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Sustainable Future

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Corporate Information

BOARD OF DIRECTORS

Cheng Mooh Tat

Non-Independent Executive Chairman

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

Dr Ong Bee Lee

Independent Non-Executive Director

Audit and Risk Management Committee

Chairman

Tan Peng Lam

Members

Dr Ong Bee Lee Dato' Lim Choon Khim

Remuneration Committee

Chairman

Dato' Lim Choon Khim

Members

Tan Peng Lam Dr Ong Bee Lee

Nomination Committee

Chairman

Dr Ong Bee Lee

Members

Dato' Lim Choon Khim Tan Peng Lam

Company Secretaries

Adeline Tang Koon Ling

LS 0009611

SSM PC No: 202008002271

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

Auditors

Messrs. 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 Affin Hwang Investment Bank Berhad

Chang Hwa Bank

Stock Exchange Listing

Main Market of Bursa Malaysia

Securities Berhad

Sector : Consumer Products

& Services Stock Name : YENHER

Stock Rame : 7ENH Stock Code : 5300

Directors' Profile



Cheng Mooh Tat Independent Non-Executive Chairman

Cheng Mooh Tat ("Mr Cheng"), male, a Malaysian aged 60, is our Executive Chairman 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 ("Mr Cheng"), male, a Malaysian aged 54, 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.



Cheng Mooh Kheng Non-Independent Executive Director



Directors' Profile (Cont'd)



Theoh Mooi TengNon-Independent Executive Director

Theoh Mooi Teng ("Madam Theoh"), female, a Malaysian aged 56, 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-inlaw of Cheng Mooh Chye and Cheng Mooh Kheng.

Dato' Lim Choon Khim ("Dato Lim"), male, a Malaysian aged 46, 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 a Partner of CK Lim Law Chambers. 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.



Dato' Lim Choon Khim Independent Non-Executive Director

Directors' Profile (Cont'd)



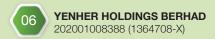
Tan Peng LamIndependent Non-Executive Director

Tan Peng Lam ("Mr Tan"), male, a Malaysian aged 64, 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 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 Peng Lam had 39 years of working experience in Auditing, Finance, Accounting and Corporate Finance both in Malaysia and overseas. He had worked in Big 8 Accounting Firm and listed company in Malaysia. Prior to his retirement in 2019, he was the CFO of Texchem Resources and had worked with Texchem for 19 years.

Currently, he is also an Independent Non-Executive Director of Berjaya Land Berhad.



Directors' Profile (Cont'd)



Dr Ong Bee LeeIndependent Non-Executive Director

Dr Ong Bee Lee ("Dr Ong"), female, a Malaysian aged 69, is our Independent Non-Executive Director. She was appointed to our Board on 01 July 2022. She is the Chairman of Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee.

Dr Ong obtained the Certificate International Registered Certified Auditor (IRCA) QMS ISO Lead Auditor course ISO 9001 and ISO 17025 from National Association of Testing Authorities (NATA), Australia. She completed her Degree in Veterinary Medicine and Animal Science and Master in Aquatic Animal Health from Universiti Pertanian Malaysia.

Dr Ong started her career in the Department of Veterinary Services Malaysia (DVS) as Veterinary Officer in May 1980. Subsequent she was promoted as Director of DVS of many laboratories and the swine unit until she retired in February 2006. In the same year, she was invited to work with World Health Organization (WHO) as a Zoonotic Epidemiologist in Communicable Disease Surveillance and Response Division, Western Pacific Regional Office in Philippines until May 2011. During her tenure in WHO, she was responsible for managing zoonotic diseases such as Avian Influenza (H5N1), pandemic H1N1 (2009) or swine flu, leptospirosis, plague, brucellosis, anthrax and rabies across the Asia and Western Pacific region and internationally.

In July 2011, Dr Ong was invited to join the Faculty of Veterinary Medicine in Universiti Putra Malaysia as Associate Professor until September 2014. In October 2014, she joined Universiti Malaysia Kelantan as a Principal Fellow/ Industrial Professor of the Faculty of Veterinary Medicine until September 2018. As an academician, she has published many books/ book chapters and international guidelines and papers for managing zoonotic disease control and prevention. Her expertise areas are epidemiology, veterinary public health, pig and poultry disease, aquatic animal health, laboratory management and quality assurance program. Her research areas covered pig and poultry diseases, diseases related to transmission from animal to human e.g. Al, Swine Flu, Rabies, TB and aquatic animal health. She has also produced many post graduates (PhD and Master Levels) and undergraduates in these areas.

Currently, Dr Ong is a freelance Lead and Technical Auditor for Standards Malaysia Laboratory Accreditation Scheme.

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 FY2022 is disclosed in the Corporate Governance Overview Statement on page 19 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 64, 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 41, 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 43, 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 Key Senior Management 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

Summary and overview of business

Yenher and its subsidiaries ("Yenher" or the "Group") are 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, companion animal products, grains and oilseeds. Complementary to our products are the technical consulting services provided to our customers to enhance the health and promoting the growth of their livestock with the experience, expertise, scientific approach, and innovative solutions provided by Group's various vetenarians.

To further enhance the Group's current products and services, the Group places an emphasis in expanding its research and development activities such as innovating new products and strengthening its existing product portfolio in line with the Group's long-term strategy to grow and position itself as a one-stop solutions provider and to contribute in food security.

The Group principally serves the Malaysian market but also has various markets overseas, exporting to Indonesia, Brunei, Hong Kong, Taiwan, Pakistan, Thailand, Singapore, Nigeria, and South Korea. During the financial year, we expanded our markets with sales into Afghanistan.

Review of financial performance and position

During the financial year under review ("FY2022"), the Group reported a revenue of RM355.3 million, which is a 34.9% jump from the previous financial year ("FY2021"). The increase in revenue during the financial year was largely due to the greater contribution from the sales of grain and oil seeds under the distribution activities.

The Group recorded a gross profit of RM53.6 million, up 3.3% from RM51.9 million reported for FY2021. Manufacturing and distribution activities contributed to approximately 30.8% and 69.2% of the Group's revenue, respectively. Gross profit margin for FY2022 was lower at 15.1% from 19.7% in FY2021 mainly due to the increase in sales of grains and oil seeds under the distribution activities which generally have a lower margin. In addition, the lower profit margin was also a result of the more challenging business environment, including high inflation, rising prices, and supply chain challenges around the world, which has increased the cost of goods in general.

After accounting for operating expenses, which include selling and distribution costs and administrative expenses, the Group reported a profit before tax of RM28.5 million for FY2022, an increase of 2.9% from RM27.7 million reported for FY2021. FY2022 profit after tax was RM21.7 million, up 4.3% compared to RM20.8 million for FY2021.

As at 31 December 2022, the Group recorded RM243.7 million in total assets, an increase of RM21.4 million or 9.6% from FY2021. The increase in assets was contributed by a property revaluation exercise on its land and buildings which resulted in an additional net revaluation surplus of RM9.1 million and an increase in trade and other receivables of RM14.9 million in FY2022 due to the higher reported revenue.

Total liabilities remained relatively low at RM29.0 million as at 31 December 2022, with a slight increase at 2.5% from RM28.3 million reported for FY2021. The Group is supported by a strong equity position with a total equity of RM214.7 million after accounting for approximately RM8.0 million net increase in revaluation reserve, RM21.7 million increase in retained profits and RM9.0 million of dividends paid during FY2022.

The Group's financial position remains strong with low bank borrowings of only RM1.0 million. Total cash and cash equivalents as at 31 December 2022 was recorded at RM26.8 million, or a RM11.5 million decrease from FY2021. This is mainly due to the increase in placement in money market funds and increase in trade and other receivables amounting to RM9.9 million and RM14.9 million respectively. The Group's financial position is firmly supported by its strong asset base and low leverage, enabling the Group to be better prepared to take up investment and growth opportunities as they arise.

Review of operating activities

The Group is mainly involved in manufacturing, supplying, and marketing of health and nutrition products for livestock and companion animals.

Manufacturing activities

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 which are catered for the different needs of livestock based on their growth stages. Ingredients and proportions can also be customised or adjusted depending on our customers' needs.

During FY2022, manufacturing revenue contributed to approximately 30.8% of the Group's revenue. The Group recorded RM109.6 million in revenue from manufacturing activities, 5.4% lower than RM115.8 million reported in FY2021. Revenue from manufacturing activities decreased due to the outbreaks of animal diseases and shortages of overall livestock in the market. On the other hand, these situations have contributed to the higher sales of our distribution products such as vaccines and disinfectants.

In addition to our efforts to expand into new markets, the Group will also continue to undertake research and development activities and expand its product portfolio and diversity.

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, grains and oil seeds. We also hold distributorships to sell reputable brands of animal feed-related products in Malaysia.

In FY2022, we expanded our distribution products to include grains and oil seeds, to make use of our supply chain channels in the midst of global supply chain challenges.

Distribution activities contributed RM245.8 million in revenue to the Group, or 69.2%, in FY2022. The 66.5% increase in revenue from distribution activities as compared to FY2021 was attributable to the higher sales of grains and oil seeds.

To serve and grow our customer base, we will continue to identify opportunities to acquire new distributorships to expand our product portfolio.

Expansion plans and progress

The Group has temporarily put on hold the construction of the new Good Manufacturing Practice compliant manufacturing plant in view of the higher cost of construction amidst high inflation, rising material costs, and a more volatile global business environment. The expected date of completion of the plant has now been revised to the fourth quarter of 2024.

The planned construction of the plant will help consolidate both our current manufacturing facilities in a single location, as well as housing our new office space, research and development centre, and warehouse. The new manufacturing plant will increase our existing production volume by three-fold and enhance flexibility and efficiency.

The management will continue to monitor all aspects of the external and internal business environment and will continue with the project once the cost of construction is deemed to be more reasonable so as to avoid overspending shareholders' funds.

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 the global supply chain, through which we source our raw materials such as vitamins, minerals, enzymes, and other materials. Factors affecting the supply chain such as geopolitical conflicts, trade wars, or disruption in the logistics network, may also cause impacts on our business. In this regard, we emphasise 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 margins so we could respond to supply chain risks as they arise.

Dividends

On 19 August 2022, the Board declared the payment of a first interim single-tier dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2022. The dividend was paid on 28 October 2022.

On 27 February 2023, the Board declared a second interim single-tier dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2022. The dividend was paid on 31 March 2023.

Both dividends totalling RM9.0 million represent a dividend payout of 41.5% of our annual audited profit attributable to shareholders and this is in line with our dividend policy of 40% payout.

Prospect

The financial year 2023 is expected to remain challenging as we continue to face headwinds from uncertain economic environment as well as the volatility in commodity prices and foreign exchange rates. Nonetheless, Yenher will continue to be driven by our business strategy which we closely review and assess on an ongoing basis to make appropriate responses to address developments in the internal and external business environment.

The Group takes a cautiously optimistic view that it will continue to perform in the financial year ending 31 December 2023, barring any unforeseen circumstances. The Group will continue to focus on delivering sustainable performance and creating value for its stakeholders.

Sustainability Statement

Introduction

The Board of Directors ("Board") of Yenher Holdings Berhad ("Yenher") presents this Sustainability Statement which discloses the approach, management, and performance of the sustainability matters of Yenher and its subsidiaries ("Yenher Group" or the "Group"), focusing on its economic, environmental, and social matters, amongst others.

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 has been prepared with reference to the relevant sustainability disclosure requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), and has considered the Sustainability Reporting Guide – 3rd Edition, and its accompanying Toolkits, published by Bursa.

Governance on Management of Sustainability

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 the Senior Management team which is led by the Executive Chairman. This includes overseeing the Group's sustainability management process, including the overall governance structure for managing sustainability matters, to identify, assess, prioritise, manage, and report the Group's sustainability.

In the Board's review of the Group's corporate strategies and business performance, it also incorporates consideration of various sustainability aspects, including economic, environmental, social, and governance aspects.

The Senior Management 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. The overall sustainability performance of the Group is reported to the Board annually.

The management of the Group's sustainability matters is supported by its risks management process, which considers sustainability risks of the Group. The Audit and Risk Management Committee oversees and reviews the key risks of the Group at least annually.

Assessment of Yenher's Sustainability Matters

Yenher's Senior Management is responsible for assessing the Group's sustainability matters by adopting the concept of materiality. The definition of "materiality" adopted is in line with the Listing Requirements, where 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.

In addition, the Group has also considered the disclosure of Common Sustainability Matters required to be disclosed in accordance with Paragraph 6.3 of Practice Note 9 of the Listing Requirements effective for Sustainability Statements issued for the financial year ending on or after 31 December 2023. While the requirement has yet to come into effect, the Group began to incorporate such considerations in this Statement, to prepare the Group towards future compliance and meaningful incorporation of these matters in its business.

During the financial year, the Senior Management reviewed the Group's assessment of the sustainability matters, considering any changes to the Group's business, as well as the internal and external business environment. The sentiments and key comments of stakeholders, arising from stakeholder engagements undertaken by the Group, were also taken into account, enabling us to consider sustainability matters from various perspectives, including the perspectives of the stakeholders as well as the business.

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

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
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 Group aims to build close relationships with our stakeholders to understand their views and needs, and to understand how we could foster constructive collaborations with stakeholders to create shared values. In addition, we also communicate key issues, including sustainability strategies, directions, targets, and performance, to stakeholders via our various established channels. We review our engagements with stakeholders on an ongoing basis to ensure our communication approaches and channels remain relevant, adequate, and effective.

Arising from the review conducted, the Material Sustainability Mattes of the Group remained largely unchanged, and the Group's Material Sustainability Matters are as follows:

- 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.

This financial year, we have also included disclosures pertaining to environmental matters despite not having direct significant negative impacts on the environment, in order to highlight our efforts in protecting and preserving the environment. Efforts will continue to be carried out to quantify our environmental impacts moving forward.

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.

Anti-Bribery and Anti-Corruption

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.

In addition, the ABC Policy is also applicable to the Group's associated third parties, such as vendors, suppliers, agents, consultants, and business partners. The ABC Policy serves as a key communication to third parties to ensure the Group's anti-corruption spirit and principle is upheld in the Group's business activities, including instance where business activities are carried out by associated third parties. Associated third parties who are engaged to carry out functions on behalf of the Yenher Group are required to be assessed via a due diligence process.

In managing corruption risks, the Group adopts a risk-based approached, guided by the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009. Corruption risk was last assessed for all of the Group's operations in June 2020, i.e. 100% of the Group's operations have been assessed for corruption-related risks at least once in the past 3 years.

The Group has procedures to communicate its ABC Policy and stance to stakeholders. The ABC Policy is communicated to all Directors and employees when they join the Group. Training is also provided to all Directors and employees in positions and functions which are exposed to higher corruption risk. Our Directors and employees who have received training on anti-corruption are summarised as follows:

	Percentage who have received training on anti-corruption as at 31 December 2022
Directors	100%
Senior Management	100%
Management	100%
Executive	100%
Non-executive	100%

The Board of Yenher sets the tone for anti-corruption throughout the Group via the ABC Policy and the Board is also responsible for monitoring the overall compliance with the ABC Policy. The ABC Policy is publicly available on our corporate website.

Instilling ethical business principles

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.

During the financial year ended 31 December 2022 ("FY2022"), 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 reported during FY2022.

	FY2021	FY2022
Significant cases of non- compliance (business ethics- related matters)	0	0
Confirmed incidents of corruption	0	0

Product Safety, Compliance, and Labelling Practices

Product safety is fundamental to our business which is principally in promoting 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 ensuring the safety and quality of our products, the production process is equipped with digitised system to enable accurate mixing proportion based on the pre-set formulation, as well as automated mixing time. Code labelling technology is adopted in the production process to enhance efficiency. Every batch of raw materials from suppliers are required to be accompanied with certificate of analysis ("COA") which matches our procurement specification. The quality control function also conducts sample testing on incoming materials to ensure their quality.

Quality control ("QC") processes are embedded in operations to ensure consistent application of quality standards. 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 undergo QC processes, including sample laboratory tests, before they can be delivered to 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 FY2022 in relation to product safety and compliance are as follows.

	FY2021	FY2022
Significant cases of non- compliance (product compliance)	0	0
Fines relating to non- compliance (product compliance)	0	0

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.

The demographics of the Group's employees and Directors as at 31 December 2022 is illustrated as follows:

	Gei	Gender		Age Group		Total
	M	F	< 30	30 – 50	> 50	
Directors	5	2	0	1	6	7
Employees	106	41	50	80	17	147
Senior Management	5	0	0	4	1	5
Management	4	3	0	6	1	7
Executive	18	17	13	15	7	35
Non-executive	79	21	37	55	8	100

Respecting Employees' Basic Human Rights

Yenher respects the human rights of all people and will not use any form of child labour or forced or involuntary labour. We comply with the applicable laws and regulations pertaining to labour practices such as minimum wages, reasonable overtime, provision of hygiene accommodation, and ensuring workplace safety. We do not restrict employees' freedom of association or rights to collective bargaining.

Any human rights violations can be reported via the Group's whistleblowing channels.

Fair employment and employee development (Cont'd)

Respecting Employees' Basic Human Rights (Cont'd)

During the FY2022, there were no substantiated complaints concerning human rights violations reported.

	FY2022
Number of substantiated complaints	0
concerning human rights violations	

Talent development

Talent and skills development is an ongoing focus of the Group's human capital development strategy. The Group benefits from having relevant skills and talents in its operations such as R&D, sales and marketing, production, amongst others.

All employees undergo annual performance appraisal, through which the training needs of the employees and functions are identified together by the employees and their supervisors. We have set a target for direct employees to have a minimum 4 training hours per year, and 8 training hours per year for indirect employees.

For FY2022, the training records of our employees (including indirect employees) are summarised as follows.

	FY2022 Training hours
Directors	106.50
Employees	3,904.25
Senior Management	188
Management	282
Executive	1,759.25
Non-executive	1,675

	FY2021	FY2022
Percentage of direct employees achieving minimum of 4 hours training	15.5%	90.4%
Percentage of indirect employees achieving minimum of 8 hours training	54.5%	79.7%
Average training hours per employee	10.5 hours	25 hours

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.

Employee Retention

In a business environment competitive for talents and skills, we strive to attract and retain talents by offering attractive packages and benefits, in addition to creating a conducive work environment. The Group's employee turnover for FY2022 is summarised as follows:

	FY2022		
	Turnover number	Turnover rate	
Senior Management	1	14.3%	
Management	0	0%	
Executive	4	18.2%	
Non-executive	7	11.4%	

Occupational health and safety

Our employees' health and safety is one of the Group's most important focuses and is also Yenher's key corporate responsibility. The Group has a Safety Policy which sets out our clear stance towards protecting our employees and providing them a safe work environment. The Safety Policy guides how we run our operations safety and the Group has put in place elements of an occupational safety and health management system to enable a structured and systematic process for identifying, assessing, managing, and reporting occupational safety and health risks.

We have an Occupational Safety and Health ("OSH") Committee which meets every quarter to assess and review the safety and health performance in operations. The committee reviews the Group's Hazard Identification, Risk Assessment and Risk Control process through which work hazards are flagged out, managed, and monitored with an aim to mitigate the associated risks, preventing the likelihood or reducing the impacts of OSH risks. We manage OSH risks through various approaches, including putting in place controls such as provided personal protection equipment ("PPE") for employees, incorporating safety controls in our standard operating procedures, and rolling our safety awareness programmes for new and existing employees to continuously train them on how to work safely.

In addition to preventive measures, our OSH management system also include processes to guide employees to respond appropriately in the event of incidents or accidents. Generally, we require our employees to put their own safety first and remove themselves from situations which may pose potential threat to their health and safety. We also have an incident and injury review process where incidents and accidents are documented and analysed to identify if controls need to be enhanced to prevent recurrence. Action plans will be developed, carried out, and followed up.

Occupational health and safety (Cont'd)

The OHS Committee is responsible for overseeing these processes to ensure the effectiveness of the entire OSH management system.

Safety performance indicators have been established to monitor safety performance. The OSH Committee reviews the Group's safety performance and reports to the Board annually.

The Group's safety performance for the financial year under review is presented as follows. We are pleased to report that there were no occupational-related serious injuries or fatalities recorded in FY2022.

	FY2021	FY2022
Lost time injury rate (percentage)	0	0
Occurrence of occupational illness/poisoning/ disease (no. of cases)	0	0
Occurrence of accidents resulting in serious injury or fatality (no. of cases)	0	0

During the FY2022, our OSH training for employees include training for production employees, such as on safe use of equipment, forklifts, and proper handling of chemicals. OSH training is prioritised for employees who are more exposed to OSH risk.

The number of employees trained on health and safety standards during FY2022 is presented as follows:

	FY2022
Number of employees trained on health and safety standards	117

Supply Chain Management

We source locally and internationally for our raw materials and products and our business operations may be affected by disruptions in the supply chain. We establish and maintain close relationships with our carefully selected suppliers and customers. 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.

We are committed to deliver value to our customers through quality products and services. In this regard, safeguarding the integrity of our supply chain is also key to ensuring we have a reliable supply chain. Yenher's supply chain is governed by stringent processes where all suppliers are required to be registered in the Group's approved vendor list. The assessment of vendor takes into account, as applicable, the vendor's product and service quality, pricing and delivery,

business ethics and integrity, amongst others. Selected key suppliers and vendors are also assessed annually to ensure they maintain high standards of product and service quality.

We also manage our supply chain through careful sales and production planning, monitoring the timing of production schedule, schedule of incoming materials, while ensuring production quality to meet customers' need and enable timely delivery to our customers. Our sales and production teams undertake regular and effective internal communications to update the internal teams on production progress, as well as external communications to manage customers' expectations.

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 addition, we undertake adequate efforts to safeguard the confidential information and data of our customers.

	FY2022
Number of substantiated complaints	0
concerning breaches of customer privacy	
and losses of customer data	

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 which aims to reduce ammonia and nitrogen emissions in the faeces of livestock, thereby reducing pollution to 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.

As at 31 December 2022, the Group's key trademarks include 'Yenmix®', 'Yenher®', 'YenSoy®', 'YenPalm RH®', and 'YenMax®'.

Protecting and Preserving the Environment

Energy and Greenhouse Gas ("GHG") Emissions

The Group's energy use is mainly derived from purchased electricity for use in operations and purchased fuel for logistics operations and company vehicles.

Acknowledging our responsibilities as a responsible corporation to contribute to the global combat against climate change, we have initiated measures to collect energy use information and emissions data to understand our impact, particularly pertaining to our contribution to GHG emissions.

Water usage

Generally, the Group does not use a significant amount of water. Water is used in certain operations, for domestic use at our offices, and for cleaning purposes including the cleaning of trucks entering out premises to safeguard the hygiene of our sites.

Waste Management

No hazardous waste is generated from our production operations. Nonetheless, we may generate non-hazardous waste, such as paper and plastic from packaging materials and residual mix. Where possible, we attempt to reduce the generation of waste and to undertake efforts to reuse or recycle waste.

Apart from undertaking efforts to recycle and reuse waste, we also produce sustainable products which utilise waste we purchased from suppliers. One of our products, the organic soil conditioner fertiliser, is made up mainly of biomass waste from chicken manure, cow dung, empty fruit bunch, palm decanter cake, etc. In FY2022, we converted approximately 60.5 tonnes of biomass waste into 36.3 tonnes of organic soil conditioner fertiliser.

The Group has undertaken initiatives to put in place processes and controls to measure various environmental elements of the business, include the use of energy, the associated GHG emissions, water use, waste management, etc, for more detailed reporting moving forward.

Conclusion

Yenher Group recognises the growing importance of corporations to take up their corporate responsibilities to build a sustainable business environment and a sustainable future.

At Yenher, we will continue to incorporate sustainability considerations and align them with our business plans in order to create sustainable value for our stakeholders in the short, medium, and long term. To this end, we will continue to undertake efforts to enhance our sustainability management processes and communicate key business sustainability focus and performance to stakeholders via our Sustainability Statement and other channels, as appropriate.

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 2022 ("FY2022") which provided an overview on how the Company has applied the Principles of the Malaysian Code on Corporate Governance (as at 28 April 2021) ("MCCG").

Details of the application of 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 approach between conformance and delivering accountability through effective governance.

Principle A: Board Leadership and Effectiveness

I. Board Responsibilities

The Board is responsible for 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 consider long-term sustainability, including underlying considerations pertaining to environmental, social, and governance aspects.

The Board has formalised a Board Charter which sets out the roles and responsibilities of the Board, the Board Committees established to assist the Board, and the individual Directors including the separate roles of the Chairman and Independent Directors. The Board's responsibilities include reviewing and adopting strategic plans for the Group, overseeing the proper conduct of the business, and ensuring adequate and effective risk management and internal control system is in place. The Executive Directors have overall responsibilities over the development of operational and organisational structure including business units. The Executive Directors are tasked to implement the Board's decisions and policies whilst overseeing operations and coordinating business decisions. The role of Management is to support the Executive Directors and to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The Board has established various Board Committees, including the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC"), and Remuneration Committee ("RC") to assist the Board in the discharge of certain duties. The functions, roles, and responsibilities of the Board Committees are formalised via their respective Terms of Reference. While the Board delegates its responsibilities to the Board Committees, it does not abdicate and remains ultimately responsible for making decisions based on the recommendations of the Board Committees.

Long-term strategy and sustainability

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

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 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 administrative matters 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 provide updates to the Board on developments in the areas of corporate governance and compliance with company and securities regulations from time to time.

The Company Secretaries assist the Board in facilitating the carrying out of Board procedures including Board meetings and general meetings. Before the commencement of the year, the Company Secretaries schedules the Board and Board Committee meetings for the year together with the Directors. All Directors are required to allocate sufficient time to prepare for and attend Board and Board Committee meetings.

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

Board Responsibilities (Cont'd)

Effective functioning of the Board (Cont'd)

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 meeting and ensures relevant matters for deliberation are included in the agenda. The full agenda and meeting papers are circulated 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. The meeting minutes include details of the deliberations made, including the outcome, key discussion points raised, and any significant concerns or dissenting views raised, as well as any abstention by Directors due to conflict of interests.

The meetings of the Board and Board Committees and the Directors' attendance during the financial year under review are summarised below.

	Board	ARMC	NC	RC
Dr Wan Mohd Kamil bin Wan Nik (Independent Chairman) (Retired on 3 June 2022)	3/3	3/3	2/2	2/2
Cheng Mooh Tat (Executive Chairman) (Redesignated to Executive Chairman on 1 July 2022)	5/5	-	-	-
Cheng Mooh Kheng (Executive Director)	4/5	-	-	-
Theoh Mooi Teng (Executive Director)	5/5	-	-	-
Tan Peng Lam (Independent Director)	5/5	5/5	2/2	2/2
Dato' Lim Choon Khim (Independent Director)	5/5	5/5	2/2	2/2
Dr Ong Bee Lee (Independent Director) (Appointed on 1 July 2022)	2/2	2/2	-	-

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, 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.



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

II. Board Composition

The Board is led by an Executive Chairman, Mr Cheng Mooh Tat, who oversees the effective functioning of the Board. Amongst others, the responsibilities of the Chairman includes chairing and facilitating Board meetings, leading Board discussions while ensuring all Directors contribute to discussions and voice out if there are any dissenting views, and enabling the Board's decision-making process to incorporate diverse perspective objectively. The Executive Chairman is also responsible for promoting good corporate governance standards within the Group including the continuous development of the Board.

The Executive Chairman, who is supported by the Executive Directors, also oversees the Group's day-to-day business management and drives the implementation of corporate strategies and business plans approved by the Board.

Half of the Board's Directors are Independent Directors who provide independence and objectivity to the Board as well as serving as checks and balances to the Board's deliberations and decisions, enabling the Board to constructively and objectively challenge and review Management's proposals and performance. The Independent Directors play a crucial role in balancing the interests of shareholders, particularly those of minority shareholders.

Board mix and diversity

The Board recognises that diversity at the Board includes having the correct mix of skills and experience necessary to effectively monitor various aspects of business management such as financial reporting and sustainability, and having Directors with different and complementing backgrounds and characters to consider business matters from diverse perspectives. In this regard, Yenher's Board has established a Board Diversity Policy.

The Board is made up of Directors who possess a combination of skills and experiences which enables the Board to effectively oversee Yenher's businesses. These skills and experiences include, amongst others, animal health and nutrition, veterinary, finance, economics, logistics, audit and accounting, and law.

The Board has set a target towards fulfilling 30% women Directors on the Board by 2024. During FY2022, Yenher achieved this target with the appointment of Dr Ong Bee Lee. The Board currently include 2 women Directors out of the 6 Directors. The Board Diversity Policy also specifies the Board's target to have 30% women Directors on the Board.

The Board also encourages women participation in leadership and senior management roles. Yenher 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 Nomination Committee

The Board has delegated the responsibilities for reviewing, assessing, and making recommendation on Board composition to the NC, while the Board remains ultimately responsible for making relevant decisions or recommendations to shareholders.

The NC is comprised of exclusively Independent Directors. The Chairman of the Nomination Committee is also an Independent Director.

The NC'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.

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

II. Board Composition (Cont'd)

The Nomination Committee (Cont'd)

Annual Assessment and Nomination and Selection of Directors

The NC performs annual assessment on the performance and effectiveness of the Board, Board Committees, and individual Directors with the objective to facilitate continuous improvement. The conduct of the assessment is facilitated via self and peer evaluation approach where all Directors assess themselves, other Directors, and the overall functioning of the Board and relevant Board Committees through assessment forms, considering, amongst others:

- the suitability of the composition of the Board and Board Committees;
- delineation of the roles of governance bodies;
- whether functions of the Board and Board Committees have been carried out;
- effectiveness of meetings and procedures of the Board and Board Committees;
- the performance of the Executive Chairman;
- the contribution, performance, and dynamics of Directors; and
- quality of deliberations by Directors.

The outcomes of the annual assessments of the Board, Board Committee, and individual Directors enable the Board, through the NC, to identify areas where improvement can be made, to identify the training needs for Directors, to make recommendations on Director's re-appointment or re-election, or to perform a review on the overall corporate governance structure, if necessary.

The NC also oversees the nomination and selection process of Yenher's Board, through which Directors are appointed, re-appointed, elected, or re-elected. This process entails the NC considering the said Director or candidate against the qualities of character, experience, competence, integrity, and time which they have or can commit to the affairs of Yenher's Board.

During the financial year under review, the NC has established a Fit and Proper Policy which includes the abovementioned qualities and other aspects. All Directors are subject to the fit and proper assessment annually in ensuring the quality of Yenher Directors.

The Fit and Proper Policy is published on Yenher's corporate website.

Summary of the activities of the NC for FY2022

A summary of the activities of the NC for FY2022 is as follows:

- assessing the effectiveness of the Board, Board Committees, and individual Directors via self-assessment and peer-assessment forms;
- assessed the ARMC 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;
- assessed candidates for the position of Independent Director and made recommendations to the Board;
- assessed the performance of Senior Management including the Executive Directors;
- assessed the training needs of Directors.

For FY2022, based on the assessment of the NC, the Board is of the view that the overall effectiveness of the Board and Board Committees were satisfactory. The Board is also of the view that the performance evaluation of the Directors who will be retiring and seeking for re-election at the forthcoming annual general meeting ("AGM"), i.e. Cheng Mooh Kheng, Theoh Mooi Teng, and Dr Ong Bee Lee, were satisfactory and the Board recommends their re-election to the shareholders. Details of the Directors due for re-election are included in the notice to the AGM appended in Yenher's Annual Report FY2022.

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

II. Board Composition (Cont'd)

The Nomination Committee (Cont'd)

Summary of the activities of the NC for FY2022 (Cont'd)

All Directors are required to undertake continuous training and professional development. 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 financial year under review is as follows.

	Training attended
Cheng Mooh Tat	 Asia Soy Excellence Center: 1st Food Milling Course (Basic) Conduct of Directors and Common Breaches of Listing Requirement Updates to the recent changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Cheng Mooh Kheng	 Conduct of Directors and Common Breaches of Listing Requirement Updates to the recent changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Theoh Mooi Teng	 Optimization of Organizational Performance via SWIM Strategic Management Process Model for Business Sustainability Conduct of Directors and Common Breaches of Listing Requirement Building A Winning Team Updates to the recent changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Tan Peng Lam	 MSWG Webinar on Cyber Security: What Directors Need To Know Audit Oversight Board Conversation with Audit Committees Updates to the recent changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Dato' Lim Choon Khim	Updates to the recent changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Dr Ong Bee Lee	 Mandatory Accreditation Program Audit Oversight Board Conversation With Audit Committees Updates to the recent changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

III. Remuneration

The Board is assisted by the RC which is responsible for making recommendations to the Board on remuneration arrangements for Directors and Senior Management, including Executive Directors, with the aim of attaining, motivating, and retaining high-quality individuals to drive the Company towards achieving its long-term objectives. Remuneration packages of the Directors and Senior Management are considered against their responsibilities and contributions.

The RC's responsibilities include recommending to the Board the remuneration policies and procedures to determine the remuneration of Directors and Senior Management.

The Board, assisted by the RC, has established a Remuneration Policy and Procedure for Directors and Senior Management, which aims to provide the policies and procedures for determining, reviewing, assessing, and recommending remuneration packages for Directors and Senior Management.

The policy and procedures state the remuneration components for Non-Executive Directors, Executive Directors, and Senior Management. The policy and procedures take into consideration factors such as qualification, skills, competency, and experience of the Directors and Senior Management, in addition to considering their roles and responsibilities, contributions, and performance in delivering their responsibilities.

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

III. Remuneration (Cont'd)

The Remuneration Policy and Procedure for Directors and Senior Management is published on Yenher's corporate website.

With regard to the remuneration of Executive Directors, they shall play no part in deliberating and making decisions on their own remuneration, while the remuneration and entitlements of the Non-Executive Directors shall be a matter solely for the Board as a whole to determine, with the individuals concerned abstaining from discussing and voting on decisions in respect of their own remuneration.

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 FY2022 which is also published on the Company's corporate website.

Principle B: Effective Audit and Risk Management

I. Audit and Risk Management Committee

The Board is assisted by the ARMC whose roles include overseeing the audit activities carried out by the internal and external auditors, compliance with laws and regulations, and the adequacy of the Group's control environment. The ARMC also oversees matters pertaining to the Group's risk management, including reviewing the key risks of the Group and their management.

The ARMC is chaired by an Independent Director who is not the Executive Board Chairman. The ARMC is comprised exclusively of Independent Directors, in compliance with the Listing Requirements. It consists of members who have skills and experience in the fields of law, commerce, business administration, audit, accounting, and finance, amongst others, to facilitate the effective functioning of the ARMC.

In discharging its roles to oversee audit-related matters and assessing the adequacy and effectiveness of internal controls, the ARMC has unrestricted access to both the Internal and External Auditors, including meeting the Internal and External Auditors without the presence of Management.

The ARMC is also responsible for ensuring the quality of the Internal and External Auditors. In the assessment of the External Auditor, the ARMC considers their suitability, objectivity, and independence, as well as the non-audit services, including their fees and the nature of services, provided by the External Auditors and their affiliates.

Details of the ARMC, its responsibilities, and 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 FY2022 and the Corporate Governance Report FY2022.

II. Risk Management and Internal Control Framework

Yenher Group maintains risk management and internal control systems to safeguard the Company's assets and to enable the preparation of true and fair view of the financial statements, amongst others. The Board holds ultimate responsibility in ensuring the overall adequacy and effectiveness of the Group's risk management and internal control framework. The ARMC is established by the Board to assist in overseeing risk management matters, including the overall effectiveness of the risk management framework, the adequacy and effectiveness of internal controls, and reviewing the Group's top risks.

The Group's risk management practices are guided by an Enterprise Risk Management process which was developed with reference to the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") guidance on Enterprise Risk Management. Through the risk management process, the Management identifies, assesses, and manages the risks of the Group. The risks considered include strategic, operational, financial, compliance, and sustainability risks, amongst others. Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the ARMC. The risk management processes support the Group's internal control system, which prioritises resources in addressing risks with greater significance.

Principle B: Effective Audit and Risk Management (Cont'd)

II. Risk Management and Internal Control Framework (Cont'd)

The Board reviews the adequacy and operating effectiveness of the Group's risk management and internal control systems on an annual basis, based on, amongst others, the audit activities overseen by the ARMC, the assurance from the Executive Chairman and the Executive Directors 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 FY2022.

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

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 the investor relations programme.

Various communication channels are established to engage with the Group's various stakeholders including shareholders and investors, employees, customers, business partners, and others. Key communication channels for shareholders include announcements 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 the stakeholder engagement channels, relevant information such as financial information and performance, policies regarding 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 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 to review the Group's performance and understand the Group's long-term strategic direction, as well as financial and non-financial information.

The notice of Yenher's 2nd AGM was circulated at least 28 days prior to the date of the meeting, beyond the 21 days as required by the Companies Act 2016, to enable shareholders sufficient notice and time to consider the resolutions.

The previous Board Chairman chaired Yenher's 2nd AGM on 3 June 2022. All Directors attended the AGM where the Executive Directors responsible for the Company's financial affairs presented the Group's performance for FY2021 and future outlook. A dedicated timeslot was allocated for shareholders to ask questions while the Directors were prepared to respond to relevant questions.

The minutes of the 2nd AGM, which include the matters discussed, meeting proceedings, voting outcomes, issues or concerns raised, and the Company's responses, are published on Yenher's corporate website.

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

This Statement is dated 18 April 2023.

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 Companies Act 2016 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 2022 ("FY2022"). 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 five (5) meetings held during FY2022 are as follows:

Name	Designation	Attendance
Tan Peng Lam (Independent Director)	Chairman	5/5
Dato' Lim Choon Khim (Independent Director)	Member	5/5
Dr Ong Bee Lee (Independent Director) (Appointed on 1 July 2022)	Member	2/2
Dr Wan Mohd Kamil bin Wan Nik (Independent Director) (Retired on 3 June 2022)	Member	3/3

The ARMC members possess a necessary range of skills and experience including in the fields of veterinary public health and medicine, quality assurance, audit, business administration, finance and accounting, and law. In addition, 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 FY2022 Annual Report.

The ARMC has a Terms of Reference ("TOR") which is approved by the Board and is available on Yenher's corporate website.

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 the 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 auditors, as well as the audit fee. The ARMC is also responsible for assessing the performance, suitability, objectivity, and independence of the external auditors, as well as discussing with the external auditors 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 Executive Chairman and Executive Directors, only attend ARMC meetings upon invitation to enable 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 works, 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

Summary of activities carried out by the ARMC

During and 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 of Bursa:

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 Auditors,
 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 Auditors before making announcement to Bursa.
- reviewed the annual audit plan for the financial year ended 31 December 2022, which was presented by the
 External Auditors, including the scope of work, audit strategy, anticipated key audit matters, reporting timelines,
 and the audit fee;
- obtained assurance from the External Auditors that they have complied with relevant ethical requirements including independence;
- reviewed and discussed with the External Auditors, their audit findings including any audit and accounting issues and weaknesses noted in the internal controls over financial reporting;
- held private sessions with the External Auditors without the presence of Management personnel (including the
 Executive Chairman and Executive Directors) during which the External Auditors provided their comments on the
 assistance and cooperation provided by the employees of the Group during the audit;
- reviewed and assessed the performance, suitability, objectivity, and independence of External Auditors, considering, amongst others, the outcome of the audit work, feedback from Management personnel who have had dealings with the audit team during the audit, and any non-audit services and relevant fees;
- following the assessment of the External Auditors, recommended to the Board the re-appointment of Folks DFK & Co as the External Auditors for the Group's financial year ending 31 December 2023, 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 Auditors, considering, amongst others, their independence, resources, competency and qualification, and internal audit fee;
- reviewed and approved the internal audit plan presented by the Internal Auditors for the financial year ended 31
 December 2022, 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 Auditors and discussed the internal audit findings
 including any weaknesses in internal control, the Internal Auditors' recommendation to address such weaknesses,
 Management's response and action plans, and follow-up actions;

D. Related Party Transaction and Other Matters

- reviewed the recurrent related party transactions entered into during the period from the Company's listing date
 up to the Company's 2nd AGM which the Board had proposed for shareholders' ratification during the Company's
 2nd AGM:
- reviewed the shareholders' mandate for new recurrent related party transactions which the Board had proposed for shareholders' approval during the Company's 2nd AGM;
- 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 that they are carried out on arm's length basis, and 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; and
- reviewed the TOR of the ARMC against the latest MCCG, considered relevant amendments to the TOR, and recommended the amended TOR for the Board's approval.

Audit and Risk Management Committee Report

Summary of the works of the internal audit function

The Group's internal audit function is carried out by an outsourced Internal Auditors which is an external professional firm independent of the Group's Management, business, and operations. The Internal Auditors are appointed by and report directly to the ARMC.

During the financial year under review, the Internal Auditors carried out their work based on a risk-based approach that focuses on key risks significant to the Group. In developing the proposed internal audit plan for the ARMC's approval, the Internal Auditors 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.

Internal audit reviews carried out by the Internal Auditors were based on the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control – Integrated Framework and made reference to the *International Professional Practices Framework* ("IPPF"). The IPPF is the conceptual framework that organises authoritative guidance promulgated by The Institute of Internal Auditors.

The Internal Auditors performed their works 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 internal audit reports were presented to the ARMC which include highlights of internal control weaknesses noted and recommendations to address such weaknesses. Action plans agreed to be implemented by Management were also reviewed in subsequent audit cycles as part of the Internal Auditors' follow up review to ensure weaknesses identified have been addressed.

For the financial year under review, the Internal Auditors carried out 2 cycles of internal audit covering the areas of recurrent related party transactions, related party transactions, procurement and sourcing, and employment environment (in relation to social compliance) and 2 follow-up audit reviews. The cost incurred for the internal audit function in respect of the financial year amounted to approximately RM37,600.

This Report is dated 18 April 2023.

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 has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of 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 2022 ("FY2022") 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 the shareholders' investments. In view of inherent limitations in any system of risk management and internal control, such a system can only manage and minimise risk 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 relation to the Company's risk management and internal control framework, the Board is also responsible for reviewing the adequacy and operating effectiveness of the risk management and internal control system, as well as overseeing the Company's principal risks and ensuring appropriate controls are in place to manage these risks. The Board carries out its responsibilities via delegations made through the Company's corporate governance structure.

The Board is assisted by the Audit and Risk Management Committee whose key responsibilities 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 Executive Chairman and Executive Directors, the Senior Management team provides leadership to business and operations in the execution of risk policies and drives the implementation of risk management processes. This includes performing evaluation on 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, Management considers the potential sources of risks, their likelihood of occurrence, and the consequences if they materialise. Risk mitigation plans are developed and implemented by Management.

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 its operations. These risks were documented in a risk registry;
- Risks which are more significant are highlighted to, and reviewed by the ARMC and the Board;
- Management implemented strategies and action plans addressing key risks identified, including developing or enhancing relevant policies and controls;
- 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; and
- The Board reviews the performance relating to the management of key risks identified, including via a review of key risk indicators.

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

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

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 Group's internal control system are highlighted as follows:

Governance and organisation structure

The Group has an established organisation structure, supported by a formalised governance structure that 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. The Board 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, Nomination Committee, and the Remuneration Committee. Senior Management, led by the Executive Chairman and Executive Directors, is responsible and accountable to the Board for the day-to-day business management of the Group, as well as the implementation of company strategies set by the Board.

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. At the beginning of the financial year, Senior Management discusses the business plans, budgets, and forecasts for major business functions with the Board and proposes strategies for the Board's review and approval.

The performance against approved business strategies and plans is 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 quarterly to the Audit and Risk Management Committee and the Board before the quarterly performances are announced to shareholders on Bursa's website.

At the Management level, Senior Management oversees the implementation of company strategies via delegations made across various functions and departments. Monthly management meetings with the Executive Chairman and Executive Directors are carried out to monitor and review the progress of business plans.

Delegation of authority and limits

The Group has a formalised set of delegated authority and limits of authority for the Group's corporate governance as well as business operations with clearly defined lines of accountability and responsibility. The day-to-day implementation of risk management as well as compliance under the Group's internal control processes and procedures are aligned with the roles and responsibilities of the respective Management personnel.

Code of Ethics and governance policies

The Group's operations, the Directors, and employees are governed by the Group's Code of Conduct and Business Ethics ("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 are 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 upholding 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. The standard operating policies and procedures incorporate relevant internal controls, including those which address business sustainability in the aspects of environmental and social. The standard operating policies and procedures are reviewed and enhanced 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

The second and third lines of defences are established to provide assurance over the Group's operations and products. Internally, the Group has quality control and assurance processes that ensure compliance with operational policies and procedures, as well as safeguarding product safety and quality. The Group has an internal audit function that provides assurance on the adequacy and effectiveness of the Group's governance, risk management, and internal controls. External audit is also conducted to provide 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 annually, and reports are made directly to the Audit and Risk Management Committee which oversees the audit activities and findings with an independent mind. Internal control weaknesses, where found, will be highlighted to the Audit and Risk Management Committee. Relevant remedial action plans will be devised, implemented, 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 the 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 Audit and Risk Management Committee, reviewed the works and findings of the internal and external auditors including their assessments of the Group's internal controls system.

The Board has also received assurance from the Executive Chairman and the Executive Directors 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 2022.

Considering the review activities of the Board and the Audit and Risk Management Committee, the assurance obtained from the Executive Chairman and the Executive Directors 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 ensuring the ongoing adequacy and operating effectiveness of the Group's system of risk management and internal control.

Review of this Statement by the External Auditors

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors have 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 Auditors concluded that based on the procedures performed and evidence obtained, nothing has come to their attention that causes the External Auditors to believe that this Statement intended to be included in Yenher's FY2022 Annual Report, 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 effectiveness 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 18 April 2023.

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 RM0.95 per share, raising gross proceeds of approximately RM61.21 million. The status of the utilisation of the IPO proceeds for financial year ended 31 December 2022 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	(1,935)	29,065	Within 30 months
Purchase of new machinery and equipment	9,700	-	9,700	Within 30 months
Working capital	16,709	(17,276)	(567)	Within 36 months
Estimated listing expenses	3,800	(3,233)	567	Within 1 month*
Total	61,209	(22,444)	38,765	

^{*} 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 the Company's external auditors, Messrs. Folks DFK & Co., during the financial year ended 31 December 2022 are set out below:

	Company RM	Group RM
Fees for statutory audit services	30,000	100,000
Fees for non-audit services	14,400	14,400
Total	44,400	114,400

3. MATERIAL CONTRACTS

There were no material contracts entered by the Group involving the interests of the Directors and major shareholders during financial year ended 31 December 2022 or still subsisting at the end of previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

The shareholders' mandate for the Group's Recurrent Related Party Transactions ("RRPTs") was obtained at the Company's second Annual General Meeting held on 3 June 2022. Details of the transactions with related parties during the financial year ended 31 December 2022 are disclosed in Note 27 to the financial statements.

The mandate for RRPTs is subject to renewal at the forthcoming third Annual General Meeting of the Company. Details of Shareholders' Mandate for RRPTs to be sought are furnished in the Circular to Shareholders dated 28 April 2023.

Financial Statements

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Directors' Report

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

Principal Activities

The 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 the financial year attributable to owners of the Company	21,716,700	9,413,201

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 year were as follows:-

(a) In respect of the financial year ended 31 December 2021, as proposed in the Directors' Report for that financial year, a final single-tier dividend of 1.50 sen per ordinary share was approved and declared on 3 June 2022 and paid on 29 June 2022.

RM4,500,000

(b) In respect of the financial year ended 31 December 2022, a first single-tier interim dividend of 1.50 sen per ordinary share was declared by the Directors of the Company on 19 August 2022 and paid on 28 October 2022.

RM4,500,000

(c) On 27 February 2023, the Directors of the Company declared a second single-tier interim dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2022 amounted to RM4,500,000 which was paid on 31 March 2023. The financial statements for the current financial year do not reflect this second interim dividend. Such dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2023.

No final dividend has been recommended by the Directors in respect of the financial year ended 31 December 2022.

Share Capital

There was no issuance of new shares during the financial year.

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' Report

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
Tan Peng Lam
Dato' Lim Choon Khim
Dr Ong Bee Lee (Appointed on 1 July 2022)
Dr Wan Mohd Kamil Bin Wan Nik (Retired on 3 June 2022)

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 financial year		Balance at	
Names of Directors	01.01.2022	Acquired	Disposed	31.12.2022
Cheng Mooh Tat				
- Direct	22,500,000	-	-	22,500,000
- Indirect *	135,000,000	-	-	135,000,000
- Indirect **	-	22,000	-	22,000
Cheng Mooh Kheng				
- Direct	10,500,000	-	-	10,500,000
- Indirect *	135,000,000	-	-	135,000,000
Theoh Mooi Teng				
- Direct	1,750,000	104,900	-	1,854,900
- Indirect **	-	22,000	-	22,000
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 shareholdings of his/her child pursuant to Section 59(11)(c) of the Companies Act 2016

^{***} Deemed interested through the shareholdings 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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed in the *Directors' Remuneration* section below) 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 27 to the financial statements.

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.

Directors' Remuneration

The remuneration received or receivable by the Directors of the Company from the Company and its subsidiaries during the financial year are as follows:-

	Receiv	ed or receivable	from
	The Company	Subsidiaries	Total
	RM	RM	RM
Fees	140,000	930,000	1,070,000
Other remuneration	20,000	5,007,291	5,027,291
Benefits-in-kind		52,775	52,775
	160,000	5,990,066	6,150,066

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.

Auditors' Remuneration

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year are RM114,400 and RM44,400 respectively.

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

Directors' Report

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

Directors' Report (Cont'd)

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

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 18 April 2023

Pulau Pinang

Date: 18 April 2023

Statements of Financial Position

As At 31 December 2022

		Gr	oup	Com	npany
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Assets					
Non-current Assets					
Property, plant and equipment	4	48,022,346	39,593,337	-	-
Intangible assets	5	381,277	444,960	-	-
Investments in subsidiaries	6	-	-	117,784,500	117,784,500
		48,403,623	40,038,297	117,784,500	117,784,500
Current Assets					
Inventories	7	39,056,790	38,011,660	-	-
Trade and other receivables	8	92,315,440	77,399,971	15,093	-
Amount due from subsidiaries	9	-	-	11,834,785	21,730,770
Placements in money market funds	10	36,792,106	26,871,484	36,284,488	26,270,706
Short-term deposits, cash and bank balances	11	27,155,400	39,949,506	16,730,830	16,391,233
		195,319,736	182,232,621	64,865,196	64,392,709
Total Assets		243,723,359	222,270,918	182,649,696	182,177,209
Equity and Liabilities					
Equity Attributable to Owners of the Company	,				
Share capital	12	177,429,501	177,429,501	177,429,501	177,429,501
Merger deficit	13	(115,534,500)	(115,534,500)	-	-
Exchange translation reserve		15,601	(2,847)	-	-
Revaluation reserve	14	17,253,097	9,286,916	-	-
Retained profits		135,519,367	122,758,621	4,974,786	4,561,585
Total Equity		214,683,066	193,937,691	182,404,287	181,991,086
Non-current Liabilities					
Deferred tax liabilities	15	2,360,337	1,478,611	-	-
Lease liabilities		694,157	1,550,126		
		3,054,494	3,028,737		
Current Liabilities					
Lease liabilities		906,435	847,632	-	-
Trade and other payables	16	23,694,257	23,773,358	228,035	152,623
Bank borrowing	17	1,000,000	-	-	-
Tax payable		385,107	683,500	17,374	33,500
		25,985,799	25,304,490	245,409	186,123
Total Liabilities		29,040,293	28,333,227	245,409	186,123
Total Equity and Liabilities		243,723,359	222,270,918	182,649,696	182,177,209



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

		Gr	oup	Comp	pany
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	18	355,337,986	263,409,643	9,000,000	21,500,000
Cost of sales		(301,753,353)	(211,547,313)	-	-
Gross profit		53,584,633	51,862,330	9,000,000	21,500,000
Other income		1,673,982	1,006,054	881,243	510,317
Selling and distribution costs		(12,336,776)	(9,542,476)	-	-
Administrative expenses		(13,736,649)	(14,189,180)	(401,043)	(1,379,916)
Reversal of/(Additional) impairment losses on trade receivables		76,724	(911,494)	-	-
Research and development costs		(533,371)	(306,198)	-	-
Other expenses		(87,427)	(102,214)	-	-
Operating profit		28,641,116	27,816,822	9,480,200	20,630,401
Finance costs	19	(149,566)	(139,354)	-	-
Profit before taxation	20	28,491,550	27,677,468	9,480,200	20,630,401
Taxation	21	(6,774,850)	(6,840,349)	(66,999)	(57,500)
Profit for the financial year		21,716,700	20,837,119	9,413,201	20,572,901
Other comprehensive income, net of tax Item that will not be reclassified subsequently to profit or loss					
- Revaluation of land and buildings	14	8,010,227	_	_	_
Item that will be reclassified subsequently to profit or loss	14	0,010,221	_	-	
- Exchange gain/(loss) on translation of foreign operation		18,448	(2,847)		
Total other comprehensive income/ (loss) for the financial year		8,028,675	(2,847)	_	
Total comprehensive income for the financial year		29,745,375	20,834,272	9,413,201	20,572,901
Attributable to owners of the Company					
Profit for the financial year		21,716,700	20,837,119	9,413,201	20,572,901
Total comprehensive income for the financial year		29,745,375	20,834,272	9,413,201	20,572,901
Earnings per share attributable to owners of the Company					
Basic (Sen)	22.1	7.24	7.85		

The notes set out on pages 45 to 96 form an integral part of the financial statements.

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

Attributable	to	owners	of the	Com	panv
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		Non-distr	ributable		Distributable	
	Share capital	Merger deficit	Exchange translation reserve	Revaluation reserve	Retained profits	Total
	RM	RM	RM	RM	RM	RM
Group						
Balance at 1 January 2022	177,429,501	(115,534,500)	(2,847)	9,286,916	122,758,621	193,937,691
Profit for the financial year	-	-	-	-	20,837,119	20,837,119
Surplus on revaluation of land and buildings, net of attributable deferred tax	-	-	-	8,010,227	-	8,010,227
Exchange gain on translation of foreign operation	-	-	18,448	_	-	18,448
Total comprehensive income for the financial year	-	-	18,448	8,010,227	21,716,700	29,745,375
Transfer of revaluation surplus on land and buildings (Note 14)	-	-	-	(44,046)	44,046	-
Transactions with owners of the Company						
- Dividends paid (Note 23)		_	-	-	(9,000,000)	(9,000,000)
Balance at 31 December 2022	177,429,501	(115,534,500)	15,601	17,253,097	135,519,367	214,683,066
Balance at 1 January 2021	117,784,501	(115,534,500)	-	9,337,236	117,171,182	128,758,419
Profit for the financial year	-	-	-	-	20,837,119	20,837,119
Exchange loss on translation of						
foreign operation	-	-	(2,847)		-	(2,847)
Total comprehensive (loss)/ income for the financial 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	04 052 17-					24 005 :
Offering (Note 12)	61,209,450	-	-	-	-	61,209,450
Share issue expenses	(1,564,450)	-	-	-	(15 200 000)	(1,564,450)
Dividends paid (Note 23)	_	-	-		(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



Statements of Changes in EquityFor the Financial Year Ended 31 December 2022(Cont'd)

	Attributable	to owners of the	e Company
	Non- distributable share capital	(Non- distributable accumulated losses)/ Distributable retained profits	Total
	RM	RM	RM
Company			
Balance at 1 January 2022	177,429,501	4,561,585	181,991,086
Profit for the financial year, representing the total comprehensive income for the financial year	-	9,413,201	9,413,201
Transactions with owners of the Company			
- Dividends paid (Note 23)	-	(9,000,000)	(9,000,000)
Balance at 31 December 2021	177,429,501	4,974,786	182,404,287
		()	
Balance at 1 January 2021	117,784,501	(711,316)	117,073,185
Profit for the financial year, representing the total comprehensive income for the financial year	-	20,572,901	20,572,901
New ordinary shares issued pursuant to the Initial Public Offering (Note 12)	61,209,450	-	61,209,450
Share issue expenses	(1,564,450)	-	(1,564,450)
Dividends paid (Note 23)	-	(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	4,561,585	181,991,086

Statements of Cash Flows

For the Financial Year Ended 31 December 2022

	Gro	oup	Com	pany
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before taxation	28,491,550	27,677,468	9,480,200	20,630,401
Adjustments for :-				
Amortisation of intangible assets	115,649	105,837	-	-
Depreciation of property, plant and equipment	1,199,936	1,049,176	-	-
Depreciation of right-of-use assets	884,315	859,010	-	-
(Reversal of)/Additional impairment losses on trade receivables	(76,724)	911,494	_	_
Dividend income from subsidiaries	-	-	(9,000,000)	(21,500,000)
Gain on changes in fair value of money market funds	(577,797)	(39,190)	(568,634)	(38,412)
Gain on redemption of money market funds	(25,710)	-	(24,756)	-
Gain on disposal of property, plant and equipment	(199,596)	(120,397)	-	_
Income from placements in money market funds	(21,435)	(232,294)	(21,435)	(232,294)
Interest income	(495,389)	(335,804)	(263,388)	(190,640)
Interest expense	149,566	139,354	-	-
Inventories written down	306,852	-	_	-
Property, plant and equipment written-off	543	158	_	-
Reversal of revaluation decrease of property, plant and equipment	(191,024)	-	_	_
Unrealised loss/(gain) on foreign exchange	84,259	(122,730)	_	_
omounous roos, (gam,) om rororgin orientarige				
Operating profit/(loss) before working capital changes	29,644,995	29,892,082	(398,013)	(1,330,945)
Increase in inventories	(1,365,604)	(6,982,436)	-	-
(Increase)/Decrease in trade and other receivables	(14,881,151)	(18,011,238)	(15,093)	156,627
(Decrease)/Increase in trade and other payables	(81,877)	2,649,667	75,412	(325,613)
Cash generated from/(utilised in) operations	13,316,363	7,548,075	(337,694)	(1,499,931)
Interest received	495,389	335,804	263,388	190,640
Interest paid	(149,566)	(139,354)	-	-
Tax paid	(7,072,459)	(7,357,435)	(83,125)	(24,000)
Net cash from/(used in) operating activities	6,589,727	387,090	(157,431)	(1,333,291)



Statements of Cash Flows

For the Financial Year Ended 31 December 2022 (Cont'd)

	Gro	oup	Com	pany
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash flows from investing activities				
Purchase of intangible assets	(51,966)	(242,202)	-	-
Purchase of property, plant and equipment	(1,493,040)	(3,448,620)	-	-
Proceeds from disposal of property, plant and equipment	323,946	120,400	-	-
Net placements in money market funds	(9,317,115)	(26,832,294)	(9,420,392)	(26,232,294)
Income from placements in money market funds	21,435	232,294	21,435	232,294
Dividends received from subsidiaries	-	-	9,600,000	16,400,000
Repayment from/(Advances to) subsidiaries			9,295,985	(16,630,770)
Net cash (used in)/from investing activities	(10,516,740)	(30,170,422)	9,497,028	(26,230,770)
Cash flows from financing activities				
Decrease/(Increase) in short-term deposits pledged as security	1,245,890	(69,487)	-	-
Proceeds from bank borrowing (Note 25.1)	1,000,000	-	-	-
Proceeds from issuance of ordinary shares (Note 12)	-	61,209,450	-	61,209,450
Payment of share issue expenses	-	(1,564,450)	-	(1,564,450)
Dividends paid (Note 23)	(9,000,000)	(15,300,000)	(9,000,000)	(15,300,000)
Payments of lease liabilities (Note 25.1)	(860,086)	(847,946)	-	-
Repayment to subsidiaries				(389,707)
Net cash (used in)/from financing activities	(7,614,196)	43,427,567	(9,000,000)	43,955,293
Net (decrease)/increase in cash and cash equivalents	(11,541,209)	13,644,235	339,597	16,391,232
Effect of foreign exchange difference on cash and cash equivalents	(7,007)	842	-	-
Cash and cash equivalents at beginning of financial year	38,340,466	24,695,389	16,391,233	1
Cash and cash equivalents at end of financial year (Note 11)	26,792,250	38,340,466	16,730,830	16,391,233

31 December 2022

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 18 April 2023.

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 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 2022:-

Amendments to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

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

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.

31 December 2022 (Cont'd)

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

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 January 2023

MFRS 17, Insurance Contracts

Amendments to MFRS 17 - Insurance Contracts

Amendment to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

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 1 January 2024

Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current and Non-current

Liabilities with Covenants

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.

31 December 2022 (Cont'd)

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

2.4 Basis of Consolidation (Cont'd)

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.

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.



31 December 2022 (Cont'd)

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

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.

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.

31 December 2022 (Cont'd)

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

2.7 Foreign Currencies (Cont'd)

2.7.3 Foreign operations (Cont'd)

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.

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.



31 December 2022 (Cont'd)

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

2.9 Property, Plant and Equipment (Cont'd)

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:-

Buildings50 yearsFurniture and fittings10 yearsMotor vehicles5 yearsOffice equipment5 to 10 yearsPlant and machinery5 to 10 yearsRenovation10 yearsTools and equipment10 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.

2.10 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.

31 December 2022 (Cont'd)

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

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.

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 pretax 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.

31 December 2022 (Cont'd)

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

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.

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.

31 December 2022 (Cont'd)

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

2.14 Financial Assets (Cont'd)

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.

(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.

31 December 2022 (Cont'd)

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

2.14 Financial Assets (Cont'd)

2.14.2 Measurement

(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.

2.14.3 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.

31 December 2022 (Cont'd)

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

2.14 Financial Assets (Cont'd)

2.14.4 Impairment of financial assets (Cont'd)

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.

2.15 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.

31 December 2022 (Cont'd)

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

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.

2.20 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.

31 December 2022 (Cont'd)

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

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 24 to 45 months

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 2022; and
- (c) there is no substantive change to other terms and conditions of the lease.

31 December 2022 (Cont'd)

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

2.22 Leases as a Lessee (Cont'd)

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.

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.

31 December 2022 (Cont'd)

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

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.

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.

31 December 2022 (Cont'd)

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

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 :-

- 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 7 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.

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.

31 December 2022 (Cont'd)

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

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 and 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.

3.2.2 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.



31 December 2022 (Cont'd)

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

61,271,491

(761,920)

(382, 193)

1,555,960

51,781,576

Notes to the Financial Statements 31 December 2022 (Cont'd)

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

Group - 2022

	At			Elimination of accumulated depreciation			70
	financial year RM	Additions RM	Revaluation RM	upon revaluation RM	Disposals RM	Write-off RM	financial year RM
Valuation/Costs							
Assets at valuation (Note 4.3)							
Own assets							
Freehold land	25,150,000	1	8,950,000	1	1	1	34,100,000
Buildings	4,910,000	•	(59,877)	(330,123)	1	1	4,520,000
	30,060,000		8,890,123	(330,123)			38,620,000
Right-of-use assets							
Leasehold land	1,090,000	1	192,070	(52,070)	1	ı	1,230,000
	31,150,000	1	9,082,193	(382,193)	ı	ı	39,850,000
Assets at cost							
<u>Own assets</u>							
Furniture and fittings	338,483	11,845	1	ı	ı	ı	350,328
Motor vehicles	5,751,759	1,011,415	1	ı	(761,920)	•	6,001,254
Office equipment	1,384,515	92,183	1	ı	ı	(4,125)	1,472,573
Plant and machinery	3,219,436	21,350	1	ı	ı	1	3,240,786
Renovation	1,817,763	90,545	ı	ı	ı	ı	1,908,308
Tools and equipment	1,153,489	236,149	1	ı	ı	ı	1,389,638
Capital work-in-progress	2,118,834	29,553	•	ı	1	1	2,148,387
	15,784,279	1,493,040	1	ı	(761,920)	(4,125)	16,511,274
Right-of-use assets							
Buildings on lease (Note 4.4)	4,847,297	62,920	•	1	1	1	4,910,217
	20,631,576	1,555,960	1	•	(761,920)	(4,125)	21,421,491

Property, Plant and Equipment



Notes to the Financial Statements 31 December 2022 (Cont'd)

Group - 2022 (Cont'd)

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

	At beginning of financial year	Charge for the financial year	Elimination upon revaluation	Disposals	Write-off	At end of financial year
	RM	RM	RM	RM	RM	RM
Accumulated depreciation						
Assets at valuation						
Own assets						
Freehold land	ı	ı	1	I	1	1
Buildings	198,074	132,049	(330,123)	I	1	ı
	198,074	132,049	(330,123)	I	-	1
Right-of-use assets						
Leasehold land	31,242	20,828	(52,070)	I	1	ı
	229,316	152,877	(382,193)	I	1	ı
Assets at cost						
Own assets						
Furniture and fittings	296,308	14,663	ı	I	1	310,971
Motor vehicles	4,448,142	509,916	ı	(637,570)	1	4,320,488
Office equipment	890,935	140,805	I	ı	(3,582)	1,028,158
Plant and machinery	2,382,843	169,107	1	ı	1	2,551,950
Renovation	743,654	139,011	ı	I	1	882,665
Tools and equipment	688,287	94,385	1	ı	1	782,672
Capital work-in-progress	1	1	1	ı	1	1
	9,450,169	1,067,887	1	(637,570)	(3,582)	9,876,904
Right-of-use assets						
Buildings on lease	2,508,754	863,487			1	3,372,241

13,249,145 13,249,145

(3,582)(3,582)

(637,570)(637,570)

1,931,374 2,084,251

11,958,923 12,188,239

(382, 193)

4.

Property, Plant and Equipment (Cont'd)

31 December 2022 (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 - 2021

	At beginning of financial year	Additions	Disposals	Write-off	At end of financial year
	RM	RM	RM	RM	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

31 December 2022 (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 - 2021 (Cont'd)

	At beginning of financial year	Charge for the financial year	Disposals	Write-off	At end of financial year
	RM	RM	RM	RM	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

31 December 2022 (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 (Cont'd)

	Carrying	Carrying amounts	
	2022	2021	
	RM	RM	
Assets at valuation			
Own assets			
Freehold land	34,100,000	25,150,000	
Buildings	4,520,000	4,711,926	
Right-of-use assets			
Leasehold land	1,230,000	1,058,758	
	39,850,000	30,920,684	
Assets at cost			
Own assets			
Furniture and fittings	39,357	42,175	
Motor vehicles	1,680,766	1,303,617	
Office equipment	444,415	493,580	
Plant and machinery	688,836	836,593	
Renovation	1,025,643	1,074,109	
Tools and equipment	606,966	465,202	
Capital work-in-progress	2,148,387	2,118,834	
Right-of-use assets			
Buildings on lease	1,537,976	2,338,543	
	8,172,346	8,672,653	
	48,022,346	39,593,337	

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:-

	Gre	Group	
	31.12.2022	31.12.2021	
	RM	RM	
Freehold land	34,100,000	25,150,000	
Buildings	3,800,000	4,170,388	
	37,900,000	29,320,388	

4.3 The land and buildings of the Group were revalued on 31 December 2022 by independent professional valuers. Based on these latest valuations, the total fair values of those land and buildings as at 31 December 2022 was RM39,850,000. 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 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.

31 December 2022 (Cont'd)

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

4.3 (Cont'd)

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

	Group	
	2022	2021
	RM	RM
Own assets		
Freehold land	16,581,067	16,581,067
Buildings	3,480,712	3,578,960
Right-of-use assets		
Leasehold land	607,689	620,088
	20,669,468	20,780,115

4.4 Right-of-use assets - Buildings on lease

The costs of right-of-use assets and the corresponding lease liabilities recognised in the financial statements include 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.

The Group's buildings on lease include a lease of 1 unit double-storey office cum warehouse building from a company in which the 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.

5. Intangible Assets

	Group Computer software	
	2022	2021
	RM	RM
Costs		
At beginning of financial year	550,797	308,595
Additions	51,966	242,202
At end of financial year	602,763	550,797
Accumulated amortisation		
At beginning of financial year	105,837	-
Charge for the financial year	115,649	105,837
At end of financial year	221,486	105,837
Carrying amount as at 31 December	381,277	444,960

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 (2021: 5 years).

31 December 2022 (Cont'd)

6. Investments in Subsidiaries

	Co	mpany
	2022	2021
	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 inte	rest in equity
Names of companies	Principal activities	2022	2021
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%

7. Inventories

	Gro	oup
	2022	2021
	RM	RM
At cost		
Raw materials	21,681,705	23,761,729
Finished goods	7,022,135	6,001,651
Trading goods	8,470,395	7,681,429
Goods in-transit	1,882,555	566,851
	39,056,790	38,011,660

⁽a) The amount of inventories recognised as an expense during the financial year is RM298,963,973 (2021 : RM209,871,476) and this has been included in cost of sales of the Group's profit or loss.

⁽b) During the financial year, certain inventories of the trading goods have been fully written down by RM306,852 (2021 : NIL) and such expense has been included in cost of sales of the Group's profit or loss.

31 December 2022 (Cont'd)

8. Trade and Other Receivables

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade receivables (Note 8.1)	78,714,101	68,836,790	-	-
Other receivables (Note 8.2)	11,175,154	6,058,307	-	-
	89,889,255	74,895,097	-	-
Deposits (Note 8.3)	2,129,599	2,263,474	-	-
Prepayments	296,586	241,400	15,093	
	92,315,440	77,399,971	15,093	-

8.1 Trade receivables

	Group	
	2022	2021
	RM	RM
Third parties	73,009,297	62,544,767
Related parties (Note 8.1(a))	7,489,453	8,249,450
	80,498,750	70,794,217
Allowance for impairment losses	(1,784,649)	(1,957,427)
	78,714,101	68,836,790

⁽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 7 to 120 days (2021 : 30 to 120 days). Other credit periods are assessed and approved on a case by case basis.

31 December 2022 (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:-

		2022	
	Gross carrying amount	Loss allowances	Net carrying amount
	RM	RM	RM
Not credit impaired			
Not past due	51,192,738	(155,538)	51,037,200
1 to 30 days past due	9,624,484	(69,717)	9,554,767
31 to 60 days past due	7,192,738	(88,780)	7,103,958
61 to 90 days past due	4,621,983	(109,175)	4,512,808
91 to 120 days past due	3,846,567	(157,140)	3,689,427
121 to 210 days past due	1,377,252	(146,296)	1,230,956
	26,663,024	(571,108)	26,091,916
	77,855,762	(726,646)	77,129,116
Credit impaired			
More than 210 days	2,005,907	(420,922)	1,584,985
Individually impaired	637,081	(637,081)	-
	2,642,988	(1,058,003)	1,584,985
	80,498,750	(1,784,649)	78,714,101
			_
		2021	
	Gross carrying amount	2021 Loss allowances	Net carrying amount
	carrying	Loss	carrying
Not credit impaired	carrying amount	Loss allowances	carrying amount
Not credit impaired Not past due	carrying amount RM	Loss allowances RM	carrying amount RM
Not credit impaired Not past due 1 to 30 days past due	carrying amount	Loss allowances RM (89,407)	carrying amount
Not past due	carrying amount RM	Loss allowances RM	carrying amount RM
Not past due 1 to 30 days past due	carrying amount RM 42,412,541 11,970,406	Loss allowances RM (89,407) (101,119) (125,910)	carrying amount RM 42,323,134 11,869,287 6,314,519
Not past due 1 to 30 days past due 31 to 60 days past due	carrying amount RM 42,412,541 11,970,406 6,440,429	Loss allowances RM (89,407)	carrying amount RM 42,323,134 11,869,287
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842	Loss allowances RM (89,407) (101,119) (125,910) (93,648)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407 2,493,287	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588) (357,594)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819 2,135,693
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407 2,493,287 25,225,371	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588) (357,594) (825,859)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819 2,135,693 24,399,512
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due 121 to 210 days past due	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407 2,493,287 25,225,371	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588) (357,594) (825,859)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819 2,135,693 24,399,512
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due 121 to 210 days past due Credit impaired	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407 2,493,287 25,225,371 67,637,912	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588) (357,594) (825,859) (915,266)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819 2,135,693 24,399,512 66,722,646
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due 121 to 210 days past due Credit impaired More than 210 days	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407 2,493,287 25,225,371 67,637,912	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588) (357,594) (825,859) (915,266)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819 2,135,693 24,399,512 66,722,646
Not past due 1 to 30 days past due 31 to 60 days past due 61 to 90 days past due 91 to 120 days past due 121 to 210 days past due Credit impaired More than 210 days	carrying amount RM 42,412,541 11,970,406 6,440,429 2,469,842 1,851,407 2,493,287 25,225,371 67,637,912 2,316,245 840,060	Loss allowances RM (89,407) (101,119) (125,910) (93,648) (147,588) (357,594) (825,859) (915,266) (202,101) (840,060)	carrying amount RM 42,323,134 11,869,287 6,314,519 2,376,194 1,703,819 2,135,693 24,399,512 66,722,646 2,114,144 -



31 December 2022 (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	Credit impaired	Total
	RM	RM	RM
2022			
At beginning of financial year	(915,266)	(1,042,161)	(1,957,427)
Write-off	-	96,054	96,054
Net gain on remeasurement of loss allowances	24,145	52,579	76,724
At end of financial year	(891,121)	(893,528)	(1,784,649)
2021			
At beginning of financial year	(326,484)	(719,449)	(1,045,933)
Net loss on remeasurement of loss allowances	(588,782)	(322,712)	(911,494)
At end of financial year	(915,266)	(1,042,161)	(1,957,427)

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

	Group	
	2022	2021
	RM	RM
United States Dollar	4,243,027	4,614,707
New Taiwan Dollar	39,413	-
Ringgit Malaysia	74,431,661	64,222,083
	78,714,101	68,836,790

8.2 Other receivables

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

	Group	
	2022	2021
	RM	RM
United States Dollar	9,323,158	5,452,343
Euro	1,432,002	316,576
New Taiwan Dollar	10,127	11,950
British Pound Sterling	63,611	92,192
Ringgit Malaysia	346,256	185,246
	11,175,154	6,058,307

31 December 2022 (Cont'd)

8. Trade and Other Receivables (Cont'd)

8.3 Deposits

	Gro	oup
	2022	2021
	RM	RM
Third parties	2,040,599	2,174,474
Related party	89,000	89,000
	2,129,599	2,263,474

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 :-

	Gro	oup
	2022	2021
	RM	RM
Deposit paid to supplier for purchase of machinery	1,826,982	1,728,864

9. Amount Due From Subsidiaries

	Com	pany
	2022	2021
	RM	RM
Advances to subsidiaries	7,334,785	16,630,770
Dividends receivable from subsidiaries	4,500,000	5,100,000
	11,834,785	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.

31 December 2022 (Cont'd)

10. Placements in Money Market Funds

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Money market unit trust funds classified as financial assets at fair value through profit or loss	36,792,106	26,871,484	36,284,488	26,270,706

11. Short-term Deposits, Cash and Bank Balances

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Short-term deposits with licensed banks	18,154,023	27,758,605	16,515,582	16,149,565
Cash and bank balances	9,001,377	12,190,901	215,248	241,668
As presented in the statements of financial position	27,155,400	39,949,506	16,730,830	16,391,233
Less : Short-term deposits pledged as security	(363,150)	(1,609,040)	-	-
Cash and cash equivalents - as presented in the statements of cash flows	26,792,250	38,340,466	16,730,830	16,391,233

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 4.18% (2021 : 1.60% to 2.50%) and 4.18% (2021 : 2.00% to 2.25%) per annum respectively.

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

	Group		Com	pany
	2022	2021	2022	2021
	RM	RM	RM	RM
United States Dollar	634,715	1,887,046	-	-
Euro	51,676	426,938	-	-
New Taiwan Dollar	144,758	149,034	-	-
Singapore Dollar	25	25	-	-
Ringgit Malaysia	26,324,226	37,486,463	16,730,830	16,391,233
	27,155,400	39,949,506	16,730,830	16,391,233

31 December 2022 (Cont'd)

12. Share Capital

Group and Company	Grou	p and	d Com	pany
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	20	2022		21
	Number of	Value	Number of	Value
	shares	RM	shares	RM
Issued and fully paid-up ordinary shares				
At beginning of financial year	300,000,000	177,429,501	235,569,000	117,784,501
New ordinary shares issued pursuant to Initial Public Offering	-	-	64,431,000	61,209,450
Share issue expenses				(1,564,450)
At end of financial year	300,000,000	177,429,501	300,000,000	177,429,501

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.

New ordinary shares issued in the previous 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") in the previous financial year, 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 then 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.

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.

14. Revaluation Reserve

	Group	
	2022	2021
	RM	RM
Revaluation of land and buildings		
At beginning of financial year	9,286,916	9,337,236
Net revaluation surplus during the financial year	8,891,169	-
Deferred tax effect on current financial year revaluation surplus (Note 15)	(880,942)	-
Transfer to retained profits	(44,046)	(50,320)
At end of financial year	17,253,097	9,286,916

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

31 December 2022 (Cont'd)

15. Deferred Tax Liabilities

	Group	
	2022	2021
	RM	RM
At beginning of financial year	1,478,611	1,450,051
Recognised in profit or loss (Note 21)	784	28,560
Recognised in other comprehensive income ("OCI") (Note 14)	880,942	
At end of financial year	2,360,337	1,478,611

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:-

2022	As at 01.01.2022 RM	Recognised in profit or loss RM	Recognised in OCI RM	As at 31.12.2022 RM
Deferred tax liabilities				
Excess of capital allowances over depreciation	611,425	17,495	-	628,920
Revaluation of land and buildings	1,354,222	(13,910)	880,942	2,221,254
Right-of-use assets	561,251	(192,137)	-	369,114
Other taxable temporary differences	29,370	(29,370)		
	2,556,268	(217,922)	880,942	3,219,288
Deferred tax assets				
Unabsorbed tax losses	(33,785)	-	-	(33,785)
Lease liabilities	(575,462)	191,320	-	(384,142)
Other deductible temporary differences	(468,410)	27,386		(441,024)
	(1,077,657)	218,706	-	(858,951)
	1,478,611	784	880,942	2,360,337

31 December 2022 (Cont'd)

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)

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

^{15.2} As at the end of the financial year, the Group has RM427,649 (2021 : RM195,272) of unabsorbed tax losses for which no deferred tax assets have been recognised in the financial statements.

16. Trade and Other Payables

	Gro	Group		any
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade payables (Note 16.1)	14,075,417	13,451,566	-	-
Other payables and accruals (Note 16.2)	9,618,840	10,321,792	228,035	152,623
	23,694,257	23,773,358	228,035	152,623



31 December 2022 (Cont'd)

16. Trade and Other Payables (Cont'd)

16.1 Trade payables

	Gro	Group	
	2022	2021	
	RM	RM	
Third parties	13,930,700	13,151,731	
Related parties (Note 16.1(a))	144,717	299,835	
	14,075,417	13,451,566	

(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 (2021: 7 to 90 days).
- (c) The Group's trade payables are denominated in the following currencies:-

	Group		
	2022	2021	
	RM	RM	
United States Dollar	3,204,443	3,977,235	
Euro	1,308,574	878,661	
British Pound Sterling	-	100,883	
Ringgit Malaysia	9,562,400	8,494,787	
	14,075,417	13,451,566	

16.2 Other payables and accruals

The Group's other payables and accruals are denominated in the following currencies :-

	Gro	Group	
	2022	2021	
	RM	RM	
New Taiwan Dollar	108,109	-	
Ringgit Malaysia	9,510,731	10,321,792	
	9,618,840	10,321,792	

31 December 2022 (Cont'd)

17. Bank Borrowing

The banker's acceptance and all other credit facilities granted by licensed banks to a subsidiary of the Company are secured by way of legal charges over certain properties of the subsidiary (Note 4.2), short-term deposits pledged (Note 11) and corporate guarantees from the Company (Note 29).

The banker's acceptance outstanding as at 31 December 2022 was subject to interest at the rate of 3.39% (2021 : NIL) per annum.

18. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers :				
- Sales of goods	355,337,986	263,409,643	-	-
Revenue from other sources :				
- Dividend income from subsidiaries			9,000,000	21,500,000
	355,337,986	263,409,643	9,000,000	21,500,000

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

	Gr	Group	
	2022	2021	
	RM	RM	
Manufacturing	109,576,292	115,844,597	
Distribution	245,761,694	147,565,046	
	355,337,986	263,409,643	

Disaggregation of revenue by geographical locations is disclosed in Note 28.2.



31 December 2022 (Cont'd)

19. Finance Costs

Grou	ıb
2022	2021
RM	RM
65,914	64,055
83,504	75,183
148	116
149,566	139,354
	2022 RM 65,914 83,504 148

20. Profit before Taxation

	Group		Company		
	2022 RM	2021 RM	2022 RM	2021 RM	
This is stated after charging :-					
Auditors' remuneration :					
- Annual statutory audit					
Current financial year	100,000	87,000	30,000	23,000	
Under provided in prior financial year	-	5,500	-	4,500	
- Non-audit services					
Current financial year	14,400	67,267	14,400	67,267	
Amortisation of intangible assets	115,649	105,837	-	-	
Depreciation of property, plant and equipment	1,199,936	1,049,176	-	-	
Depreciation of right-to-use assets	884,315	859,010	-	-	
Directors' remuneration :					
- Executive Directors of the Company					
Fees	930,000	930,000	-	-	
Salaries and other remuneration	5,007,291	4,931,975	-	-	
- Non-executive Directors of the Company					
- Fees					
Current financial year	140,000	122,500	140,000	122,500	
Over provided in prior financial year	(42,500)	-	(42,500)	-	
- Other remuneration	20,000	26,200	20,000	26,200	
- Executive director of subsidiaries					
Fees	270,000	270,000	-	-	
Salaries and other remuneration	1,311,343	1,343,249	-	-	
Expenses relating to short-term leases	255,000	187,867	-	-	
Inventories written down	306,852	-	-	-	

31 December 2022 (Cont'd)

20. Profit before Taxation (Cont'd)

	Gro	up	Comp	oany
	2022 RM	2021 RM	2022 RM	2021 RM
This is stated after charging :- (Cont'd)				
Loss on foreign exchange :				
- Realised	73,535	126,418	-	-
- Unrealised	84,259	-	-	-
Listing expenses	-	1,087,410	-	1,087,410
Property, plant and equipment written-off	543	158		
and crediting:-				
Gain on changes in fair value of money market funds	577,797	39,190	568,634	38,412
Gain on disposal of property, plant and equipment	199,596	120,397	300,034	30,412
Gain on redemption of money market funds	25,710	120,397	24,756	_
Reversal of revaluation decrease of property, plant	25,710	_	24,750	_
and equipment	191,024	-	_	-
Income from placements in money market funds	21,435	232,294	21,435	232,294
Interest income	495,389	335,804	263,388	190,640
Unrealised gain on foreign exchange		122,730	<u>-</u>	
_				

21. Taxation

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current financial year income tax	6,636,007	6,757,500	67,274	57,500
Deferred tax expense/(income) resulting from origination and reversal of temporary differences	65,596	(75,169)		
	6,701,603	6,682,331	67,274	57,500
Under/(Over) provision in prior financial year :				
- Income tax	138,059	54,289	(275)	-
- Deferred tax	(64,812)	103,729		
Total tax expense	6,774,850	6,840,349	66,999	57,500

31 December 2022 (Cont'd)

21. Taxation (Cont'd)

21.1 The general income tax rate in Malaysia for the period under review is 24% (2021: 24%) of taxable income.

A reconciliation of tax expense applicable to the profit 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before taxation	28,491,550	27,677,468	9,480,200	20,630,401
Taxation at the statutory tax rate of 24% (2021 : 24%)	6,837,972	6,642,592	2,275,248	4,951,296
Tax effects in respect of :-				
Income not subject to tax	(524,071)	(547,402)	(2,302,414)	(5,224,969)
Expenses not deductible for tax purposes	328,188	540,276	94,440	331,173
Current financial year deferred tax assets not recognised	59,514	46,865	-	-
Under/(Over) provision in prior financial year :				
- Income tax	138,059	54,289	(275)	-
- Deferred tax	(64,812)	103,729		
Total tax expense	6,774,850	6,840,349	66,999	57,500

21.2 Subject to the agreement with the relevant tax authorities, the Group has the following estimated amounts of unabsorbed tax losses which are available for set-off against future taxable income:-

	Group	
	2022	2021
	RM	RM
Expiring in 2031	187,899	195,272
Expiring in 2032	239,750	-
Unexpired (Note 21.3)	140,771	140,771
	568,420	336,043

21.3 A subsidiary, namely Yenher Biotech Sdn. Bhd. ("YHB") 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 ("the exempt period"). YHB had incurred losses before the commencement of exempt period and during the exempt period amounted to RM140,771 (2021: RM140,771) and pursuant to the Inland Revenue Board of Malaysia's Public Ruling No. 1/2020 Tax Incentives for Bionexus Status Companies, such losses are carried forward to the year of assessment after the exempt period ends and, subject to agreement by the Inland Revenue Board, may be available for utilisation against future taxable income until they are fully absorbed.

31 December 2022 (Cont'd)

22. Earnings per Share

22.1 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:-

	2022	2021
Profit for the financial year attributable to owners of the Company (RM)	21,716,700	20,837,119
Weighted average number of ordinary shares outstanding during the financial year	300,000,000	265,577,959
Earnings per share (Sen)	7.24	7.85

22.2 Diluted

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 December 2022 (2021: NIL).

23. Dividends

Dividends declared and paid during the financial year are as follows :-

	Group and Company	
	2022 RM	2021 RM
For the financial year ended 31 December 2022		
 First single-tier interim dividend of 1.50 sen per ordinary share, declared on 19 August 2022 and paid on 28 October 2022 	4,500,000	-
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
 Final single-tier dividend of 1.50 sen per ordinary share, approved and declared on 3 June 2022 and paid on 29 June 2022 	4,500,000	
	9,000,000	15,300,000

On 27 February 2023, the Directors of the Company declared a second single-tier interim dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2022 amounted to RM4,500,000 which was paid on 31 March 2023. The financial statements for the current financial year do not reflect this second interim dividend. Such dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2023.

31 December 2022 (Cont'd)

24. Staff Costs

	Group	
	2022 RM	2021 RM
Staff costs comprised :-		
Salaries, bonus, overtime, commissions, allowances and incentives	13,315,877	13,118,191
Contributions to Employees Provident Fund	1,708,789	1,713,981
Others	763,595	528,067
	15,788,261	15,360,239

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

25. Notes to Statements of Cash Flows

25.1 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 01.01.2022 RM	Non-cash changes RM	Net cash flows RM	As at 31.12.2022 RM
2022				
Lease liabilities	2,397,758	62,920	(860,086)	1,600,592
Bank borrowing (Note 17)			1,000,000	1,000,000
	2,397,758	62,920	139,914	2,600,592
	As at 01.01.2021 RM	Non-cash changes RM	Net cash flows RM	As at 31.12.2021 RM
2021				
Lease liabilities	1,529,532	1,716,172	(847,946)	2,397,758

31 December 2022 (Cont'd)

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

25.2 Cash flows for leases

	Group	
	2022 RM	2021 RM
Included in cash flows from operating activities		
Payments for interest on lease liabilities (Note 19)	65,914	64,055
Payments relating to short-term leases (Note 20)	255,000	187,867
Included in cash flows from financing activities		
Payments for principal portion lease liabilities (Note 25.1)	860,086	847,946
Total cash outflows for leases	1,181,000	1,099,868

26. Capital Commitments

	Group	
	2022	2021
	RM	RM
Authorised and contracted capital expenditure not provided for in the financial statements:		
- Acquisition of property, plant and equipment	10,399,298	9,843,296
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	1,185,491	537,075
- Construction of a new factory building	30,065,215	30,065,215
	31,250,706	30,602,290

27. 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.

31 December 2022 (Cont'd)

27. Related Party Transactions (Cont'd)

27.1 The transactions with related parties

	Group	
	2022 RM	2021 RM
Transactions with a company in which certain Directors of the Company have substantial financial interests:		
- Payments for leases	(985,200)	(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	26,152,556	27,459,670
- Purchases of goods from related parties	(1,543,422)	(2,382,587)
- Rendering of services by related parties	(586,993)	(790,834)
Rental charged by a Director of the Company	(33,960)	(36,500)
	(70,000)	(= 0,000)

27.2 Year-end outstanding balances with related parties

The year-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 RM4,096 (2021: RM526) has been recognised during the financial year in respect of the amount due from the related parties.

27.3 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		Comp	npany	
	2022 RM	2021 RM	2022 RM	2021 RM	
Short-term employee benefits	5,305,800	5,272,740	-	-	
Contributions to Employees Provident Fund	1,010,830	1,000,621	-	-	
Directors' fees	1,297,500	1,322,500	140,000	122,500	
Others	22,004	28,063	20,000	26,200	
	7,636,134	7,623,924	160,000	148,700	
Benefits-in-kind	69,550	68,533			
	7,705,684	7,692,457	160,000	148,700	

31 December 2022 (Cont'd)

27. Related Party Transactions (Cont'd)

27.3 Key management personnel compensation (Cont'd)

The amount outstanding in relation to expenses on key management personnel compensation is as follows:-

	Group	
	2022 RM	2021 RM
Included under other payables and accruals	4,493,783	4,339,949

28. Operating Segments

28.1 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.

28.2 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	
	2022 RM	2021 RM
Revenue from:		
- Malaysian customers	317,680,217	239,346,901
- Overseas customers	37,657,769	24,062,742
	355,337,986	263,409,643
Non-current assets located in Malaysia	48,403,623	40,038,297

28.3 Major customers

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

31 December 2022 (Cont'd)

29. Corporate Guarantees (Unsecured)

	Grou	ap
	2022 RM	2021 RM
Corporate guarantees favouring banks for facilities granted to a subsidiary :		
- Limit of guarantee	32,760,000	-
- Amount utilised	1,000,000	

As at the reporting date, no values were place on the unsecured corporate guarantees provided by the Company as the Directors regard the value of the credit enhancement provided by the corporate guarantees to be minimal and the likelihood of default to be low.

30. 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 banks, cash and bank balances.

Financial liabilities of the Group include trade and other payables and bank borrowing.

In respect of the Company, financial assets include the amount due from subsidiaries.

30.1 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 - 2022					
Trade and other receivables	8	89,889,255	-	-	
Refundable deposits #	8.3	302,617	-	-	
Placements in money market funds	10	-	36,792,106	-	
Short-term deposits, cash and bank balances	11	27,155,400	-	-	
Trade and other payables	16	-	-	(23,694,257)	
Bank borrowing	17			(1,000,000)	
		117,347,272	36,792,106	(24,694,257)	

31 December 2022 (Cont'd)

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

30.1 Categories of Financial Instruments (Cont'd)

	Fir		l assets	Financial liabilities	
	Note	FAAC RM	FAFVTPL RM	FLAC RM	
Group - 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)	

Exclude deposit paid for purchase of machinery (Note 8.3)

		Financial assets		Financial liabilities	
	Note	FAAC RM	FAFVTPL RM	FLAC RM	
Company - 2022					
Amount due from subsidiaries	9	11,834,785	-	-	
Placements in money market funds	10	-	36,284,488	-	
Short-term deposits, cash and bank balances	11	16,730,830	-	-	
Other payables	16			(228,035)	
		28,565,615	36,284,488	(228,035)	

		Financial assets		Financial liabilities	
	Note	FAAC RM	FAFVTPL RM	FLAC RM	
Company - 2021					
Amount due from subsidiaries	9	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)	

31 December 2022 (Cont'd)

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

30.2 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 and corporate guarantees given to licensed banks for credit facilities of a subsidiary as disclosed in Note 29.

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

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.

The Company provides unsecured corporate guarantees to licensed banks for facilities granted to a subsidiary. The Company monitors on an on-going basis the results of the subsidiary and its ability to fulfill the financial obligations. The Company's maximum exposure to credit risk arising from the corporate guarantees provided is represented by the outstanding banking facility utilised by the subsidiary as at 31 December 2022 amounting RM1,000,000 (2021: NIL) as disclosed in Note 29. The fair value of the financial liability in respect of the corporate guarantees provided has not been recognised in the Company's financial statements as the fair value on initial recognition was not material. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

31 December 2022 (Cont'd)

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

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:-

	Gr	Group	
	2022	2021	
Number of major customers	20	16	
Percentage of exposure of total trade receivables	62%	52%	

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.

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.

31 December 2022 (Cont'd)

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables using the simplified approach (Cont'd)

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.

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.

31 December 2022 (Cont'd)

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

30.2 Financial Risk Management (Cont'd)

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

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 - 2022					
Trade and other payables	23,694,257	-	-	23,694,257	-
Bank borrowing	1,000,000	-	-	1,000,000	3.39
Lease liabilities	926,400	692,400	-	1,618,800	3.20 to 6.40
	25,620,657	692,400	_	26,313,057	
Group - 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	
Company - 2022					
Other payables	228,035	-	-	228,035	-
Corporate guarantees	1,000,000	-	-	1,000,000	-
	1,228,035	-	-	1,228,035	
Company - 2021					
Other payables	152,623	-	-	152,623	-

(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.



31 December 2022 (Cont'd)

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

30.2 Financial Risk Management (Cont'd)

(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.

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
2022					
Trade receivables	4,243,027	-	39,413	-	4,282,440
Other receivables	9,323,158	1,432,002	10,127	63,611	10,828,898
Short-term deposits, cash and bank balances	634,715	51,676	144,758	-	831,149
Trade payables	(3,204,443)	(1,308,574)	-	-	(4,513,017)
Other payables	-	-	(108,109)	-	(108,109)
	10,996,457	175,104	86,189	63,611	11,321,361
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

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/(D	Decrease)
	2022	2021
	RM	RM
USD	1,099,646	797,686
EURO	17,510	(13,515)
NTD	8,619	16,098
GBP	6,361	(869)

31 December 2022 (Cont'd)

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

30.2 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, short-term deposits placed with licensed banks and bank borrowing.

The Group's and the Company's short-term deposits placed with licensed banks and bank borrowing 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 and bank borrowing 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 2022 by RM183,961 and RM181,422 (2021: RM134,357 and RM131,353), respectively.

30.3 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
2022				
Financial assets				
Placements in money market funds :				
- Group	-	36,792,106	-	36,792,106
- Company		36,284,488	-	36,284,488
2021				
Financial assets				
Placements in money market funds				
- Group	-	26,871,484	-	26,871,484
- Company		26,270,706	_	26,270,706

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

31 December 2022 (Cont'd)

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

30.3 Fair Value of Financial Instruments (Cont'd)

(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 2022 and 31 December 2021.

31. 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.

32. Comparative Figures

In the previous financial year, impairment losses on financial assets were included in administrative expenses.

For the current financial year, net impairment losses on financial assets comprising trade receivables has been presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income. Accordingly, the following figures of the statements of profit or loss and other comprehensive income for the financial year ended 31 December 2021 have been reclassified to conform with the current financial year's presentation:

	As previously reported RM	Reclassified RM	As restated RM
Administrative expenses	(15,100,674)	911,494	(14,189,180)
Additional impairment losses on trade receivables		(911,494)	(911,494)

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 39 to 96 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 2022 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 da	ted 18 April 2023
CHENG MOOH TAT Director		CHENG MOOH KHENG Director
Pulau Pinang		
Date : 18 April 2023		
(Duves		Statutory Declaration
(Pursi	uant to Sec	tion 251(1)(b) of the Companies Act 2016)
YENHER HOLDINGS BERHAD, do solemnly and since	cerely declare t d I make this s	tor primarily responsible for the financial management of hat to the best of my knowledge and belief, the financial olemn declaration conscientiously believing the same to a Act 1960.
Subscribed and solemnly declared by the abovenamed at Perai in the State of Pulau Pinang this 18 April 2023))	
		THEOH MOOI TENG
		Before me,
		zololo mo,
		COMMISSIONER FOR OATHS



Yenher Holdings Berhad

202001008388 (1364708-X) (Incorporated in Malaysia)

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 96.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with 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

1. Revenue recognition from sales of goods

As disclosed in Note 28.2 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.

How our audit addressed the key audit matters

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.

Yenher Holdings Berhad

202001008388 (1364708-X) (Incorporated in Malaysia)

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

Key Audit Matters (Cont'd)

Key audit matters

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 2022 is RM78,714,101 after deducting cumulative impairment losses of RM1,784,649 and this represents approximately 32% 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 30.2(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.

How our audit addressed the key audit matters

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.



Yenher Holdings Berhad

202001008388 (1364708-X) (Incorporated in Malaysia)

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.

Yenher Holdings Berhad

202001008388 (1364708-X) (Incorporated in Malaysia)

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

Kuala Lumpur

Date: 18 April 2023

SAM SIOW CHENG

NO.: 03306/06/2023 J CHARTERED ACCOUNTANT



List of Properties As At 31 December 2022

No	Title identification/ Postal address	Tenure	Description of property/ Existing or proposed use	Land area/ Built-up area	Net Book Value (RM'000)	Date of Last Revaluation/ Acquisition	Age of Building
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	3,900	31/12/2022	4 years
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 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	6,000	31/12/2022	12 years
3.	Title identification: Lot No. 20309 (formerly Lot No. 20111) held under HSD Nos. 51260 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 Research and development center	Land area: 464,786 sq ft Built-up area: N/A	28,000	31/12/2022	N/A
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	1,950	31/12/2022	7 years

Analysis of Shareholdings As At 31 March 2023

1. Class of Equity Securities : Ordinary shares

Number of holders of Ordinary Shares : 1,984
Total number of issued shares : 300,000,000
Voting Rights : 1 vote per share

2. ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2023

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		230	11.59	149,400	0.05
1,001 - 10,000		941	47.43	5,416,000	1.80
10,001 - 100,000		638	32.16	22,405,700	7.47
100,001 - 14,999,999 (*)		173	8.72	114,528,900	38.18
15,000,000 and above (**)	_	2	0.10	157,500,000	52.50
	TOTAL	1,984	100.00	300,000,000	100.00

Remark : * Less than 5% of issued shares

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2023 (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	2,797,400	0.93
8.	Wong Wai Kong	2,600,000	0.87
9.	Too Chin Kiong	2,100,000	0.70
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Wai Kong	2,000,000	0.67
11.	Khas Perkasa Sdn. Bhd.	2,000,000	0.67
12.	Perniagaan Muhibbah Ria Sdn. Bhd.	1,946,400	0.65
13.	Tee Chin Heng	1,917,000	0.64
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Huat Chuan	1,900,000	0.63
15.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loke See Ooi	1,735,000	0.58

^{** 5%} and above of issued shares

Analysis of Shareholdings As At 31 March 2023 (Cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2023 (CONT'D) (without aggregating the securities from different securities accounts belonging to the same person)

	Name	No. of shares held	% of total issued shares
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Wah Peng	1,663,600	0.55
17.	Theoh Mooi Teng	1,445,200	0.48
18.	Gan Swee Chai	1,357,500	0.45
19.	Cheng Leng Boon	1,313,100	0.44
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Hung Thiam	1,266,000	0.42
21.	Ong Yean Har	1,260,000	0.42
22.	Teow Peng Hee	1,255,000	0.42
23.	Lim Swee Tin	1,200,000	0.40
24.	Tan Li Lian	1,200,000	0.40
25.	Teoh Mooi Hiang	1,180,000	0.39
26.	Yeoh Aik Shiong	1,089,000	0.36
27.	Liang Teik Trading Co. Sdn. Bhd.	1,000,000	0.33
28.	Swaldex Sdn. Bhd.	1,000,000	0.33
29.	Teoh Peng Lee	913,000	0.30
30.	Lian Boon Tiam	908,000	0.30

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

		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	135,034,900(1)	45.01	
3.	Cheng Mooh Kheng	10,500,000	3.50	135,000,000(2)	45.00	
4.	Cheng Mooh Chye	10,500,000	3.50	135,000,000(2)	45.00	

Note:

Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. and through the shareholdings of his children pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016 (the "Act").

Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

Analysis of Shareholdings As At 31 March 2023 (Cont'd)

INTEREST OF DIRECTORS AS AT 31 MARCH 2023

a) Interest in shares of the Company

	Direct In	terest	Deemed Interest		
Name	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares	
Cheng Mooh Tat	22,500,000	7.50	135,034,900(1)	45.01	
Cheng Mooh Kheng	10,500,000	3.50	135,000,000(2)	45.00	
Theoh Mooi Teng	2,244,900	0.75	34,900(3)	0.01	
Tan Peng Lam	100,000	0.03	300,000(4)	0.10	
Dato' Lim Choon Khim	100,000	0.03	-	-	
Dr Ong Bee Lee	-	-	-	_	

Notes:

- Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. and through the shareholdings of his children pursuant to Sections 8 and 59(11)(c) of the Act.
- Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. pursuant to Section 8 of the Act.
- (3) Deemed interested through the shareholdings of her children pursuant to Section 59(11)(c) of the Act.
- Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act.

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 2023.

Other than as disclosed above, none of the other directors have any interest in the shares of related corporations as at 31 March 2023.

NOTICE IS HEREBY GIVEN THAT the Third (3rd) Annual General Meeting ("AGM") of Yenher Holdings Berhad will be held at Iconic 5, Level 7, Iconic Hotel, 71 Jalan Icon City, Icon City, 14000 Bukit Mertajam, Pulau Pinang on Friday, 16 June 2023 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESSES

To receive the Audited Financial Statements for the financial year ended 31 December 2022 together Please refer to 1. with the Reports of the Directors and Auditors thereon. Note 3

2. To approve the payment of Directors' fees amounting to RM1,340,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2022.

Ordinary Resolution 1

3 To approve the payment of benefits other than Directors' fees to the Non-Executive Directors of the Company up to RM17,500 from 17 June 2023 until the next AGM of the Company.

Ordinary Resolution 2

4. To re-elect the Director, Mr Cheng Mooh Kheng, 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 3

To re-elect the Director, Madam Theoh Mooi Teng, who retires by rotation in accordance with Clause 165 of the Company's Constitution and who being eligible offers herself for re-election.

Ordinary Resolution 4

To re-elect the Director, Dr Ong Bee Lee, who retires in accordance with Clause 156 of the Company's Constitution and who being eligible offers herself for re-election.

Ordinary Resolution 5

7. 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 6

AS SPECIAL BUSINESSES

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

"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 7

AND THAT pursuant to Section 85 of the Act read together with Clause 31 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act."

AS SPECIAL BUSINESSES (CONT'D)

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

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for RRPTs

(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 28 April 2023, provided that: Ordinary Resolution 8

- such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- 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;
- 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:
 - 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 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."

(Cont'd)

AS SPECIAL BUSINESSES (CONT'D)

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

Proposed purchase by the Company of its own Shares of up to ten percent (10%) of its total number of issued shares

- (c) "THAT, subject to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares ("Shares") in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors of the Company may deem fit and expedient in the best interest of the Company provided that:
 - or held

Ordinary

Resolution 9

- (i) The aggregate number of Shares in the Company which may be purchased and/or held by the Company as treasury Shares shall not exceed ten percent (10%) of the total number of its issued Shares at any point in time; and
- (ii) The maximum funds to be allocated by the Company for the purpose of purchasing its own Shares shall not exceed the total available retained profits of the Company based on its latest audited financial statements available up to the date of the transaction.

THAT, upon the purchase by the Company of its own Shares, the Directors are authorised to retain the Shares so purchased as treasury Shares or cancel the Shares so purchased or retain part of the Shares so purchased as treasury Shares and cancel the remainder. The Directors are further authorised to distribute the treasury Shares as dividends to the shareholders of the Company and/or resell the Shares on the Bursa Securities in accordance with the relevant rules of the Bursa Securities or subsequently cancel the treasury Shares or any combination thereof.

(the "Proposed Share Buy-Back")

THAT the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

- the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all such acts and things as they may consider necessary or expedient to implement and give effect to the Proposed Share Buy-Back."

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

By order of the Board

Adeline Tang Koon Ling (LS 0009611) SSM PC No. 202008002271

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

Penang

Date: 28 April 2023

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 at 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.

2. Members entitled to attend 3rd AGM

For the purpose of determining a member who shall be entitled to attend the 3rd 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 8 June 2023. Only a depositor whose name appears in the Record of Depositors as at 8 June 2023 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 2022

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. 1 - 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. 2 - 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 total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committee meetings for the period from 17 June 2023 until the next AGM. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.



(Cont'd)

Notes (Cont'd):

 Ordinary Resolution Nos. 3 and 4 – Re-election of Directors who retire 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 Kheng and Madam Theoh Mooi Teng who will be retiring and offering themselves for re-election at the 3rd AGM were evaluated by the Nomination Committee and the Board. Based on the evaluation outcome, the Nomination Committee and the Board were of the view that their performance were satisfactory and recommended their re-election for shareholders' approval.

7. Ordinary Resolution No. 5 – Re-election of Director who retires in accordance with Clause 156 of the Company's Constitution

Clause 156 of the Company's Constitution provides that the Board shall has the power to appoint a person as a director, either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next Annual General Meeting and shall be eligible for re-election at such meeting.

Dr Ong Bee Lee was newly appointed to the Board on 1 July 2022 and will be retiring and offering herself for re-election at the 3rd 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 her performance was satisfactory and recommended her re-election for shareholders' approval.

8. Ordinary Resolution No. 7 - Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7 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 right 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.

As at the date of this notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the Second AGM held on 3 June 2022 which will lapse at the conclusion of the Third AGM.

9. Ordinary Resolution No. 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for RRPTs

The proposed Ordinary Resolution 8, if passed, will allow the Company and its subsidiaries to enter into the existing and new RRPTs 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 28 April 2023 for further information.

Notes (Cont'd):

Ordinary Resolution No. 9 – Proposed purchase by the Company of its own Shares of up to ten percent (10%)
of its total number of issued shares

The proposed resolution if passed will empower the Directors of the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company at any point in time subject to compliance with Section 127 of the Act, the Main Market Listing Requirements of Bursa Securities and other prevailing laws, rules and regulations.

Please refer to the Statement to Shareholders dated 28 April 2023 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 the 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 3rd 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.



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Proxy FormFor the Third Annual General Meeting ("3rd AGM")

Signature of Shareholder or Common Seal

CDS Account No.							
No. of shares held							
/We							
of		(Fu	III Name in B	lock Letters and NR	IC/Passport/	'Company No.	
peing a member/members of \	enher Holdings	s Berhad, hereby appoint				(Address)	
Full Name (in block letters)				Proportion			
and Contact No.		NRIC/Passport/Company No.		No. of Sha	res	%	
and/or (delete as appropriate))						
Company to be held at Iconic s	5, Level 7, Iconi	g as my/our Proxy to vote in my/ou c Hotel, 71 Jalan Icon City, Icon Cit nment thereof in the manner indicat	y, 14000 B	ukit Mertajam, P			
		Resolution			For	Against	
		es amounting to RM1,340,000 to aries for the financial year ended	Ordinar	y Resolution 1			
To approve the payment of Executive Directors of the Cothe next AGM of the Compan	ompany up to F	than Directors' fees to the Non- RM17,500 from 17 June 2023 until	Ordinar	y Resolution 2			
To re-elect Mr Cheng Mooh hof the Company's Constitution		res in accordance with Clause 165 of the Company.	Ordinar	y Resolution 3			
To re-elect Madam Theoh Moof the Company's Constitution		tires in accordance with Clause 165 of the Company.	Ordinar	y Resolution 4			
To re-elect Dr Ong Bee Lee, Company's Constitution as a		accordance with Clause 156 of the Company.	Ordinar	y Resolution 5			
To re-appoint Messrs Folks ensuing year and to authorise		Auditors of the Company for the of ix their remuneration.	Ordinar	y Resolution 6			
To empower the Directors to is of issued shares of the Comp		nares up to 10% of the total number	Ordinar	y Resolution 7			
	ue or trading n	ders' mandate for Recurrent Related ature ("RRPTs") and proposed new	Ordinar	y Resolution 8			
To approve the proposed pur ten percent (10%) of its total		company of its own shares of up to ed shares.	Ordinar	y Resolution 9			
		e box against each Resolution how proxy to vote or abstain from voting			ote. If no i	nstruction is	
Data dalahir	6	0000					
Dated thisday	OT	2023.					

Notes:

- (a) Only a Depositor whose name appears in the Record of Depositors as at 8 June 2023 shall be entitled to attend the 3rd 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.
- (c) 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.
- (d) 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.
- (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.
- (f) The instrument appointing a proxy must be deposited at the Share Registrar of the Company at 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.
- (g) 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.

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

