



MINHO (M) BERHAD

(Incorporated in Malaysia)

Registration No.: 199001009358 (200930-H)

2021 ANNUAL REPORT

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Contents

GROUP INFORMATION	1
CORPORATE INFORMATION	2
CORPORATE STRUCTURE	3
FINANCIAL HIGHLIGHTS	4
CHAIRMAN'S STATEMENT	5
PROFILE OF DIRECTORS	7
MANAGEMENT DISCUSSION AND ANALYSIS	10
SUSTAINABILITY STATEMENT	14
CORPORATE GOVERNANCE OVERVIEW STATEMENT	16
AUDIT AND RISK MANAGEMENT COMMITTEE REPORT	24
STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL	27
OTHER DISCLOSURES	30
STATEMENT OF DIRECTORS' RESPONSIBILITY	33
FINANCIAL STATEMENTS	34
LIST OF PROPERTIES	138
ANALYSIS OF SHAREHOLDINGS	144
NOTICE OF ANNUAL GENERAL MEETING	146
PROXY FORM	150

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Group Information

Main Office

Minho (M) Berhad

(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 /

Sykt. Vinco Timber Industries Sdn Bhd

(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/

Solivance Industry Sdn Bhd

(Sawntimber and timber mouldings)

Lot 6467, 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 /

Euro-Cga Sdn Bhd

(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 /

Lionvest Timber Industries Sdn Bhd

(Logs and Sawmilling)

Jengka Timber Complex,

Bandar Jengka,

26400 Jengka,

Pahang Darul Makmur

Tel : +609-466 4888 (Jeff Loo) Fax : +609-466 4220

Indah Paper Industries Sdn Bhd

(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

(Property development)

2A, Lintang Gelugor,

Off Persiaran Sultan Ibrahim,

42100 Klang,

Selangor Darul Ehsan

Tel : +603-3342 0552 (Mark Loo) Fax : +603-3343 9775

E-mail : mysquares@hotmail.com

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Information

BOARD OF DIRECTORS

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

Yap Leong Seng
(Executive Director)

Loo Say Leng
(Executive Director)

Khibir Bin Razali
(Executive Director)

Haji Mohd Faizal Bin Haji Abdul Majid
(Independent Non-Executive Director)
(Appointed on 20/4/2022)

SECRETARIES

Tan Choon Hian (MIA 2851)
Monalisa Binti Ali (LS0009424)

AUDITORS

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

REGISTERED OFFICE

31A, Jalan Satu, Kawasan 16,
Berkeley Town Centre,
41300 Klang,
Selangor Darul Ehsan
Tel : +603-3342 8602
Fax : +603-3341 9162

Tan Sri Datuk Seri Ismail Bin Yusof
(Chairman/Independent Non-Executive Director)
(Resigned on 28/2/2022)

Tan Sri Dato' Seri Dr. Salleh Bin Mohd Nor
(Chairman/Independent Non-Executive Director)
(Redesignated as Chairman on 28/02/2022)
(Resigned on 21/4/2022)

Lim Kim Meng
(Independent Non-Executive Director)
(Appointed on 30/11/2021)

Tan Choon Hian
(Non-Independent Non-Executive Director)

Jeannie Lim Li Tein
(Independent Non-Executive Director)
(Appointed on 20/4/2022)

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

PRINCIPAL BANKERS

Maybank Islamic Berhad
Alliance Bank Malaysia Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Bhd
Main Market
Stock Code : 5576

WEBSITE

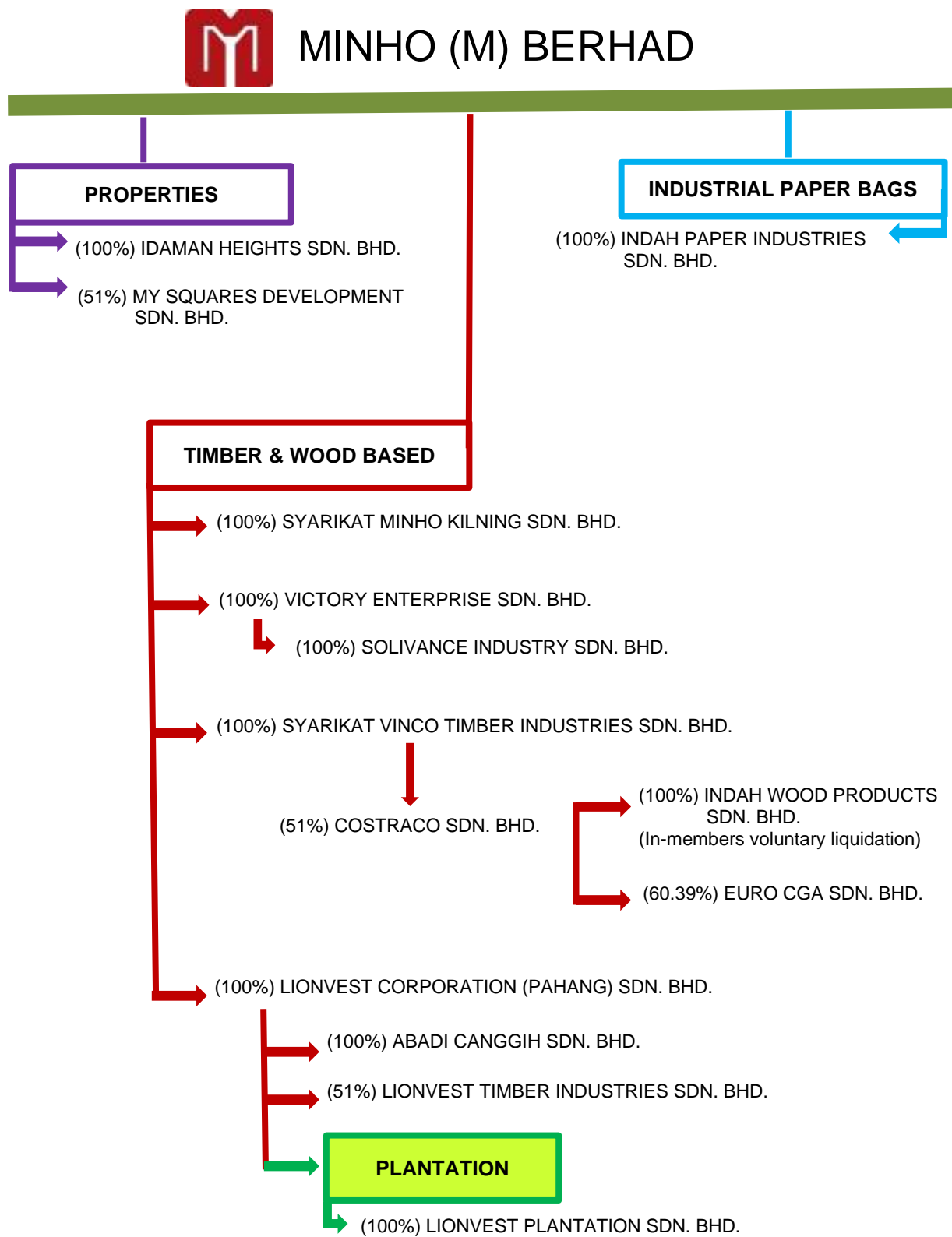
www.minhomalaysia.com

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Structure

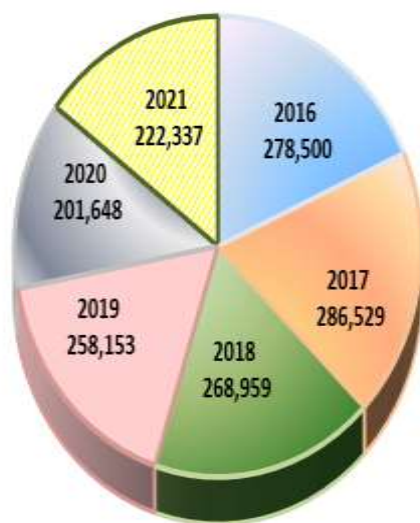


MINHO (M) BERHAD ANNUAL REPORT 2021

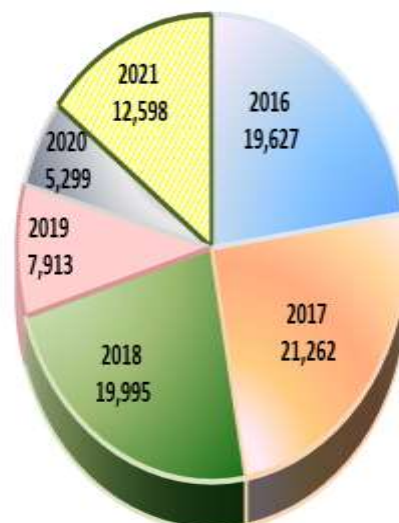
(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

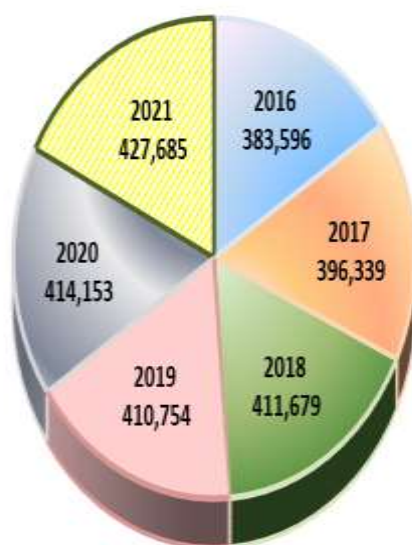
Financial Highlights



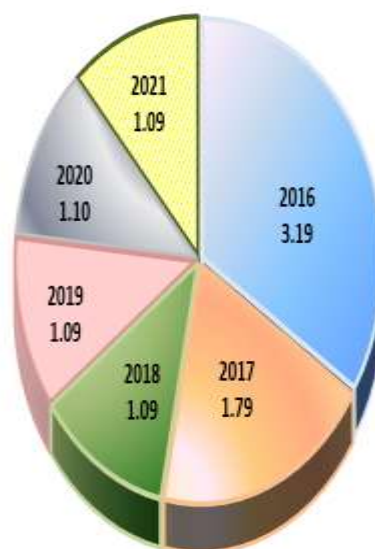
REVENUE (RM '000)



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



TOTAL NET ASSETS (RM '000)



NET TANGIBLE ASSETS PER SHARE (RM)

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Minho (M) Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the year ended 31 December 2021.

Financial Performance

The Group registered total revenue of RM222.34 million for the twelve months of 2021, a increase of RM20.69 million or 10.26% above RM201.64 million achieved the year before. In line with the increase in turnover, the group's pre-tax profit increased by RM7.3 million to RM12.6 million for the year 2021.

The main contributors to revenue were the timber trading and manufacturing segments. However, declines in revenue contribution were attributed to lower sales of the timber extraction and services & treatment segments. Further elaboration, details and breakdown of Financial Performance can be read at the Management Discussion and Analysis section of this Annual Report.

Dividend

The Board of Directors do not recommend the payment of any dividend in respect of the current financial year.

Outlook

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook (WEO) Update January 2022 projected that the global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, countries have reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

The Covid-19 outbreak has resulted in travel restriction, lockdown and other precautionary measures imposed in various countries and caused significant economic uncertainties in Malaysia and markets in which the Group and the Company operate. Subsequent to the financial year end, the gradual but imbalanced recovery of global trade has also caused a shortage of containers that is driving up shipping costs and causing delays.

In view of the above, the Group will continue efforts to strengthen the cost control strategies and will also enhance its operation and marketing strategies to achieve higher production efficiency and to maximize profit margins.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Chairman'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 business associates, financiers, various government and non-government agencies 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.

Tan Sri Datuk Seri Ismail Bin Yusof

Chairman

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Profile of Directors

DATO' LOO KENG AN @ LEE KIM AN, aged 75, male, Malaysian, Managing Director. He was appointed to the Board of Minho on 16 July 1990. He is the member of the Executive Committee and the Nomination and Remuneration Committee. Dato' Loo 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 Ng Kim Kee, they founded Minho Kilning to provide timber kiln drying services and he has been the key to success of Minho. He has no conflict of interest with the company other than the recurrent related party transactions as disclosed at the company AGM and has no convictions for offences within the past ten years.

TAN SRI DATUK SERI ISMAIL BIN YUSOF, aged 77, male, Malaysian, was appointed to the Board of Minho on 28 July 1994. He is an Independent Non-Executive Director and a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He was appointed the Chairman on 28 June 2004. He graduated from the University of Malaya in 1967 with a Bachelor of Arts (Honours) degree. After which, he joined the foreign services and held various positions in the Foreign Office and the Malaysian Embassies in Bangkok and Rome up to March 1973. After that, he served the Government on various capacities in the Ministry of Home Affairs, Ministry of Defence, Ministry of Transport and finally Deputy Secretary General, General Ministry of Federal Territory and Undersecretary, Federal Territory Development Division of the Prime Minister Department. Currently, Tan Sri Datuk Seri Ismail bin Yusof sits on the Board of South Malaysia Industrial Berhad and BCB Berhad. He has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with Minho and has no convictions for offences within the past ten years.

YAP LEONG SENG, aged 68, male, Malaysian, Executive Director. Mr. Yap was appointed to the Board of Minho on 13 January 1993. He is a member of the Executive Committee. He joined Minho Kilning in 1977 as Operations Manager. He has been involved in the timber business for more than 30 years and is familiar with the timber and forestry industries in Malaysia. He has been the Chairman of the Timber Kilning Association of Selangor since 1990, the former Chairman of Malaysian Wood Moulding and Joinery Council from 2008-2012 and currently is the managing director of Victory Enterprise Sdn. Bhd. Mr. Yap is the brother-in-law of Dato' Loo Keng An @ Lee Kim An, Managing Director of the Group. He has no conflict of interest with the company other than the recurrent related party transactions as disclosed at the company AGM and has no convictions for offences within the past ten years.

LOO SAY LENG, aged 53, male, Malaysian, was appointed to the Board of Minho on 13 January 1993. He is a member of the Executive Committee. 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 and is a Director of the Group's subsidiary companies. He is the son of the Dato' Loo Keng An. He has no conflict of interest with the company other than the recurrent related party transactions as disclosed at the company AGM and has no convictions for offences within the past ten years.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Profile of Directors (cont'd)

TAN SRI DATO' SERI DR. SALLEH BIN MOHD NOR, aged 81, male, Malaysian, was appointed to the Board of Directors of Minho on 4 December 1995. He is an Independent Non-Executive Director and a member of the Nomination and Remuneration Committee and is also the Chairman of the Audit and Risk Management Committee. He was the Director of the Forest Research Institute in Kepong since 1977 and was later appointed the First Director-General of Forest Research Institute of Malaysia (FRIM). In 1985, he was President of the International Union of Forestry Research Organisations (IUFRO), the first President from a developing country in the 100 years history of this organisation. His other international commitments include being a member of the Technical Advisory Committee of the Consultative Group on International Agriculture Research (CGIAR), member of a three main review mission of the Tropical Forestry Action Plan, member of the Scientific and Technical Advisory Panel (STAP) of the Global Environment Facility (GEF), Co-Chairperson of the International Network on Bamboo and Rattan (INBAR) and Chairman of the World Conservation Union (formerly IUCN) Sustainable Use Initiative for the East Asia Region. He has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with Minho and has no convictions for offences within the past ten years.

LIM KIM MENG, aged 50, was appointed to the Board of Directors and Audit Committee of Minho on 30 November 2021. He is an Independent Non-Executive Director of the Company. Mr. Lim was appointed as the Chairman of the Nomination and Remuneration Committee and Audit and Risk Committee on 28 February 2022. 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 is a director in Asia Brands Berhad, a public listed company on Bursa Malaysia. He has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with Minho and has no convictions for offenses within the past ten years.

KHIBIR BIN RAZALI, aged 58, male, Malaysian, was appointed to the Board of Minho on 28 June 2002. He is the Finance Director of the Company and a member of the Executive Committee. He graduated from MARA University of Technology in 1990 with an Advance Diploma in Accountancy. He is a Chartered Accountant registered with Malaysia Institute of Accountants. He has held various senior management positions with 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 as the Group Accountant for Minho (M) Berhad in September 2001. He has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with Minho and has no convictions for offences within the past ten years.

TAN CHOON HIAN, aged 65, male, Malaysian, was appointed to the Board of Minho on 29 November 2007 as a Non-Independent Non-Executive Director as well a member of the Audit and Risk Management Committee. He has been the Company Secretary of Minho since 22 February 2001. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants since 1986. He graduated from the University of Otago, Dunedin, New Zealand with a Bachelor of Commerce. Presently, he is the sole-proprietor of a professional public accounting firm which he started in 1986. He has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with the company and has no convictions for offences within the past ten years.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Profile of Directors (cont'd)

HAJI MOHD FAIZAL BIN HAJI ABDUL MAJID, aged 54, was appointed to the Board of Directors on 20 April 2022. He is an Independent Non-Executive Director of the Company. He graduated with a First Class Honours Bachelor of Accountancy Degree from University Technology Mara. He is a Chartered Accountant registered with Malaysia Institute of Accountants. He has held various senior management positions with companies in various industries. He is the Senior Vice President of Quantum Medical Solutions Sdn Bhd. He was with the account department of Berjaya Timber Industries Sdn Bhd. He later joined Minho (M) Berhad as Senior Finance Executive and was promoted as the Alternate Director for Minho (M) Berhad. He has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with Minho and has no convictions for offenses within the past ten years.

JEANNIE LIM LI TEIN, aged 40, was appointed to the Board of Directors on 20 April 2022. She is an Independent Non-Executive Director of the Company. 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, she was a Manager in Affilion Advisory Sdn Bhd and 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, where she was involved in the provision of corporate tax advisory. Jeannie holds a Bachelor of Business and Commerce from the Monash University Malaysia. Jeannie is a member of the Malaysian Institute of Accountant and Australian Society of Certified Practicing Accountants. She has no family relationship with other Directors or major shareholders of Minho, has no conflict of interest with Minho and has no convictions for offenses within the past ten years.

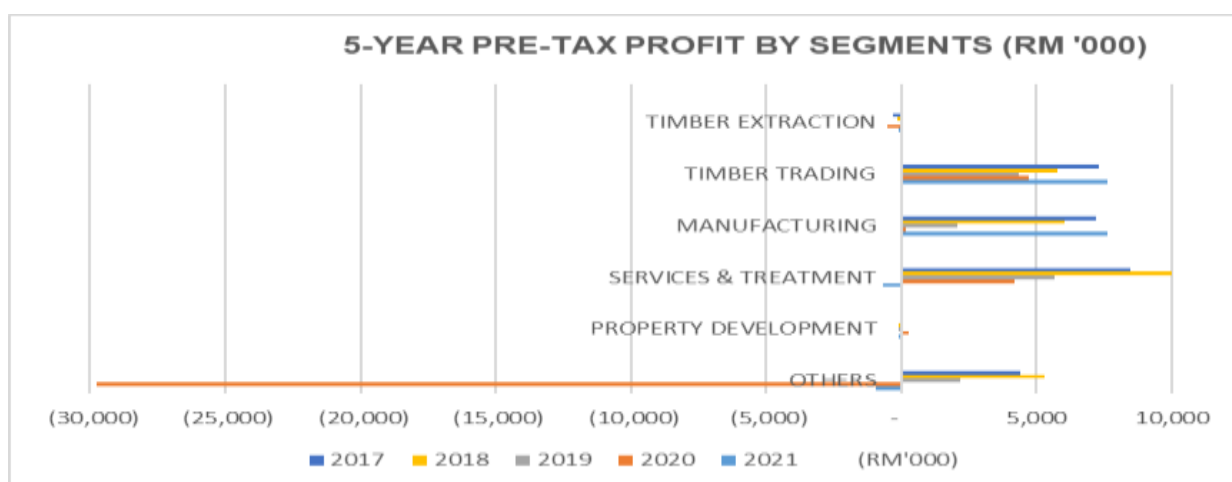
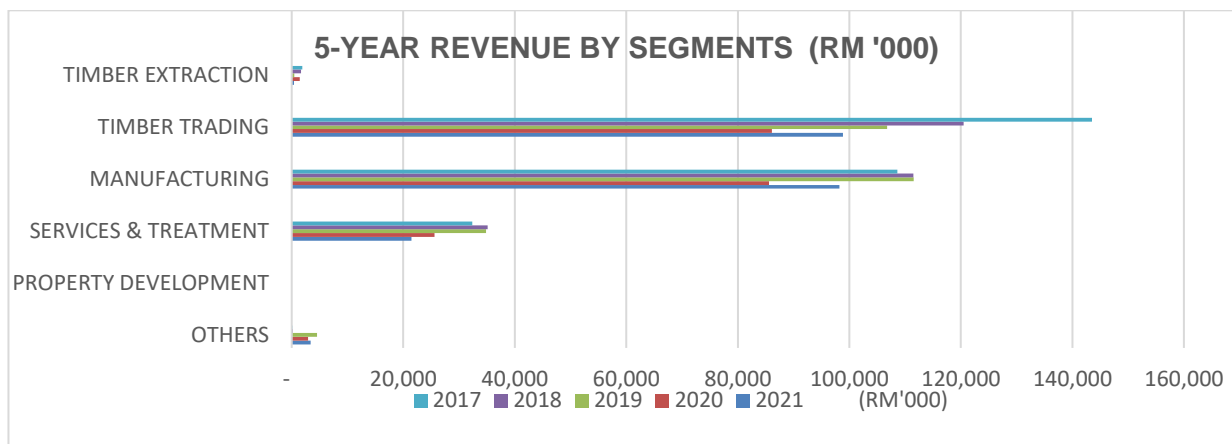
MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Management Discussion and Analysis

Overview of the Group's Business



Financial Performance

Total UK tropical wood and wood furniture imports in 2021 were US\$1.31 billion, 27% more than the previous year. This followed a 21% decline in 2020 when supply and demand were severely affected in the early phase of the pandemic. In practice, the value of UK imports of tropical products last year was only a marginal gain compared to US\$1.30 billion in 2019 before the pandemic and is no significant increase on the long-term average in the last ten years. In contrast to tropical products the share of UK import value of non-tropical products from China remained level at 23.5% in 2021 as the value increased by 43% to US\$2.99 billion during the year. The share of UK imports of non-tropical products from other lower and middle income (LMI) countries increased from 5% to 6% as the value increased by 57% to US\$720 billion in 2021. This was largely due to a near doubling in UK imports from Russia and Turkey during the year. Supply shortage and higher prices are common on all the wood products and the market prices increased to coordinate climbing future contract prices of overseas products. There was no resistance to higher prices so the importers, dealers and precutting plants could pass higher prices without any problem so they enjoyed unprecedented profit. In particular, domestic lumber mills made record breaking profit. However, shortage of softwood plywood was unexpected incident. Raw material is 90% domestic wood so supply shortage of imported wood was thought nothing to do with domestic plywood supply but the demand was so large that full production cannot satisfy the demand. One of the reasons is difficulty of log procurement because of competition with lumber and laminated lumber manufacturers. (Source - ITTO TTM Report: 26:3 1-15 February 2022)

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Management Discussion and Analysis (cont'd)

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

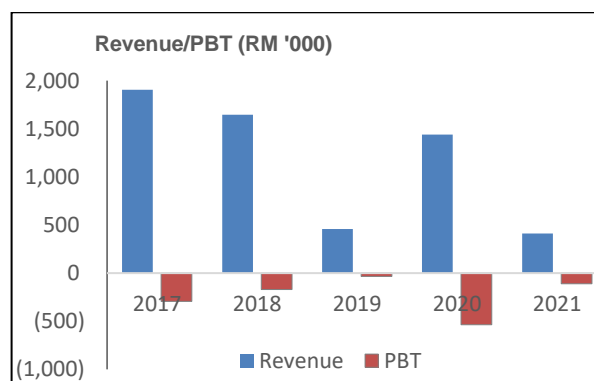
Financial Performance (cont'd)

The Group disclosed total revenue of RM222.34 million for the current 12 months period ended 31 December 2021, RM20.7 million or 10.26% less than the RM201.65 million recorded in the corresponding 12 months period ended 31 December 2020. This increase was mainly attributed to the combined RM25.85 million increase in Timber Trading, Manufacturing and Others segments. This was partially offset by the total decrease of RM5.16 million in the turnover for Timber Extraction and Services & Treatment segments. The group's pre-tax profit increased by RM7.3 million mainly due to the increase in pre-tax profit of RM2.93 million for the Timber Trading segment and RM7.47 million for the Manufacturing segment. The pre-tax loss amounted RM29.8 million of Others segment due to impairment on investment in subsidiaries and eliminating RM29.6 million in previous year group consolidated accounts. The increase was partially offset by the total decrease of RM5.19 million in the pre-tax loss for Services & Treatment and Property Development segments.

Performance by Segments

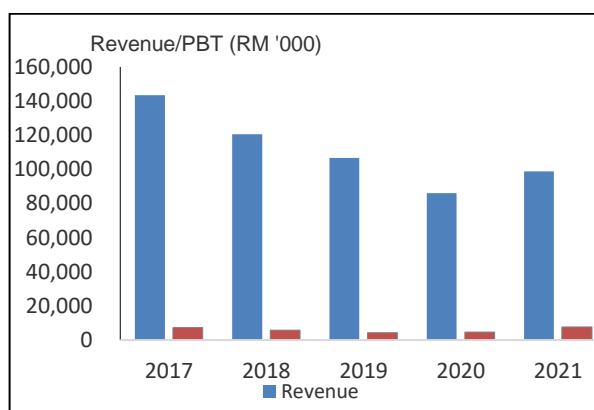
Timber Extraction

A much smaller area of 111 acres logged in the current 12 months period ended 31 December 2021 compared to 411 acres logged in the corresponding 12 months period ended 31 December 2020. Revenue decreased by RM1.02 million and incurred pre-tax loss RM110 thousand.



Timber Trading

The turnover for this segment increased by RM12.79 million due to buyers requested for urgent shipments of their contracts. The pre-tax profit for this segment increased by RM2.93 million from a pre-tax profit of RM4.72 million in the corresponding 12 months period ended 31 December 2020 to RM7.65 million for the current 12 months period ended 31 December 2021 due to higher sales volume.



MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

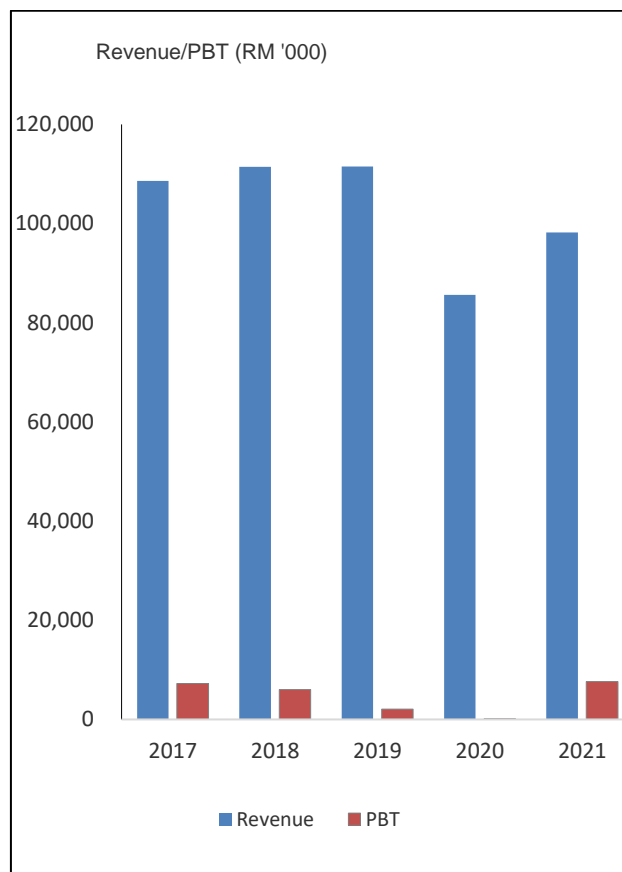
Management Discussion and Analysis (cont'd)

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

Performance by Segments (cont'd)

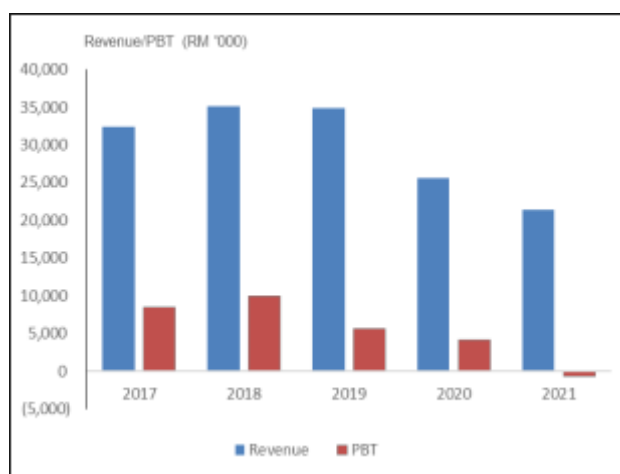
Manufacturing

Total turnover for this segment increased by RM12.60 million. The turnover for the manufacturing of industrial paper bags which increased by RM3.91 million due to higher selling price in tandem with increasing raw materials price, while the turnover for manufacturing of timber and wood-based products increased by RM8.69 million due to urgent sales order from buyers. Pre-tax profit for this market segment increased by RM7.47 million or 4,244%; from pre-tax profit RM176 thousand in the corresponding 12 months period ended 31 December 2020 to pre-tax profit RM7.65 million for the current 12 months period ended 31 December 2021. 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 RM4.41 million due to rental income and gain on disposal of fixed assets. The manufacturing of industrial paper bags increased pre-tax profit by RM3.24 million due to shortage of raw materials and panic stock up by customers.



Services & Treatment

Total turnover for this market segment decreased by RM4.13 million due to lower sales volume. The pre-tax profit for this segment decreased by RM4.86 million from a pre-tax profit of RM4.17 million in the corresponding 12 months period ended 31 December 2020 to pre-tax loss RM694 thousand for the current 12 months period ended 31 December 2021. Higher factory overhead, labour cost and transportation charges also have an impact.



MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

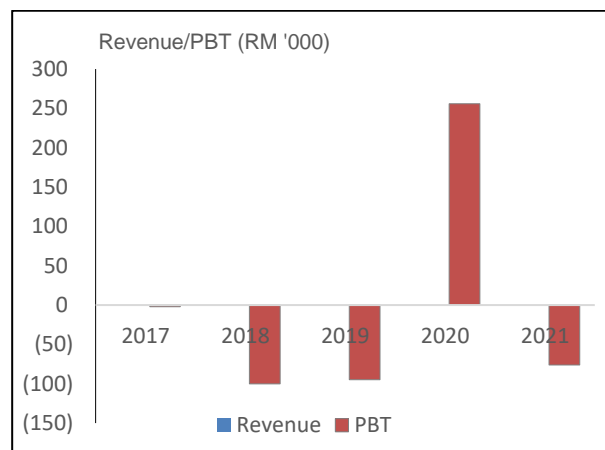
Management Discussion and Analysis (cont'd)

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

Performance by Segments (cont'd)

Property Development

There was no revenue registered for the current 12 months period ended 31 December 2021 similar to the corresponding 12 months period ended 31 December 2020. It reported a pre-tax loss of RM76 thousand compared to a pre-tax profit of RM256 thousand previously.



Future Prospects

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook (WEO) Update April 2022 projected that the global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January. The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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 2021.

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.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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. On 16 December 2021, a tropical depression made landfall on the eastern coast of Peninsular Malaysia, bringing torrential downpours throughout the peninsula for three days. Record-high precipitations were measured at weather stations at Selangor and Kuala Lumpur. Widespread damages were reported at the states of Selangor and Pahang. The Group decided to assist in different ways and RM50,000.00 has been paid to those affected employees.

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.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement

The Board is pleased to provide the following statement which, to the best of their knowledge, confirms that the Group has tried to comply with the best practices of the Malaysian Code on Corporate Governance 2017 throughout the year under review ended 31 December 2021 which include the recommendations that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Board of Directors have assessed the independent directors who have served on the Board as independent non-executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint independent non-executive Directors. In line with the Practice 4.2 of the Malaysian Code of Corporate Governance 2017 ("MCCG"), the approval of the shareholders will be sought through two-tier voting process as described in the Guidance to Practice 4.2 of the MCCG. The Board recognises the need to achieve highest standards and excellence in corporate governance in the best interest of the Company for all its stakeholders. The comprehensive Corporate Governance Report is published on the Company's website at www.minhomalaysia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Meeting

The Board ordinarily meets at least five (4) times a year with additional meeting convened when important and urgent decisions need to be taken between the scheduled meetings. The composition of the Board, and the individual Directors' attendance of meetings during the financial year ended 31 December 2021 were as follows:-

Directors	Total Meetings Attended	Percentage of Attendance (%)
Tan Sri Datuk Seri Ismail bin Yusof (Resigned on 28/2/2022)	4/4	100%
Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor (Resigned on 21/4/2022)	4/4	100%
Dato' Loo Keng An @ Lee Kim An	4/4	100%
Yap Leong Seng	4/4	100%
Loo Say Leng	4/4	100%
Lim Kim Meng (Appointed on 30/11/2021)	-	-
Haji Mohd Faizal Bin Haji Abdul Majid (Appointed on 20/4/2022)	-	-
Jeannie Lim Li Tein (Appointed on 20/4/2022)	-	-
Khibir bin Razali	4/4	100%
Tan Choon Hian	4/4	100%

Notes: All the Board of Directors' meetings during the financial year 2021 were held at the Board Meeting Room of Minho (M) Berhad.

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2021 as stipulated under Paragraph 15.05 of the Main Market Listing Requirements of Bursa Securities.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

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 pages 7 to 9 of the Annual Report. There are three independent non-executive directors forming more than one-third of the Board thus ensuring that minority shareholders' interests are adequately represented. There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority. The Chairman leads the Board and facilitates its work. He engages directly with the Group Managing Director to understand and oversee the strategy implementation and performance delivery. He is responsible for ensuring the processes of the Board 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 Managing Director and Company Secretary, sets agendas for the meetings of the Board that focus on strategic direction and performance of the Group.

The Board is satisfied that the current Board Composition fairly reflects the interests of minority shareholders in the Company.

Supply of Information

All directors receive relevant board papers prior to board meetings, and these include minutes of the last board meeting, minutes of EXCO meeting held between the board meetings, agenda for the current meeting, quarterly performance report of the Group, minutes of all committees meetings held between the board meetings after quarterly performance report and other relevant documents pertaining to issues to be discussed at the meeting. Board members either as a full board or in their respective individual capacity may take independent advice in the furtherance of their duties at the Group's expense. Furthermore, all Directors have access to the advice and services of the Company Secretary.

Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics for the Directors of the Company. The 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 Company has also established a Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels about unethical behaviour or malpractices. Both are available for reference at the Company's website.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Charter

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

The Board Charter will be periodically reviewed and updated 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 for reference at the Company's website.

Board Committees

There are three Board Committees, namely the Executive Committee (EXCO), the Nomination and Remuneration Committee (NRC), the Audit and Risk Management Committee (ARMC), that were established and entrusted with specific responsibilities to assist the Board in overseeing the Group's affairs in accordance with their terms of reference ('TOR') which are published on the Company's website. These TOR are reviewed as and when the need arises and were amended in March 2018 to reflect changes in compliance and regulatory framework as well as streamline the committee structures.

Executive Committee

The Executive Committee is comprised of the Managing Director, Executive Directors as well as the Managers and Senior Executives of the various subsidiaries of the Group. The Group Managing Director 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 respective subsidiaries' Executive Directors, Managers and Senior Executives mentioned above. For the year 2021, the committee met a total of 6 times. Over the course of said meetings, there were a number of new proposals/businesses that were studied. A new property project that was planned and approved has started refurbishment and is estimated. The committee also received quarterly updates from respective division heads. The Committee also reviewed the Group's capex, banking facilities, inventories and debtors.

Nomination and Remuneration Committee ("NRC")

The Nomination and Remuneration Committee established by the Board will oversee the selection process and to consider the appointment of new directors. The NRC has three (3) members, comprising of majority independent non-executive directors, represented by Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor as Chairman and two other members namely Tan Sri Datuk Seri Ismail bin Yusof and Dato' Loo Keng An. The Committee will screen and propose new nominees before seeking the final approval from the Board.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

During the year, the Committee had assessed the independence of the directors who have served on the Board as independent non-executive Directors of the Company for a cumulative term of more than nine years as they possesses the attributes necessary in discharging their roles and functions as non-executive Director of the Company. An assessment of the independence of the directors was conducted individually in line with the MCCG 2017, Messrs. Tan Sri Datuk Seri Ismail bin Yusof and Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor did not take part in their own assessment. The directors had satisfied the criteria for an independent director as prescribed in Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Committee also conducted an assessment on Directors who are subject to re-appointment or re-election.

The Committee recommended to the Board that Messrs. Mr. Lim Kim Meng, En. Haji Mohd Faizal Bin Haji Abdul Majid and Miss Jeannie Lim Li Tein, be re-appointed as Independent Non-Executive Directors at the forthcoming Annual General Meeting.

Board Composition

As at 31 December 2021, the composition and diversity of the Board was as follows:

Gender Diversity			Ethnicity Diversity			Age Diversity			Tenure of Directorships		
	Number	%		Number	%		Number	%		Number	%
Male	8	100	Malay	3	37.5	Below 60 years	3	37.5	Below 12 years	1	12.5
Female	0	0	Chinese	5	62.5	Above 60 years	5	62.5	Above 12 years	7	87.5

Directors' Training

Directors also receive further training from time to time, particularly on relevant new laws and regulations. All board members have attended the Mandatory Accreditation Programme as required by the BMSB. From the date of previous financial statement until the date of this year financial statement, the Directors attended the following seminars;

Tan Sri Datuk Seri Ismail bin Yusof	Cyber Security Asia
Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor	Cyber Security Asia
Dato' Loo Keng An @ Lee Kim An	Cyber Security Asia
Yap Leong Seng	Cyber Security Asia
Loo Say Leng	Cyber Security Asia
Lim Kim Meng	Cyber Security Asia
Khibir bin Razali	Cyber Security Asia
Tan Choon Hian	Cyber Security Asia

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Re-election of Directors

In accordance with the Constitution of the Company, all directors appointed by the Board are subject to election by the shareholders upon their appointment. The Articles also provide that at least one third of the remaining Directors be subjected to re-election by rotation at each Annual General Meeting.

To assist the shareholders in their decision, sufficient information such as personal profile and meeting attendance of each Director standing for re-election is furnished in a separate statement accompanying the Notice of the AGM.

Directors' Remuneration

The objective of the Group's policy on Directors' remuneration is to attract and retain directors of calibre needed to manage the Group successfully. Directors' remuneration is presented in full compliance with the listing Requirements of the Bursa Malaysia Securities Bhd (BMSB) in preference to the best practices of the Code as follows:-

A. Aggregate Remuneration of Directors of the company comprising remuneration received from the company are as follows:

Category	Fees (RM '000)	Salaries & Other Emoluments (RM '000)	Benefits In Kind (RM '000)	Total (RM '000)
Executive Directors	862	4,416	164	5,442
Non Executives Directors	60	76	-	136
Total	922	4,492	164	5,578

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

B. Details of the number of Directors whose remuneration falls into each successive band of RM50,000 are as follows:

Band	Executive Directors	Non Executives Directors	Total
Below RM50,000		3	3
RM50,001 to RM100,000			
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		1
RM350,001 to RM400,000			
RM400,001 to RM450,000	1		1
RM450,001 to RM500,000			
RM500,001 to RM550,000			
RM550,001 to RM600,000			
RM600,001 to RM650,000	1		1
RM650,001 to RM700,000			
RM700,001 to RM750,000			
RM750,001 to RM800,000			
RM800,001 to RM850,000			
RM850,001 to RM900,000			
RM900,001 to RM950,000			
RM950,001 to RM1,000,000			
RM1,00,001 to RM1,050,000			
RM1,050,001 to RM1,100,000	1		1

The Nomination and Remuneration Committee represented by Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor as Chairman with Tan Sri Datuk Seri Ismail bin Yusof and Dato' Loo Keng An reviewed the remuneration structure of the executive directors of the Group to ensure that it is commensurate with the market expectation, the directors' experience and competency and performance of the Group. Based on the above review, the Committees submitted the recommendations to the Board of Directors for their approval.

Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit and Risk Management Committee assists the Board in overseeing the Group's financial reporting process and the quality of the reporting. A statement by Directors of their responsibilities preparing the financial statements is set out on page 33 of this Annual Report.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of four non-executive directors, three of which are independent directors, to ensure that the committee is effective and fully independent and that the Board's review of the Committee's findings and recommendations is objective and not impaired in any way. The Chairman is Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor (resigned on 21/4/2022). The other 3 members are Tan Sri Datuk Seri Ismail bin Yusof (resigned on 28/2/2022), Lim Kim Meng (appointed on 30/11/2021) and Tan Choon Hian.

The Committee oversees and ensures the integrity of the financial reports and that they are in accordance with Bursa Malaysia and MFRS requirements before presenting the financial statements to the Board for approval. The Committee 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 applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position.

The assessment to consider the suitability, objectivity and independence of the external audit firm is conducted annually while taking into account the Company's policy of appointing a different external auditing firm every few years. The Committee was of the view that Messrs. Ecovis Malaysia PLT, the external auditor, is suitable, objective and independent to be reappointed for another financial year.

The Committee has maintained an appropriate relationship with the external auditors and there are formal and transparent arrangements in the reviewing of the external auditor's audit plan, report, internal control issues and procedures. The auditors are invited to attend the AGM of the Company. The presence of the auditors enables shareholders to seek clarification pertaining to the conduct of the audit and the preparation and check content of the audit report of the Group. The key features and the role of the Audit and Risk Management Committee in relation to the external auditors are included in the Committee's term of reference. The amount of audit fees paid to external auditing firm was RM212,000.00 during the financial year 2021.

Further details of the Audit and Risk Management Committee's activities can be found at the Committee Report on pages 24 to 26 of the Company's Annual Report 2021.

Risk Management and Internal Control Framework

The Audit and Risk Management Committee receives risk reports from the Company's business units, review risk management activities and report and recommend the necessary action(s) to be taken to the Board of Directors for further action. The Company's internal audit is outsourced to a professional services firm which undertakes an annual risk-based internal audit plan approved by the Committee. All findings and recommendations for improvements from the internal audit are reviewed by the Committee and presented to the respective management departments to be implemented accordingly. The amount of fees paid to the professional firm was RM25,000.00 for the financial year 2021.

Information on the Group's risk management and internal control system is disclosed in the Statement on Risk Management and Internal Control set out on page 27 and 29 of this Annual Report.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Corporate Governance Overview Statement (cont'd)

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

Communication with Stakeholders

The Board believes that a constructive and effective relationship is essential in the enhancement of shareholder value and ensures timely dissemination of information to shareholders and/or stakeholders via several channels. The Board monitors all information required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner. The Board also strives to disclose price sensitive information to the public as soon as practicable through Bursa, the media and the company's website. The Company Secretary is responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated by Bursa Malaysia. Apart from the provisions relating to the closed period for dealing in the company's shares, the directors and senior management privy to price sensitive information are prohibited from dealing in the shares of the company 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 under the category of 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 Annual General Meetings which provides excellent opportunities for shareholders to raise questions and give comments pertaining to the business activities of the Group announcements made to the BMSB and quarterly results announcements. The Board endeavours to attend all meetings with shareholders and provide meaningful and informative answers to all questions addressed to them. All resolutions set out in the notice of general meetings will be carried out by poll voting. 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.

Compliance Statement

The Board is satisfied that the Company has tried to comply with the principles and recommendations of the Malaysian Code of Corporate Governance 2017 other than the exception stated hereinbefore, and going forward, the Company will continue to adopt the principles and recommendations of the Code.

This statement is made in accordance with a resolution of the Board of Directors dated 31 March 2022.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Audit and Risk Management Committee Report

Members of the Committee

Tan Sri Dato' Seri Dr. Salleh Bin Mohd Nor

(Chairman, Independent Non-Executive Director)

Redesignated as audit member on 28 February 2022

Resigned on 21 April 2022

Tan Sri Datuk Seri Ismail Bin Yusof

(Independent Non-Executive Director)

Appointed on 26 July 1994

Resigned on 28 February 2022

Lim Kim Meng

(Independent Non-Executive Director)

Appointed on 30 November 2021

Redesignated as Chairman on 28 February 2022

Tan Choon Hian

(Non-Independent Non-Executive Director)

Appointed on 29 November 2007

Composition of Audit and Risk Management Committee

1. The Committee shall be appointed by the Board among the Directors of the Company which fulfill the requirements of Bursa Malaysia Securities Berhad (BMSB) and shall consist of not less than three (3) members of whom the majority shall be independent directors of the Company.
2. The members of the Committee shall elect a Chairman from among their number who shall be an independent director.
3. The Company Secretary shall be Secretary of the Committee.
4. In the event of any vacancy in the committee resulting in non-compliance with the Listing Requirements of BMSB, the Board shall within three (3) months from the date of that event fill the vacancy.

Meetings of the Committee

1. Meetings shall be held as many times as necessary to enhance the effectiveness of the group internal control system.
2. The external auditors may request a meeting if they consider that one is necessary.
3. The quorum for the meetings is two (2), consisting entirely of independent non-executive directors and any decision shall be by a simple majority. The Chairman of the Committee shall not have a second or casting vote.
4. The Secretary of the Committee shall give notice of the meeting including the agenda together with the minutes of the last preceding meeting and all relevant documents thereunder to all members of the Committee no less than twenty-four (24) hours before the relevant meeting. The Secretary shall further record minutes of all meetings and maintain a record of all meetings held by the Committee. The Secretary shall circulate minutes of meeting of the Committee to all members of the Committee as soon as the same is available.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Audit and Risk Management Committee Report (cont'd)

Authority and Rights of the Committee

1. Authority to investigate any activity within its terms of reference and all employees shall be directed to co-operate as requested by the Committee, and at the cost of the Company: -
 - i) have the resources which are required to perform its duties;
 - ii) be able to obtain independent professional or other advice if it considers necessary;
 - iii) have full and unrestricted access to any information pertaining to the Company and/or Group;
 - iv) have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity; and
 - v) be able to convene meetings(s) with external auditors, excluding the attendance of executive members of the Committee whenever deemed necessary.
2. Such other authority as may be delegated by the Board from time to time.

Functions of the Committee

The functions of the Audit and Risk Management Committee shall be:-

1. To review the following and report the same to the Board of Directors of the Company:
 - a) with the external auditor, the audit plan;
 - b) with the external auditor, updates on the latest accounting standards;
 - c) with the external auditor, his auditors' report;
 - d) the assistance given by the Company's employees to the external auditors;
 - e) the adequacy of the scope, functions and that it has the necessary authority to carry out its work;
 - f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation is taken on the recommendation of the internal audit functions;
 - g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
 - h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction procedure or course of conduct that raises question of management integrity;
 - i) any letter of resignation from the external auditors of the Company; and
 - j) whether there is reason (supported by ground) to believe that the Company's external auditor is not suitable for re-appointment;
2. To recommend the nomination of a person or persons as external auditors; and
3. Such other responsibilities as may be delegated by the Board from time to time.

Summary of Activities

The internal audit function of the Group was out-sourced to an independent professional firm. The cost incurred during the financial year was RM25,000.00. The Group adopted a risk-based approach and the monitoring of controls by responsible units within each of the companies audited was a major function of the Internal Auditor (IA) who reported directly to the Audit and Risk Management Committee (ARMC) and assisted the Board of Directors in assessing any significant exposure to risks and recommended ways to improve the internal control system to the company's senior management.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Audit and Risk Management Committee Report (cont'd)

Summary of Activities (cont'd)

During the year under review, the IA tabled to the ARMC the Annual Audit Plan for the year 2021 for approval. This was to ensure adequate scope and coverage of the audit work over the activities of the Group. The internal audit was carried out on Indah Paper Industries Sdn. Bhd. during 2021 and the IA also presented the comprehensive follow up review and findings on the internal control of Indah Paper Industries Sdn Bhd.

All findings and recommendations by the IA were discussed and deliberated by the ARMC and instructions were given to the management of Indah Paper Industries to take the necessary actions as recommended by the IA.

Other main activities performed by the ARC were as follows:-

- a) Reviewed the quarterly unaudited consolidated financial statements of the Group and made recommendations to the Board for approval.
- b) Reviewed together with the external auditor, on matters arising from the management letter for the financial year ended 31 December 2021.
- c) Reviewed and discussed related party transactions and any conflict of interest situation that may have arisen within the Group.
- d) Evaluated the performance of the external auditors and made recommendations to the Board on their appointment, scope of work and audit fees. The audit committee also evaluated the performance of the current external auditors over the five-year term.
- e) Reviewed, together with the internal auditor, the Company's standard operating procedures and the internal audit program for 2021.
- f) Reviewed together with the external auditor, on matters arising from the management letter on the first nine (9) months audit for financial period ended 30 September 2021.
- g) Reviewed the foreign exchange exposure faced by the Group on quarterly basis.
- h) The Committee met a total of five times for the financial year ended 31 December 2021. The attendance records are as follows:

Name of Members	Designation of the Members on the Board of Minho (M) Berhad	No. of Meetings Attended	Percentage
Tan Sri Dato' Seri Dr. Salleh bin Mohd Nor (Resigned on 21 April 2022)	Chairman / Independent Director	4/4	100%
Tan Sri Datuk Seri Ismail bin Yusof (Resigned on 28 February 2022)	Independent Director	4/4	100%
Lim Kim Meng (Appointed on 30 November 2021)	Independent Director	-	-
Tan Choon Hian	Non-Independent Director	4/4	100%

This statement was made in accordance with the resolution of the Board of Directors dated 31 March 2022.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Statement of Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires public listed company to maintain a sound system of risk management and internal control to safeguard shareholders' investment and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements under paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the Company's internal control in their Annual Report. In compliance with this requirement, the Board of Directors ("the Board") is pleased to provide the following statement which outlines the main features of Minho (M) Berhad ("Minho")'s risk management and internal control system.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control system being embedded into the culture, structure and processes of Minho and its subsidiaries ("the Group"). The Group's system of internal control is designed to manage the principal business risks that may impede the Group from achieving its corporate objectives and strategies. The Board reaffirms its overall responsibility for the Group's system of internal control and for reviewing the effectiveness of those systems. However, such systems are designed to manage rather than eliminate risks of failure to achieve corporate objectives and strategies. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group 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 Board is of the opinion that the risk management and internal control system that has been in place for the year under review and up to the date of issuance of the financial statements 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.

ROLE OF THE MANAGEMENT

Management of the Group is accountable to the Board for designing, implementing and monitoring the risk management framework in accordance with Minho's corporate objectives and strategies. They are also responsible to identify changes to risks or emerging risks, take appropriate actions and promptly bring these to the attention of the Board. For the financial year under review, the Managing Director and Finance Director have provided the Board with assurance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, to ensure achievement of its corporate objectives and strategies.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The risk management and internal control system within the Group is supported by an appropriate Group structure with clear reporting lines from the respective business units up to Board level. Scheduled, as well as ad-hoc, management and operational meetings are held at various business units to deliberate and resolve operational and business matters.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Statement of 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 Minho Group's business plan as well as the Group's operational efficiency and profitability, and reports to the Board.

Financial reports are prepared at the respective subsidiary level and escalated to the holding company of the Group 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 its 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 empowers its Audit and Risk Management Committee to review all risk management and internal control matters and update the Board on matters which are considered to be significant. Remedial action plans that are designed to improve the risk management and internal control system of the Group are highlighted to the Board.

The Group's Internal Audit function is outsourced to a professional services firm, whose remit is to the Audit and Risk Management Committee, to provide assurance on the adequacy and effectiveness of the Group's risk management and internal control system. The Audit and Risk Management Committee reviews and approves the Group's annual risk-based Internal Audit Plan, which is co-developed together with the Internal Audit function. Based on the risk-based Internal Audit Plan, periodic internal audit visits are carried out during the financial year based on rotation basis to all main and active subsidiaries of the Group. Significant findings and recommendations for improvements are highlighted to management and the Audit and Risk Management Committee, with periodic follow-up of the implementation of action plans. Management of each subsidiary is responsible for ensuring that corrective actions have been implemented accordingly.

The Board has reviewed and believes that the risk management and internal control frameworks are adequate. Appropriate mitigating activities and control procedures are put in place to deal with any identified weaknesses. In recent times, the Group has also taken all the necessary measures relating to health, safety and business continuity to mitigate the impact of the COVID-19 pandemic that has affected businesses globally. As 'work-from-home' arrangements for employees have increasingly become a norm, necessary adjustment were made to various processes without compromising on the internal control system. Additional emphasis was also placed on cyber security to address the trend of increasing cyber threats around the world. During the year, various deficiencies in internal control were identified by the external auditors during their statutory audit, as well as through internal audit viewers; corrective actions were duly set in place to address all such deficiencies.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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

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

CONCLUSION

For the financial year under review, based on quarterly updates by the Audit and Risk Management Committee and the assurance provided by the Managing Director and Finance Director, the Board believes that the Group's risk management and internal control systems is in place and is adequate and sufficient to provide reasonable assurance that the risks faced by the Group are under control and have not resulted in any material loss.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Controls is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement is made in accordance with the resolution of the Board of Directors dated 31 March 2022.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Other Disclosures

The following disclosures in respect of the financial year ended 31 December 2021 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

The Company did not receive any proceeds from corporate proposals undertaken during the financial year ended 31 December 2021.

2. Exercise of Options, Warrants and Irredeemable Convertible Preference Shares

The Company did not have any Options and Irredeemable Convertible Preference Shares exercised during the financial year ended 31 December 2021. The number of Warrants exercised is indicated under Note 22.2 of the Financial Statements of this Annual Report.

3. Audit And Non-Audit Fees

A breakdown of fees for statutory audit and non-audit services incurred by Minho and on group basis for the financial year ended 31 December 2021 is set out under Note 8 of the Financial Statements of this Annual Report.

4. Material Contracts Involving Directors and/or Major Shareholders

There are no material contracts (not being contracts entered into the ordinary course of business) which involved the interest of directors and/or major shareholders, either still subsisting at the end of the financial year or entered into by the Group since the end of the previous financial year.

5. Recurrent Related Party Transactions of A Revenue Nature

At the Company's Annual General Meeting held on 28 September 2021, the shareholders renewed the mandate for the Company and its subsidiary companies to enter into recurrent related party transactions of revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business.

The aggregate amounts of the recurrent related party transactions are indicated under Note 31 of the Financial Statements of this Annual Report. At the forthcoming 31st Annual General Meeting to be held on 28 June 2022, the Company will propose renewal of shareholders' mandate in respect of recurrent related party transactions of revenue or trading nature.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Simplified Group Statement of Financial Position

	2021 RM'000	2020 RM'000
Assets		
Property, plant and equipment	134,559	135,370
Investment properties	138,304	139,759
Right-of-use assets	14,290	20,183
Inventories	81,436	99,830
Property development costs	9,147	8,996
Trade and other receivables	38,259	27,431
Tax recoverable	2,287	2,745
Short-term investments	14,343	14,402
Derivative financial assets	369	467
Fixed deposit with licensed banks	26,386	25,786
Cash and bank balances	32,653	20,440
	<hr/> 492,033	<hr/> 495,409
Liabilities & Shareholders' Equity		
Trade and other payables	21,505	22,424
Provision for liabilities	2,106	2,106
Loans and borrowings	31,242	47,181
Tax liabilities	366	-
Deferred tax liabilities	9,129	9,545
Share capital	206,368	201,188
Other reserves	13,464	13,464
Retained earnings	167,925	160,218
Non-controlling interests	39,928	39,283
	<hr/> 492,033	<hr/> 495,409

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Segmental Information

Segment		Sales (RM '000)			Profit before tax (RM '000)		
		2021	2020	Variance	2021	2020	Variance
Timber Extraction	Lionvest Corporation (Pahang) Sdn. Bhd. & Abadi Canggih Sdn. Bhd.	413	1,438	(71%)	(110)	(535)	(79%)
Timber Trading	Lionvest Plantation Sdn. Bhd., Victory Enterprise Sdn. Bhd., Costraco Sdn. Bhd. & Indah Wood Products Sdn. Bhd.	98,874	86,082	15%	7,651	4,720	62%
Manufacturing	Victory Enterprise Sdn. Bhd., Solivance Industries Sdn. Bhd., Lionvest Timber Industries Sdn. Bhd., Indah Paper Industries Sdn. Bhd. & Euro-CGA Sdn. Bhd.	98,198	85,597	15%	7,646	176	4,244%
Services & Treatment	Syarikat Minho Kilning Sdn. Bhd.	21,447	25,582	(16%)	(694)	4,169	(117%)
Property Development	My Squares Development Sdn. Bhd.	0	0	0%	(76)	256	(130%)
Others	Minho (M) Berhad, Syarikat Vinco Timber Industries Sdn. Bhd., Idaman Heights Sdn. Bhd., Lionvest Corporation (Pahang) Sdn. Bhd.	3,405	2,949	15%	(924)	(29,767)	(97)%
Elimination		-	-	-	(895)	26,280	(103%)
Total		222,337	201,648	10%	12,598	5,299	138%

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Statement of Directors' Responsibility

In Relation to the Financial Statements

This statement is prepared as required by the Listing Requirements of the Bursa Malaysia Securities Berhad.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

In preparing the financial statements, the Directors have:

selected suitable accounting policies and applied them consistently; made judgments and estimates that are reasonable and prudent; ensure that all applicable accounting standards have been followed; and prepared financial statements on the going concern basis as the Directors have reasonable expectation having made inquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the statements comply with the Companies Act, 2016.

The directors also have overall responsibilities for taking such measures to safeguard the assets of the Group in preventing and to detect fraud and other irregularities.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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 2021.

Principal activities

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 29.

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/(Loss) for the financial year attributable to:		
Owners of the Company	7,707	(497)
Non-controlling interests	1,823	-
	<u>9,530</u>	<u>(497)</u>

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

All material transfers to or from reserves and provisions during the financial year are 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 *
Tan Sri Dato' Seri Dr Salleh bin Mohd Nor
Yap Leong Seng *
Loo Say Leng *
Khibir bin Razali *
Tan Choon Hian
Lim Kim Meng

(Appointed on 30 November 2021)

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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)

Tan Sri Datuk Seri Ismail bin Yusof (Resigned on 28 February 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:

Ng Hoe Heng	(Alternate Director to Ng Kim Kee)
Ng Kim Kee	(Deceased on 30 March 2022)
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 nor 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 from the Company and its related corporations, or the fixed salary of a full time employee of the Company or of related corporations as disclosed in Note 9 to the financial statements) 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 31 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Directors' Report (Cont'd)

Directors' interest in shares

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, 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			
	As at <u>01.01.2021</u>	<u>Bought</u>	<u>Sold</u>	As at <u>31.12.2021</u>
Interest in the Company				
<u>Direct interest:</u>				
Tan Choon Hian	67,316	32,684	-	100,000
Lim Kim Meng	-	260,947	-	260,947
<u>Indirect interest:</u>				
Dato' Loo Keng An @ Lee Kim An	85,714,790	244,690	-	85,959,480
Loo Say Leng	60,396,894	-	(20,000)	60,376,894
Yap Leong Seng	46,592,338	-	-	46,592,338
Tan Choon Hian	21,917	-	-	21,917

	Number of Warrant 2016/2021			As at 31.12.2021
	As at 01.01.2021	Exercised	Expired	
Interest in warrants of Minho (M) Berhad				
<u>Direct interest:</u>				
Tan Choon Hian	33,658	(32,000)	(1,658)	-
<u>Indirect interest:</u>				
Dato' Loo Keng An @ Lee Kim An	31,070,718	-	(31,070,718)	-
Loo Say Leng	22,516,139	-	(22,516,139)	-
Yap Leong Seng	17,081,867	-	(17,081,867)	-
Tan Choon Hian	10,958	-	(10,958)	-

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.

Directors' remuneration

Details of Directors' remuneration are set out in Note 9 to the financial statements.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Directors' Report (Cont'd)

Issue of shares and debentures

During the financial year, the Company increased its issued and fully paid up ordinary shares from RM 201,187,807 to RM 206,367,488 by way of the issuance 16,186,502 new ordinary shares pursuant to the exercise of Warrants-C 2016/2021 at the exercise price of RM0.32 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures by the Company during the financial year.

Warrants-C 2016/2021

The details of Warrants-C 2016/2021 are disclosed in Note 22.2 to the financial statements.

The movements in the Warrants are as follows:

	Number of unexercised warrants
At 1 January 2021	170,267,464
Exercised	(16,186,502)
Expired	(154,080,962)
At 31 December 2021	<u>-</u>

The unexercised Warrants of 154,080,962 have since expired on 2 August 2021.

Share option scheme

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

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Directors' Report (Cont'd)

Other statutory information (cont'd)

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.

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 of the Company and the Group are covered under the Directors' liability insurance up to an aggregate limit of RM5,000,000 against any legal liability, if incurred by the Directors of the Company and its subsidiaries in the discharge of their duties for and on behalf of the Company pursuant to Section 289 of the Companies Act, 2016 ("the Act"). The amount of insurance premium payable for the financial year is RM9,338. Other than as disclosed, no other indemnity has been given to or insurance effected for the Directors or officers of the Company during the financial year.

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Directors' Report (Cont'd)

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 29 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 36 to the financial statements.

Subsequent events after the financial year

Significant events occurring after the financial year are disclosed in Note 37 to the financial statements.

Auditors' remuneration

Details of auditors' remuneration are set out in Note 8 to the financial statements.

Auditors

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

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

Tan Sri Dato' Seri Dr Salleh bin Mohd Nor
Director

Klang, Malaysia

Dato' Loo Keng An @ Lee Kim An
Director

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Statement by Directors

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

We, **Tan Sri Dato' Seri Dr Salleh bin Mohd Nor** and **Dato' Loo Keng An @ Lee Kim An**, 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 48 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of 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,

Tan Sri Dato' Seri Dr Salleh bin Mohd Nor
Director

Dato' Loo Keng An @ Lee Kim An
Director

Klang, Malaysia

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 15 to 104 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

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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with 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

A member of ECOVIS International, a network of tax advisors, accountants, auditors and lawyers, operating in more than 60 countries across 6 continents.

ECOVIS International is a Swiss association. Each Member Firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS MALAYSIA PLT is a Malaysian member firm of ECOVIS International.

Independent Auditors' Report To the Members of Minho (M) Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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 15 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 29 to the financial statements. In our view, inventories are significant to our audit as constitutes approximately 17% of total assets as at 31 December 2021, amounting to RM81,435,818.

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 on processes for inventories management;
- 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 evaluated management's assessment of inventory valuation and obtained sufficient explanation and audit evidence; and
- 5) We reviewed insurance policy to determine sufficient safeguard for inventories.

Independent Auditors' Report To the Members of Minho (M) Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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 17 to the financial statements)

The Group has gross trade and other receivables approximately RM35,800,299 and accumulated impairments approximately RM1,050,116 as at 31 December 2021.

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

- 1) Recalculate the probability of default using historical data and forward-looking information adjustments applied by the Group;
- 2) Recalculate the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- 3) Inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses;
- 4) Assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management;
- 5) Assessed the adequacy of allowance of impairments and appropriate disclosure notes.

Independent Auditors' Report To the Members of Minho (M) Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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.

Independent Auditors' Report To the Members of Minho (M) Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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.

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

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 29 to the financial statements.

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

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

Kuala Lumpur
31 March 2022

PAT YIN LAI
03073/12/2023 J
Chartered Accountant

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

**Statements of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2021**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	5	222,337	201,648	-	-
Cost of sales		(176,136)	(178,073)	-	-
Gross profit		46,201	23,575	-	-
Other income	6	14,550	13,084	1,384	251
Marketing and distribution expenses		(26,429)	(6,833)	-	-
Administrative expenses		(18,281)	(20,871)	(615)	(683)
Other operating expenses		(1,734)	(1,117)	(1,266)	(29,410)
Profit/(Loss) from operations		14,307	7,838	(497)	(29,842)
Finance costs	7	(1,709)	(2,539)	-	-
Profit/(Loss) before tax	8	12,598	5,299	(497)	(29,842)
Tax expense	10	(3,068)	(1,164)	-	(11)
Profit/(Loss)/Total comprehensive Income/(loss) for the financial year		9,530	4,135	(497)	(29,853)
Profit/Total comprehensive income for the financial year attributable to:					
Owners of the Company		7,707	3,109		
Non-controlling interests		1,823	1,026		
		9,530	4,135		
Basic earnings per ordinary share (sen)	11	2.16	0.91		
Diluted earnings per ordinary share (sen)	11	2.16	0.61		

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)

Statement of Financial Position**As At 31 December 2021**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets					
Property, plant and equipment	12	134,559	135,370	-	-
Investment properties	13	138,304	139,759	-	-
Rights-of-use assets	14	14,290	20,183	-	-
Investment in subsidiaries	29	-	-	179,042	178,995
		<u>287,153</u>	<u>295,312</u>	<u>179,042</u>	<u>178,995</u>
Current assets					
Inventories	15	81,436	99,830	-	-
Property development costs	16	9,147	8,996	-	-
Trade and other receivables	17	38,259	27,431	496	436
Tax recoverable		2,287	2,745	265	133
Short-term investments	18	14,343	14,402	-	-
Derivative financial assets	19	369	467	-	-
Fixed deposit with licensed banks	20	26,386	25,786	-	-
Cash and bank balances	21	32,653	20,440	5,442	1,057
		<u>204,880</u>	<u>200,097</u>	<u>6,203</u>	<u>1,626</u>
Total assets		<u>492,033</u>	<u>495,409</u>	<u>185,245</u>	<u>180,621</u>

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)

**Statement of Financial Position
As At 31 December 2021 (Cont'd)**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Equity					
Share capital	22	206,368	201,188	206,368	201,188
Other reserves	23	13,464	13,464	-	-
Retained earnings		167,925	160,218	(21,219)	(20,722)
Equity attributable to owners of the Company		387,757	374,870	185,149	180,466
Non-controlling interests		39,928	39,283	-	-
Total equity		427,685	414,153	185,149	180,466
Non-current liabilities					
Loan and borrowings	24	3,993	8,773	-	-
Lease liabilities	25	4,626	11,085	-	-
Deferred tax liabilities	26	9,129	9,545	-	-
		17,748	29,403	-	-
Current liabilities					
Trade and other payables	27	21,505	22,424	96	155
Provision for liabilities	28	2,106	2,106	-	-
Loan and borrowings	24	15,995	20,431	-	-
Lease liabilities	25	6,628	6,892	-	-
Tax liabilities		366	-	-	-
		46,600	51,853	96	155
Total liabilities		64,348	81,256	96	155
Total equity and liabilities		492,033	495,409	185,245	180,621

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 2021

		← 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Statement of Changes in Equity

For the Financial Year Ended 31 December 2021 (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 2020	410,754	371,761	201,188	13,464	157,109	38,993
Profit/Total comprehensive income for the financial year	4,135	3,109	-	-	3,109	1,026
Dividend paid	(736)	-	-	-	-	(736)
At 31 December 2020	414,153	374,870	201,188	13,464	160,218	39,283

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)

**Statement of Changes in Equity
For the Financial Year Ended 31 December 2021 (Cont'd)**

		Non-distributable	Distributable
	Total equity RM'000	Share capital RM'000	Retained earnings RM'000
Company			
At 1 January 2020	210,319	201,188	9,131
Loss/Total comprehensive loss for the financial year	(29,853)	-	(29,853)
At 31 December 2020/1 January 2021	180,466	201,188	(20,722)
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	185,149	206,368	(21,219)

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 2021**

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	12,598	5,299	(497)	(29,842)
Adjustments for:				
Amortisation of rights of use assets	5,654	6,089	-	-
Bad debts written off	1	100	-	-
Depreciation:				
- property, plant and equipment	3,265	3,446	-	-
- investment properties	1,696	1,691	-	-
Deposits written off	-	124	-	-
Diminution of value on investment in subsidiaries	-	-	(48)	29,409
Interest expenses	1,709	2,539	-	-
(Gain)/Loss on short-term investment	(28)	1	-	-
Net (gain)/loss on financial assets				
- expected credit loss	(228)	331	-	-
- specific allowances	(345)	(1,952)	-	-
Unrealised (gain)/loss foreign exchange - net	(91)	(238)	-	-
Property, plant and equipment written off	188	-	-	-
Net (reversal)/provision for inventories write down	(1,808)	1,376	-	-
Gain on disposal of property, plant and equipment	(1,532)	(25)	-	-
Income from short-term investment	(228)	(248)	-	-
Interest income	(327)	(458)	(10)	(35)
Rent concession	(174)	(261)	-	-
	7,752	12,515	(58)	(29,374)
Operating profit/(loss) before changes in working capital	20,350	17,814	(555)	(468)

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 2021 (Cont'd)**

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (cont'd)					
Movement in inventories		20,202	15,468	-	-
Movement in property development costs		(151)	(376)	-	-
Movement in receivables		(10,214)	16,439	-	-
Movement in payables		(1,150)	(5,263)	(58)	(79)
Movement in provision for liabilities		-	33	-	-
Cash generated from/(used in) operations		29,037	44,115	(613)	(547)
Interest received		2	27	-	13
Income tax paid		(3,404)	(3,619)	(132)	(98)
Income tax refunded		744	626	-	-
Interest expense on bank overdraft		(125)	(61)	-	-
Net cash from/(used in) operating activities		26,254	41,088	(745)	(632)
Cash flows from investing activities					
Decrease in derivative financial asset		69	-	-	-
Income from short-term investment		228	248	-	-
Interest received		309	431	-	-
Proceeds from disposal of property, plant and equipment		1,758	26	-	-
Purchase of investment properties	13	(241)	(137)	-	-
Purchase of property, plant and equipment	12	(2,448)	(1,174)	-	-
Purchase of rights-of-use assets	14	-	(30)	-	-
Net cash used in investing activities		(325)	(636)	-	-

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 2021 (Cont'd)**

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Dividends paid		(980)	(736)	-	-
Increase in deposits with licensed bank - pledged		-	(103)	-	-
Interest received		-	-	10	22
Movement in amount due from/(to) subsidiaries - net		-	-	(60)	584
Repayment of lease liabilities - net		(7,362)	(6,464)	-	-
Repayment of bank revolving credit - net		(3,065)	-	-	-
Repayment of bankers' acceptance and letter of credit - net		(953)	(5,863)	-	-
Repayment of term loans - net		(5,496)	(3,222)	-	-
Proceeds from issuance of shares		5,180	-	5,180	-
Net cash (used in)/from financing activities	(a)	<u>(12,676)</u>	<u>(16,388)</u>	<u>5,130</u>	<u>606</u>
Net increase/(decrease) in cash and cash equivalents		13,253	24,064	4,385	(26)
Net fair value gain on investment in cash fund		28	(1)	-	-
Effects of foreign exchange rate		77	(26)	-	-
Cash and cash equivalents at beginning of financial year		55,787	31,750	1,057	1,083
Cash and cash equivalents at end of financial year	21	<u>69,145</u>	<u>55,787</u>	<u>5,442</u>	<u>1,057</u>

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)

Consolidated Statements of Cash Flows**For the Financial Year Ended 31 December 2021 (Cont'd)****Note (a): Movement in financial liabilities arising from financing activities**

Group	At 1 January RM'000	Net cash flows RM'000	Non-cash movement Interest expenses RM'000	Other changes RM'000	At 31 December RM'000
2021					
Lease liabilities	17,977	(7,362)	667	(28)	11,254
Bankers' acceptance and bank revolving credit	16,155	(4,018)	481	-	12,618
Term loans	11,569	(5,496)	436	-	6,509
2020					
Lease liabilities	21,626	(6,464)	997	1,818	17,977
Bankers' acceptance and bank revolving credit	21,227	(5,863)	791	-	16,155
Term loans	14,101	(3,222)	690	-	11,569

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)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

1. Corporate Information

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

The registered office of the Company is located at 31A, Jalan Satu Kawasan 16, Berkeley Town Centre, 41300 Klang, 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 29.

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 31 March 2022.

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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:

<u>MFRSs (Including the Consequential Amendments)</u>	<u>Effective Date</u>
Amendments to MFRS Interest Rate Benchmark Reform – Phase 2 4, 7, 9, 16 and 139	1 January 2021
Amendments to MFRS Covid-19 – Related Rent Concessions 16 beyond 30 June 2021	1 April 2021

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:

<u>MFRSs (Including the Consequential Amendments)</u>	<u>Effective Date</u>
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Subsidiary as a First time Adopter	1 January 2022
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

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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)

<u>MFRSs (Including the Consequential Amendments) (cont'd)</u>		<u>Effective Date</u>
Amendments to MFRS 141	Agriculture – Taxation in Fair Value Measurements	1 January 2022
MFRS 17 and Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17 and MFRS 9	Insurance Contracts – Initial Application of MFRS 17 and 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
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 Joint 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 Company does not plan to adopt Amendments to MFRS 141, 'Agriculture' – Taxation in Fair Value Measurements, MFRS 17, 'Insurance Contracts' and Amendments to MFRS 17, 'Insurance Contracts' – Initial Application of MFRS 17 and MFRS 9 – Comparative Information that is effective for financial year beginning 1 January 2022 and 1 January 2023 respectively as the standards are not applicable to the Company.

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

The minimum lease payments for leasehold land and buildings are allocated, whenever necessary, between the land and the buildings element in proportion to the relative fair value for leasehold interests in the land element and building element of the lease at the inception of the lease.

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.

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

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%

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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 (cash-generating units or CGU).

The recoverable amount of an asset or cash generating unit (CGU) is the greater of its fair value less cost of disposal 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.

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-rata 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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, balances and 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 demand deposits, net of bank overdrafts and pledged deposits.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

3. Significant accounting policies (cont'd)

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

(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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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 and the Company 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 the Company; and
- (iv) An estimate of costs to be incurred by the Group and the Company 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 and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

3. Significant accounting policies (cont'd)

3.14 Leases (cont'd)

(i) As lessee (cont'd)

The lease liability is initially measure at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company 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.

(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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

3. Significant accounting policies (cont'd)

3.15 Revenue recognition (cont'd)

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 calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

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 future potential ordinary shares.

3.20 Dividend

Interim dividends are recognised as a liability in the period in which they are declared. Final dividends are recognised in the period approval of shareholders is obtained.

3.21 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

3. Significant accounting policies (cont'd)

3.21 Operating segment (cont'd)

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the Board of Directors who are chief operating decision makers whom regularly review the segment results in order to allocate resources to the segments and to assess segment performance. Additional disclosures on each of these segments are shown in Note 35 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.22 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.

3.23 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

3. Significant accounting policies (cont'd)

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

3.24 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

3. Significant accounting policies (cont'd)

3.24 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.

3.25 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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.

Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may differ. Uncertainty about these judgements, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

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) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(b) 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 of 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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

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

(c) Expected credit losses of amounts owing trade and receivables and other receivables

The Group and the Company recognise impairment losses for trade and other receivables using the expected credit loss model based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) 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, therefore future depreciation charges could be revised.

(e) Measurement of income taxes

Liability for taxation is recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice of whether additional taxes will be payable. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimate of the tax payable. Such difference may impact the income tax in the period when such determination is made. The Group will adjust for the differences as over- or under-provision of income tax in the period in which those differences arise.

(f) 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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

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

(g) 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
- (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 not to exercise an option to terminate the lease will be exercised, management has considered all relevant factors and circumstances that have created the economic incentives to exercise such option when exercising its judgement in the assessment.

The lease terms and incremental borrowing rates have been determined using appropriate assumptions as necessary including management's estimation of the application internal costs.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

5. Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the following product lines:

	Group	
	2021	2020
	RM'000	RM'000
Timber extraction	413	1,438
Timber trading	101,579	87,281
Manufacturing	103,250	92,196
Service and treatment	26,160	31,933
Others	3,893	3,394
Segment revenue	235,295	216,242
Less: Intercompany revenue	(12,958)	(14,594)
Revenue from external customers	222,337	201,648
Timing of recognition:		
At a point in time	222,337	201,648

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

6. Other income

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- loans and receivables	-	-	-	22
- bank	327	458	10	13
Income from short-term investment	228	248	-	-
Rental of land and buildings:				
- investment properties	7,040	6,303	-	-
Management fee	-	-	60	216
Gain on disposal of property, plant and equipment	1,532	25	-	-
Gain/(Loss) on short-term investment	28	(1)	-	-
Net gain on foreign exchange:				
- realised	842	786	-	-
- unrealised	150	273	-	-
Rent concession	174	261	-	-
Reversal of impairment on trade receivables	972	2,789	-	-
Reversal of impairment on inventories	1,942	111	-	-
Reversal of impairment on investment in subsidiaries	-	-	1,314	-
Others	1,315	1,831	-	-
	<u>14,550</u>	<u>13,084</u>	<u>1,384</u>	<u>251</u>

Due to the COVID-19 pandemic, the Group had been granted lease payment discount on certain leases by the lessor. The Group applied the practical expedient under MFRS 16 for those affected leases, whereby any change in lease payments resulting from rent concession (which is a direct consequence of the COVID-19 pandemic) is accounted for as if the change is not a lease modification. As a result of the discount of lease payments, a gain on rent concession of RM174,143 (2020: RM261,214) is recognised in profit or loss for the current financial year.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

7. Finance costs

	Group	
	2021 RM'000	2020 RM'000
Interest expenses on:		
- bank overdrafts	125	61
- bankers' acceptances, trust receipts and letters of credit	481	791
- term loans	436	690
- lease liabilities	667	997
	<u>1,709</u>	<u>2,539</u>

8. Profit/(Loss) before tax

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:				
Statutory audits				
- auditors of the Company	202	202	44	44
- other auditors	10	7	-	-
Non-audit fees	5	5	-	-
Amortisation of right-of-use assets	5,654	6,089	-	-
Bad debt written off	1	100	-	-
Depreciation:				
- property, plant and equipment	3,265	3,446	-	-
- investment properties	1,696	1,691	-	-
Deposits written off	-	124	-	-
Net loss/(gain) on financial assets:				
- expected credit loss	-	331	-	-
- specific allowance	399	837	-	-
Property, plant and equipment written off	188	-	-	-
Provision for inventories written down	134	1,487	-	-
Rental of building	<u>17</u>	<u>37</u>	<u>-</u>	<u>-</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****8. Profit/(Loss) before tax (cont'd)**

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Rental of equipment	152	136	-	-
Rental of permit	3	4	-	-
Staff costs:				
- salaries, wages, allowances and bonus	20,949	21,876	-	-
- defined contribution plan	1,176	1,232	-	-
- socso	222	244	-	-
- others	323	374	-	-
Net loss on foreign exchange:				
- realised	7	181	-	-
- unrealised	59	35	-	-

9. Directors' remuneration

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Executive Directors' remuneration:				
- fees	862	681	-	-
- salary, allowances, bonus and defined contribution plans	4,416	4,507	74	91
- benefits-in-kind	164	103	-	-
Non-executive Directors' remuneration:				
- fees	60	80	60	80
- salary, allowance, bonus and defined contribution plans	76	118	76	118
	<u>5,578</u>	<u>5,489</u>	<u>210</u>	<u>289</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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 2021 fall within the following bands is analysed as follows:

	<u>Executive Directors</u>	<u>Non- Executive Directors</u>
Range of remunerations:		
Below RM50,000	-	3
RM50,0001 to RM100,000	-	-
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	1	-
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	-	-
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	1	-
	<hr/>	<hr/>
	4	3
	<hr/>	<hr/>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****10. Tax expense**

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current financial year	3,448	2,371	-	-
- (over)/underprovision in prior year	36	(378)	-	11
	<u>3,484</u>	<u>1,993</u>	<u>-</u>	<u>11</u>
Deferred tax				
- current financial year	(416)	(815)	-	-
- overprovision in prior year	-	(14)	-	-
	<u>3,068</u>	<u>1,164</u>	<u>-</u>	<u>11</u>

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	
	2021	2020
	RM'000	RM'000
Profit before tax	<u>12,598</u>	<u>5,299</u>
Taxation at Malaysian statutory tax rate of 24%	3,023	1,272
Non-taxable income	(391)	(972)
Non-deductible expenses	1,035	1,669
Under/(Over) provision of current tax in prior years	36	(378)
Utilisation of previously unrecognised deferred tax assets	(41)	(108)
Utilisation of reinvestment allowance	(116)	-
Relating to origination and reversal of temporary differences	(295)	(372)
Deferred tax asset not recognised during the year	(183)	67
Over provision of deferred tax in prior year	<u>-</u>	<u>(14)</u>
Income tax expense	<u>3,068</u>	<u>1,164</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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	
	2021	2020
	RM'000	RM'000
Loss before tax	(497)	(29,842)
Taxation at Malaysian statutory tax rate of 24%	(119)	(7,162)
Non-deductible expenses	119	7,124
Deferred tax asset not recognised during the year	-	38
Under provision of current tax in prior year	-	11
	<u>-</u>	<u>11</u>

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	2,632	1,466	342	159
Unutilised reinvestment allowances	-	572	-	-
Unabsorbed capital allowance	<u>1,278</u>	<u>1,627</u>	<u>-</u>	<u>-</u>
	<u>3,910</u>	<u>3,665</u>	<u>342</u>	<u>159</u>

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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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	
	2021 RM'000	2020 RM'000
YA 2029	840	789
YA 2030	144	340
YA 2031	175	437
YA 2032	1,473	-
	<u>2,632</u>	<u>1,466</u>

	Company	
	2021 RM'000	2020 RM'000
YA 2031	164	159
YA 2032	178	-
	<u>342</u>	<u>159</u>

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	
	2021	2020
Basic earnings per share		
Profit for the financial year (RM'000)	7,707	3,109
Weighted average number of ordinary shares in issue ('000)	356,724	340,538
Basic earnings per share (sen)	<u>2.16</u>	<u>0.91</u>
Diluted earnings per share		
Profit for the financial year (RM'000)	7,707	3,109
Weighted average number of ordinary shares in issue ('000)	356,724	510,805
Diluted earnings per share (sen)	<u>2.16</u>	<u>0.61</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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 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

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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 2020	158,539	111,402	24,393	4,378	1,843	300,555
Additions	151	543	90	356	34	1,174
Disposals	-	-	(184)	(3)	-	(187)
Written off	-	-	-	(3)	-	(3)
Reclassification	(403)	265	1,571	250	-	1,683
At 31 December 2020	158,287	112,210	25,870	4,978	1,877	303,222
Accumulated depreciation						
As at 1 January 2020	27,825	105,906	23,942	4,003	1,397	163,073
Charge for the financial year	1,671	1,258	219	206	92	3,446
Disposals	-	-	(184)	(2)	-	(186)
Written off	-	-	-	(3)	-	(3)
Reclassification	(73)	106	1,474	15	-	1,522
At 31 December 2020	29,423	107,270	25,451	4,219	1,489	167,852
Net carrying amounts						
At 31 December 2020	128,864	4,940	419	759	388	135,370

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****12. Property, plant and equipment (cont'd)**

Company	Office equipment RM'000
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	-
Cost	
At 1 January 2020	62
Accumulated depreciation	
At 1 January 2020	62
Charge for the financial year	-
At 31 December 2020	62
Net carrying amount	
At 31 December 2020	-

During the financial year, the Group acquired property, plant and equipment with the aggregate costs of RM2,448,128 (2020: RM1,174,119). Cash payment of RM2,448,128 (2020: RM1,174,119) were made to purchase these assets.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land and building, and office premises	49	21	-	-
Plant and machinery	97,963	99,979	-	-
Forklift, trucks and motor vehicles	23,652	23,609	-	-
Furniture, fittings and equipment	3,101	2,987	-	-
Computer equipment and software	717	716	62	62
Other assets	1,303	1,303	-	-
	<u>126,785</u>	<u>128,615</u>	<u>62</u>	<u>62</u>

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

	Group	
	2021 RM'000	2020 RM'000
Freehold land and building, and office premises	<u>12,249</u>	<u>12,378</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****13. Investment properties**

		Leasehold land and buildings and freehold buildings	
Group	Freehold land RM'000	RM'000	Total RM'000
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
Cost			
At 1 January 2020	87,348	84,217	171,565
Additions	-	137	137
Reclassification	-	153	153
At 31 December 2020	-	84,507	171,855
Accumulated depreciation			
At 1 January 2020	-	30,347	30,347
Charge during the financial year	-	1,691	1,691
Reclassification	-	58	58
At 31 December 2020	-	32,096	32,096
Net carrying amounts			
At 31 December 2020	87,348	52,411	139,759

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

13. Investment properties (cont'd)

The investment properties of the Group with a carrying amount of RM77,588,575 (2020: RM78,916,205) are pledged to secure banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

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.

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 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

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****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 2020	8,829	15,897	6,121	30,847
Additions	3,540	-	479	4,019
Reclassification	(1,910)	(265)	(2,035)	(4,210)
Derecognised during the year	(99)	-	-	(99)
At 31 December 2020	10,360	15,632	4,565	30,557
Accumulated amortisation				
At 1 January 2020	1,191	1,576	3,662	6,429
Additions	3,396	1,660	1,033	6,089
Reclassification	-	(106)	(1,939)	(2,045)
Derecognised during the year	(99)	-	-	(99)
At 31 December 2020	4,488	3,130	2,756	10,374
Net carrying amounts				
At 31 December 2020	5,872	12,501	1,809	20,183

During the year, the Group acquired right-of-use assets with the aggregate costs of RM206,037 (2020: RM4,019,378) of which RM206,037 (2020: RM3,989,378) was acquired by means of lease arrangement. Cash payment of RM Nil (2020: RM30,000) were made to purchase these assets.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****15. Inventories**

	Group	
	2021 RM'000	2020 RM'000
Raw material	33,028	35,765
Work-in-progress	23,224	30,471
Consumable materials	-	137
Finished goods	25,184	33,457
	<u>81,436</u>	<u>99,830</u>
<u>Recognised in profit or loss:</u>		
Inventories recognised as cost of sales	139,822	85,967
Inventories written down	134	1,487
Reversal of inventories write down	<u>(1,942)</u>	<u>(111)</u>

16. Property development costs

	Group	
	2021 RM'000	2020 RM'000
At 31 December:		
Freehold land, at cost	13,200	13,200
Development expenditure	15,802	15,651
	29,002	28,851
Less: Cost recognised as expense		
At 1 January	(19,855)	(19,855)
Cost recognised during the financial year	-	-
At 31 December	<u>(19,855)</u>	<u>(19,855)</u>
	<u>9,147</u>	<u>8,996</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****17. Trade and other receivables**

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	32,988	24,335	-	-
Less: Bad debt written off	-	(100)	-	-
	<u>32,988</u>	<u>24,235</u>	<u>-</u>	<u>-</u>
Less: Impairments				
At 1 January	1,559	3,181	-	-
Net impairments on financial assets:				
- expected credit loss	-	331	-	-
- specific allowances	399	836	-	-
Reversal of impairments	(972)	(2,789)	-	-
At 31 December	<u>986</u>	<u>1,559</u>	<u>-</u>	<u>-</u>
Total trade receivables	<u>32,002</u>	<u>22,676</u>	<u>-</u>	<u>-</u>
Other receivables				
Other receivables	2,813	1,437	-	-
Less: Bad debt written off	(1)	-	-	-
	<u>2,812</u>	<u>1,437</u>	<u>-</u>	<u>-</u>
Less: Impairments				
At 1 January	237	236	-	-
Additions	-	1	-	-
Written off during the year	(173)	-	-	-
At 31 December	<u>64</u>	<u>237</u>	<u>-</u>	<u>-</u>
Total other receivables	<u>2,748</u>	<u>1,200</u>	<u>-</u>	<u>-</u>
Deposits	2,679	2,384	-	-
Prepayments	830	1,171	-	-
Amounts due from subsidiaries	-	-	496	436
Trade and other receivables	<u>38,259</u>	<u>27,431</u>	<u>496</u>	<u>436</u>

The Group's normal trade credit terms range from 30 to 120 days (2020: 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

18. 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.

19. Derivative financial assets

	Group	
	2021 RM'000	2020 RM'000
Derivatives held for trading at fair value through profit or loss:		
Forward foreign exchange contracts:		
- assets	369	467

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 6 months (2020: 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)
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	6,304,780
May 2022	USD	400,000	4.1730 – 4.2058	1,675,760
June 2022	USD	300,000	4.2063	1,261,890
2020				
January 2021	USD	1,482,851	4.0910 – 4.1976	6,159,551
February 2021	USD	926,000	4.1548 – 4.1961	3,860,239
March 2021	USD	282,551	4.1711 – 4.1738	1,178,209
April 2021	USD	237,000	4.1733 – 4.1760	989,403
June 2021	USD	500,000	4.0540	2,027,000

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****20. Fixed deposits with licensed banks**

Fixed deposits held by the Group include an amount of RM3,376,132 (2020: RM3,360,665) pledged for bank guarantee facilities granted to the Group.

The maturity period of deposits with licensed banks as at 31 December 2021 is within 15 months (2020: within 15 months).

21. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	32,653	20,440	5,442	1,057
Fixed deposits with licensed banks	26,386	25,786	-	-
Less: Fixed deposits pledge to bank guarantee facilities	(3,376)	(3,361)	-	-
	23,010	22,425	-	-
Short-term investments	14,343	14,402	-	-
	70,006	57,267	5,442	1,057
Less: Bank overdrafts (Note 24)	(861)	(1,480)	-	-
	69,145	55,787	5,442	1,057

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

22. Share capital

	2021		2020	
	Number of shares '000	Share capital RM'000	Number of shares '000	Share capital RM'000
Ordinary shares				
Balance as at 1 January	340,538	201,188	340,538	201,188
Issued for cash pursuant to exercise of warrants	16,186	5,180	-	-
Balance as at 31 December	<u>356,724</u>	<u>206,368</u>	<u>340,538</u>	<u>201,188</u>

22.1 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.

During the financial year, the Company increased its issued and fully paid up ordinary shares from RM 201,187,807 to RM 206,367,488 by way of the issuance 16,186,502 new ordinary shares pursuant to the exercise of Warrants-C 2016/2021 at the exercise price of RM0.32 per ordinary share

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

22.2 Warrants-C 2016/2021

On 8 August 2016, the Company issued 109,851,000 units of Warrants 2016/2021 ("Warrant" or "Warrants") on the basis of one (1) free Warrant for every two (2) existing ordinary shares of RM0.50 each held in the Company. The Warrants were listed on the Main Market of Bursa Malaysia Securities Berhad. As at the end of the financial year, all of the Warrants remained unexercised.

The salient features of Warrants as constituted in the Deed Poll dated 15 July 2016 which have been adjusted in 2018 are as follows:

Terms	Details
Exercise Price	As at the entitlement date, the existing exercise price of the Warrants was RM0.50 and the new exercise price has been adjusted at RM0.32 each.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

22. Share capital (cont'd)

22.2 Warrants-C 2016/2021 (cont'd)

Terms	Details
Exercise Period	The Warrants may be exercised at any time within a period of five (5) years commencing from and including the date of issuance of the Warrants and ending at 5.00 p.m. on 2 August 2021. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Rights	Each Warrant entitles the Warrant Holders to subscribe for one (1) new ordinary share at any time during the Exercise Period at the new Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	A Warrant holder must complete and sign the exercise form (which shall be irrevocable) and deliver the same to the Registrar together with a remittance by way of a banker's draft/ cashier's order/money order/ or postal order drawn on a bank or post office operating in Malaysia.
Board lot	For the purposes of trading on Bursa Securities, a board lot for the Warrants shall be one hundred (100) Warrants or as varied from time to time by any relevant authorities carrying the right to subscribe for one hundred (100) Shares.
Rights of the Warrant Holders	The Warrant holders are not entitled to any voting rights in any general meeting of our Company or to participate in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new ordinary shares of our Company.
Modification of rights of the Warrant Holders	<p>The Company may, from time to time, without the consent or sanction of the Warrants holders but subject to the prior approval of Bursa Securities and other relevant authorities and in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with prevailing laws or regulations of Malaysia.</p> <p>Subject to the approval of any relevant authority, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll proposed or agreed to by our Company must be sanctioned by special resolution of the holders of the Warrants, effected by the Deed Poll, executed by our Company and expressed to be supplemental and comply with the requirements of the Deed Poll.</p>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

22. Share capital (cont'd)

22.2 Warrants-C 2016/2021 (cont'd)

Terms	Details
Listing status	Approval in principle from Bursa Malaysia Securities Berhad ("Bursa Securities") was obtained on 19 December 2018 for admission of the Warrants to the official list as well as the listing of the new ordinary shares arising from the exercise of the Warrants.

The movements in the Warrants are as follows:

	Number of unexercised warrants
At 1 January 2021 ('000)	170,267
Exercised ('000)	(16,186)
Expired ('000)	(154,081)
At 31 December 2021 ('000)	-

The unexercised Warrants of 154,080,962 have since expired on 2 August 2021.

23. Other reserves

	Group	
	2021 RM'000	2020 RM'000
Reserve on consolidation	13,464	13,464

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)**

24. Loan and borrowings

	Group	
	2021	2020
	RM'000	RM'000
Current		
Bankers' acceptance	12,618	13,155
Bank overdrafts	861	1,480
Bank revolving credit	-	3,000
Term loans	2,516	2,796
	<u>15,995</u>	<u>20,431</u>
Non-current		
Term loans	3,993	8,773
	<u>3,993</u>	<u>8,773</u>
Total loans and borrowings:		
Bankers' acceptance	12,618	13,155
Bank overdrafts	861	1,480
Bank revolving credit	-	3,000
Term loans	6,509	11,569
	<u>19,988</u>	<u>29,204</u>

Loan and borrowings are denominated in Ringgit Malaysia and United States Dollar.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

24. Loan and borrowings (cont'd)

The remaining maturities of loans and borrowings as at 31 December 2021 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Maturity of loans and borrowings:		
Within one year	15,995	20,431
More than one year and less than two years	2,389	3,477
More than two years and less than five years	1,604	5,296
	<u>19,988</u>	<u>29,204</u>

Bankers' acceptance, bank overdraft and letter of credit bear interest rates range from 1.78% to 10.00% (2020: 2.00% to 10.00%) per annum. Term loans bear interest rates range from 3.27% to 6.54% (2020: 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 20).

25. Lease liabilities

	Group	
	2021 RM'000	2020 RM'000
At 1 January	17,977	21,626
New lease liabilities during the year	206	3,989
Reclassification	-	(1,910)
Lease interest (Note 7)	667	997
Less: lease payments	(7,362)	(6,464)
Less: rent concession (Note 6)	(174)	(261)
Less: written off	(60)	-
At 31 December	<u>11,254</u>	<u>17,977</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****25. Lease liabilities (cont'd)**

	Group	
	2021 RM'000	2020 RM'000
Minimum lease payment:		
Not later than 1 year	6,160	7,552
Later than 1 year and not later than 2 years	3,332	6,175
Later than 2 year and not later than 5 years	2,298	5,443
	11,790	19,170
Less: Future finance charges	(536)	(1,193)
Present value of lease liabilities	11,254	17,977
Present value of lease liabilities:		
Not later than 1 year	6,628	6,892
Later than 1 year and not later than 2 years	2,339	5,805
Later than 2 year and not later than 5 years	2,287	5,280
	11,254	17,977

Lease liabilities bore incremental borrowing rate and interest rate implicit in lease between 2.45% and 3.67% (2020: 2.45% and 3.92%) per annum.

(a) Net carrying amounts included in:

	Group	
	2021 RM'000	2020 RM'000
- Rights of use asset	14,290	20,183

(b) Cash flows for lease as lessee

	Group	
	2021 RM'000	2020 RM'000
Included in net cash from operating activities		
Payment relating to short-term leases	169	171
Payment relating to leases of low-value assets	4	7
Interest paid in relation to lease liabilities	667	997
Included in net cash from financing activities		
Payment of lease liabilities	7,362	6,464
	8,202	7,639

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****26. Deferred tax liabilities**

	Group	
	2021 RM'000	2020 RM'000
At 1 January	9,545	10,374
Recognised in profit or loss (Note 10)	(416)	(815)
Overprovision in prior year	-	(14)
At 31 December	<u>9,129</u>	<u>9,545</u>

27. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade				
Trade payables	<u>10,653</u>	<u>13,215</u>	<u>-</u>	<u>-</u>
Non-trade				
Accruals	5,305	5,053	45	45
Deposits received	2,652	2,521	-	-
Other payables	2,649	1,600	51	-
Amounts due to related parties	246	35	-	110
	<u>10,852</u>	<u>9,209</u>	<u>96</u>	<u>155</u>
Trade and other payables	<u>21,505</u>	<u>22,424</u>	<u>96</u>	<u>155</u>

The normal trade credit terms granted to the Group range from 30 to 120 days (2020: 30 to 120 days).

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

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

28. Provision for liabilities

	Group	
	2021	2020
	RM'000	RM'000
Provision for forestry site expenses	396	396
Provision for reforestation	1,710	1,710
	<u>2,106</u>	<u>2,106</u>

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

29. Investments in subsidiaries

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares:		
At cost	342,042	342,042
Less: Allowance for impairment losses	(163,000)	(163,047)
	<u>179,042</u>	<u>178,995</u>

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

	Company	
	2021	2020
	RM'000	RM'000
At 1 January	163,047	133,638
Addition	1,268	29,409
Reversal of impairment on investment in subsidiaries	(1,315)	-
At 31 December	<u>163,000</u>	<u>163,047</u>

The carrying amount of investment in Lionvest Corporation (Pahang) Sdn. Bhd. and Syarikat Vinco Timber Industries Sdn. Bhd. as at 31 December 2021 was RM18,662,737 and RM40,536,413 (2020: RM19,929,152 and RM39,221,657) 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 RM154,072,851 and RM8,925,794 (2020: RM152,806,436 and RM10,240,550) respectively.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****29. Investments in subsidiaries (cont'd)**

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

Name of company	Principal place of business	Effective equity interest		Principal activities
		2021 %	2020 %	
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	Dormant
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	100	100	Dormant
Lionvest Timber Industries Sdn. Bhd.	Malaysia	51	51	Sawmilling, dealing in timber and its related products

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

29. Investments in subsidiaries (cont'd)

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

Name of company	Principal place of business	Effective equity interest		Principal activities
		2021 %	2020 %	
Abadi Canggih Sdn. Bhd. *	Malaysia	100	96	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

On 10 February 2021, one of the subsidiaries, Lionvest Corporation (Pahang) Sdn. Bhd. had further acquired 49,000 ordinary shares from Budi Kemboja Sdn. Bhd. in Abadi Canggih Sdn. Bhd. with no cash consideration.

30. Financial guarantees

As at 31 December 2021, the Group and the Company gave financial guarantees to licensed banks and financial institutions in respect of facilities granted to certain subsidiaries amounting to RM104,472,001 and RM97,730,097 (2020: RM105,098,328 and RM97,919,328).

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

31. 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			
	2021	Amount outstanding (to)/from as at 31.12.2021	2020	Amount outstanding (to)/from as at 31.12.2020
	RM'000	RM'000	RM'000	RM'000
Purchase of logs				
- D.M. Timber Sdn. Bhd.	4,054	(210)	2,605	-
- Lucky Star Diversified Sdn. Bhd.	5,454	(865)	-	-
Purchase of sawn timber and its related product				
- Mahawangsa Timber Industries Sdn. Bhd.	3,810	(8)	5,005	-
Sales of sawn timber and its related product				
- Mahawangsa Timber Industries Sdn. Bhd.	(527)	984	(89)	506

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements**For the Financial Year Ended 31 December 2021 (Cont'd)****31. 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			
	2021	Amount	2020	Amount
	RM'000	outstanding	RM'000	outstanding
		(to)/from		(to)/from
		as at		as at
		31.12.2021		31.12.2020
		RM'000		RM'000
Rental of storage charged by a related party				
- Minho Kilning (Klang) Sdn. Bhd.	210	-	330	-
Rental of premise charged by a related party				
- Minho Kilning (Klang) Sdn. Bhd.	3,483	-	3,238	-
Insurance brokerage fee charged by an other related company				
- Oak Three Sdn. Bhd	25	-	27	(12)
Hire of equipment by a related party				
- Minho Kilning (Klang) Sdn. Bhd.	104	-	88	-
Transport expenses charged by related party				
- Mahawangsa Timber Industries Sdn. Bhd.	53	-	236	-
Transport charges received from related parties				
- Mahawangsa Timber Industries Sdn. Bhd.	(31)	-	(107)	-
- Lucky Star Diversified Sdn. Bhd.	(8)	-	-	-
- Oak Three Sdn. Bhd.	(1)	7	(7)	7

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

31. Significant related party disclosures (cont'd)

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

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

<u>Related parties</u>	<u>Relationship</u>
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	
	2021 RM'000	2020 RM'000
Loan interest income from a subsidiary	-	22
Management fees receivable from a subsidiary	60	216
Total	60	238

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

31. 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fees	922	761	60	80
Salary, allowance, bonus and defined contribution plans	4,492	4,625	152	209
Benefits-in-kind	164	103	-	-
	<u>5,578</u>	<u>5,489</u>	<u>212</u>	<u>289</u>

32. Financial instruments

32.1 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>At amortised cost:</u>				
Trade and other receivables^	37,429	26,260	496	436
Fixed deposits with licensed banks	26,386	25,786	-	-
Cash and bank balances	<u>32,653</u>	<u>20,440</u>	<u>5,442</u>	<u>1,057</u>
	96,468	72,486	5,938	1,493
<u>At fair value through profit or loss:</u>				
Short-term investments	14,343	14,402	-	-
Derivative financial assets	<u>369</u>	<u>467</u>	<u>-</u>	<u>-</u>
	14,712	14,869	-	-
	<u>111,180</u>	<u>87,355</u>	<u>5,938</u>	<u>1,493</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

32. Financial instruments (cont'd)

32.1 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
<u>At amortised cost:</u>				
Trade and other payables	21,505	22,424	96	155
Loan and borrowings	19,988	29,204	-	-
Lease liabilities	11,254	17,977	-	-
	<u>52,747</u>	<u>69,605</u>	<u>96</u>	<u>155</u>

^ exclude prepayments

32.2 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

32. Financial instruments (cont'd)

32.3 Fair value hierarchy

Group	Fair value of financial instruments carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Short-term investments	-	14,343	-	14,343
Derivative financial assets	-	369	-	369
2020				
Short-term investments	-	14,402	-	14,402
Derivative financial assets	-	467	-	467

33. 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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	
	2021	2020
	RM'000	RM'000
USD		
Financial assets		
Trade and other receivables	15,194	3,945
Derivative financial assets	381	467
Cash and bank balances	1,120	1,770
	<u>16,695</u>	<u>6,182</u>
Financial liabilities		
Trade and other payables	(429)	(50)
	<u>16,266</u>	<u>6,132</u>
SGD		
Financial assets		
Trade and other receivables	446	678
Cash and bank balances	1,210	288
	<u>1,656</u>	<u>966</u>
Financial liabilities		
Trade and other payables	(36)	-
	<u>1,620</u>	<u>966</u>
EURO		
Financial assets		
Cash and bank balances	97	3
JPY 100		
Financial liabilities		
Trade and other payables	-	(1)

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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	
	2021 RM'000	2020 RM'000
United States Dollar	1,236	466
Others	<u>130</u>	<u>73</u>

(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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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	
	2021 RM'000	2020 RM'000
Fixed rate instruments		
<i>Financial asset</i>		
Fixed deposits placed with licensed bank	26,386	25,786
<i>Financial liabilities</i>		
Lease liabilities	11,254	17,977
Floating rate instruments		
<i>Financial liabilities</i>		
Loans and borrowings	19,988	29,204

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) 2021 RM'000	Increase/ (Decrease) 2020 RM'000
Effect on profit after tax		
Increases 100 basis point	152	222
Decreases 100 basis point	(152)	(222)

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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 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			
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
2020			
Not past due	10,006	-	10,006
- Past due 0 - 30 days	5,005	-	5,005
- Past due 31 - 60 days	3,788	-	3,788
- Past due more than 60 days	5,536	(1,659)	3,877
	14,329	(1,659)	12,670
	24,335	(1,659)	22,676

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

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

(b) Credit risk (cont'd)

(i) Trade receivables (cont'd)

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 RM13,239,715 (2020: RM12,669,583) 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 17 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.

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	
	2021	2020
	RM'000	RM'000
Malaysia	16,490	18,570
Europe	-	2,486
Indonesia	1	-
Singapore	447	671
Taiwan	-	302
United States of America	15,064	647
	<u>32,002</u>	<u>22,676</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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
<u>Group and Company</u>							
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)							<u>986</u>
2020							
Expected loss rate (%)	-	-	-	-	-	9.66	
Gross carrying amount (RM)	10,006	5,005	3,788	2,129	1,482	1,925	
Loss allowance provision (RM)	-	-	-	-	-	351	351
Specific allowance provision (RM)	-	-	-	-	-	1,308	1,308
Total impairment (RM)							<u>1,659</u>

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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 17 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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 RM1,307,000 (2020: RM1,231,000) 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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
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
2021					
Company					
Trade and other payables		96	96	96	-
		96	96	96	-

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

33. 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
2020 Group					
Trade and other payables		22,424	22,424	22,424	-
Loan and borrowings	2.00 – 5.51	29,204	30,448	20,926	9,522
Lease liabilities	2.45 – 3.92	17,977	19,170	7,552	11,618
		69,605	72,042	50,902	21,140
2020 Company					
Trade and other payables		155	155	155	-
		155	155	155	-

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

34. 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 2021 and 31 December 2020.

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Trade and other payables	21,505	22,424	155	155
Loan and borrowings	19,998	29,204	-	-
Lease liabilities	11,254	17,977	-	-
Less: Deposits with licensed bank, unpledged (Note 21)	(23,010)	(22,425)	-	-
Less: Cash and bank balances	(32,653)	(20,440)	(1,057)	(1,057)
Less: Short-term investment	(14,343)	(14,402)		
Net debt/(cash)	(17,249)	12,338	(902)	(902)
Equity attributable to the owners of the Company	387,757	374,870	180,466	180,466
Capital and net debt	370,508	387,208	-	-
Net gearing ratio/Net cash	Net cash	3.2%	Net cash	Net cash

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

35. 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 2021 and 2020. |

(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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

35. 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.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

35. 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

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

35. Operating segments (cont'd)

2020	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	(535)	4,720	176	4,169	256	(29,767)	26,280	5,299
Included in the measure of segment profit are:								
External sales	1,438	86,082	85,597	25,582	-	2,949	-	201,648
Inter segment sales	-	1,199	6,599	6,351	-	445	(14,594)	-
Total revenue	1,438	87,281	92,196	31,933	-	3,394	(14,594)	201,648
Depreciation	(220)	(915)	(1,781)	(1,698)	-	(523)	-	(5,137)
Amortisation of rights-of- use assets	(93)	(197)	(2,733)	(3,676)	-	(209)	(819)	(6,089)
Rental income of land and buildings	-	2,619	1,375	2,825	-	-	(516)	6,303
Net foreign exchange								
- realised gain	-	(574)	(31)	-	-	-	-	(605)
- unrealised loss/(gain)	8	(236)	(28)	-	-	18	-	(238)
Finance costs	(12)	(672)	(1,716)	(267)	-	(25)	153	(2,539)
Interest income	9	286	219	110	42	152	(123)	695
Tax expense	-	(428)	205	(877)	-	(64)	-	(1,164)
Segment assets	7,236	125,559	156,288	165,462	10,683	32,872	(2,691)	495,409
Segment liabilities	1,553	21,560	39,969	15,427	12	3,841	(1,106)	81,256

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

36. Significant event during the financial year

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. To curb the spread of COVID-19 outbreak in Malaysia, the government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020 that involved strict movement restrictions and closure of non-essential business premises, followed by Conditional MCO ("CMCO") and Recovery MCO ("RMCO") until the end of December 2020. Various measures to prevent the spread of the virus such as restricted movement, overseas and interstate travel bans, closure of businesses and education institutions and work-from-home arrangements have impacted consumer spending power and pattern and brought about significant economic uncertainties in Malaysia.

On 11 January 2021, Malaysia Government has announced MCO on all the states of Malaysia starting from 13 January 2021 to 18 February 2021. On 16 February 2021, 2 March 2021 and 25 March 2021, the Malaysia Government announced the extension of MCO, CMCO and RMCO until 14 April 2021 in respective states. The management does not expect significant impact to the business operations.

On 1 June 2021, the Government again imposed a nationwide MCO in response to the third wave of the Covid-19 pandemic in the country and the escalating infection rate of the Covid-19. These orders and the resurgence of Covid-19 cases, movement restriction orders and targeted containment measures in most states have caused disruptions to business activities nationwide.

The Group had considered the impact of COVID-19 on its operations, as well as financial impact in the preparation of the financial statements for the current year in terms of the recoverability of the carrying amount of the assets and remeasurement of assets and liabilities as at 31 December 2021. There were no other material impacts on financial and non-financial assets.

As the situation continues to evolve with significant level of uncertainty, the Group is unable to reasonably estimate the full financial impact of the Covid-19 outbreak for financial year ending 31 December 2022. The Group is monitoring the situation closely and to take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

Minho (M) Berhad

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2021 (Cont'd)

37. Subsequent events after the reporting period

- (i) On 28 January 2022, the subsidiary, Costraco Sdn. Bhd. had declared and paid a single tier interim dividend of RM0.30 per ordinary shares totaling RM1,500,000 in respect of the financial year ending 31 December 2022.
- (ii) On 7 February 2022, the wholly owned subsidiary, Victory Enterprise Sdn. Bhd. had entered into a Sales and Purchase Agreement with Khoo Beng to acquire a piece of freehold land measuring 1.741 hectares located in Mukim Jeram, District of Kuala Selangor, Selangor Darul Ehsan for a total consideration of RM3,656,857.34 only.
- (iii) On 7 February 2022, the subsidiary, Costraco Sdn. Bhd. had agreed to offer to purchase 525,000 ordinary shares representing 34.7% of equity interest in Euro-CGA Sdn. Bhd. from Pristine Group Sdn. Bhd. at consideration of RM4,000,000.

38. 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 will defend and present its claims to the judge on 5 April 2022.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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	32	6,050,000	1989
Lot No. 6466 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	392.70 sq. metres	Freehold	28	50,301	1993
Lot No. 6466 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	145.10 sq. metres	Freehold	28	13,879	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	11	4,242,555	2010
Lot No. 6475 & 6476 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.89 acres	Freehold	11	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	11	10,410,939	2010
Lot No. 6469 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.89 acres	Freehold	11	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	11	7,181,106	2010

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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	11	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	11	622,018	2010
Lot No. 6477 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	9.94 acres	Freehold	13	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	13	557,039	2008
Lot No. 6477 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	388.63 sq. metres	Freehold	13	142,366	2008
Lot No. 6474 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	10.43 acres	Freehold	12	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	13	5,958,753	2008
Lot No. 6471 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	10.18 acres	Freehold	13	12,410,000	2008
Lot No. 6470 Mukim of Kapar District of Klang Selangor Darul Ehsan	Land	10.18 acres	Freehold	13	12,410,000	2008

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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	13	9,372,432	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	13	110,925	2008
Lot No. 6457 & 6458 Mukim of Kapar District of Klang Selangor Darul Ehsan	Storage shed	10.144 acres	Freehold	33	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	28	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	68	15,564,369	1953
Lot No. 879 Municipality of Klang Selangor Darul Ehsan	Vacant	3.4677 acres	Freehold	21	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	16	12,000,213	2005
Lot No. 6467 Mukim of Kapar District of Klang Selangor Darul Ehsan	Office building	264.77 sq. metres	Freehold	15	160,268	2006
Lot No. 6503 Mukim of Kapar District of Klang Selangor Darul Ehasan	Land	6.059 acres	Freehold	12	4,006,500	2009

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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	12	4,561,923	2009
Lot No. 4842 Mukim of Jeram District of Kuala Selangor Selangor Darul Ehsan	Vacant	18.208 acres	Freehold	9	4,634,780	2012
PT 42079 Mukim of Tanjung Dua Belas District of Kuala Langat Selangor Darul Ehsan	Land	26.14 acres	Freehold	4	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	14	3,403,552	2007
No. 51, Jalan Aman Perdana, 9G/KU Taman Aman Perdana District of Klang Selangor Darul Ehsan	Building	0.048 acres	Freehold	13	679,059	2008
Lot 15956 Mukim of Kapar District of Klang Selangor Darul Ehsan	Agriculture Land	8.794 acres	Freehold	5	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	7	890,990	2014

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

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	7	886,864	2014
Lot 6462 Mukim of Kapar District of Klang Selangor Darul Ehsan	Industrial Land	5.113 acres	Freehold	18	19,600,000	2003
PT 71937, No. 62A Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	253 sq. metres	Freehold	3	1,067,804	2018
PT 34194 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	186 sq. metres	Freehold	15	454,020	2006
Lot 34195 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	Built up area of 186 sq. metres	Freehold	3	451,090	2018
Lot 34212 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	Built up area of 186 sq. metres	Freehold	3	525,779	2018
Lot 34213 Mukim of Kapar District of Klang Selangor Darul Ehsan	Terrace Industrial Building	Built up area of 186 sq. metres	Freehold	3	525,779	2018
No. 52 Lorong Sg. Puloh 10/KU6 Mukim of Kapar District of Klang Selangor Darul Ehsan	Factory building	221.59 sq. metres	Freehold	3	838,717	2018

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

List of Properties (cont'd)

Location	Description	Approximate Area	Tenure	Age	Net Book Value (RM)	Year Of Acquisition / Revaluation
13 th Floor Wisma Merdeka Phase II Tower Block District of Kota Kinabalu Sabah	Office building	5,223.9 sq. metres	Leasehold from 01/01/1975 to 31/12/2073	20	91,584	2001
7 th 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	20	399,603	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	27	366,390	1994

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

Analysis of Shareholdings

Share Capital

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Share Capital	:	356,724,346
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
1 - 99	514	8.90	24,140	0.01
100 – 1,000	356	6.17	143,326	0.04
1,001 – 10,000	3,051	52.83	15,843,181	4.45
10,001 – 100,000	1,582	27.40	48,206,205	13.51
100,001 – less than 5% of the issued shares	270	4.68	191,432,521	53.66
5% of the issued shares and above	1	0.02	101,074,973	28.33
Total	5,774	100.00	356,724,346	100.00

List of Top 30 Holders as at 1 April 2022

Name of Shareholders	Holdings	%
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 Mak Ooi Yee	6,376,281	1.79
8 GT-Max Resources Sdn. Bhd.	5,035,000	1.41
9 RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Thiam Seng	4,581,000	1.28
10 Shio Lay Kian	4,085,449	1.15
11 Lim Kiat Si	3,621,400	1.02
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 HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Thiam Seng	3,000,000	0.84
16 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Keng Meng	2,755,729	0.77

Analysis of Shareholdings (cont'd)**List of Top 30 Holders as at 1 April 2022 (cont'd)**

Name of Shareholders	Holdings	%
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 Tan Chui Hua	1,985,188	0.56
24 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Yi Ho	1,972,000	0.55
25 Lau Saw Kuen	1,723,290	0.48
26 Maybank Nominees (Tempatan) Sdn Bhd Goh Chong Seow	1,565,000	0.44
27 Euginny Yap Chiew Yei	1,524,727	0.43
28 Seah Gak San	1,521,072	0.43
29 Tan Teck Peng	1,430,000	0.40
30 Tan Kok	1,367,198	0.38

Holders with Holdings Of 5% and Above as at 1 April 2022

Name of Shareholders	Holdings	%
1 Minho Holdings Sdn. Bhd.	101,074,973	28.33

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-First Annual General Meeting ("AGM") of MINHO (M) BERHAD will be held at Minho (M) Berhad, Board Room, Lot 6476 Lorong Sg. Puluh, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor Darul Ehsan at 10.30 a.m. on 28 June 2022 to transact the following business :

AGENDA

1. "That the Audited Financial Statements for the year ended 31 December 2021 and the reports of Directors and Auditors thereon be and are hereby received." (Please refer to Explanatory Note 1)
2. "That the following Directors who retire in accordance with Clause 96 of the Company's Constitution be and are hereby re-elected as the Directors of the Company:-
 - i) Mr. Dato' Loo Keng An @ Lee Kim An Resolution 1
 - ii) Encik Khibir Bin Razali" Resolution 2
3. "That the following Directors who retire in accordance with Clause 93 of the Company's Constitution be and are hereby re-elected as the Directors of the Company:-
 - iii) Mr. Lim Kim Meng Resolution 3
 - iv) Encik Haji Mohd Faizal Bin Haji Abdul Majid Resolution 4
 - v) Ms. Jeannie Lim Li Tien" Resolution 5
4. "That the payment of Directors' benefits and Directors' fee to the Non-Executive Directors up to an amount of RM 350,000 from 29 June 2022 until the next AGM of the Company be and is hereby approved." Resolution 6
5. "That Messrs. Ecovis Malaysia PLT, who are eligible and have given their consent, be and are hereby re-appointed as Auditors of the Company until the conclusion of the next AGM and THAT the remuneration to be paid to them be fixed by the Board." Resolution 7

As Special Business

To consider and, if thought fit, to pass the following Resolution:

6. Proposed Authority to Issue Shares Pursuant to Section 75 & 76 of the Companies Act 2016 Resolution 8
"That pursuant of the Section 75 & 76 of the Companies Act, 2016, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued and paid-up capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotments and issues"

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

7. Proposed New and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") Resolution 9

"That, subject to the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), approval be and are hereby given to the Company and its' subsidiary companies to enter into renewal for recurrent related party transactions of a revenue and trading nature with those related parties as specified in Section 2.4 of the Circular/Statement to Shareholders dated 29 April 2022, subject further to the following:-

- i) the transaction 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 detriment to the minority shareholders of the Company;
- ii) the disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ; and
- iii) such approval shall continue to be in force until :
 - a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the general meeting whereby the authority is renewed ; or
 - b) the expiration of the period within which the next AGM of the Company is required 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) revoked or varied by resolution passed by the Shareholders in a general meeting."

whichever is earlier ;

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed RRPT with the above mentioned Related Parties

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By order of the Board,

Tan Choon Hian (2851 MIA) SSM PC No. 202008000322

Monalisa Binti Ali (LS0009424) SSM PC No. 20200800029

Company Secretaries

Klang

29 April 2022

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2022 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the abovementioned general meeting may appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
3. If the appointer is a corporation, the form of the proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account with ordinary shares of the Company standing to the credit of the said Securities Account. If the member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands, only one (1) of those proxies is entitled to vote on a show of hands.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

5. Where a member of the Company is an exempt authorized nominee 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 authorized nominee may appoint in respect of each omnibus account it holds.
6. The proxy form must be deposited at the Company's registered office not less than 48 hours before the time appointed for holding the meeting.

Explanatory notes :

1. To receive the Audited Financial Statements

This Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act, 2016 ("Act") and the Company's Constitution require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting ("AGM"). As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. Resolution 6

Section 230(1) of the Companies Act 2016 provides, among others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. This for the payment of Directors' benefits and Directors' fee to Non-Executive Directors in respect of the financial year ending 31 December 2022, from 29 June 2022 up to the next Annual General Meeting of the Company.

3. Resolution 8: Authority to Issue Shares.

Resolution 8, if passed, will renew the powers given to the Directors at the last AGM of the Company held on 28 September 2021 ("Previous Mandate") authority to issue up to ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

As at the date of this Notice, the Company did not issue any shares pursuant to the Previous Mandate granted by the shareholders to the Directors.

The General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

4. Resolution 9: Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transaction.

Resolution 9 if passed, will empower the Company and its subsidiaries to conduct recurrent related party transactions of a revenue in nature which are necessary for the Company and its subsidiaries day-to-day operation, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, improve administrative efficiency and allow manpower resources and time channeled towards attaining other corporate objectives.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

5. Polls Voting

Pursuant to para 8.29 of the Listing Requirements, voting at the 31st AGM will be conducted by poll. Poll Administrator and Scrutineer will be appointed to conduct the polling process and to verify the results.

The information of the new and renewal of shareholders' mandate for recurrent related party transactions is set out in the Statement/Circular dated 29 April 2022 which was dispatched.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors standing for re-appointment at the Thirty-First Annual General Meeting of the Company are set out in the Directors' Profile on pages 7 to 9 of the 2021 Annual Report.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

CDS ACCOUNT NO. OF
AUTHORISED NOMINEE

NUMBER OF SHARES HELD

MINHO (M) BERHAD

(Incorporated in Malaysia)

Registration No.: 199001009358 (200930-H)

Proxy Form

I/We, _____ NRIC/Passport No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

contact no. _____ email address _____ being a member/members of **Minho (M) Berhad** ("Company") hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the 31st Annual General Meeting will be held at Minho (M) Berhad, Board Room, Lot 6476 Lorong Sg. Puluh, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor Darul Ehsan on Tuesday, 28 June 2022 at 10.30 a.m and at any adjournment thereof.

IMPORTANT NOTE:

Please (i) tick [✓] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [✓] option (c) if you would like to appoint the Chairman of the 31st AGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/ Registration No.	Email Address & Phone Number	Proportion of shareholding to be represented
(a)	Appoint ONE proxy only (Please complete details of proxy below)			
				100%
(b)	Appoint MORE THAN ONE proxy (Please complete details of proxies below)			
Proxy 1				%
Proxy 2				%
				100%
(c)	The Chairman of the 31st AGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf			

My/our proxy/proxies is/are to vote as indicated below:

Please indicate with an "X" in the appropriate box provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on the Resolutions, the proxy shall vote at his/her discretion, or abstain from voting as the proxy thinks fit.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

No.	Resolution		For	Against
1.	Re-election of Mr. Dato' Loo Keng An @ Lee Kim An as Director	(Ordinary Resolution 1)		
2.	Re-election of Encik Khibir Bin Razali as Director	(Ordinary Resolution 2)		
3.	Re-election of Mr. Lim Kim Meng as Director	(Ordinary Resolution 3)		
4.	Re-election of Encik Haji Mohd Faizal Bin Haji Abdul Majid as Director	(Ordinary Resolution 4)		
5.	Re-election of Ms. Jeannie Lim Li Tien as Director	(Ordinary Resolution 5)		
6.	Payment of Directors' benefits and Directors' fees to the Non-Executive Directors up to an amount of RM 350,000, from 29 June 2022 until the next AGM of the Company.	(Ordinary Resolution 6)		
7.	Re-appointment Messrs. Ecovis Malaysia PLT as auditors of the Company until the next AGM of the Company.	(Ordinary Resolution 7)		
8.	Proposed renewal of Authority to issue shares Pursuant to Section 75 of the Companies Act, 2016	(Ordinary Resolution 8)		
9.	Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	(Ordinary Resolution 9)		

Dated thisday of, 2022

.....
Signature of Shareholder or Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2022 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the abovementioned general meeting may appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
3. If the appointer is a corporation, the form of the proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account with ordinary shares of the Company standing to the credit of the said Securities Account. If the member appoints two (2) proxies, he must specify which proxy is entitled to vote.
5. Where a member of the Company is an exempt authorized nominee 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 authorized nominee may appoint in respect of each omnibus account it holds.
6. The proxy form, must be deposited at the Company's registered office, Hazel Management Services Sdn Bhd at 31A, Jalan Satu, Kawasan 16, Berkeley Town Centre, 41300 Klang, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting.

MINHO (M) BERHAD ANNUAL REPORT 2021

(Incorporated in Malaysia)

Registration No. 199001009358 (200930-H)

affix
stamp
here

THE COMPANY SECRETARY

MINHO (M) BERHAD Registration No.: 199001009358 (200930-H)

31A, Jalan Satu, Kawasan

16, Berkeley Town Centre,

41300 Klang,

Selangor Darul Ehsan
