecting the Company and its subsidiaries ("**the Group**"). Where significant issues are noted, the ARMC Chairman communicates and confers with the other members, either through emails or in meetings.

The ARMC chairman reports the proceedings of the ARMC meetings to the Board after every ARMC meeting. Minutes of the ARMC meetings are circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

Audit and Risk Management Committee Report (cont'd)

Summary of Activities Carried Out by the ARMC

The activities carried out by the ARMC during FYE 2022 were as follows:-

Financials

(a) Reviewed the unaudited consolidated quarterly financial statements of the Group and made recommendation to the Board for approval.

(b) Reviewed the audited financial statements, directors' reports and other significant accounting issues arising from the audit for the financial year ended 31 December 2021 ("**FYE 2021**") with the external auditors before they were presented to the Board for approval.

(c) Reviewed and recommended all the reports and statements for inclusion in the Company's 2021 Annual Report to the Board for approval.

(d) Reviewed the foreign exchange transaction of the Group on a quarterly basis.

Matters relating to external audit

(a) Reviewed with the external auditors, on the memorandum of matters for the first nine (9) months audit for FYE 2022.

(b) Reviewed the audit planning memorandum for FYE 2022 prepared by the external auditors.

(c) Reviewed with the external auditors, on matters arising from the management letter for FYE 2021 as well as the results of the audit, audit report and recommendations, key audit matters and significant audit findings.

(d) Met with the external auditors without the presence of Executive Directors and the Management to discuss the overall assessment of the Group, to ensure that issues, if any, are brought to the attention of the ARMC and to provide the external auditors with an avenue to express any concerns they may have.

(e) Discussed with the external auditors, the Group's audit, the auditors' responsibilities and scope of audit work in respect of the Group's financial statements.

(f) Assessed and evaluated the performance, suitability, independence, technical competency and objectivity of the external auditors in respect of the audit work for FYE 2022. After carrying out the evaluation, recommended to the Board to propose to shareholders the re-appointment of the external auditors at the annual general meeting of the Company.

(g) Reviewed the audit services and non-audit services provided by the external auditors and their corresponding fees incurred. The ARMC had concluded that the external auditors had remained independent during FYE 2022.

(h) Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval.

Matters relating to internal audit

(a) Reviewed with the internal auditors, the Company's policies and standard operating procedures.

(b) Reviewed and approved the internal audit plan for FYE 2022 to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas.

(c) Reviewed all internal audit reports, including management's responses to the observations raised by the internal auditors, and action plans to be implemented by the management on the issues reported.

Audit and Risk Management Committee Report (cont'd)

(d) Assessed and evaluated the performance and effectiveness of the internal audit during FYE 2022, which includes the scope, functions, competency and resources as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.

(e) Reviewed the outcome of follow-up audits to ascertain the status of implementation by management on the agreed action plans highlighted in the previous internal audit reports.

Matters relating to related party transaction

(a) Took note of all the recurrent related party transactions ("**RRPTs**") reported on a quarterly basis.

(b) Reviewed and deliberated on all proposed RRPTs to be entered into by the Group to ensure that the proposed transactions to be entered into are in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interests of the minority shareholders of the Company.

(c) Reviewed the circular to shareholders in relation to the proposed shareholders' mandate for RRPTs prior to its approval by the Board.

Summary of Internal Audit Function

The Group adopted a risk-based approach and the monitoring of controls by responsible units within each of the subsidiary companies audited was a major function of the Internal Auditors ("**IA**"). The internal audit function of the Group is outsourced to an independent professional firm, namely Eco Asia Governance Advisory Sdn. Bhd. The IA assist the ARMC in assessing any significant exposure to risks as well as to make recommendation to the Management for improving the Group's internal control system. The IA reports directly to the ARMC all findings and recommendations for the discussion and deliberation by the ARMC and instructions were given to the Management to take the necessary actions as recommended by the IA.

During the financial year under review, IA reviewed the corporate governance of the Company in accordance with the Malaysian Code of Corporate Governance and highlighted the non-compliances to the Management for improvement. The IA also assisted in enhancing the Anti-Bribery and Corruption Policy and Whistle-blowing Policy of the Company.

The internal audit activities were carried out in accordance with the internal audit plan that was approved by the ARMC. This was to ensure adequate scope and coverage of the audit work over the activities of the Group. During FYE 2022, the ARMC carried out its annual evaluation of the IA's work and was satisfied with the overall performance of the IA.

Total cost incurred for the internal audit function during FYE 2022 amounted to RM30,000.00.

Evaluation of the ARMC

The Nomination and Remuneration Committee reviewed the term of office and performance of the ARMC and each of its member and presented the results to the Board for information. The Board was satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the ARMC's terms of reference and supported the Board in ensuring that the Group upholds the relevant corporate governance standards.

Audit and Risk Management Committee Report (cont'd)

Training

Details of training programmes and seminars attended by each ARMC member during the FYE 2022 are set out in this Annual Report.

This report is made in accordance with a resolution of the Board of Directors dated 7 April 2023.

Statement on Risk Management and Internal Control

INTRODUCTION

In accordance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**")("**MMLR**"), the Malaysian Code on Corporate Governance and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**the Guidelines**"), the Board of Directors of Minho (M) Berhad ("**the Board**") is pleased to present the Company's Statement on Risk Management and Internal Control ("**Statement**") which outlines the nature and scope of risk management and internal control system of Minho (M) Berhad and its subsidiary companies ("**the Group**") for the financial year ended 31 December 2022 ("**FYE 2022**").

BOARD RESPONSIBILITY

The Board acknowledges the importance of a sound risk management and internal control system being embedded into the Group's culture, structure, management and operations. The Group's risk management and internal control system is designed to manage the business risks that may impede the Group from achieving its corporate objectives and strategies. The Board affirms its overall responsibility for the Group's system of internal control and performs periodic review to evaluate its adequacy and integrity. However, the Board is aware that such internal control system is designed to manage and control rather than eliminate risks entirely. Inherently, the risk management and internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

ROLE OF THE MANAGEMENT

Management is responsible for designing, implementing and monitoring the risk management framework in accordance with the Company's corporate objectives and strategies. The Management also assists the Board in implementing the Group's approved policies and procedures on risk and control by identifying, evaluating, measuring, monitoring and reporting risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may materially affect the achievement of its corporate objectives and strategies. The system is supported by an appropriate organisation structure with clear reporting lines from the respective business units up to the Board level. The duties and responsibilities of employees are outlined in their job description respectively. The scheduled and ad-hoc management and operational meetings are held at various business units to deliberate and resolve operational and business matters.

Statement on Risk Management and Internal Control (cont'd)

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

The Board entrusts the Executive Committee ("**EXCO**"), which comprises the Executive Directors and senior management of the Group, with the responsibility of monitoring and reviewing strategic, financial and significant operational matters of the Group. In steering the Group towards the growth of its business, the EXCO prepares and monitors the Minho Group's business plan as well as the Group's operational efficiency and profitability, and reports to the Board.

Financial reports are prepared by the respective subsidiary level and escalated to the Company on a monthly basis. These reports are then used for the preparation of the Group Management Report, which is reviewed and deliberated on by the EXCO and provided for the Board's review on a quarterly basis. This report provides information on the Group's and respective division's quarterly performance reviews, including ratio analysis and variances between actual performance and budget. The annual budget of the Group is also prepared and escalated to the Board for review and approval. Variances between actual performance and budget would be identified at Board meetings on a quarterly basis for appropriate corrective measures to be put in place.

The Board has established several Board Committees, i.e. the Audit and Risk Management Committee ("**ARMC**"), Nomination and Remuneration Committee and EXCO, to assist in discharging its duties. These Board Committees have been delegated with specific duties to review and consider the matters within the scope defined in their respective Terms of Reference.

The Board empowered its ARMC to review all risk management and internal control matters and highlight to the Board on any significant matters as well as the remedial action plans. The Group's internal audit function is outsourced to an independent professional consultation firm namely, Eco Asia Governance Advisory Sdn. Bhd. that reports directly to the ARMC and provides assurance on the adequacy and effectiveness of the Group's risk management and internal control system. The ARMC reviews and approves the Group's internal audit plan, which was co-developed together with the respective Management. By applying a risk-based approach, periodic internal audit visits are carried out during the financial year based to all main and active subsidiaries of the Company on rotation basis. Significant findings and recommendations for improvements are highlighted to the Management and the ARMC, together with the periodic follow-up on the implementation status of action plans. The Management is responsible for ensuring the corrective actions have been implemented accordingly. During FYE 2022, internal audit conducted the review of corporate governance of the Company. The professional fee payable to the outsourced internal auditors for FYE 2022 amounted to RM30,000.00.

The Board having reviewed, believes that the risk management and internal control system are adequate. Appropriate mitigation plan and control procedures are put in place to deal with any identified weaknesses. As 'work-from-home' arrangements for employees have increasingly become a norm, necessary adjustment were made to various procedures without compromising on the internal control system. During the financial year, various deficiencies in the internal control system were identified by the outsourced internal auditors. The Management has taken the relevant corrective actions to address the identified deficiencies.

Statement on Risk Management and Internal Control (cont'd)

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND FINANCE DIRECTOR

For FYE 2022, the Managing Director and Finance Director have provided reasonable assurance to the Board that to the best of their knowledge, the Group's risk management and internal control system are operating adequately and effectively, in all material respects, to ensure achievement of its corporate objectives and strategies.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("**AAPG 3**"), a guidance issued by the Malaysian Institute of Accountants for auditors on engagements to report on this Statement to be included in the 2022 Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that this is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system, and are in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate. The report from the external auditors was made solely to the Board in connection with the compliance of the MMLR and for no other purpose or parties.

AAPG 3 does not require the external auditors to consider whether this Statement covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon.

CONCLUSION

Based on quarterly updates by the ARMC and the assurance from the Managing Director and Finance Director of the Company, the Board is of the opinion that the risk management and internal control system that has been in place for the financial year under review and up to the date of issuance of this Statement is adequate and effective to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interest as well as addressing key risks impacting the business operations of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 7 April 2023.

Other Compliance Information

The following information in respect of the financial year ended 31 December 2022 ("**FYE 2022**") are provided for shareholders' information and in accordance with the requirements of Bursa Malaysia Securities Berhad ("**Bursa**"):-

1. **Utilisation of Proceeds Raised from Corporate Proposals**
   There were no proceeds raised from any corporate proposals during FYE 2022.

2. **Exercise of Options, Warrants and Irredeemable Convertible Preference Shares**
   The Company did not exercise any Options, Warrants or Irredeemable Convertible Preference Shares during FYE 2022.

3. **Audit and Non-Audit Fees**
   A breakdown of fees for statutory audit and non-audit services incurred by the Company and the Group for FYE 2022 is set out in Note 8 of the Audited Financial Statements for FYE 2022 in this Annual Report.

4. **Material Contracts Involving Directors and/or Major Shareholders**
   There were no material contracts (not being contracts entered into in the ordinary course of business) which involved the interests of Directors and/or major shareholders of the Company, either still subsisting at the end of FYE 2022 or which entered into by the Group since the end of the previous financial year.

5. **Recurrent Related Party Transactions**
   Details of recurrent related party transactions are disclosed in Note 32 of the Audited Financial Statements for FYE 2022 in this Annual Report.

Simplified Group Statement of Financial Position

	2022 RM'000	2021 RM'000
Assets		
Property, plant and equipment	125,838	134,559
Investment properties	160,162	138,304
Right-of-use assets	23,818	14,290
Land held for investment	2,500	-
Inventories	88,686	81,436
Property development costs	-	9,147
Trade and other receivables	28,341	38,259
Tax recoverable	1,900	2,287
Short-term investments	18,340	14,343
Derivative financial assets	126	369
Fixed deposit with licensed banks	28,274	26,386
Cash and bank balances	21,077	32,653
	499,062	492,033
Liabilities & Shareholders' Equity		
Trade and other payables	18,589	21,505
Provision for liabilities	127	2,106
Loans and borrowings	12,648	19,988
Lease liabilities	20,005	11,254
Tax liabilities	340	366
Deferred tax liabilities	11,489	9,129
Share capital	206,368	206,368
Other reserves	13,464	13,464
Retained earnings	175,409	167,925
Non-controlling interests	40,623	39,928
	499,062	492,033

Segmental Information

Segment		Sales (RM '000)			Profit before tax (RM '000)		
		2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Timber Extraction	Lionvest Corporation (Pahang) Sdn. Bhd. & Abadi Canggih Sdn. Bhd.	783	413	90%	281	(110)	355%
Timber Trading	Lionvest Plantation Sdn. Bhd., Victory Enterprise Sdn. Bhd., Costraco Sdn. Bhd. & Indah Wood Products Sdn. Bhd.	83,302	98,874	(16%)	7,591	7,651	(1%)
Manufacturing	Victory Enterprise Sdn. Bhd., Solivance Industries Sdn. Bhd., Lionvest Timber Industries Sdn. Bhd., Indah Paper Industries Sdn. Bhd. & Euro-CGA Sdn. Bhd.	116,065	98,198	18%	9,321	7,646	22%
Services & Treatment	Syarikat Minho Kilning Sdn. Bhd.	26,177	21,447	22%	3,656	(694)	627%
Property Development	My Squares Development Sdn. Bhd.	-	-	-%	(425)	(76)	459%
Others	Minho (M) Berhad, Syarikat Vinco Timber Industries Sdn. Bhd., Idaman Heights Sdn. Bhd., Lionvest Corporation (Pahang) Sdn. Bhd.	1,039	3,405	(69%)	7,014	(924)	859%
Elimination		-	-	-	(7,855)	(895)	778%
Total		227,366	222,337	2%	19,583	12,598	55%

Statement on Directors' Responsibility In Relation to the Financial Statements

The Directors are responsible in ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and the cash flows of the Group and the Company for that financial year then ended.

In preparing the financial statements, the Directors have ensured that suitable accounting policies have been consistently applied. Reasonable and prudent judgments and estimates have been made and ensured that all applicable accounting standards in Malaysia have been adhered to. The financial statements are prepared on a going concern basis as the Directors have reasonably expectation having made inquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are also responsible for ensuring that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and the Company with reasonable accuracy, and which enable the financial statements to be complied with the regulatory requirements.

The Directors have overall responsibilities for taking such measures to safeguard the assets of the Group and of the Company and to prevent and to detect fraud and other irregularities.

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal activities

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 30.

There has been no significant change in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	7,484	3,308
Non-controlling interests	3,784	-
	11,268	3,308

In the opinion of the Board of Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Directors

The Directors who served during the financial year up to the date of this report are:

Dato' Loo Keng An @ Lee Kim An *	
Loo Say Leng *	
Khibir bin Razali *	
Lim Kim Meng	
Tan Sri Dato' Seri Dr Salleh bin Mohd Nor	(Resigned on 21 April 2022)
Tan Choon Hian	(Resigned on 1 December 2022)
Yap Leong Seng *	(Resigned on 1 December 2022)

Directors' Report (Cont'd)

Directors (cont'd)

The Directors who served during the financial year up to the date of this report are: (cont'd)

Jeanne Lim Li Tein	(Appointed on 20 April 2022)
Mohd Faizal Bin Abdul Majid	(Appointed on 20 April 2022)

*These Directors are also Directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since beginning of the financial year to the date of this report (not including directors listed above) are:

Yew Kam @ Yeow Hong Chiang	
Siew Kiat Seng	
Ng Kok Guan	
Leong Voon Chong	
Loo Say Kian	
Lee Yee Yan	
Loo Say Cheng	
Tan Kim Kee	
Yap Han Chin	(Alternate Director to Yap Leong Seng)

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the Directors, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32(a) to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, was the Company a party to any arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Directors' remuneration

Directors' remuneration paid to or receivable by Directors from the Company and subsidiaries of the Company in respect of the financial year is as follows:

	Group RM'000	Company RM'000
Fees	782	75
Salary, allowance, bonus and defined contribution plans	4,952	329
Benefits-in-kind	82	-
	5,816	404

Directors' interest

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("the Act"), the interests and deemed interests of Directors in office at the end of the financial year in the shares of the Company during the financial year are as follows:

	Number of ordinary shares			
Interest in the Company	**As at 01.01.2022**	**Bought**	**Sold**	**As at 31.12.2022**
Direct interest:				
Lim Kim Meng	260,947	-	-	260,947
Mohd Faizal Bin Abdul Majid	3,131	-	-	3,131
Indirect interest:				
Dato' Loo Keng An @ Lee Kim An^	85,959,480	2,000,800	-	87,960,280
Loo Say Leng^	60,376,894	-	-	60,376,894

^Indirect interest is majority held through Minho Holdings Sdn. Bhd..

By virtue of their interest in the shares of the Company, the above Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

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

Issue of shares and debentures

During the financial year there were no new issue of shares or debentures by the Company.

Options granted over unissued shares

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

Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairments and satisfied themselves that all known bad debts had been written off and that impairments had been made; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount writing off for bad debts and the amount of impairments in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

(iii) not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading; and

(iv) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Other statutory information (cont'd)

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Indemnification to Directors, officers or auditors

The Directors and officers of the Company are covered by liability insurance up to an aggregate limit of RM5,000,000 pursuant to Section 289 of the Act. The amount of insurance premium payable for the financial year is RM8,800.

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year end.

Significant event after the reporting period

The details of the Group's significant event after the reporting period are disclosed in Note 38 to the financial statements.

Directors' Report (Cont'd)

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 30 to the financial statements.

Significant event during the financial year

The details of the Group's significant event during the financial year are disclosed in Note 37 to the financial statements.

Auditors

The auditors, ECOVIS Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the financial year is RM229,000 and RM58,000 for the Group and the Company respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

Dato' Loo Keng An @ Lee Kim An	**Loo Say Leng**
Director	Director

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, **Dato' Loo Keng An @ Lee Kim An** and **Loo Say Leng**, being two of the Directors of **Minho (M) Berhad**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 52 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

Dato' Loo Keng An @ Lee Kim An	**Loo Say Leng**
Director	Director

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

I, **Khibir bin Razali**, being the Director primarily responsible for the financial management of **Minho (M) Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 141 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Puchong in the state of
Selangor Darul Ehsan on

Khibir bin Razali

Before me,

Commissioner for Oaths
Ng Say Yin
No. B 195

Independent Auditors’ Report
To the Members of Minho (M) Berhad
(Incorporated in Malaysia)
Registration No. 199001009358 (200930-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Minho (M) Berhad** (“the Company”), which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

ECOVIS MALAYSIA PLT 20104001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia **Phone:** +60(3) 7981 1799 **Fax:** +60(3) 7980 4796 **E-Mail:** kuala-lumpur@ecovis.com.my

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Inventories valuation

(Refer to Note 3.6 and Note 16 to the financial statements)

Inventories of the Group include timber products and industrial paper bags, in line with principal activities of subsidiaries of the Group as disclosed in Note 30 to the financial statements. In our view, inventories are significant to our audit as constitutes approximately 18% of total assets as at 31 December 2022, amounting to RM88,685,946.

Under MFRS 102, the Group is required to measure inventories at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Our audit procedures focused on evaluating management's assessment on inventories valuation, which includes the following:

1) We obtained an understanding from management of the inventories valuation policy and relevants control surrounding inventories valuation implemented;
2) We obtained and reviewed appropriateness of inventories ageing and assessed the management's application of the Group's policy in respect of the allowance for obsolete and slow moving inventories;
3) We tested existence and condition of inventories through physical stock observation;
4) We performed testing on sampling basis the costs of raw material, direct labour, other direct costs and manufacturing overheads incurred in the production;
5) We assessed the management's basis of allocation of the raw material, direct labour, other direct costs and manufacturing overheads for the valuation of inventory;
6) We evaluated management's assessment of net realizable value ("NRV") of finished goods and compared the carrying amount against the selling price subsequent to financial year end; and
7) We reviewed the adequacy of the disclosures based on MFRS 102 requirement.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

(ii) Impairment of receivables

(Refer to Note 3.11 and Note 18 to the financial statements)

The Group has gross trade and other receivables approximately RM25,356,824 and accumulated impairments approximately RM1,245,467 as at 31 December 2022.

Our audit procedures focused on evaluating management's assessment on impairment of receivables, which includes the following:

1) Obtain an understanding on the Group's credit risk policy and its credit exposures and making inquiries of management regarding their action plans to recover overdue amounts but not impaired;
2) Obtained the ageing analysis of receivables and testing the reliability thereof;
3) Reviewed and evaluated the probability of default using historical data and forward-looking information adjustments applied by the Group for calculating the estimated credit loss to comply MFRS 9;
4) Reviewed subsequent collections of overdue amount and major trade receivable;
5) Reviewed the adequacy of allowance of impairments and appropriateness of disclosure notes based on MFRS 9 requirements.

We have determined that there are no key audit matters in audit of the separate financial statements of the Company to be communicated in our audit report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 30 to the financial statements.

OTHER MATTERS

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

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

PAT YIN LAI
03073/12/2023 J
Chartered Accountant

Kuala Lumpur
7 April 2023

Statements of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	5	227,366	222,337	600	-
Cost of sales		(180,107)	(176,136)	-	-
Gross profit		47,259	46,201	600	-
Other income	6	16,354	14,550	3,451	1,384
Marketing and distribution expenses		(19,020)	(26,429)	-	-
Administrative expenses		(18,706)	(18,281)	(739)	(615)
Other operating expenses		(5,026)	(1,734)	-	(1,266)
Profit/(Loss) from operations		20,861	14,307	3,312	(497)
Finance costs	7	(1,278)	(1,709)	-	-
Profit/(Loss) before tax	8	19,583	12,598	3,312	(497)
Tax expense	10	(8,315)	(3,068)	(4)	-
Profit/(Loss)/Total comprehensive Income/(loss) for the financial year		11,268	9,530	3,308	(497)
Profit/Total comprehensive income for the financial year attributable to:					
Owners of the Company		7,484	7,707		
Non-controlling interests		3,784	1,823		
		11,268	9,530		
Basic earnings per ordinary share (sen)	11	2.10	2.16		
Diluted earnings per ordinary share (sen)	11	2.10	2.16		

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

Statement of Financial Position
As At 31 December 2022

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets					
Property, plant and equipment	12	125,838	134,559	-	-
Investment properties	13	160,162	138,304	-	-
Rights-of-use assets	14	23,818	14,290	-	-
Land held for investment	15	2,500	-	-	-
Investment in subsidiaries	30	-	-	182,524	179,042
		312,318	287,153	182,524	179,042
Current assets					
Inventories	16	88,686	81,436	-	-
Property development costs	17	-	9,147	-	-
Trade and other receivables	18	28,341	38,259	496	496
Tax recoverable		1,900	2,287	372	265
Short-term investments	19	18,340	14,343	2,524	-
Derivative financial assets	20	126	369	-	-
Fixed deposit with licensed banks	21	28,274	26,386	-	-
Cash and bank balances	22	21,077	32,653	2,599	5,442
		186,744	204,880	5,991	6,203
Total assets		499,062	492,033	188,515	185,245

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

Statement of Financial Position
As At 31 December 2022 (Cont'd)

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Equity					
Share capital	23	206,368	206,368	206,368	206,368
Other reserves	24	13,464	13,464	-	-
Retained earnings		175,409	167,925	(17,911)	(21,219)
Equity attributable to owners of the Company		395,241	387,757	188,457	185,149
Non-controlling interests		40,623	39,928	-	-
Total equity		435,864	427,685	188,457	185,149
Non-current liabilities					
Loan and borrowings	25	2,063	3,993	-	-
Lease liabilities	26	11,745	4,626	-	-
Deferred tax liabilties	27	11,489	9,129	-	-
		25,297	17,748	-	-
Current liabilities					
Trade and other payables	28	18,589	21,505	58	96
Provision for liabilities	29	127	2,106	-	-
Loan and borrowings	25	10,585	15,995	-	-
Lease liabilities	26	8,260	6,628	-	-
Tax liabilities		340	366	-	-
		37,901	46,600	58	96
Total liabilities		63,198	64,348	58	96
Total equity and liabilities		499,062	492,033	188,515	185,245

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

Minho (M) Berhad
(Incorporated in Malaysia)
Registration No. 199001009358 (200930-H)

Statements of Changes in Equity
For the Financial Year Ended 31 December 2022

		← Attributable to owners of the Company →				
			← Non-distributable →		Distributable	
	Total equity RM'000	**Equity attributable to owners of the Company RM'000**	**Share capital RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Non-controlling interests RM'000**
Group						
At 1 January 2022	427,685	387,757	206,368	13,464	167,925	39,928
Profit/Total comprehensive income for the financial year	11,268	7,484	-	-	7,484	3,784
Equity movement	96	-	-	-	-	96
Dividend paid	(3,185)	-	-	-	-	(3,185)
At 31 December 2022	435,864	395,241	206,368	13,464	175,409	40,623

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

Statement of Changes in Equity
For the Financial Year Ended 31 December 2022 (Cont'd)

		Attributable to owners of the Company				
			Non-distributable		Distributable	
	Total equity RM'000	**Equity attributable to owners of the Company RM'000**	**Share capital RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Non-controlling interests RM'000**
Group						
At 1 January 2021	414,153	374,870	201,188	13,464	160,218	39,283
Profit/Total comprehensive income for the financial year	9,530	7,707	-	-	7,707	1,823
Issue of shares by conversion of warrants	5,180	5,180	5,180	-	-	-
Dividend paid	(1,178)	-	-	-	-	(1,178)
At 31 December 2021	427,685	387,757	206,368	13,464	167,925	39,928

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

Statement of Changes in Equity
For the Financial Year Ended 31 December 2022 (Cont'd)

		Non-distributable	Distributable
	Total equity RM'000	**Share capital RM'000**	**Retained earnings RM'000**
Company			
At 1 January 2021	180,466	201,188	(21,219)
Loss/Total comprehensive loss for the financial year	(497)	-	(497)
Issue of shares by conversion of warrants	5,180	5,180	-
At 31 December 2021/1 January 2022	185,149	206,368	(21,219)
Profit/Total comprehensive income for the financial year	3,308	-	3,308
At 31 December 2022	188,457	206,368	(17,911)

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

Minho (M) Berhad

(Incorporated in Malaysia)
Registration No. 199001009358 (200930-H)

Statements of Cash Flows
For the Financial Year Ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	19,583	12,598	3,312	(497)
Adjustments for:				
Amortisation of rights of use assets	6,088	5,654	-	-
Bad debts written off	-	1	-	-
Depreciation:				
- property, plant and equipment	3,104	3,265	-	-
- investment properties	2,035	1,696	-	-
Deposits written off	-	-	-	-
Reversal of impairment on investment in Subsidiaries, net	-	-	(3,380)	(48)
Interest expenses	1,278	1,709	-	-
Gain on short-term investment	(146)	(28)	-	-
Net (gain)/loss on financial assets				
- expected credit loss	(70)	(228)	-	-
- specific allowances	279	(345)	-	-
Unrealised (gain)/loss foreign exchange - net	(98)	(91)	-	-
Property, plant and equipment written off	2	188		
Net (reversal)/provision for inventories write down, net	(21)	(1,808)	-	-
Gain on disposal of property, plant and equipment, net	(280)	(1,532)	-	-
Gain on disposal of investment properties	(170)	-	-	-
Gain on lease modification	(6)	-	-	-
Income from short-term investment	(166)	(228)	-	-
Interest income	(611)	(327)	(71)	(10)
Rent concession	-	(174)	-	-
	11,218	7,752	(3,451)	(58)
Operating profit/(loss) before changes in working capital	30,801	20,350	(139)	(555)

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

Statements of Cash Flows
For the Financial Year Ended 31 December 2022 (Cont'd)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (cont'd)					
Movement in inventories		(7,229)	20,202	-	-
Movement in property development costs		143	(151)	-	-
Movement in receivables		9,521	(10,214)	-	-
Movement in payables		(4,690)	(1,150)	(39)	(58)
Movement in provision for liabilities		-	-	-	-
Cash generated from/(used in) operations		28,546	29,037	(178)	(613)
Interest received		9	2	-	-
Income tax paid		(5,652)	(3,404)	(110)	(132)
Income tax refunded		60	744	-	-
Interest expense on bank overdraft		(122)	(125)	-	-
Net cash from/(used in) operating activities		22,841	26,254	(288)	(745)
Cash flows from investing activities					
Acquisition of subsidiaries		-	-	(102)	-
Decrease in derivative financial asset		102	69	-	-
Income from short-term investment		166	228	-	-
Interest received		527	309	-	-
Proceeds from disposal of property, plant and equipment		517	1,758	-	-
Proceeds from disposal of investment properties		258	-	-	-
Purchase of investment properties	13	(3,449)	(241)	-	-
Purchase of property, plant and Equipment, net	12	(8,102)	(2,448)	-	-
Purchase of rights-of-use assets	14	(137)	-	-	-
Proceeds from issuance of subsidiary shares		98	-	-	-
Net cash used in investing activities		(10,020)	(325)	(102)	-

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

Statements of Cash Flows
For the Financial Year Ended 31 December 2022 (Cont'd)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Dividends paid		(3,185)	(980)	-	-
Increase in deposits with licensed bank - pledged		(3,752)	-	-	-
Interest income		29	-	71	10
Interest paid		-	-	-	-
Movement in amount due from/(to) subsidiaries - net		-	-	-	(60)
Repayment of lease liabilities - net		(7,793)	(7,362)	-	-
Repayment of bank revolving credit - net		-	(3,065)	-	-
Repayment of bankers' acceptance and letter of credit - net		(6,128)	(953)	-	-
Repayment of term loans - net		(2,242)	(5,496)	-	-
Proceeds from issuance of shares		-	5,180	-	5,180
Net cash (used in)/generated from financing activities	(a)	(23,071)	(12,676)	71	5,130
Net (decrease)/increase in cash and cash equivalents		(10,250)	13,253	(319)	4,385
Net fair value gain on investment in cash fund		146	28	-	-
Effects of foreign exchange rate		224	77	-	-
Cash and cash equivalents at beginning of financial year		69,145	55,787	5,442	1,057
Cash and cash equivalents at end of financial year	22	59,265	69,145	5,123	5,442

Consolidated Statements of Cash Flows
For the Financial Year Ended 31 December 2022 (Cont'd)

Note (a): Movement in financial liabilities arising from financing activities

Group	At 1 January RM'000	Net cash flows RM'000	Interest expenses RM'000	Non-cash movement New lease RM'000	Lease modification RM'000	Other changes RM'000	At 31 December RM'000
2022							
Lease liabilities	11,254	(7,793)	518	16,216	(190)	-	20,005
Bankers' acceptance and bank revolving credit	12,168	(6,128)	378	-	-	-	6,868
Term loans	6,509	(2,242)	260	-	-	-	4,527
2021							
Lease liabilities	17,977	(7,362)	667	-	-	(28)	11,254
Bankers' acceptance and bank revolving credit	16,155	(4,018)	791	-	-	-	12,168
Term loans	11,569	(5,496)	690	-	-	-	6,509

1. Corporate Information

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

The registered office of the Company is changed from 31A, Jalan Satu Kawasan 16, Berkeley Town Centre, 41300 Klang, Selangor Darul Ehsan, Malaysia to No. 808, Jalan 17/24, 46400 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The principal place of business of the Company is located at Lot 6476, Lorong Sg. Puluh, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor Darul Ehsan, Malaysia.

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 30.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 April 2023.

2. Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the significant accounting policies in Note 3 to the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Group and of the Company. All information is presented in RM and has been rounded to the nearest thousand, unless stated otherwise.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the management to make judgements and estimates and that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and contingent liabilities, if any. Judgements and estimates are applied in the measurement, hence actual results could differ from reported amounts. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2. Basis of preparation (cont'd)

2.1 Adoption of MFRSs and Amendments to MFRSs during the current financial year

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following MFRSs, Amendments to MFRSs and IC interpretation:

MFRSs (Including the Consequential Amendments)		**Effective Date**
Amendments to MFRS 3	Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

The adoption of Amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or the position of the Group and the Company for the current financial year.

2.2 MFRSs and amendments to MFRSs that have been issued, but yet to be adopted

The following are MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

MFRSs (Including the Consequential Amendments)		**Effective Date**
MFRS 17 and Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

2. Basis of preparation (cont'd)

2.2 MFRSs and amendments to MFRSs that have been issued, but yet to be adopted (cont'd)

The following are MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company: (cont'd)

MFRSs (Including the Consequential Amendments) (cont'd)		Effective Date
Amendments to MFRS 16	Lease – Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities and Covenants	1 January 2024
Amendments to MFRS 10	Consolidated Financial Statements - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128	Investment in Associates and Join Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company plans to apply the abovementioned MFRSs and amendments to MFRSs from the beginning of the financial year where they become effective, or earlier.

The initial application of above MFRSs and amendments to MFRSs are not expected to have any material financial impacts to the current and prior period financial statements of the Group and the Company.

3. Significant accounting policies

3.1 Basis of consolidation

(a) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

(b) Investments in subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(b) Investments in subsidiaries (cont'd)

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations) or distribution. The cost of investment includes transaction costs.

The policy for the recognition and measurement of impairment is in accordance with Note 3.5 to the financial statements. On disposal, the difference between the net disposals proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(c) Acquisitions of non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

(d) Loss of control

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

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(e) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

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

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The consolidated financial statements reflect external transactions only. The financial statements of the Group are prepared for the same reporting period, using consistent accounting policies.

3.2 Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

3. Significant accounting policies (cont'd)

3.2 Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

3.3 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group or the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is ready for its intended use. Freehold land has an infinite life and therefore is not depreciated. Leasehold land is depreciated over the remaining lease term. Work-in-progress is also not depreciated as asset is not available for use. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Plant and machinery	5% - 20%
Forklifts, trucks and motor vehicles	16% - 25%
Furniture, fittings and office equipment	10% - 33 1/3%
Other assets	8% - 20%

3. Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

The assets' residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for recognition and measurement of impairment losses is in accordance with Note 3.5 to the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.4 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including expenditure directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and the capitalised borrowing costs. Investment properties are measured using cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment.

Freehold land has an infinite life and therefore is not depreciated. Depreciation of investment properties is provided for on the straight-line basis over the estimated useful life at the annual rate of 2%.

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal or retirement of an investment property is recognised in profit or loss in the year of disposal or retirement.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.3 to the financial statements up to date of change in use.

3. Significant accounting policies (cont'd)

3.5 Impairment of non-financial assets

The carrying amounts of other assets are reviewed at the end of each reporting date to determine whether there is an indication of impairment. If such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use Cash-Generating Unit ("CGU").

The recoverable amount of an asset or cash generating unit (CGU) is the greater of its fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rated basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3. Significant accounting policies (cont'd)

3.6 Inventories

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

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.
- Property inventories: lower of costs and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

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

3.7 Property development costs

Property development in progress comprises cost of land currently being developed together with related development cost common to the whole project and direct building cost.

The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer. Property development cost of unsold unit is transferred to completed properties once the development is completed.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances, deposits with licensed banks and financial institutions, short term investment, and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of twelve months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand, cash at banks and short term investment, net of bank overdrafts and pledged deposits.

3.9 Equity instruments

Equity instruments are contracts that give a residual interest in the assets of the Group and the Company after deducting all of their liabilities. Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(a) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

3. Significant accounting policies (cont'd)

3.9 Equity instruments (cont'd)

(a) Share capital and share issuance expenses (cont'd)

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

(b) Treasury shares

When shares of the Company that have not been cancelled and recognised as equity are reacquired, the amount of consideration paid, including directly attributable costs, net of tax deductions, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.10 Financial assets

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

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial assets are classified at initial recognition, and subsequent measured as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

The Group and the Company's financial assets at amortised cost include trade receivables, other receivables and deposits, short-term investments, deposits with licensed banks and cash and bank balances.

3. Significant accounting policies (cont'd)

3.10 Financial assets (cont'd)

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial assets are classified at initial recognition, and subsequent measured as below: (cont'd)

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. Short-term investments and derivative financial assets of the Group and of the Company are classified as FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company do not have any financial assets that are equity instruments measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group and the Company's right to receive payment is established.

3. Significant accounting policies (cont'd)

3.10 Financial assets (cont'd)

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial assets are classified at initial recognition, and subsequent measured as below: (cont'd)

(iii) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

3.11 Impairment of financial assets

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use historical experience and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

3. Significant accounting policies (cont'd)

3.11 Impairment of financial assets (cont'd)

The Group and the Company measure the impairment loss on financial assets other than trade receivables based on the two-step approach as follow:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

For trade receivables, the Group and the Company measure impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

3.12 Financial liabilities

(i) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3. Significant accounting policies (cont'd)

3.12 Financial liabilities (cont'd)

(i) Initial recognition and subsequent measurement (cont'd)

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL in the current financial year and previous financial year.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities consist of trade and other payables, lease liabilities and loan and borrowings.

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

Financial liabilities are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(ii) Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iii) Offsetting

Financial liabilities are offset and net amount presented in the statement of financial position when, only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liabilities simultaneously.

3. Significant accounting policies (cont'd)

3.13 Provisions

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

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

3.14 Leases

(i) As lessee

The Group recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at costs, which comprises:

(i) The amount of initial measurement of the lease liability;
(ii) Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
(iii) Any initial direct costs incurred by the Group; and
(iv) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets, which is based on the earlier of the end of useful life and the end of the lease term of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

3. Significant accounting policies (cont'd)

3.14 Leases (cont'd)

(i) As lessee (cont'd)

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

In determining the enforceable period of the lease, the Group considers the following:

- the broader economics of the contract, and not only contractual termination payments. If either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is deemed enforceable beyond the date on which the contract can be terminated; and

- whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is deemed enforceable beyond the date on which the contract can be terminated by that party.

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Building	2 - 3 years
Motor vehicles	3 - 5 years
Plant and machinery	10 years

The lease liability is initially measure at the present value of the lease payments that are not paid at that date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group its incremental borrowing rate. Subsequent to the initial recognition, the Group measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

3. Significant accounting policies (cont'd)

3.14 Leases (cont'd)

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.15 Revenue recognition

The Group and the Company recognise revenue from contracts with customers based on five-step model as set out in MFRS 15:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

3. Significant accounting policies (cont'd)

3.15 Revenue recognition (cont'd)

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The Group's revenue from contracts with customers are further described below:

(a) Sale of goods and services rendered

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and Company's activities. Revenue is shown net of value-added tax if any, returns, rebates and discounts.

Revenue from sale of goods is recognised when control of the goods has been transferred to the customer. Revenue in respect of services rendered is recognised upon services rendered and the benefits has been received by the customer.

(b) Property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

3. Significant accounting policies (cont'd)

3.15 Revenue recognition (cont'd)

Revenue is measured at the fair value of consideration received or receivable. The Group's revenue from contracts with customers are further described below: (cont'd)

(b) Property development (cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognised sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(c) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(d) Dividend income

Dividend income is included in the income statement when the right to receive payment is established and no significant uncertainty exists as regards to its receipt. Interim dividends from subsidiaries are recognised when they are declared and final dividends when they are approved by shareholders in general meeting.

(e) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield of the assets.

3. Significant accounting policies (cont'd)

3.16 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

Defined contributions plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

3. Significant accounting policies (cont'd)

3.18 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reserve in the foreseeable future and taxable profit will be available against which that temporary differences can be utilised.

3. Significant accounting policies (cont'd)

3.18 Income taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Service Tax ("SST")

Revenue, expenses and assets are recognised net of SST except:

- where the SST incurred in a purchase of asset or service the SST is recognised as part of cost of acquisition of asset or as part of the expense item as applicable; and
- receivables and payables that stated with SST inclusive.

The SST payable to the taxation authority is included as part of payables in the statements of financial position.

The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit after taxation attributable to equity shareholders of the Company by the weighted number of ordinary shares in issue, adjusted for own shares held. Diluted EPS is calculated by dividing the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and shares options granted to the employees.

3. Significant accounting policies (cont'd)

3.20 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.21 Contingencies

(a) Contingent liabilities

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

(b) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless that probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

3.22 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. Significant accounting policies (cont'd)

3.22 Fair value measurements (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within 1 level that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.23 Related parties

A related party is a person or an entity that is related to the Group and the Company under the following conditions:

(i) A person or a close member of that person's family:

- (a) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (b) has control or joint control over the reporting entity; or
- (c) has significant influence over the reporting entity.

(ii) Any one of the following condition applies:

- (a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (c) both entities are joint ventures of a third entity.
- (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (f) the entity is controlled or jointly controlled by a person identified in (i).
- (g) a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting policies (cont'd)

3.23 Related parties (cont'd)

A related party is a person or an entity that is related to the Group and the Company under the following conditions: (cont'd)

(iii) Directly, or indirectly through one or more intermediaries, the party:

(a) controls, is controlled by, or is under common control with, the Group and the Company (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
(b) has an interest in the entity that gives it significant influence over the entity; or
(c) has joint control over the entity;

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of that person or that person's spouse or domestic partner.

3.24 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with MFRS requires management to exercise their judgement in the process of applying the Group's accounting policies and the use of accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. Although these judgement and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant uses of judgements, estimates and assumptions are as follows:

(a) Classification of a property as an investment property or property, plant and equipment

Certain property comprises of a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply or goods and services or for administrative purposes. Management uses its judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

4. Significant accounting judgements, estimates and assumptions (cont'd)

The most significant uses of judgements, estimates and assumptions are as follows: (cont'd)

(b) Expected credit losses of trade and receivables and other receivables

The Group and the Company use the simplied approach to estimate credit loss allowance for all trade and other receivables based on assumptions about risk of default and expected loss rates. The Group and the Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(c) Estimated useful lives of assets

The cost of property, plant and equipment and investment properties are depreciated on the straight-line basis over the asset's useful lives. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(d) Measurement of income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its undertaking of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(e) Inventories written down

The Group reviews damaged, obsolete and slow-moving inventories periodically and write down these inventories based on judgement and estimation. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amounts of inventories.

4. Significant accounting judgements, estimates and assumptions (cont'd)

The most significant uses of judgements, estimates and assumptions are as follows: (cont'd)

(f) Measurement of right-of-use assets and lease liabilities

The right-of-use assets are depreciated on the straight-line basis over the assets' useful lives or lease term, whichever is earlier. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

The lease term has been determined based on the non-cancellable period of lease in term and conditions of the arrangements together with both:

(i) periods covered by an option to extend the leases; and/or

(ii) periods covered by an option to terminate the lease.

In determining whether it is reasonably certain that an option to extend the lease or an option to terminate the lease, management has considered all relevant factors and circumstances that have created the economic incentives to exercise such option.

The Company also applies judgement and assumption in determining the incremental borrowing rate of respective leases.

5. Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the following product lines:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Timber extraction	783	413	-	-
Timber trading	83,557	101,579	-	-
Manufacturing	121,858	103,250	-	-
Service and treatment	32,094	26,160	-	-
Others	5,253	3,893	600	-
Segment revenue	243,545	235,295	600	-
Less: Intercompany revenue	(16,179)	(12,958)	-	-
Revenue from external customers	227,366	222,337	600	-
Timing of recognition:				
- At a point in time	226,656	222,337	600	-
- Over time	710	-	-	-

6. Other income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income from bank	611	327	71	10
Income from short-term investment	166	228	-	-
Rental of land and buildings:				
- investment properties	10,427	7,040	-	-
Management fee	-	-	-	60
Gain on lease modification	6	-	-	-
Gain on disposal of property, plant and equipment	317	1,532	-	-
Gain on disposal of Investment properties	170	-	-	-
Gain/(Loss) on short-term investment	146	28	-	-
Net gain on foreign exchange:				
- realised	485	842	-	-
- unrealised	225	150	-	-
Rent concession	-	174	-	-
Reversal of impairment on trade receivables:			-	-
- expected credit loss	100	228	-	-
- specific allowance	382	744	-	-
Reversal of impairment on inventories	954	1,942	-	-
Reversal of impairment on investment in subsidiaries	-	-	3,380	1,314
Reversal of provision for liabilities	1,982	-	-	-
Others	383	1,315	-	-
	16,354	14,550	3,451	1,384

7. Finance costs

	Group	
	2022	**2021**
	RM'000	**RM'000**
Interest expenses on:		
- bank overdrafts	122	125
- bankers' acceptances, trust receipts and letters of credit	378	481
- term loans	260	436
- lease liabilities	518	667
	1,278	1,709

8. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
Statutory audits				
- auditors of the Company	229	202	58	44
- other auditors	7	10	-	-
Non-audit fees	-	5	-	-
Amortisation of right-of-use assets	6,088	5,654	-	-
Bad debt written off	-	1	-	-
Depreciation:				
- property, plant and equipment	3,104	3,265	-	-
- investment properties	2,035	1,696	-	-
Loss on disposal of property, plant and equipment	37	-	-	-
Net loss/(gain) on financial assets:				
- expected credit loss	30	-	-	-
- specific allowance	661	399	-	-
Property, plant and equipment written off	2	188	-	-
Provision for inventories written down	933	134	-	-
Rental of building	21	17	-	-

8. Profit/(Loss) before tax (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Rental of equipment	158	152	-	-
Rental of permit	21	3	-	-
Staff costs:				
- salaries, wages, allowances and bonus	20,850	20,949	-	-
- defined contribution plan	1,069	1,176	-	-
- socso	237	222	-	-
- others	293	323	-	-
Net loss on foreign exchange:				
- realised	936	7	-	-
- unrealised	127	59	-	-

9. Directors' remuneration

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors' remuneration:				
- fees	708	862	-	-
- salary, allowances, bonus and defined contribution plans	4,715	4,416	93	74
- benefits-in-kind	82	164	-	-
Non-executive Directors' remuneration:				
- fees	75	60	75	60
- salary, allowance, bonus and defined contribution plans	236	76	236	76
	5,816	5,578	404	210

9. Directors' remuneration (cont'd)

The number of Directors of the Group and of the Company whose total remuneration for the year ended 31 December 2022 fall within the following bands is analysed as follows:

	Executive Directors	Non-Executive Directors
Range of remunerations:		
Below RM50,000	-	4
RM50,0001 to RM100,000	-	2
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	-	-
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	1	-
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	-	-
RM750,001 to RM800,000	-	-
RM800,001 to RM850,000	-	-
RM900,001 to RM950,000	-	-
RM1,000,001 to RM1,050,000	-	-
RM1,050,001 to RM1,100,000	-	-
RM1,100,001 to RM1,150,000	1	-
	4	6

10. Tax expense

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current tax:				
- current financial year	5,692	3,448	2	-
- (over)/underprovision in prior year	263	36	2	-
	5,955	3,484	4	-
Deferred tax				
- current financial year	2,360	(416)	-	-
- overprovision in prior year	-	-	-	-
	8,315	3,068	4	-

Tax charge of the Group is attributable to tax charges in respect of profits of subsidiaries and the non-availability of group relief.

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

	Group	
	2022 RM'000	**2021 RM'000**
Profit before tax	19,583	12,598
Taxation at Malaysian statutory tax rate of 24%	4,700	3,023
Non-taxable income	(71)	(391)
Non-deductible expenses	912	1,035
Underprovision of current tax in prior years	263	36
Utilisation of previously unrecognised deferred tax assets	(21)	(41)
Utilisation of reinvestment allowance	-	(116)
Relating to origination and reversal of temporary differences	2,360	(295)
Deferred tax asset not recognised during the year	172	(183)
Income tax expense	8,315	3,068

10. Tax expense (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows: (cont'd)

	Company	
	2022	**2021**
	RM'000	**RM'000**
Profit/(Loss)before tax	3,312	(497)
Taxation at Malaysian statutory tax rate of 24%	794	(119)
Non-taxable income	(792)	-
Non-deductible expenses	-	119
Deferred tax asset not recognised during the year	-	-
Under provision of current tax in prior year	2	-
	4	-

Subject to agreement with the tax authority, at the end of the reporting periods, the Group and the Company has unutilised tax losses and unabsorbed capital allowance available to be carried forward for offset against future taxable business income as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unutilised tax losses	2,103	2,632	117	342
Unabsorbed capital allowance	639	1,278	-	-
	2,742	3,910	117	342

The deferred tax assets arising from unutilised tax losses and capital allowances have only been recognised to the extent that the Group and the Company has sufficient taxable temporary differences available, as they arose from certain subsidiaries with recent history of losses.

Deferred tax assets have not been recognised in respect of those items because it is not probable that future taxable profits will be available against in which the Group and the Company can utilise the benefits thereon.

The availability of unutilised tax losses for offsetting against future taxable profits of the Group and the Company is subject to the requirements under the Income Tax Act 1967 and guidelines issued by the Inland Revenue Board.

10. Tax expense (cont'd)

Under the current tax legislation in Malaysia, unabsorbed losses from year of assessment ("YA") 2019 onwards can only be carried forward for a maximum period of 10 consecutive YAs. Unabsorbed losses for YA 2021 can be set off against income from any business source for 10 YAs and will be disregarded in YA 2032. Unabsorbed losses accumulated up to YA 2018 can be utilised for another 10 YAs and will be disregarded in YA 2029.

Unutilised tax losses of the Group and the Company can be carried forward until the following YAs:

	Group	
	2022 RM'000	2021 RM'000
YA 2029	839	840
YA 2030	144	144
YA 2031	118	175
YA 2032	727	1,473
YA 2033	275	-
	2,103	2,632

	Company	
	2022 RM'000	2021 RM'000
YA 2031	117	164
YA 2032	-	178
	117	342

11. Earnings per share

The basic and diluted earnings per share is calculated by dividing the profit after tax attributable to the owners of the Company for the financial year by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year.

	Group	
	2022	2021
Basic and Diluted earnings per share		
Profit for the financial year (RM'000)	7,484	7,707
Weighted average number of ordinary shares in issue ('000)	356,724	356,724
Basic earnings per share (sen)	2.10	2.10

12. Property, plant and equipment

Group	Freehold land and building, and office premises RM'000	Plant and machinery RM'000	Forklift, trucks and motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Other assets RM'000	Total RM'000
Cost						
At 1 January 2022	159,492	109,811	25,964	4,891	2,273	302,431
Additions	6,888	129	-	418	667	8,102
Disposals	-	(619)	(1,018)	-	-	(1,637)
Written off	-	(150)	-	(48)	-	(198)
Reclassification	(20,031)	789	1,054	-	-	(18,188)
At 31 December 2022	146,349	109,960	26,000	5,261	2,940	290,510
Accumulated depreciation						
At 1 January 2022	31,082	105,365	25,543	4,337	1,545	167,872
Charge for the financial year	1,476	1,018	240	250	120	3,104
Disposals	-	(579)	(1,018)	-	-	(1,597)
Written off	-	(149)	-	(47)	-	(196)
Reclassification	(6,003)	537	955	-	-	(4,511)
At 31 December 2022	26,555	106,192	25,720	4,540	1,665	164,672
Net carrying amounts						
At 31 December 2022	119,794	3,768	280	721	1,275	125,838

12. Property, plant and equipment (cont'd)

Group	Freehold land and building, and office premises RM'000	Plant and machinery RM'000	Forklift, trucks and motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Other assets RM'000	Total RM'000
Cost						
At 1 January 2021	158,287	112,210	25,870	4,978	1,877	303,222
Additions	1,205	491	130	226	396	2,448
Disposals	-	(3,613)	(914)	(252)	-	(4,779)
Written off	-	-	-	(61)	-	(61)
Reclassification	-	723	878	-	-	1,601
At 31 December 2021	159,492	109,811	25,964	4,891	2,273	302,431
Accumulated depreciation						
At 1 January 2021	29,423	107,270	25,451	4,219	1,489	167,852
Charge for the financial year	1,674	1,115	193	226	57	3,265
Disposals	-	(3,526)	(864)	(65)	-	(4,456)
Written off	-	-	-	(58)	-	(58)
Reclassification	(15)	506	763	15	-	1,269
At 31 December 2021	31,082	105,365	25,543	4,337	1,545	167,872
Net carrying amounts						
At 31 December 2021	128,410	4,446	421	554	728	134,559

12. Property, plant and equipment (cont'd)

Company	Office equipment RM'000
Cost	
At 1 January 2022	62
Accumulated depreciation	
At 1 January 2022	62
Charge for the financial year	-
At 31 December 2022	62
Net carrying amount	
At 31 December 2022	-
Cost	
At 1 January 2021	62
Accumulated depreciation	
At 1 January 2021	62
Charge for the financial year	-
At 31 December 2021	62
Net carrying amount	
At 31 December 2021	-

During the financial year, the Group acquired property, plant and equipment with the aggregate costs of RM8,701,698 (2021: RM2,448,128). Cash payment of RM8,701,698 (2021: RM2,448,128) were made to purchase these assets.

12. Property, plant and equipment (cont'd)

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Freehold land and building, and office premises	49	49	-	-
Plant and machinery	98,333	97,963	-	-
Forklift, trucks and motor vehicles	25,502	23,652	-	-
Furniture, fittings and equipment	3,238	3,101	-	-
Computer equipment and software	715	717	62	62
Other assets	1,303	1,303	-	-
	129,140	126,785	62	62

The carrying amount of property, plant and equipment pledged to secure banking facilities are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Freehold land and building, and office premises	12,883	12,249

13. Investment properties

Group	Freehold land RM'000	Leasehold land and buildings and freehold buildings RM'000	Total RM'000
Cost			
At 1 January 2022	87,348	84,748	172,096
Additions	-	3,449	3,449
Disposal	-	(153)	(153)
Reclassification	6,050	13,981	20,031
Transfer from property development (Note 17)	5,216	1,288	6,504
At 31 December 2022	98,614	103,313	201,927
Accumulated depreciation			
At 1 January 2022	-	33,792	33,792
Charge during the financial year	-	2,035	2,035
Disposal	-	(65)	(65)
Reclassification	-	6,003	6,003
At 31 December 2022	-	41,765	41,765
Net carrying amounts			
At 31 December 2022	98,614	61,548	160,162
Cost			
At 1 January 2021	87,348	84,507	171,855
Additions	-	241	241
At 31 December 2021	87,348	84,748	172,096
Accumulated depreciation			
At 1 January 2021	-	32,096	32,096
Charge during the financial year	-	1,696	1,696
At 31 December 2021	-	33,792	33,792
Net carrying amounts			
At 31 December 2021	87,348	50,956	138,304

The investment properties of the Group with a carrying amount of RM93,646,082 (2021: RM77,588,575) are pledged to secure banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

13. Investment properties (cont'd)

Investment properties comprise both commercial and residential properties that are leased to external parties. Rental income from investment properties is disclosed in Note 6 to the financial statements. Expenses incurred for the maintenance of the investment properties during the rent tenure were borne by the tenants.

The fair value disclosure of investment properties are categorised in Level 3 of the fair value hierarchy. Level 3 fair values of land and buildings have been generally derived using the estimated selling price of comparable properties in close proximity that are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Fair value of investment properties are as follows:

	Level 3	
	2022 RM'000	2021 RM'000
Land and buildings	854,000	1,021,566

14. Rights-of-use assets

Group	Buildings RM'000	Plant and machinery RM'000	Forklift, trucks and motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022	10,521	14,909	3,473	28,903
Additions	15,426	-	922	16,348
Lease modification	(184)	-	-	(184)
Disposal	-	-	(328)	(328)
Reclassification	-	(789)	(1,054)	(1,843)
At 31 December 2022	25,763	14,120	3,013	42,896
Accumulated amortisation				
At 1 January 2022	7,875	4,224	2,514	14,613
Additions	4,073	1,515	500	6,088
Disposal	-	-	(131)	(131)
Reclassification	-	(537)	(955)	(1,492)
At 31 December 2022	11,948	5,202	1,928	19,078
Net carrying amounts				
At 31 December 2022	13,815	8,918	1,085	23,818

14. Rights-of-use assets (cont'd)

Group	Buildings RM'000	Plant and machinery RM'000	Forklift, trucks and motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2021	10,360	15,632	4,565	30,557
Additions	206	-	-	206
Disposal	-	-	(214)	(214)
Written off	(45)	-	-	(45)
Reclassification	-	(723)	(878)	(1,601)
At 31 December 2021	10,521	14,909	3,473	28,903
Accumulated amortisation				
At 1 January 2021	4,488	3,130	2,756	10,374
Additions	3,404	1,601	649	5,654
Disposal	-	(1)	(128)	(129)
Written off	(17)	-	-	(17)
Reclassification	-	(506)	(763)	(1,269)
At 31 December 2021	7,875	4,224	2,514	14,613
Net carrying amounts				
At 31 December 2021	2,646	10,685	959	14,290

During the year, the Group acquired right-of-use assets with the aggregate costs of RM16,348,590 (2021: RM206,037) of which RM16,211,425 (2021: RM206,037) was acquired by means of lease arrangement. Cash payment of RM137,165 (2021: RM Nil) were made to purchase these assets.

15. Land held for investment

	Group	
	2022	**2021**
	RM'000	**RM'000**
Cost:		
At 1 January	-	-
Transfer from property development costs (Note 17)	2,500	-
At 31 December	2,500	-

16. Inventories

	Group	
	2022	**2021**
	RM'000	**RM'000**
Raw material	35,470	33,028
Work-in-progress	18,249	23,224
Finished goods	34,967	25,184
	88,686	81,436

Movement of impairment on inventories during the financial year are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	1,642	3,450
Addition	933	134
Reversal	(954)	(1,942)
At 31 December	1,621	1,642
<u>Recognised in profit or loss:</u>		
Inventories recognised as cost of sales	140,057	139,822
Inventories written down	933	134
Reversal of inventories write down	(954)	(1,942)

17. Property development costs

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 31 December:		
Freehold land, at cost	13,200	13,200
Development expenditure	15,951	15,802
	29,151	29,002
Less: Cost recognised as expense		
At 1 January	(19,855)	(19,855)
Cost recognised during the financial year	-	-
	(19,855)	(19,855)
Transfer to investment property (Note 13)		
Freehold land, at cost	(5,216)	-
Development expenditure	(1,288)	-
	(6,504)	
Transfer to land held for development (Note 15)		
Freehold land, at cost	(2,500)	-
Expense off during the year		
Development expenditure	(292)	-
	-	9,147

18. Trade and other receivables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
Third parties	23,746	32,988	-	-
Less: Bad debt written off	-	-	-	-
	23,746	32,988	-	-
Less: Impairments				
At 1 January	986	1,559	-	-
Net impairments on financial assets:				
- expected credit loss	30	-	-	-
- specific allowances	661	399	-	-
Reversal of impairments	(482)	(972)	-	-
At 31 December	1,195	986	-	-
Total trade receivables	22,551	32,002	-	-
Other receivables				
Other receivables	1,611	2,813	-	-
Less: Bad debt written off	-	(1)	-	-
	1,611	2,812	-	-
Less: Impairments				
At 1 January	64	237	-	-
Additions	-	-	-	-
Written off during the year	(13)	(173)	-	-
At 31 December	51	64	-	-
Total other receivables	1,560	2,748	-	-
Deposits	3,140	2,679	-	-
Prepayments	1,090	830	-	-
Amounts due from subsidiaries	-	-	496	496
Trade and other receivables	28,341	38,259	496	496

The Group's normal trade credit terms range from 30 to 120 days (2021: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The amounts due from subsidiaries represent unsecured, interest-free advances and payments made to creditors on subsidiaries' behalf. These amounts owing are repayable on demand and are to be settled in cash.

18. Trade and other receivables (cont'd)

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

	Gross amount RM'000	Loss allowances RM'000	Carrying amount RM'000
Group			
2022			
Not past due	12,018	-	12,018
- Past due 0 - 30 days	5,382	-	5,382
- Past due 31 - 60 days	2,927	-	2,927
- Past due more than 60 days	3,419	(1,195)	2,224
	11,728	(1,195)	10,533
	23,746	(1,195)	22,551
2021			
Not past due	18,762	-	18,762
- Past due 0 - 30 days	6,946	-	6,946
- Past due 31 - 60 days	3,373	-	3,373
- Past due more than 60 days	3,907	(986)	2,921
	14,226	(986)	13,240
	32,988	(986)	32,002

19. Short-term investments

Short-term investments represent deposit placements with investment fund management companies that are readily convertible to cash with insignificant risk of changes in values.

20. Derivative financial assets

	Group	
	2022	**2021**
	RM'000	**RM'000**
Derivatives held for trading at fair value through profit or loss:		
Forward foreign exchange contracts:		
- assets	126	369

The Group uses forward foreign exchange contracts to manage foreign currency exposure in export of processed timber products denominated in currencies other than the functional currency of Group entities.

At the end of the reporting period, the settlement dates on open forward contracts range from 1 to 2 months (2021: 1 to 6 months).

Maturities of forward foreign exchange contracts of the Group as at end of the reporting period are as follows:

Settlement month	Currency to be paid	Amount in foreign currency to be paid	Contractual rate	Amount to be received (RM)
2022				
January 2023	USD	1,623,961	4.3636 – 4.4510	7,162,811
February 2023	EUR	11,190	4.6456	51,985
February 2023	USD	407,599	4.3810 – 4.5520	1,803,989
2021				
January 2022	USD	3,356,188	4.1583 – 4.2555	14,078,593
January 2022	EUR	116,000	4.8175	558,830
February 2022	USD	3,445,555	4.1610 – 4.2487	14,484,087
March 2022	USD	2,215,000	4.1710 – 4.2438	9,315,824
April 2022	USD	1,500,000	4.1850 – 4.2470	6304,780
May 2022	USD	400,000	4.1730 – 4.2058	1,675,760
June 2022	USD	300,000	4.2063	1,261,890

21. Fixed deposits with licensed banks

Fixed deposits held by the Group include an amount of RM7,174,065 (2021: RM3,376,132) pledged for bank guarantee facilities granted to the Group.

The maturity period of deposits with licensed banks as at 31 December 2022 is within 15 months (2021: within 15 months).

22. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	21,077	32,653	2,599	5,442
Fixed deposits with licensed banks	28,274	26,386	-	-
Less: Fixed deposits pledge to bank guarantee facilities	(7,174)	(3,376)	-	-
	21,100	23,010	-	-
Short-term investments	18,340	14,343	2,524	-
	60,517	70,006	5,123	5,442
Less: Bank overdrafts (Note 25)	(1,252)	(861)	-	-
	59,265	69,145	5,123	5,442

23. Share capital

	2022		2021	
	Number of shares '000	Share capital RM'000	Number of shares '000	Share capital RM'000
Ordinary shares				
Balance as at 1 January/31 December	356,724	206,368	356,724	206,368

23.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

24. Other reserves

	Group	
	2022	**2021**
	RM'000	**RM'000**
Reserve on consolidation	13,464	13,464

25. Loan and borrowings

	Group	
	2022	**2021**
	RM'000	**RM'000**
Current		
Bankers' acceptance	6,868	12,618
Bank overdrafts	1,252	861
Bank revolving credit	-	-
Term loans	2,465	2,516
	10,585	15,995
Non-current		
Term loans	2,063	3,993
	2,063	3,993
Total loans and borrowings:		
Bankers' acceptance	6,868	12,618
Bank overdrafts	1,252	861
Bank revolving credit	-	-
Term loans	4,528	6,509
	12,648	19,988

25. Loan and borrowings (cont'd)

The remaining maturities of loans and borrowings as at 31 December 2022 and comparative prior year are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Maturity of loans and borrowings:		
Within one year	10,585	15,995
More than one year and less than two years	1,592	2,389
More than two years and less than five years	421	1,604
More than five years	50	-
	12,648	19,988

Bankers' acceptance, bank overdraft and letter of credit bear interest rates range from 1.78% to 7.40% (2021: 1.78% to 10.00%) per annum. Term loans bear interest rates range from 1.75% to 6.54% (2021: 3.27% to 6.54%) per annum.

Term loans are secured by the following:

(a) Legal charge over freehold and leasehold land and buildings of certain subsidiaries as disclosed in Note 12 and Note 13 to the financial statements;
(b) Fixed and floating charges over assets of the Company's wholly owned subsidiaries, Lionvest Corporation (Pahang) Sdn. Bhd. and Syarikat Minho Kilning Sdn. Bhd.;
(c) Corporate guarantee by Minho (M) Berhad;
(d) Joint and several guarantee from all Directors of the Group and Company; and
(e) Deposits held under lien by licensed banks (Note 21).

26. Lease liabilities

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	11,254	17,977
New lease liabilities during the year	16,216	206
Lease interest (Note 7)	518	667
Less: lease payments	(7,793)	(7,362)
Less: rent concession (Note 6)	-	(174)
Less: written off	-	(60)
Less: lease modification	(190)	-
At 31 December	20,005	11,254

26. Lease liabilities (cont'd)

	Group 2022 RM'000	Group 2021 RM'000
Minimum lease payment:		
Not later than 1 year	8,742	6,160
Later than 1 year and not later than 2 years	11,700	3,332
Later than 2 year and not later than 5 years	363	2,298
	20,805	11,790
Less: Future finance charges	(800)	(536)
Present value of lease liabilities	20,005	11,254
Present value of lease liabilities:		
Not later than 1 year	8,260	6,628
Later than 1 year and not later than 2 years	11,394	2,339
Later than 2 year and not later than 5 years	351	2,287
	20,005	11,254

Lease liabilities bore incremental borrowing rate and interest rate implicit in lease between 2.45% and 3.67% (2021: 2.45% and 3.67%) per annum.

(a) Net carrying amounts included in:

	Group 2022 RM'000	Group 2021 RM'000
- Rights of use asset	23,818	14,290

(b) Cash flows for lease as lessee

	Group 2022 RM'000	Group 2021 RM'000
Included in net cash from operating activities		
Payment relating to short-term leases	182	169
Payment relating to leases of low-value assets	-	4
Interest paid in relation to lease liabilities	518	667
Included in net cash from financing activities		
Payment of lease liabilities	7,275	7,362
	7,975	8,202

27. Deferred tax liabilities

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	9,129	9,545
Recognised in profit or loss (Note 10)	2,360	(416)
At 31 December	11,489	9,129

28. Trade and other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade				
Trade payables	8,441	10,653	-	-
Non-trade				
Accruals	3,501	5,305	58	45
Deposits received	4,401	2,652	-	-
Other payables	2,217	2,649	-	51
Amounts due to related parties	29	246	-	-
	10,148	10,852	58	96
Trade and other payables	18,589	21,505	58	96

The normal trade credit terms granted to the Group range from 30 to 120 days (2021: 30 to 120 days).

Amounts due to other related parties are unsecured, interest-free and repayable on demand.

29. Provision for liabilities

	Group 2022 RM'000	Group 2021 RM'000
Provision for forestry site expenses	24	396
Provision for reforestation	103	1,710
	127	2,106

The above provision for liabilities are made in respect of the logging activities within timber concessions of a subsidiary of the Group.

30. Investments in subsidiaries

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares:		
At cost	342,042	342,042
Add: Acquisition of subsidiary (a)	102	-
Less: Allowance for impairment losses	(159,620)	(163,000)
	182,524	179,042

Movement of the impairment on investment in subsidiaries is as follow:

	Company 2022 RM'000	Company 2021 RM'000
At 1 January	163,000	163,047
Addition	-	1,268
Reversal of impairment on investment in subsidiaries	(3,380)	(1,315)
At 31 December	159,620	163,000

The carrying amount of investment in Lionvest Corporation (Pahang) Sdn. Bhd. and Syarikat Vinco Timber Industries Sdn. Bhd. as at 31 December 2022 was RM19,354,172 and RM43,224,561 (2021: RM18,662,737 and RM40,536,413) respectively. The Company has recognised impairment losses in respect of cost of investment in both of the subsidiaries and the accumulated impairment loss amounted to RM153,381,416 and RM6,237,646 (2021: RM154,072,851 and RM8,925,794) respectively.

30. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Syarikat Minho Kilning Sdn. Bhd.	Malaysia	100	100	Timber kiln drying and its related activities
Syarikat Vinco Timber Industries Sdn. Bhd.	Malaysia	100	100	Investment holding
Costraco Sdn. Bhd.	Malaysia	51	51	Export of processed timber products
Indah Wood Products Sdn. Bhd.	Malaysia	51	51	Winding up
Indah Paper Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and distribution of industrial paper bags
Solivance Industry Sdn. Bhd. *	Malaysia	100	100	Dormant
Victory Enterprise Sdn. Bhd.	Malaysia	100	100	Manufacturing and exporting of sawn timber, dealing in moulded timber and trading of garden furniture
Lionvest Corporation (Pahang) Sdn. Bhd.	Malaysia	100	100	Exploitation of timber concessions, trading in timber logs, operation of an integrated timber complex and letting of premises
Lionvest Plantation Sdn. Bhd. *	Malaysia	51	100	Dormant
Lionvest Timber Industries Sdn. Bhd.	Malaysia	51	51	Sawmilling, dealing in timber and its related products

30. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Abadi Canggih Sdn. Bhd. *	Malaysia	100	100	Dormant
Idaman Heights Sdn. Bhd. *	Malaysia	100	100	Investment holding
My Squares Development Sdn. Bhd.	Malaysia	51	51	Property development and building construction
Euro-CGA Sdn. Bhd.	Malaysia	31	31	Manufacturing, marketing and exporting moulded timber products

* Audited by firm of auditors other than ECOVIS MALAYSIA PLT

(a) On 4 April 2022, the Company acquired 100% equity interest of Lionvest Plantation Sdn. Bhd. from Lionvest Corporation (Pahang) Sdn Bhd for a cash consideration of RM66,325. The acquisitions of this subsidiary had no financial effects to the Group as at the date of acquisition.

On 14 April 2022, Lionvest Plantation Sdn. Bhd. has allotted 685,969 new ordinary shares at RM0.052 per share to the Company and 2,450,000 new ordinary shares at RM0.04 per share to its new shareholders, Lucky Star Diversified Sdn. Bhd.. The Group's equity interest in Lionvest Plantation Sdn Bhd had reduced from 100% to 51% subsequent to the shares allotment.

31. Financial guarantees

As at 31 December 2022, the Group and the Company gave financial guarantees to licensed banks and financial institutions in respect of facilities granted to certain subsidiaries amounting to RM104,278,921 and RM97,537,017 (2021: RM104,472,001 and RM97,730,097).

32. Significant related party disclosures

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly, or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Group or the Company.

The Group and the Company have related party relationship with companies within Minho (M) Berhad group, Directors, companies of Directors and their close members of family and key management personnel.

(a) Significant related party transactions

Related party transactions have been entered into the normal course of business under terms agreed between companies within the Group and the related parties. The significant related party transactions of the Group and of the Company are as follows:

	Group			
	2022 RM'000	Amount outstanding (to)/from as at 31.12.2022 RM'000	2021 RM'000	Amount outstanding (to)/from as at 31.12.2021 RM'000
Purchase of logs				
- D.M. Timber Sdn. Bhd.	2,331	(250)	4,054	(210)
- Lucky Star Diversified Sdn. Bhd.	-	-	5,454	(865)
Purchase of sawn timber and its related product				
- Mahawangsa Timber Industries Sdn. Bhd.	4,818	(6)	3,810	(8)
Sales of sawn timber and its related product				
- Mahawangsa Timber Industries Sdn. Bhd.	(967)	13	(527)	984

32. Significant related party disclosures (cont'd)

(a) Significant related party transactions (cont'd)

Related party transactions have been entered into the normal course of business under terms agreed between companies within the Group and the related parties. The significant related party transactions of the Group and of the Company are as follows: (cont'd)

	Group			
	2022 RM'000	Amount outstanding (to)/from as at 31.12.2022 RM'000	2021 RM'000	Amount outstanding (to)/from as at 31.12.2021 RM'000
Rental of storage charged by a related party				
- Minho Kilning (Klang) Sdn. Bhd.	-	-	210	-
Rental of premise charged by a related party				
- Minho Kilning (Klang) Sdn. Bhd.	3,951	-	3,483	-
Insurance brokerage fee charged by an other related company				
- Oak Three Sdn. Bhd	53	-	25	-
Hire of equipment by a related party				
- Minho Kilning (Klang) Sdn. Bhd.	96	-	104	-
Transport expenses charged by related party				
- Mahawangsa Timber Industries Sdn. Bhd.	53	-	53	-
Transport charges received from related parties				
- Mahawangsa Timber Industries Sdn. Bhd.	(30)	-	(31)	-
- Lucky Star Diversified Sdn. Bhd.		-	(8)	-
- Oak Three Sdn. Bhd.	(8)	-	(1)	7

32. Significant related party disclosures (cont'd)

(a) Significant related party transactions (cont'd)

The details of related party relationships are as follows: (cont'd)

Related parties	Relationship
D.M. Timber Sdn. Bhd.	Dato' Loo Keng Ann is the Managing Director of Minho (M) Berhad and also a director of D.M. Timber Sdn. Bhd.
Minho Kilning (Klang) Sdn. Bhd.	Minho Kilning (Klang) Sdn. Bhd. is a wholly owned subsidiary of Minho Holdings Sdn. Bhd., the major shareholder of Minho (M) Berhad.
Oak Three Sdn. Bhd.	Oak Three Sdn. Bhd. is wholly owned by Minho Holdings Sdn. Bhd., the major shareholder of Minho (M) Berhad. Loo Say Leng is a director and a major shareholder of Oak Three Sdn. Bhd.
Mahawangsa Timber Industries Sdn. Bhd.	Loo Say Cheng is a director of Lionvest Timber Industries Sdn. Bhd. and also a Director of Mahawangsa Timber Industries Sdn. Bhd.
Pembinaan Infra E&J Sdn Bhd ("EJ")	A major shareholder of My Squares Development Sdn. Bhd.
Lucky Star Diversified Sdn. Bhd.	Tan Ah Tin is a director and major shareholder of Lucky Star Diversified Sdn. Bhd. and family member of Loo Say Cheng, the director of Lionvest Corporation (Pahang) Sdn. Bhd. and Dato' Loo Keng Ann, the Managing Director of Minho (M) Berhad.

	Company	
	2022	**2021**
	RM'000	**RM'000**
Management fees receivable from a subsidiary	-	60
Dividend income from a subsidiary	600	-
Total	600	60

32. Significant related party disclosures (cont'd)

(b) Compensation of Directors and key management personnel

The remuneration of Directors and key management personnel during the year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees	782	922	75	60
Salary, allowance, bonus and defined contribution plans	4,952	4,492	329	152
Benefits-in-kind	82	164	-	-
	5,816	5,578	404	212

33. Financial instruments

33.1 Classification of financial instruments

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets				
At amortised cost:				
Trade and other receivables^	27,251	37,429	496	496
Fixed deposits with licensed banks	28,274	26,386	-	-
Cash and bank balances	21,077	32,653	2,599	5,442
	76,602	96,468	3,095	5,938
At fair value through profit or loss:				
Short-term investments	18,340	14,343	2,524	-
Derivative financial assets	126	369	-	-
	18,466	14,712	2,524	-
	95,068	111,180	5,619	5,938

33. Financial instruments (cont'd)

33.1 Classification of financial instruments (cont'd)

The following table analyse the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2021 RM'000	2021 RM'000
Financial liabilities				
At amortised cost:				
Trade and other payables	18,589	21,505	58	96
Loan and borrowings	12,648	19,988	-	-
Lease liabilities	20,005	11,254	-	-
	51,242	52,747	58	96

^ exclude prepayments

33.2 Fair values of financial instruments

The following summarises the methods used to determine the fair values of the financial instruments:

(i) The carrying amounts of short term receivables and payables, cash and cash equivalents approximate their fair values due to the relatively short-term maturity of these financial instruments and insignificant impact of discounting.

(ii) The carrying amount of the borrowings approximated their fair values as these instruments bear interest at variable rates except for fixed rate lease liabilities and banker acceptances. The carrying amount of fixed rate lease liabilities and banker acceptances are considered to be reasonably close to its fair value as the effective interest rate of fixed rate lease liabilities and banker acceptances are approximate to the observable current market interest rates.

33. Financial instruments (cont'd)

33.3 Fair value hierarchy

	Fair value of financial instruments carried at fair value			
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2022				
Short-term investments	-	18,340	-	18,340
Derivative financial assets	-	126	-	126
2021				
Short-term investments	-	14,343	-	14,343
Derivative financial assets	-	369	-	369

34. Financial risk management objectives and policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their risks. The Group's and the Company's policies are not to engage in speculative transactions.

34. Financial risk management objectives and policies (cont'd)

(a) Market risk

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasuries activity are set out as follows:

(i) Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The transactional currency exposure arising from financial assets that are denominated in a currency other than functional currency, is as follow:

	Group	
	2022 RM'000	**2021 RM'000**
USD		
Financial assets		
Trade and other receivables	7,266	15,194
Derivative financial assets	126	381
Cash and bank balances	621	1,120
	8,013	16,695
Financial liabilities		
Trade and other payables	(66)	(429)
	7,947	16,266
SGD		
Financial assets		
Trade and other receivables	276	446
Cash and bank balances	2,500	1,210
	2,776	1,656
Financial liabilities		
Trade and other payables	(69)	(36)
	2,707	1,620
EURO		
Financial assets		
Cash and bank balances	19	97

34. Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasuries activity are set out as follows: (cont'd)

(i) Foreign currency risk management (cont'd)

Sensitivity analysis for foreign currency risk

A 10% foreign currency fluctuation of the RM against following currencies at the end of reporting date would increase/(decrease) in Group's and Company's profit after tax as per below. The analysis assumes that all other variables remain unchanged.

	Group	
	2022 RM'000	2021 RM'000
United States Dollar	604	1,236
Others	206	130

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their floating rate term loans and borrowings of entities within the Group. Investment in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk. The Group's and the Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

34. Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasuries activity are set out as follows: (cont'd)

(ii) Interest rate risk (cont'd)

The interest rate profile of the Group significant interest bearing financial instruments, based on the carrying amounts as at the end of the reporting years were:

	Group	
	2022 RM'000	**2021 RM'000**
Fixed rate instruments		
Financial asset		
Fixed deposits placed with licensed bank	28,274	26,386
Financial liabilities		
Loans and borrowings	1,421	2,201
Lease liabilities	20,005	11,254
Floating rate instruments		
Financial liabilities		
Loans and borrowings	11,227	17,787

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis for a reasonably possible change in the interest rates as the end of the reporting period with all other variables held constant on floating rate loans and borrowings of the Group:

	Group	
	Increase/ (Decrease) 2022 RM'000	**Increase/ (Decrease) 2021 RM'000**
Effect on profit after tax		
Increases 100 basis point	85	135
Decreases 100 basis point	(85)	(135)

34. Financial risk management objectives and policies (Cont'd)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables, short-term investment, amount owing from a subsidiary, deposits with licensed banks and cash and bank balances. The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

(i) Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

In determining the recoverability of trade receivables, the Group and the Company consider any change in credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Ageing analysis

The ageing analysis of the Company's trade receivables is disclosed in Note 18 to the financial statements.

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

As at the end of the reporting period, trade receivables of the Group of RM10,533,078 (2021: RM13,239,715) was past due but not impaired. These are not secured by any collateral or supported by any other credit enhancement.

Trade receivables that are past due and impaired

The movement in the allowance for impairment losses of trade receivables during the financial year is disclosed in Note 18 to the financial statements.

Credit risk concentration profile

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

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables (cont'd)

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of trade receivables as at the end of the reporting period.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region is as follows:

	Group	
	2022 **RM'000**	**2021** **RM'000**
Malaysia	14,769	16,490
Europe	4,266	-
Indonesia	685	1
Philipines	236	-
Singapore	277	447
Taiwan	(2)	-
United States of America	2,182	15,064
Vietnam	138	-
	22,551	32,002

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables (cont'd)

Expected credit losses

The Group and the Company provide for lifetime expected credit losses for all trade receivables. The expected credit losses below also incorporate forward looking information such as a forecast of economic conditions where the gross domestic product will increase over the next year, leading to a decrease in the number of defaults. The loss allowance provision as at the end of each reporting period is determined as follows:

	Current	30 days past due	60 days past due	90 days past due	120 days past due	More than 120 days past due	Total
Group and Company							
2022							
Expected loss rate (%)	-	-	-	-	0.23	1.09	
Gross carrying amount (RM)	12,018	5,382	2,927	1,297	860	869	
Loss allowance provision (RM)	-	-	-	-	1	51	52
Specific allowance provision (RM)	-	-	-	-	-	1,143	1,143
Total impairment (RM)							1,195
2021							
Expected loss rate (%)	-	-	-	-	0.41	4.11	
Gross carrying amount (RM)	18,762	6,946	3,373	1,520	649	1,738	
Loss allowance provision (RM)	-	-	-	-	13	110	123
Specific allowance provision (RM)	-	-	-	-	-	863	863
Total impairment (RM)							986

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(ii) Other receivables

Other receivable balances are monitored on an ongoing basis.

The Group and the Company consider other receivables as low credit risk and any loss allowances would have been recognised in Note 18 to the financial statements.

Exposure to credit risk, credit quality and collateral

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

(iii) Other financial assets

For other financial assets (including short-term investments, derivative financial assets, deposits with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

The Group and the Company consider the probability of default upon initial recognition of assets and whether there has been a significant increase in the credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable supportive forward-looking information.

Short-term investments are made only in liquid securities and only with counterparties that are reputable and have a strong credit rating. Transactions involving derivative financial instruments are with approved financial institutions.

For other financial assets of which there is a significant increase in credit risk since initial recognition, there is no material lifetime ECL impact on the amount reported for the Group and the Company.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. Other than deposits with a licensed bank and bank balances that are protected to an extent by Perbadanan Insurans Deposit Malaysia, other financial instruments are unsecured.

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(iv) Bank guarantee

The Group has bank guarantees granted by banks in respect of payment guarantee in favour of certain subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM1,415,470 (2021: RM1,307,000) representing the outstanding bank guarantee at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

The bank guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

34. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows:

	Weighted average Effective rate %	Carrying amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 – 5 years RM'000
2022					
Group					
Trade and other payables		18,589	18,589	18,589	-
Loan and borrowings	2.00 – 5.51	12,648	12,879	10,765	2,114
Lease liabilities	2.45 – 3.92	20,005	20,805	8,742	12,063
		51,242	52,273	38,096	14,177

	Carrying amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 – 5 years RM'000
2022				
Company				
Trade and other payables	58	58	58	-
	58	58	58	-

34. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows: (cont'd)

	Weighted average Effective rate %	Carrying amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 – 5 years RM'000
2021					
Group					
Trade and other payables		21,505	21,505	21,505	-
Loan and borrowings	1.78 – 5.51	19,988	21,234	17,061	4,173
Lease liabilities	2.45 – 3.92	11,254	12,611	6,984	5,627
		52,747	55,350	45,550	9,800

	Carrying amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 – 5 years RM'000
2021				
Company				
Trade and other payables	96	96	96	-
	96	96	96	-

35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group and the Company manage its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using a net gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep lower net gearing ratio at a level deemed appropriate considering business, economic and investment conditions.

The net gearing ratio as at the end of the reporting period is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	18,589	21,505	58	96
Loan and borrowings	12,648	19,998	-	-
Lease liabilities	20,005	11,254	-	-
Less: Deposits with licensed bank, unpledged (Note 21)	(21,100)	(23,010)	-	-
Less: Cash and bank balances	(21,077)	(32,653)	(2,599)	(5,442)
Less: Short-term investment	(18,340)	(14,343)	(2,524)	-
Net debt/(cash)	(9,275)	(17,249)	(5,065)	(5,346)
Equity attributable to the owners of the Company	395,241	387,757	188,457	185,149
Capital and net debt	N/A	N/A	N/A	N/A
Net gearing ratio/Net cash	N/A	N/A	N/A	N/A

36. Operating segments

The Board of Directors is the Group's chief operating decision maker ("CODM").

The CODM assesses the performance of the operating segments based on profit before tax.

(a) Reporting format

The Group operates principally in the timber industry and the primary reportable segments are the business segments categorised by the different products and services produced. Each business segment is the Group's strategic business unit. The strategic business units are organised and managed separately because of the differences in the nature of products and services provided and markets served.

(b) Reportable segments

The Group operates on the following main business segments:

(i) Timber extraction	-	exploitation of forest concession and sales of timber logs
(ii) Timber trading	-	sales of processed sawn timber and its related products
(iii) Manufacturing	-	manufacturing of rough sawn timber, moulded timber and its related products, manufacturing and distribution of industrial paper bags
(iv) Service and treatment	-	providing timber kiln drying and chemical preservative treatment
(v) Property development	-	property development and building construction
(vi) Others	-	investment holdings and rental of equipment. None of these segments met the quantitative threshold for reporting segments in 2022 and 2021.

(c) Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets is used to measure the return on assets of each segment.

(d) Segment liabilities

Segment liabilities information comprise total liabilities of each segment reported in the internal management report to the CODM. The CODM reviews segment liabilities information to monitor liquidity of each segment.

(e) Geographical segments

The Group only operates within Malaysia.

36. Operating segments (cont'd)

(f) Allocation basis and transfer pricing

Segment profit before tax, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on terms agreed between transacting parties. Segment revenue, expenses and results include transfers between business segments which are eliminated on consolidation.

36. Operating segments (cont'd)

2022	Timber extraction RM'000	Timber trading RM'000	Manufacturing RM'000	Services and treatment RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment profit before tax	281	7,591	9,321	3,656	(425)	7,014	(7,855)	19,583
Included in the measure of segment profit are:								
External sales	783	83,302	116,065	26,177	-	1,039	-	227,366
Inter segment sales	-	254	5,793	5,917	-	4,215	(16,179)	-
Total revenue	783	83,556	121,858	32,094	-	5,254	(16,179)	227,366
Depreciation	(276)	(847)	(1,865)	(1,700)	(9)	(433)	(9)	(5,139)
Amortisation of rights-of-use assets	-	(100)	(2,445)	(4,216)	-	(191)	864	(6,088)
Rental income of land and buildings	-	4,354	2,630	4,043	30	-	(630)	10,427
Net foreign exchange								
- realised loss, net	-	377	(828)	-	-	-	-	(451)
- unrealised gain, net	-	(39)	137	-	-	-	-	98
Finance costs	-	(147)	(1,045)	(182)	-	(13)	109	(1,278)
Interest income	-	296	268	34	79	17	(83)	611
Tax expense	-	(2,444)	(2,999)	(2,828)	-	(44)	-	(8,315)
Segment assets	8,212	117,407	154,119	173,337	12,086	37,941	(4,040)	499,062
Segment liabilities	1,331	11,796	25,711	22,636	132	2,157	(565)	63,198

36. Operating segments (cont'd)

2021	Timber extraction RM'000	Timber trading RM'000	Manufacturing RM'000	Services and treatment RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment profit before tax	(110)	7,651	7,646	(694)	(76)	(924)	(895)	12,598
Included in the measure of segment profit are:								
External sales	413	98,874	98,198	21,447	-	3,405	-	222,337
Inter segment sales	-	2,705	5,052	4,713	-	488	(12,958)	-
Total revenue	413	101,579	103,250	26,160	-	3,893	(12,958)	222,337
Depreciation	(70)	(783)	(1,757)	(1,681)	(1)	(662)	(7)	(4,961)
Amortisation of rights-of-use assets	-	(75)	(2,609)	(3,558)	-	(208)	796	(5,654)
Rental income of land and buildings	-	2,962	1,671	2,910	-	-	(503)	7,040
Net foreign exchange								
- realised gain	-	571	264	-	-	-	-	835
- unrealised (loss)/gain	-	(83)	150	-	-	24	-	91
Finance costs	-	(310)	(1,423)	(152)	-	(14)	190	(1,709)
Interest income	-	284	164	128	-	88	(134)	530
Tax expense	-	(1,729)	(1,902)	574	-	(11)	-	(3,068)
Segment assets	2,515	117,190	160,151	160,738	12,425	42,253	(3,239)	492,033
Segment liabilities	560	11,054	36,950	10,663	46	5,383	(308)	64,348

37. Significant event during the financial year

(i) On 27 December 2022, the wholly owned subsidiary, Victory Enterprise Sdn. Bhd. had entered into a Sale and Purchase Agreement with Yap Sook Peng to acquire a piece of freehold land measuring 2.026 hectares located in Mukim Jeram, District of Kuala Selangor, Selangor Darul Ehsan for a total consideration of RM6,000,000 and fully paid on 23 February 2023.

(ii) On 19 December 2022, the subsidiary, Euro-CGA Sdn. Bhd. had approved entered into a Sales and Purchase Agreement with LHT Auto Sdn. Bhd. to dispose a unit of double storey factory bearing postal address 52, Lorong Sungai Puloh 10/KU06, Kawasan Perindustrian Sungai Puloh, 42100 Klang, Selangor for a total consideration of RM1,200,000. As of the date of approval of financial statements, a deposit of RM120,000 being received by the subsidiary.

38. Significant event after the reporting period

(i) On 17 February 2023, the subsidiary, Syarikat Minho Kilning Sdn. Bhd. had entered into a Sale and Purchase Agreement with Ms Ng Sim Won to acquire two freehold factory land bearing postal address at 2, Jalan Pelaburan 15D, Lorong Sungai Puluh, Batu 5 3/4, Semental, 42200 Kapar, Selangor and 4, Jalan Pelaburan 15D, Lorong Sungai Puluh, Batu 5 3/4, Semental, 42200 Kapar, Selangor for a total consideration of RM1,570,000 and paid deposit of RM157,000.

(ii) On 13 February 2023, the subsidiary, Costraco Sdn. Bhd. had declared a single tier interim dividend of RM0.50 per ordinary shares totaling RM2,500,000 in respect of the financial year ending 31 December 2023 and be made payable on 15 February 2023.

(iii) On 28 February 2023, the subsidiary, Syarikat Vinco Timber Industries Sdn. Bhd. had declared a single tier interim dividend of RM2.33 per ordinary shares totaling RM7,000,000 in respect of the financial year ending 31 December 2023 and be made payable on 13 March 2023.

(iv) On 15 March 2023, the Company further subscribed 4,000,000 ordinary shares of a subsidiary, Lionvest Corporation (Pahang) Sdn. Bhd. at RM1 per share for a total cash consideration of RM4,000,000.

39. Material litigation

Klang Sessions Court S/No. BL-A52-12-10/2020

On 20 October 2020, Practrans Sdn. Bhd. ("PTS") has filed a Writ and Statement of Claim claiming Syarikat Minho Kilning Sdn. Bhd. ("SMKSB"), a wholly-owned subsidiary of the Company, a total outstanding sum of RM161,148 for goods and services supplied by PTS to SMKSB. However, SMKSB contested the claims by PTS as goods and services provided by PTS was not to specifications and sub-standard.

On 13 November 2020, SMKSB filed its Defence and Counterclaim stipulating the Company's defences to PTS and counterclaims. SMKSB counterclaims a total outstanding sum of RM404,720 for the total failure of consideration of the purchase contract with PTS.

The Court has set 22 April 2021 as the mediation date for this case as both parties are trying to settle the case on an out of court settlement and the case management date is fixed on 23 April 2021 for the outcome of the mediation. However, the mediation date has been postponed to 21 and 22 February 2022.

On 22 February 2022, PTS has presented their points to the judge and SMKSB first witness and second witness will defend and counterclaims to the judge on 5 April 2022 and 5 July 2022 respectively. The judge unable to attend the Court on 5 July 2022. Therefore, SMKSB second witness presented their points to the judge on 18 October 2022. However, the continued hearing on 18 October 2022 is postponed to 9 January 2023.

After all the hearings, the Court will be deciding on 9 June 2023.

List of Properties

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year of Acquisition / Revaluation
Lot No. 6466 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.95 acres	Freehold	33	6,050,000	1989
Lot No. 6466 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	392.70 sq. metres	Freehold	29	48,015	1993
Lot No. 6466 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	145.10 sq. metres	Freehold	29	13,601	1993
Lot No. 6466 Mukim of Kapar District of Klang Selangor Darul Ehsan	Kiln drying factory with parking & storage shed, workshop & office cum store, building & worker quarters	2,067.91 sq. metres	Freehold	12	4,157,704	2010
Lot No. 6475 & 6476 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.89 acres	Freehold	12	12,900,000	2010
Lot No. 6475 & 6476 Mukim of Kapar District of Klang Selangor Darul Ehsan	Kiln drying factory with storage shed & office building	33,944.04 sq. metres	Freehold	12	10,202,720	2010
Lot No. 6469 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.89 acres	Freehold	12	12,000,000	2010
Lot No. 6469 Mukim of Kapar District of Klang Selangor Darul Ehsan	Kiln drying factory	41,517.38 sq. metres	Freehold	12	7,037,484	2010
GRN 93037 Lot 34177 Mukim Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	1	608,639	2022

List of Properties (cont'd)

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year of Acquisition / Revaluation
Lot No. 921 Section 24 Municipality of Klang Selangor Darul Ehsan	Land	Built up area of 302.8 sq. metres	Freehold	12	700,000	2010
Lot No. 921 Section 24 Municipality of Klang Selangor Darul Ehsan	Terrace shop cum office	Built up area of 302.8 sq. metres	Freehold	12	609,578	2010
Lot No. 6477 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.94 acres	Freehold	14	12,120,000	2008
Lot No. 6477 Mukim of Kapar District of Klang Selangor Darul Ehsan	Storage shed, office blocks and store	32,323.42 sq. metres	Freehold	14	545,898	2008
Lot No. 6477 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	388.63 sq. metres	Freehold	14	139,519	2008
Lot No. 6474 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	10.43 acres	Freehold	13	12,730,000	2009
Lot No. 6474 Mukim of Kapar District of Klang Selangor Darul Ehsan	Kiln drying factory with storage shed	41,951.36 sq. metres	Freehold	14	5,839,578	2008
Lot No. 6471 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	10.18 acres	Freehold	14	12,410,000	2008
Lot No. 6470 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	10.18 acres	Freehold	14	12,410,000	2008
GRN 93038 Lot 34178 Mukim Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	1	608,641	2022

List of Properties (cont'd)

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year Of Acquisition / Revaluation
Lot No. 6471 Mukim of Kapar District of Klang Selangor Darul Ehsan	Kiln drying factory with storage shed, office block and workshop	67,790.04 sq. metres	Freehold	14	9,184,983	2008
Lot No. 6470 Mukim of Kapar District of Klang Selangor Darul Ehsan	Kiln drying factory with storage shed and office block	1,360.26 sq. metres	Freehold	14	108,706	2008
Lot No. 6457 & 6458 Mukim of Kapar District of Klang Selangor Darul Ehsan	Storage shed	10.144 acres	Freehold	34	8,543,931	1988
Lot No. 6457 & 6458 Mukim of Kapar District of Klang Selangor Darul Ehsan	Worker's quarter	107.30 sq. metres	Freehold	29	57,391	1993
Lot No. PT 2863 Mukim of Chenor District of Maran Pahang Darul Makmur	Factory with storage shed, office and workshop	145.41 acres	Leasehold expiring on 10/10/2045	69	14,900,672	1953
Lot No. 879 Municipality of Klang Selangor Darul Ehsan	Vacant	3.4677 acres	Freehold	22	3,267,259	2000
Lot No. 6467 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building with storage shed	9.90 acres	Freehold	17	12,000,213	2005
Lot No. 6467 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	264.77 sq. metres	Freehold	16	160,268	2006
Lot No. 6503 Mukim of Kapar District of Klang Selangor Darul Ehasan	Land	6.059 acres	Freehold	13	4,006,500	2009
GRN 93039 Lot 34179 Mukim Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	1	608,639	2022

List of Properties (cont'd)

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year Of Acquisition / Revaluation
Lot No. 6503 Mukim of Kapar District of Klang Selangor Darul Ehasan	Industrial paper bags factory with parking & storage shed & office building	6.059 acres	Freehold	13	4,561,923	2009
Lot No. 4842 Mukim of Jeram District of Kuala Selangor Selangor Darul Ehsan	Vacant	18.208 acres	Freehold	10	4,542,084	2012
PT 42079 Mukim of Tanjung Dua Belas District of Kuala Langat Selangor Darul Ehsan	Land	26.14 acres	Freehold	5	13,523,954	2017
Regensi Condominium Jalan Pelangi Kawasan 16 Municipality of Klang Selangor Darul Ehsan	15 units of Condominium EW16-7-B,EW17-2-E, SW13-1, SW13-2, SW13-3, SW13-5, SW13-7, SW13-8, SW13-9, SW13-10, SW17-6-A,SW19-2-C WW15-2-G, WW17-4-C, WW17-6-A	0.669 acres	Freehold	15	3,335,481	2007
No. 51, Jalan Aman Perdana, 9G/KU Taman Aman Perdana District of Klang Selangor Darul Ehsan	Building	0.048 acres	Freehold	14	663,969	2008
Lot 15956 Mukim of Kapar District of Klang Selangor Darul Ehsan	Agriculture Land	8.794 acres	Freehold	6	5,012,671	2016
PT 71935, Lot TF8, No.60 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	0.005 acres	Freehold	8	978,824	2014
GRN 93034 Lot 34174 Mukim Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	1	588,285	2022

List of Properties (cont'd)

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year Of Acquisition / Revaluation
PT 71936, Lot TF9, No.62 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	0.005 acres	Freehold	8	933,117	2014
Lot 6462 Mukim of Kapar District of Klang Selangor Darul Ehsan	Industrial Land	5.113 acres	Freehold	19	20,404,944	2003
PT 71937, No. 62A Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	253 sq. metres	Freehold	4	1,004,371	2018
PT 34194 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	4	444,150	2018
Lot 34195 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	Built up area of 186 sq. metres	Freehold	4	442,068	2018
Lot 34212 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	Built up area of 186 sq. metres	Freehold	4	515,263	2018
Lot 34213 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	Built up area of 186 sq. metres	Freehold	4	515,263	2018
No. 52 Lorong Sg. Puloh 10/KU6 Mukim of Kapar District of Klang Selangor Darul Ehsan	Factory building	221.59 sq. metres	Freehold	4	821,943	2018
GRN 92925 Lot 34156 Mukim Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	1	628,993	2022

List of Properties (cont'd)

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year Of Acquisition / Revaluation
7th Floor Lot 711 & 712 Block B Mukim of Damansara District of Petaling Jaya Selangor Darul Ehsan	Office building	3,326 sq. feet	Leasehold from 13/01/1995 to 13/04/2098	22	374,009	2001
Lot 31597 Lot No. K050/PT21402 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace shop cum office	1,650 sq. feet	Freehold	26	339,840	1996
Lot 48459 – No.5 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace House	111 sq. metres	Freehold	8	55,000	2014
Lot 48497 – No.58 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace House	251 sq. metres	Freehold	8	75,000	2014
PT 7920 Mukim of Jeram District of Kuala Selangor Selangor Darul Ehsan	Agriculture Land	4.302 acres	Freehold	1	3,817,724	2022
TF4:H.S (D) 150866, No PT71931 No. 52 Lorong Sg Puloh 10/KU6 Kawasan Perindustrian Sg Puloh 42100 Klang Selangor	Double Storey Shop Lot	2,385 sq. feet	Freehold	5	829,616	2018
GRN101889 Lot No.41960 No 15 Jalan Sungai Kapar Indah SB Taman Sungai Kapar Indah 42100 Klang Selangor	Double Storey Renovated Terraced House	1,302 sq. feet	Freehold	2	405,217	2021
GRN101850 Lot No.41921 No 36 Jalan Sungai Kapar Indah SB Taman Sungai Kapar Indah 42100 Klang Selangor	Double Storey Terraced House	1,302 sq. feet	Freehold	2	370,625	2021

Analysis of Shareholdings
as at 31 March 2023

Share Capital

Total Number of Issued Share	:	356,724,346
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 - 99	532	9.71	24,647	0.01
100 – 1,000	356	6.50	141,922	0.04
1,001 – 10,000	2,885	52.66	14,741,976	4.13
10,001 – 100,000	1,457	26.59	44,032,214	12.34
100,001 – 17,836,204*	248	4.53	196,708,385	55.14
17,836,205 and above**	1	0.02	101,074,973	28.33
TOTAL	**5,479**	**100.00**	**356,724,117#**	**100.00**

* Less than 5% of issued holdings
** 5% and above of issued holdings
# The shortfall of 229 ordinary shares is due to some shareholders who do not have Central Depository System (CDS) accounts. Hence, their shareholdings were excluded from the Company's Record of Depositors.

Directors' Shareholdings

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

	No. of shares beneficially held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Loo Keng An @ Lee Kim An	-	-	87,960,280(1)	24.66
Loo Say Leng	-	-	60,376,894(2)	16.93
Khibir Bin Razali	-		-	-
Tuan Haji Mohd Faizal Bin Abdul Majid	3,131	0.01	-	-
Lim Kim Meng	260,947	0.07	-	-
Jeannie Lim Li Tein	-	-	-	-

(1) Deemed interest through his direct and indirect shareholding in Loo Keng An Sdn. Bhd. which holds 36% in Minho Holdings Sdn. Bhd. and through direct and indirect shareholdings of his children and their spouses and his siblings and their spouses.
(2) Mr. Loo Say Leng is the son of Dato' Loo Keng An @ Lee Kim An. He is deemed interested through his direct shareholding in Minho Holdings Sdn. Bhd. and his direct and indirect shareholding in Loo Keng An Sdn. Bhd.

Substantial Shareholders

The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

	No. of shares beneficially held			
Name of Shareholders	**Direct**	**%**	**Indirect**	**%**
Minho Holdings Sdn. Bhd.	101,074,973	28.33	-	-
Dato' Loo Keng An @ Lee Kim An	-	-	87,960,280(1)	24.66
Loo Say Leng	-	-	60,376,894(2)	16.93

(1) Deemed interest through his direct and indirect shareholding in Loo Keng An Sdn. Bhd. which holds 36% in Minho Holdings Sdn. Bhd. and through direct and indirect shareholdings of his children and their spouses and his siblings and their spouses.
(2) Mr. Loo Say Leng is the son of Dato' Loo Keng An @ Lee Kim An. He is deemed interested through his direct shareholding in Minho Holdings Sdn. Bhd. and his direct and indirect shareholding in Loo Keng An Sdn. Bhd.

Analysis of Shareholdings (cont'd)
as at 31 March 2023

List of Thirty (30) Largest Securities Account Holders as at 31 March 2023

	Name of Shareholders	No. of Shares Held	%
1.	Minho Holdings Sdn. Bhd.	101,074,973	28.33
2.	Cerah Bestari Sdn. Bhd.	13,444,514	3.77
3.	Emas Adil Sdn. Bhd.	12,041,826	3.38
4.	MDB Manufacturing Sdn. Bhd.	11,253,204	3.15
5.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt an for DBS Bank Ltd (SFS-PB)	8,884,631	2.49
6.	LTK (Melaka) Sdn. Bhd.	7,338,528	2.06
7.	GT-Max Resources Sdn. Bhd.	7,000,000	1.96
8.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Thiam Seng	6,970,000	1.95
9.	Mak Ooi Yee	6,376,281	1.79
10.	Loo Say Cheng	4,245,300	1.19
11.	Shio Lay Kian	4,185,449	1.17
12.	Loo Say Cheng	3,614,113	1.01
13.	Liaw Kong Wah	3,408,853	0.96
14.	Ong Yik Gee	3,250,000	0.91
15.	Lim Kiat Si	2,940,400	0.82
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Keng Meng	2,755,729	0.77
17.	Lau Sow Ngan	2,678,940	0.75
18.	Siew Kiat Seng	2,665,852	0.75
19.	Loo Chen Nee	2,639,746	0.74
20.	Ladang Ternakan Kelang Sdn. Bhd.	2,420,158	0.68
21.	Tee Ah Swee	2,308,700	0.65
22.	AMSEC Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Han Leng	2,103,405	0.59
23.	Ng Sher Win	2,013,300	0.56
24.	Tan Chui Hua	1,985,188	0.56
25.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Hin Seong	1,834,900	0.51
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Yi Ho	1,792,000	0.50
27.	Lau Saw Kuen	1,723,290	0.48
28.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Tan Ah Tin (7000452)	1,603,045	0.45
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loo Keng Kiat (7000465)	1,524,900	0.43
30.	Euginny Yap Chiew Yei	1,524,727	0.43

MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)
(Incorporated in Malaysia)

Notice of Thirty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting ("**32nd AGM**") of MINHO (M) BERHAD ("**the Company**") will be held at the Board Room of the Company at Lot 6476, Lorong Sg. Puluh, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor Darul Ehsan on Tuesday, 27 June 2023 at 10:30 a.m. for the following purposes:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Explanatory Note 1)***

2. To approve the payment of Directors' fees and benefits of up to RM350,000.00 payable to the Directors of the Company from the conclusion of the 32nd AGM up till the conclusion of the next Annual General Meeting of the Company to be held in 2024. ***(Resolution 1)***

3. To re-elect the following Directors who retire pursuant to Clause 96 of the Company's Constitution:-
   (a) Mr. Loo Say Leng ***(Resolution 2)***
   (b) Mr. Lim Kim Meng ***(Resolution 3)***

4. To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 4)***

<u>As Special Business</u>

To consider and if thought fit, to pass the following ordinary and special resolutions, with or without modifications:-

5. **SPECIAL RESOLUTION**
   WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016

   "**THAT** the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("**the Act**").

   THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing the Ordinary Resolution (Authority to Issue Shares pursuant to the Act.)." ***(Resolution 5)***

6. **ORDINARY RESOLUTION 1**
   AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

   "**THAT** subject to the Companies Act 2016 ("**the Act**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to the Act, to allot and issue shares in the capital of the Company to such persons at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 6)***

7. **ORDINARY RESOLUTION 2**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")

"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries ("**Minho Group**") to enter into recurrent related party transactions of a revenue or trading nature ("**Recurrent Related Party Transactions**") with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 28 April 2023 subject further to the following:-

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on normal commercial terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company;

(ii) the disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the forthcoming AGM at which time it will lapse unless by a resolution passed at a general meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) it is revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Board of Directors of the Company and/or any one of them be and are hereby authorised to complete and to do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this ordinary resolution." ***(Resolution 7)***

8. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board

MAK CHOOI PENG (MAICSA 7017931) (SSM PC No. 201908000889)
LIM HENG SEONG (MIA 47165) (SSM PC No. 202008004317)
Company Secretaries

Klang
Dated: 28 April 2023

Notes:

(a) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2023 ("**General Meeting Record of Depositors**") shall be entitled to attend, speak and vote at this Meeting.*

(b) *A member entitled to attend and vote at this Meeting is entitled to appoint more than one (1) proxy to attend and vote instead of him, and that a proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.*

(c) *Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

(d) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(e) *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one 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.*

(f) *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney of the corporation duly authorised.*

(g) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company at No. 808, Jalan 17/24, 46400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding this Meeting or any adjournment thereof.*

(h) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of 32nd AGM will be put to vote by poll.*

Explanatory Notes on Ordinary and Special Businesses:

1. Item 1 of the Agenda

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Resolution 1

   Section 230(1) of the Companies Act 2016 ("**the Act**") provides that the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

   The Company is seeking shareholders' approval for the payment of Directors' fees and benefits of up to RM350,000.00 payable to the Directors of the Company with effect from the conclusion of the 32nd Annual General Meeting ("**AGM**") until the conclusion of the next AGM of the Company in 2024 pursuant to Section 230(1) of the Act.

   The estimated Directors' fees and benefits proposed for the period from 28 June 2023 until the next AGM of the Company in 2024 are derived based on the current Board size and number of scheduled Board and Board Committees meetings to be held. This Resolution 1 is to facilitate payment of Directors' fees and benefits for the financial year 2023/2024.

   In the event that the proposed Directors' fees and benefits are insufficient, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

3. Resolutions 2 and 3

Mr. Loo Say Leng and Mr. Lim Kim Meng ("**the Retiring Directors**") are standing for re-election as Directors of the Company.

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at the 32nd AGM, the Board, through its Nomination and Remuneration Committee ("**NRC**") had assessed the Retiring Directors, and considered the following:
(i) performance and contribution based on the self-assessment ("**SA**") results;
(ii) level of contribution to the Board and deliberations through their skills, experience and strength in qualities; and
(iii) level of objectivity, impartiality and their ability to act in the best interest of the Company.

The Retiring Directors met the performance criteria required of an effective and a high-performance Board based on the Directors' SA results.

The NRC and Board of Directors of the Company ("**the Board**") have considered the results of the assessment conducted on the Retiring Directors and collectively satisfied that they meet the criteria of character, experience, integrity, competence and time required to effectively discharge their role as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board accepted the NRC's recommendation that the Retiring Directors, who retire in accordance with Clause 96 of the Constitution namely, Mr. Loo Say Leng and Mr. Lim Kim Meng are eligible to stand for re-election. The Retiring Directors had abstained from deliberations and decisions on their own eligibility and suitability to stand for re-election at the relevant Board meetings. The Retiring Directors referred to in Resolutions 2 and 3 will abstain from voting on the resolution in respect of their respective re-election at the 32nd AGM.

4. Resolution 4

The Audit and Risk Management Committee ("**ARMC**") had undertaken an annual assessment of the suitability and effectiveness of the external audit process, performance, suitability and independence of the external auditors, Ecovis Malaysia PLT ("**Ecovis**") as prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The ARMC was satisfied with the suitability of Ecovis based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The ARMC was also satisfied in its review that the provisions of non-audit services by Ecovis during the period under review did not impair Ecovis's objectivity and independence. The Board had accepted the ARMC's recommendation for shareholders' approval to be sought at the 32nd AGM on the re-appointment of Ecovis as external auditors of the Company for the financial year ending 31 December 2023, under Resolution 4. The present external auditors, Ecovis, have indicated their willingness to continue their services for the next financial year.

5. Special Resolution

The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person under the general mandate obtained without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

6. Ordinary Resolution 1

The proposed Ordinary Resolution 1 is for the purpose of seeking renewal for the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, from the date of the 32nd AGM of the Company, to allot and issue shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

As of the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Thirty-First Annual General Meeting of the Company held on 28 June 2022, which will lapse at the conclusion of the 32nd AGM of the Company. Hence, no proceeds were raised therefrom.

7. Ordinary Resolution 2

This proposed Ordinary Resolution 2 is to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading in nature granted by shareholders of the Company at the Thirty-First Annual General Meeting of the Company held on 28 June 2022 ("**Renewal of Shareholders' Mandate**"). The Renewal of Shareholders' Mandate will enable the Group to enter into such transactions in the ordinary course of business which are necessary for the Group's day-to-day operations, based on commercial terms which are not more favourable to the related parties than those generally available to the public and are not detriment to the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 28 April 2023 circulated together with this Annual Report for further information.

MINHO (M) BERHAD

Registration No.: 199001009358 (200930-H)
(Incorporated in Malaysia)

CDS ACCOUNT NO.

NUMBER OF SHARES HELD

Proxy Form

(Please refer to the notes below before completing this form)

*I/We, ____NRIC/Passport/Company No.________________________
(FULL NAME IN BLOCK LETTERS)

of____
(FULL ADDRESS)

with contact no. __________________and email address ________________________, being a *member/members of **MINHO (M) BERHAD** ("**the Company**") hereby appoint:

Full Name (In Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

*and/or failing *him/her,

Full Name (In Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Thirty-Second Annual General Meeting ("**32nd AGM**") of the Company will be held at Board Room of the Company, Lot 6476, Lorong Sg. Puluh, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor Darul Ehsan on Tuesday, 27 June 2023 at 10:30 a.m. or at any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below:

ORDINARY RESOLUTION	**Resolution**	**FOR**	**AGAINST**
Approval for payment of Directors' fees and benefits	1		
Re-election of Loo Say Leng as Director	2		
Re-election of Lim Kim Meng as Director	3		
Re-appointment of Messrs. Ecovis Malaysia PLT as Auditors of the Company	4		
Special Reesolution Waiver of Pre-Emptive Rights under Section 85 of the Cmpanies Act 2016	5		
Ordinary Resolution 1 Authority to issue and allot shares pursuant to the Companies Act 2016	6		
Ordinary Resolution 2 Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature	7		

(Please indicate with an "X" in the appropriate spaces how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion.)

Dated this.............day of ...., 2023

....
Signature of Shareholder or Common Seal

* Strike out whichever is not desired.

Notes:

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2023 ("**General Meeting Record of Depositors**") shall be entitled to attend, speak and vote at this Meeting.

(b) A member entitled to attend and vote at this Meeting is entitled to appoint more than one (1) proxy to attend and vote instead of him, and that a proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.

(c) Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one 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.

(f) The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney of the corporation duly authorised.

(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company at No. 808, Jalan 17/24, 46400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding this Meeting or any adjournment thereof.

affix
stamp
here

THE COMPANY SECRETARY
MINHO (M) BERHAD Registration No.: 199001009358 (200930-H)
No. 808, Jalan 17/24,
46400 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.