YENHER

YENHER HOLDINGS BERHAD

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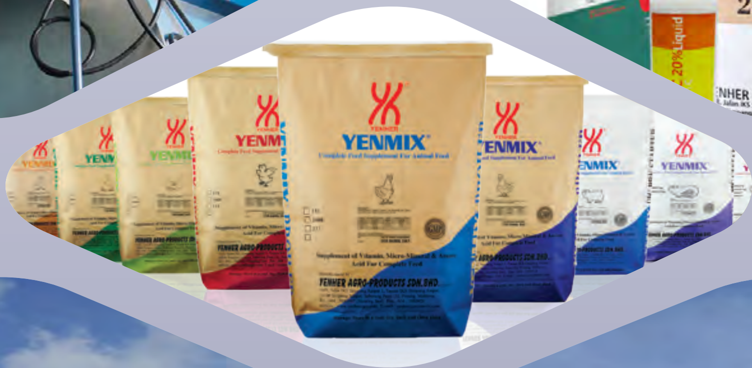

ANNUAL REPORT I 2021

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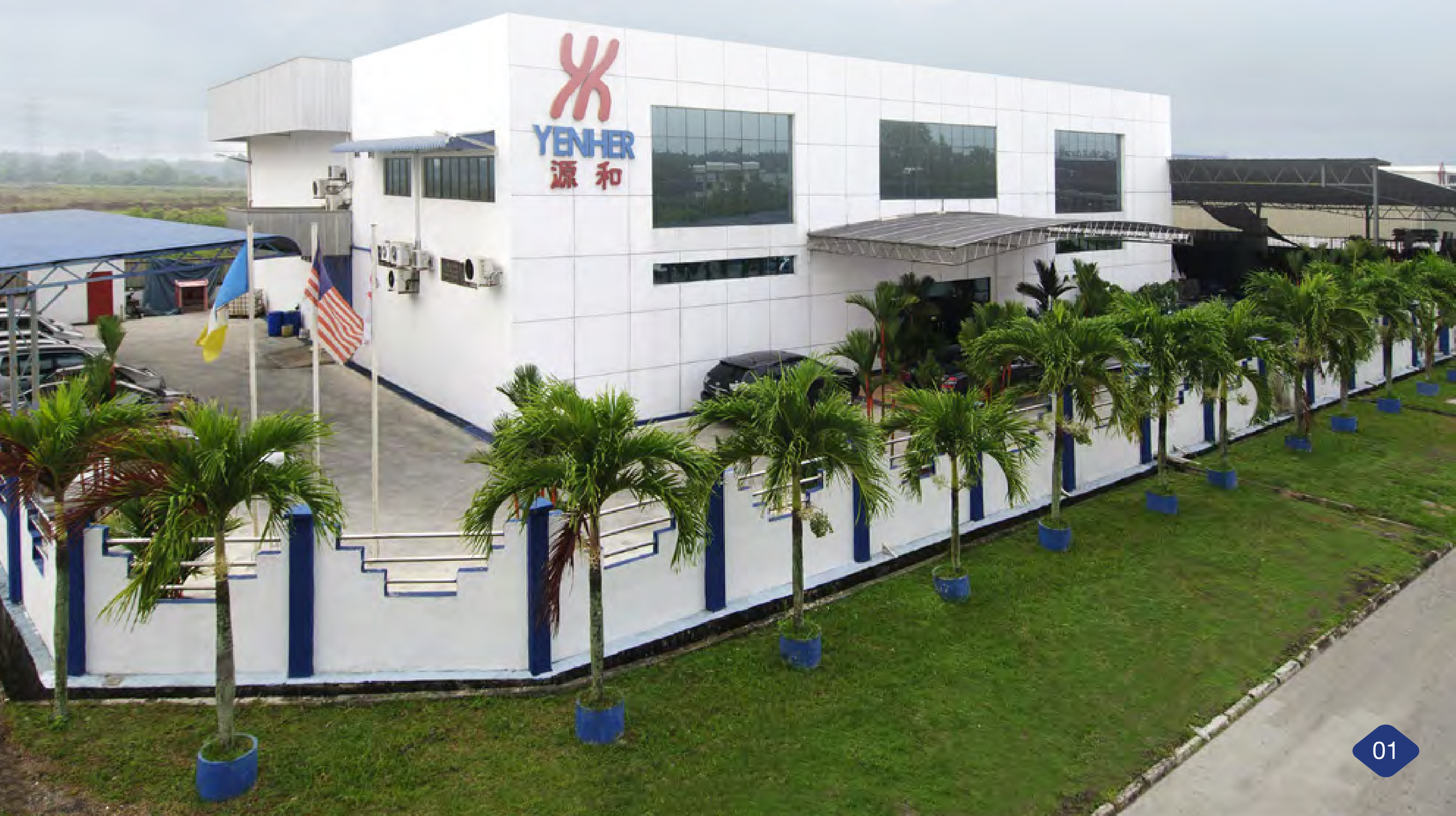


Corporate Information

BOARD OF DIRECTORS

Dr Wan Mohd Kamil bin Wan Nik
Independent Non-Executive Chairman

Cheng Mooh Tat
Non-Independent Group Managing Director

Cheng Mooh Kheng
Non-Independent Executive Director

Theoh Mooi Teng
Non-Independent Executive Director

Tan Peng Lam
Independent Non-Executive Director

Dato' Lim Choon Khim
Independent Non-Executive Director

Audit and Risk Management Committee

Chairman
Tan Peng Lam
Independent Non-Executive Director

Member
Dr Wan Mohd Kamil bin Wan Nik
Independent Non-Executive Chairman

Member
Dato' Lim Choon Khim
Independent Non-Executive Director

Remuneration Committee

Chairman
Dato' Lim Choon Khim
Independent Non-Executive Director

Member
Tan Peng Lam
Independent Non-Executive Director

Member
Dr Wan Mohd Kamil bin Wan Nik
Independent Non-Executive Chairman

Nomination Committee

Chairman
Dr Wan Mohd Kamil bin Wan Nik
Independent Non-Executive Chairman

Member
Dato' Lim Choon Khim
Independent Non-Executive Director

Member
Tan Peng Lam
Independent Non-Executive Director

Company Secretaries

Lim Kim Teck
MAICSA 7010844
SSM PC No: 202008002059

Kong Sown Kaey
MAICSA 7047655
SSM PC No: 202008001434

Registered Office

No. 35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya
Pulau Pinang

Tel No: +604 397 6672
Fax No: +604 397 6675

Head Office

No. 1628, Jalan IKS Simpang Ampat 1
Taman IKS Simpang Ampat
14100 Simpang Ampat
Seberang Perai Selatan
Pulau Pinang

Tel No: +604 588 0887
Fax No: +604 588 0928
Website: www.yenher.com.my
Email: enquiry@yenher.com.my

Share Registrar

***AGRITEUM* Share Registration Services Sdn Bhd**
Registration No.: 200201010810 (578473-T)
2nd Floor, Wisma Penang Garden
No. 42, Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang

Tel No: +604 228 2321
Fax No: +604 227 2391

External Auditors

Folks DFK & Co. (AF 0502)
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur

Tel No: +603 2273 2688
Fax No: +603 2274 2688

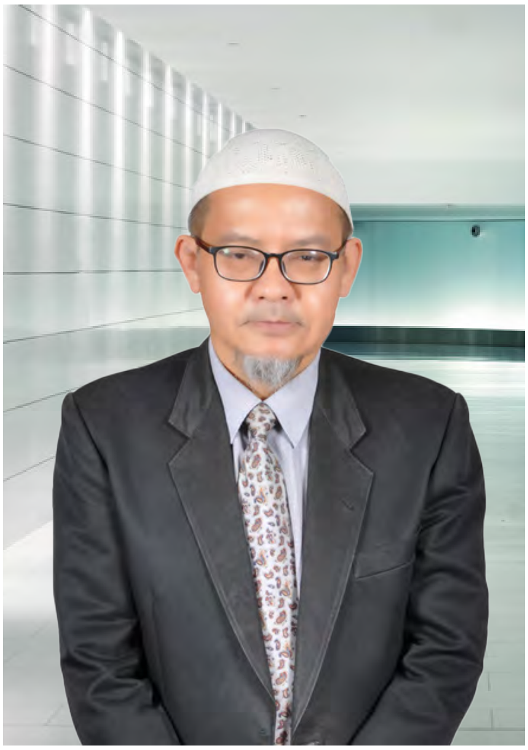
Principal Bankers

RHB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
CIMB Bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Sector : Consumer Products & Services
Stock Name : YENHER
Stock Code : 5300

Directors' Profile



Dr. Wan Mohd Kamil bin Wan Nik
Independent Non-Executive Chairman

Age	Gender	Nationality
61	Male	Malaysian

Dr. Wan Mohd Kamil bin Wan Nik ("Dr. Wan"), male, a Malaysian aged 61, is our Independent Non-Executive Chairman. He was appointed to our Board on 10 November 2020. He is the Chairman of our Nomination Committee and a member of our Audit and Risk Management Committee, as well as Remuneration Committee.

Dr. Wan graduated with a Diploma in Animal Health and Production in January 1981 from Universiti Pertanian Malaysia and subsequently obtained a Doctor of Veterinary Medicine from the same university in June 1986.

Dr. Wan began his career in February 1981 when he joined the Department of Clinical Studies within the Faculty of Veterinary Medicine of Universiti Pertanian Malaysia as an Assistant Veterinary Officer. As an Assistant Veterinary Officer, he was involved in performing surgeries for large animals, clinical work as well as participating in the university's farm programme. In February 1982, Dr. Wan left the faculty to further his undergraduate studies in veterinary field.

Upon completion of his degree in 1986, Dr. Wan returned to the Department of Clinical Studies of Universiti Pertanian Malaysia as an Assistant Veterinary Officer in the Faculty of Veterinary Medicine. He left the university in December 1988 and joined the Department of Veterinary Services of Malaysia as a Veterinary Officer in January 1989, where he served as the veterinarian and virologist of the department's sheep farm in Terengganu. In April 1989, Dr. Wan was transferred to the Veterinary Research Institute in Ipoh, Perak as a Veterinary Officer where he served as a veterinarian, virologist and pathologist in the institute's farm. In January 1998, he was transferred to the Department of Veterinary Services of Perak as a Veterinary Officer, where he headed the animal health division and was responsible for overseeing the veterinary clinics' and farms' operations.

Dr. Wan was promoted as a director in August 2007 and was subsequently transferred to the Department of Veterinary Services of Penang in September 2007, where he was responsible for overseeing the overall operations of the department.

In March 2011, Dr. Wan was promoted as the head of the poultry division and was transferred to the Department of Veterinary in Putrajaya where he was responsible for overseeing the overall development of the poultry industry in Peninsular Malaysia. In April 2016, Dr. Wan was promoted as a director of livestock genetics under the Department of Veterinary Services in Putrajaya, where he was responsible for overseeing matters pertaining to livestock resources department in Peninsular Malaysia. Dr. Wan then retired from public service in September 2020.

Directors' Profile (Cont'd)

Cheng Mooh Tat

Non-Independent Group Managing Director

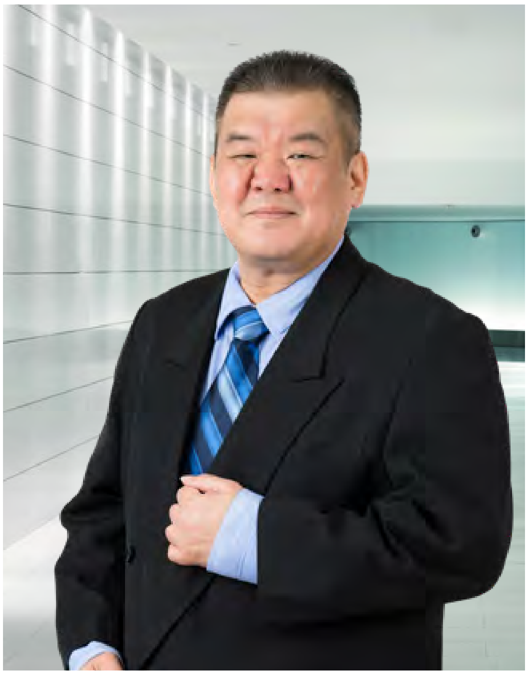
Age	Gender	Nationality
59	Male	Malaysian

Cheng Mooh Tat ("Mr Cheng"), male, a Malaysian aged 59, is our Group Managing Director and was appointed to our Board on 9 March 2020. He is responsible for overseeing the overall business direction and strategies of our Group.

Mr. Cheng holds a Sijil Tinggi Persekolahan Malaysia from Maktab Adabi Bukit Mertajam, Pulau Pinang. He is a co-founder of Yenher Agro-Products Sdn Bhd ("Yenher Agro") and Yenher Biotech Sdn Bhd ("Yenher Biotech"). He has more than 40 years of experience in animal health and nutrition industry. He also served as a director of Yenher Agro and Yenher Biotech and was responsible for overseeing the business operations of the company.

Mr. Cheng has played an instrumental role in the growth and development of our Group throughout the years. His experience in the development of our Group's products which included premixes, complete feed, formulated products and biotech animal feed ingredients, has led to the expansion of the product portfolio of our Group. In addition, he was also responsible for the establishment of laboratory division, which has enabled our Group to conduct R&D activities as well as perform various diagnostic and material analyses in-house.

Cheng Mooh Tat is the brother of Cheng Mooh Chye and Cheng Mooh Kheng, and is the spouse of Theoh Mooi Teng.



Cheng Mooh Kheng

Non-Independent Executive Director

Age	Gender	Nationality
53	Male	Malaysian

Cheng Mooh Kheng ("Mr Cheng"), male, a Malaysian aged 53, is our Executive Director and was appointed to our Board on 9 March 2020. He is primarily responsible for overseeing the sales and marketing strategies of our Group.

Mr. Cheng holds a Sijil Rendah Pelajaran ("SRP") from Sekolah Menengah Kebangsaan Simpang Empat, Pulau Pinang.

Mr. Cheng joined Yenher Agro in 1993 and is a co-founder of Yenher Biotech. He has more than 32 years of experience in the sales and marketing activities of animal health and nutrition industry. He also served as a director of Yenher Agro and Yenher Biotech.

Cheng Mooh Kheng is the brother of Cheng Mooh Chye and Cheng Mooh Tat and is the brother-in-law of Theoh Mooi Teng.

Directors' Profile (Cont'd)

Theoh Mooi Teng

Non-Independent Executive Director

Age	Gender	Nationality
55	Female	Malaysian

Theoh Mooi Teng ("Madam Theoh"), female, a Malaysian aged 55, is our Executive Director and was appointed to our Board on 9 March 2020. Madam Theoh is responsible for overseeing our Group's accounting and finance departments. She is also responsible for overseeing our Group's purchasing, shipping, administration and human resource functions. Madam Theoh graduated with a Bachelor of Arts in Economics (Hons) from the University of Sunderland in the United Kingdom in 1990.

Madam Theoh joined Yenher Agro in 1992. She has more than 32 years' experience in management roles overseeing accounting and finance, purchasing, shipping, administration and human resource functions. In October 2019, Madam Theoh was appointed as a director of Yenher Agro.

Madam Theoh is the spouse of Cheng Mooh Tat and is the sister-in-law of Cheng Mooh Chye and Cheng Mooh Kheng.

Dato' Lim Choon Khim

Independent Non-Executive Director

Age	Gender	Nationality
45	Male	Malaysian

Dato' Lim Choon Khim ("Dato Lim"), male, a Malaysian aged 45, is our Independent Non-Executive Director. He was appointed to our Board on 10 November 2020. He is the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee, as well as Nomination Committee.

Dato' Lim graduated with a Bachelor of Laws and Bachelor of Commerce from the University of Melbourne in June 2001. He was admitted to the Malaysian Bar in 2002.

Dato' Lim currently serves as Partner of Chooi, Saw & Lim. He has 18 years of experience handling legal matters involving commercial, company, banking, construction, constitutional and land laws. He also handles labour, employment and industrial disputes.

Dato' Lim also acts in advisory roles for multinational corporations, real estate developers and government-linked companies on matters relating to Malaysian law.

Directors' Profile (Cont'd)

Tan Peng Lam

Independent Non-Executive Director

Age	Gender	Nationality
63	Male	Malaysian

Tan Peng Lam ("Mr. Tan"), male, a Malaysian aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 10 November 2020. He is the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

Mr. Tan obtained a Diploma in Commerce from Tunku Abdul Rahman College, Kuala Lumpur in July 1982. He subsequently obtained a Master in Business Administration from Massey University in New Zealand in November 1992. Mr. Tan is a Fellow member of the Association of Chartered Certified Accountants and a registered Chartered Accountant with the Malaysian Institute of Accountants.

Mr. Tan began his career in December 1983 when he joined Arthur Young & Company in Kuala Lumpur as an Audit Junior where he was involved in the planning and control of the audit of private and public listed companies. He left Arthur Young & Company as an Audit Senior in February 1988 and subsequently joined Fletcher Fishing Limited in Auckland, New Zealand in May 1988 as an Accountant where he was responsible for the management and financial reporting of the company's corporate office.

Mr. Tan then left Fletcher Fishing Limited in July 1989 and joined the Office of Auditor-General in New Zealand as an Audit Supervisor, where he was responsible for the planning and control of the audit of state-owned enterprises. He left the Office of Auditor-General, New Zealand in December 1991 and subsequently joined Pent Marketing (NZ) Limited in January 1992 as an Accountant cum Administrator where he was responsible for overseeing the accounting and administrative functions of the company.

Mr. Tan left Pent Marketing (NZ) Limited in November 1992 and returned to Malaysia due to family matters. In June 1993, he joined Texchem Resources Bhd as its Group Chief Accountant, where he was responsible for the financial planning and control of the group's funding and banking requirements. He left Texchem Resources Bhd in January 1996 and joined L.K Ooi Group of Companies in February 1996, a group of companies involved in construction and property development activities, as its General Manager of Finance and Accounts where he was responsible for the operations of the group's overall financial and accounting functions.

Mr. Tan then left L. K Ooi Group of Companies in December 1996 and joined Century Logistics Berhad in January 1997 as its Financial Controller, where he was responsible for strategising and preparing the company for its initial public offering exercise. The company was subsequently listed on the Second Board of Bursa Securities (now known as the Main Market of Bursa Securities) on 7 June 2001. He was also involved in supporting the company's board in business and operational matters. He was then promoted to a Finance Director of the company in January 2000.

Mr. Tan left Century Logistics Berhad in June 2000 and joined eCosway.com Sdn Bhd in the same month as a Finance and Business Process Manager where he was involved in formulating and implementing the company's business processes for its electronic commerce models which covered business-to-consumer and business-to-business segments. He then left the company in December 2001 and returned to Texchem Resources Bhd in January 2002, as its Group Finance Director where he oversaw the group's overall financial and accounting functions. He was also involved in supporting the chairman and management of the company in business and operational issues as well as risk management of the group. He was then promoted as the Chief Financial Officer of Texchem Resources Bhd in April 2011. Mr. Tan retired from Texchem Resources Bhd in January 2019.

Mr. Tan is also as an Independent Non-Executive Director of Berjaya Corporation Berhad since 1 June 2021.

Save as disclosed above, the above Directors have:

- no other directorships in other listed companies;
- no family relationship with any Director and/ or major shareholder of Yenher; and
- no conflict of interest in Yenher.

The above Directors have not been convicted of any offence (other than traffic offences) within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

The attendance of the Directors at Board Meetings and Board Committee Meetings for the FY2021 is disclosed in the Corporate Governance Overview Statement on page 16 of this Annual Report.

Key Senior Management Profile

Cheng Mooh Chye

Executive Director at Yenher's subsidiaries

Cheng Mooh Chye ("Mr Cheng"), male, a Malaysian aged 63, is our director of Yenher Agro and Yenher Biotech. He holds a SRP from Sekolah Menengah Kebangsaan Simpang Empat, Pulau Pinang.

Mr. Cheng joined Yenher Agro in 1993 and is a co-founder of Yenher Biotech. He has more than 28 years of experience in animal health and nutrition industry and overseeing the warehousing operations of the Group. He currently served as a director of Yenher Agro and Yenher Biotech.

Cheng Mooh Chye is the brother of Cheng Mooh Tat and Cheng Mooh Kheng, and is the brother-in-law of Theoh Mooi Teng.

Dr. Lee Choon Shen

General Manager of Business Development and Sales

Dr. Lee Choon Shen ("Dr. Lee") , male, a Malaysian aged 40, is our General Manager of Business Development and Sales. He is responsible for overseeing our Group's business development and marketing activities and its related activities.

Dr. Lee graduated with a Doctor of Veterinary Medicine from Universiti Putra Malaysia, Selangor in May 2007. He is a member of the Veterinary of Malaysia since 2007, a member of the World's Poultry Science Association (Malaysia branch) since 2013 and a Life Member of the Veterinary Association of Malaysia since 2015.

Dr. Lee began his career at Sunzen Corporation Sdn Bhd in June 2007 as a Field Service Veterinarian where he was involved in providing technical services and marketing of the company's animal health products. Sunzen Corporation Sdn Bhd is a subsidiary of Sunzen Biotech Berhad, a company listed on the ACE Market of Bursa Securities and is involved in, among others, the manufacturing and marketing of animal health products.

Dr. Lee then left the company in September 2012 and joined HIPRA Malaysia Sdn Bhd in October 2012, a veterinary pharmaceutical company, as a Regional Technical and Marketing Manager where he oversaw the technical support and marketing activities for the company's poultry products in selected South East Asia and Taiwan markets. Thereafter, he was appointed as a director of HIPRA Malaysia Sdn Bhd in December 2012. He was then reassigned as a Business Manager cum Technical and Marketing Manager in January 2015, where his responsibilities included overseeing the sales and marketing activities for products catered for swine and poultry subsectors in Malaysia.

Subsequently, Dr. Lee left the company and joined Yenher Agro in January 2016, as a Regional Manager where his responsibilities included overseeing the company's distribution activities. He was also involved in overseeing new product registrations and expanding the company's products portfolio. He was then promoted to his current position in August 2018.

Key Senior Management Profile (Cont'd)

Lim Sek Yang

Deputy General Manager of Finance

Lim Sek Yang ("Mr. Lim"), male, a Malaysian aged 42, is our Deputy General Manager of Finance. He is responsible for overseeing the accounting and finance functions of our Group.

Mr. Lim graduated with a Bachelor of Accountancy (Hons) from Universiti Utara Malaysia in Kedah in September 2005. He is a member of the Malaysian Institute of Accountants since 2009 and a member of the Chartered Institute of Management Accountants since 2017.

Mr. Lim began his career at Ernst & Young, an accounting firm in July 2005, as an Associate in the assurance and advisory business services division and was subsequently promoted to Senior Associate in 2007. During his stint with Ernst & Young, he was involved in conducting statutory financial audits and special audits (which included consolidation for private and public limited companies in various industries).

Mr. Lim left the firm in November 2007 and joined Armstrong Auto Parts Sdn Bhd in June 2008 as an Assistant Manager in the accounts department where he oversaw the company's financial and accounting functions. Armstrong Auto Parts Sdn Bhd is a subsidiary of Oriental Holdings Berhad, a company listed on the Main Market of Bursa Securities and is involved in, among others, the manufacturing and distribution of automotive parts.

Mr. Lim then left the company and joined ZF Chassis Systems Sdn Bhd in November 2012, a manufacturer of automotive parts, as a Finance and Controlling Manager where his responsibilities included setting up and overseeing the daily operations of the company's finance and controlling department. He was subsequently appointed as the Plant Compliance Delegate in 2013 to oversee the company's compliance with the provisions of law and its internal rules.

Subsequently, Mr. Lim left the company and joined Yenher Agro as a Finance Manager in July 2017 and was then promoted to his current position in January 2021.

Save as disclosed above, the above Key Senior Management have:

- no other directorships in other listed companies;
- no family relationship with any Director and/ or major shareholder of Yenher; and
- no conflict of interest in Yenher.

The above Directors have not been convicted of any offence (other than traffic offences) within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

The year 2021 is a significant milestone for Yenher Holdings Berhad ("Yenher") as we successfully debuted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), marking another great step towards our objective of becoming a one-stop solution provider for our customers in the field of animal health and nutrition products.

Summary and overview of business

Yenher and its subsidiaries ("Yenher" or the "Group") is principally involved in the business of manufacturing and distribution of animal health and nutrition products. Our manufacturing products include premixes, complete feed, formulated products, and biotech animal feed ingredients while our distribution products include various types of feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products, disinfectant products and companion animal products. Along with our available products, we also provided services such as value-added diagnostic and material analysis services as well as complimentary technical consulting services. With our products and services, Yenher seeks to position itself as a one-stop solutions provided that caters to our customers' diverse needs.

Currently, the Group principally serves the Malaysian market which contributed to approximately 90.86% of overall revenue in the financial year ended 31 December 2021 ("FY2021"). We also extend our exports network to 11 countries namely Indonesia, Brunei, Hong Kong, Belgium, Taiwan, India, Pakistan, Thailand, Singapore, Nigeria, and South Korea.

Yenher aims to establish its position as a one-stop solutions provider in the animal health and nutrition industry, providing not only the products but also technical services enabling customers to meet their needs in enhancing the health and promoting the growth of their livestock with the experience, expertise, scientific approach, and innovative solutions of the Group. The Group's plans to expand its manufacturing facilities to improve its manufacturing capacity and as well as its focus on expanding into new markets and continuous research and developing new products to strengthen its product portfolio, form part of its strategy towards achieving this objective.

Review of financial performance and position

During the financial year under review, the Group recorded 30.00% increase in revenue, i.e. RM263.41 million in FY2021 compared to RM202.63 million in the financial year ended 31 December 2020 ("FY2020"). Manufacturing operations contributed to approximately 43.98% of overall revenue while 56.02% was from the distribution operations. The revenue increase during the financial year was mainly contributed by an increase in sales of raw materials and commodities, vitamins and minerals, feed additives, and biotech fermented products.

The Group's gross profit decreased slightly by 1.07% at RM51.86 million compared to RM52.42 million in FY2020 due to higher cost of sales arising from higher overall material cost and freight and forwarding costs caused by supply chain challenges around the world. The Group recorded lower gross profit margin at 19.69% for FY2021, compared to 25.87% for FY2020, due to increase in sales of commodities which generally have lower profit margins. After accounting for operating expenses which included one-off listing expenses of RM1,087,410, the Group recorded RM27.68 million in profit before tax, compared to RM29.66 million in FY2020.The Group reported RM20.84 million profit after tax for FY2021.

As at 31 December 2021, Group's assets stood at RM222.27 million, an increase of RM68.06 million which was contributed mainly by funds raised from Yenher's listing in 2021, higher inventories due to higher stock levels to buffer the impact of global supply chain issue, and higher trade receivables due to increased revenue, as compared to the previous financial year. Current liabilities stood at RM25.30 million, signifying a highly liquid position against current assets of RM182.23 million .

There was no borrowings as at 31 December 2021, the Group reported a total liabilities of RM28.33 million and total shareholders' equity of RM193.94 million. The Group's financial position is firmly supported by its strong asset base and low gearing.

Review of operating activities

<u>Manufacturing activities</u>

The Group operates two manufacturing plants, one for premixes, complete feed, and formulated products and one for biotech animal feed ingredients. We manufacture the Green iDeal Protein (GIP) series of premixes under our own brand Yenmix®, complete feed and formulated products, and other biotech animal feed ingredients under the brands of YenSoy® and YenPalm RH® which are catered for the different needs of livestock based on their growth stages. Ingredients and proportion can also be customised or adjusted depending on the needs of our customers' livestock.

Manufacturing operations contributed to RM115.84 million or 43.98% of the Group revenue, an increase of 2.57% as compared to the previous financial year.

Our manufactured products serve the livestock industry, and with the global consumption of animal protein still remains strong throughout the financial year, we have operated our manufacturing plants with an average of 3 hours of overtime daily to cater to the needs of our customers.

We also continuously invest in research and development to innovate products to strengthen our products portfolio with sustainability in mind, such as products which help to improve digestibility, reduced wastage and reduced nitrogen emission to the environment. In August 2021, we successfully launched our new product branded "YenBroth" which is a probiotic additive that improves livestock health particularly their digestive system.

Management Discussion and Analysis (Cont'd)

Review of operating activities (Cont'd)

Distribution activities

Our distribution operations include the selling of various types of feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products, disinfectant products, companion animal products, and raw materials and commodities.

We will continue to focus our efforts in acquiring new distributorships of products to further enhance our products range to the markets.

Revenue from distribution activities during the financial year amounted to RM147.57 million or 56.02% of the Group's total revenue, an increase of 64.53% compare to the previous financial year.

Expansion plans and progress

Our planned construction of the new GMP-compliant manufacturing plant will consolidate both our current manufacturing facilities in a single location, as well as to house our new office space, research and development centre, and warehouse. The new manufacturing plant capacity will increase three-fold to our existing production volume with improvements in terms of flexibility and efficiency.

Construction of the new plant and purchase of new machinery and equipment for the new plant are planned for completion by end of 2023. Currently, we have received building plan approval from the Majlis Bandaraya Seberang Perai and are obtaining permit to commence work on site. On the other hand, the purchase of the new machinery and equipment will depend on the progress of the new manufacturing plant. For further details regarding the utilisation of public issue proceeds, refer to the **Additional Compliance Information** section of this Annual Report.

Key risks

Our business serves the livestock industry, and is exposed to significant adverse risks facing the livestock industry. For example, an outbreak of animal disease may result in mass culling, thereby affecting the demand for our products and services. The economics of the industry, such as whether farmers and producers can remain profitable, may also affect our business. Nevertheless, our business takes advantage of the fact that global consumption of animal protein continues to grow. In addition, the products and technical services that we offer cater to the various needs across different growth stages of livestock production, including vaccines and nutrition products to improve the quality of animal protein. We will also continue to expand our products and technical services, as well as expanding our business in regional markets, to diversify our risks.

Our business relies on global supply chain, through which we source our raw materials such as vitamins, minerals, enzymes, and other materials. Factors affecting supply chain such as geopolitical conflicts, trade wars, or disruption in logistics network, may also cause impact to our business. In this regard, we emphasise on establishing relationships with carefully selected suppliers. Our supply chain management is assessed regularly alongside other business functions including product planning, costing, and logistics to optimise margin and so we could respond to supply chain risks as they arise.

In response to the challenges arising from COVID-19, the Group has been exercising care and diligence, complying with all standard operating procedures imposed by the Federal and State Governments. We also provide all necessary materials to protect our employees such as providing hand sanitisers and regular sanitising of high-traffic areas in our premises, reviewing workflow to reduce physical distance between people, and technological support to facilitate effective online meetings and engagements with stakeholders. We are pleased to report that there were also no significant impacts to business due to the COVID-19 during FY2021.

Dividend

In addition to the interim dividend of 1.5 sen per share distributed subsequent to our listing on 15 July 2021, the Board of Directors has proposed a final dividend of 1.5 sen per share for the financial year ended 31 December 2021. This will bring total dividends after listing to 3.0 sen per share with a total payout ratio of 43.19% which is in line with our dividend policy of distributing at least 40% of our annual audited profit attributable to the shareholders.

Conclusion

As we move into 2022, many countries are starting to reopen their economies and borders. We are also noticing that economies both domestically and around the region are gradually moving towards recovery. On the other hand, rising geopolitical and trade tensions may continue to challenge the integrity of the global supply chain.

To deliver sustainable performance, Yenher will focus on managing the current and emerging risks while continue to follow through its business strategies and plans, while continuously assessing if adjustments need to be made.

Sustainability Statement

Sustainability Statement

The Board of Directors ("Board") of Yenher Holdings Berhad ("Yenher" or the "Company") is pleased to present this Sustainability Statement which presents the management and performance of the economic, environmental, and social matters of Yenher Holdings Berhad and its subsidiaries ("Yenher Group" or "the Group").

Introduction

This Sustainability Statement ("Statement") marks the first Sustainability Statement of the Group since its listing on 15 July 2021. This Statement covers all the Group's operations which are based on Malaysia, i.e. Yenher Agro-Products Sdn Bhd ("Yenher Agro") and Yenher Biotech Sdn Bhd ("Yenher Biotech"). The Group's head office and operations are based in Penang.

This Statement is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"). The preparation of this Statement has also considered Bursa's Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits.

Governance on Management of Sustainability

Having listed recently on Bursa's Main Market, the Board of Yenher continuously look into how it can enhance the governance process of the Company, amongst others, clear accountability and to facilitate effective management of the sustainability of the Group. The Board of Yenher acknowledges its responsibility in ensuring the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability. In this regard, the Board oversees the Group's management of business sustainability through a team consisting of representatives from various departments including finance, human resource, production, research & development, business development and sales which is led by the Group Managing Director.

The team is responsible for ensuring sustainability matters affecting the Company's ability to create value in the short, medium, and long term are identified and managed properly. This includes ensuring proper processes and controls are established to systematically identify, assess and analyse, manage, and report these sustainability matters. The respective Heads or equivalent are responsible for ensuring the relevant sustainability matters, including the associated risks and opportunities, are managed within their respective business segments or operations.

Yenher's risk management process also enables sustainability risk, including environmental and social risks, to be considered and mitigated. The Audit and Risk Management Committee oversees and reviews the key risks of the Group at least annually.

Assessment of Yenher's Sustainability Matters

During the financial year, we have conducted an assessment to determine the sustainability matters of the Group. In our assessment, we also reviewed our stakeholder engagement approaches and outcome. This enables us to consider sustainability matters from various perspectives, including from the perspectives of the stakeholders as well as the business. The materiality assessment adopted the definition of "materiality" which is in line with the Listing Requirements, meaning that a material sustainability matter is one that:-

- reflects the Group's significant economic, environmental, and social impacts; or
- substantively influence the assessments and decisions of stakeholders.

The following table highlights the Group's key stakeholders and how we engage with them.

Key stakeholders	Engagement approaches
Customer and distributors	• Meetings and discussions (including online) • Product briefings • Visits at customers' site • Complementary consulting and after sales services

Sustainability Statement (Cont'd)

Assessment of Yenher's Sustainability Matters (Cont'd)

Key stakeholders	Engagement approaches
Employees	• Employee Handbook and other company policy • Employee survey • Annual performance appraisal • Orientation and regular training
Suppliers and service providers	• Meetings and discussions (including online) • Site visits • Product sampling • Technical and product briefings
Shareholders and investors	• Corporate website • Investor relations channel • Announcements on Bursa's website • Investor and analyst briefings • General meetings
Regulators and authorities	• Meetings and discussions • Reporting as per laws and regulations

The materiality assessment was conducted by the team and was reviewed by the Board. The assessment identified the following material economic, environmental, and social matters of Yenher Group:-

- Occupational health and safety;
- Product safety, compliance, and labelling practices;
- Ethics and integrity;
- Supply chain management;
- Research and development and intellectual property; and
- Fair employment and employee development.

Management of COVID-19 risk

Since early 2020, the COVID-19 pandemic outbreak has overshadowed global and domestic economies as well as affecting the livelihoods and social lives of many.

Compared to many other business, the pandemic's impact on our business is less significant as our products are necessary to support the food industry, which is an essential industry that is allowed to continue to operate during various movement control orders ("MCOs") imposed by the Federal and State governments. The Group carried out continuous efforts to monitor and mitigate possible risks arising from COVID-19 and MCOs to safeguard employees' safety and ensure operational sustainability.

In our Group, we have set up a COVID-19 Taskforce ("Taskforce") which is led by the Group Managing Director to direct and coordinate the Group's consistent effort in preventing the spread of COVID-19 in our premises and operations. We incorporate COVID SOPs in our operations, such as registration and temperature checks for everyone entering our premises, reschedule work arrangements to incorporate a hybrid of on-site and off-site (or work-from-home) models, rearranging workspace to observe physical distance, and carrying out regular sanitising activities as well as providing hand sanitisers. The Group also provided supplies of Vitamin C for employees to boost their immunities during these periods.

We also made adjustments to the way we engage with stakeholders, with a greater adoption of online communication, while ensuring effective communication can be carried out. Operations, including procurement, production, and logistics, were also planned to incorporate longer lead time. Notwithstanding, we continued to ensure our core values and qualities are maintained and delivered in our business, operations, and products.

Occupational health and safety

The health and safety of our employees is one key priority in our operations. To ensure we provide safe work environment to employees, all our operations are governed by the Group's Safety Policy and has incorporated elements of the occupational safety and health management system. We ensure all relevant employees are provided with personal protection equipment ("PPE") to ensure work safety.

Sustainability Statement (Cont'd)

Occupational health and safety (Cont'd)

This includes having an Occupational Safety and Health ("OSH") Committee which meets every quarter to assess and review the safety and health performance in operations. Through the Hazard Identification, Risk Assessment and Risk Control, we identify occupational safety and health risks, develop and enhance mitigative controls, and develop safety awareness programmes for new and existing employees to continuously train them on how to work safely. We also have an incident and injury review process where incidents are documented and analysed to identify if controls need to be enhanced to prevent recurrence. The OSH Committee oversees these processes to ensure the effectiveness of the entire occupational health and safety management system.

Safety performance is monitored via various safety indicators which are reviewed by the OSH Committee and reported to the Board annually. Highlights of our safety performance for the financial year ended 31 December 2021 ("FY2021") are as follows:

	FY2021 performance
Lost time injury rate	-
Occurrence of occupational illness/poisoning/ disease (no. of cases)	-
Occurrence of accidents resulting in serious injury or fatality (no. of cases)	-

During the year, our safety and health training for employees include training for production employees, such as on safe use of equipment, forklifts, and proper handling of chemicals. In addition, we also provided briefings to employees on COVID-19 preventive measures and procedures ("COVID SOPs") to ensure all employees are sufficiently informed on the Group's measures and consistent risk management.

Product Safety, Compliance, and Labelling Practices

Product safety is fundamental to our business which aims to promote animal health and nutrition. We are committed to complying with applicable laws and regulations, including licensing requirements and labelling practices. In addition, our Yenher Agro manufacturing facility also adopts Good Manufacturing Practice ("GMP").

In pursuit of product safety and quality, our production process is equipped with digitised system to ensure accurate mixing proportion based on the pre-set formulation, as well as automated mixing time and coded labelling on finished products. Quality control ("QC") processes are also embedded in our operations to ensure consistent application of the standards as well as product quality. Check points are set up along the production chain from the acceptance of raw materials, storage, production and mixing, to packing. Every batch of products need to undergo QC processes, before they can be delivered to our customers. Yenher Agro is also certified with ISO 9001:2015 Quality Management System.

Furthermore, our products are labelled in compliance with the relevant market's regulations and standards, such as requirements of the Department of Veterinary Services of Malaysia and the National Pharmaceutical Regulatory Agency ("NPRA") of Malaysia. Our product labels aim to provide users with proper use instruction and possible effects, if any. Batch tracing practices are also incorporated in our production process to enable effective product recalls, where the need arises.

All relevant employees are trained to ensure compliance with the relevant regulations and standards which are incorporated in key standard operating procedures, and these procedures are also subject to regular review and enhancement. From time to time, client audits and internal audits by teams independent from operations are also carried out for independent and objective assurance.

Our performance for FY2021 in relation to product safety and compliance are as follows.

There was no cases reported related to product safety and compliance.

	FY2021 performance
Cases of non-compliance (product compliance)	-
Fines relating to non-compliance (product compliance)	-

Sustainability Statement (Cont'd)

Ethics and Integrity

Ethical business practices are central to the way we do business in Yenher Group. In Yenher, we build relationships with our stakeholders with trust, integrity, and honesty. The values of ethics and integrity are further enshrined in our *Code of Conduct and Business Ethics* ("Code") which sets an expectation and standard in how Directors and employees do business in Yenher. Amongst others, the Code addresses issues including business ethics, managing conflict of interests, insider trading, anti-corruption, and responsible corporate citizenship. Ethical business practice also means minimising our environmental and social impact, as well as upholding labour standards and protecting human rights. These values are also incorporated in our internal codes, policies, and procedures, such as our Employee Handbook. Training is provided to relevant employees from time to time to keep them abreast with development in the areas of environmental and social responsibility. For instance, training on labour rights is provided to employees from time to time.

Yenher Group has a zero-tolerance policy against all forms of bribery and corruption, and this is formalised in its *Anti-Bribery and Corruption Policy* ("ABC Policy"). All Directors and employees are prohibited from offering or accepting bribes, including facilitation payments. Our ABC Policy further provides guidelines on areas including dealing with public officials, the use of gifts, hospitality, and entertainment, as well as donations and sponsorships. The ABC Policy is publicly available on our corporate website.

Prior to joining the Group, all Directors and employees are required to commit to uphold our Code with a written acknowledgement, as well as other key policies such as the ABC Policy. We also expect our business associates and partners to conduct business in line with our ABC Policy to safeguard the integrity of our business. Monitoring or reviews are also carried from time to time to ensure compliance with our business ethics standards.

Violations of the Group's Code, as well as other misconduct or wrongdoings, can be reported via the Group's whistleblowing channel which was established via the Whistleblowing Policy. Internal and external stakeholders, including third parties, can make reports in strict confidence and are provided with protection against retaliation within the Group. The whistleblowing channel does not prohibit anonymous reporting and it also provides access to Directors in ensuring the objectivity of the reporting mechanism. The Whistleblowing Policy is publicly available on our corporate website.

As at the financial year ended 31 December 2021, we have communicated our ABC Policy to all employees and key suppliers (including key service providers). There were no non-compliance or fines related to breaches of business ethics-related matters.

	FY2021 performance
Cases of non-compliance (business ethics-related matters)	-

Supply Chain Management

Our business relies on global supply chain, through which we source our raw materials such as vitamins, minerals, enzymes, and other materials. We establish and maintain robust relationship with our carefully selected suppliers. We also hold distributorships, including exclusive distributorships, which enables us to provide a diverse range of products and serve as a one-stop centre to cater for the needs of our customers.

Yenher's supply chain is governed by stringent processes where all suppliers are required to be registered in the Group's approved vendor list which has taken into consideration their product and service quality, pricing and delivery, business ethics and integrity, amongst others. Every batch of raw materials from suppliers are required to be accompanied with certificate of analysis ("COA") which matches our procurement specification. The QC function also conducts sample testing on incoming materials to ensure their quality.

Our supply chain management process is aligned with sales and production, ensuring availability of supplies to meet production needs and timely delivery to customer based on agreed production schedule. In this regard, effective communication and internal processes are crucial to facilitate coordination among internal and external stakeholders, especially amidst heightened logistic and import-export challenges during the various MCO periods in FY2021. Any possible delay in production was communicated with the customers and revised scheduled and timeline will be agreed-upon.

Sustainability Statement (Cont'd)

Research and Development and Intellectual Property

Yenher regards its in-house manufacturing and product development capability as one of its key differentiating factors in the industry. We have a research and development ("R&D") team which consists of experienced chemists and nutritionists which has access to its own in-house laboratory, equipped with necessary tools and equipment. We also collaborate with our customers to develop formulation and products which suits their specific needs.

'Green iDeal Protein' is a concept developed internally by Yenher and is the fundamental concept of our flagship brand of premix products, Yenmix® which aim to reduce wastage and environmental pollution arising from livestock secretion, at the same time improving feed conversion ratio. 'Green iDeal Protein' is a formulation aims to reduce ammonia and nitrogen emissions in the faeces of livestock, thereby reducing pollution towards the environment.

Processes and controls are in place to safeguard the results of our R&D activities and intellectual property ("IP"), including registration for patents and trademarks where necessary.

The follow table highlights the key R&D projects carried out in FY2021.

Project Description	Description, Key Activities, and Progress
Launching of new product – probiotic additive for livestock	Prototype completed in September 2020. Farm trials were carried from October 2020 to August 2021 and the product underwent commercial launch in August 2021 under the brand ""YenBroth".
Launching of new product – farm wastewater treatment	Prototype completed in September 2021. Highly efficient bacteria strains were identified and isolated. Trials are in progress for farm wastewater, slaughterhouse wastewater, and polluted river water. R&D process estimated to be completed in Q3 2022.

As at 31 December 2021, the Group's key trademarks include 'Yenmix®', 'Yenher®', 'YenSoy®', 'YenPalm RH®', and 'YenMax®'.

Fair employment and employee development

We are committed to upholding fair employment and equal treatment of all our employees, especially in our human resources ("HR") process including recruitment, training, and promotion. It is our core belief that all employees shall be treated equally and not discriminated in any way based on gender, religion, disability, marital status, etc. Furthermore, any incidents which are discriminative in nature or in breach of fair employment principles can be reported via the Group's whistleblowing channel.

On the other hand, it is paramount for the Group to have the required talents and skillsets to support its business and operations including R&D, business development and sales, accounting and finance as well as production activities, amongst others. All employees undergo performance appraisal on an annual basis and employees' training need are identified based on the outcomes.

We target to achieve a minimum of 4 hours training for our direct employees and 8 hours of training for indirect employees. For FY2021, the percentage of employees who achieved these targets are as follows.

	FY2021 performance
Percentage of direct employees achieving minimum of 4 hours training	15.5%
Percentage of indirect employees achieving minimum of 8 hours training	54.5%
Average training hours per employee	10.5 hour

In Yenher, we also emphasise on developing talents in the fields of biotechnology and livestock nutrition, amongst others. Furthermore, we are also working together with universities and providing internships to enable graduates to gain experience in the industry while enabling the Group to identify talents among fresh graduates.

Conclusion

The Board holds itself responsible for ensuring sustainability considerations, including economic, environmental, and social risks and opportunities, are incorporated in the Company's strategy towards creating value for key stakeholders in the short, medium, and long term. Yenher will continue to engage and communicate key business sustainability focus and performance to its shareholder and other stakeholders through its Sustainability Statement and other relevant channels.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Yenher Holdings Berhad ("Yenher" or the "Company") is pleased to present this Corporate Governance Overview Statement ("Statement") for the financial year ended 31 December 2021 ("FY2021") which provides an overview on how the Company has applied the Principles of the Malaysian Code on Corporate Governance (as at 28 April 2021). Details of the application of Malaysian Code on Corporate Governance ("MCCG ") Practices are disclosed in the Corporate Governance Report which is published on our corporate website at www.yenher.com.my.

The Board of Yenher is cognisant of the importance of upholding high standards of corporate governance to safeguard the assets as well as the best interest of the Company, at the same time ensuring a balanced approached between conformance and delivering accountability through effective governance.

Principle A: Board Leadership and Effectiveness

I. **Board Responsibilities**

The Board holds the responsibility in bringing leadership and oversight to the Company, setting the short and long-term objectives of the Company and ensuring the company strategy incorporates elements which enables long-term sustainability, including underlying considerations pertaining to environmental, social, and governance aspects. All Directors of the Board are collectively responsible for meeting the objectives of the Company.

In ensuring clear leadership and governance structure, the Board has formalised a Board Charter which sets out the roles and responsibilities of the Board, the roles of the Board Committees established to assist the Board in the discharge of its duties, and the fiduciary duties of Directors. The Charter also clearly sets out the authority of the Board to adopt a strategic plan of the Group. The Board Charter further specifies the qualities required of Directors to enable an effective functioning of the Board, which includes elements of objectivity and being free of conflict of interest.

The Board Charter is approved by the Board and is periodically reviewed to ensure its provisions remain relevant and reflect the needs of the Company as well as development in regulatory requirements. The Board Charter is available on Yenher's corporate website. As at the date of the Statement, the Board is in the midst of reviewing the Charter to further incorporate elements of the MCCG.

The responsibilities of the Board are delineated in the Board Charter. It focuses on overseeing the Group's strategic plan, setting the ethical values and standards which guides how the business is run, ensuring adequate and effective risk management and internal control system is in place, overseeing strategies addressing sustainability and stakeholders' interest, as well as ensuring the business is being properly managed. The Group Managing Director and Executive Directors, on the other hand, provide leadership to Senior Management in their day-to-day management of the Group's business.

The Board is assisted by various Board Committees including the Audit and Risk Management Committee, Nomination Committee, and the Remuneration Committee. The functions and roles and responsibilities of each Board Committee is formalised via their respective Terms of Reference. Amongst others, the Audit and Risk Management Committee bears such responsibilities and authority of an audit committee which is in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"). While the Board delegates its responsibilities to the Board Committees, it does not abdicate, and it is ultimately responsible for making decisions based on the recommendations of these Board Committees. The Terms of Reference of the Board Committees are published on our corporate website.

The Board is led by an Independent Chairman ("Board Chairman") who is responsible for leading and instilling good corporate governance practices at the Board. The Board Chairman chairs and facilitates Board meetings, leads discussion, ensures all Directors contribute to discussions, enabling the decision-making process to incorporate diverse perspectives with objectivity.

Half of the Board comprise of Independent Directors who provide independence and objectivity to the Board as well as serving as a check and balance to the Board's decisions. The Independent Directors are essential for protecting the interests of shareholder, particularly those of minority shareholders.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

I. **Board Responsibilities** (cont'd)

Long-term strategy and sustainability

In ensuring the long-term strategy and success of the Group, the Board is also responsible for considering, integrating, and managing long-term sustainability issues relevant to the company strategy. The Board reviews the sustainability risks and opportunities, including environmental, social, and governance matters, as identified by Management through materiality assessment and oversees their management strategies, progress, and performance. In addition, the Board also reviews the Company's engagement with stakeholders to ensure stakeholder engagements are adequately and effectively carried out.

The Company is in the midst of reviewing and enhancing its processes to facilitate a systematic approach towards sustainability management, which will be reviewed by the Board for its adoption.

Effective functioning of the Board

The Board has unrestricted access to the advice and services of the Company Secretaries who are qualified in accordance with the requirements of the Companies Act 2016 (the "Act") and equipped with relevant experience and competence on statutory and regulatory requirements. The Company Secretaries' responsibilities include advising the Board on governance matters, on top of assisting and advising the Board on statutory compliance with the Act and matters pertaining to the discharge of duties by the Board and Board Committees based on their respective terms of reference. The Company Secretaries also regularly update the Board on developments in the areas of corporate governance and compliance with company and securities regulations.

The Company Secretaries assist the Board in facilitating its Board procedures including Board meetings which are included in the Board Charter. Before the commencement of the year, the Company Secretaries schedules the Board and Board Committee meetings for the year together with the Directors. Prior to each Board or Board Committee meeting, the chairman of the Board or Board Committee, assisted by the Company Secretaries, develops the agenda for the said meeting, ensuring relevant matters for deliberation are included in the agenda. The full agenda and meeting papers are circulated to the relevant Directors at least one week prior to the meeting. After each meeting, the meeting minutes are also circulated to the Directors for their confirmation prior to the next meeting. All Directors are required to allocate sufficient time to prepare for and attend Board and Board Committee meetings.

During the financial year under review, the meetings of the Board and Board Committees attend by the Directors are as follows:

	Board of Directors	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Dr. Wan Mohd Kamil bin Wan Nik *(Independent Chairman)*	4/4	3/3	-*	1/1
Cheng Mooh Tat *(Group Managing Director)*	4/4	-	-	-
Cheng Mooh Kheng *(Executive Director)*	4/4	-	-	-
Theoh Mooi Teng *(Executive Director)*	4/4	-	-	-
Tan Peng Lam *(Independent Director)*	4/4	3/3	-*	1/1
Dato' Lim Choon Khim *(Independent Director)*	4/4	3/3	-*	1/1

Note: * The first Nomination Committee meeting was carried out in February 2022 to deliberate on matters for the financial year ended 31 December 2021, including assessment of the Board, Board Committees, and individual Directors. Detailed work of the Nomination Committee are disclosed in the following sections of this Statement.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

I. **Board Responsibilities** (cont'd)

Setting ethical standards for the Group

The Board sets the ethical standards for the Board and the Company, including Yenher's Code of Conduct and Business Ethics ("Code") which sets out the principles and standards of ethical behaviours and business conduct which shall be observed by Directors and employees and consistently applied throughout the Group. Amongst others, the Code addresses conflict of interests, insider trading including the handling of market sensitive information, corruption and bribery, as well as providing an avenue for whistleblowing. In addition, the Company has also formalised an Anti-Bribery and Corruption Policy which provides guidance on acting with integrity, including on transactions and relationships such as dealings with public officials, use of gifts, hospitality and entertainment, and donations, sponsorships, and charitable contributions.

The Board has established a whistleblowing mechanism which is formalised by a Whistleblowing Policy, allowing anyone, including internal and external stakeholders, to make a whistleblowing report in confidence and without fear of retaliation. Via the channel, a whistleblower can make a report on actual or potential wrongdoings or misconduct, such as violation of the law or regulations, unethical behaviours, or breaches of the Code.

The Group's Code, the Anti-Bribery and Corruption Policy, and the Whistleblowing Policy are published on the corporate website.

II. **Board Composition**

The Board is comprised of six (6) members including three (3) Independent Directors and three (3) Executive members, i.e. the Group Managing Director and two (2) Executive Directors. Such composition complies with the Listing Requirements which requires at least two (2) Directors or one third (1/3) of the Board, whichever is higher, to be independent Directors, as well as Practice 5.2 which requires at least half of the board comprises Independent Directors.

The Directors brings to the Board a diverse mix of skills and experience including in the fields of animal health and nutrition, veterinary medicine, sales and marketing, finance, economics, logistics, audit and accounting, and law. Currently, there is one (1) female Director on the Board of Yenher, i.e. 16.7% of its composition. The Board aims to meet the target of having 30% women director, as promulgated by **Practice 5.9** of the MCCG by 2024.

The Group encourages women participation, especially in leadership and senior management roles, and the Board is committed to upholding its merits system and the principles of non-discrimination and equal opportunity at all levels, in its recruitment, assessment, promotion (where applicable), and remuneration processes.

The Board has delegated the responsibilities for reviewing, assessing, and recommending the Board composition to the Nomination Committee. The Nomination Committee is comprised exclusively of Non-Executive Directors and majority Independent Directors. The Chairman of the Nomination Committee is also an Independent Director.

The Nomination Committee's responsibilities include, amongst others:

- Identifying, selecting, and nominating candidates to fill Board vacancies;
- assessing the effectiveness and performance of the Board, Board Committees, and individual Directors, including the independence of Independent Directors;
- developing, maintaining, and reviewing criteria for Director's recruitment and annual assessment of the Board, Board Committees, and Directors;
- reviewing the succession plans for the Board and Senior Management;
- assessing the training needs of Directors;
- reviewing and defining the orientation and induction plans for new Directors; and
- recommending to the Board the members for the Board Committees.

The Board remains ultimately responsible for making relevant decisions or recommendations to shareholders. The responsibilities and authority of the Nomination Committee is formalised in its Terms of Reference which is published on our corporate website.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

II. **Board Composition** (cont'd)

For the financial year under review, the Nomination Committee carried out the following key activities in its first Nomination Committee meeting held in February 2022:

- assessed the effectiveness of the Board, Board Committees, and individual Directors via self-assessment and peer-assessment forms, considering the size and composition of the Board including independence and diversity, skillsets and experience required by the Board, the carrying out of responsibilities based on the Board Charter and Board Committee Terms of Reference , the Director's character, experience, competence, integrity, and time committed, and the Directors' contribution to the Board;
- assessed the terms of office and performance of the Audit and Risk Management Committee and each committee member and whether they have carried out their duties in accordance with their Terms of Reference;
- assessed the independence of Independent Directors, based on the subjective and objective criteria of the Listing Requirements;
- assessed and recommended the re-election of Directors who are due for retirement by rotation, based on the satisfactory outcome of the assessment on the respective Directors; and
- assessed the performance of Senior Management including the Group Managing Director and Executive Directors.

Based on the assessment of the Nomination Committee, the Board is of the view that the overall effectiveness of the Board and Board Committees were satisfactory. Mr. Cheng Mooh Tat who will be retiring and offering himself for re-election at the forthcoming annual general meeting ("AGM") was evaluated by the Nomination Committee and the Board. Based on the evaluation outcome, the Nomination Committee and the Board are of the view that the performance of Mr. Cheng Mooh Tat was satisfactory and recommend his re-election for shareholders' approval.

The performance of Dr Wan Mohd Kamil bin Wan Nik was also assessed to be satisfactory. However, Dr Wan Mohd Kamil bin Wan Nik who will also be retiring at the forthcoming AGM does not intend to seek re-election due to personal reasons.

The Board also assesses the training needs of Directors considering the skills and competence required of the Directors to carry out their responsibilities in their various positions at the Board and/or Board Committees. Directors are required to undertake continuous training and professional development. In 2021, all Directors of Yenher have attended the Mandatory Accreditation Program for Directors of Public Listed Companies ("MAP") prescribed by Bursa. A summary of the training attended by each Director during the financial year under review is as follows:

	Training programmes
Dr. Wan Mohd Kamil bin Wan Nik	• MAP
Cheng Mooh Tat	• MAP
Cheng Mooh Kheng	• MAP
Theoh Mooi Teng	• MAP
Tan Peng Lam	• MAP
Dato' Lim Choon Khim	• MAP

III. **Remuneration**

The Board is assisted by the Remuneration Committee which is responsible for making recommendations to the Board on remuneration arrangements for Directors and Senior Management. The Remuneration Committee has a Terms of Reference which is available on Yenher's corporate website.

The Board, assisted by the Remuneration Committee, reviews the remuneration of Directors and Senior Management considering the needs and performance of the company, including skills and experience required, and ensures the remuneration appropriately reflect their roles and responsibilities. At Board meetings, Directors do not participate or vote on matters pertaining to their own remuneration.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

III. **Remuneration** (cont'd)

The remuneration for each Director on a named basis, from the Company and from the Group, respectively, broken down into each remuneration component, is disclosed in detail in Practice 8.1 of the Company's Corporate Governance Report for FY2021 which is published on the Company's corporate website.

As at the date of this Statement, the Board, with the assistance of the Remuneration Committee, is in the midst of formalising a remuneration policies and procedures for the directors and senior management of Yenher.

Principle B: Effective Audit and Risk Management

I. **Audit and Risk Management Committee**

The Board is assisted by the Audit and Risk Management Committee whose roles include overseeing audit activities by the internal and external auditors, compliance with laws and regulations, and the adequacy of the Group's control environment. The Audit and Risk Management Committee also oversees matters pertaining to the Group's risk management, including reviewing the key risks of the Group and their management. The function of the Audit and Risk Management Committee is formalised in its Terms of Reference which is available on Yenher's corporate website.

The composition of the Audit and Risk Management Committee, its roles and responsibilities, and the summary of activities carried out during the financial year under review are disclosed in the Audit and Risk Management Committee Report included in this Annual Report FY2021 and the Corporate Governance Report.

Amongst others, the Audit and Risk Management Committee is responsible for ensuring the quality and independence of the internal and external auditors. The Audit and Risk Management Committee assesses the suitability, objectivity, and independence of the external auditor including the nature and fees of any non-audit services provided by the external auditors and/or their affiliates.

The Audit and Risk Management Committee has formalised in its Terms of Reference a requirement for a former audit partner of the Group's external auditor to observe a cooling-off period of at least two (2) years before being appointed as a member of the committee. As at the date of the Statement, the Audit and Risk Management Committee is also in the midst of reviewing its Terms of Reference to consider the policy for three-year cooling-off period for former partner of the external audit firm.

II. **Risk Management and Internal Control Framework**

The Group's risk management practices are guided by an Enterprise Risk Management ("ERM") process which was developed with reference to the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") guidance on ERM. The Board holds ultimate responsibility in ensuring the overall adequacy and effectiveness of the Group's risk management and internal control framework.

The Audit and Risk Management Committee assists the Board on the Group's risk management matters, including overseeing the overall effectiveness of the risk management framework, the adequacy and effectiveness of internal controls, and reviewing the Group's risks including in the areas of cybersecurity, anti-corruption, and business contingency planning matters. Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the Audit and Risk Management Committee.

The Board reviews the adequacy and operating effectiveness of the Group's risk management and internal control framework on an annual basis, based on, amongst others, the audit activities overseen by the Audit and Risk Management Committee, the assurance from the Group Managing Director and the Executive Director responsible for the Company's financial affairs, and input from other parties and processes. Details of the features of the Group's risk management and internal control framework and the Board's commentary on its adequacy and effectiveness are disclosed in the Statement on Risk Management and Internal Control included in this Annual Report FY2021.

Corporate Governance Overview Statement (Cont'd)

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. Engagement with Stakeholders

Understanding the roles of stakeholders to the Group, the Board takes responsibility for overseeing that stakeholders' interests are considered and managed. In this regard, the Board also sets the strategy for shareholder communication and oversees the development of an investor relations programme. Various communication channels are established to communicate with the Group's various stakeholders including shareholders and investors, employees, customers, business partners, and others. Key communication channels for shareholders include announcement on Bursa's website, the Company's corporate website at www.yenher.com.my, as well as annual reports, press releases, and other information which are also available on the corporate website.

Through these channels, relevant information such as financial information and performance, policies regarding the how the Group's businesses are run, sustainability information including environmental, social, and governance matters, are communicated to stakeholders. Engagement channels facilitating two-way communications, including AGMs, employee appraisal processes, and business meeting forums, are also in place. The Board also reviews the overall stakeholder engagement strategies and approaches of the Group on an annual basis, considering their adequacy and effectiveness.

II. Conduct of General Meetings

General meetings serve as a principal forum through which shareholder dialogue is carried out, allowing shareholders to review the Group's performance, understand the Group's long-term strategic direction, as well as financial and non-financial information.

Having successfully listed on Bursa's Main Market on 15 July 2021, the Company will be holding its first AGM as a listed company in 2022. Guided by the Practices promulgated by Practice 13.1 of the MCCG, the Board endeavours to circulate the AGM notice to shareholders at least 28 days prior to the meeting and the AGM minutes, detailing the meeting proceedings including issues or concerns raised and the Company's responses, no later than 30 business days after the general meeting.

The Board Chairman will chair general meetings and all Directors are required to attend general meetings. The Executive Directors and, where relevant, the respective chairpersons of Board Committees are expected to address questions directed to them.

In carrying out general meetings, the Board will place emphasis and strike a balance between encouraging shareholders' participation, ensuring cybersecurity (where applicable) is safeguarded, enabling shareholders to interact effectively with the Board and Senior Management, as well as cost-efficiency.

This Statement is dated 15 April 2022.

Statement of Directors' Responsibilities

The Directors are required to prepare the financial statements for each financial year in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The Directors are responsible to ensure that financial statements of the Group and of the Company give a true and fair view of the financial positions of the Group and of the Company as at the financial year and of the financial performance and cash flows for the financial year. In preparing the financial statements, the Directors have:-

- Adopted appropriate accounting policies in accordance with applicable approved accounting standards and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on going-concern basis.

The Directors also have the general responsibility to keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the provisions of the Act as well as take reasonable steps to safeguard assets of the Group and of the Company to prevent and detect fraud and other irregularities.

Audit and Risk Management Committee ("ARMC") Report

Yenher Holdings Berhad ("Yenher" or the "Company") presents this Audit and Risk Management Committee Report ("Report") for the financial year ended 31 December 2021. This Report is prepared pursuant to Paragraph 15.15 of the Main Market Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad ("Bursa").

Composition and Terms of Reference of the ARMC

Yenher's ARMC comprises three (3) members, all of whom are Independent Directors. The current composition of the ARMC and the attendance of the ARMC members at the three (3) meetings held during the financial year ended 31 December 2021 are as follows:

Name	Designation	Attendance
Tan Peng Lam (Independent Non-Executive Director)	Chairman	3/3
Dr. Wan Mohd Kamil bin Wan Nik (Independent Non-Executive Director)	Member	3/3
Dato' Lim Choon Khim (Independent Non-Executive Director)	Member	3/3

The ARMC members possesses a necessary range of skills and experience including in the fields of veterinary services and medicine, audit, company administration, finance and accounting, and law. Further, the ARMC Chairman is a Fellow member of the Association of Chartered Certified Accountants ("ACCA") and is also a registered Chartered Accountant with the Malaysian Institute of Accountants ("MIA"). The profiles of the ARMC members are available in Yenher's Annual Report.

The ARMC has a Terms of Reference ("TOR") which is approved by the Board and is available on Yenher's corporate website. Subsequent to the publication of the Malaysian Code on Corporate Governance (as at 28 April 2021) ("MCCG"), the ARMC and the Board are in the midst of reviewing and updating the TOR as at the date of this Report.

The ARMC is authorised to investigate any activity of Yenher and its subsidiaries ("Yenher Group" or the "Group") and has full and unrestricted access to information pertaining to the Group. The ARMC also has authority to obtain independent legal or professional advice it considers necessary in fulfilling its responsibilities.

The ARMC is delegated to oversee and appraise the quality of audit activities by the internal and external auditors. It has the responsibility to recommend the appointment and re-appointment of the external auditor, as well as the audit fee. The ARMC is also responsible for assessing the performance, suitability, objectivity, and independence of the external auditor, as well as discussing with the external auditor matters pertaining to the audit plan, scope, and audit findings.

The ARMC also has authority over the appointment and removal of internal auditors and approval of the internal audit plan. The ARMC is responsible for ensuring that the internal audit function is independent, sufficiently resourced, has access to necessary information to carry out its work, and adopts a recognised framework in internal audit activities. Internal audit reports, findings, and any concerns or issues arising are reported directly to the ARMC.

The ARMC is authorised to have direct communication channels with the internal auditors and external auditors.

ARMC Meetings

Meetings of the ARMC are structured via meeting agendas and meeting materials which are circulated to ARMC members at least one week prior to the scheduled meetings, allowing members to have sufficient time to consider the subjects to be discussed and to seek additional information or clarification from Management where necessary.

Other Directors and Management personnel, including the Group Managing Director and Executive Directors, only attend ARMC meetings upon invitation to facilitate ARMC's discussion of matters on the agenda. Representatives of the external and internal auditors also attend ARMC meetings to present matters pertaining to their work, as well as such other matters as determined by the ARMC.

At least twice a year, the ARMC meets with the external auditors without the presence of any Executive Director or Management personnel. The external auditors and internal auditors may also request for meetings without Management's presence.

Audit and Risk Management Committee Report
(Cont'd)

Summary of activities carried out by the ARMC

For the financial year under review, the ARMC carried out the following activities with respect to the roles and responsibilities of an audit committee as required by the Listing Requirements:

A. Financial Reporting

- reviewed the quarterly results of the Group and the Company for all four (4) quarters and recommended them to the Board for approval before releasing them to Bursa;
- reviewed the audited financial statements of the Group and the Company together with the External Auditor, Messrs. Folks DFK & Co, and recommended them to the Board for approval;

B. External Audit

- reviewed, on a quarterly basis, the quarterly reports with the External Auditor before making announcement to Bursa;
- reviewed the annual audit plan for the financial year ended 31 December 2021, which was presented by the External Auditor, including the scope of work, audit strategy, anticipated key audit matters, reporting timelines, and the audit fee;
- obtained assurance by the External Auditor that it has complied with relevant ethical requirements regarding professional independence;
- reviewed and discussed with the External Auditor, the audit report and audit findings including any audit and accounting issues and weaknesses noted in the internal controls over financial reporting;
- held private sessions with the External Auditor without the presence of Management personnel (including the Group Managing Director and Executive Directors) during which the External Auditor provided its comments on the assistance and cooperation provided by the employees of the Group during audit;
- reviewed and assessed the suitability, objectivity, and independence of the performance, suitability, objectivity, and independence of External Auditor, considering, amongst others, the outcome of the audit work, feedback from Management personnel who have had dealings with the audit team during audit, and any non-audit services and relevant fees;
- following the assessment of External Auditor, recommended to the Board the re-appointment of Folks DFK & Co as the External Auditor of the Group for the financial year ending 31 December 2022, which the Board accepted and will be tabled for shareholders' approval at the forthcoming Annual General Meeting;

C. Internal Audit

- reviewed and approved the appointment of Sterling Business Alignment Consulting Sdn Bhd as the outsourced Internal Auditor, considering, amongst others, its independence, resources, competency and qualification, and internal audit fee;
- reviewed and approved the internal audit plan presented by the Internal Auditor for the financial year ended 31 December 2021, considering, amongst others, the adequacy of scope and coverage, the Group's risk profile, reporting timeline, and the adoption of a recognised framework in the internal audit;
- reviewed the internal audit reports presented by the Internal Auditor and discussed the internal audit findings including any weaknesses in internal control, the Internal Auditor's recommendation to address such weaknesses, Management's response and action plans, and follow-up actions;

D. Related Party Transaction and Other Matters

- reviewed details of the Group's related party transactions (including recurrent related party transactions) and recommended to the Board for their inclusion in the Group's Prospectus dated 22 June 2021;
- reviewed the related party transaction procedures of the Group and recommended them for the Board's approval;
- reviewed related party transactions (including recurrent related party transactions) during each quarter of the financial year, ensuring they are on arm's length basis, are based on normal commercial terms not more favourable to the related party than those generally available to third parties, are not detrimental to minority shareholders, and are in the best interest of the Company;
- reviewed the TOR of the ARMC against the latest Malaysian Code on Corporate Governance (as at 28 April 2021), considered relevant amendments to the TOR, and recommended the amended TOR for the Board's approval.

Audit and Risk Management Committee Report
(Cont'd)

Summary of the works of the internal audit function

The Group's internal audit function is carried out by an outsourced Internal Auditor which is an external professional firm independent from the Group's Management, business, and operations. The Internal Auditor reports directly to the ARMC. During the financial year under review, the Internal Auditor carried out its work which incorporated a risk-based approach that focuses on key risks significant to the Group. In developing the internal audit plan proposed for the ARMC's approval, the Internal Auditor considered the Group's risk profile including the Group's major business functions, risks inherent in the business functions concerned, and emerging risks and industry trends.

The Internal Auditor uses the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the Group's internal control systems.

The Internal Auditor performed its work via, amongst others, interviewing process owners to walkthrough key processes, reviewing policies and procedures to assess control adequacy, performing testing on sample transactions and activities to determine operating effectiveness, as well as reviewing compliance with applicable laws, regulations, and Group policies.

The results of the internal audit were presented to the ARMC in the internal audit reports which include highlights of weaknesses noted and recommendations to address such weaknesses. Follow-up status review were also carried out as part of the Internal Auditor scope of work to ensure weaknesses identified have been addressed.

For the financial year under review, the Internal Auditor carried out 1 cycle of internal audit covering the areas of warehouse and inventory management, product registration, and credit control and collection and 1 follow-up status review on the aforesaid scope. The cost incurred for the internal audit function in respect of the financial year amounted to RM18,800.

This Report is dated 15 April 2022.

Statement On Risk Management and Internal Control

The Board of Directors ("Board") of Yenher Holdings Berhad ("Yenher" or the "Company") presents this Statement on Risk Management and Internal Control (this "Statement") which is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad ("Bursa") and has considered the mandatory contents outlined in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" published by Bursa.

This Statement outlines the risk management and internal control systems of Yenher and its subsidiaries ("Yenher Group" or the "Group") during the financial year ended 31 December 2021 ("FY2021") and up to the date of approval of this Statement.

Governance for Risk Management and Internal Control

The Board acknowledges its responsibility to establish an effective risk management and internal control framework to safeguard the Company's assets and shareholders' investments, including reviewing the adequacy and operating effectiveness of such system. In view of inherent limitations in any system of risk management and internal control, such a system can only manage and minimise risks to an acceptable level, but not eliminate all risks. Accordingly, the Group's risk management and internal control system can only provide reasonable but not absolute assurance against material misstatement, loss, or malpractices.

In carrying out its duties, the Board is responsible for overseeing the Company's principal risks and ensuring appropriate systems are in place to manage these risks.

The Board is assisted by the Audit and Risk Management Committee ("ARMC") whose key roles include the following:-

- overseeing the overall effectiveness of the risk management framework;
- reviewing the adequacy and effectiveness of internal controls;
- reviewing the Group's risks including specific risk areas such as cybersecurity, anti-corruption, and business contingency planning matters; and
- reviewing and recommending strategic risk management matters including major investments and transactions.

Led by the Group Managing Director and Executive Directors, the Senior Management team provides leadership to business and operations in the execution of risk policies and the implementation of the established risk management processes. This includes performing evaluation on the risks affecting the Group's business and operations, assessing the risks levels, devising risk management action plans, executing risk management activities, and preparing and submitting periodic reports to the ARMC and the Board.

Risk Management Processes

The Group has a process on Enterprise Risk Management ("ERM") which guides the Group's integrated and continuous process for managing enterprise-wide risks with an aim to minimise unexpected performance variance and maximise intrinsic firm value. The process is meant to facilitate informed decision-making by the Board and Management via a systematic approach towards risk identification, analysis, management, and monitoring and reporting. The Group's ERM processes were developed with reference to the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") guidance on Enterprise Risk Management.

Key risks of the Company are identified and assessed taking into consideration the Group's strategic plans approved by the Board. Risks considered include the broad categories of, amongst others, strategic risks, operational risks, sustainability risks including environmental and social risks, and financial risks. During the process, the management considers the potential sources of risks, their likelihood of occurrence, and consequences if they materialise. Risk mitigation plans are developed and implemented by the management.

Statement On Risk Management and Internal Control (Cont'd)

Summary of risk management activities during the financial year

- Senior management performed a risk assessment on the Group's business, considering the industry the Group operates in, its business and operations, as well as the risks relating to Yenher's listing. These risks were reviewed by the ARMC and the Board, and they were included in Yenher's Prospectus dated 22 June 2021;
- The management implemented strategies and action plans addressing key risks identified, including developing or enhancing relevant policies and controls; and
- The management managed and monitored key risks affecting business operations in the day-to-day business and updated senior management on their progress and status, together with business management performance.

Key risks of the Group's business, including any emerging or current risks, are disclosed in Yenher's Management Discussion and Analysis in this Annual Report.

Internal Control System

The Group has established internal controls which were developed and enhanced on an ongoing basis considering the Group's risk management process and outcome. Key features of the internal control system are highlighted as follows:-

- **Governance and organisation structure**

  The Group has an established organisation structure, supported by a formalised governance structure which clearly specifies the roles and responsibilities of the relevant governance bodies and management. The Board provides stewardship for the management of business affairs, including setting company strategy considering long-term business sustainability, and is supported by various board committees which carry out their duties based on their respective Terms of Reference. Current board committees include Audit and Risk Management Committee, Nominating Committee, and the Remuneration Committee. Senior Management, led by the Group Managing Director and Executive Directors, is responsible and accountable to the Board for the day-to-day business management of the Group.

- **Strategy setting and business monitoring**

  Company strategy is reviewed and determined on an annual basis to set out the Group's short- and long-term business direction. Business plans and budgets, including forecasts, for major business functions are discussed with the Board at the beginning of the year, and are reviewed quarterly at Board meetings where results and significant gaps or variances are deliberated and remedial actions are developed, where necessary. The Group and Company's financial performance is also reported to the ARMC and Board on a quarterly basis before they are announced to shareholders on Bursa's website. At the management level, monthly management meetings with the Group Managing Director and Executive Directors are carried out to monitor the progress and achievements of business plans.

- **Delegation of Authority and Limits**

  To ensure clear delineation of powers and authority, the Group has a formalised set of delegated authority and limits to govern the Group's corporate governance as well as business operations. The delegated powers and authorities are aligned with the roles and responsibilities of the respective governance bodies and management personnel, and they are vital for effective business management including risk management and internal controls.

- **Code of Ethics and governance policies**

  All the Group's operations, the Directors, and employees are governed by the Group's *Code of Conduct and Business Ethic*s ("Code"), which addresses issues including business ethics, managing conflict of interests, insider trading, anti-corruption, and responsible corporate citizenship such as upholding environmental and social standards. It is a requirement for all directors and employees of the Group to adhere to the Code to ensure consistent business ethics is demonstrated throughout the Group's business dealings as well as to safeguard the Group's interest, assets, and reputation. Other governance policies such as the Anti-Bribery and Corruption Policy are also in place to govern the Group's ethical business practices and conduct. All directors and employees are required to sign-off their acknowledgement and commitment to uphold the Anti-Bribery and Corruption Policy before joining the Group.

- **Operational Policies and Procedures**

  To ensure consistent and effective business operations, the Group's key operations are governed by standard operating policies and procedures. Amongst others, operations such as sales and marketing, production, quality control, procurement, business reporting, corporate finance, and accounting are key business and supporting functions of the Group. Standard operating policies and procedures are reviewed and enhanced on regularly to address any gaps or findings arising from emerging risks or weaknesses identified in the risk management process.

Statement On Risk Management and Internal Control (Cont'd)

Internal Control System (Cont'd)

- **Assurance and audit**

  Second and third lines of defences are established to provide assurance over the Group's operations and products. Internally, the Group has put in place quality control and assurance processes which ensures compliance with operational policies and procedures, as well as safeguarding product safety and quality. The Group also has internal audit which provides assurance on the adequacy and integrity of the Group's governance, risk management, and internal controls and external audit which provides independent assurance through the annual statutory audit, that the financial statements fairly present, in all material aspects, the Group's financial position and performance. Both internal and external audits are conducted at least annually, and reports are made directly to the ARMC which oversees the audit activities and findings with an independent mind. Internal control weaknesses, where found, will be highlighted to the ARMC, and relevant remedial action plans will be devised, implemented, and followed-up and reported. Senior management remains responsible for the implementation of the remedial action plans.

- **Whistleblowing Policy**

  The Board has formalised a Whistleblowing Policy through which internal and external parties can provide information or make a whistleblowing report on actual or potential wrongdoings or misconduct, including, but not limited to, violation of laws and regulations, unethical behaviour or breach of the Code, corruption including bribery and fraud, and workplace harassment. The Whistleblowing Policy provides the whistleblower an avenue to make reports in confidence as well as protection against retaliation within the Group. The Whistleblowing Policy does not prohibit anonymous reporting and it also provides access to reporting to Directors to ensure objectivity of the reporting mechanism. The Whistleblowing Policy is publicly available on Yenher's corporate website.

Review of risk management and internal control system

During the financial year under review, in addition to the Board's review of the Group's risk management reports, the Board has, via the ARMC, reviewed the work and findings of the internal and external auditors including their assessment of the Group's internal controls system.

The Board has also received assurance from the Group Managing Director and the Executive Director responsible for the Company's financial affairs that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, during the financial year ended 31 December 2021.

Considering the review activities of the Board and the ARMC, the assurance obtained from the Group Managing Director and the Executive Director responsible for the Company's financial affairs, and input from the relevant parties including reports, findings, and feedback from the external and internal auditors, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material aspects, to achieve its objective and there were no significant weaknesses which resulted in material losses, contingencies, or uncertainties that would require separate disclosure in the audited financial statements. The Board is committed to ensure the ongoing adequacy and operating effectiveness of the Group's system of risk management and internal control.

Review of this Statement by the External Auditor

As required by Paragraph 15.23 of the Listing Requirements, the External Auditor has reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3") – Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA"). The External Auditor concluded that based on the procedures performed and evidence obtained, nothing has come to its attention that causes the External Auditor to believe that this Statement intended to be included in Yenher's Annual Report FY2021, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectives of the Group's risk management and internal control system. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement is approved by the Board on 15 April 2022.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Yenher Holdings Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 15 July 2021. In conjunction with the Listing, the Company undertook a public issue of 64,431,000 new ordinary shares at an issue price of RM 0.95 per share, raising gross proceeds of approximately RM 61.21 million. The status of the utilisation of the IPO proceeds for FY2021 is as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from the date of listing
Details of the use of proceeds				
Construction of new Good Manufacturing Practice ("GMP") compliant manufacturing plant	31,000	1,730	29,270	Within 30 months
Purchase of new machinery and equipment	9,700	-	9,700	Within 30 months
Working capital	16,709	15,000	1,709	Within 36 months
Estimated listing expenses	3,800	3,233	567	Within 1 month*
Total	**61,209**	**19,963**	**41,246**	

**The balance of unutilised proceeds allocated for listing expenses has been reallocated for the Group's working capital purposes.*

The use of proceeds as disclosed above should be read in conjunction with the Company's prospectus dated 22 June 2021.

2. AUDIT AND NON-AUDIT FEES

Details of the audit and non-audit fees paid or payable to by the Company's external auditors, Messrs. Folks DFK & Co., during the financial year ended 31 December 2021 are set out as below:

	Company RM	Group RM
Fees for statutory audit services	23,000	87,000
Fees for non-audit services	75,000	75,000
Total	**98,000**	**162,000**

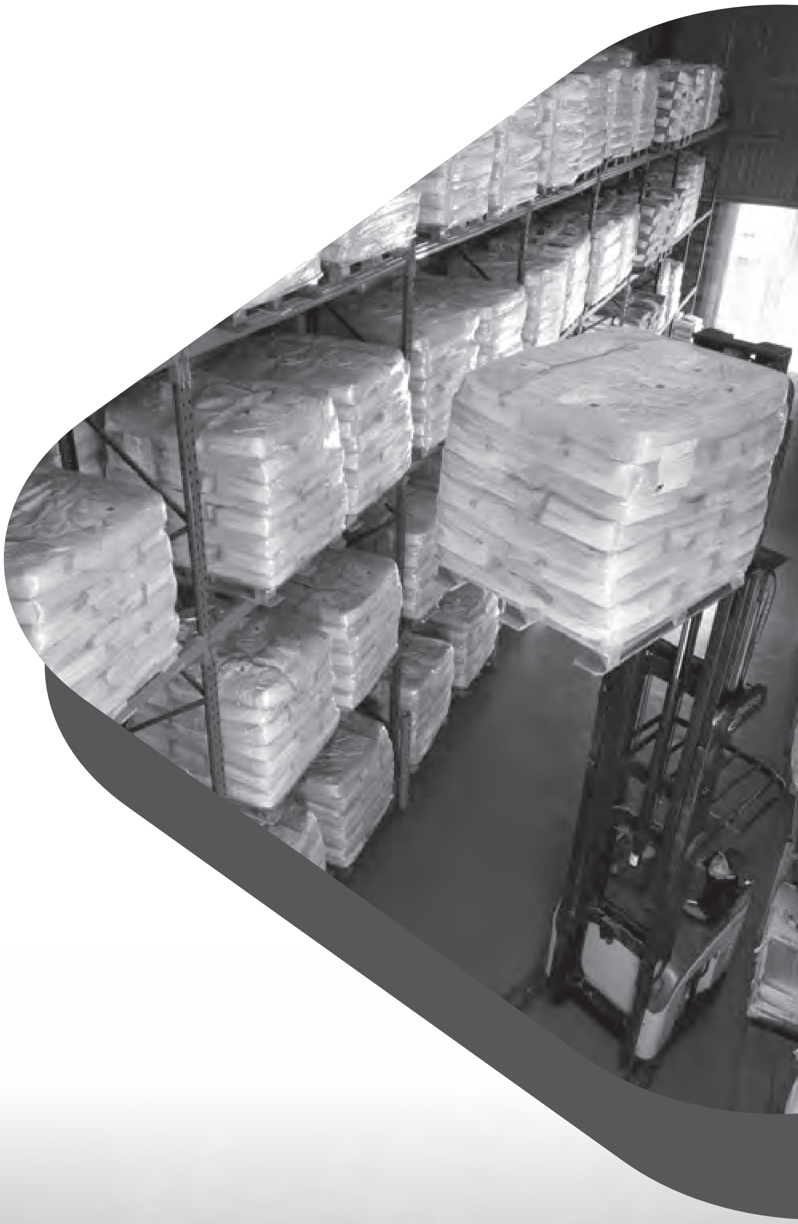
3. MATERIAL CONTRACTS

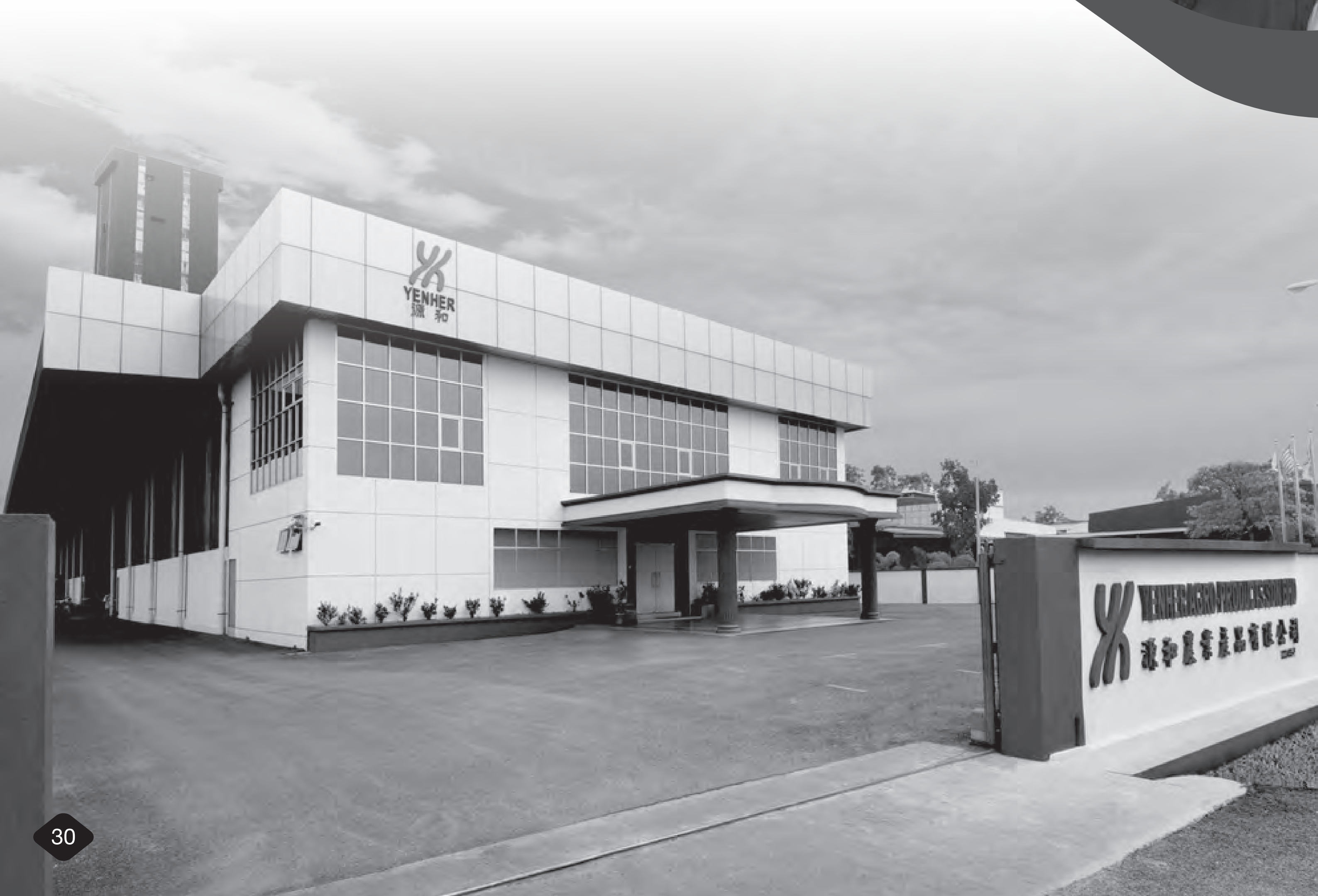
There were no material contracts entered by the Group involving the interests of the Directors and major shareholders during financial year 2021 or still subsisting at the end of previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

The Group will seek its first shareholders' mandate for the Recurrent Related Party Transactions ("RRPT"), following its listing on 15 July 2021, at its forthcoming 2nd Annual General Meeting to be held on 3 June 2022. The details of the proposed shareholders' mandate for RRPT to be entered by the Group with the related parties are disclosed in the Circular to Shareholders dated 29 April 2022 together with this Annual Report 2021.

Financial Statements





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 principal activity of the Company is investment holding. The principal activities and details of its subsidiaries are set out in Note 6.1 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of the subsidiaries during the financial year.

Results

	Group RM	Company RM
Profit for financial year attributable to owners of the Company	20,837,119	20,572,901

Reserves and Provisions

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

Dividends

Dividends declared, paid or proposed since the end of the Company's previous financial period were as follows :-

	RM
(a) Interim dividends in respect of the financial year ended 31 December 2021 :-	
(i) A first single-tier interim dividend of approximately 4.58 sen per ordinary share declared on 30 April 2021 and paid on 3 May 2021	10,800,000
(ii) A second single-tier interim dividend of 1.50 sen per ordinary share declared on 23 August 2021 and paid on 6 October 2021	4,500,000
	15,300,000

(b) The Directors recommend a final single-tier dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the current financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this proposed dividend. If approved by the shareholders at the forthcoming Annual General Meeting, the dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2022.

Share Capital

On 13 July 2021, the Company increased its issued and paid-up share capital from RM117,784,501 comprising 235,569,000 ordinary shares to RM177,429,501 comprising 300,000,000 ordinary shares through a public issue of 64,431,000 new ordinary shares at an issue price of RM0.95 per share as part of its Initial Public Offering and listing exercise for a total net cash consideration of RM59,645,000 after deducting the share issue expenses of RM1,564,450.

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

The entire issued and paid-up share capital of the Company of 300,000,000 ordinary shares was listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 15 July 2021.

Directors' Report (Cont'd)

Options Granted Over Unissued Shares

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

Directors

The names of the Directors of the Company since the beginning of the financial year to the date of this report are as follows :-

Cheng Mooh Tat
Cheng Mooh Kheng
Theoh Mooi Teng
Dr. Wan Mohd Kamil Bin Wan Nik
Tan Peng Lam
Dato' Lim Choon Khim

The names of the directors of the Company's subsidiaries who served during the financial year and up to the date of this report are as follows :-

Cheng Mooh Tat
Cheng Mooh Kheng
Cheng Mooh Chye
Theoh Mooi Teng

Directors' Interests

In accordance with the Register of Directors' Shareholdings, particulars of Directors' interests in shares in the Company during the financial year in respect of Directors who held office at the end of the financial year were as follows :-

	Number of ordinary shares			
	Balance at	During the year		Balance at
Names of Directors	**01.01.2021**	**Acquired**	**Disposed**	**31.12.2021**
Cheng Mooh Tat				
- Direct	43,310,600	-	(20,810,600)	22,500,000
- Indirect *	135,000,000	-	-	135,000,000
Cheng Mooh Kheng				
- Direct	20,973,200	-	(10,473,200)	10,500,000
- Indirect *	135,000,000	-	-	135,000,000
Theoh Mooi Teng				
- Direct	-	1,750,000	-	1,750,000
Dr. Wan Mohd Kamil Bin Wan Nik				
- Direct	-	50,000	-	50,000
Tan Peng Lam				
- Direct	-	100,000	-	100,000
- Indirect **	-	300,000	-	300,000
Dato' Lim Choon Khim				
- Direct	-	100,000	-	100,000

* *Deemed interested by virtue of his interest in CGH Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016*
** *Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Companies Act 2016*

Directors' Report (Cont'd)

Directors' Interests (Cont'd)

By virtue of their direct and indirect interests in the Company, Cheng Mooh Tat and Cheng Mooh Kheng are also deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest and for which there were no movements in the interests held during the financial year.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest, direct and indirect, in shares in the Company or of its related corporations during the financial year.

Directors' Benefits

As at the end of the financial year and during the financial year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the benefits that may be derived from the issue of 1,050,000 new ordinary shares in the Company at an issue price of RM0.95 per share to Theoh Mooi Teng, Dr. Wan Mohd Kamil bin Wan Nik, Tan Peng Lam and Dato' Lim Choon Khim pursuant to the public issue of shares as part of the Company's Initial Public Offering and listing exercise.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed as Directors' Remuneration in Note 19 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 26 to the financial statements and any benefits that may be derived from the offer for sale by Cheng Mooh Tat and Cheng Mooh Kheng of a total of 31,283,800 ordinary shares in the Company directly held by them to selected investors at an offer price of RM0.95 per share as part of the Company's Initial Public Offering and listing exercise.

The Directors and officers of the Group and of the Company were insured against certain liabilities under a Directors' and Officers' Liability Insurance policy and the related insurance premium paid by the Company was RM15,000.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were made out, 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances :-

   (i) which would render the amount written off for bad debts and allowance made for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

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

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

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

Directors' Report (Cont'd)

Other Statutory Information (Cont'd)

(c) At the date of this report, there does not exist :-

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

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

(d) In the opinion of the Directors :-

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

(ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

Auditors

The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

The details of the remuneration paid or payable to the auditors of the Group and of the Company are disclosed in Note 19 to the financial statements.

No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

On behalf of the Board of Directors,

CHENG MOOH TAT Director	CHENG MOOH KHENG Director

This report is made pursuant to the Directors' resolution passed on 15 April 2022.

Pulau Pinang

Date : 15 April 2022

Statements of Financial Position

As At 31 December 2021

		Group		Company	
		31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	Note	**RM**	**RM**	**RM**	**RM**
Assets					
Non-current Assets					
Property, plant and equipment	4	39,593,337	36,336,892	-	-
Intangible assets	5	444,960	308,595	-	-
Investments in subsidiaries	6	-	-	117,784,500	117,784,500
		40,038,297	36,645,487	117,784,500	117,784,500
Current Assets					
Inventories	7	38,011,660	31,024,612	-	-
Trade and other receivables	8	77,399,971	60,306,314	-	156,627
Amount due from subsidiaries	9.1	-	-	21,730,770	-
Placements in money market funds	10	26,871,484	-	26,270,706	-
Short-term deposits, cash and bank balances	11	39,949,506	26,234,942	16,391,233	1
		182,232,621	117,565,868	64,392,709	156,628
Total Assets		222,270,918	154,211,355	182,177,209	117,941,128
Equity and Liabilities					
Equity Attributable to Owners of the Company					
Share capital	12	177,429,501	117,784,501	177,429,501	117,784,501
Merger deficit	13	(115,534,500)	(115,534,500)	-	-
Exchange translation reserve		(2,847)	-	-	-
Revaluation reserve	14	9,286,916	9,337,236	-	-
Retained profits/(Accumulated losses)		122,758,621	117,171,182	4,561,585	(711,316)
Total Equity		193,937,691	128,758,419	181,991,086	117,073,185
Non-current Liabilities					
Deferred tax liabilities	15	1,478,611	1,450,051	-	-
Lease liabilities		1,550,126	670,850	-	-
		3,028,737	2,120,901	-	-
Current Liabilities					
Lease liabilities		847,632	858,682	-	-
Trade and other payables	16	23,773,358	21,244,208	152,623	478,236
Amount due to subsidiaries	9.2	-	-	-	389,707
Tax payable		683,500	1,229,145	33,500	-
		25,304,490	23,332,035	186,123	867,943
Total Liabilities		28,333,227	25,452,936	186,123	867,943
Total Equity and Liabilities		222,270,918	154,211,355	182,177,209	117,941,128

The notes set out on pages 41 to 91 form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2021

		Group		Company	
		Period from 01.01.2021 to 31.12.2021	Period from 01.01.2020 to 31.12.2020	Period from 01.01.2021 to 31.12.2021	Period from 09.03.2020 to 31.12.2020
	Note	RM	RM	RM	RM
Revenue	17	263,409,643	202,634,937	21,500,000	-
Cost of sales		(211,547,313)	(150,213,190)	-	-
Gross profit		51,862,330	52,421,747	21,500,000	-
Other income		1,006,054	447,663	510,317	-
Selling and distribution costs		(9,542,476)	(7,857,595)	-	-
Administrative expenses		(15,100,674)	(14,832,855)	(1,379,916)	(711,316)
Research and development costs		(306,198)	(176,354)	-	-
Other expenses		(102,214)	(147,977)	-	-
Operating profit/(loss)		27,816,822	29,854,629	20,630,401	(711,316)
Finance costs	18	(139,354)	(196,507)	-	-
Profit/(Loss) before taxation	19	27,677,468	29,658,122	20,630,401	(711,316)
Taxation	20	(6,840,349)	(7,261,571)	(57,500)	-
Profit/(Loss) for the year/period		20,837,119	22,396,551	20,572,901	(711,316)
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
- Revaluation of land and buildings	14	-	940,592	-	-
Item that will be reclassified subsequently to profit or loss					
- Exchange loss on translation of foreign operation		(2,847)	-	-	-
Total other comprehensive (loss)/ income for the year/period		(2,847)	940,592	-	-
Total comprehensive income/(loss) for the year/period		20,834,272	23,337,143	20,572,901	(711,316)
Attributable to owners of the Company					
Profit/(Loss) for the year/period		20,837,119	22,396,551	20,572,901	(711,316)
Total comprehensive income/(loss) for the year/ period		20,834,272	23,337,143	20,572,901	(711,316)
Earnings per share attributable to owners of the Company					
Basic (Sen)	21.1	7.85	9.51		

The notes set out on pages 41 to 91 form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2021

	Attributable to owners of the Company					
	Non-distributable				Distributable	
	Share capital	Merger deficit	Exchange translation reserve	Revaluation reserve	Retained profits	Total
	RM	RM	RM	RM	RM	RM
Group						
Balance at 1 January 2021	117,784,501	(115,534,500)	-	9,337,236	117,171,182	128,758,419
Profit for the year	-	-	-	-	20,837,119	20,837,119
Loss on foreign currency translation	-	-	(2,847)	-	-	(2,847)
Total comprehensive (loss)/ income for the year	-	-	(2,847)	-	20,837,119	20,834,272
Transfer of revaluation surplus on land and buildings (Note 14)	-	-	-	(50,320)	50,320	-
New ordinary shares issued pursuant to the Initial Public Offering (Note 12.1)	61,209,450	-	-	-	-	61,209,450
Share issue expenses	(1,564,450)	-	-	-	-	(1,564,450)
Dividends paid (Note 22)	-	-	-	-	(15,300,000)	(15,300,000)
Total transactions with owners of the Company	59,645,000	-	-	-	(15,300,000)	44,345,000
Balance at 31 December 2021	177,429,501	(115,534,500)	(2,847)	9,286,916	122,758,621	193,937,691

	Attributable to owners of the Company					
	Non-distributable				Distributable	
	Share capital	Invested equity #	Merger deficit	Revaluation reserve	Retained profits	Total
	RM	RM	RM	RM	RM	RM
Balance at 1 January 2020	-	2,250,000	-	8,412,396	94,758,879	105,421,275
Profit for the year	-	-	-	-	22,396,551	22,396,551
Surplus on revaluation of land and buildings, net of attributable deferred tax (Note 14)	-	-	-	940,592	-	940,592
Total comprehensive income for the year	-	-	-	940,592	22,396,551	23,337,143
Transfer of revaluation surplus on land and buildings (Note 14)	-	-	-	(15,752)	15,752	-
New ordinary shares issued upon incorporation on 9 March 2020	2	-	-	-	-	2
New ordinary shares issued for acquisition of a subsidiary (Notes 6.2 and 12.2)	117,784,499	(2,000,000)	(115,784,499)	-	-	-
Acquisition of a subsidiary satisfied by cash (Note 6.2)	-	(250,000)	249,999	-	-	(1)
Total transactions with owners of the Company	117,784,501	(2,250,000)	(115,534,500)	-	-	1
Balance at 31 December 2020	117,784,501	-	(115,534,500)	9,337,236	117,171,182	128,758,419

Invested equity was the aggregate amount of the share capital of subsidiaries acquired. As explained in Note 6.2, on the application of merger accounting, the invested equity was reversed against the Company's purchase consideration for the acquisitions of the subsidiaries which gave rise to a merger deficit of RM115,534,500.

The notes set out on pages 41 to 91 form an integral part of the financial statements.

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

	Attributable to owners of the Company		
	Non-distributable share capital	(Non-distributable accumulated losses)/ Distributable retained profits	Total
	RM	RM	RM
<u>**Company**</u>			
Balance at 1 January 2021	117,784,501	(711,316)	117,073,185
Profit for the year, representing the total comprehensive income for the year	-	20,572,901	20,572,901
New ordinary shares issued pursuant to the Initial Public Offering (Note 12.1)	61,209,450	-	61,209,450
Share issue expenses	(1,564,450)	-	(1,564,450)
Dividends paid (Note 22)	-	(15,300,000)	(15,300,000)
Balance at 31 December 2021	177,429,501	4,561,585	181,991,086
Balance at date of incorporation on 9 March 2020	2	-	2
Loss for the period, representing the total comprehensive loss for the period	-	(711,316)	(711,316)
New ordinary shares issued for acquisition of a subsidiary (Notes 6.2 and 12.2), representing transaction with owners of the Company	117,784,499	-	117,784,499
Balance at 31 December 2020	117,784,501	(711,316)	117,073,185

The notes set out on pages 41 to 91 form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2021

	Group		Company	
	Period from 01.01.2021 to 31.12.2021	**Period from 01.01.2020 to 31.12.2020**	**Period from 01.01.2021 to 31.12.2021**	**Period from 09.03.2020 to 31.12.2020**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit/(Loss) before taxation	27,677,468	29,658,122	20,630,401	(711,316)
Adjustments for :-				
Amortisation of intangible assets	105,837	-	-	-
Depreciation of property, plant and equipment	1,049,176	950,166	-	-
Depreciation of right-of-use assets	859,010	855,929	-	-
Net addition/(reversal) of impairment losses on trade receivables	911,494	(210,724)	-	-
Dividend income from subsidiaries	-	-	(21,500,000)	-
Gain on changes in fair value of money market funds	(39,190)	-	(38,412)	-
(Gain)/Loss on disposal of property, plant and equipment	(120,397)	2,979	-	-
Income from placements in money market funds	(232,294)	-	(232,294)	-
Interest income	(335,804)	(200,700)	(190,640)	-
Interest expense	139,354	196,507	-	-
Property, plant and equipment written off	158	-	-	-
Reversal of loss on revaluation of property, plant and equipment	-	(5,814)	-	-
Unrealised (gain)/loss on foreign exchange	(122,730)	127,430	-	-
Operating profit/(loss) before working capital changes	29,892,082	31,373,895	(1,330,945)	(711,316)
Increase in inventories	(6,982,436)	(782,661)	-	-
(Increase)/Decrease in trade and other receivables	(18,011,238)	(594,134)	156,627	(156,627)
Increase/(Decrease) in trade and other payables	2,649,667	188,987	(325,613)	478,236
Cash generated from/(utilised in) operations	7,548,075	30,186,087	(1,499,931)	(389,707)
Interest received	335,804	200,700	190,640	-
Interest paid	(139,354)	(196,507)	-	-
Tax paid	(7,357,435)	(6,821,511)	(24,000)	-
Net cash from/(used in) operating activities	387,090	23,368,769	(1,333,291)	(389,707)

The notes set out on pages 41 to 91 form an integral part of the financial statements.

Statements of Cash Flows

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

	Group		Company	
	Period from 01.01.2021 to 31.12.2021	**Period from 01.01.2020 to 31.12.2020**	**Period from 01.01.2021 to 31.12.2021**	**Period from 09.03.2020 to 31.12.2020**
	RM	**RM**	**RM**	**RM**
Cash flows from investing activities				
Investment in a subsidiary (Note 6.2)	-	(1)	-	(1)
Purchase of intangible assets	(242,202)	(117,449)	-	-
Purchase of property, plant and equipment	(3,448,620)	(1,393,226)	-	-
Proceeds from disposal of property, plant and equipment	120,400	1,000	-	-
Net placements in money market funds	(26,832,294)	-	(26,232,294)	-
Income from placements in money market funds	232,294	-	232,294	-
Dividend received from subsidiaries	-	-	16,400,000	-
Net advances to subsidiaries	-	-	(16,630,770)	-
Net cash used in investing activities	(30,170,422)	(1,509,676)	(26,230,770)	(1)
Cash flows from financing activities				
(Increase)/Decrease in short-term deposits pledged as security	(69,487)	3,000	-	-
Proceeds from issuance of ordinary shares (Note 12.1)	61,209,450	2	61,209,450	-
Payment of share issue expenses	(1,564,450)	-	(1,564,450)	-
Dividends paid (Note 22)	(15,300,000)	(9,900,000)	(15,300,000)	-
Payments of lease liabilities (Note 24.1)	(847,946)	(819,495)	-	-
Repayment of term loan (Note 24.1)	-	(5,231,448)	-	-
(Repayment to)/Advances from subsidiaries	-	-	(389,707)	389,707
Net cash from/(used in) financing activities	43,427,567	(15,947,941)	43,955,293	389,707
Net increase/(decrease) in cash and cash equivalents	13,644,235	5,911,152	16,391,232	(1)
Effect of foreign exchange difference on cash and cash equivalents	842	-	-	-
Cash and cash equivalents at beginning of year/ at date of incorporation	24,695,389	18,784,237	1	2
Cash and cash equivalents at end of year/ period (Note 11)	38,340,466	24,695,389	16,391,233	1

The notes set out on pages 41 to 91 form an integral part of the financial statements.

Notes to the Financial Statements
31 December 2021

1. General Information

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

The registered office of the Company is located at No. 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang and its principal place of business is located at No. 1628, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 6.1.

These financial statements comprise the financial statements of the Group and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors on 15 April 2022.

2. Basis of Preparation and Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and by the Company are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2021 :-

Amendment to MFRS 16 - Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2

The initial application of amendments to MFRSs did not have any impact on the Group's and on the Company's financial statements for the current and prior financial periods.

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 April 2021
Amendment to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020" :
- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9, Financial Instruments
- Amendment to MFRS 16, Leases
- Amendment to MFRS 141, Agriculture

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after a date to be determined by the MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and their adoption is not expected to have any significant impact on the Group's and on the Company's financial statements in the period of initial application.

2.4 Basis of Consolidation

The financial statements of the Group ("the consolidated financial statements") include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :-

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Subsidiaries are consolidated using the acquisition method except for subsidiaries arising from common control combination as explained in Note 2.5. Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

The acquisitions of Yenher Agro-Products Sdn. Bhd. and Yenher Biotech Sdn. Bhd. have been accounted for as common control combination.

Subsidiaries arising from common control combinations are consolidated using the principles of merger accounting. The common control combinations are business combinations in which all the combining entities have common ultimate controlling parties prior to and immediately after such combinations, and that control is not transitory. Under the principles of merger accounting, the assets and liabilities of the combining entities are consolidated using the existing book values from the controlling parties' perspective and the results of each of the combining entity are presented as if the combination had been effected throughout the current and previous comparative periods presented. On consolidation, the cost of investment is matched against the nominal value of ordinary shares acquired and any difference is taken to equity as merger reserve (for resulting credit difference) or merger deficit (for resulting debit difference).

On the application of acquisition method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2.6 Goodwill on Consolidation

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. **Basis of Preparation and Summary of Significant Accounting Policies** (Cont'd)

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.7.2 Foreign currency transactions and balances

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of foreign currency 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 or losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are recognised to other comprehensive income.

2.7.3 Foreign operations

The results and financial position of the foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are initially stated at cost. Cost initially recognised includes expenditure that is directly attributable to the acquisition of the asset. Land and buildings are subsequently carried at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are charged to the profit or loss during the financial period in which they are incurred.

If the carrying amount of land and buildings is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on a revaluation is recognised to profit or loss to the extent that it exceeds the credit balance held in the revaluation reserve relating to a previous revaluation of that asset.

Freehold land and capital work-in-progress are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows :-

Buildings	50 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	5 to 10 years
Plant and machinery	5 to 10 years
Renovation	10 years
Tools and equipment	10 years

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.10 Intangible Assets

2.10.1 Computer software

The costs of computer software licences that are acquired separately are capitalised as an intangible asset and are carried at costs less accumulated amortisation and any accumulated impairment losses. Costs include their purchase prices and any directly attributable costs of preparing the assets for their intended use. These costs are amortised on the straight-line basis over the period the assets are expected to generate economic benefits.

Costs associated with developing computer software programs that will generate probable future economic benefits from the use thereof are recognised as intangible assets. The computer software development costs comprised all directly attributable development costs including an appropriate portion of relevant overheads. Computer software development cost is amortised when the asset is available for use over the period the asset is expected to generate economic benefits.

The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimates being accounted for on a prospective basis.

2.10.2 Research and development expenditure

Research expenditure on internal projects is recognised as an expense when it is incurred.

Development expenditure on internal projects that can be measured reliably is recognised as an intangible asset where it can be demonstrated that it is technically feasible and there is intention, and technical, financial and other resources are available, to complete and to use or sell the intangible asset or its output and probable future economic benefits will be generated from the sale or use thereof. Development expenditure that does not meet any of the criteria for recognition as an asset is recognised as an expense when it is incurred.

Development expenditure recognised as an asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Development expenditure is amortised, when the asset is available for use, using the straight-line method over the period the asset is expected to generate economic benefits.

2.11 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write down of the non-current asset to fair value less costs to sell. A gain is recognised for any subsequent increases in the asset's fair value less costs to sell but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the statements of financial position. The liabilities classified as held for sale are presented separately from other liabilities in the statements of financial position. Both the assets and liabilities classified as held for sale are presented under current assets and current liabilities respectively.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.12 Impairment of Non-financial Assets

The carrying amounts of non-financial assets (other than inventories, deferred tax assets and non-current assets or disposal group held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life (Note 2.6) and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

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

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised in other comprehensive income for that asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus account.

An impairment loss for an asset is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised to the profit or loss unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.13 Inventories

Inventories are valued at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Costs of raw materials and distribution goods comprise purchase price and other costs directly attributable to the acquisition of inventories.

Cost of finished goods consists of direct materials, direct labour, direct expenses and attributable production overheads.

2.14 Financial Assets

The Group recognises all financial assets in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.14 Financial Assets (Cont'd)

2.14.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2.14.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories :-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.14 Financial Assets (Cont'd)

2.14.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition :-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.14 Financial Assets (Cont'd)

2.14.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.14.4 Impairment of financial assets

The Group recognises loss allowance for expected credit losses ("ECLs") on :-

(a) financial assets measured at amortised cost;

(b) debt instruments measured at FVOCI; and

(c) financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL.

For trade receivables, the Group applies a simplified approach in measuring ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the profit or loss and the carrying amount of the assets is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.15 Cash and Cash Equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks with original maturities of 3 months or less and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

2.16 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.17 Financial Liabilities

The Group recognises all financial liabilities in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.17.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. The Group does not have any financial liabilities at fair value through profit or loss.

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method and any gain or loss is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.17.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a 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.

2.18 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount of loss allowance determined in accordance with the expected credit loss model under MFRS 9 *Financial Instruments*; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*. The loss allowance on financial guarantee contracts, if any, is recognised as a provision and is reported under current liabilities.

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.20 Derivatives Financial Instruments

The Group enters into derivative financial instruments such as forward foreign currency contracts to manage its exposure to foreign currency risks.

Derivatives are initially recognised at fair value at the date the derivative contract is entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset and derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group has not designated any derivatives as hedging instruments.

Embedded derivatives

Embedded derivatives are separated from host contract and accounted for separately if the host contract is not a financial asset and when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

2.21 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.22 Leases as a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

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 lease liability.

Depreciation for right-of-use asset is calculated using the straight-line method and commences from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets of the Group are included under the line item of Property, Plant and Equipment (Note 4) and their depreciation rates are as follows :-

Leasehold land	55 years
Buildings on lease	45 months

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.22 Leases as a Lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the respective Group entities' incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :-

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payment that does not depend on an index or a rate is recognised as an expense in the period in which it is incurred.

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and which is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied all of the following conditions :-

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects on payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

If a rent concession does not result in a lease modification, the Group accounts for the change in lease payments as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs.

If a rent concession results in a lease modification, the Group accounts the rent concession as either a new lease or as a remeasurement of an existing lease.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.23 Income Taxes

Tax expense is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable income for the reporting period using tax rates enacted or substantively enacted at the end of the reporting period.

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.23 Income Taxes (Cont'd)

Deferred tax is provided by using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

2.24 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.25 Employee Benefits

2.25.1 Short-term employee benefits

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as expenses in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

2.25.2 Post-employment benefits - Defined contribution plan

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

2.26 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is 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 assets, 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.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.26 Fair Value Measurements (Cont'd)

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels 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;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable input).

Transfer between levels of the fair value hierarchy is deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

2.27 Revenue Recognition

2.27.1 Revenue from Contracts with Customers

The Group recognises revenue from a contract with customer when performance obligation is satisfied by transferring control of a promised good or service to the customer. Depending on the terms of a contract with customer, control may transfer over time or at a point in time.

Control of a good or service is transferred over time when one of the following criteria is met :-

(i) 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; or

(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Where any one of the above conditions is met, the Group recognises revenue over time. Otherwise, revenue is recognised at a point in time.

Revenue from sales of goods derived from the manufacturing and distribution activities is recognised at a point in time when control of the goods has transferred, being when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the goods, excluding the amounts collected on behalf of third parties.

The normal credit term ranges from 30 to 120 days upon delivery. There is no significant financing component in contracts with customers as the payment terms is less than 12 months from the date of billings. Therefore, no adjustment is made to the promised amount of consideration for the effects of time value of money.

2.27.2 Revenue from Other Sources and Other Income

(a) Dividend income

Dividend income is recognised when the right to receive payment has been established.

(b) Interest income

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

(c) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

Notes to the Financial Statements
31 December 2021 (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.28 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of treasury shares held if any. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of treasury shares held, for the effects of all dilutive potential ordinary shares.

2.29 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

3. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3.2 Key Sources of Estimation Uncertainty

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

3.2.1 Estimated useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The management estimate the useful lives of property, plant and equipment to be between 5 to 50 years. The Group reviews the estimated useful lives of these assets annually based on various factors such as obsolescence, level of usage and business plans. The estimated useful lives are disclosed in Note 2.9. Future financial performance could be materially affected by changes in these estimates.

3. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Cont'd)

3.2 Key Sources of Estimation Uncertainty (Cont'd)

3.2.2 Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the estimation of the provision for income taxes is made and which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

3.2.3 Loss allowances for expected credit losses on trade receivables

The Group applies a simplified approach in measuring loss allowances for expected credit losses ("ECLs") on trade receivables. The measurement requires the use of significant assumptions about risk of default, expected loss rate and the future economic conditions.

The expected loss rates are based on the payment profiles of its customers in relation to the invoices issued for sales of goods over a period of 2 years prior to the end of each reporting period and the corresponding historical credit loss experienced within those periods.

The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. When the historical observed loss rates vary from the original estimates, such difference will impact the carrying amount of trade receivables. The carrying amounts of trade receivables and the cumulative allowance for impairment losses are disclosed in Note 8.1.

Notes to the Financial Statements
31 December 2021 (Cont'd)

4. Property, Plant and Equipment

4.1 The movements of property, plant and equipment during the financial year are as follows :-

Group - 31.12.2021

	At beginning of year RM	Additions RM	Disposals RM	Write-off RM	At end of year RM
Valuation/Costs					
Assets at valuation (Note 4.3)					
Own assets					
Freehold land	25,150,000	-	-	-	25,150,000
Buildings	4,910,000	-	-	-	4,910,000
	30,060,000	-	-	-	30,060,000
Right-of-use assets					
Leasehold land	1,090,000	-	-	-	1,090,000
	31,150,000	-	-	-	31,150,000
Assets at cost					
Own assets					
Furniture and fittings	336,833	1,650	-	-	338,483
Motor vehicles	5,339,617	873,708	(461,566)	-	5,751,759
Office equipment	1,287,054	101,061	(3,600)	-	1,384,515
Plant and machinery	3,034,506	184,930	-	-	3,219,436
Renovation	1,803,003	14,760	-	-	1,817,763
Tools and equipment	866,220	293,584	-	(6,315)	1,153,489
Capital work-in-progress	139,907	1,978,927	-	-	2,118,834
	12,807,140	3,448,620	(465,166)	(6,315)	15,784,279
Right-of-use assets					
Buildings on lease (Note 4.4)	3,131,125	1,716,172	-	-	4,847,297
	15,938,265	5,164,792	(465,166)	(6,315)	20,631,576
	47,088,265	5,164,792	(465,166)	(6,315)	51,781,576

Notes to the Financial Statements
31 December 2021 (Cont'd)

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

4.1 The movements of property, plant and equipment during the financial year are as follows (Cont'd):-

Group - 31.12.2021 (Cont'd)

	At beginning of year RM	Charge for the year RM	Disposals RM	Write-off RM	At end of year RM
Accumulated depreciation					
Assets at valuation					
Own assets					
Freehold land	-	-	-	-	-
Buildings	49,315	148,759	-	-	198,074
	49,315	148,759	-	-	198,074
Right-of-use assets					
Leasehold land	11,052	20,190	-	-	31,242
	60,367	168,949	-	-	229,316
Assets at cost					
Own assets					
Furniture and fittings	281,793	14,515	-	-	296,308
Motor vehicles	4,557,156	352,550	(461,564)	-	4,448,142
Office equipment	748,309	146,225	(3,599)	-	890,935
Plant and machinery	2,236,334	146,509	-	-	2,382,843
Renovation	607,802	135,852	-	-	743,654
Tools and equipment	589,678	104,766	-	(6,157)	688,287
Capital work-in-progress	-	-	-	-	-
	9,021,072	900,417	(465,163)	(6,157)	9,450,169
Right-of-use assets					
Buildings on lease	1,669,934	838,820	-	-	2,508,754
	10,691,006	1,739,237	(465,163)	(6,157)	11,958,923
	10,751,373	1,908,186	(465,163)	(6,157)	12,188,239

Notes to the Financial Statements

31 December 2021 (Cont'd)

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

4.1 The movements of property, plant and equipment during the financial year are as follows (Cont'd):-

Group - 31.12.2020

	At beginning of year RM	Additions RM	Transfers RM	Disposals RM	Revaluation RM	At end of year RM
Valuation/Costs						
Assets at valuation (Note 4.3)						
Own assets						
Freehold land	24,150,000	-	-	-	1,000,000	25,150,000
Buildings	4,910,000	-	-	-	-	4,910,000
	29,060,000	-	-	-	1,000,000	30,060,000
Right-of-use assets						
Leasehold land	1,090,000	-	-	-	-	1,090,000
	30,150,000	-	-	-	1,000,000	31,150,000
Assets at cost						
Own assets						
Furniture and fittings	328,233	8,600	-	-	-	336,833
Motor vehicles	5,069,997	269,620	-	-	-	5,339,617
Office equipment	1,093,053	202,850	-	(8,849)	-	1,287,054
Plant and machinery	2,978,342	56,164	-	-	-	3,034,506
Renovation	797,450	121,737	883,816	-	-	1,803,003
Tools and equipment	797,154	69,066	-	-	-	866,220
Capital work-in-progress	358,534	665,189	(883,816)	-	-	139,907
	11,422,763	1,393,226	-	(8,849)	-	12,807,140
Right-of-use assets						
Buildings on lease (Note 4.4)	3,131,125	-	-	-	-	3,131,125
	14,553,888	1,393,226	-	(8,849)	-	15,938,265
	44,703,888	1,393,226	-	(8,849)	1,000,000	47,088,265

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

4.1 The movements of property, plant and equipment during the financial year are as follows (Cont'd):-

Group - 31.12.2020 (Cont'd)

	At beginning of year RM	Additions RM	Disposals RM	Write-off RM	At end of year RM
Accumulated depreciation					
Assets at valuation					
Own assets					
Freehold land	-	-	-	-	-
Buildings	-	98,629	-	(49,314)	49,315
	-	98,629	-	(49,314)	49,315
Right-of-use assets					
Leasehold land	-	20,962	-	(9,910)	11,052
	-	119,591	-	(59,224)	60,367
Assets at cost					
Own assets					
Furniture and fittings	267,966	13,827	-	-	281,793
Motor vehicles	4,140,593	416,563	-	-	4,557,156
Office equipment	620,314	132,865	(4,870)	-	748,309
Plant and machinery	2,092,922	143,412	-	-	2,236,334
Renovation	546,793	61,009	-	-	607,802
Tools and equipment	505,817	83,861	-	-	589,678
Capital work-in-progress	-	-	-	-	-
	8,174,405	851,537	(4,870)	-	9,021,072
Right-of-use assets					
Buildings on lease	834,967	834,967	-	-	1,669,934
	9,009,372	1,686,504	(4,870)	-	10,691,006
	9,009,372	1,806,095	(4,870)	(59,224)	10,751,373

Notes to the Financial Statements
31 December 2021 (Cont'd)

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

4.1 The movements of property, plant and equipment during the financial year are as follows (Cont'd) :-

Group

	Carrying amounts	
	31.12.2021	**31.12.2020**
	RM	**RM**
Assets at valuation		
Own assets		
Freehold land	25,150,000	25,150,000
Buildings	4,711,926	4,860,685
Right-of-use assets		
Leasehold land	1,058,758	1,078,948
	30,920,684	31,089,633
Assets at cost		
Own assets		
Furniture and fittings	42,175	55,040
Motor vehicles	1,303,617	782,461
Office equipment	493,580	538,745
Plant and machinery	836,593	798,172
Renovation	1,074,109	1,195,201
Tools and equipment	465,202	276,542
Capital work-in-progress	2,118,834	139,907
Right-of-use assets		
Buildings on lease	2,338,543	1,461,191
	8,672,653	5,247,259
	39,593,337	36,336,892

4.2 The carrying amounts of property, plant and equipment which have been charged to financial institutions in consideration for credit facilities granted to the Group are as follows :-

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Freehold land	25,150,000	25,150,000
Buildings	4,170,388	4,306,500
	29,320,388	29,456,500

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

4.3 The land and buildings of the Group were revalued on 30 June 2020 by independent professional valuers. Based on this latest valuation, the fair values of the land and buildings of the Group as at 30 June 2020 were RM31,150,000. In the assessment of the fair values, the sales prices of comparable properties in the locality were adjusted for factors which affect value such as location, size, age and condition of buildings, tenure, shape, title restrictions if any and other relevant characteristics. The most significant input of this valuation was price per square foot. The Directors are of the opinion that the fair values and the carrying amounts of these land and buildings as at 31 December 2021 do not differ significantly from those fair values as at 30 June 2020 given the short timeframe from the date of valuation to the reporting date.

The fair values of the land and buildings of the Group are categorised as Level 2 in the fair value hierarchy and there were no transfers in between fair value levels during the financial year.

The net carrying amounts of revalued property, plant and equipment had the assets been carried under the cost model are as follows :-

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Own assets		
Freehold land	16,581,067	16,581,067
Buildings	3,578,960	3,677,208
Right-of-use assets		
Leasehold land	620,088	631,775
	20,780,115	20,890,050

4.4 Right-of-use assets - Buildings on lease

The Group entered into a contract for the lease of 1 unit double-storey office cum warehouse building ("the underlying assets") from a company in which certain Directors of the Company have substantial financial interests for an initial period of 3 years and thereafter the lease contract will be automatically renewed for a successive 1 year period until terminated by either party.

The cost of right-of-use asset and the corresponding lease liability includes the present value of all unpaid lease payments up to the end of extension period as the Group reasonably expects for the underlying assets will be used. The Group shall reassess the lease term upon the occurrence of either a significant event or a significant change in circumstances that is within its control and that was not previously included in its determination of the lease term.

Notes to the Financial Statements
31 December 2021 (Cont'd)

5. Intangible Assets

	Computer software	
	Group	
	31.12.2021	31.12.2020
	RM	RM
Costs		
At beginning of year	308,595	191,146
Additions	242,202	117,449
At end of year	550,797	308,595
Accumulated amortisation		
At beginning of year	-	-
Amortisation for the year	105,837	-
At end of year	105,837	-
Carrying amount as at 31 December	444,960	308,595

The costs of computer software acquired, including all directly attributable costs incurred in preparing the software for its intended use, are amortised on the straight line basis to administrative expenses over the asset's estimated useful life of 5 years (2020 : NIL). Amortisation commenced in January 2021 when the software was ready for use.

6. Investments in Subsidiaries

	Company	
	31.12.2021	31.12.2020
	RM	RM
Unquoted shares, at cost	117,784,500	117,784,500

6.1 Details of subsidiaries

Details of the subsidiaries, all of which are incorporated and domiciled in Malaysia, are as follows :-

		Effective interest in equity	
Names of companies	**Principal activities**	**31.12.2021**	**31.12.2020**
Yenher Agro-Products Sdn. Bhd.	Manufacturing, supplying and marketing of animal health and nutrition products for livestock and companion animals	100%	100%
Yenher Biotech Sdn. Bhd.	Manufacturing of animal feed ingredients and agricultural products using biotechnology and undertaking research and development activities in the related fields	100%	100%

Notes to the Financial Statements
31 December 2021 (Cont'd)

6. Investments in Subsidiaries (Cont'd)

6.2 Acquisitions of subsidiaries in the previous financial period

During the previous financial period, the Company acquired the following subsidiaries :-

(a) On 28 August 2020, the Company acquired the entire issued and paid-up share capital of Yenher Agro-Products Sdn. Bhd. ("Yenher Agro") amounting to RM2,000,000 comprising 2,000,000 ordinary shares for a total consideration of RM117,784,499 which was wholly satisfied by the issuance of 235,568,998 new ordinary shares in the Company at an issue price of RM0.50 per share; and

(b) On even date, the Company acquired the entire issued and paid-up capital of Yenher Biotech Sdn. Bhd. ("Yenher Biotech") amounting to RM250,000 comprising 250,000 ordinary shares for a total consideration of RM1 which was wholly satisfied by cash.

The acquisitions of Yenher Agro and Yenher Biotech represent common control combinations and for the purpose of the preparation of the Group's financial statements, these subsidiaries are consolidated under the principles of merger accounting as disclosed under policy Note 2.5.

The acquisitions gave rise to a net merger deficit as shown below :-

	Acquisitions of		
	Yenher Agro	Yenher Biotech	Total/Net effects
	RM	RM	RM
Purchase consideration for the acquisitions satisfied by :			
- issue of shares by the Company	117,784,499	-	117,784,499
- cash	-	1	1
	117,784,499	1	117,784,500
Less : Issued share capital of the subsidiaries acquired	(2,000,000)	(250,000)	(2,250,000)
Net merger deficit (Note 13)	115,784,499	(249,999)	115,534,500

7. Inventories

	Group	
	31.12.2021	31.12.2020
	RM	RM
At cost		
Raw materials	23,761,729	16,728,976
Finished goods	6,001,651	5,454,032
Trading goods	7,681,429	5,854,906
Goods in-transit	566,851	2,986,698
	38,011,660	31,024,612

The amount of inventories recognised as an expense during the financial year is RM209,871,476 (2020 : RM149,599,040) and this has been included in cost of sales of the Group's profit or loss.

Notes to the Financial Statements
31 December 2021 (Cont'd)

8. Trade and Other Receivables

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Trade receivables (Note 8.1)	68,836,790	54,229,606	-	-
Other receivables (Note 8.2)	6,058,307	3,631,294	-	-
	74,895,097	57,860,900	-	-
Deposits (Note 8.3)	2,263,474	2,142,787	-	-
Prepayments	241,400	302,627	-	156,627
	77,399,971	60,306,314	-	156,627

8.1 Trade receivables

	Group	
	31.12.2021	31.12.2020
	RM	RM
Third parties	62,544,767	48,730,376
Related parties (Note 8.1(a))	8,249,450	6,545,163
	70,794,217	55,275,539
Allowance for impairment losses	(1,957,427)	(1,045,933)
	68,836,790	54,229,606

(a) Related parties refer to companies in which a person connected to certain Directors of the Group has substantial financial interests. The indebtednesses are interest-free, unsecured and are to be settled in accordance with normal credit terms.

(b) The Group's normal credit periods of trade receivables range from 30 to 120 days (2020 : 30 to 120 days). Other credit periods are assessed and approved on a case by case basis.

Notes to the Financial Statements
31 December 2021 (Cont'd)

8. Trade and Other Receivables (Cont'd)

8.1 Trade receivables (Cont'd)

(c) The Group's exposure to credit risk and loss allowances for expected credit losses ("ECLs") on trade receivables are summarised below :-

	31.12.2021		
	Gross carrying amount RM	**Loss allowances RM**	**Net carrying amount RM**
Not credit impaired			
Not past due	42,412,541	(89,407)	42,323,134
1 to 30 days past due	11,970,406	(101,119)	11,869,287
31 to 60 days past due	6,440,429	(125,910)	6,314,519
61 to 90 days past due	2,469,842	(93,648)	2,376,194
91 to 120 days past due	1,851,407	(147,588)	1,703,819
121 to 210 days past due	2,493,287	(357,594)	2,135,693
	25,225,371	(825,859)	24,399,512
	67,637,912	(915,266)	66,722,646
Credit impaired			
More than 210 days	2,316,245	(202,101)	2,114,144
Individually impaired	840,060	(840,060)	-
	3,156,305	(1,042,161)	2,114,144
	70,794,217	(1,957,427)	68,836,790

	31.12.2020		
	Gross carrying amount RM	**Loss allowances RM**	**Net carrying amount RM**
Not credit impaired			
Not past due	38,753,564	(73,754)	38,679,810
1 to 30 days past due	7,470,028	(53,510)	7,416,518
31 to 60 days past due	3,236,556	(37,410)	3,199,146
61 to 90 days past due	1,976,407	(26,956)	1,949,451
91 to 120 days past due	801,369	(25,033)	776,336
121 to 210 days past due	1,436,777	(109,821)	1,326,956
	14,921,137	(252,730)	14,668,407
	53,674,701	(326,484)	53,348,217
Credit impaired			
More than 210 days	936,909	(69,161)	867,748
Individually impaired	663,929	(650,288)	13,641
	1,600,838	(719,449)	881,389
	55,275,539	(1,045,933)	54,229,606

Notes to the Financial Statements
31 December 2021 (Cont'd)

8. Trade and Other Receivables (Cont'd)

8.1 Trade receivables (Cont'd)

(d) The movements in the Group's loss allowances for ECLs on trade receivables during the financial year are as follows :-

	Lifetime expected credit losses RM	Credit impaired RM	Total RM
31.12.2021			
At beginning of year	(326,484)	(719,449)	(1,045,933)
Net loss on remeasurement of loss allowances	(588,782)	(322,712)	(911,494)
At end of year	(915,266)	(1,042,161)	(1,957,427)
31.12.2020			
At beginning of year	(834,972)	(421,685)	(1,256,657)
Net gain/(loss) on remeasurement of loss allowances	508,488	(297,764)	210,724
At end of year	(326,484)	(719,449)	(1,045,933)

(e) The Group's trade receivables are denominated in the following currencies :-

	31.12.2021 RM	31.12.2020 RM
United States Dollar	4,614,707	2,934,650
Ringgit Malaysia	64,222,083	51,294,956
	68,836,790	54,229,606

8.2 Other receivables

The Group's other receivables are denominated in the following currencies :-

	31.12.2021 RM	31.12.2020 RM
United States Dollar	5,452,343	325,584
Euro	316,576	-
British Pound Sterling	92,192	-
New Taiwan Dollar	11,950	-
Ringgit Malaysia	185,246	3,305,710
	6,058,307	3,631,294

Notes to the Financial Statements
31 December 2021 (Cont'd)

8. Trade and Other Receivables (Cont'd)

8.3 Deposits

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Third parties	2,174,474	2,066,787
Related party	89,000	76,000
	2,263,474	2,142,787

Related party refers to a company in which certain Directors of the Group has substantial financial interests.

The indebtedness is interest-free, unsecured and is to be settled in accordance with normal credit terms.

Deposits paid to third parties include the following :-

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Deposit paid to supplier for purchase of machinery	1,728,864	1,646,696

9. Amount Due From/(To) Subsidiaries

9.1 Amount due from subsidiaries

	Company	
	31.12.2021	**31.12.2020**
	RM	**RM**
Advances to subsidiaries	16,630,770	-
Dividends receivable from subsidiaries	5,100,000	-
	21,730,770	-

The advances to subsidiaries are for working capital purposes and they are unsecured, interest-free and are repayable on demand.

The dividends receivable from subsidiaries have been fully settled subsequent to the financial year-end.

9.2 Amount due to subsidiaries

The amount due to subsidiaries was non-trade in nature, unsecured and interest-free and has been fully repaid during the current financial year.

Notes to the Financial Statements

31 December 2021 (Cont'd)

10. Placements in Money Market Funds

	Group		Company	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
Money market unit trust funds classified as financial assets at fair value through profit or loss	26,871,484	-	26,270,706	-

11. Short-term Deposits, Cash and Bank Balances

	Group		Company	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
Short-term deposits with licensed banks	27,758,605	9,839,553	16,149,565	-
Cash and bank balances	12,190,901	16,395,389	241,668	1
As presented in the statements of financial position	39,949,506	26,234,942	16,391,233	1
Less : Short-term deposits pledged as security	(1,609,040)	(1,539,553)	-	-
Cash and cash equivalents - as presented in the statements of cash flows	38,340,466	24,695,389	16,391,233	1

Short-term deposits with licensed banks pledged as security for banking facilities granted to the Group are not available for general use and hence are excluded from cash and cash equivalents.

The effective interest rates of the Group's and the Company's short-term deposits with licensed banks as at the end of financial year ranged from 1.60% to 2.50% (2020 : 1.45% to 3.36%) and 2.00% to 2.25% (2020 : NIL) per annum respectively.

The Group's and the Company's short-term deposits, cash and bank balances are denominated in the following currencies :-

	Group		Company	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
United States Dollar	1,887,046	632,379	-	-
Euro	426,938	22,943	-	-
New Taiwan Dollar	149,034	109,011	-	-
Singapore Dollar	25	25	-	-
Ringgit Malaysia	37,486,463	25,470,584	16,391,233	1
	39,949,506	26,234,942	16,391,233	1

Notes to the Financial Statements
31 December 2021 (Cont'd)

12. Share Capital

	Group and Company			
	31.12.2021		31.12.2020	
	Number of shares	Value RM	Number of shares	Value RM
Issued and fully paid-up ordinary shares				
At beginning of year/date of incorporation on 9 March 2020	235,569,000	117,784,501	2	2
New ordinary shares issued pursuant to the Initial Public Offering (Note 12.1)	64,431,000	61,209,450	-	-
Share issue expenses	-	(1,564,450)	-	-
New ordinary shares issued for acquisition of a subsidiary (Note 6.2)	-	-	235,568,998	117,784,499
At end of year /period	300,000,000	177,429,501	235,569,000	117,784,501

All of the issued ordinary shares of the Company do not have par value. 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 the shareholders' meetings of the Company.

12.1 New ordinary shares issued in the current financial year

In conjunction with the Company's Initial Public Offering and the listing of and quotation for its entire enlarged issued shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company issued 64,431,000 new ordinary shares at an issue price of RM0.95 per share and for cash consideration. All the new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The entire issued and paid-up share capital of the Company of 300,000,000 ordinary shares was listed and quoted on the Main Market of Bursa Securities on 15 July 2021.

12.2 New ordinary shares issued in the previous financial period

As disclosed in Note 6.2, on 28 August 2020, the Company issued 235,568,998 new ordinary shares at an issue price of RM0.50 per share for the satisfaction of consideration payable for the acquisition of a subsidiary, namely Yenher Agro-Products Sdn. Bhd. amounted to RM117,784,499.

13. Merger Deficit

The merger deficit arose from the difference between the purchase consideration and the issued share capital of the subsidiaries acquired upon consolidation using the principles of merger accounting in respect of business combinations under common control (Note 6.2).

Notes to the Financial Statements
31 December 2021 (Cont'd)

14. Revaluation Reserve

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Revaluation of land and buildings		
At beginning of year	9,337,236	8,412,396
Revaluation surplus during the year	-	1,053,410
Deferred tax effect on current year revaluation surplus (Note 15)	-	(112,818)
Transfer to retained profits	(50,320)	(15,752)
At end of year	9,286,916	9,337,236

Revaluation reserve represents net of tax surplus from revaluation of land and buildings included under property, plant and equipment (Note 4.1).

15. Deferred Tax Liabilities

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
At beginning of year	1,450,051	1,159,695
Recognised in profit or loss (Note 20)	28,560	177,538
Recognised in other comprehensive income (Note 14)	-	112,818
At end of year	1,478,611	1,450,051

15.1 The components and movements of the Group's deferred tax liabilities and deferred tax assets during the financial year prior to offsetting are as follows :-

31.12.2021

	As at 01.01.2021 RM	**Recognised in profit or loss RM**	**As at 31.12.2021 RM**
Deferred tax liabilities			
Excess of capital allowances over depreciation	382,519	228,906	611,425
Revaluation of land and buildings	1,370,113	(15,891)	1,354,222
Right-of-use assets	350,687	210,564	561,251
Other taxable temporary differences	-	29,370	29,370
	2,103,319	452,949	2,556,268
Deferred tax assets			
Unabsorbed tax losses	(52,814)	19,029	(33,785)
Lease liabilities	(367,088)	(208,374)	(575,462)
Other deductible temporary differences	(233,366)	(235,044)	(468,410)
	(653,268)	(424,389)	(1,077,657)
	1,450,051	28,560	1,478,611

15. Deferred Tax Liabilities (Cont'd)

15.1 The components and movements of the Group's deferred tax liabilities and deferred tax assets during the financial year prior to offsetting are as follows (Cont'd) :-

31.12.2020

	As at 01.01.2020 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	As at 31.12.2020 RM
Deferred tax liabilities				
Excess of capital allowances over depreciation	331,870	50,649	-	382,519
Revaluation of land and buildings	1,135,787	121,508	112,818	1,370,113
Right-of-use assets	551,079	(200,392)	-	350,687
Other taxable temporary differences	809	(809)	-	-
	2,019,545	(29,044)	112,818	2,103,319
Deferred tax assets				
Unutilised capital allowances	(62,717)	62,717	-	-
Unabsorbed tax losses	-	(52,814)	-	(52,814)
Lease liabilities	(563,767)	196,679	-	(367,088)
Other deductible temporary differences	(233,366)	-	-	(233,366)
	(859,850)	206,582	-	(653,268)
	1,159,695	177,538	112,818	1,450,051

15.2 As at the end of the financial year, the Group has RM195,272 (2020 : NIL) of unabsorbed tax losses for which no deferred tax assets have been recognised in the financial statements.

16. Trade and Other Payables

	Group		Company	
	31.12.2021 RM	31.12.2020 RM	31.12.2021 RM	31.12.2020 RM
Trade payables (Note 16.1)	13,451,566	11,260,492	-	-
Other payables and accruals	10,321,792	9,983,716	152,623	478,236
	23,773,358	21,244,208	152,623	478,236

16. Trade and Other Payables (Cont'd)

16.1 Trade payables

	Group	
	31.12.2021 RM	31.12.2020 RM
Third parties	13,151,731	11,029,148
Related parties (Note 16.1(a))	299,835	231,344
	13,451,566	11,260,492

(a) Related parties refer to companies in which a person connected to certain Directors of the Group has substantial financial interests.

The indebtednesses are interest-free, unsecured and are to be settled in accordance with normal credit terms.

(b) The normal credit periods of the Group's trade payables range from 7 to 90 days (2020 : 7 to 90 days).

(c) The Group's trade payables are denominated in the following currencies :-

	Group	
	31.12.2021 RM	31.12.2020 RM
United States Dollar	3,977,235	1,797,580
Euro	878,661	908,670
British Pound Sterling	100,883	-
Ringgit Malaysia	8,494,787	8,554,242
	13,451,566	11,260,492

17. Revenue

	Group		Company	
	Period from 01.01.2021 to 31.12.2021 RM	Period from 01.01.2020 to 31.12.2020 RM	Period from 01.01.2021 to 31.12.2021 RM	Period from 09.03.2020 to 31.12.2020 RM
Revenue from contracts with customers :				
- Sales of goods	263,409,643	202,634,937	-	-
Revenue from other sources :				
- Dividend income from subsidiaries	-	-	21,500,000	-
	263,409,643	202,634,937	21,500,000	-

Notes to the Financial Statements
31 December 2021 (Cont'd)

17. Revenue (Cont'd)

The Group's revenue from sales of goods is recognised at a point in time and is derived from the following business activities :-

	Period from 01.01.2021 to 31.12.2021 RM	Period from 01.01.2020 to 31.12.2020 RM
Manufacturing	115,844,597	112,944,382
Distribution	147,565,046	89,690,555
	263,409,643	202,634,937

Disaggregation of revenue by geographical locations is disclosed in Note 27.2.

18. Finance Costs

	Group	
	Period from 01.01.2021 to 31.12.2021 RM	Period from 01.01.2020 to 31.12.2020 RM
Interests on :		
- lease liabilities	64,055	92,505
- bankers' acceptances	75,183	24,546
- bank overdraft	116	104
- term loan	-	79,352
	139,354	196,507

Notes to the Financial Statements

31 December 2021 (Cont'd)

19. Profit/(Loss) before Taxation

	Group		Company	
	Period from 01.01.2021 to 31.12.2021 RM	**Period from 01.01.2020 to 31.12.2020 RM**	**Period from 01.01.2021 to 31.12.2021 RM**	**Period from 09.03.2020 to 31.12.2020 RM**
This is stated after charging :-				
Auditors' remuneration :				
- Annual statutory audit				
Current year	87,000	44,000	23,000	3,000
Under/(Over) provided in prior year	5,500	(5,000)	4,500	-
- Interim audit	-	33,000	-	33,000
- Non-audit services				
Current year	67,267	120,802	67,267	84,802
Under provided in prior year	-	1,000	-	-
Amortisation of intangible assets	105,837	-	-	-
Depreciation of property, plant and equipment	1,049,176	950,166	-	-
Depreciation of right-to-use assets	859,010	855,929	-	-
Directors' remuneration :				
- Executive Directors of the Company				
Fees	930,000	2,300,000	-	-
Salaries and other remuneration	4,931,975	4,652,878	-	-
- Non-executive Directors of the Company				
Fees	122,500	-	122,500	-
Other remuneration	26,200	-	26,200	-
- Executive director of subsidiaries				
Fees	270,000	700,000	-	-
Salaries and other remuneration	1,343,249	1,214,120	-	-
Expenses relating to short-term leases	187,867	150,990	-	-
Net impairment losses on trade receivables	911,494	-	-	-
Loss on foreign exchange :				
- Realised	126,418	285,461	-	-
- Unrealised	-	127,430	-	-
Listing expenses	1,087,410	658,952	1,087,410	583,462
Loss on disposal of property, plant and equipment	-	2,979	-	-
Property, plant and equipment written-off	158	-	-	-
and crediting :-				
Gain on changes in fair value of money market funds	39,190	-	38,412	-
Gain on disposal of property, plant and equipment	120,397	-	-	-
Income from placements in money market funds	232,294	-	232,294	-
Interest income	335,804	200,700	190,640	-
Net reversal of impairment losses on trade receivables	-	210,724	-	-
Reversal of loss on revaluation of property, plant and equipment	-	5,814	-	-
Unrealised gain on foreign exchange	122,730	-	-	-
Wage subsidy	-	27,000	-	-

Notes to the Financial Statements
31 December 2021 (Cont'd)

20. Taxation

	Group		Company	
	Period from 01.01.2021 to 31.12.2021 RM	**Period from 01.01.2020 to 31.12.2020 RM**	**Period from 01.01.2021 to 31.12.2021 RM**	**Period from 09.03.2020 to 31.12.2020 RM**
Current year income tax	6,757,500	7,222,000	57,500	-
Deferred tax (income)/expense resulting from origination and reversal of temporary differences	(75,169)	30,594	-	-
	6,682,331	7,252,594	57,500	-
Under/(Over) provided in prior year :				
- Income tax	54,289	(137,967)	-	-
- Deferred tax	103,729	146,944	-	-
Total tax expense	6,840,349	7,261,571	57,500	-

20.1 The general income tax rate in Malaysia for the period under review is 24% (2020 : 24%) of taxable income.

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

	Group		Company	
	Period from 01.01.2021 to 31.12.2021 RM	**Period from 01.01.2020 to 31.12.2020 RM**	**Period from 01.01.2021 to 31.12.2021 RM**	**Period from 09.03.2020 to 31.12.2020 RM**
Profit/(Loss) before taxation	27,677,468	29,658,122	20,630,401	(711,316)
Taxation at the statutory tax rate of 24% (2020 : 24%)	6,642,592	7,117,949	4,951,296	(170,716)
Tax effects in respect of :-				
Income not subject to tax	(547,402)	(122,621)	(5,224,969)	170,716
Expenses not deductible for tax purposes	540,276	299,300	331,173	-
Current year deferred tax assets not recognised	46,865	-	-	-
Tax savings arising from utilisation of previously unrecognised deferred tax assets	-	(42,034)	-	-
Under/(Over) provision in prior year :				
- Income tax	54,289	(137,967)	-	-
- Deferred tax	103,729	146,944	-	-
Total tax expense	6,840,349	7,261,571	57,500	-

Notes to the Financial Statements

31 December 2021 (Cont'd)

20. Taxation (Cont'd)

20.2 Subject to the agreement with the Inland Revenue Board, as at the end of the financial year, the Group has an estimated unabsorbed tax losses of RM336,043 (2020 : RM140,771) which is available for set-off against future taxable income.

20.3 A subsidiary, namely Yenher Biotech Sdn. Bhd. has been granted with BioNexus status by the Malaysian Bioeconomy Development Corporation Sdn. Bhd. which exempts 100% of its statutory income from Malaysian income tax for a period of 5 years commencing from 1 July 2021.

21. Earnings per Share

21.1 Basic

The basic earnings per share is calculated based on the Group's profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year as shown below :-

	31.12.2021	**31.12.2020**
Profit for the year attributable to owners of the Company (RM)	20,837,119	22,396,551
Weighted average number of ordinary shares outstanding during the financial year	265,577,959	235,569,000
Earnings per share (Sen)	7.85	9.51

21.2 Diluted

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 December 2021 (2020 : NIL).

22. Dividends

	Group and Company	
	31.12.2021 RM	**31.12.2020 RM**
For the financial year ended 31 December 2021		
- First single-tier interim dividend of approximately 4.58 sen per ordinary share, declared on 30 April 2021 and paid on 3 May 2021	10,800,000	-
- Second single-tier interim dividend of 1.50 sen per ordinary share, declared on 23 August 2021 and paid on 6 October 2021	4,500,000	-
	15,300,000	-

Notes to the Financial Statements
31 December 2021 (Cont'd)

23. Staff Costs

	Group	
	Period from 01.01.2021 to 31.12.2021 RM	Period from 01.01.2020 to 31.12.2020 RM
Staff costs comprised :-		
Salaries, bonus, overtime, commissions, allowances and incentives	13,118,191	13,092,499
Contributions to Employees Provident Fund	1,713,981	1,656,525
Others	528,067	485,849
	15,360,239	15,234,873

Staff costs include remuneration (except for fees) of executive directors of the Company and the subsidiaries.

24. Notes to Statements of Cash Flows

24.1 Liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the tables below.

	As at 01.01.2021 RM	Addition during the year RM	Net cash flows RM	As at 31.12.2021 RM
31.12.2021				
Lease liabilities	1,529,532	1,716,172	(847,946)	2,397,758

	As at 01.01.2020 RM	Net cash flows RM	As at 31.12.2020 RM
31.12.2020			
Lease liabilities	2,349,027	(819,495)	1,529,532
Term loan	5,231,448	(5,231,448)	-
	7,580,475	(6,050,943)	1,529,532

Notes to the Financial Statements
31 December 2021 (Cont'd)

24. Notes to Statements of Cash Flows (Cont'd)

24.2 Cash flows for leases

	Group	
	Period from 01.01.2021 to 31.12.2021 RM	**Period from 01.01.2020 to 31.12.2020 RM**
Included in cash flows from operating activities		
Payments for interest on lease liabilities (Note 18)	64,055	92,505
Payments relating to short-term leases (Note 19)	187,867	150,990
Included in cash flows from financing activities		
Payments for principal portion lease liabilities (Note 24.1)	847,946	819,495
Total cash outflows for leases	1,099,868	1,062,990

25. Capital Commitments

	Group	
	31.12.2021 RM	**31.12.2020 RM**
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	9,843,296	9,647,405
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	537,075	-
- Construction of a new factory building	30,065,215	32,000,000
	30,602,290	32,000,000

26. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year and balances at end of the financial year are disclosed below.

26. Related Party Transactions (Cont'd)

26.1 The transactions with related parties

	Group	
	Period from 01.01.2021 to 31.12.2021 RM	**Period from 01.01.2020 to 31.12.2020 RM**
Transactions with a company in which certain Directors of the Company have substantial financial interests :		
- Payments for leases	(960,000)	(960,000)
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :		
- Sales of goods to related parties	27,459,670	20,947,456
- Purchases of goods from related parties	(2,382,587)	(1,804,529)
- Rendering of services by related parties	(790,834)	(587,988)
Rental charged by a Director of the Company	(36,500)	(18,000)

26.2 Year-end/period-end outstanding balances with related parties

The year-end/period-end outstanding balances with the related parties and their terms and conditions are disclosed in Notes 8, 9 and 16. An additional impairment loss of RM526 (2020 : Reversal of impairment loss of RM66,835) has been recognised during the financial year in respect of the amount due from the related parties.

26.3 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel are the Directors of the Company and the executive directors of subsidiaries and their remuneration for the financial year are as follows :-

	Group		Company	
	Period from 01.01.2021 to 31.12.2021 RM	**Period from 01.01.2020 to 31.12.2020 RM**	**Period from 01.01.2021 to 31.12.2021 RM**	**Period from 09.03.2020 to 31.12.2020 RM**
Short-term employee benefits	5,272,740	4,929,954	-	-
Contributions to Employees Provident Fund	1,000,621	935,213	-	-
Directors' fees	1,322,500	3,000,000	122,500	-
Others	28,063	1,831	26,200	-
	7,623,924	8,866,998	148,700	-
Benefits-in-kind	68,533	68,625	-	-
	7,692,457	8,935,623	148,700	-

Notes to the Financial Statements
31 December 2021 (Cont'd)

26. Related Party Transactions (Cont'd)

26.3 Key management personnel compensation (Cont'd)

The year-end outstanding balances in relation to key management personnel compensation is as follows :-

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Included under other payables and accruals	4,339,949	5,974,890

27. Operating Segments

27.1 Reportable segment

The Group's operations comprise mainly of manufacturing, supplying and marketing of health and nutrition products for livestock and companion animals which collectively are considered as one business segment. Accordingly, the operating revenue and results of this segment are reflected in the Group's statement of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group's statement of financial position.

27.2 Geographical information

In determining geographical segments of the Group, "Revenue" is based on the geographical location of customers and "Non-current Assets" are based on the geographical location of the assets. The non-current assets do not include financial instruments and deferred tax assets.

	Group	
	Period from 01.01.2021 to 31.12.2021	**Period from 01.01.2020 to 31.12.2020**
	RM	**RM**
Revenue from :		
- Malaysian customers	239,346,901	181,910,583
- Overseas customers	24,062,742	20,724,354
	263,409,643	202,634,937

	Group	
	31.12.2021	**31.12.2020**
	RM	**RM**
Non-current assets located in Malaysia	40,038,297	36,645,487

27.3 Major customers

There was no single customer which contributed more than 10% of the Group's total revenue for the current and previous financial year.

Notes to the Financial Statements
31 December 2021 (Cont'd)

28. Financial Instruments and Financial Risk Management

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include trade and other receivables, refundable deposits, placements in money market funds, short-term deposits with licensed bank, cash and bank balances.

Financial liabilities of the Group include trade and other payables.

In respect of the Company, financial assets and financial liabilities also include the amounts due from and due to subsidiaries respectively.

28.1 Categories of Financial Instruments

The Group's and the Company's financial instruments as at the end of the financial year are categorised as follows :-

(a) Financial assets measured at amortised cost ("FAAC")
(b) Financial assets measured at fair value through profit or loss ("FAFVTPL")
(c) Financial liabilities measured at amortised cost ("FLAC")

		Financial assets		Financial liabilities
	Note	FAAC RM	FAFVTPL RM	FLAC RM
Group - 31.12.2021				
Trade and other receivables	8	74,895,097	-	-
Refundable deposits #	8.3	534,610	-	-
Placements in money market funds	10	-	26,871,484	-
Short-term deposits, cash and bank balances	11	39,949,506	-	-
Trade and other payables	16	-	-	(23,773,358)
		115,379,213	26,871,484	(23,773,358)

		Financial assets	Financial liabilities
	Note	FAAC RM	FLAC RM
Group - 31.12.2020			
Trade and other receivables	8	57,860,900	-
Refundable deposits #	8.3	496,091	-
Short-term deposits, cash and bank balances	11	26,234,942	-
Trade and other payables	16	-	(21,244,208)
		84,591,933	(21,244,208)

\# *Exclude deposit paid for purchase of machinery (Note 8.3)*

Notes to the Financial Statements
31 December 2021 (Cont'd)

28. Financial Instruments and Financial Risk Management (Cont'd)

28.1 Categories of Financial Instruments (Cont'd)

	Note	Financial assets FAAC RM	Financial assets FAFVTPL RM	Financial liabilities FLAC RM
Company - 31.12.2021				
Amount due from subsidiaries	9.1	21,730,770	-	-
Placements in money market funds	10	-	26,270,706	-
Short-term deposits, cash and bank balances	11	16,391,233	-	-
Other payables	16	-	-	(152,623)
		38,122,003	26,270,706	(152,623)

	Note	Financial assets FAAC RM	Financial liabilities FLAC RM
Company - 31.12.2020			
Cash balance	11	1	-
Amount due to subsidiaries	9.2	-	(389,707)
Other payables	16	-	(478,236)
		1	(867,943)

28.2 Financial Risk Management

The Group's financial instruments are subject to a variety of financial risks including credit risk, liquidity and cash flow risks and market risk.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

(a) Credit risk

Risk management

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade and other receivables, refundable deposits, placements in money market funds, short-term deposits placed with licensed banks and bank balances. The Company's exposure to credit risk includes the amount due from subsidiaries.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management.

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Risk management (Cont'd)

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

The Group's and the Company's money market funds, short-term deposits and bank balances are only placed with licensed financial institutions and banks and the management consider the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

The Group's and the Company's maximum exposure to credit risk as at the end of each reporting period is represented by the carrying amount of each class of financial assets recognised in the Group's and in the Company's statements of financial position.

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure to the amounts due from the following major customers :-

	Group	
	31.12.2021	**31.12.2020**
Number of major customers	16	12
Percentage of exposure of total trade receivables	52%	45%

The amount due and repayment from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

Measurement of expected credit loss allowances

The Group has three types of financial assets which are subject to the expected credit losses ("ECLs") impairment model and they are :-

- Trade receivables;
- Other receivables and refundable deposits; and
- Short-term deposits with licensed banks and bank balances.

Short-term deposits with licensed banks and bank balances have a low credit risk as they are placed with reputable banks with high quality external credit ratings. Consequently, no allowance for impairment loss has been provided for in the financial statements.

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

<u>**Measurement of expected credit loss allowances**</u> (Cont'd)

Trade receivables using the simplified approach

The Group applies the MFRS 9 simplified approach in measuring ECLs which estimates a lifetime expected credit loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of its customers in relation to invoices issued for sales of goods over a period of 2 years prior to the end of each reporting period and the corresponding historical credit loss experienced within those periods.

The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debts. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

Where the credit risk of a debtor has increased significantly and past due more than 210 days, its ECLs are assessed individually by considering historical payment trends and financial strength of the debtor.

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor is having significant financial difficulty and does not have sufficient cash flows to repay its debts. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The Group's exposure to credit risk and loss allowance for ECLs on trade receivables are disclosed in Note 8.1.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Other receivables and refundable deposits

Impairment of other receivables and refundable deposits is recognised on the general approach within MFRS 9 using the forward-looking ECLs impairment model. The methodology used to determine the amount of impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

Based on the management's assessment, the probability of default on other receivables and refundable deposits are low and hence, no loss allowance has been recognised in the financial statements.

Notes to the Financial Statements
31 December 2021 (Cont'd)

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Amount due from subsidiaries

The Company provides unsecured advances to subsidiaries and monitors their financial performances regularly.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. Since the Company is able to determine the timing of repayments of the advances, the Company considers the advances to be in default if the subsidiaries are not able to pay when demanded. This is normally evidenced by the subsidiaries' continuing losses and/or having a deficit in shareholders' fund.

The Company determines that the probability of default for the amount due from subsidiaries individually using internal information. No loss allowance has been recognised for amount due from subsidiaries as the Company determines that the risk of loss from non-recovery of debts as insignificant.

(b) Liquidity and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of currency, interest rate and credit risks have the effect of further minimising the incidence and effects of liquidity and cash flow risks.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on the contractual undiscounted cash flows is as follows :-

	Maturity profile				
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	Effective interest rate %
Group					
31.12.2021					
Trade and other payables	23,773,358	-	-	23,773,358	-
Lease liabilities	912,000	1,596,000	-	2,508,000	3.20
	24,685,358	1,596,000	-	26,281,358	

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(b) Liquidity and cash flow risks (Cont'd)

Maturity analysis (Cont'd)

The maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on the contractual undiscounted cash flows is as follows (Cont'd) :-

	Maturity profile				
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	Effective interest rate %
Group (Cont'd)					
31.12.2020					
Trade and other payables	21,244,208	-	-	21,244,208	-
Lease liabilities	912,000	684,000	-	1,596,000	4.70
	22,156,208	684,000	-	22,840,208	
Company					
31.12.2021					
Other payables	152,623	-	-	152,623	-
31.12.2020					
Amount due to subsidiaries	389,707	-	-	389,707	-
Other payables	478,236	-	-	478,236	-
	867,943	-	-	867,943	

(c) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposures are currency and interest rate fluctuations which are discussed under the respective risk headings.

(d) Currency risk

The Group is exposed to foreign currency risk arising from transactions denominated in currencies other than the functional currency of the Group, i.e. Ringgit Malaysia. The foreign currencies giving rise to this risk are primarily United States Dollar ("USD"), European Union Euro ("EURO"), New Taiwan Dollar ("NTD") and British Pound Sterling ("GBP"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is maintained at an acceptable level.

The Group does not speculate in foreign currency derivatives.

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(d) Currency risk (Cont'd)

Exposure to currency risk

The foreign currency exposure profile of the Group's financial instruments as at the end of the reporting period is as follows :-

	Denominated in foreign currency				
	USD RM	**EURO RM**	**NTD RM**	**GBP RM**	**Total RM**
31.12.2021					
Trade receivables	4,614,707	-	-	-	4,614,707
Other receivables	5,452,343	316,576	11,950	92,192	5,873,061
Short-term deposits, cash and bank balances	1,887,046	426,938	149,034	-	2,463,018
Trade payables	(3,977,235)	(878,661)	-	(100,883)	(4,956,779)
	7,976,861	(135,147)	160,984	(8,691)	7,994,007
31.12.2020					
Trade receivables	2,934,650	-	-	-	2,934,650
Other receivables	325,584	-	-	-	325,584
Short-term deposits, cash and bank balances	632,379	22,943	109,011	-	764,333
Trade payables	(1,797,580)	(908,670)	-	-	(2,706,250)
	2,095,033	(885,727)	109,011	-	1,318,317

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currency against the functional currency of the Group at the end of the reporting period would have increased or decreased profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Increase/(Decrease)	
	31.12.2021 RM	**31.12.2020 RM**
USD	797,686	209,503
EURO	(13,515)	(88,573)
NTD	16,098	10,901
GBP	(869)	-

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(e) Interest rate risk

The Group and the Company have interest rate risk in respect of their placements in money market funds and short-term deposits placed with licensed banks.

The Group's and the Company's short-term deposits placed with licensed banks are subject to interest based on fixed rates while placements in money market funds are subject to interest based on floating rates.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing instruments are structured or reduced.

Interest rate risk sensitivity analysis

As the short-term deposits with licensed banks are based on fixed rates, a change in interest rates at the end of the reporting period would not affect profit or loss or equity.

In respect of the floating rate placements in money market funds, a change in interest rate by +/- 50 basis points would have increased or decreased the Group's and the Company's profit or loss for the financial year ended 31 December 2021 by RM134,357 and RM131,353 respectively (2020 : NIL).

28.3 Fair Value of Financial Instruments

(a) Financial instruments that are carried at fair value

The table below analyses financial instruments at the end of the reporting period which are measured at fair value by the various level within a fair value hierarchy :-

	Fair value hierarchy			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
31.12.2021				
Financial assets				
Placements in money market funds				
- Group	-	26,871,484	-	26,871,484
- Company	-	26,270,706	-	26,270,706

31.12.2020 - NIL

The fair value of the placements in money market funds is determined by reference to market price at the end of the reporting period.

(b) The carrying amounts of the Group's and the Company's other financial assets and liabilities are reasonable approximation of their fair values due to the relatively short-term nature of these financial instruments.

There were no transfers in between fair value levels during the financial year ended 31 December 2021 and 31 December 2020.

Notes to the Financial Statements
31 December 2021 (Cont'd)

29. Capital Management

The primary objective of the Group'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 shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In the management of capital risk, the Group takes into consideration the net debt equity ratio as well as the Group's working capital requirement. There were no changes in the Group's approach to capital management during the financial year.

Statement by Directors

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

We, CHENG MOOH TAT and CHENG MOOH KHENG, being two of the Directors of YENHER HOLDINGS BERHAD do hereby state that, in the opinion of the Directors, the financial statements set out on pages 35 to 91 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 of the Group and the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 15 April 2022.

CHENG MOOH TAT Director	CHENG MOOH KHENG Director

Pulau Pinang

Date : 15 April 2022

Statutory Declaration

(Pursuant to Section 251(1)(b) of the Companies Act 2016)

I, THEOH MOOI TENG, being the Director primarily responsible for the financial management of YENHER HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 35 to 91 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Perai in the State of Pulau Pinang)
this 15 April 2022)

THEOH MOOI TENG

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report To The Members
of **Yenher Holdings Berhad** 202001008388 (1364708-X)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YENHER HOLDINGS BERHAD, 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 35 to 91.

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 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. 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 the IESBA Code.

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.

Key audit matters	**How our audit addressed the key audit matters**
1. Revenue recognition from sales of goods As disclosed in Note 27.2 to the financial statements, the Group's revenue from sales of goods were derived from sales to Malaysian and overseas customers. Revenue from sales of goods was recognised when control of the goods was transferred to the customers, being when the Group has fulfilled its performance obligation based on the delivery terms contracted with the customers. The Group's accounting policy on revenue recognition from contracts with customers is disclosed in Note 2.27.1 to the financial statements. We considered the risk of revenue being recognised in an incorrect accounting period as a key audit matter due to its financial significance.	Our audit procedures included the following : • Discussed with the management to obtain understanding about the processes and controls over cut-off procedures and recording of sales of goods. • Tested the timeliness and completeness of revenue recognition by comparing the selected delivery and shipping documents against the recording of the sales transactions in the relevant accounting records. • Tested the occurrences of sales transactions as recorded in the accounting records by verifying the selected transactions against delivery and shipping documents. • Tested the trade receivable accounts by requesting confirmations from selected customers. For any difference between the confirmation received from customers and the Group's record, verified the reconciliations prepared by the management against the underlying supporting documents.

Independent Auditors' Report To The Members

of **Yenher Holdings Berhad** 202001008388 (1364708-X) (Cont'd)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Measurement of loss allowances for expected credit losses ("ECLs") on trade receivables As disclosed in Note 8.1 to the financial statements, the carrying amount of the Group's trade receivables as at 31 December 2021 is RM68,836,790, after deducting cumulative impairment losses of RM1,957,427, and this represents approximately 31% of the Group's total assets. For other disclosures, refer to the following notes to the financial statements : • Note 2.14.4 - Accounting policy for measurement of loss allowances for ECLs • Note 3.2.3 - Key sources of estimation uncertainty on measurement of loss allowances for ECLs on trade receivables • Note 28.2(a) - Disclosures about credit risk management in respect of trade receivables The measurement of loss allowances for ECLs requires the exercise of significant judgement and the estimation of the effects of uncertain future events such as risk of default, expected loss rate and changes in macroeconomic conditions. In view of the significance of the carrying amount and the high level of subjectivity involved in the estimation of ECLs, we considered that this area as a key audit matter.	Our audit procedures included the following : • Reviewed the management's processes and controls over the identification of impaired trade receivables. • Reviewed the trade receivables ageing report and made inquiries of the management about long outstanding debts and assessed their recoverability by evaluating the receipts after year-end and past payment trend. • In relation to the determination of expected loss rates using historical ageing data, on sampling basis, we tested the integrity of the ageing report against the relevant supporting documents. We also evaluated the reasonableness of the forward-looking macroeconomic factor used in determining the expected loss rate.

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 Directors' Report and other 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report To The Members
of **Yenher Holdings Berhad** 202001008388 (1364708-X) (Cont'd)

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 have 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

- 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.

Independent Auditors' Report To The Members
of **Yenher Holdings Berhad** 202001008388 (1364708-X) (Cont'd)

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

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

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

Other Matters

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

FOLKS DFK & CO.
NO. : AF 0502
CHARTERED ACCOUNTANTS

LEONG KOK TONG
NO. : 02973/11/2023 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 15 April 2022

List Of Properties
As At 31 December 2021

No	Title identification/ Postal address	Tenure	Description of property/ Existing or proposed use	Land area/ Built-up area	Net Book Value (RM'000)
1.	Title identification: Lot Nos. 7622 to 7625 held under HSD Nos. 24798, 24800, 24803 and 24804 respectively, all in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Postal address: No. 1628, Jalan IKS Simpang Ampat 1 Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang	Freehold	Description: A double-storey detached office building annexed with a single-storey warehouse Existing use: Head office and warehouse of our Group	Land area: 27,782 sq ft Built-up area: 21,652 sq ft	3,417
2.	Title identification: Lot Nos. 7616 to 7621 held under HSD Nos. 24786, 24788, 24790, 24792, 24794 and 24797 respectively, all in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Postal address: No. 1684, Jalan IKS Simpang Ampat 1 Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang	Freehold	Description: A single-storey detached factory with a double-storey office building Existing use: Office and manufacturing plant of our Group	Land area: 42,776 sq ft Built-up area: 31,635 sq ft	4,904
3.	Title identification: Lot No. 20111 held under GRN 165939 in Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	Freehold	Description: Vacant land Proposed use: A three (3)-storey office building annexed with two (2) single-storey factory buildings and a single-storey canteen. This property will house our new head office, manufacturing plant, warehouse and R&D center	Land area: 464,786 sq ft Built-up area: N/A	21,000
4.	Title identification: Lot 2398 Block 233 of Kuching North Land District, Jalan Batu Kitang, Sarawak Postal address: 2(S/L38), Lot 2398 BLK 233 KNLD Batu Kitang Light Industrial Park Batu 7½, Jalan Batu Kitang 93250 Kuching Sarawak	Leasehold for a period of 60 years, expiring on 1 November 2072	Description: A double-storey detached industrial building Existing use: Administration and sale office as well as warehouse of our Group	Land area: 15,661 sq ft Built-up area: 5,070 sq ft	1,600

Analysis of Shareholdings

As At 31 March 2022

1. Class of Equity Securities : Ordinary shares
   Number of holders of Ordinary Shares : 2,295
   Total number of issued shares : 300,000,000
   Voting Rights : 1 vote per share

2. ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2022

Size of shareholdings	No. of shareholders	% of shareholders	No. of issued shares	% of issued shares
1 - 99	0	0.00	0	0.00
100 - 1,000	267	11.63	182,900	0.06
1,001 - 10,000	1,114	48.54	6,166,200	2.05
10,001 - 100,000	741	32.29	25,011,300	8.34
100,001 – 14,999,999 (*)	171	7.45	111,139,600	37.05
15,000,000 and above (**)	2	0.09	157,500,000	52.50
TOTAL	2,295	100.00	300,000,000	100.00

Remark : * Less than 5% of issued shares
** 5% and above of issued shares

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2022
   (without aggregating the securities from different securities accounts belonging to the same person)

	Name	No. of shares held	% of total issued shares
1.	CGH Holdings Sdn. Bhd.	135,000,000	45.00
2.	Cheng Mooh Tat	22,500,000	7.50
3.	Cheng Mooh Chye	10,500,000	3.50
4.	Cheng Mooh Kheng	10,500,000	3.50
5.	Yeoh Ngong Koke	10,422,800	3.47
6.	Boon Jenn Woei	5,889,200	1.96
7.	Yii Yeang Ping	2,747,400	0.92
8.	Wong Wai Kong	2,200,000	0.73
9.	Khas Perkasa Sdn. Bhd.	2,000,000	0.67
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Wai Kong*	1,973,000	0.66
11.	Tee Chin Heng	1,917,000	0.64
12.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Huat Chuan*	1,900,000	0.63
13.	Gan Swee Chai	1,757,500	0.59
14.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Wah Peng*	1,659,800	0.55
15.	Perniagaan Muhibbah Ria Sdn. Bhd.	1,657,400	0.55
16.	Too Chin Kiong	1,600,000	0.53
17.	Teoh Peng Lee	1,343,000	0.45
18.	Cheng Leng Boon	1,313,100	0.44
19.	Teow Peng Hee	1,255,000	0.42
20.	Yeoh Aik Shiong	1,059,000	0.35
21.	Khoo Yok Kee	1,052,600	0.35
22.	Liang Teik Trading Co. Sdn. Bhd.	1,000,000	0.33
23.	Maybank Nominees (Tempatan) Sdn. Bhd. *exempt an for Areca Capital Sdn. Bhd.*	1,000,000	0.33

Analysis of Shareholdings
As At 31 March 2022 (Cont'd)

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2022 (CONT')
(without aggregating the securities from different securities accounts belonging to the same person)

	Name	No. of shares held	% of total issued shares
24.	Swaldex Sdn. Bhd.	1,000,000	0.33
25.	Theoh Mooi Teng	950,000	0.32
26.	Teoh Mooi Hiang	929,000	0.31
27.	Tan Li Lian	850,000	0.28
28.	Cheng Cheik Ying	847,000	0.28
29.	Theoh Mooi Teng	800,000	0.27
30.	Lim Swee Tin	720,000	0.24

4. SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022

		Direct interest		Deemed interest	
	Name	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
1.	CGH Holdings Sdn. Bhd.	135,000,000	45.00	-	-
2.	Cheng Mooh Tat	22,500,000	7.50	135,000,000[1]	45.00
3.	Cheng Mooh Kheng	10,500,000	3.50	135,000,000[1]	45.00
4.	Cheng Mooh Chye	10,500,000	3.50	135,000,000[1]	45.00

Note :
[1] Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

5. INTEREST OF DIRECTORS AS AT 31 MARCH 2022

a) Interest in shares of the Company

	Direct Interest		Deemed Interest	
Name	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
Dr. Wan Mohd Kamil Bin Wan Nik	50,000	0.02	-	-
Cheng Mooh Tat	22,500,000	7.50	135,000,000[1]	45.00
Cheng Mooh Kheng	10,500,000	3.50	135,000,000[1]	45.00
Theoh Mooi Teng	1,750,000	0.58	-	-
Tan Peng Lam	100,000	0.03	300,000[2]	0.10
Dato' Lim Choon Khim	100,000	0.03	-	-

Notes :
[1] Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016
[2] Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Companies Act 2016

b) Interest in shares of related corporations

By virtue of their direct and indirect interests in the Company, Mr. Cheng Mooh Tat and Mr. Cheng Mooh Kheng are also deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has an interest as at 31 March 2022.

Other than as disclosed above, none of the other directors have any interest in the shares of related corporations as at 31 March 2022.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second (2nd) Annual General Meeting ("AGM") of Yenher Holdings Berhad will be held at Iconic 3-5, Level 7, Iconic Hotel, 71 Jalan Icon City, Icon City, 14000 Bukit Mertajam, Pulau Pinang on Friday, 3 June 2022 at 10.00 a.m. for the following purposes :-

AS ORDINARY BUSINESSES

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. — Please refer to Note 3

2. To approve the payment of a final single tier dividend of 1.50 sen per share for the financial year ended 31 December 2021. — Ordinary Resolution 1

3. To approve the payment of Directors' fees amounting to RM1,320,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2021. — Ordinary Resolution 2

4. To approve the payment of benefits other than Directors' fees to the Non-Executive Directors of the Company amounting to RM47,200 for the financial year ended 31 December 2021 up to the date of the 2nd AGM and up to RM 22,000 from 4 June 2022 until the next AGM of the Company. — Ordinary Resolution 3

5. To re-elect the Director, Mr. Cheng Mooh Tat, who retires by rotation in accordance with Clause 165 of the Company's Constitution and who being eligible offers himself for re-election. — Ordinary Resolution 4

   Dr. Wan Mohd Kamil Bin Wan Nik who also retire by rotation in accordance with Clause 165 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 2nd AGM.

6. To re-appoint Messrs Folks DFK & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — Ordinary Resolution 5

AS SPECIAL BUSINESSES

7. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions :-

   Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

   (a) "THAT subject always to the Companies Act 2016 ("Act"), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." — Ordinary Resolution 6

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESSES (CONT'D)

7. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions (Cont'd) :-

Proposed Shareholders' Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

(b) "THAT approval be and is hereby given to the Company and its subsidiary(ies) ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the specified classes of related parties as specified in Section 2.5 of the Circular to Shareholders dated 29 April 2022, provided that: Ordinary Resolution 7

(a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;

(b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;

(c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and

(d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:

(i) the related transacting parties and their respective relationship with the Company; and

(ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:-

(a) the conclusion of the next annual general meeting ("AGM") of the Company, unless the authority is renewed by a resolution passed at the next AGM; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("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 ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 15 July 2021, being the date of listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.5 of the Circular to Shareholders dated 29 April 2022 be and are hereby approved, confirmed and ratified;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to give effect to transactions contemplated and/or authorised by this Ordinary Resolution."

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

Notice of Annual General Meeting (Cont'd)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the 2nd AGM of the Company, the final single tier dividend of 1.50 sen per share for the financial year ended 31 December 2021 will be paid to shareholders on 29 June 2022. The entitlement date for the proposed dividend shall be on 17 June 2022. A depositor shall qualify for the entitlement to the dividend only in respect of:

a) Shares transferred into the depositor's securities account before 4:30 p.m. on 17 June 2022 in respect of ordinary transfer; and

b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By order of the Board

Lim Kim Teck
(MAICSA 7010844)
SSM PC No. 202008002059

Kong Sown Kaey
(MAICSA 7047655)
SSM PC No. 202008001434
Secretaries

Penang
Date : 29 April 2022

Notes:

1. Appointment of Proxy

(a) Subject to Paragraph (c) below, a member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.

(c) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

(e) The instrument appointing a proxy must be deposited at the Share Registrar of the Company, AGRITEUM Share Registration Services Sdn Bhd, 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote.

(f) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.

Notice of Annual General Meeting (Cont'd)

Notes (Cont'd):

2. **Members entitled to attend 2nd AGM**

   For the purpose of determining a member who shall be entitled to attend the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 129 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 26 May 2022. Only a depositor whose name appears in the Record of Depositors as at 26 May 2022 shall be entitled to attend the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

3. **Audited Financial Statements for the financial year ended 31 December 2021**

   The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting

4. **Ordinary Resolution No. 2 – Proposed payment of Directors' fees**

   Pursuant to Section 230(1) of the Act, the Company shall at every AGM approve the fees of the Directors of the Company and its subsidiaries. The Directors' fees payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company. The Directors' fees are in accordance with the remuneration framework of the Group.

5. **Ordinary Resolution No. 3 – Proposed payment of Directors' benefits**

   The Directors' benefits (excluding Directors' fees) comprise the allowances and other benefits payable to the Non-Executive Directors of the Company. The amounts are for the financial year ended 31 December 2021 up to the date of the 2nd AGM as well as for the period up to the next AGM of the Company. The total amount of Directors' benefits payable is calculated based on the number of actual Board and Board Committee meetings held for the financial year ended 31 December 2021 up to the date of the 2nd AGM as well as scheduled Board and Board Committees meetings for the period from 4 June 2022 until the next AGM.

6. **Ordinary Resolution No. 4 – Re-election of Director who retires in accordance with Clause 165 of the Company's Constitution**

   Clause 165 of the Company's Constitution provides that an election of directors shall take place each year. 1/3 of the directors for the time being shall retire from office at each Annual General Meeting but shall be eligible for re-election at the said meeting. If the total number of the directors is not 3 or a multiple of 3, the number nearest to 1/3 will retire.

   Mr. Cheng Mooh Tat who will be retiring and offering himself for re-election at the 2nd AGM was evaluated by the Nomination Committee and the Board. Based on the evaluation outcome, the Nomination Committee and the Board were of the view that his performance was satisfactory and recommended his re-election for shareholders' approval.

   The performance of Dr. Wan Mohd Kamil Bin Wan Nik was also assessed to be satisfactory. However, Dr. Wan Mohd Kamil Bin Wan Nik, who will also be retiring at the 2nd AGM does not intend to seek re-election due to personal reasons. Hence, he will retain office until the close of the 2nd AGM, and retires in accordance with Clause 165 of the Company's Constitution.

7. **Ordinary Resolution No. 6 - Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed Ordinary Resolution 6 is a general mandate and if passed will empower the Directors of the Company to issue and allot shares up to 10% of the total number of issued shares of the Company from time to time (other than bonus or rights issue). This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

   This authority will provide flexibility to the Company for possible raising of funds, including but not limited to placing of shares, for purpose of additional working capital, capital expenditure, funding of investments, acquisitions or reduction of borrowings.

Notice of Annual General Meeting (Cont'd)

Notes (Cont'd):

8. **Ordinary Resolution No. 7 - Proposed Shareholders' Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for RRPTs**

   The proposed Ordinary Resolution 7, if passed, will ratify all the RRPTs entered into by the Group from 15 July 2021, being the date of listing of the Company on the Main Market of Bursa Securities, up to the date of the 2nd AGM and will allow the Company and its subsidiaries to enter into new RRPT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur. This would reduce substantial administrative time, inconvenience and resources associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

   Please refer to the Circular to Shareholders dated 29 April 2022 for further information.

STATEMENT ACCOMPANYING NOTICE OF AGM

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding Directors who are standing for re-election as stated above) at this forthcoming 2nd AGM.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/ service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

YENHER HOLDINGS BERHAD 202001008388 (1364708-X)
(Incorporated in Malaysia)

Proxy Form

For the Second Annual General Meeting ("2nd AGM")

CDS Account No.	
No. of shares held	

I/We ____
(Full Name in Block Letters and NRIC/Passport/Company No.)

of ____
(Address)

being a member/members of Yenher Holdings Berhad, hereby appoint

Full Name (in block letters) and Contact No.	**NRIC/Passport/Company No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our Proxy to vote in my/our name(s) on my/our behalf at the 2nd AGM of the Company to be held at Iconic 3-5, Level 7, Iconic Hotel, 71 Jalan Icon City, Icon City, 14000 Bukit Mertajam, Pulau Pinang on Friday, 3 June 2022 at 10.00 a.m. and at any adjournment thereof in the manner indicated below :-

Resolution		**For**	**Against**
To approve the payment of a final single tier dividend of 1.50 sen per share for the financial year ended 31 December 2021.	Ordinary Resolution 1		
To approve the payment of Directors' fees amounting to RM1,320,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2021.	Ordinary Resolution 2		
To approve the payment of benefits other than Directors' fees to the Non-Executive Directors of the Company amounting to RM47,200 for the financial year ended 31 December 2021 up to the date of 2nd AGM and up to RM22,000 from 4 June 2022 until the next AGM of the Company.	Ordinary Resolution 3		
To re-elect Mr. Cheng Mooh Tat who retires in accordance with Clause 165 of the Company's Constitution as a Director of the Company.	Ordinary Resolution 4		
To re-appoint Messrs Folks DFK & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
To empower the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company.	Ordinary Resolution 6		
To approve the proposed shareholders' ratification for Recurrent Related Party Transactions of a revenue or trading nature and proposed new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.	Ordinary Resolution 7		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain from voting at his/her discretion.)

Dated this ____________day of ____________2022.

____
Signature of Shareholder or Common Seal

Notes :

(a) *The Depositor whose name appears in the Record of Depositors as at 26 May 2022 shall be entitled to attend the 2nd AGM or appoint proxies to attend, speak and/or vote on his/her behalf.*

(b) *Subject to Paragraph (d) below, a member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.*

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(e) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*

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(g) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.*

Please fold across the lines and close

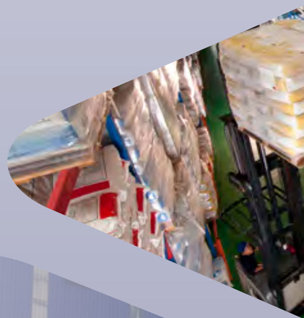
Affix stamp

The Share Registrar

YENHER HOLDINGS BERHAD
202001008388 (1364708-X)

2nd Floor, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Georgetown,
Pulau Pinang

Please fold across the lines and close



YENHER HOLDINGS BERHAD
202001008388 (1364708-X)

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