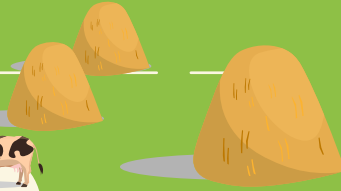
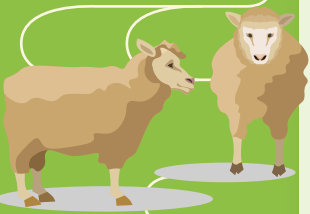




YENHER
YENHER HOLDINGS BERHAD
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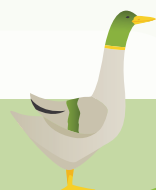
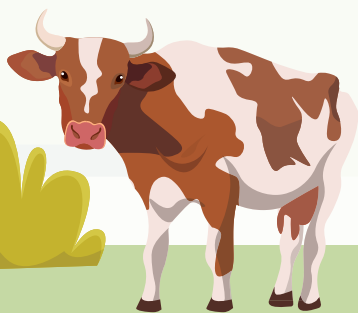
**Fueling
Animal Wellness**
with
**Innovative
Nutrition Solutions**



ANNUAL REPORT 2023

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Corporate Information

BOARD OF DIRECTORS

Dato' Cheng Mooch Tat
Executive Chairman

Cheng Mooch Kheng
Executive Director

Datin Theoh Mooi Teng
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

Ong Lu See

LS 0006228

SSM PC No: 201908001450

Kong Sown Kaey

MAICSA 7047655

SSM PC No: 202008001434

Registered Office

No. 35, 1st Floor, Jalan Kelisa Emas 1

Taman Kelisa Emas

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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

Securities Services (Holdings) Sdn Bhd

Registration No.: 197701005827 (36869-T)

Suite 18.05, MWE Plaza

No. 8, Lebuhr Farquhar

10200 George Town

Pulau Pinang

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Fax No: +604 262 8544

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Auditors

Folks DFK & Co. (AF 0502)

12th Floor, Wisma Tun Sambanthan

No. 2, Jalan Sultan Sulaiman

50000 Kuala Lumpur

Tel No: +603 2273 2688

Fax No: +603 2274 2688

Principal Bankers

RHB Bank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad

CIMB Bank Berhad

AHAM Asset Management Berhad

Chang Hwa Bank

Stock Exchange Listing

Main Market of Bursa Malaysia

Securities Berhad

Sector: Consumer Products &

Services

Stock Name : YENHER

Stock Code : 5300

Directors' Profile



DATO' CHENG MOOH TAT
Executive Chairman

Dato' Cheng Mooh Tat ("Dato Cheng"), male, a Malaysian aged 61, 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.

Dato' 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 serves as a director of Yenher Agro and Yenher Biotech and is responsible for overseeing the business operations of those companies.

Dato' 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.

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



CHENG MOOH KHENG
Executive Director

Cheng Mooh Kheng ("Mr Cheng"), male, a Malaysian aged 55, 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 serves as a director of Yenher Agro and Yenher Biotech.

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

Directors' Profile (Cont'd)



DATIN THEOH MOOI TENG
Executive Director

Datin Theoh Mooi Teng (“Datin Theoh”), female, a Malaysian aged 57, is our Executive Director and was appointed to our Board on 9 March 2020. Datin 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. Datin Theoh graduated with a Bachelor of Arts in Economics (Hons) from the University of Sunderland in the United Kingdom in 1990.

Datin 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, Datin Theoh was appointed as a director of Yenher Agro.

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



DATO' LIM CHOON KHIM
Independent Non-Executive Director

Dato’ Lim Choon Khim (“Dato Lim”), male, a Malaysian aged 47, 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 19 years of experience handling legal matters involving commercial, company, banking, construction, constitutional and land laws. He also handles labour, employment and industrial disputes.

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

Directors' Profile (Cont'd)



TAN PENG LAM
Independent Non-Executive Director

Tan Peng Lam ("Mr. Tan"), male, a Malaysian aged 65, 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 LEE
Independent Non-Executive Director

Dr Ong Bee Lee ("Dr Ong"), female, a Malaysian aged 70, is our Independent Non-Executive Director. She was appointed to our Board on 1 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. She was then 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 Asian and Western Pacific regions 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 diseases control and prevention. Her areas of expertise are epidemiology, veterinary public health, pig and poultry diseases, 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. AI, 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 FY2023 is disclosed in the Corporate Governance Overview Statement on page 26 of this Annual Report.

Key Senior Management Profile

Cheng Mooh Chye

Executive Director of Yenher's subsidiaries

Cheng Mooh Chye ("Mr Cheng"), male, a Malaysian aged 65, 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 29 years of experience in animal health and nutrition industry and overseeing the warehousing operations of the Group. He currently serves as a director of Yenher Agro and Yenher Biotech.

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

Dr Lee Choon Shen

General Manager of Business Development and Sales

Dr Lee Choon Shen ("Dr Lee"), male, a Malaysian aged 42, 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 44, 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 promote the growth of their livestock with the experience, expertise, scientific approach and innovative solutions provided by Group’s various veterinarians.

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, South Korea, and Afghanistan.

Review of financial performance and position

The Group reported revenue of RM320.4 million for FY2023, a decline of 9.8% from FY2022. Generally, the decline was due to the outbreak of animal diseases which had resulted in a lower livestock population and hence lower demand for our manufactured products from the affected customers. In addition, the lower grain and oil seeds prices arising from the relatively stable global supply chain have also resulted in lower revenue from the Group’s distribution activity. For FY2023, the manufacturing and distribution activities contributed approximately 31.3% and 68.7% to the Group’s revenue, respectively. Whereas for FY2022, manufacturing and distribution activities contributed approximately 30.8% and 69.2% to the Group’s revenue, respectively.

Our gross profit for FY2023 was reported at RM48.7 million, a decline of 9.1% from the gross profit reported for FY2022 at RM53.6 million. Despite the decline, the Group managed to achieve a marginally improved gross profit margin at 15.2% from the 15.1% reported in FY2022.

Due to lower selling and distribution costs, we recorded an improved profit before tax (“PBT”) margin at 8.6% for FY2023 as compared to 8.0% for FY2022. FY2023 PBT was reported at RM27.4 million, compared to RM28.5 million in FY2022. In FY2023, Yenher achieved a profit after tax (“PAT”) of RM21.2 million, which is 2.3% lower than FY2022’s PAT of RM21.7 million.

The Group’s total equity as at 31 December 2023 increased by approximately 9.6% as compared to 31 December 2022 mainly contributed by the increase in retained profits and revaluation reserves at 9.1% and 47.8%, respectively. Total assets of the Group increased by RM26.4 million or 10.8% to RM270.1 million compared to RM243.7 million as at 31 December 2022. The increase in total assets was contributed mainly by a revaluation increase on its land and buildings of RM9.3 million and the increase in the Group’s placements in money market funds and short-term deposits of RM18.3 million.

The Group recorded a total liabilities of RM34.9 million as at 31 December 2023 as compared to RM29.0 million as at 31 December 2022, an increase of RM5.9 million or 20.2%. The increase in total liabilities was attributable to the increase in other payables of RM5.2 million. As at 31 December 2023, there was no bank borrowing outstanding and the Group is well backed by a strong asset base.

Management Discussion and Analysis (Cont'd)

Review of operating activities

Manufacturing activities

The Group operates two manufacturing plants, the first for premixes, complete feed and formulated products and the second 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 that are catered for the different needs of livestock based on their growth stages. Ingredients and proportions can also be customised and adjusted depending on customers’ needs.

Manufacturing revenue of RM100.2 million contributed to approximately 31.3% of the Group’s revenue in FY2023. Similar to the previous financial year, the manufacturing operation continued to be affected by outbreaks of animal diseases, including the poultry and swine production industries.

In addition to focusing on maintaining business, the Group also continues to put in efforts to expand its existing market share and to increase its market presence within and outside the country.

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.

For FY2023, distribution activities contributed RM220.2 million or 68.7% to the Group’s revenue. Demand for products in distribution operations was partially supported by higher demand for disinfectants and other feed additives in the backdrop of animal disease outbreaks.

To offer better product options as well as to expand our customer base, we will continually look out for opportunities to acquire new distributorship rights.

Expansion plans and progress

During the financial year, Yenher commenced the construction of its new GMP plant which is aimed to expand the Group’s production volume three-fold and consolidate existing manufacturing facilities in a single location, including new office space, research and development centre as well as warehouse. The construction of the new facility is expected to be completed in June 2025.

For further details regarding the utilisation of public issue proceeds, refer to the **Additional Compliance Information** section of this Annual Report.

Key risks

It is inherent in our business that we will be exposed to significant adverse risks affecting 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 are able to 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 that improve the quality of animal protein. We will also continually diversify our products and technical services as well as expanding our business in regional markets in order to reduce 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, will have significant impact 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 can respond to supply chain risks as they arise.

Management Discussion and Analysis (Cont'd)

Dividends

On 30 August 2023, the Board declared a first single-tier interim dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2023. The dividend was paid on 6 October 2023.

On 26 February 2024, the Board declared a second single-tier interim dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2023 which was paid on 5 April 2024.

These interim dividend payout of RM9 million represents 42.4% of the Group's profit for FY2023 which is in line with our dividend policy of distributing at least 40% of our annual audited profit attributable to the shareholders.

Prospect and Conclusion

Challenges are expected to remain but more moderate in FY2024. The outlook for the poultry sector is expected to improve while the swine sector is expected to continue to face challenges. The Group will align its focus and efforts to take up opportunities posed by the market conditions, such as opportunity in the importation of breeder livestock.

The Group takes a cautiously optimistic view with regard to the Group's performance for the financial year ending 31 December 2024.

Sustainability Statement

Introduction

The Board of Directors (“Board”) of Yenher Holdings Berhad (“Yenher”) presents this Sustainability Statement (this “Statement”) to discuss the approach, management, and performance of the sustainability matters of Yenher and its subsidiaries (“Yenher Group” or the “Group”), including economic, environmental, and social matters, amongst others.

The scope of this Statement includes the Group’s head office and operations which are based in Penang, Malaysia for the financial year ended 31 December 2023 (“FY2023”).

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.

In strengthening the creditability of this Sustainability Statement, it has been independently reviewed by Sterling Business Alignment Consulting Sdn. Bhd., our appointed internal auditors to ensure key information disclosed is free from any material error.

Governance on Management of Sustainability

The Board of Yenher is responsible for reviewing and adopting the strategic plans of the Company. In delivering its duties, the Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability.

In addition, the Board is also responsible for ensuring the Group’s governance structure supports the management of business sustainability. Amongst others, this includes ensuring responsibilities to incorporate sustainability considerations in the Group’s business plans and operations are appropriately delegated and that a system is in place to monitor the Group’s sustainability performance.

At the Management level, the Senior Management team, led by the Executive Chairman, drives the Group’s sustainability strategy, management, and performance. Amongst others, the Senior Management ensures there is a process to systematically identify, assess, analyse, manage, and report sustainability matters which are material (“MSMs”) to the Group. The Senior Management team are responsible for developing the Sustainability strategies and policies for the Board’s review.

The Senior Management team provides guidance to the Heads of Departments to drive the implementation of the Group’s broad sustainability strategies, ensuring MSMs affecting the Company’s ability to create value in the short, medium, and long term are managed holistically and consistently according to strategies and policies approved by the Board.

The respective Heads of Departments are also responsible for ensuring the relevant sustainability matters, including the associated risks and opportunities, are managed within their respective business segments or operations. The management of the Group’s sustainability matters is supported by its risks management process, which considers the sustainability risks of the Group. The overall sustainability performance of the Group is reported to the Board annually.

The Audit and Risk Management Committee oversees and reviews the key risks of the Group at least annually.



Sustainability Statement (Cont'd)

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.

Yenher's Senior Management continued to perform periodic assessments on the sustainability matters which are material to the Group's business strategy and operations. During the conduct of the materiality assessment, Senior Management incorporated considerations such as the internal and external business environment, market and industrial trends in the short and longer term, as well as sentiments and key comments of stakeholders arising from engagements undertaken by the Group.

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

Key Stakeholders	Engagement Approaches
 <p>Customer and Distributors</p>	<ul style="list-style-type: none"> • Meetings and discussions (including online) • Product briefings • Visits at customers' site • Complementary consulting and after sales services
 <p>Employees</p>	<ul style="list-style-type: none"> • Employee Handbook and other company policy • Employee survey • Annual performance appraisal • Orientation and regular training
 <p>Suppliers and Service Providers</p>	<ul style="list-style-type: none"> • Meetings and discussions (including online) • Site visits • Product sampling • Technical and product briefings
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> • Corporate website • Investor relations channel • Announcements on Bursa's website • Investor and analyst briefings • General meetings
 <p>Regulators and Authorities</p>	<ul style="list-style-type: none"> • 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.

Sustainability Statement (Cont'd)

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

The Group's updated MSMs are as follows:

- 1) Anti-corruption
- 2) Community and Society
- 3) Diversity
- 4) Energy Management
- 5) Health and Safety
- 6) Labour Practices and Standards
- 7) Supply Chain Management
- 8) Data Privacy and Security
- 9) Water

Details pertaining to Yenher Group's management and performance of its MSMs are discussed in the following section.


Yenher's Vision, Mission, and Core Values

Yenher Group's business, represented by Yenher Agro and Yenher Biotech, is guided by its Vision and Mission and driven by innovation, expertise, and dedication to our customers.



Vision

To be an innovative leader in design and develop unique, economic, and effective supply in animal health industry



Mission

Serving our customers with comprehensive solutions through dedicated team of qualified technical experts



Core Values

Passion	Effectiveness
Accountability	Negotiations
Teamwork	Technocracy
Integrity	

Ethics and Integrity

Integrity is one of the core values of Yenher Group. The Group is committed to upholding integrity in the way we do business and adopting ethical business practices in all our business and operations. We build our relationships with stakeholders on the basis of trust, integrity, and honesty, and we believe this will help us shape a respectful and trustworthy business environment for the industry.

The Group's values of ethics and integrity are enshrined in the Code of Conduct and Business Ethics ("Code") which sets out clear expectations and standards for the behaviours and conduct of our Directors and employees when representing Yenher. The Code addresses topics including business ethics, managing conflict of interests, insider trading, anti-corruption, and responsible corporate citizenship.

Ethical business practices also mean minimising our environmental and social impact, upholding labour standards, and protecting human rights.

These business ethics and values are incorporated in the Group's internal codes, policies, and procedures, such as our Employee Handbook. Training is also provided to relevant employees from time to time to keep them abreast of developments in the areas of environmental and social responsibility. For instance, through our notice board and posters at the entrance, we promote awareness about our anti-harassment stance.

Prior to joining the Group, all Directors and employees are introduced to the Code and are required to commit to upholding the Code with a written acknowledgement. They are also required to adhere to other codes and policies such as the Group's Anti-Bribery and Corruption Policy ("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 processes are also carried out from time to time to ensure compliance with our business ethics standards.

Sustainability Statement (Cont'd)

Ethics and Integrity (Cont'd)

Anti-Bribery and Anti-Corruption

Yenher Group has a zero-tolerance policy against all forms of bribery and corruption and this stance is stipulated in the Anti-Bribery and Corruption Policy. The Board 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.

All Directors and employees are prohibited from offering or accepting bribes. The ABC Policy provides guidelines on high corruption-risk areas such as dealing with public officials, the use of gifts, hospitality, and entertainment, as well as donations and sponsorships. The Group treats facilitation payments as bribes and they are prohibited.

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 also serves as a key communication tool to ensure the Group's anti-corruption spirit and principle are upheld in the Group's business activities, including instances where business activities are carried out by associated third parties.

In managing corruption risks, the Group adopts a risk-based approach, guided by the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009.

Corruption risk assessment is incorporated into the Group's risk management process which identifies, assesses, manages, and monitors the Group's risks on an annual basis. Alongside other risks, corruption risk areas are managed through appropriate internal controls and monitored for effectiveness. As of 31 December 2023, all operations of the Group have been assessed for corruption-related risks.

	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023
Percentage of operations assessed for corruption-related risks	100%	100%	100%

The Group ensures the ABC Policy is communicated to the relevant stakeholders. In addition to publishing the ABC Policy on Yenher's corporate website, it is communicated to all Directors and employees when they join the Group. Training is also provided to Directors and employees, especially those in positions and functions which are exposed to higher corruption risk.

Percentage who have received training on anti-corruption	As at 31 December 2022	As at 31 December 2023
Directors	100%	100%
Senior Management	100%	100%
Management	100%	100%
Executive	100%	100%
Non-executive	100%	100%

As at the financial year ended 31 December 2023, we have communicated our ABC Policy to all employees and key suppliers (including key service providers).

Reporting breaches and violations

Breaches and 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. The whistleblowing channel provides a confidential mechanism through which internal and external stakeholders, including third parties, can make reports or raise concerns regarding serious misconduct, including corruption or bribery acts, to Yenher while providing protection to the whistleblower against retaliation acts within the Group.

The whistleblowing channel does not prohibit anonymous reporting and it also provides access to the Directors in ensuring the objectivity of the reporting mechanism.

The Whistleblowing Policy is publicly available on our corporate website.

Sustainability Statement (Cont'd)

Ethics and Integrity (Cont'd)

Reporting breaches and violations (Cont'd)

We are pleased to report that there were no non-compliance or fines related to breaches of business ethics-related matters reported during FY2023.

	FY2021	FY2022	FY2023
Significant cases of non-compliance (business ethics-related matters)	0	0	0
Confirmed incidents of corruption	0	0	0

Fair employment and employee development

No discrimination and respecting employees' basic human rights

Yenher Group holds the belief that all employees shall be treated equally and not discriminated in any way based on gender, religion, disability, marital status, etc. As such, we are committed to upholding fair employment and equal treatment in our employment practices, including recruitment, training, and promotion activities and decisions, amongst others.

In addition, we also respect 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.

Furthermore, any incidents which violate human rights, are discriminative in nature, or are in breach of fair employment principles can be reported via the Group's whistleblowing channel.

During the financial year under review, there were no substantiated complaints concerning human rights violations reported.

	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	0	0

Yenher Group's employees

The Group employs 145 employees as at 31 December 2023 where about 57% are permanent, full-time employees and the rest are contract-based foreign employees. We do not have a significant number of workers who are not our employees working at our sites, apart from security personnel and cleaners whose headcount is about 6% of our workforce. We also provide accommodation to our foreign employees in accordance with the standards set by applicable laws and regulations.

Generally, there were no significant changes in the size of our workforce compared to the previous year.

	FY2023
Percentage of employees that are contractors or temporary staff	6%

Sustainability Statement (Cont'd)

Fair employment and employee development (Cont'd)

Yenher Group's employees (Cont'd)

The demographics of the Group's employees and Directors as at 31 December 2023, compared to 31 December 2022, are illustrated as follows:

	As at 31 December 2023					Total
	Gender		Age Group			
	M	F	< 30	30 – 50	> 50	
Directors	5	2	0	1	6	7
Employees	107	38	46	81	18	145
Senior Management	4	0	0	3	1	4
Management	4	2	0	6	0	6
Executive	17	16	11	15	7	33
Non-executive	82	20	35	57	10	102

	As at 31 December 2022					Total
	Gender		Age Group			
	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

Talent development

Yenher Group's talent development focuses on internally developing talents and skills to strengthen the Group's human capital in the short and medium term. In order to ensure the continued presence of critical leadership and skills within the Group, Yenher's succession planning practices are aligned with the Group's human capital development strategy.

Skills and talents are required in various functions of the Group's business and operations such as research and development ("R&D"), sales and marketing, production, and others.

Talent development programmes in Yenher Group consider the skills and knowledge which are key to the Group's business strategy and operations, as well as the gaps in existing employees to enable more efficient operations. All employees undergo performance appraisal annually, where their performance during the year is discussed with their superior and on that basis, the employees' reward, promotion (if any), and training needs are considered.

Yenher Group has set a target for direct employees to have a minimum of 4 training hours per year, and 8 training hours per year for indirect employees.

During FY2023, our average training hours per employee was recorded at 20 hours. While more direct employees have achieved their minimum training target of 4 hours, i.e. 96.1%, fewer indirect employees achieved their targets, at 74.3%, during FY2023.

Sustainability Statement (Cont'd)

Fair employment and employee development (Cont'd)

Talent development (Cont'd)

Training hours	FY2022	FY2023
Directors	106.50	205.50
Employees	3,904.25	2,897.00
Senior Management	188.00	222.50
Management	282.00	260.25
Executive	1,759.25	1,210.00
Non-executive	1,675.00	1,204.25

	FY2021	FY2022	FY2023
Percentage of direct employees achieving a minimum of 4 hours of training	15.5%	90.4%	96.1%
Percentage of indirect employees achieving a minimum of 8 hours of training	54.5%	79.7%	74.3%
Average training hours per employee	10.5 hours	25 hours	20 hours

We also emphasise 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 Engagement and Retention

We operate in a considerably competitive human capital environment. We strive to create a conducive business environment and offer attractive packages and benefits to attract suitable talents and skills to work with us.

We also have various employee engagement channels to facilitate effective communication with employees to communicate expectations and directions to employees, understand their concerns and needs, and obtain feedback on matters which they think the Group can improve upon.

The Group's overall turnover rate for FY2023 was recorded as 11.0%, broken down as follows:

	FY2022		FY2023	
	Turnover number	Turnover rate	Turnover number	Turnover rate
Senior Management	1	14.3%	1	22.2%
Management	0	0%	1	15.4%
Executive	4	18.2%	2	5.9%
Non-executive	7	11.4%	12	11.9%

Sustainability Statement (Cont'd)

Occupational health and safety

Yenher Group has a Safety Policy which sets out the Group's clear stance on ensuring employees' safety and health at the workplace. The Safety Policy serves as a fundamental document to guide the Group's process to make sure business activities are carried out safely for all employees. The Group has put in place elements of an occupational safety and health management system to systematically identify, assess, manage, and report the Group's occupational safety and health risks.

SOPs are established with safety and health considerations in mind as they incorporate controls to mitigate safety and health risks and guide employees to perform their work and activities safely. All employees are required to adhere to SOPs and the SOPs are reviewed for enhancement from time to time.

Safety and Health Committee

A Safety and Health Committee is in place to oversee the overall safety and health performance of our operations. Members of the Safety and Health Committee include representatives from the production floor to ensure deliberations and decisions are practical and effective. The Safety and Health Committee meets annually to assess and review the safety and health performance and the progress of any improvement plans.

The Group's safety and health management follows a risk-based approach, where Hazard Identification, Risk Assessment and Risk Control ("HIRARC") are carried out to identify and assess high-risk areas and hazards, including assessing the possible causes and potential impact of the risk areas. These risk areas or hazards are managed through risk mitigation approaches, i.e. eliminating or reducing risks by putting in place controls such as providing personal protection equipment ("PPE") for employees, putting up protection barriers to avoid human contact with hazard points, and providing training to employees. Safety and Health Committee is responsible for reviewing the SOPs when there is new or enhanced controls are put in place to mitigate identified hazards.

In addition, safety awareness programmes are provided for new and existing employees from time to time to ensure they are constantly mindful of the proper practices and procedures to carry out their work safely, as well as acting appropriately in the event of any incident or emergency.

In addition to preventive measures, our OSH management system also includes 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 a 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.

The OHS Committee is responsible for overseeing these processes to ensure the effectiveness of the entire OSH management system. The Safety and Health Committee also reviews the Group's safety performance and reports to the Executive Directors annually.

Safety and Health Performance

Yenher Group aims to have zero cases of occupational-related serious injuries or fatalities. We are pleased to report that there were no cases of occupational-related serious injuries or fatalities recorded in FY2023.

	FY2021	FY2022	FY2023
Lost time incident rate	0	0	0
Occurrence of occupational illness/poisoning/ disease (no. of cases)	0	0	0
Occurrence of accidents resulting in serious injury or fatality (no. of cases)	0	0	0

Sustainability Statement (Cont'd)

Occupational health and safety (Cont'd)

Safety and Health Training

During the year, we continued to provide various OSH training for employees to ensure a safe and healthy work environment. Some of the training topics during FY2023 include:

- first aid and CPR;
- ERT and fire safety and prevention;
- occupational noise exposure management;
- safe chemical handling and spillage control;
- on personal protective equipment; and
- briefing on AED.

OSH training is also prioritised for employees who are more exposed to OSH risk.

The number of employees trained on health and safety standards during FY2023 is presented as follows:

	FY2022	FY2023
Number of employees trained on health and safety standards	117	114

Supply Chain Management

The input materials for our products include raw materials and products which are sourced both locally and internationally. The stability and integrity of the supply chain are hence important to the continuity of our operations, production planning, and inventory management. A strong and robust supply chain is also vital for us to expand our product offerings and product capacity, in pursuant to market growth.

We have an established approach towards managing the supply chain of our business. Amongst others, we strive to establish and maintain close relationships with business partners, including our carefully selected suppliers, customers, and service providers. We also hold distributorships which enables us to provide a diverse range of products and serve as a one-stop centre to cater for the needs of our customers.

Yenher's supply chain is governed by stringent processes where all suppliers are required to be registered in the Group's approved vendor list. During the assessment of vendors, we consider their product and service quality, pricing and delivery, business ethics and integrity, amongst others. We also assess selected key suppliers and vendors to safeguard and maintain high standards of product and service quality in our supply chain.

We also manage our supply chain through careful sales and production planning, monitoring the timing of the production schedule, and schedule of incoming materials, while ensuring production quality to meet customers' needs and enable timely delivery to our customers. Our sales and production teams undertake regular and effective internal communications to manage client expectations and provide updates on manufacturing status, the respective departments engage in regular internal discussions as part of the daily operational processes.

Our supply chain management is assessed regularly alongside other business functions including product planning, costing, and logistics to optimise margin so we can respond to supply chain risks as they arise.

We understand that purchasing locally will help to support the local economy. Where practical, purchasing locally may also help to diversify supply chain-related risks such as reducing lead time or mitigating geopolitical risks. In this regard, we adopt a balanced strategy and maintain a supply chain with a suitable mix that considers availability, delivery efficiency, quality, and supply chain risk management.

Sustainability Statement (Cont'd)

Supply Chain Management (Cont'd)

During FY2023, the Group's proportion of spending on local suppliers, in relation to trade-related goods and services, is summarised as follows:

	FY2023
Proportion of spending on local suppliers	30%

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

	FY2022	FY2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0

Protecting and Preserving the Environment

Energy and Greenhouse Gas ("GHG") Emissions

The main source of energy is electricity purchased from TNB ("Tenaga Nasional Berhad") (for operations in Peninsula Malaysia) and SEB ("Sarawak Energy") (for operations in Sarawak) which powers our operations. We measure our electricity use from electricity bills. In addition, we are also developing processes to collect our fossil-based fuel data which will be reported next year.

Electricity	FY2023
Purchased electricity	641,166 kWh

We also measure our greenhouse gas ("GHG") emissions associated with energy use to understand our carbon footprint. For FY2023, we recorded 473.44 tCO₂e of GHG emissions which are associated with our electricity use.

GHG emissions from electricity	FY2023 (tCO ₂ e) ¹
Scope 2 ²	473.44

Water usage

The Group does not use water in its production activities. Water use is generally for domestic use at our offices and for cleaning purposes including the cleaning of trucks entering our premises to safeguard the hygiene of our sites. Based on our water bills, we recorded a total of 15,057 m³ in water use in FY2023.

	FY2023 (m ³)
Water withdrawal (m³)	
Municipal water	15,057

¹ Includes carbon dioxide, methane, and nitrous oxide

² estimated using Grid Emission Factor of **0.758 Gg CO₂e/ GWh** and **0.198 Gg CO₂e/ GWh** for Peninsula Malaysia and Sarawak, respectively, for FY2021. Source: <https://meih.st.gov.my/home>

Waste Management

Our operations also do not generate hazardous waste, apart from occasional equipment-maintenance-related waste which will be handled by licenced waste contractors.

Non-hazardous waste generated from our operations may consist of paper and plastic from packaging materials and residual mix. Where possible, we separate our non-hazardous waste and send them for recycling or reuse. In addition, we also undertake efforts to reduce the generation of waste in our operations.

Yenher also has sustainable products which use waste generated from other industries. 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. These products adopt the concept of circular economy and help to make use of waste for other purposes. In FY2023, we converted approximately 84.347 tonnes of biomass waste into 140.6 tonnes of organic soil conditioner fertiliser.

Community contribution

During the year, Yenher continued to carry out community contribution activities. We supported causes of education and religious purposes through our contribution to schools and temples, among other activities.

In FY2023, our contribution to the community amounted to RM61,860 with an estimated 1,211 beneficiaries.

Conclusion

Yenher acknowledges the importance of managing the sustainability of the environment and society, as well as business sustainability. We are also aware of the global urgency in mitigating the negative impacts of climate change. The Group will continue to enhance its sustainability practices, including improving its processes in ensuring adherence to regulatory expectations to report climate-related information as they become effective in the coming years.

Sustainability Statement (Cont'd)

Performance Data

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Directors	Percentage	100.00
Senior Management	Percentage	100.00
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	61,860.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,211
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	2.07
Senior Management Above 50	Percentage	0.69
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	4.14
Management Above 50	Percentage	0.00
Executive Under 30	Percentage	7.59
Executive Between 30-50	Percentage	10.34
Executive Above 50	Percentage	4.83
Non-executive Under 30	Percentage	24.14
Non-executive Between 30-50	Percentage	39.31
Non-executive Above 50	Percentage	6.90
Gender Group by Employee Category		
Senior Management Male	Percentage	2.76
Senior Management Female	Percentage	0.00
Management Male	Percentage	2.76
Management Female	Percentage	1.38
Executive Male	Percentage	11.72
Executive Female	Percentage	11.03
Non-executive Male	Percentage	56.55
Non-executive Female	Percentage	13.79
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.43
Female	Percentage	28.57
Under 30	Percentage	0.00
Between 30-50	Percentage	14.29
Above 50	Percentage	85.71
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	641.17
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	114
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Directors	Hours	206
Senior Management	Hours	223
Management	Hours	260
Executive	Hours	1,210
Non-executive	Hours	1,204
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	6.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	1
Management	Number	1
Executive	Number	2
Non-executive	Number	12
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		

Sustainability Statement (Cont'd)

Performance Data

Indicator	Measurement Unit	2023
Bursa C7(a) Proportion of spending on local suppliers	Percentage	30.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	15.057000

Internal assurance
External assurance
No assurance
(*)Restated

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 2023 (“FY2023”) 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.

As at 31 December 2023, the Company has complied in all material aspects of the principles as set out in the MCCG except the following three (3) recommended CG practices:

Practice 1.3 : The positions of Chairman and CEO are held by different individuals;

Practice 4.1 : The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Practice 8.2 : The board discloses on a named basis the top five senior management’s remuneration in bands of RM50,000;

Practice 10.3 : The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company’s risk management framework and policies; and

Practice 13.3: Listed companies should leverage technology to facilitate -
i. voting including voting in absentia; and
ii. remote shareholders’ participation at general meetings

The summary of CG practices adopted by the Company and the Board’s key focus areas and future priorities in particular for those CG practices not yet adopted are described below under each CG principle.

Principle A: Board Leadership and Effectiveness

I. Board Responsibilities

The Board is responsible for providing leadership and oversight to the Company, setting short and long-term objectives of the Company and ensuring the Company’s strategy incorporates elements that consider long-term sustainability, including underlying considerations pertaining to the 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 systems are in place. The Executive Directors have overall responsibilities over the development of operational and organisational structures 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 implement 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.

Although, the Company has not adopted Practice 1.3 of MCCG where the positions of Chairman and CEO are held by different individuals, the Chairman is guided by the roles and responsibilities of the Board Chairman stipulated in Yenher’s Board Charter. In carrying out the role of the chief executive officer, he is also supported by the two (2) Executive Directors.

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 the 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.

Corporate Governance Overview Statement (Cont'd)

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

I. Board Responsibilities (Cont'd)

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 regulation matters from time to time.

The Senior Management assists the Board in facilitating the carrying out of Board's procedures including Board meetings and general meetings. Before the commencement of the current financial year, the Company Secretaries scheduled the Board and Board Committee meetings for the financial year together with the Directors. All Directors are required to allocate sufficient time to prepare for and attend Board and Board Committee meetings.

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
Dato' Cheng Mooh Tat (Executive Chairman)	5/5	-	-	-
Cheng Mooh Kheng (Executive Director)	5/5	-	-	-
Datin 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)	5/5	5/5	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 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 through the 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 Yenher's corporate website.

Corporate Governance Overview Statement (Cont'd)

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

II. Board Composition

The Board is led by an Executive Chairman, Dato' Cheng Mook Tat, who oversees the effective functioning of the Board. Amongst others, the responsibilities of the Chairman include 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 perspectives 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 serve as a check and balance to the Board's independent deliberations enabling the Board to constructively and objectively challenge and review Management's proposals and performance. The Independent Directors play an important 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 enable the Board to effectively oversee Yenher's businesses. These skills and experiences include, amongst others, animal health, feed and nutrition, veterinary, finance, economics, audit and accounting, marketing and distribution, environmental sustainability and law.

The Board has a target of having 30% of its Board represented by women directors. Currently, there are 2 women Directors, or 33.3%, out of the 6 Directors of the Board.

The Board also encourages women's 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 recommendations on Board composition to the Nomination Committee ("NC"), while the Board remains ultimately responsible for making relevant decisions or recommendations to shareholders.

The NC comprised of exclusively Independent Directors. The Chairman of the NC 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;
- 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.

Corporate Governance Overview Statement (Cont'd)

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 oversees the annual assessment on the performance and effectiveness of the Board, Board Committees and individual Directors. 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.

The assessment of Directors or candidates are considered against the Group's Fit and Proper Policy, which is established to set out the qualities expected of Yenher's Directors. The Fit and Proper Policy is published on Yenher's corporate website.

For the financial year ended 31 December 2023, we have engaged an external service provider to facilitate the evaluation of the Board, Board Committees and individual Directors.

The external service provider reviewed and revised the evaluation forms and distributed the forms to the Directors. The completed forms were compiled and analysed by the external service provider who reported to the NC the results of the performance evaluation, before tabling the summary of results and relevant recommendations for improvement to the Board.

Summary of the activities of the NC for FY2023

A summary of the activities of the NC for FY2023 is as follows:

- oversaw the evaluation of the Board, Board Committees and individual Directors facilitated by the external service provider;
- 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 the performance of Senior Management including the Executive Directors; and
- assessed the training needs of Directors.

Corporate Governance Overview Statement (Cont'd)

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 FY2023

Based on the results of the assessment conducted, the NC was satisfied with the favourable evaluation of the overall performance and contributions of the Retiring Directors, i.e. Mr Tan Peng Lam and Dato' Lim Choon Khim. The Retiring Directors have fulfilled the fit and proper criteria in accordance with the Directors' Fit and Proper Policy of the Company. Accordingly, the NC recommended to the Board for re-election of the Retiring Directors. The Board had deliberated and endorsed the NC's recommendation and supports the re-election of the Retiring Directors for approval of the shareholders at the forthcoming 4th AGM. The retiring Directors had abstained from deliberations and decisions on their re-election at the NC and Board Meeting.

Details of the Directors due for re-election are included in the notice to the AGM appended in Yenher's Annual Report FY2023.

All Directors are required to undertake continuous training and professional development. A summary of the training attended by each Director during the financial year under review is as follows:

Director	Training attended
Dato' Cheng Mooh Tat	<ul style="list-style-type: none">• Information On Current Food Issue In Malaysia• Understanding Value Investing• Mandatory Accreditation Programme Part II: Leading For Impact
Cheng Mooh Kheng	<ul style="list-style-type: none">• Information On Current Food Issue In Malaysia• Understanding Value Investing• Mandatory Accreditation Programme Part II: Leading For Impact
Datin Theoh Mooi Teng	<ul style="list-style-type: none">• Information On Current Food Issue In Malaysia• The 21 Irrefutable Laws Of Leadership• Budget 2023 Seminar• Key Performance Indicators• Understanding Value Investing• Mandatory Accreditation Programme Part II: Leading For Impact• Mastering E-Invoice Implementation In Malaysia• AED Knowledge Briefing• Corporate Culture and 7 Habits Of Highly Effective People• Tax Seminar On Budget 2024• Accelerating Managerial Excellence
Tan Peng Lam	<ul style="list-style-type: none">• Information On Current Food Issue In Malaysia• Understanding Value Investing• Mandatory Accreditation Programme Part II: Leading For Impact
Dato' Lim Choon Khim	<ul style="list-style-type: none">• Information On Current Food Issue In Malaysia• Understanding Value Investing• Mandatory Accreditation Programme Part II: Leading For Impact
Dr. Ong Bee Lee	<ul style="list-style-type: none">• Information On Current Food Issue In Malaysia• Understanding Value Investing• Mandatory Accreditation Programme Part II: Leading For Impact

Corporate Governance Overview Statement (Cont'd)

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

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 Group towards achieving its long-term objectives. Remuneration packages of the Directors and Senior Management are considered against their responsibilities and contributions.

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 set out 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.

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 FY2023 which is also published on the Company's corporate website.

The Board has also not complied with Practice 8.2 with regard to the disclosure on a named basis of the top 5 Senior Management's remuneration in bands of RM50,000, as it is of the view that it would not be in its best interest to make such disclosure on a named basis given the competitive nature of the human resource market in Penang and the Company's intention to protect the confidentiality of personal information such as employees' remuneration packages.

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 Chairman. The ARMC comprised exclusively of Independent Directors, in compliance with the Listing Requirements. It consists of members who have skills and experience in the fields of veterinary public health and medicine, quality assurance, audit, corporate finance, finance and accounting and law, 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 Auditors, 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 a summary of activities carried out during the financial year under review are disclosed in the ARMC Report included in this Annual Report FY2023 and the Corporate Governance Report FY2023.

Corporate Governance Overview Statement (Cont'd)

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

II. Risk Management and Internal Control Framework

Yenher Group maintains an effective risk management and internal control systems to safeguard the Group's assets and to enable the preparation of financial statements that give a true and fair view of the financial position as at the end of the financial year and of the financial performance for the financial year, amongst others. The Board holds ultimate responsibility to 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-related risks, amongst others. The Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the ARMC. The risk management process supports the Group's internal control system, which prioritises resources in addressing risks with greater significance.

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 Director responsible for the Group'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 FY2023.

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

I. Engagement with Stakeholders

Understanding the roles of stakeholders to the Group, the Board takes responsibility for overseeing that stakeholders' interests are considered and managed. In this regard, the Board also sets the strategy for shareholder communication and oversees the development of 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 and 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 3rd 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.

Corporate Governance Overview Statement (Cont'd)

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Cont'd)

II. Conduct of General Meetings (Cont'd)

The Executive Chairman chaired Yenher's 3rd AGM on 16 June 2023 which was also attended by all the remaining Directors. A dedicated timeslot was allocated for shareholders to ask questions while the Directors were prepared to respond to relevant questions.

The above AGM which was held physically at Iconic Hotel, Bukit Mertajam, Penang is a departure from Practice 13.3 where listed company should leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings. However, the physical AGM provides the opportunity for shareholders to meet the Directors face to face and shareholders who were unable to attend the AGM were still able to appoint proxies to attend and vote on their behalf.

The minutes of the 3rd AGM, which include the matters discussed, meeting proceedings, voting outcomes, issues or concerns raised, and the Company's responses, are published on Yenher's website at www.yenher.com.my.

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 22 April 2024.

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 31 December 2023 and of the financial performance and cash flows for the financial year then ended. In preparing the financial statements, the Directors have:-

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

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

Audit and Risk Management Committee (“ARMC”) Report

Yenher Holdings Berhad (“Yenher” or the “Company”) presents this Audit and Risk Management Committee Report (“Report”) for the financial year ended 31 December 2023. 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 the financial year ended 31 December 2023 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)	Member	5/5

The ARMC members possess a necessary range of skills and experience including in the fields of veterinary public health and medicine, quality assurance, audit, corporate finance, finance and accounting and law. Further, the ARMC Chairman is a fellow member of the Association of Chartered Certified Accountants (“ACCA”) and is also a registered Chartered Accountant with the Malaysian Institute of Accountants (“MIA”). The profiles of the ARMC members are available in Yenher’s Annual Report FY2023.

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 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 the 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 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 the 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 work, as well as such other matters as determined by the ARMC.

At least once a year, the ARMC meets with the External Auditors without the presence of any Executive Director or Management personnel. The External and Internal Auditors may also request for meetings without the Management’s presence.

Audit and Risk Management Committee Report (“ARMC”) (Cont’d)

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 :

A. Financial Reporting

- reviewed the quarterly results of the Group and the Company 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, 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 2023, 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 by the External Auditors that they have complied with the relevant ethical requirements regarding professional independence;
- reviewed and discussed with the External Auditors, the 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 their course of audit;
- reviewed and assessed the performance, suitability, objectivity and independence of the 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 on 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 2024, which the Board endorsed 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 2023, 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’ recommendations to address such weaknesses, Management’s response and action plans, and follow-up actions;

D. Related Party Transaction and Other Matters

- reviewed the shareholders’ mandate for recurrent related party transactions for the Board’s proposal for shareholders’ approval at the AGM;
- during each quarter of the financial year, reviewed recurrent related party transactions to monitor that they are carried out in accordance with the shareholders’ mandate;
- reviewed any other related party transactions during each quarter of the financial year, ensuring they are on an arm’s length basis, are based on normal commercial terms not more favourable to the related party than those generally available to third parties, are not detrimental to minority shareholders, and are in the best interest of the Company; and
- reviewed the TOR of the ARMC, incorporating amendments to the Listing Requirements pertaining to conflict of interest, amongst others, and recommended the amended TOR for the Board’s approval.

Audit and Risk Management Committee Report (“ARMC”) (Cont'd)

Summary of the works of the internal audit function

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

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

The Internal Auditors uses the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.

Internal audit works carried out by the Internal Auditors was also aligned and in accordance with 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 work via, amongst others, interviewing process owners to walkthrough key processes, reviewing policies and procedures to assess control adequacy, performing testing on sample transactions and activities to determine operating effectiveness, as well as reviewing compliance with applicable laws, regulations, and Group policies.

The results of the internal audit were presented to the ARMC in internal audit reports which include highlights of 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 Auditor's scope of work to ensure weaknesses identified have been addressed.

For the financial year under review, the Internal Auditors carried out 2 cycles of internal audits covering the areas of sales and marketing, credit control and collection, finance and accounts and inventory management and 2 follow-up audits. The cost incurred for the internal audit function in respect of the financial year amounted to approximately RM37,600.

This Report is dated 22 April 2024.

Statement On Risk Management and Internal Control

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

This Statement outlines the risk management and internal control systems of Yenher and its subsidiaries (“Yenher Group” or the “Group”) during the financial year ended 31 December 2023 (“FY2023”) 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 (“ARMC”) 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 risk levels, devising risk management action plans, executing risk management activities, and preparing and submitting periodic reports to the ARMC and to 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 risks relating to, amongst others, strategic risks, operational risks, compliance risks, sustainability-related 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.

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

Summary of risk management activities during the financial year

- Senior Management performed a risk assessment update, considering the risks including emerging risks, trends and development of the Group's business, operations, and business environment. Consequently, the Group's risk registers are updated as required, reflecting the latest risk levels and risk management approaches.
- 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;
- The Board reviews the performance relating to the management of key risks identified.

Key risks of the Group's business, including any emerging or current risks, are disclosed in Yenher's Management Discussion and Analysis in this Annual Report FY2023.

Internal Control System

The Group has established internal controls which were developed and enhanced on an ongoing basis considering, amongst others, the Group's risks, risk levels, and risk management approaches. 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 the Group's strategies 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 the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration Committee. The 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 the Group's strategies set by the Board.

- **Strategy setting and business monitoring**

The 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 the Group's 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'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, the Senior Management oversees the implementation of the Group's 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 with clearly defined lines of accountability and responsibility, to facilitate the effective functioning of the Group's corporate governance and business management, including the day-to-day implementation of the Group's risk management, internal controls, and compliance.

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

Internal Control System (Cont'd)

- **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 interest, 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 that 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.

- **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. The 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.

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

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 assessment of the Group's internal controls system.

The Board has also received assurance from the Executive Chairman and the Executive Director responsible for the Company's financial affairs that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, during the financial year ended 31 December 2023.

Considering the review activities of the Board and the Audit and Risk Management Committee, the assurance obtained from the Executive Chairman and the Executive Director responsible for the Company's financial affairs, and input from the relevant parties including reports, findings, and feedback from the external and internal auditors, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material aspects, to achieve its objective and there were no significant weaknesses which resulted in material losses, contingencies, or uncertainties that would require separate disclosure in the audited financial statements. The Board is committed to 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. 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 Annual Report FY2023, 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; nor
- b) it 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 22 April 2024.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Yenher Holdings Berhad was listed on the Main Market of Bursa Securities 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 FY2023 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 48 months
Purchase of new machinery and equipment	9,700	-	9,700	Within 48 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 2023 are set out below:

	Company RM	Group RM
Fees for statutory audit services	30,000	100,000
Fees for non-audit services	15,200	15,200
Total	45,200	115,200

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 2023 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 ("RRPT") was obtained at the third Annual General Meeting held on 16 June 2023. Details of the transactions with related parties during the financial year ended 31 December 2023 are disclosed in Note 27 to the financial statements.

The mandate for RRPT is subject to renewal at the forthcoming fourth Annual General Meeting. Details of Shareholders' Mandate for RRPT to be sought are furnished in the Circular to Shareholders dated 30 April 2024.

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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 2023.

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	<u>21,217,671</u>	<u>9,481,561</u>

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 2022, a second single-tier interim dividend of 1.50 sen per ordinary share was declared by the Directors of the Company on 27 February 2023 and paid on 31 March 2023. RM4,500,000
- (b) In respect of the financial year ended 31 December 2023, a first single-tier interim dividend of 1.50 sen per ordinary share was declared by the Directors of the Company on 30 August 2023 and paid on 6 October 2023. RM4,500,000
- (c) On 26 February 2024, 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 2023 amounted to RM4,500,000 which was paid on 5 April 2024. 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 2024.

No final dividend has been recommended by the Directors in respect of the financial year ended 31 December 2023.

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 (Cont'd)

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 :-

Dato' Cheng Mooh Tat
Cheng Mooh Kheng
Datin Theoh Mooi Teng
Tan Peng Lam
Dato' Lim Choon Khim
Dr. Ong Bee Lee

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 :-

Dato' Cheng Mooh Tat
Cheng Mooh Kheng
Cheng Mooh Chye
Datin 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 :-

Names of Directors	Number of ordinary shares			Balance at 31.12.2023
	Balance at 01.01.2023	During the financial year Acquired	Disposed	
Dato' Cheng Mooh Tat				
- Direct	22,500,000	-	-	22,500,000
- Indirect *	135,000,000	-	-	135,000,000
- Indirect **	22,000	541,300	-	563,300
Cheng Mooh Kheng				
- Direct	10,500,000	-	-	10,500,000
- Indirect *	135,000,000	-	-	135,000,000
- Indirect ***	-	222,000	-	222,000
Datin Theoh Mooi Teng				
- Direct	1,854,900	390,000	-	2,244,900
- Indirect **	22,000	541,300	-	563,300
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(1)(c) of the Companies Act 2016

*** Deemed interested through the shareholdings of his spouse pursuant to Section 59(1)(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, Dato' 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 :-

	Received or receivable from		
	The Company RM	Subsidiaries RM	Total RM
Fees	150,000	930,000	1,080,000
Other remuneration	16,000	5,045,932	5,061,932
Benefits-in-kind	-	82,102	82,102
	<u>166,000</u>	<u>6,058,034</u>	<u>6,224,034</u>

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 RM16,970.

Auditors' Remuneration

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year are RM115,200 and RM45,200 respectively.

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

Directors' Report (Cont'd)

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances :-
- (i) which would render the amount written off for bad debts and allowance made for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
 - (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist :-
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors :-
- (i) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (Cont'd)

Auditors

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

On behalf of the Board of Directors,

DATO' CHENG MOOH TAT
Director

CHENG MOOH KHENG
Director

This report is made pursuant to the Directors' resolution passed on 22 April 2024

Pulau Pinang

Date : 22 April 2024

Statements of Financial Position

As At 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current Assets					
Property, plant and equipment	4	70,546,843	48,022,346	-	-
Intangible assets	5	260,731	381,277	-	-
Investments in subsidiaries	6	-	-	117,784,500	117,784,500
		<u>70,807,574</u>	<u>48,403,623</u>	<u>117,784,500</u>	<u>117,784,500</u>
Current Assets					
Inventories	7	45,425,414	39,056,790	-	-
Trade and other receivables	8	70,572,836	92,315,440	15,200	15,093
Amount due from subsidiaries	9	-	-	18,435,785	11,834,785
Placements in money market funds	10	45,190,924	36,792,106	19,480,367	36,284,488
Short-term deposits, cash and bank balances	11	37,455,786	27,155,400	27,547,943	16,730,830
Tax recoverable		671,862	-	-	-
		<u>199,316,822</u>	<u>195,319,736</u>	<u>65,479,295</u>	<u>64,865,196</u>
Total Assets		<u>270,124,396</u>	<u>243,723,359</u>	<u>183,263,795</u>	<u>182,649,696</u>
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		(7,686)	15,601	-	-
Revaluation reserve	14	25,495,306	17,253,097	-	-
Retained profits		147,845,476	135,519,367	5,456,347	4,974,786
Total Equity		<u>235,228,097</u>	<u>214,683,066</u>	<u>182,885,848</u>	<u>182,404,287</u>
Non-current Liabilities					
Deferred tax liabilities	15	3,277,882	2,360,337	-	-
Lease liabilities		1,956,218	694,157	-	-
		<u>5,234,100</u>	<u>3,054,494</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Lease liabilities		1,070,621	906,435	-	-
Trade and other payables	16	28,441,789	23,694,257	228,158	228,035
Bank borrowing	17	-	1,000,000	-	-
Tax payable		149,789	385,107	149,789	17,374
		<u>29,662,199</u>	<u>25,985,799</u>	<u>377,947</u>	<u>245,409</u>
Total Liabilities		<u>34,896,299</u>	<u>29,040,293</u>	<u>377,947</u>	<u>245,409</u>
Total Equity and Liabilities		<u>270,124,396</u>	<u>243,723,359</u>	<u>183,263,795</u>	<u>182,649,696</u>

The notes set out on pages 54 to 100 form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	18	320,420,664	355,337,986	8,500,000	9,000,000
Cost of sales		(271,723,231)	(301,753,353)	-	-
Gross profit		48,697,433	53,584,633	8,500,000	9,000,000
Other income		3,311,368	1,673,982	1,776,004	881,243
Selling and distribution costs		(9,975,232)	(12,336,776)	-	-
Administrative expenses		(14,138,631)	(13,736,649)	(435,684)	(401,043)
Reversal of impairment losses on trade receivables		181,543	76,724	-	-
Research and development costs		(439,715)	(533,371)	-	-
Other expenses		(172,862)	(87,427)	-	-
Operating profit		27,463,904	28,641,116	9,840,320	9,480,200
Finance costs	19	(68,078)	(149,566)	-	-
Profit before taxation	20	27,395,826	28,491,550	9,840,320	9,480,200
Taxation	21	(6,178,155)	(6,774,850)	(358,759)	(66,999)
Profit for the financial year		21,217,671	21,716,700	9,481,561	9,413,201
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
- Revaluation of land and buildings	14	8,350,647	8,010,227	-	-
<i>Item that will be reclassified subsequently to profit or loss</i>					
- Exchange (loss)/gain on translation of foreign operation		(23,287)	18,448	-	-
Total other comprehensive income for the financial year		8,327,360	8,028,675	-	-
Total comprehensive income for the financial year		29,545,031	29,745,375	9,481,561	9,413,201
Attributable to owners of the Company					
Profit for the financial year		21,217,671	21,716,700	9,481,561	9,413,201
Total comprehensive income for the financial year		29,545,031	29,745,375	9,481,561	9,413,201
Earnings per share attributable to ordinary equity holders of the Company					
Basic (Sen)	22.1	7.07	7.24		

The notes set out on pages 54 to 100 form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

Group	Attributable to owners of the Company					
	Non-distributable			Distributable		
	Share capital RM	Merger deficit RM	Exchange translation reserve RM	Revaluation reserve RM	Retained profits RM	Total RM
Balance at 1 January 2023	177,429,501	(115,534,500)	15,601	17,253,097	135,519,367	214,683,066
Profit for the financial year	-	-	-	-	21,217,671	21,217,671
Surplus on revaluation of land and buildings, net of attributable deferred tax	-	-	-	8,350,647	-	8,350,647
Exchange loss on translation of foreign operation	-	-	(23,287)	-	-	(23,287)
Total comprehensive (loss)/ income for the financial year	-	-	(23,287)	8,350,647	21,217,671	29,545,031
Transfer of revaluation surplus on land and buildings (Note 14)	-	-	-	(108,438)	108,438	-
Transactions with owners of the Company						
- Dividends paid (Note 23)	-	-	-	-	(9,000,000)	(9,000,000)
Balance at 31 December 2023	177,429,501	(115,534,500)	(7,686)	25,495,306	147,845,476	235,228,097
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	-	-	-	-	21,716,700	21,716,700
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

The notes set out on pages 54 to 100 form an integral part of the financial statements.

Statements of Changes in Equity (Cont'd)
For the Financial Year Ended 31 December 2023

	Attributable to owners of the Company		
	Non- distributable share capital	Distributable retained profits	Total
	RM	RM	RM
Company			
Balance at 1 January 2023	177,429,501	4,974,786	182,404,287
Profit for the financial year, representing the total comprehensive income for the financial year	-	9,481,561	9,481,561
Transactions with owners of the Company			
- Dividends paid (Note 23)	-	(9,000,000)	(9,000,000)
Balance at 31 December 2023	177,429,501	5,456,347	182,885,848
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 2022	177,429,501	4,974,786	182,404,287

The notes set out on pages 54 to 100 form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit before taxation	27,395,826	28,491,550	9,840,320	9,480,200
<i>Adjustments for :-</i>				
Amortisation of intangible assets	120,546	115,649	-	-
Depreciation of property, plant and equipment	1,443,879	1,199,936	-	-
Depreciation of right-of-use assets	962,035	884,315	-	-
Reversal of impairment losses on trade receivables	(181,543)	(76,724)	-	-
Dividend income from subsidiaries	-	-	(8,500,000)	(9,000,000)
Gain on changes in fair value of money market funds	(500,925)	(577,797)	(194,183)	(568,634)
Gain on redemption of money market funds	(18,280)	(25,710)	(17,320)	(24,756)
Gain on disposal of property, plant and equipment	(252,089)	(199,596)	-	-
Income from placements in money market funds	(114,021)	(21,435)	(104,203)	(21,435)
Interest income	(1,733,266)	(495,389)	(1,460,298)	(263,388)
Interest expense	68,078	149,566	-	-
Inventories written down	762,806	306,852	-	-
Property, plant and equipment written-off	2,109	543	-	-
Reversal of revaluation decrease of property, plant and equipment	(46,941)	(191,024)	-	-
Unrealised loss on foreign exchange	26,673	84,259	-	-
Operating profit/(loss) before working capital changes	27,934,887	29,644,995	(435,684)	(398,013)
Increase in inventories	(7,121,088)	(1,365,604)	-	-
Decrease/(Increase) in trade and other receivables	21,877,911	(14,881,151)	(107)	(15,093)
Increase/(Decrease) in trade and other payables	4,743,708	(81,877)	123	75,412
Cash generated from/(utilised in) operations	47,435,418	13,316,363	(435,668)	(337,694)
Interest received	1,733,266	495,389	1,460,298	263,388
Interest paid	(68,078)	(149,566)	-	-
Tax paid	(7,066,585)	(7,072,459)	(222,027)	(83,125)
Net cash from/(used in) operating activities	42,034,021	6,589,727	802,603	(157,431)

The notes set out on pages 54 to 100 form an integral part of the financial statements.

Statements of Cash Flows (Cont'd)
For the Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities				
Purchase of intangible assets	-	(51,966)	-	-
Purchase of property, plant and equipment	(13,262,562)	(1,493,040)	-	-
Proceeds from disposal of property, plant and equipment	252,092	323,946	-	-
Net (placements in)/withdrawals of money market funds	(7,879,613)	(9,317,115)	17,015,624	(9,420,392)
Income from placements in money market funds	107,348	21,435	99,886	21,435
Dividends received from subsidiaries	-	-	9,000,000	9,600,000
(Advances to)/Repayment from subsidiaries	-	-	(7,101,000)	9,295,985
Net cash (used in)/from investing activities	(20,782,735)	(10,516,740)	19,014,510	9,497,028
Cash flows from financing activities				
(Increase)/Decrease in short-term deposits pledged as security	(7,529)	1,245,890	-	-
(Repayment of)/Proceeds from bank borrowing (Note 25.1)	(1,000,000)	1,000,000	-	-
Dividends paid (Note 23)	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)
Payments of lease liabilities (Note 25.1)	(940,658)	(860,086)	-	-
Net cash (used in)/from financing activities	(10,948,187)	(7,614,196)	(9,000,000)	(9,000,000)
Net increase/(decrease) in cash and cash equivalents	10,303,099	(11,541,209)	10,817,113	339,597
Effect of foreign exchange difference on cash and cash equivalents	(10,242)	(7,007)	-	-
Cash and cash equivalents at beginning of financial year	26,792,250	38,340,466	16,730,830	16,391,233
Cash and cash equivalents at end of financial year (Note 11)	37,085,107	26,792,250	27,547,943	16,730,830

The notes set out on pages 54 to 100 form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2023

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 22 April 2024.

2. Basis of Preparation and Material Accounting Policy Information

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 material accounting policy information.

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 new MFRS and amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of New MFRS and Amendments to MFRSs

During the financial year, the Group and the Company have applied the following new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2023 :-

MFRS 17, Insurance Contracts

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

Amendments to MFRS 101 and MFRS Practice Statement 2 - 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

Amendments to MFRS 112 - International Tax Reform - Pillar Two Model Rules

Other than as disclosed below, initial application of the new MFRS and amendments to MFRSs did not have any significant impact on the Group's and the Company's financial statements for the current and prior financial periods.

Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies

The Group and the Company have adopted the Amendments from 1 January 2023. The Amendments changed the requirements in MFRS 101 to disclose 'material accounting policy information' rather than 'significant accounting policies' and must be of entity-specific. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Amendments have also added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

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

The Group and the Company have not early adopted the following 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 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

Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 - Lack of Exchangeability

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 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.

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. If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control.

The acquisitions of the Group's existing subsidiaries, namely Yenher Agro-Products Sdn. Bhd. and Yenher Biotech Sdn. Bhd. have been accounted for as common control combination. These subsidiaries 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).

New acquisitions of businesses are accounted for using the acquisition method. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their acquisition-date fair values. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Goodwill on new acquisitions 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 as a gain from bargain purchase.

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.

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

2.6 Foreign Currencies

2.6.1 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.6 Foreign Currencies (Cont'd)

2.6.2 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.

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.

2.6.3 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.

2.7 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.

2.8 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 and any other costs directly attributable to bringing the asset to working condition for its intended use. All property, plant and equipment, except for land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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 every 3 years and at shorter intervals whenever the fair value of a revalued asset is expected to 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. 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.

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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.8 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 :-

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

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

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

2.9 Intangible Assets - 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.

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 Impairment of Non-financial Assets

The carrying amounts of non-financial assets (other than inventories and deferred tax assets) 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 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.

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

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

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

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.11 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.

2.12 Financial Assets

The Group recognises all financial assets in the statement 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.

2.12.1 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.

The Group's financial assets comprised financial assets at amortised cost and financial assets at fair value through profit and loss and it does not have financial assets at fair value through other comprehensive income as at the end of the current and previous reporting periods. The classification of financial assets are disclosed in Note 30.1.

2.12.2 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.12 Financial Assets (Cont'd)

2.12.2 Measurement (Cont'd)

Subsequent measurements of the Group's financial assets are described below :-

(a) Financial assets at amortised cost

A financial asset that is a debt instrument 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 subsequently 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. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(b) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset that is a debt instrument is measured at FVTPL if it does not meet the criteria for amortised cost or fair value through other comprehensive income ("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.

2.12.3 Impairment of financial assets

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

- (a) financial assets measured at amortised cost; and
- (b) 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.12 Financial Assets (Cont'd)

2.12.3 Impairment of financial assets (Cont'd)

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. Refer to Note 30.2(a) for further details.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any collaterals or other credit enhancements held by the Group. 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.

An impairment loss is recognised in the profit or loss and the carrying amount of the assets is reduced through the use of an allowance account.

2.12.4 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.

2.13 Cash and Cash Equivalents

For the purpose of presentation in the statement 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.

2.14 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.

2.15 Financial Liabilities

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

2.15.1 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.15 Financial Liabilities (Cont'd)

2.15.1 Classification and measurement (Cont'd)

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.

2.15.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.16 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.

2.17 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.

2.18 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.19 Provisions

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

2.20 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.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, 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 36 months

The lease liability is initially measured at the present value of future lease payments at the commencement date. Lease payments comprise fixed lease payments (including in-substance fixed payments).

The future lease payments are 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. This is the rate that the Group entities would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment over a similar term.

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 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.

2.21 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.21 Income Taxes (Cont'd)

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.

2.22 Borrowing Costs

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

2.23 Employee Benefits

2.23.1 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.

2.23.2 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.24 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.

2.25 Revenue Recognition

2.25.1 Revenue from Contracts with Customers

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

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

- (i) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

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

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

Notes to the Financial Statements (Cont'd)

31 December 2023

2. Basis of Preparation and Material Accounting Policy Information (Cont'd)

2.25 Revenue Recognition (Cont'd)

2.25.1 Revenue from Contracts with Customers (Cont'd)

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.

2.25.2 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.

2.26 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary equity holders 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 equity holders and the weighted average number of ordinary shares outstanding, net of treasury shares held, for the effects of all dilutive potential ordinary shares.

2.27 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

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

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.

3.2.3 Loss allowances for expected credit losses on trade receivables

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

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

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

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

Notes to the Financial Statements (Cont'd)

31 December 2023

4. Property, Plant and Equipment

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

Group - 2023

	At beginning of financial year RM	Additions/ Lease modification RM	Revaluation RM	Elimination of accumulated depreciation upon revaluation/ lease modification RM	Disposals RM	Write-off RM	At end of financial year RM
Valuation/Costs							
Assets at valuation (Note 4.3)							
Own assets							
Freehold land	34,100,000	-	9,400,000	-	-	-	43,500,000
Buildings	4,520,000	-	(141,626)	(128,374)	-	-	4,250,000
	38,620,000	-	9,258,374	(128,374)	-	-	47,750,000
Right-of-use assets							
Leasehold land	1,230,000	-	44,682	(24,682)	-	-	1,250,000
	39,850,000	-	9,303,056	(153,056)	-	-	49,000,000
Assets at cost							
Own assets							
Furniture and fittings	350,328	-	-	-	-	-	350,328
Motor vehicles	6,001,254	1,823,594	-	-	(1,203,192)	-	6,621,656
Office equipment	1,472,573	79,005	-	-	-	(4,600)	1,546,978
Plant and machinery	3,240,786	10,801	-	-	-	-	3,251,587
Renovation	1,908,308	-	-	-	-	-	1,908,308
Tools and equipment	1,389,638	221,956	-	-	-	-	1,611,594
Capital work-in-progress	2,148,387	11,127,206	-	-	-	-	13,275,593
	16,511,274	13,262,562	-	-	(1,203,192)	(4,600)	28,566,044
Right-of-use assets							
Buildings on lease (Note 4.4)	4,910,217	2,366,905	-	(3,996,917)	-	-	3,280,205
	21,421,491	15,629,467	-	(3,996,917)	(1,203,192)	(4,600)	31,846,249
	61,271,491	15,629,467	9,303,056	(4,149,973)	(1,203,192)	(4,600)	80,846,249

Notes to the Financial Statements (Cont'd)

31 December 2023

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 - 2023 (Cont'd)

	At beginning of financial year RM	Charge for the financial year RM	Elimination upon revaluation/ lease modification RM	Disposals RM	Write-off RM	At end of financial year RM
Accumulated depreciation						
Assets at valuation						
Own assets						
Freehold land	-	-	-	-	-	-
Buildings	-	128,374	(128,374)	-	-	-
	-	128,374	(128,374)	-	-	-
Right-of-use assets						
Leasehold land	-	24,682	(24,682)	-	-	-
	-	153,056	(153,056)	-	-	-
Assets at cost						
Own assets						
Furniture and fittings	310,971	10,966	-	-	-	321,937
Motor vehicles	4,320,488	817,303	-	(1,203,189)	-	3,934,602
Office equipment	1,028,158	119,276	-	-	(2,491)	1,144,943
Plant and machinery	2,551,950	129,665	-	-	-	2,681,615
Renovation	882,665	135,910	-	-	-	1,018,575
Tools and equipment	782,672	102,385	-	-	-	885,057
Capital work-in-progress	-	-	-	-	-	-
	9,876,904	1,315,505	-	(1,203,189)	(2,491)	9,986,729
Right-of-use assets						
Buildings on lease	3,372,241	937,353	(3,996,917)	-	-	312,677
	13,249,145	2,252,858	(3,996,917)	(1,203,189)	(2,491)	10,299,406
	13,249,145	2,405,914	(4,149,973)	(1,203,189)	(2,491)	10,299,406

Notes to the Financial Statements (Cont'd)

31 December 2023

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 - 2022

Valuation/Costs	At beginning of financial year RM	Additions RM	Revaluation RM	Elimination of accumulated depreciation upon revaluation RM	Disposals RM	Write-off RM	At end of financial year RM
Assets at valuation (Note 4.3)							
Own assets							
Freehold land	25,150,000	-	8,950,000	-	-	-	34,100,000
Buildings	4,910,000	-	(59,877)	(330,123)	-	-	4,520,000
	30,060,000	-	8,890,123	(330,123)	-	-	38,620,000
Right-of-use assets							
Leasehold land	1,090,000	-	192,070	(52,070)	-	-	1,230,000
	31,150,000	-	9,082,193	(382,193)	-	-	39,850,000
Assets at cost							
Own assets							
Furniture and fittings	338,483	11,845	-	-	-	-	350,328
Motor vehicles	5,751,759	1,011,415	-	-	(761,920)	-	6,001,254
Office equipment	1,384,515	92,183	-	-	-	(4,125)	1,472,573
Plant and machinery	3,219,436	21,350	-	-	-	-	3,240,786
Renovation	1,817,763	90,545	-	-	-	-	1,908,308
Tools and equipment	1,153,489	236,149	-	-	-	-	1,389,638
Capital work-in-progress	2,118,834	29,553	-	-	-	-	2,148,387
	15,784,279	1,493,040	-	-	(761,920)	(4,125)	16,511,274
Right-of-use assets							
Buildings on lease (Note 4.4)	4,847,297	62,920	-	-	-	-	4,910,217
	20,631,576	1,555,960	-	-	(761,920)	(4,125)	21,421,491
	51,781,576	1,555,960	9,082,193	(382,193)	(761,920)	(4,125)	61,271,491

Notes to the Financial Statements (Cont'd)

31 December 2023

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 - 2022 (Cont'd)

Accumulated depreciation

Assets at valuation

	At beginning of financial year RM	Charge for the financial year RM	Elimination upon revaluation RM	Disposals RM	Write-off RM	At end of financial year RM
Own assets						
Freehold land	-	-	-	-	-	-
Buildings	198,074	132,049	(330,123)	-	-	-
	198,074	132,049	(330,123)	-	-	-
Right-of-use assets						
Leasehold land	31,242	20,828	(52,070)	-	-	-
	229,316	152,877	(382,193)	-	-	-

Assets at cost

	At beginning of financial year RM	Charge for the financial year RM	Elimination upon revaluation RM	Disposals RM	Write-off RM	At end of financial year RM
Own assets						
Furniture and fittings	296,308	14,663	-	-	-	310,971
Motor vehicles	4,448,142	509,916	-	(637,570)	-	4,320,488
Office equipment	890,935	140,805	-	-	(3,582)	1,028,158
Plant and machinery	2,382,843	169,107	-	-	-	2,551,950
Renovation	743,654	139,011	-	-	-	882,665
Tools and equipment	688,287	94,385	-	-	-	782,672
Capital work-in-progress	-	-	-	-	-	-
	9,450,169	1,067,887	-	(637,570)	(3,582)	9,876,904
Right-of-use assets						
Buildings on lease	2,508,754	863,487	-	-	-	3,372,241
	11,958,923	1,931,374	-	(637,570)	(3,582)	13,249,145
	12,188,239	2,084,251	(382,193)	(637,570)	(3,582)	13,249,145

Notes to the Financial Statements (Cont'd)

31 December 2023

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 amounts	
	2023 RM	2022 RM
Assets at valuation		
<u>Own assets</u>		
Freehold land	43,500,000	34,100,000
Buildings	4,250,000	4,520,000
<u>Right-of-use assets</u>		
Leasehold land	1,250,000	1,230,000
	<u>49,000,000</u>	<u>39,850,000</u>
Assets at cost		
<u>Own assets</u>		
Furniture and fittings	28,391	39,357
Motor vehicles	2,687,054	1,680,766
Office equipment	402,035	444,415
Plant and machinery	569,972	688,836
Renovation	889,733	1,025,643
Tools and equipment	726,537	606,966
Capital work-in-progress	13,275,593	2,148,387
<u>Right-of-use assets</u>		
Buildings on lease	2,967,528	1,537,976
	<u>21,546,843</u>	<u>8,172,346</u>
	<u>70,546,843</u>	<u>48,022,346</u>

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

	Group	
	2023 RM	2022 RM
Freehold land	43,500,000	34,100,000
Buildings	3,500,000	3,800,000
	<u>47,000,000</u>	<u>37,900,000</u>

4.3 The land and buildings of the Group were revalued on 31 December 2023 by independent professional valuers. Based on these latest valuations, the total fair values of those land and buildings as at 31 December 2023 was RM49,000,000. 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

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

4.3 (Cont'd)

The net carrying amounts of revalued land and buildings had the assets been carried under the cost model are as follows :-

	Group	
	2023	2022
	RM	RM
<u>Own assets</u>		
Freehold land	16,581,067	16,581,067
Buildings	3,382,465	3,480,712
<u>Right-of-use assets</u>		
Leasehold land	595,287	607,689
	<u>20,558,819</u>	<u>20,669,468</u>

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 2 years and thereafter the lease contract will be automatically renewed for another 1 year.

5. Intangible Assets

	Group	
	Computer software	
	2023	2022
	RM	RM
Costs		
At beginning of financial year	602,763	550,797
Additions	-	51,966
At end of financial year	<u>602,763</u>	<u>602,763</u>
Accumulated amortisation		
At beginning of financial year	221,486	105,837
Charge for the financial year	120,546	115,649
At end of financial year	<u>342,032</u>	<u>221,486</u>
Carrying amount as at 31 December	<u>260,731</u>	<u>381,277</u>

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 (2022 : 5 years).

Notes to the Financial Statements (Cont'd)

31 December 2023

6. Investments in Subsidiaries

	Company	
	2023 RM	2022 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 :-

Names of companies	Principal activities	Effective interest in equity	
		2023	2022
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

	Group	
	2023 RM	2022 RM
At cost		
Raw materials	20,145,338	21,681,705
Finished goods	4,757,770	7,022,135
Trading goods	12,763,946	8,470,395
Goods in-transit	7,758,360	1,882,555
	<u>45,425,414</u>	<u>39,056,790</u>

- (a) The amount of inventories recognised as an expense during the financial year is RM268,828,104 (2022 : RM298,963,973) 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 RM762,806 (2022 : RM306,852) and such expense has been included in cost of sales of the Group's profit or loss.

8. Trade and Other Receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables (Note 8.1)	57,579,801	78,714,101	-	-
Other receivables (Note 8.2)	7,070,846	11,175,154	-	-
	64,650,647	89,889,255	-	-
Deposits (Note 8.3)	5,704,184	2,129,599	-	-
Prepayments	218,005	296,586	15,200	15,093
	<u>70,572,836</u>	<u>92,315,440</u>	<u>15,200</u>	<u>15,093</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

8. Trade and Other Receivables (Cont'd)

8.1 Trade receivables

	Group	
	2023 RM	2022 RM
Third parties	53,976,915	73,009,297
Related parties (Note 8.1(a))	5,195,246	7,489,453
	<u>59,172,161</u>	<u>80,498,750</u>
Allowance for impairment losses	(1,592,360)	(1,784,649)
	<u>57,579,801</u>	<u>78,714,101</u>

- (a) Related parties refer to companies in which persons connected to certain Directors of the Group have 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 (2022 : 7 to 120 days). Other credit periods are assessed and approved on a case by case basis.
- (c) The Group's exposure to credit risk and loss allowances for expected credit losses ("ECLs") on trade receivables are summarised below :-

	2023		
	Gross carrying amount RM	Loss allowances RM	Net carrying amount RM
Not credit impaired			
Not past due	35,691,383	(224,844)	35,466,539
1 to 30 days past due	10,139,769	(102,929)	10,036,840
31 to 60 days past due	4,310,573	(46,638)	4,263,935
61 to 90 days past due	2,392,469	(68,802)	2,323,667
91 to 120 days past due	1,229,525	(56,427)	1,173,098
121 to 210 days past due	1,358,163	(123,861)	1,234,302
	<u>19,430,499</u>	<u>(398,657)</u>	<u>19,031,842</u>
	55,121,882	(623,501)	54,498,381
Credit impaired			
More than 210 days	3,564,965	(483,545)	3,081,420
Individually impaired	485,314	(485,314)	-
	<u>4,050,279</u>	<u>(968,859)</u>	<u>3,081,420</u>
	<u>59,172,161</u>	<u>(1,592,360)</u>	<u>57,579,801</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

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 :- (Cont'd)

	2022		
	Gross carrying amount RM	Loss allowances RM	Net carrying amount 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
	<u>26,663,024</u>	<u>(571,108)</u>	<u>26,091,916</u>
	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)	-
	<u>2,642,988</u>	<u>(1,058,003)</u>	<u>1,584,985</u>
	<u>80,498,750</u>	<u>(1,784,649)</u>	<u>78,714,101</u>

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

	Lifetime expected credit losses RM	Credit impaired RM	Total RM
2023			
At beginning of financial year	(726,646)	(1,058,003)	(1,784,649)
Write-off	-	10,746	10,746
Net gain on remeasurement of loss allowances	103,145	78,398	181,543
At end of financial year	<u>(623,501)</u>	<u>(968,859)</u>	<u>(1,592,360)</u>
2022			
At beginning of financial year	(915,266)	(1,042,161)	(1,957,427)
Write-off	-	96,054	96,054
Net gain/(loss) on remeasurement of loss allowances	188,620	(111,896)	76,724
At end of financial year	<u>(726,646)</u>	<u>(1,058,003)</u>	<u>(1,784,649)</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

8. Trade and Other Receivables (Cont'd)

8.1 Trade receivables (Cont'd)

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

	Group	
	2023 RM	2022 RM
United States Dollar	6,797,023	4,243,027
New Taiwan Dollar	234,928	39,413
Ringgit Malaysia	50,547,850	74,431,661
	<u>57,579,801</u>	<u>78,714,101</u>

8.2 Other receivables

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

	Group	
	2023 RM	2022 RM
United States Dollar	4,501,694	9,323,158
Euro	399,400	1,432,002
New Taiwan Dollar	6,166	10,127
British Pound Sterling	86,950	63,611
Ringgit Malaysia	2,076,636	346,256
	<u>7,070,846</u>	<u>11,175,154</u>

8.3 Deposits

	Group	
	2023 RM	2022 RM
Third parties	5,615,184	2,040,599
Related party	89,000	89,000
	<u>5,704,184</u>	<u>2,129,599</u>

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

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

Deposits paid to third parties include the following :-

	Group	
	2023 RM	2022 RM
Deposits paid to suppliers for purchase of machinery	<u>5,186,623</u>	<u>1,646,696</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

9. Amount Due From Subsidiaries

	Company	
	2023	2022
	RM	RM
Advances to subsidiaries	14,435,785	7,334,785
Dividends receivable from subsidiaries	4,000,000	4,500,000
	<u>18,435,785</u>	<u>11,834,785</u>

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.

10. Placements in Money Market Funds

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Money market unit trust funds classified as financial assets at fair value through profit or loss	<u>45,190,924</u>	<u>36,792,106</u>	<u>19,480,367</u>	<u>36,284,488</u>

11. Short-term Deposits, Cash and Bank Balances

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term deposits with licensed banks	28,031,117	18,154,023	26,356,296	16,515,582
Cash and bank balances	<u>9,424,669</u>	<u>9,001,377</u>	<u>1,191,647</u>	<u>215,248</u>
As presented in the statements of financial position	37,455,786	27,155,400	27,547,943	16,730,830
Less : Short-term deposits pledged as security	<u>(370,679)</u>	<u>(363,150)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - as presented in the statements of cash flows	<u>37,085,107</u>	<u>26,792,250</u>	<u>27,547,943</u>	<u>16,730,830</u>

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 2.10% to 4.00% (2022 : 1.60% to 4.18%) and 2.60% to 4.00% (2022 : 4.18%) per annum respectively.

Notes to the Financial Statements (Cont'd)

31 December 2023

11. Short-term Deposits, Cash and Bank Balances (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
United States Dollar	1,032,622	634,715	-	-
Euro	103,829	51,676	-	-
New Taiwan Dollar	172,537	144,758	-	-
Singapore Dollar	25	25	-	-
Ringgit Malaysia	36,146,773	26,324,226	27,547,943	16,730,830
	<u>37,455,786</u>	<u>27,155,400</u>	<u>27,547,943</u>	<u>16,730,830</u>

12. Share Capital

	Group and Company			
	2023		2022	
	Number of shares	Value RM	Number of shares	Value RM
Issued and fully paid-up ordinary shares				
At beginning/end of financial year	<u>300,000,000</u>	<u>177,429,501</u>	<u>300,000,000</u>	<u>177,429,501</u>

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.

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	
	2023 RM	2022 RM
Revaluation of land and buildings		
At beginning of financial year	17,253,097	9,286,916
Net revaluation surplus during the financial year	9,256,115	8,891,169
Deferred tax effect on current financial year revaluation surplus (Note 15)	(905,468)	(880,942)
Transfer to retained profits	(108,438)	(44,046)
At end of financial year	<u>25,495,306</u>	<u>17,253,097</u>

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

Notes to the Financial Statements (Cont'd)

31 December 2023

15. Deferred Tax Liabilities

	Group	
	2023 RM	2022 RM
At beginning of financial year	2,360,337	1,478,611
Recognised in profit or loss (Note 21)	12,077	784
Recognised in other comprehensive income ("OCI") (Note 14)	905,468	880,942
At end of financial year	<u>3,277,882</u>	<u>2,360,337</u>

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 :-

2023

	As at 01.01.2023 RM	Recognised in profit or loss RM	Recognised in OCI RM	As at 31.12.2023 RM
Deferred tax liabilities				
Excess of capital allowances over depreciation	628,920	10,555	-	639,475
Revaluation of land and buildings	2,221,254	(34,243)	905,468	3,092,479
Right-of-use assets	369,114	343,093	-	712,207
	<u>3,219,288</u>	<u>319,405</u>	<u>905,468</u>	<u>4,444,161</u>
Deferred tax assets				
Unabsorbed tax losses	(33,785)	(8,140)	-	(41,925)
Lease liabilities	(384,142)	(342,299)	-	(726,441)
Other deductible temporary differences	(441,024)	43,111	-	(397,913)
	<u>(858,951)</u>	<u>(307,328)</u>	<u>-</u>	<u>(1,166,279)</u>
	<u>2,360,337</u>	<u>12,077</u>	<u>905,468</u>	<u>3,277,882</u>

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)	-	-
	<u>2,556,268</u>	<u>(217,922)</u>	<u>880,942</u>	<u>3,219,288</u>
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)
	<u>(1,077,657)</u>	<u>218,706</u>	<u>-</u>	<u>(858,951)</u>
	<u>1,478,611</u>	<u>784</u>	<u>880,942</u>	<u>2,360,337</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

15. Deferred Tax Liabilities (Cont'd)

15.2 As at the end of the financial year, the Group has RM622,806 (2022 : RM427,649) of unabsorbed tax losses for which no deferred tax assets have been recognised in the financial statements.

16. Trade and Other Payables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables (Note 16.1)	13,651,831	14,075,417	-	-
Other payables and accruals (Note 16.2)	14,789,958	9,618,840	228,158	228,035
	<u>28,441,789</u>	<u>23,694,257</u>	<u>228,158</u>	<u>228,035</u>

16.1 Trade payables

	Group	
	2023 RM	2022 RM
Third parties	13,401,617	13,930,700
Related parties (Note 16.1(a))	250,214	144,717
	<u>13,651,831</u>	<u>14,075,417</u>

- (a) Related parties refer to companies in which persons connected to certain Directors of the Group have 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 (2022 : 7 to 90 days).
- (c) The Group's trade payables are denominated in the following currencies :-

	Group	
	2023 RM	2022 RM
United States Dollar	4,526,465	3,204,443
Euro	2,774,426	1,308,574
Ringgit Malaysia	6,350,940	9,562,400
	<u>13,651,831</u>	<u>14,075,417</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

16. Trade and Other Payables (Cont'd)

16.2 Other payables and accruals

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

	Group	
	2023 RM	2022 RM
New Taiwan Dollar	54,701	108,109
Ringgit Malaysia	14,735,257	9,510,731
	<u>14,789,958</u>	<u>9,618,840</u>

17. Bank Borrowing

	Group	
	2023 RM	2022 RM
Banker's acceptance	-	1,000,000

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% per annum.

18. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers :				
- Sales of goods	320,420,664	355,337,986	-	-
Revenue from other sources :				
- Dividend income from subsidiaries	-	-	8,500,000	9,000,000
	<u>320,420,664</u>	<u>355,337,986</u>	<u>8,500,000</u>	<u>9,000,000</u>

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

	Group	
	2023 RM	2022 RM
Manufacturing	100,216,629	109,576,292
Distribution	220,204,035	245,761,694
	<u>320,420,664</u>	<u>355,337,986</u>

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

Notes to the Financial Statements (Cont'd)

31 December 2023

19. Finance Costs

	Group	
	2023 RM	2022 RM
Interests on :		
- lease liabilities	67,942	65,914
- bankers' acceptances	-	83,504
- bank overdraft	136	148
	68,078	149,566

20. Profit before Taxation

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
This is stated after charging :-				
Auditors' remuneration :				
- Annual statutory audit				
<i>Current financial year</i>	100,000	100,000	30,000	30,000
- Non-audit services				
<i>Current financial year</i>	15,200	14,400	15,200	14,400
Amortisation of intangible assets	120,546	115,649	-	-
Depreciation of property, plant and equipment	1,443,879	1,199,936	-	-
Depreciation of right-to-use assets	962,035	884,315	-	-
Directors' remuneration :				
- Executive Directors of the Company				
<i>Fees</i>	930,000	930,000	-	-
<i>Salaries and other remuneration</i>	5,045,932	5,007,291	-	-
- Non-executive Directors of the Company				
- <i>Fees</i>				
<i>Current financial year</i>	150,000	140,000	150,000	140,000
<i>Over provided in prior financial year</i>	-	(42,500)	-	(42,500)
- <i>Other remuneration</i>	16,000	20,000	16,000	20,000
- Executive director of subsidiaries				
<i>Fees</i>	270,000	270,000	-	-
<i>Salaries and other remuneration</i>	1,324,342	1,311,343	-	-
Expenses relating to short-term leases	320,434	255,000	-	-
Inventories written down	762,806	306,852	-	-
Loss on foreign exchange :				
- Realised	-	73,535	-	-
- Unrealised	26,673	84,259	-	-
Property, plant and equipment written-off	2,109	543	-	-

and crediting :-

Gain on changes in fair value of money market funds	500,925	577,797	194,183	568,634
Gain on disposal of property, plant and equipment	252,089	199,596	-	-
Gain on redemption of money market funds	18,280	25,710	17,320	24,756
Reversal of revaluation decrease of property, plant and equipment	46,941	191,024	-	-
Income from placements in money market funds	114,021	21,435	104,203	21,435
Interest income	1,733,266	495,389	1,460,298	263,388
Realised gain on foreign exchange	490,056	-	-	-

Notes to the Financial Statements (Cont'd)

31 December 2023

21. Taxation

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current financial year income tax	6,248,908	6,636,007	359,106	67,274
Deferred tax expense resulting from origination and reversal of temporary differences	26,000	65,596	-	-
	<u>6,274,908</u>	<u>6,701,603</u>	<u>359,106</u>	<u>67,274</u>
(Over)/Under provision in prior financial year :				
- Income tax	(82,830)	138,059	(347)	(275)
- Deferred tax	(13,923)	(64,812)	-	-
Total tax expense	<u>6,178,155</u>	<u>6,774,850</u>	<u>358,759</u>	<u>66,999</u>

21.1 The general income tax rate in Malaysia for the period under review is 24% (2022 : 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	<u>27,395,826</u>	<u>28,491,550</u>	<u>9,840,320</u>	<u>9,480,200</u>
Taxation at the statutory tax rate of 24% (2022 : 24%)	6,574,998	6,837,972	2,361,677	2,275,248
Tax effects in respect of :-				
Income not subject to tax	(684,591)	(524,071)	(2,091,801)	(2,302,414)
Expenses not deductible for tax purposes	358,595	328,188	89,230	94,440
Current financial year deferred tax assets not recognised	25,906	59,514	-	-
(Over)/Under provision in prior financial year :				
- Income tax	(82,830)	138,059	(347)	(275)
- Deferred tax	(13,923)	(64,812)	-	-
Total tax expense	<u>6,178,155</u>	<u>6,774,850</u>	<u>358,759</u>	<u>66,999</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

21. Taxation (Cont'd)

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	
	2023	2022
	RM	RM
Expiring in 2031	196,583	187,899
Expiring in 2032	250,831	239,750
Expiring in 2033	175,392	-
Unexpired (Note 21.3)	174,689	140,771
	<u>797,495</u>	<u>568,420</u>

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 RM174,689 (2022 : 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.

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 ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the financial year as shown below :-

	2023	2022
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	<u>21,217,671</u>	<u>21,716,700</u>
Weighted average number of ordinary shares outstanding during the financial year	<u>300,000,000</u>	<u>300,000,000</u>
Earnings per share (Sen)	<u>7.07</u>	<u>7.24</u>

22.2 Diluted

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 December 2023 (2022 : NIL).

Notes to the Financial Statements (Cont'd)

31 December 2023

23. Dividends

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

	Group and Company	
	2023	2022
	RM	RM
For the financial year ended 31 December 2023		
- First single-tier interim dividend of 1.50 sen per ordinary share, declared on 30 August 2023 and paid on 6 October 2023	4,500,000	-
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
- Second single-tier interim dividend of 1.50 sen per ordinary share, declared on 27 February 2023 and paid on 31 March 2023	4,500,000	-
For the financial year ended 31 December 2021		
- 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
	<u>9,000,000</u>	<u>9,000,000</u>

On 26 February 2024, 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 2023 amounted to RM4,500,000 which was paid on 5 April 2024. 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 2024.

24. Staff Costs

	Group	
	2023	2022
	RM	RM
Staff costs comprised :-		
Salaries, bonus, overtime, commissions, allowances and incentives	13,879,872	13,315,877
Contributions to Employees Provident Fund	1,784,138	1,708,789
Others	704,580	763,595
	<u>16,368,590</u>	<u>15,788,261</u>

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

Notes to the Financial Statements (Cont'd)

31 December 2023

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 01.01.2023 RM	Non-cash changes RM	Net cash flows RM	As at 31.12.2023 RM
2023				
Lease liabilities	1,600,592	2,366,905	(940,658)	3,026,839
Bank borrowing (Note 17)	1,000,000	-	(1,000,000)	-
	<u>2,600,592</u>	<u>2,366,905</u>	<u>(1,940,658)</u>	<u>3,026,839</u>
	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
	<u>2,397,758</u>	<u>62,920</u>	<u>139,914</u>	<u>2,600,592</u>

25.2 Cash flows for leases

	Group	
	2023 RM	2022 RM
Included in cash flows from operating activities		
Payments for interest on lease liabilities (Note 19)	67,942	65,914
Payments relating to short-term leases (Note 20)	320,434	255,000
Included in cash flows from financing activities		
Payments for principal portion lease liabilities (Note 25.1)	940,658	860,086
Total cash outflows for leases	<u>1,329,034</u>	<u>1,181,000</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

26. Capital Commitments

	Group	
	2023 RM	2022 RM
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	13,439,962	10,399,298
- Construction of a new factory building	24,604,573	-
	<u>38,044,535</u>	<u>10,399,298</u>
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	9,000,000	1,185,491
- Construction of a new factory building	-	30,065,215
	<u>9,000,000</u>	<u>31,250,706</u>

27. Related Party Transactions

27.1 Identity of related parties

For the purpose of these financial statements, 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. Related parties include key management personnel as further explained in Note 27.4 below.

The parties, other than subsidiaries, related to the Group and to the Company are as follows :-

Related parties	Relationship
Cheng Mooh Chye	<ul style="list-style-type: none"> • A director of Yenher-Agro Products Sdn. Bhd. and Yenher Biotech Sdn. Bhd., both of which are the subsidiaries of the Company • A brother of the Directors of the Company, namely Dato' Cheng Mooh Tat and Cheng Mooh Kheng and a brother-in-law of Datin Theoh Mooi Teng • A major shareholder of the Company
Cheng Mooh Lee	<ul style="list-style-type: none"> • A brother of the Directors of the Company, namely Dato' Cheng Mooh Tat and Cheng Mooh Kheng and a brother-in-law of Datin Theoh Mooi Teng
CGH Holdings Sdn. Bhd.	<ul style="list-style-type: none"> • Dato' Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye are directors and major shareholders
Ni-On Marketing System Sdn. Bhd., Perniagaan Muhibbah Ria Sdn. Bhd., Xun Ta Feed Sdn. Bhd., DS Poultry Sdn. Bhd. and DS Breeder Farm Sdn. Bhd.	<ul style="list-style-type: none"> • Cheng Mooh Lee is a director and major shareholder
Welcome Potential Sdn. Bhd.	<ul style="list-style-type: none"> • Dato' Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye are directors and major shareholders

Notes to the Financial Statements (Cont'd)

31 December 2023

27. Related Party Transactions (Cont'd)

27.1 Identity of related parties (Cont'd)

The parties, other than subsidiaries, related to the Group and to the Company are as follows :- (Cont'd)

Related parties	Relationship
Anher Farming Sdn. Bhd.	<ul style="list-style-type: none"> Cheng Leng Boon and Cheng Qin Boon are the directors and major shareholders who are the sons of Cheng Mooh Chye
Johan Sejati Sdn. Bhd., Victory Potential Sdn. Bhd. and MTC Properties (M) Sdn. Bhd.	<ul style="list-style-type: none"> Dato' Cheng Mooh Tat is a director and major shareholder

27.2 The transactions with related parties

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

	Group	
	2023 RM	2022 RM
Sales of goods to related parties		
Ni-On Marketing System Sdn. Bhd.	8,614,909	8,388,259
Perniagaan Muhibbah Ria Sdn. Bhd.	12,032,790	15,809,497
Xun Ta Feed Sdn. Bhd.	991,632	1,670,376
Anher Farming Sdn. Bhd.	2,021,694	-
Welcome Potential Sdn. Bhd.	2,800	-
Johan Sejati Sdn. Bhd.	53,600	-
Victory Potential Sdn. Bhd.	39,800	-
MTC Properties (M) Sdn. Bhd.	4,200	-
DS Poultry Sdn. Bhd.	-	276,520
DS Breeder Farm Sdn. Bhd.	-	7,903
Other income received from related parties		
Anher Farming Sdn. Bhd.	350	-
Johan Sejati Sdn. Bhd.	1,520	-
Victory Potential Sdn. Bhd.	380	-
Purchases of goods from related parties		
Ni-On Marketing System Sdn. Bhd.	449,394	539,028
Perniagaan Muhibbah Ria Sdn. Bhd.	252,437	201,858
Xun Ta Feed Sdn. Bhd.	546,058	802,461
Anher Farming Sdn. Bhd.	44,874	-
DS Poultry Sdn. Bhd.	-	75
Services rendered by related parties		
Ni-On Marketing System Sdn. Bhd.	103,810	129,804
Perniagaan Muhibbah Ria Sdn. Bhd.	180	-
Xun Ta Feed Sdn. Bhd.	662,492	452,641
DS Poultry Sdn. Bhd.	-	4,549

Notes to the Financial Statements (Cont'd)

31 December 2023

27. Related Party Transactions (Cont'd)

27.2 The transactions with related parties (Cont'd)

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year are disclosed below. (Cont'd)

	Group	
	2023 RM	2022 RM
Rental of premises charged by related parties		
Welcome Potential Sdn. Bhd.	1,074,300	985,200
Dato' Cheng Mooh Tat	<u>78,000</u>	<u>33,960</u>
Other transactions with the Directors of the Company		
Purchase of used motor vehicle from Datin Theoh Mooi Teng	130,000	-
Disposal of motor vehicle to Cheng Mooh Kheng	<u>60,000</u>	<u>-</u>

27.3 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. A reversal of impairment loss of RM3,719 (2022 : an additional impairment loss of RM4,096) has been recognised during the financial year in respect of the amount due from the related parties.

27.4 Key management personnel compensation

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employee benefits	5,351,500	5,305,800	-	-
Contributions to Employees Provident Fund	1,016,456	1,010,830	-	-
Directors' fees	1,350,000	1,297,500	150,000	97,500
Others	18,318	22,004	16,000	20,000
	<u>7,736,274</u>	<u>7,636,134</u>	<u>166,000</u>	<u>117,500</u>
Benefits-in-kind	82,102	69,550	-	-
	<u>7,818,376</u>	<u>7,705,684</u>	<u>166,000</u>	<u>117,500</u>

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

	Group	
	2023 RM	2022 RM
Included under other payables and accruals	<u>4,534,990</u>	<u>4,493,783</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

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	
	2023 RM	2022 RM
Revenue from :		
- Malaysian customers	280,681,802	317,680,217
- Overseas customers	39,738,862	37,657,769
	<u>320,420,664</u>	<u>355,337,986</u>
Non-current assets located in Malaysia	<u>70,807,574</u>	<u>48,403,623</u>

28.3 Major customers

Revenue from transactions with a major customer who individually accounted for 10% or more of the Group revenue is as follows :-

	2023 RM	2022 RM
Customer A	<u>35,756,876</u>	<u>23,818,382</u>

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

29. Corporate Guarantees (Unsecured)

	Company	
	2023 RM	2022 RM
Corporate guarantees favouring banks for facilities granted to a subsidiary :		
- Limit of guarantee	38,360,000	32,760,000
- Amount utilised	<u>-</u>	<u>1,000,000</u>

As at the reporting date, no values were placed 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.

Notes to the Financial Statements (Cont'd)

31 December 2023

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")

	Note	Financial assets		Financial liabilities
		FAAC RM	FAFVTPL RM	FLAC RM
Group - 2023				
Trade and other receivables	8	64,650,647	-	-
Refundable deposits #	8.3	517,561	-	-
Placements in money market funds	10	-	45,190,924	-
Short-term deposits, cash and bank balances	11	37,455,786	-	-
Trade and other payables	16	-	-	(28,441,789)
		<u>102,623,994</u>	<u>45,190,924</u>	<u>(28,441,789)</u>
Group - 2022				
Trade and other receivables	8	89,889,255	-	-
Refundable deposits #	8.3	482,903	-	-
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)
		<u>117,527,558</u>	<u>36,792,106</u>	<u>(24,694,257)</u>

Exclude deposits paid for purchase of machinery (Note 8.3)

Notes to the Financial Statements (Cont'd)

31 December 2023

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

30.1 Categories of Financial Instruments (Cont'd)

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

	Note	Financial assets		Financial liabilities
		FAAC RM	FAFVTPL RM	FLAC RM
Company - 2023				
Amount due from subsidiaries	9	18,435,785	-	-
Placements in money market funds	10	-	19,480,367	-
Short-term deposits, cash and bank balances	11	27,547,943	-	-
Other payables	16	-	-	(228,158)
		<u>45,983,728</u>	<u>19,480,367</u>	<u>(228,158)</u>
	Note	FAAC RM	FAFVTPL RM	Financial liabilities 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)
		<u>28,565,615</u>	<u>36,284,488</u>	<u>(228,035)</u>

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.

Notes to the Financial Statements (Cont'd)

31 December 2023

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Risk management (Cont'd)

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. As at 31 December 2023, the Company was not exposed to credit risk arising from the corporate guarantees provided as the subsidiary did not utilise any banking facility available.

Credit risk concentration profile

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

	Group	
	2023	2022
Number of major customers	10	20
Percentage of exposure of total trade receivables	53%	62%

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.

Notes to the Financial Statements (Cont'd)

31 December 2023

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Trade receivables using the simplified approach

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

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

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

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

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

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

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

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

Other receivables and refundable deposits

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

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

Notes to the Financial Statements (Cont'd)

31 December 2023

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Amount due from subsidiaries

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

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

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

(b) Liquidity and cash flow risks

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

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

Maturity analysis

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

	Maturity profile				Effective interest rate %
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	
Group - 2023					
Trade and other payables	28,441,789	-	-	28,441,789	-
Lease liabilities	1,231,200	2,056,600	-	3,287,800	4.45 to 6.40
	<u>29,672,989</u>	<u>2,056,600</u>	<u>-</u>	<u>31,729,589</u>	

Notes to the Financial Statements (Cont'd)

31 December 2023

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

30.2 Financial Risk Management (Cont'd)

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

Maturity analysis (Cont'd)

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

	Maturity profile				Effective interest rate %
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	
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
	<u>25,620,657</u>	<u>692,400</u>	<u>-</u>	<u>26,313,057</u>	
Company - 2023					
Other payables	<u>228,158</u>	<u>-</u>	<u>-</u>	<u>228,158</u>	-
Company - 2022					
Other payables	228,035	-	-	228,035	-
Corporate guarantees	1,000,000	-	-	1,000,000	-
	<u>1,228,035</u>	<u>-</u>	<u>-</u>	<u>1,228,035</u>	

(c) Market risk

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

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

(d) Currency risk

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

The Group does not speculate in foreign currency derivatives.

Notes to the Financial Statements (Cont'd)

31 December 2023

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

30.2 Financial Risk Management (Cont'd)

(d) Currency risk (Cont'd)

Exposure to currency risk

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

	Denominated in foreign currency				Total RM
	USD RM	EURO RM	NTD RM	GBP RM	
2023					
Trade receivables	6,797,023	-	234,928	-	7,031,951
Other receivables	4,501,694	399,400	6,166	86,950	4,994,210
Short-term deposits, cash and bank balances	1,032,622	103,829	172,537	-	1,308,988
Trade payables	(4,526,465)	(2,774,426)	-	-	(7,300,891)
Other payables	-	-	(54,701)	-	(54,701)
	<u>7,804,874</u>	<u>(2,271,197)</u>	<u>358,930</u>	<u>86,950</u>	<u>5,979,557</u>
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)
	<u>10,996,457</u>	<u>175,104</u>	<u>86,189</u>	<u>63,611</u>	<u>11,321,361</u>

Currency risk sensitivity analysis

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

	Increase/(Decrease)	
	2023 RM	2022 RM
USD	780,487	1,099,646
EURO	(227,120)	17,510
NTD	35,893	8,619
GBP	<u>8,695</u>	<u>6,361</u>

Notes to the Financial Statements (Cont'd)

31 December 2023

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 2023 by RM225,955 and RM97,402 (2022 : RM183,961 and RM181,422), 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
2023				
Financial assets				
Placements in money market funds :				
- Group	45,190,924	-	-	45,190,924
- Company	19,480,367	-	-	19,480,367
2022				
Financial assets				
Placements in money market funds :				
- Group	36,792,106	-	-	36,792,106
- Company	36,284,488	-	-	36,284,488

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

Notes to the Financial Statements (Cont'd)

31 December 2023

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 2023 and 31 December 2022.

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

Certain comparative figures have been restated to conform with current financial year's presentation.

Statement by Directors

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

We, DATO' 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 48 to 100 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 2023 and of the financial performance and cash flows of the Group and the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 22 April 2024

DATO' CHENG MOOH TAT
Director

CHENG MOOH KHENG
Director

Pulau Pinang

Date : 22 April 2024

Statutory Declaration

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

I, DATIN THEOH MOOI TENG (NRIC No. 660522-07-5274), being the Director primarily responsible for the financial management of YENHER HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 48 to 100 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Perai in the State of Pulau Pinang)
this 22 April 2024)

DATIN THEOH MOOI TENG

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report To The Members of 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 2023 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 material accounting policy information, as set out on pages 48 to 100.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
<p>1. Revenue recognition from sales of goods</p> <p>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.</p> <p>The Group's accounting policy on revenue recognition from contracts with customers is disclosed in Note 2.25.1 to the financial statements.</p> <p>We considered the risk of revenue being recognised in an incorrect accounting period as a key audit matter due to its financial significance.</p>	<p>Our audit procedures included the following :</p> <ul style="list-style-type: none"> • Discussed with the management to obtain understanding about the processes and controls over cut-off procedures and recording of sales of goods. • Tested the timeliness and completeness of revenue recognition by comparing the selected delivery and shipping documents against the recording of the sales transactions in the relevant accounting records. • Tested the occurrences of sales transactions as recorded in the accounting records by verifying the selected transactions against delivery and shipping documents. • Tested the trade receivable accounts by requesting confirmations from selected customers. For any difference between the confirmation received from customers and the Group's record, verified the reconciliations prepared by the management against the underlying supporting documents.

Independent Auditors' Report To The Members of Yenher Holdings Berhad (Cont'd)

202001008388 (1364708-X) (Incorporated in Malaysia)

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

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<p>2. Measurement of loss allowances for expected credit losses ("ECLs") on trade receivables</p> <p>As disclosed in Note 8.1 to the financial statements, the carrying amount of the Group's trade receivables as at 31 December 2023 is RM57,579,801, after deducting cumulative impairment losses of RM1,592,360, and this represents approximately 21% of the Group's total assets.</p> <p>For other disclosures, refer to the following notes to the financial statements :</p> <ul style="list-style-type: none"> • Note 2.12.3 - 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 <p>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.</p>	<p>Our audit procedures included the following :</p> <ul style="list-style-type: none"> • Reviewed the management's processes and controls over the identification of impaired trade receivables. • Reviewed the trade receivables ageing report and made inquiries of the management about long outstanding debts and assessed their recoverability by evaluating the receipts after year-end and past payment trend. • In relation to the determination of expected loss rates using historical ageing data, on sampling basis, we tested the integrity of the ageing report against the relevant supporting documents. We also evaluated the reasonableness of the forward-looking macroeconomic factor used in determining the expected loss rate.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report To The Members of Yenher Holdings Berhad (Cont'd)

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.

Independent Auditors' Report To The Members of Yenher Holdings Berhad (Cont'd)

202001008388 (1364708-X) (Incorporated in Malaysia)

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

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

We also provide 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 : 22 April 2024

SAM SIOW CHENG
NO. : 03306/06/2025 J
CHARTERED ACCOUNTANT

List of Properties

As At 31 December 2023

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	Age of Building
1.	<u>Title identification:</u> 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 <u>Postal address:</u> No. 1628, Jalan IKS Simpang Ampat 1 Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang	Freehold	<u>Description:</u> A double-storey detached office building annexed with a single-storey warehouse <u>Existing use:</u> Head office and warehouse of our Group	<u>Land area:</u> 27,782 sq ft <u>Built-up area:</u> 21,652 sq ft	5,500	31/12/2023	20 years
2.	<u>Title identification:</u> 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 <u>Postal address:</u> No. 1684, Jalan IKS Simpang Ampat 1 Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang	Freehold	<u>Description:</u> A single-storey detached factory with a double-storey office building <u>Existing use:</u> Office and manufacturing plant of our Group	<u>Land area:</u> 42,776 sq ft <u>Built-up area:</u> 31,635 sq ft	8,500	31/12/2023	14 years
3.	<u>Title identification:</u> Lot No. 20309 (formerly Lot No. 20111) held under HSD Nos. 51260 in Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	Freehold	<u>Description:</u> Vacant land <u>Proposed use:</u> 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 as well as research and development center	<u>Land area:</u> 464,786 sq ft <u>Built-up area:</u> N/A	33,000	31/12/2023	N/A
4.	<u>Title identification:</u> Lot 2398 Block 233 of Kuching North Land District, Jalan Batu Kitang, Sarawak <u>Postal address:</u> 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	<u>Description:</u> A double-storey detached industrial building <u>Existing use:</u> Administration and sale office as well as warehouse of our Group	<u>Land area:</u> 15,661 sq ft <u>Built-up area:</u> 5,070 sq ft	2,000	31/12/2023	8 years

Analysis of Shareholdings

As At 29 March 2024

1. Class of Equity Securities	:	Ordinary shares
Number of holders of Ordinary Shares	:	1,699
Total number of issued shares	:	300,000,000
Voting Rights	:	1 vote per share

2. ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 29 MARCH 2024

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	220	12.95	141,200	0.05
1,001 - 10,000	755	44.44	4,288,200	1.43
10,001 - 100,000	555	32.67	19,899,000	6.63
100,001 – 14,999,999 (*)	167	9.83	118,171,600	39.39
15,000,000 and above (**)	2	0.11	157,500,000	52.50
TOTAL	1,699	100.00	300,000,000	100.00

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

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MARCH 2024

(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. Dato' 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. Chia Siew Yung	2,480,000	0.83
10. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Wah Peng</i>	2,399,200	0.80
11. Too Chin Kiong	2,130,000	0.71
12. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Wai Kong</i>	2,000,000	0.67
13. Perniagaan Muhibbah Ria Sdn. Bhd.	1,946,400	0.65
14. Tee Chin Heng	1,917,000	0.64
15. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Huat Chuan</i>	1,900,000	0.63
16. Khas Perkasa Sdn. Bhd.	1,888,000	0.63
17. Theoh Mooi Hiang	1,592,000	0.53
18. Ng Chew Kee	1,476,000	0.49
19. Datin Theoh Mooi Teng	1,444,900	0.48
20. Gan Swee Chai	1,357,500	0.45

Analysis of Shareholdings

As At 29 March 2024 (Cont'd)

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MARCH 2024 (CONT'D) (without aggregating the securities from different securities accounts belonging to the same person)

Name	No. of shares held	% of total issued shares
21. Cheng Leng Boon	1,313,100	0.44
22. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Hung Thiam</i>	1,266,000	0.42
23. Teow Peng Hee	1,255,000	0.42
24. Tan Li Lian	1,200,000	0.40
25. Mulyadi	1,158,700	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. Theoh Mooi Hiang	980,000	0.33
30. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For Mtrustee Berhad (Ethereal Capital Sdn Bhd)</i>	936,600	0.31

4. SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

Name	Direct Interest		Deemed Interest	
	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. Dato' Cheng Mooh Tat	22,500,000	7.50	135,563,300 ⁽¹⁾	45.19
3. Cheng Mooh Kheng	10,500,000	3.50	135,222,000 ⁽²⁾	45.07
4. Cheng Mooh Chye	10,500,000	3.50	136,924,900 ⁽¹⁾	45.64

Note :

⁽¹⁾ 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").

⁽²⁾ Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. and through the shareholdings of his spouse pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016 (the "Act").

5. INTEREST OF DIRECTORS AS AT 29 MARCH 2024

a) Interest in shares of the Company

Name	Direct Interest		Deemed Interest	
	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
Dato' Cheng Mooh Tat	22,500,000	7.50	135,563,300 ⁽¹⁾	45.19
Cheng Mooh Kheng	10,500,000	3.50	135,222,000 ⁽²⁾	45.07
Datin Theoh Mooi Teng	2,244,900	0.75	563,300 ⁽³⁾	0.19
Tan Peng Lam	100,000	0.03	300,000 ⁽⁴⁾	0.10
Dato' Lim Choon Khim	100,000	0.03	-	-
Dr. Ong Bee Lee	-	-	-	-

Analysis of Shareholdings

As At 29 March 2024 (Cont'd)

5. INTEREST OF DIRECTORS AS AT 29 MARCH 2024 (CONT'D)

Notes :

- (1) 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.
- (2) Deemed interested by virtue of his substantial shareholding held in CGH Holdings Sdn. Bhd. and through the shareholdings of his spouse pursuant to Sections 8 and 59(11)(c) of the Act.
- (3) Deemed interested through the shareholdings of her children pursuant to Section 59(11)(c) of the Act.
- (4) Deemed interested through the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.

b) Interest in shares of related corporations

By virtue of their direct and indirect interests in the Company, Dato' 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 29 March 2024.

Other than as disclosed above, none of the other directors have any interest in the shares of related corporations as at 29 March 2024.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth (4th) 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, 14 June 2024 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESSES

- | | |
|---|------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 3 |
| 2. To approve the payment of Directors’ fees amounting to RM1,350,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2023. | Ordinary Resolution 1 |
| 3. To approve the payment of benefits other than Directors’ fees to the Non-Executive Directors of the Company up to RM17,500.00 from 15 June 2024 until the next AGM of the Company. | Ordinary Resolution 2 |
| 4. To re-elect the Director, Mr. Tan Peng Lam, 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 |
| 5. To re-elect the Director, Dato’ Lim Choon Khim, who retires by rotation in accordance with Clause 165 of the Company’s Constitution and who being eligible offers himself for re-election. | Ordinary Resolution 4 |
| 6. To re-appoint Messrs Folks DFK & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

AS SPECIAL BUSINESSES

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

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

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

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.”

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESSES (CONT'D)

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

Proposed 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 30 April 2024, provided that:

Ordinary
Resolution 7

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

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

- (a) the conclusion of the next annual general meeting ("AGM") of the Company, unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT 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."

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESSES (CONT'D)

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

Proposed 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 :-

Ordinary
Resolution 8

- (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:-

- (i) 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
- (iii) 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."

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

By order of the Board

Ong Lu See
(LS 0006228)
SSM PC No. 201908001450

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

Penang
Date : 30 April 2024

Notice of Annual General Meeting (Cont'd)

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 Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, 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 4th AGM

For the purpose of determining a member who shall be entitled to attend the 4th 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 6 June 2024. Only a depositor whose name appears in the Record of Depositors as at 6 June 2024 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 2023

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 actual Board and scheduled Board and Board Committee meetings for the period from 16 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.

Notice of Annual General Meeting (Cont'd)

Notes: (Cont'd)

6. **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. Tan Peng Lam and Dato' Lim Choon Khim who will be retiring and offering themselves for re-election at the 4th 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. 6 - Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 6 is a general mandate and if passed will empower the Directors of the Company to issue and allot shares up to 10% of the total number of issued shares of the Company from time to time (other than bonus or 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 Third AGM held on 16 June 2023 which will lapse at the conclusion of the Fourth AGM.

8. **Ordinary Resolution No. 7 – 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 7, 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 30 April 2024 for further information.

9. **Ordinary Resolution No. 8 – 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 30 April 2024 for further information.

Notice of Annual General Meeting (Cont'd)

STATEMENT ACCOMPANYING NOTICE OF AGM

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding Directors who are standing for re-election as stated above) at this forthcoming 4th 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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YENHER HOLDINGS BERHAD
202001008388 (1364708-X)
(Incorporated in Malaysia)

Proxy Form

For the Fourth Annual General Meeting ("4th AGM")

CDS Account No.	
No. of shares held	

I/We _____
(Full Name in Block Letters and NRIC/Passport/Company No.)
of _____
(Address)

being a member/members of Yenher Holdings Berhad, hereby appoint

Full Name (in block letters)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our Proxy to vote in my/our name(s) on my/our behalf at the 4th AGM of the Company to be held at Iconic 5, Level 7, Iconic Hotel, 71 Jalan Icon City, Icon City, 14000 Bukit Mertajam, Pulau Pinang on Friday, 14 June 2024 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

Resolution		For	Against
To approve the payment of Directors' fees amounting to RM1,350,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2023.	Ordinary Resolution 1		
To approve the payment of benefits other than Directors' fees to the Non-Executive Directors of the Company up to RM17,500.00 from 15 June 2024 until the next AGM of the Company.	Ordinary Resolution 2		
To re-elect Mr. Tan Peng Lam, who retires in accordance with Clause 165 of the Company's Constitution as a Director of the Company.	Ordinary Resolution 3		
To re-elect Dato' Lim Choon Khim, who retires in accordance with Clause 165 of the Company's Constitution as a Director of the Company.	Ordinary Resolution 4		
To re-appoint Messrs Folks DFK & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
To empower the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company.	Ordinary Resolution 6		
To approve the proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature ("RRPTs") and proposed new shareholders' mandate for RRPTs.	Ordinary Resolution 7		
To approve the proposed purchase by the Company of its own shares of up to ten percent (10%) of its total number of issued shares.	Ordinary Resolution 8		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____ 2024.

Signature of Shareholder or Common Seal

Notes :

- (a) Only a Depositor whose name appears in the Record of Depositors as at 6 June 2024 shall be entitled to attend the 4th 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 Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuq Farquhar, 10200 George Town, 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.

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Affix
stamp

The Share Registrar

YENHER HOLDINGS BERHAD
202001008388 (1364708-X)

Suite 18.05, MWE Plaza,
No. 8, Lebuq Farquhar,
10200 George Town,
Pulau Pinang.

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