YB VENTURES BERHAD

ALPHA TILES®
STYLISH LIVING

TALOS
Living Tiles

Annual Report 2022

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SRI TAJUDIN BIN MD ISA
(Appointed w.e.f. 15/07/2022)
Independent Non-Executive Chairman

DATUK AU YEE BOON
Executive Director

DATO' SRI GAN CHOW TEE
Independent Non-Executive Director

MR LEE BOON SIONG
Executive Director

MR TAN EIK HUANG
(Redesignated w.e.f. 08/04/2022)
Executive Director

MS KOK SOKE KUEN
(Appointed w.e.f. 08/04/2022)
Independent Non-Executive Director

AUDIT COMMITTEE
Ms Kok Soke Kuen (Chairperson)
Dato' Sri Tajudin Bin Md Isa
Dato' Sri Gan Chow Tee

NOMINATION COMMITTEE
Dato' Sri Gan Chow Tee (Chairman)
Dato' Sri Tajudin Bin Md Isa
Ms Kok Soke Kuen

REMUNERATION COMMITTEE
Dato' Sri Gan Chow Tee (Chairman)
Ms Kok Soke Kuen
Mr Tan Eik Huang

COMPANY SECRETARIES
Mr Tan Tong Lang
(MAICSA 7045482 / SSM PC No. 202208000250)

Ms Thien Lee Mee
(LS 0010621 / SSM PC No. 201908002254)

REGISTERED OFFICE
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor
Tel : 603-7890 0638
Fax : 603-7890 1032

REGISTRAR
Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor
Tel : 603-7890 0638
Fax : 603-7890 1032

PRINCIPAL BANKERS
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad

AUDITORS
UHY (AF 1411)
Chartered Accountants
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

WEBSITE ADDRESS
www.ybventures.com

CORPORATE EMAIL
info@ybventures.com

DATE AND PLACE OF INCORPORATION
Incorporated in Malaysia on 6 June 2000

DATE OF LISTING
3 May 2002

STOCK EXCHANGE LISTING
Main Market of the Bursa Malaysia Securities Berhad
Sector : Industrial Products & Services
Short Name : YB
Stock Code : 5048

PROFILE OF DIRECTORS

DATO' SRI TAJUDIN BIN MD ISA
Independent Non-Executive Chairman
Male, Malaysian, aged 62

Dato' Sri Tajudin Bin Md Isa was appointed as the Independent Non-Executive Chairman on 15 July 2022. Dato' Sri Tajudin Bin Md Isa is also a member of the Audit Committee and Nomination Committee.

Dato' Sri started his career as a Junior Executive in Bank Bumiputera Malaysia Berhad in 1981. He then joined the Royal Malaysia Police in 1987. He has holistic and extensive experience in Royal Malaysia Police for 33 years until his retirement on 24 December 2019.

During his service in the Royal Malaysia Police, he held the following positions:

1) Officer in Charge of Police District in Kota Tinggi, Johor
2) Officer in Charge of Commercial Crime Investigation Department in Penang
3) Officer in Charge of Criminal Investigation in Selangor
4) Chief Police Officer in Perlis and Kuala Lumpur
5) Deputy Director of Commercial Crime Investigation Department
6) Director of Crime Prevention and Community Safety Department
7) Director of Logistics and Technology Department

Dato' Sri Tajudin Bin Md Isa has no family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He is also the Independent and Non-Executive Chairman of Atta Global Group Berhad. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

DATUK AU YEE BOON
Executive Director
Male, Malaysian, aged 42

Datuk Au Yee Boon was appointed as the Executive Director of the Company on 27 August 2020.

Datuk Au holds a Degree in Computer Science from the University of Malaya.

Datuk Au has been the founder and Chief Executive Officer of Techbase Solution Sdn Bhd since 2009. He started his own retail business right after he graduated from the University of Malaya in 2004. After 5 years of his retail business, he established Techbase Solution Sdn Bhd, a company specialising in providing information technology ("**IT**") solutions where he was responsible for marketing, business development and IT consulting of the company.

Datuk Au has no family relationship with any Director of the Company, nor does he have any conflict of interest with the Group. He is also the Executive Director of Prolexus Berhad. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

Datuk Au is a major shareholder of YB Ventures Berhad.

PROFILE OF DIRECTORS
CONT'D

DATO' SRI GAN CHOW TEE
Independent Non-Executive Director
Male, Malaysian, aged 56

Dato' Sri Gan Chow Tee was appointed as the Independent Non-Executive Director of the Company on 2 March 2021. He is the Chairman of the Remuneration Committee and Nomination Committee as well as a member of the Audit Committee.

Dato' Sri Gan holds a Diploma in Accounting from Tunku Abdul Rahman University College. He has vast experience and knowledge in the business world. He is an outstanding entrepreneur with more than 15 years of experience in property developments and multi-business investments. To date, he has completed residential, industrial and commercial property developments around Klang Valley and Negeri Sembilan.

In 1991, Dato' Sri Gan and his business partners set up a garment factory in Penang, operating a clothing wholesale business, mainly specialising in department stores and large-scale stores. With that partnership, they continue actively exploring the real estates industry such as industrial factories and commercial developments.

Dato' Sri Gan also cooperates with China partners to develop factories in the Hong Kong industrial zone and the industrial developments in Australia. Being optimistic, he also tried to explore other businesses such as logistics in Guangzhou, China and Malaysia. In addition to real estate, logistics and transportation services, he and his partners decided to explore the food and catering industry in 2012.

He has also invested in the food and beverage industry, especially the Chinese Fine Dining & Banquet event. Dato' Sri Gan's perseverance and hard work won him ASEAN Business Outstanding Award in 2016.

Dato' Sri Gan has no family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He is also the Executive Director of Fitters Diversified Berhad and Chairman of Mirame Land Berhad. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

MR LEE BOON SIONG
Executive Director
Male, Malaysian, aged 42

Mr Lee Boon Siong was appointed as the Independent Non-Executive Director of the Company on 2 June 2020 and was re-designated as the Executive Director on 16 October 2020.

Mr Lee holds a Bachelor's Degree in Computer Science/ Informative Technology from Campbell University.

Before joining the Company, he was a director of Zippy Bags, Inc., listed on the over-the counter (OTC) market. He has over 17 years of experience in sales and marketing, business development and IT consulting for clients from various industries including healthcare, manufacturing, retail, financial and food and beverage.

Mr Lee has no family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He has no directorship in other public companies and has not been convicted of any offences within the past 5 years other than traffic offences, if any.

PROFILE OF DIRECTORS
CONT'D

MR TAN EIK HUANG
Executive Director
Male, Malaysian, aged 37

Mr Tan Eik Huang was appointed as the Independent Non-Executive Director of the Company on 16 October 2020 and was redesignated as the Executive Director on 8 April 2022. Mr Tan is a member of the Remuneration Committee.

He graduated with a Degree in Accounting from University Utara Malaysia. Mr Tan is a member of the Malaysia Institute of Accountants. He has over 5 years of experience in accounts and audits services. After 5 years of service in accounting and audit, he joined as a Finance Manager in the Enterprise Resources Planning (ERP) system industry and led the company's finance and consultant department for 3 years.

Mr Tan has no family relationship with any Director and/or major shareholder of the Company, nor does he has any conflict of interest with the Group. He is also the Executive Director of Prolexus Berhad. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

MS KOK SOKE KUEN
Independent Non-Executive Director
Female, Malaysian, aged 41

Ms Kok Soke Kuen was appointed as the Independent Non-Executive Director on 8 April 2022. She is the Chairperson of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

She has approximately 20 years of experience in financial reporting and management, which she gained from her working experience with a few listed companies. She is also a member of the Malaysian Institute of Accountants with ACCA qualifications.

Before joining the Company, she was appointed as the personal assistant to the Group Chief Executive Officer of Comfort Gloves Berhad.

Ms Kok Soke Kuen has no family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Group. She has no directorship in other public companies and has not been convicted of any offences within the past 5 years other than traffic offences, if any.

SENIOR MANAGEMENT PROFILE

MR KOH CHEE HUAT

Financial Controller
Male, Malaysian, aged 45

Mr Koh Chee Huat joined the Company as Financial Controller on April 2022. He graduated with a Bachelor of Business Administration (Major in Finance) in a twinning program with Nottingham Trent University, UK. He has been a member of the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants since 2003 and 2017, respectively.

He has over 15 years of experience in auditing, management accounting and reporting and budgetary controls, amongst others.

Before joining the Company, Mr Koh was attached to a private company principaly involved in the electronic manufacturing services as a Finance Manager. He was responsible for the working capital and budget planning. In addition, he supports the Directors and Financial Controller by offering insights and financial advice that will allow them to make the best business decisions for the Company.

MR CALLISTUS LEE HING CHIH

Assistant General Manager
Male, Malaysian, aged 54

Mr Callistus joined the Company in 2015 and is currently the Company's Assistant General Manager. He graduated with a Master of Science (MSc) in Manufacturing System Engineering from the University of Warwick in Coventry, England.

He has over 15 years of experience in the tile production industry. He is mainly responsible for overseeing the production process and coordinating all production activities and operations.

Before joining the Company, Mr Callistus has 9 years of experience in the aluminium production industry as a factory manager and quality assurance engineer.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	FYE 2017#	FYE 2018	FYE 2019	FYE 2020	FPE 2022
OPERATING RESULTS (RM'000)					
Revenue	111,698	118,532	118,134	91,384	134,478
Net interest income	677	633	862	440	1,024
Taxation	1,489	1,220	495	1,147	(877)
Depreciation	(5,921)	(5,697)	(5,751)	(5,109)	(11,605)
Amortisation	-	-	-	(30)	(548)
EBITDA*	835	689	(1,409)	13,698	22,314
(Loss)/Profit before tax	(4,409)	(4,375)	(6,298)	8,999	11,186
(Loss)/Profit after tax	(2,920)	(3,155)	(5,803)	10,146	10,309
Net (loss)/profit attributable to equity holders	(2,920)	(3,155)	(5,803)	10,146	10,309
KEY BALANCE SHEET HIGHLIGHTS (RM'000)					
Total Assets	228,361	221,971	217,508	322,846	420,105
Total Borrowings	-	-	-	-	16,525
Shareholders' Equity	210,159	202,071	196,207	282,988	348,297
KEY FINANCIAL INDICATORS					
Return on Equity	-1.4%	-1.6%	-3.0%	3.6%	3.0%
Return on Total Assets	-1.3%	-1.4%	-2.7%	3.1%	2.5%
Gearing Ratio	-	-	-	-	-
Net Asset per Share (RM)	1.38	1.39	1.35	1.94	1.20
Earnings per Share (sen)	(1.92)	(2.14)	(3.99)	6.99	4.24
Net Dividend per Share (sen)	-	-	-	-	-
Net Dividend Yield	-	-	-	-	-
Price Earning (PE) Ratio	(40.41)	(26.23)	(13.30)	15.04	9.30
Share Price as at the Financial Year End (RM)	0.775	0.560	0.530	1.050	0.395

* *EBITDA- Earnings Before Interest, Taxes, Depreciation and Amortisation*
\# *restated for effect of MFRS 15, Revenue from Contracts with Customers*

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors ("**Board**") of YB Ventures Berhad ("**YB Ventures**" or "**Group**"), I am pleased to present you the Management Discussion and Analysis ("**MD&A**") for the financial period from 1 January 2021 to 30 June 2022 ("**FPE2022**").

This MD&A is intended to provide you with a comprehensive overview of our Group's financial and operational performance for the FPE2022 through the lens of our management. Also included in this MD&A is the relevant non-financial information that aims to provide our shareholders with a better understanding of our Group's overall performance, risk exposure and prospects.

GROUP OVERVIEW

YB Ventures was established in 1990 under the name of Yi-Lai Industry Berhad (now a subsidiary of the Company) as a tiles manufacturer in Kulai, Johor. In May 2002, our Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") under the Industrial Products and Services sector. On 26 March 2021, we officially changed our name from Yi-Lai Berhad to YB Ventures as part of our Group's initiatives to create a new corporate identity.

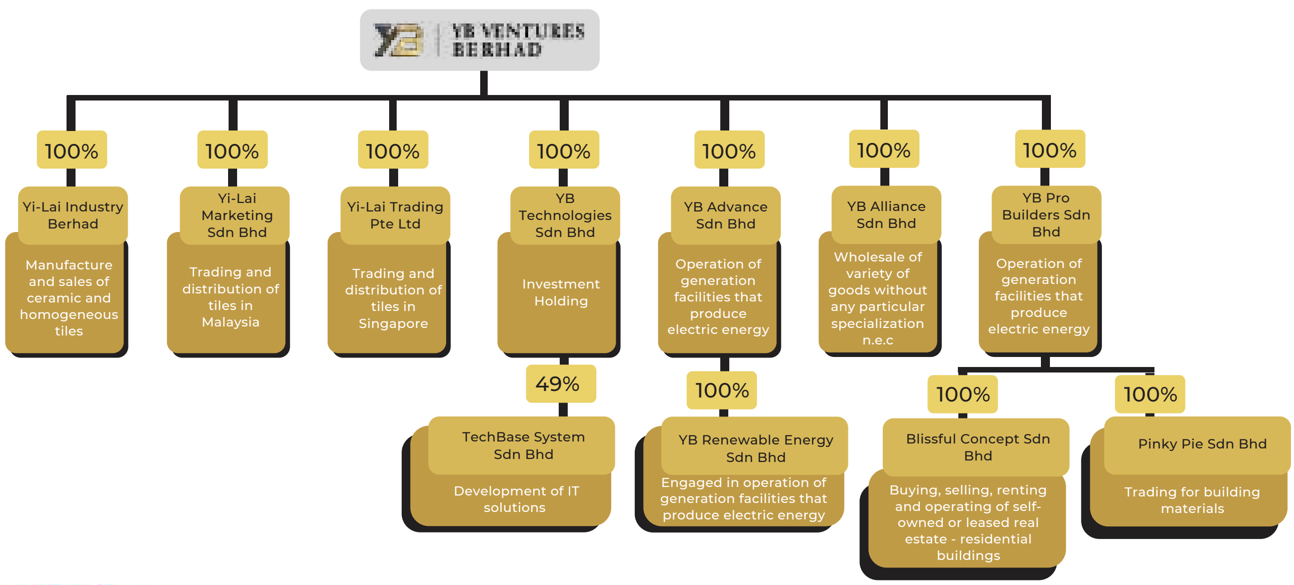
YB Ventures is an investment holding company. Through our subsidiaries, our Company is principally involved in the manufacturing, sales, trading, and distribution of tiles.

In 2020, our Group diversified our business to include the provision of information technology ("**IT**") solutions, which specialises in blockchain technology solutions and system integration services. This was done through the set up of our 49%-owned associate, TechBase System Sdn Bhd (**"TechBase System**"), on 7 October 2020 via a joint venture agreement with TechBase Solution Sdn Bhd ("**TechBase Solution**"), to provide an avenue for our Group to expand our earnings base and improve our bottom-line.

TechBase System is involved in provision of IT solutions in the field of blockchain technology solutions and system integration services. TechBase Solution has around 11 years of experience in providing IT solutions, including products and services ranging from enterprise resource planning ("**ERP**") solutions, sales management systems, business productivity solutions and website design and development. Its target clientele ranges from small and medium enterprises to large corporations as well as organisations that need to upgrade or replace their existing IT systems.

In July 2021, YB Renewable Energy Sdn Bhd ("**YBRESB**"), a wholly-owned subsidiary of our Company, was incorporated through YB Advance Sdn Bhd. The intended principal activity of YBRESB is to engage in the operation of generation facilities that produce electric energy.

The current corporate structure of our Group is as follows:



MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

Tiles

Our Group mainly produces tiles under our proprietary brand, ALPHA TILES®, a household name in construction, renovation & interior fit-out industries. Its new flagship product is Talos Living Tiles, launched in November 2019.

In addition, YB Ventures also produces original equipment manufacturer (OEM) tiles for other brand names. Our Group's catalogue includes 3 products: homogenous, porcelain and ceramic tiles. These products can be used as wall or floor tiles in residential, commercial and industrial developments.

MANAGEMENT DISCUSSION AND ANALYSIS

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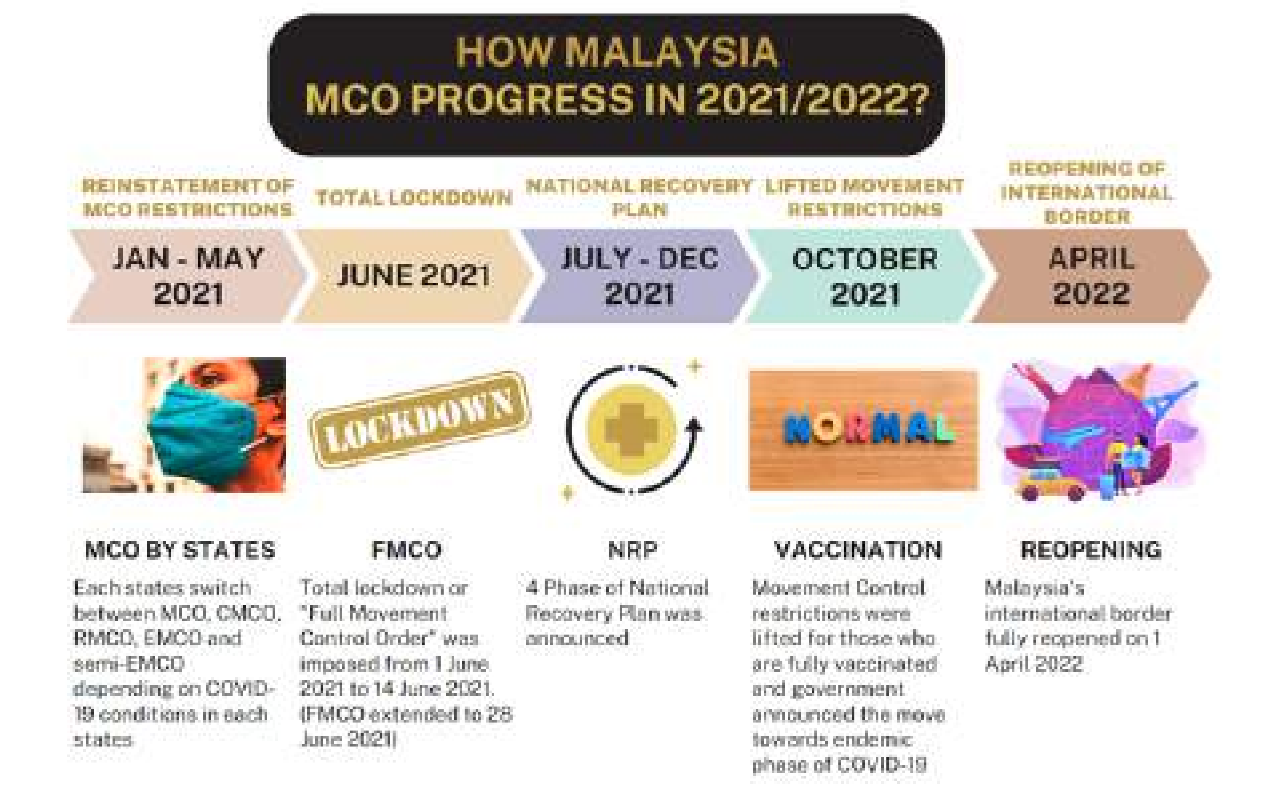
BUSINESS & OPERATIONAL REVIEW

MACRO OPERATING ENVIRONMENT

The COVID-19 pandemic, which took our country's economy to a grinding halt in March 2020, continued to exert its profound influence on global economies throughout the FPE2022. During the FPE2022, countries globally implemented travel restrictions, social distancing measures, closure of factories and vaccination measures, amongst others, to contain the spread of infections.

In that light, the Malaysian government has imposed a series of movement control orders (i.e. Recovery MCO, Conditional MCO, MCO 2.0, MCO 3.0 and Full MCO) and standard operating procedures to contain the spread of COVID-19. In addition, the Malaysian government's effort to push for its vaccination drive for the nation helped the country to transition into the endemic phase of COVID-19 with the gradual reopening of the economy.

Below is the timeline of how Malaysia gradually eased the COVID-19 restrictions towards the end of 2021.



Malaysia's gross domestic product ("**GDP**") rebound to 3.1% in 2021 from the sharp contraction of 5.6% in 2020. In addition, the domestic economy strengthened further in 2022 as GDP grew by 6.9% in the first half of 2022. However, while the reopening of the economy has helped with economic recovery, the uncertainties arising from international geopolitical tension and the macro environment continued to pose challenges to the global economy. In addition, the Russia-Ukraine war and lockdowns in some of the major cities in China aggravate the regional economic recovery.

Numerous economies internationally experienced a surge in inflation as commodity prices and transportation costs increased significantly. In response to the persistent inflationary pressure, most central banks have increased interest rates, leading to rising borrowing costs for businesses. Bank Negara Malaysia ("**BNM**") raised the overnight policy rate ("**OPR**") on 11 May, 6 July, and 8 September this year by 25 basis points each time to 2.50% as compared to the previous low of 1.75%.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

YB VENTURES IN THE FPE2022

It has been challenging for us at YB Ventures as we transitioned into the New Normal in the FPE2022. In 2021, we learned to cope with the evolving dynamics of COVID-19 restrictions that saw the nation enter into a full lockdown in June 2021.

The easing of the restrictions and transition towards the endemic phase of COVID-19 has helped Malaysia's economy to rebound in the second half of 2021. However, the private and public sector expenditure remained relatively subdued for majority of 2021 amidst the uncertainties regarding the economic recovery. This has led to a much lacklustre in business and consumer confidence, affecting the recovery of the property industry.

Despite the turbulent operating conditions, YB Ventures demonstrated resilience in our business and operational excellence to register positive revenue growth since the third quarter financial period ended 30 September 2021 ("**3QFPE2022**") and remained profitable.

Our Group has also taken initiative with the launch of our flagship product, Talos Living Tiles, which has been targeted at both property developers and end-users. Talos Living Tiles will capture the demand from health-conscious home buyers and property developers as it helps to improve indoor air quality by releasing negative ions.

Reopening the economy towards the end of 2021 has also helped the gradual return to normal operations. As a result, our Group's production has also gradually picked up and is now operating at a more optimised capacity to meet the rising demand.

Operationally, our Group continued to face rising cost pressure as wages and utilities, especially natural gas, increased. This has intensified the competitive landscape as the cost of natural gas is one of the key expenses for thermal processes such as firing kiln and powering the horizontal dryer and the spray dryer. Meanwhile, the shortage in labour has also led to an increase in wages.

As part of our ongoing strategic plan to improve operational efficiency, our Group has taken proactive measures to implement a lean and agile management team. This has helped our Group to optimise our resources, reduce costs and minimise waste.

In addition, by leveraging our Group's technological advancement and expertise, we have worked towards better inventory management with a higher emphasis on just-in-time production. The improved inventory management will help YB Ventures to improve our cash flow. Aside from that, it will also reduce the risk of inventory loss and ensure capital is deployed to further drive growth. This would helped to enhance our Group's operational efficiency and productivity, and thereby improve our Group's margin in the long term.

Meanwhile, our Group's 49%-owned associate, TechBase System was also established on 7 October 2020 to provide an additional revenue for our Group.

CORPORATE DEVELOPMENTS

On the corporate front, notwithstanding the challenges brought upon by the COVID-19 pandemic, a new and exciting chapter had unveiled at YB Ventures with the emergence of new leadership in 2020.

We have ventured into the operation of generation facilities that produce electric energy through our wholly-owned subsidiary, YBRESB, in July 2021. This new venture is aligned with our Group's Environmental, Social and Governance ("**ESG**") agenda as it helps to escalate the shift towards renewable energy sources.

Aside from that, our Group has also continued with our investment strategies in 2022. In February this year, YB Ventures announced that our Company had acquired 2.98% equity interest in Tanco Holdings Berhad ("**Tanco**"), a company listed on the Main Market of Bursa Securities that is principally involved in the property development sector, resorts, club operation and construction. The investment is part of our Group's strategic transformation programme to invest in a property development company with a sizable presence and reputation, with the potential for medium to long term growth from land development and properties. YB Ventures currently generates revenues from the tiles manufacturing business segment. The investment into Tanco will drive synergy as tiles are important raw materials to property developers.

MANAGEMENT DISCUSSION AND ANALYSIS
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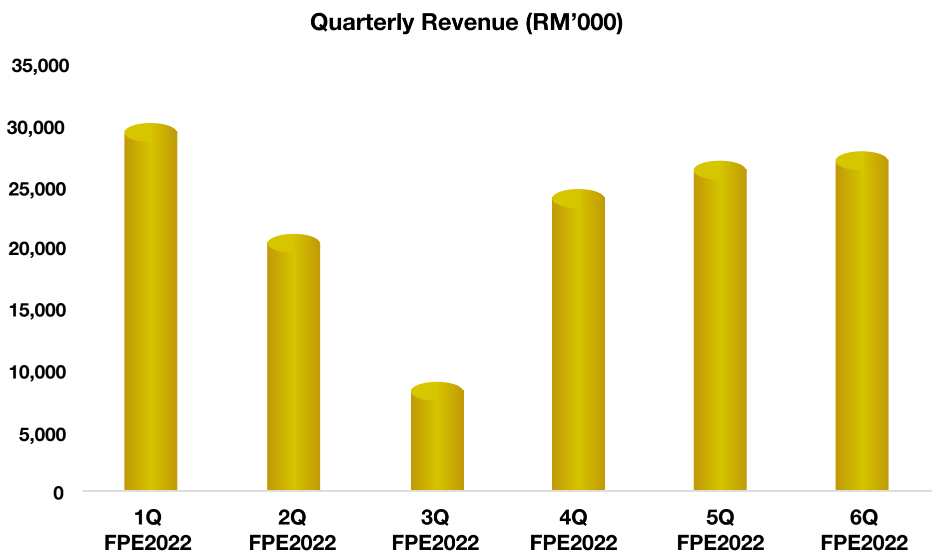
Another exciting endeavour is our investment in Prolexus Berhad ("**Prolexus**"), an apparel manufacturer listed on the Main Market of Bursa Securities. In April 2022, our Group completed an 18% investment in Prolexus. This investment is expected to drive synergies and create value for shareholders. As both YB Ventures and Prolexus have strong capabilities in their respective manufacturing arms, we believe the investment in Prolexus will push forward our Group's ambition to embrace smart manufacturing through asset rationalisation and sharing expertise and experience. This will help to accelerate our shift towards Industrial 4.0, improving production efficiency, and leading our Group to a better economy of scale and higher profit margin.

During the FPE2022, our Company's rights issue of irredeemable convertible unsecured loan stocks ("**ICULS**") was oversubscribed by 46.6%. The valid acceptances and excess applications totalled 1.77 billion ICULS compared to the 1.21 billion ICULS made available for subscription. Our Group raised RM48.35 million from the right issue of ICULS, with more than 90% of the proceeds raised to be utilised to upgrade its existing tile production lines and set up four additional new production lines.

In addition, YB Ventures managed to raise funds via our Company's private placement exercise in 2021 to fund the installation of a rooftop solar photovoltaic ("**PV**") system. Our Group has allocated RM16 million for installing the solar PV system at our factory building and warehouse in Kulai near Johor Bahru. This aligns with our Group's ESG agenda to shift towards renewable energy.

During the financial period under review, the disposal of the leasehold land in Petaling Jaya, Selangor, measuring 5,772 sqm, for a total consideration of RM15.0 million to Glass & Plastic Packaging Sdn Bhd, was also completed, resulting in a disposal gain of approximate RM10.0 million. The proceeds of the disposals are expected to be utilised for our Group's working capital requirements and/or any new future investment identified by our Group should the opportunities arise in the future.

FINANCIAL PERFORMANCE REVIEW



MANAGEMENT DISCUSSION AND ANALYSIS
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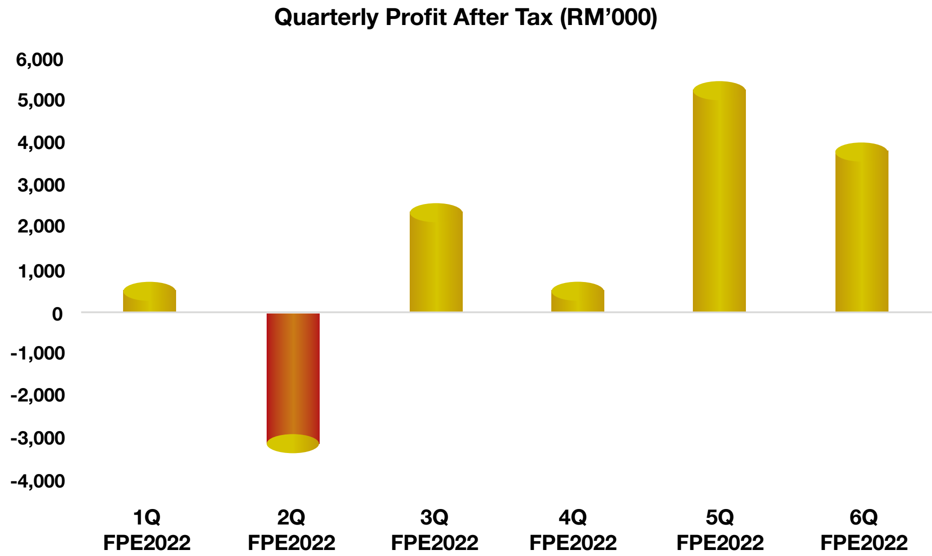

Our Group recorded a revenue of RM134.5 million during the FPE2022. However, YB Ventures' revenue saw a sharp recovery from the fourth quarter financial period ended 30 December 2021 ("**4QFPE2022**") onwards when the COVID-19 restrictions were gradually eased once Malaysia achieved herd immunity towards the end of 2021.

The revenue for 3QFPE2022 decreased as compared to second quarter financial period ended 30 June 2021 ("**2QFPE2022**") as the country entered into a full lockdown. This hurts the property industry, which affects the revenue of our tiles manufacturing and trading business.

Similarly, YB Ventures slipped into a net loss of RM3.3 million in the 2QFPE2022 amidst the full lockdown in Malaysia in June and the slowdown in the property sector. The rising number of COVID-19 cases at that time, uncertainty over the recovery path, and political uncertainty have led to a slowdown in demand for tiles. Again, this is because the property sector and construction works were affected and delayed. However, as our management adjusted to the pandemic's evolving dynamics at the time, our Group saw a quick turnaround in the 3QFPE2022 onwards.

The economy reopened towards the end of last year, and the resumption of property development and construction works has helped our Group to maintain a recovery path. Our profit margin, however, was affected by the global inflationary pressure as well as the increase in Malaysia's minimum wages.

In the FPE2022, local sales remained our Group's primary revenue contribution, accounting for RM123.4 million to total turnover of RM134.5 million, with the remaining coming from Singapore and other countries. This means that domestic revenue represented 91.7% of our Group's total revenue during the financial period under review.

Capital Structure and Resources

YB Ventures' total assets amounted to RM420.1 million as at 30 June 2022, representing an increase of 30.1% compared to RM322.8 million as at 31 December 2020. This was primarily attributed to the increase in property, plant and equipment, other investments, cash and bank balances, as well as contract assets. Our cash and bank balances increased by 11.8% to RM61.5 million at the close of the FPE2022.

On the other hand, our Group's liabilities stood at RM71.8 million as at 30 June 2022, representing an increase of 79.9% compared to RM39.9 million as at 31 December 2020. The sharp increase was mainly due to the borrowings that our Group tapped onto during the financial period under review. The borrowings secured by our Company during the financial period under review were for working capital purposes. As at 30 June 2022, the total borrowings increased to RM16.5 million from nil as at 31 December 2020.

Net Gearing & Net Cash per Share

During the financial period under review, our Group continued to remain in a net cash position despite the increase in borrowings. The net cash per share as at 30 June 2022 stood at 15.5 sen per share.

MANAGEMENT DISCUSSION AND ANALYSIS
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Balance Sheet Highlights as of 30 June 2022


Total Assets
RM420.1
million


Total Equity
RM348.3
million


Net Assets
RM1.20
per Share


Net Cash
15.5 sen
per Share

RM million	FY2022	FY2020
Total Assets	420.1	322.8
Cash and Bank Balances	61.5	55.0
Total Equity	348.3	283.0
Total Liabilities	71.8	39.9
Total Borrowings	16.5	-
Current Ratio (x)	3.77	7.74
Net Assets per Share (RM)	1.20	1.94
Net Gearing	Net Cash	Net Cash

Challenges and Key Risks

The COVID-19 pandemic has posed an unprecedented challenge and risks to the economy. Amongst them, the property sector is among the worst-hit industry. As a result, it has negatively impacted YB Ventures' business operations as our Group's core business is in the tiles manufacturing and trading business segments.

While the reopening of the economy provided an upside recovery for the property development players, most businesses have remained cautious amidst the rising inflationary pressure and uncertainty in the economic recovery.

The prolonged Russia-Ukraine war and the COVID zero policy implemented in China have significant effects on a surge in inflation with shortages in commodities and disruption of the global supply chain. The logistics bottlenecks have also led to a rise in transportation and freight costs. These have led to an increase in building and construction costs. With the rise in operational costs, business and consumer sentiment could have been affected negatively.

As a Group, YB Ventures remains both cognizant and vigilant of the known and anticipated risks that may have material effects on our operations, financial performance, and liquidity.

These risks may ultimately disrupt the value creation process for our stakeholders if not managed proactively. Identifying these key risks and challenges going forward and continuing to monitor any emerging risks allowed our management to respond swiftly to any downside risks. The principal risks our Group is exposed to are outlined below, along with the mitigation measures.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

Key Risks	Description	Mitigations
1) **Prolonged COVID-19 Pandemic**	A prolonged COVID-19 pandemic could lead to lockdowns that severely impact the economy and property market.	Our Group remained disciplined in managing our capital to ensure the sustainability of our businesses going forward.
2) **Inflationary Pressure**	The ongoing Russia-Ukraine war and recent COVID-19 lockdowns in some major cities in China have led to rising commodity and raw material prices, resulting in rising building and construction costs. The implementation of the minimum wage has led to an increase in labour costs.	YB Ventures has taken proactive measures by continuously and closely monitoring our Company's operational costs. Operationally, the cost of natural gas is one of the key expenses that our Group will continue to monitor. Aside from that, YB Ventures will install the solar PV system at its factory building and warehouse in Kulai near Johor Bahru to reduce utility costs.
3) **Global Economic Slowdown**	World Bank has revised its global growth forecast downwards to 2.9% in 2022 as compared to its forecast of 4.1% in January this year. This was a deceleration from the 5.7% growth recorded in 2021.	The slowdown in the global economy will have a negative impact on business and consumer sentiment. Our Group will address this issue by continuing to remain disciplined in its expansion strategy.
4) **Political & Regulatory Risk**	As we have seen over the last few years, Malaysia's political environment has changed, and we have witnessed changes in the Malaysian government and cabinet ministers in the country over the last three years. This could lead to policy changes according to the economic and political environment.	YB Ventures closely tracks and monitors the changes in policy and regulations while continuing to engage with relevant stakeholders to mitigate these risks.
5) **Competition Risk**	Our Group faces stiff competition from local players and pressure from cheaper imports from overseas.	To mitigate the risk, YB Ventures cultivates close relationships with the Company's partners and distributors to offer differentiation through excellent service levels. Product innovation is another key factor in fending off competition. Through our research and development ("**R&D**"), our Group has developed its latest flagship product, the Talos Living Tiles, targeted at property developers and end-consumer.
6) **Enterprise Risk**	Enterprise risk relates to risks potentially affecting our Group's operation and financial and compliance matters.	Our Group closely monitors the various indicators relating to the business's operational, financial and compliance aspects. We also have our Enterprise Risk Management Framework encapsulated in our Group's Risk Management Policy manual.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

Aside from the mentioned key risks, our Group is also subject to risks inherent in the IT industry, including demand conditions, regulations and others, following the diversification into the IT solutions division.

While the IT industry continues to see strong demand in the near term, the landscape and dynamics of the IT industry continue to evolve at a pace. This means that we must focus on technological development to anticipate the changes in demand and market trends in the industry.

The Statement on Risk Management and Internal Control in this Annual Report comprehensively highlights YB Ventures' commitment towards a sound risk management and internal control system.

OUTLOOK AND PROSPECTS

Looking ahead, we expect the business operating environment to remain challenging, underpinned by the uncertain global economic environment and intensifying competition. While the reopening of the economy will support growth in the near term, the ongoing Russia-Ukraine war and recent COVID-19 lockdowns in some major cities in China have led to rising commodity prices and raw material prices, resulting in rising building and construction costs.

Most central banks worldwide have taken steps to raise the interest rate to curb the rising inflation. However, this would lead to rising interest costs and would have a negative impact on business sentiment.

Aside from the uncertainty in the external environment, our Group also faced rising labour costs following the implementation of the new minimum wage in Malaysia. The shortage in labour following the reopening of the economy also weighed on the recovery of our Group. In addition, the political uncertainty in Malaysia is another challenge that would weigh down on business and consumer sentiment.

Despite these factors that will continue to weigh down on the tile industry, our Group has taken countermeasures to address these challenges, including enhancing our Group's manufacturing efficiency and productivity. In addition, leveraging our Group's technology advancement and expertise, we will focus on better inventory management with a higher emphasis on just-in-time production.

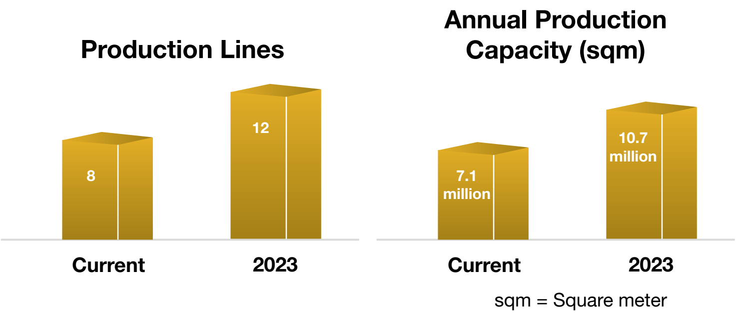
Currently, our Group's production is operating with a much optimised capacity on the back of the rising demand amidst the reopening of the economy. Furthermore, based on the feedback and discussions with our customers and industry players, the property development industry has regained some of its momentum following the muted activities over the last two years.

This will help to sustain the demand for our Group's tiles business. As such, we expect our Group's growth to remain relatively robust in the near term, although some erosion in the margin is expected in the near future.

To cater for the recovery in demand, we will expand our Group's production capacity by around 50% as we upgrade our existing production lines and add four additional new production lines over the next two years.

The upgrade of the machines will include the implementation of smart manufacturing and capabilities, which will allow our Group to enhance its product offerings and cater for larger tiles. Our Group will also streamline its new lines to cater for its new product offerings, such as the Talos Living Tiles, which are more aligned with consumer buying behaviours.

In addition, the new manufacturing lines would allow us to improve our production efficiency as the new lines are more advanced and could improve product quality, production flexibility, and overall productivity while reducing energy consumption and environmental impact. Therefore, we have earmarked RM45.6 million for the capacity expansion, which would be funded through the proceeds raised from the right issue of ICULS and any shortfall will be funded via a combination of internally generated funds and bank borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

In the longer term, our Group will continue to invest in the R&D team to develop a new range of innovative products for its customers. As mentioned earlier, the Talos Living Tiles represent our Group's new flagship product. In addition, they are associated with a premium brand given its health properties.

The Talos Living Tiles has received a strong response from oversea customers such as Singapore. While the brand was only first launched in November 2019, it has gained momentum given its advanced nano-glazing technology that brings numerous health benefits from releasing negative ions. Our Group is also exploring opportunities to export the Talos Living Tiles to other countries and has received certification from China's national accredited laboratory, Guangdong Detection Center of Microbiology and global testing, certification, inspection and training provider, TÜV SÜD.

Our Group will also continue with its series of strategic transformation programmes that were initiated by our new management team to revive sales and financial performance. As our Group's financial performance returned to a profitable level, the next phase of transformation initiatives will focus on driving growth through product innovation while developing smart manufacturing that will lead to a better economy of scale and improve cost efficiency. Some of the plans in the pipeline include the implementation of a warehousing management system and a customer relationship management system. Implementing these systems will optimise our Group's business operations and enhance relationships with its customers.

Meanwhile, our Group's venture into IT solutions in blockchain technology solutions and system integration services is part of our growth strategy to expand and diversify our earnings base.

With the setup of TechBase System as the entity to focus on the provision of blockchain technology solutions and system integration services in the Malaysian market as well as being the exclusive dealer for TechBase Solution's ERP solutions in overseas markets including, amongst others, Singapore, Thailand, Hong Kong and Indonesia, this will provide a new source of income for YB Ventures.

During the initial stage of the business, the development of blockchain technology solutions and system integration services will be conducted by our in-house research team. At the same time, distribution will focus on the domestic market. In the longer term, YB Ventures aims to expand our services abroad, given the scalability of the business.

To maximise the potential of our new venture and investment, we will leverage the knowledge, expertise, skills and experience of TechBase Solution. Given TechBase Solution's proven track record in the industry and its strong financial performance, our Group is confident that this will accelerate its expansion into IT services.

The pivot into the IT industry is also timely as the COVID-19 pandemic has shifted towards digital transformation. The rollout of the 5G network in Malaysia will accelerate the digital transformation push among businesses, especially those in Small and Medium Enterprises.

The Government's MyDigital initiative is another catalyst that will boost the IT industry growth in Malaysia. Given the sustained demand in the IT industry amidst the shift towards digitalisation, cloud computing, Artificial Intelligence, the Internet of Things and the evolving blockchain technology, we're confident that the venture into the IT industry will provide our Group with a sustainable income stream over the medium-to-long term.

Aside from the IT industry, our Group will also tap into the opportunities in the rising demand for renewable energy with the incorporation of YB Renewable Energy Sdn Bhd, which will engage in the operation of generation facilities that produce electric energy. This shift will help mitigate the rising cost of utilities in our Group's manufacturing plant, which relies on using natural gas.

Our Group has raised funds through a private placement exercise to install the solar PV system at its factory building and warehouse in Kulai near Johor Bahru. This will generate cost savings and help our Group to penetrate the renewable energy business segment. In the long term, this will generate a sustainable recurring income stream for our Group. In addition, our Group's shift towards the renewable energy business segment aligns with our Group's ESG agenda.

On balance, the outlook of our Group is promising as we strive to deliver exceptional value for our stakeholders, including our esteemed shareholders, through our strategic transformation programme. Our penetration into the IT industry and renewable energy business will help reduce our reliance on our tiles business, expand our earnings stream and provide the platform for us to generate sustainable growth in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

ACKNOWLEDGMENT

On behalf of our Board, I would like to extend my appreciation to the members of our Board for their contribution and wise counsel, management and staff for their commitment, contribution and loyalty to our Group.

I would also like to take this opportunity to recognise the contribution of the late Tan Sri Dato' Sri Ali bin Hamsa for his services and contributions. On behalf of our Board, we extend our condolences to the family. We noted the demise of Tan Sri Dato' Sri Ali with deep regret and sadness.

The late Tan Sri Dato' Sri Ali greatly influenced our Board and played a vital role in our Group's strategic transformation programme. He has been a great friend, mentor and role model to me. We want to record our appreciation for his contributions to our Group.

With the passing of Tan Sri Dato' Sri Ali bin Hamsa, our Group has been actively taking steps to fill the vacancy to comply with the Main Market Listing Requirements of Bursa Securities. Accordingly, on 15 July 2022, we welcome Dato' Sri Tajudin bin Md Isa as our new Independent Non-Executive Chairman. I am confident the appointment of Dato' Sri Tajudin will help to keep up the excellent work delivered by the late Tan Sri Dato' Sri Ali. Dato' Sri Tajudin bin Md Isa has an extensive experience in the Royal Malaysia Police and is well-versed in the knowledge of business administration, commercial crime control and accountancy. With his proven track record of high credibility and integrity, we look forward to working with him.

On the same note, I also wanted to welcome Ms Kok Soke Kuen to our Board who was appointed on 8 April 2022. She is a Malaysian Institute of Accounts member with ACCA qualifications, and we are proud to have her on board as our Group's Independent Non-Executive Director.

To our management, it has been a pleasure working with you over the last eighteen months. Thank you for your constant backing throughout the ups and downs. Despite the challenging period, I am confident your hard work and dedication will help us continue our strategic transformation initiatives to deliver sustainable growth and values for our stakeholders.

Last but not least, my sincerest gratitude to all the stakeholders, shareholders, business partners, bankers, and relevant authorities for their continued support. We have been able to push forward because of your trust, and I am excited about the new developments at YB Ventures. As we advance, with your support, I am cautiously optimistic that we will be able to achieve our next phase of growth in 2023.

Datuk Au Yee Boon
Executive Director

SUSTAINABILITY STATEMENT

INTRODUCTION

At YB Ventures Berhad ("**YB Ventures**" or "**Group**"), we seek to create long-term value for our stakeholders by embedding sustainability governance and principles into our Group's business strategies.

As a listed entity on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), we are committed to demonstrating responsible and sustainable corporate conduct across all aspects of our operations.

Our Board of Directors ("**Board**") is pleased to present an update on the sustainability initiatives undertaken by our Group during the financial period from 1 January 2021 to 30 June 2022 ("**FPE2022**").

This represents our Group's fifth Sustainability Statement, providing highlights and a summary of our efforts and approach to sustainable development, incorporating the Economic, Environmental and Social ("**EES**") factors into YB Ventures' business operations.

REPORT SCOPE AND BOUNDARY

This statement covers the reporting period for FPE2022. Our focus covers the ESS aspects and highlights initiatives and areas we have identified.

This statement predominantly covers the sustainability measures and performance of YB Ventures' tile manufacturing operations and corporate headquarters located in the Kulai, Johor and Damansara, Selangor office respectively, unless otherwise stated. We have included historical data from the prior year for comparison purposes for selected performance indicators.

REPORTING STANDARDS

This statement is prepared in accordance with the following:

Reporting Standards

Global Reporting Initiative ("GRI") Standards	**Bursa Malaysia's Sustainability Reporting Guide**	**United Nations Sustainability Development Goals**	**YB Ventures' Sustainability Framework**

We aim to enhance the disclosures and coverage of the sustainability report as we move forward to provide our stakeholders with a broader view of our Group's sustainability initiatives.

SUSTAINABILITY STATEMENT
CONT'D

SUSTAINABILITY FRAMEWORK

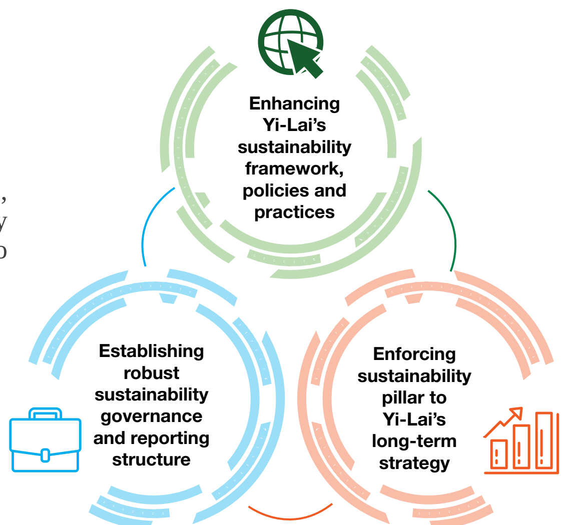
Our Sustainability Framework summarises our approach to sustainability.

It is driven by our Vision.

"To be a globally trusted brand for our products and services"

This Sustainability Framework focus on 14 material areas, covering our Economic, Environment and Social pillars, and prioritise their alignment with 6 United Nations (UN) Sustainability Development Goals (SDGs). This approach to sustainability helps us to drive performance, manage risks and identify opportunities across the areas of sustainability that are most important to our business, customers and stakeholders.

YB VENTURES' APPROACH SUSTAINABILITY



This framework is supported by strong sustainability governance, which oversees these policies and processes. This sustainability framework and governance outline our end goals and the ways to achieve our objectives.

SUSTAINABILITY STATEMENT
CONT'D

SUSTAINABILITY GOVERNANCE

Our Group's sustainability governance structure will accompany YB Ventures' Sustainability Framework to drive forward its sustainability initiatives.

Our Group believes that a top-down approach is required to drive sustainability as it helps to set the tone and commitment of our Group. This is why under our Group's sustainability governance structure, our Board will set the direction and tone towards achieving our Group's sustainability-related targets.

Actions arising from the discussions are then taken up by our risk management committee to push forward sustainability efforts and initiatives. The relevant operations teams will then execute these sustainability strategies. The diagram on the right shown our Group's sustainability governance structure.

STAKEHOLDER ENGAGEMENT

At YB Ventures, we acknowledge the importance of both internal and external stakeholders' contributions to our Group's sustainable growth. Therefore, we strive to engage with stakeholders via multiple platforms to better understand the interests and expectations of key stakeholder groups, enabling us to make more informed business decisions.

We define our stakeholders as those we impact through our operations and those with a vested interest in our operations. Our stakeholders are grouped into 6 categories with which we maintain open and ongoing dialogue through various engagement channels.

Stakeholder Groups	Engagement Channels	Areas of Interest
Shareholders/ Investors	• Annual General Meeting • Annual Report • Bursa Securities' Announcements • Meetings and Briefings, if any • Corporate Website • Media Releases	• Business Continuity • Economic Performance • Shareholders' Return • Corporate Governance
Customers	• Customer's Engagements • Customer's Meetings • Customer Satisfaction Survey • Products and Services Briefings • Showrooms • Media Announcements	• Customer Satisfaction • Product Quality and Safety • Quality Assurance
Suppliers	• Supplier's Feedback • Procurement Agreements • Business Reviews • Supplier's Meetings	• Supply Chain Management • Ethical and Transparent Procurement Policies

SUSTAINABILITY STATEMENT
CONT'D

Stakeholder Groups	Engagement Channels	Areas of Interest
Employees	• Daily Interactions • Annual Performance Reviews • Benefits Plans • Training and Development Sessions • Office Events	• Fair HR Policies and Practices • Health and Safety • Workplace Satisfaction • COVID-19 Precautionary Measures
Regulatory Agencies	• Periodic Site Visits and Meetings, if any • Consultation on Regulatory Matters, if any	• Compliance to Regulations
Local Communities	• Community Events • Donations	• Contribution to Local Economy and Community • Local Employment and Procurement

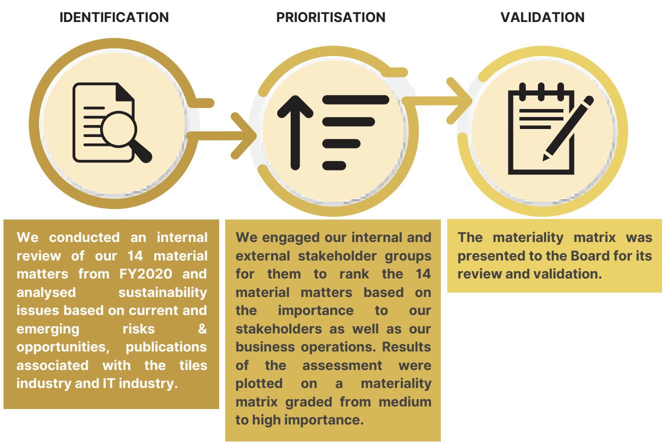
MATERIALITY ASSESSMENT

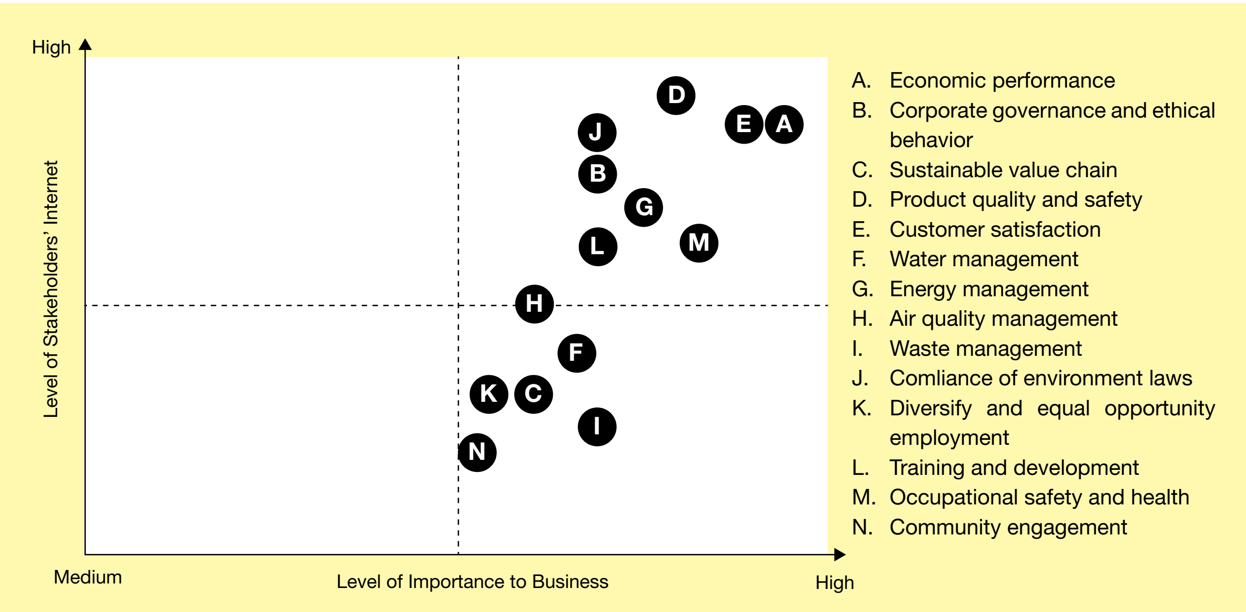
YB Ventures' materiality assessment is based on our dialogue and feedback from internal stakeholders. Pertinent matters for us are EES risks and opportunities that may influence our Group's ability to create value. We assess materiality based on two elements: the impact on YB Ventures and the importance to key stakeholders.

The materiality assessment enables our Group to map out our sustainability-related material matters. The diagram at the right shown the materiality assessment process that our Group has conducted.

For the FPE2022, we continue to consider the 14 material topics that were identified and prioritised in the prior year, as they remain relevant in the current operating climate.

Materiality Assessment Process





ECONOMIC IMPACT

Economic Performance

YB Ventures recognises that economic performance is key to sustaining earnings while enhancing shareholders' value in terms of the appreciation of the company's share prices, financial performance, growth and overall improvement. This is why economic performance is one of our core priorities that can positively impact both the social and environmental aspects.

In the FPE2022, we continued to distribute economic benefits to the broader society, as shown in the diagram below:

YB Ventures Economic Contribution

Salaries paid to employees	Cost of sales	Taxes paid to government
RM26.3 million	RM116.2 million	RM498,813
(FY2020: RM19.4 million)	(FY2020: RM83.6 million)	(FY2020: RM224,424)

Corporate Governance and Ethical Behaviour

Our Group is committed to maintaining a high standard of corporate governance. We have established our corporate governance framework that lays down the structure, processes and line of authority that governs the direction, management and control of our businesses while ensuring compliance with the applicable laws, rules and regulations as well as the adherence to good corporate governance practices.

You may read more about our comprehensive corporate governance framework and structure in the Corporate Governance Overview Statement.

Aside from that, we also believe in upholding integrity in our business by following the corporate governance framework and policies we have established.

Some of the initiatives that we have introduced include the following:

- Enforcing a Code of Conduct applicable to our Directors' and employees, outlining expectations to display high professionalism and ethical behaviour in daily dealings with internal and external stakeholders
  - o Workplace behaviour
  - o Confidentiality matters
  - o Protection of assets
  - o Occupational health and safety

- Availability of a whistle-blowing channel to allow the reporting of genuine concerns on suspected unethical behaviours, illegal acts or failure to comply with regulatory requirements by employees or stakeholders without fear of disciplinary action or reprisal
  - o Offers protection to whistle-blowers by establishing a mechanism to ensure the confidentiality of the report

- Established and adopted an Anti-Bribery and Corruption ("**ABC**") policy, cementing our stance on zero-tolerance toward bribery and corrupt practices
  - o The ABC policy is developed in line with the Malaysian Anti-Corruption Commission Act 2009 and Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009
  - o The ABC policy is enforced on all business dealings and transactions of our Group (assessment and governance on gifts, entertainment, hospitality and travel matters)

Sustainable Value Chain

YB Ventures has progressively cascaded our Company's sustainability awareness, adoption and application across our value chain to many of our suppliers, vendors, contractors and third-party business partners. While the focus remains on maintaining smooth operations with a secure and cost-effective supply chain through engagement with trusted and reputable business partners, vendors are encouraged to explore sustainable environmental practices within their operations.

This is in line with YB Ventures' long-term goal to foster sustainable corporate practices and behaviour beyond the internal operations, resulting in a more significant multiplier sustainability impact.

Our Group believes that effective management of procurement practices within our Group is key to the sustainability of our business to ensure our products are of a certain quality. Furthermore, given the shortages of the global supply chain in recent times, it is even more important for YB Ventures to engage with our business partners to mitigate these shortages' impact. Therefore, in building a sustainable supply chain, we have taken into various considerations in our selection process to ensure the reliability of the products and services rendered. Here are some of these considerations:

1) Quality and Reliability
2) Speed and Flexibility
3) Value for Money
4) Strong Service and Honest Communication
5) Financial Security and Strong Track Record

Aside from the considerations in terms of the characteristics that will benefit our business operations, YB Ventures also engaged with our supply chain partners, vendors, contractors and third-party business partners on issues related to environmental, social and anti-corruption standards and related policies. Here are some of the topics that our Group actively engaged with our suppliers:

1) Compliance with regulatory requirements such as federal, state and municipal laws and statutes.
2) Compliance with all industry standards and limits set for environmental and social impacts, including Health, Safety and Environment aspects as well as personal data protection.
3) Compliance with employment laws in Malaysia and Singapore.

Our Group is also a strong advocate of supporting the local economy and has set a policy to procure supplies locally whenever possible. In the FPE2022, approximately 80% of YB Ventures' total purchases are sourced from competitive local suppliers.

Product Quality and Safety

Our vision at YB Ventures is to be a globally trusted brand for our products and services.

In the tiles industry, we aim to be our clients' preferred choice of tiles by offering safe, reliable and high-quality products. We produce tiles that are marketed under our proprietary brand, ALPHA TILES® and carry a premium tile brand, Talos Living Tiles ("**Talos**"). We also produce tiles as a Original Equipment Manufacturer for customers under their respective private labels.

Our proprietary brand, ALPHA TILES® is a well-known brand in the domestic market and comes in three different forms: ceramic, homogeneous and porcelain. Meanwhile, we have incorporated advanced nano-glazing technology in Talos tiles that generate a continuous release of negative ions. This helps to cleanse the surrounding air from harmful contaminants, contributing to a healthier and enhanced living and working environment.

Our Group has taken proactive measures to ensure that Talos tiles have passed various tests to verify their negative-ion generating function and are certified by the German testing lab, TÜV SÜD (Singapore branch), as well as Gmicro Testing by Guangdong Detection Center of Microbiology, a China National Accredited Laboratory.

We have also implemented a series of quality control procedures embedded into our tile manufacturing process to ensure the quality and safety of our products are maintained. We have obtained certification of our operations with globally recognised standards, MS ISO 9001:2008 Quality Management System, while our ceramic tiles also meet the requirements of MS ISO 13006:2003 for Product Quality Certification.

These certifications and recognition by globally recognised standards reflect our commitment to upholding the quality of our products.

Customer Satisfaction

YB Ventures prioritises our customers in our business operations. As one of the major tile manufacturers in Malaysia, we continue to produce top-notch products and expand our product offerings to meet the demand of our customers.

To do that, we consistently engage with our customers to better understand their needs and requirements. We have various engagement channels with our customers. Amongst them is the customer satisfaction survey, which serves as our platform to collect feedback on customer experience, complaints and needs. This helps us identify areas of improvement and monitoring customer's satisfaction, enabling us to manage our customers' expectations better.

Aside from that, we also receive feedback from our business partners on customers' latest trends and expectations. We also engaged with various property developers to identify the characteristics and designs of the tiles that developers and contractors prefer. These interactions coupled with increased awareness in the importance of health safety products since the pandemic, helped us to develop Talos Tiles. With an improved understanding of our products, our dealers can provide a higher level of service and recommendations of technical and aesthetic specifications to customers.

Among some of the highlighted issues over the last few years is concerning cracked tiles. As a result, we have taken proactive measures to institute several enhancement measures to the wrapping material used and the strapping method. With these enhancements, we have been able to improve our brand among end consumers as well as property developers.

SUSTAINABILITY STATEMENT
CONT'D

ENVIRONMENTAL IMPACT

Compliance with Environmental Laws

YB Ventures is committed to complying with the relevant environmental laws and regulations in all material aspects while pursuing a smaller ecological footprint without compromising product quality. In this respect, we aim to preserve the surrounding environment by mitigating our operations' impact by putting proper controls and systems in place at our Group's premises.

By complying with the relevant environmental laws, we can identify environmental risks and opportunities, allowing us to enforce programs and promote awareness in pursuit of continual improvement.

During the financial period under review, YB Ventures recorded zero incidences of environmental non-compliance.

Water Management

Our tile manufacturing operations require considerable amounts of water, which is used in almost all production phases, from the mass preparation to the tiles' glazing. Hence, we endeavour to conserve this natural resource, where possible, by monitoring our water usage and optimising the usage of the available water sources.

Among some of the initiatives that our Group has introduced to manage the usage of water effectively are:

1) **On-site closed-circuit water circulation system**
This enables the wastewater effluent from our Group's production processes to undergo treatment, be recycled and re-used in our operations. In addition, we have tested the water quality to ensure the suitability of the water for production usage.

2) **Source and harvest rainwater for usage**
We have a natural pond within our premises where we source and harvest rainwater for usage. This helps us to minimise the extraction of freshwater. Clean water from the municipal water supply is only used for certain functions, such as the glaze preparation.

In the FPE2022, our operations utilised a total of 39,409 m^3 of water.

	FPE2022	FY2020	FY2019
Water consumption (m^3)	39,409	32,940	42,328
Water recycled and re-used (m^3)	93,912	82,350	101,925

Energy Management

Aside from water, our manufacturing process also uses substantial amount of energy. This is mainly due to the nature of the tiles manufacturing business, where raw materials are compressed and fired at high temperatures to produce the finished product.

Despite this, YB Ventures is focused on enhancing our energy efficiency by managing our Group's energy utilisation at our manufacturing plant and corporate headquarters. In order to do that, we monitor our energy consumption using an installed energy measuring meter.

Our Group utilises energy in the form of electricity from the national grid and natural gas. For our thermal processes, we use clean energy such as natural gas to fire the kiln, horizontal dryer and spray dryer.

During the FPE2022, we have continued to perform energy efficiency initiatives. Here are the highlights of some of the initiatives that were running and in the pipeline:

1) Scheduled maintenance of equipment to minimise downtime, scheduled operations of energy-intensive machinery to off-peak hours and raised awareness on energy conservation behaviours among employees.
2) Introduce smart manufacturing into production to improve efficiency and reduce the usage of energy for production.
3) Shift towards renewable energy to generate power across our Group. We have managed to raise funds via our private placement exercise to fund the installation of a rooftop solar photovoltaic ("**PV**") system. We have allocated RM16 million for the installation of the solar PV system at our factory building and warehouse in Kulai near Johor Bahru.
4) We are working towards the installation of gauges at every kiln to monitor our Group's natural gas usage.
5) Enhance the formulation of the materials of the tiles to reduce the lower firing temperature and cycle time.

YB Ventures' total energy consumption increased by 43.5%, from 23 kwh in the financial year ended 31 December 2021 to 33 kwh in the FPE2022, mainly due to the resumption of operations following the reopening of the economy.

Air Quality Management

Air sampling tests are performed every year to monitor our Group's air emission level, ensuring that they are well below the limits set by the Department of Environment ("**DOE**") pursuant to the Environmental Quality (Clean Air) Regulations 2014 of the Environmental Quality Act 1974.

Our goal is to reduce the level of particulate matter and gaseous emissions from our processes. A dust filtration system has been installed at our facility's main dust emission points to mitigate our carbon discharge. As a result, in the FPE2022, YB Ventures' average reading for dust came in well within the Malaysian Ambient Air Quality Standards of 260 µg/m3.

Waste Management

We produce waste materials in the form of scheduled and non-scheduled wastes. These include greenware tiles, packing materials, used oils and wastewater. The proper disposal of these waste materials is important to regulate the environmental impact of our operations.

Here are some of the initiatives that our Group has put in place to manage our waste materials:

1) Standard operating procedures to ensure careful handling of our Group's scheduled waste materials
All scheduled waste materials are managed in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 of the Environmental Quality Act 1974.

2) Appoint a DOE-licensed waste contractor
The appointment of a DOE-licensed waste contractor to collect the scheduled waste and transport for disposal. Meanwhile, non-scheduled waste is scrapped or collected by waste collectors for recycling and disposal purposes.

3) Advocate 3R (Reduce, Re-use and Recycle)
Minimise waste within our processes by encouraging 3R among employees. For example, used engine and hydraulic oils are re-used for the machineries as lubricants, while greenware scraps are recycled for various functions such as the preparation of the mass of the tiles.

SUSTAINABILITY STATEMENT
CONT'D

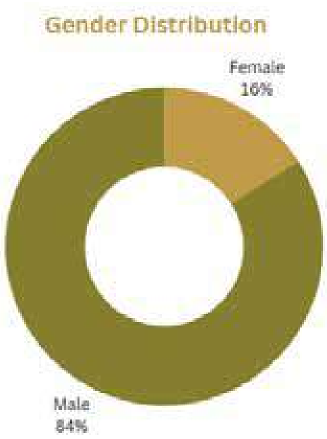
SOCIAL IMPACT

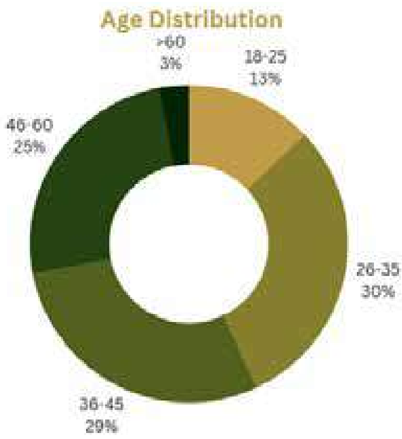
YB Ventures endeavours to become a positive force in the community by being a responsible and fair employer while providing a safe and conducive working environment that embraces diversity. As responsible corporate citizens, we also strive to give back to the local community where we operate, contributing to local economic development.

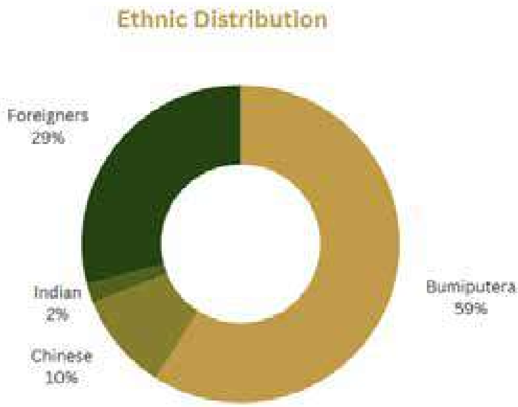
Diversity and Equal Opportunity Employment

At YB Ventures, we believe in providing equal opportunities to all our employees. This will help our people to demonstrate their full potential and realise their career goals. We have developed a positive work environment that is diverse and inclusive, which helps to nurture high productivity and effective collaboration between our employees in order for us to achieve our common vision and mission.

By having a diversified workforce, fresh perspectives and ways of thinking are cultivated, leading to improved decision-making and results.







We also encourage all our employees to respect one another's human rights, and as such, discrimination based on, among others, race, nationality, gender and age is forbidden. In the FPE2022, YB Ventures has a total workforce of 498 employees, 84% of our employees are men, while the remaining 16% are women. This is mainly due to the challenges in attracting and retaining female talent in the manufacturing sector. However, we expect to see an increase in our female talents as we introduce more opportunities with our venture into the information technology solutions market and the renewable energy business segment.

Aside from gender, we also emphasised hiring the next generation of leaders. Currently, 43% of our employees are below the age of 35 years old. This reflects the commitment of our Group to attract young talents. Given the positive work culture developed at YB Ventures, we have ensured a strong talent pool among the younger generations. Going forward, we will continue to put emphasis on nurturing the next generations of leaders at YB Ventures.

Training and Development

As mentioned earlier, providing a platform for our employees to learn new skills and gain experience is vital. We need to attract, develop and retain skilled workers in order for our Group to remain competitive in the long term. This is why we have introduced various development opportunities to support our employees' growth.

In the FPE2022, we have invested RM22,681.20 in learning and training initiatives for employees, with sessions covering various topics concerning technical training, safety and health, as well as soft skills development for different levels of employees.

YB Ventures provided 28 training programmes across our Group in the FPE2022 and clocked in approximately 303.5 training hours, translating to an average of 0.6 hours per employee. The learning sessions are available on both online and offline platforms even as our Group shift towards the endemic phase of COVID-19.

As part of our Group's human capital strategy, we offer employees competitive remuneration packages with on-the-job benefits, including annual leaves, medical coverage and group life insurance, to name a few. Employee performance reviews are conducted annually based on meritocracy to remunerate talents appropriately.

Aside from that, eligible employees are also granted share options to subscribe to YB Ventures' shares under our Company's Employees Share Options Scheme. The scheme is offered in recognition of our workers' contributions to our Group. This initiative is also aimed at attracting new talents and retaining suitable individuals to ensure long-term business continuity.

Occupational Safety and Health

Workplace health and safety is a vital consideration for YB Ventures. Given the nature of the manufacturing industry, we need to enforce various safety measures to reduce risks and hazards that occur in the manufacturing plant. A safe workplace translates into well-protected workers and lower downtime for our production.

Our approach to health and safety is outlined in YB Ventures' Occupational Safety and Health ("**OSH**") Policy. The policy reflects our commitment to minimise our Group's work-related incidents by identifying hazards and managing the safety risks at our workplace. To ensure the robustness of our Group's safeguards, the OSH Policy is reviewed periodically.

SUSTAINABILITY STATEMENT
CONT'D

We also have a dedicated OSH Committee made up of representatives from various departments of our Group established to oversee all OSH-related matters as well as to, monitor our Group's safety performance and also advise on the effectiveness of the OSH Policy. We also have an Emergency Response Team ("**ERT**") that is well-equipped and prepared to extend ERT-related assistance in case of emergency situations.

We believe that workplace safety is a shared responsibility. OSH briefings and training sessions are organised among employees in an effort to enhance our OSH competencies and raise safety awareness. We also provide appropriate personal protective equipment, such as N95 face masks, safety shoes and chemical gloves, for workers to protect their safety against hazards when completing tasks.

Our Group also performs regular inspections to ensure that the production line is running smoothly and helps pinpoint improvement areas. As our Group is gradually shifting towards smart manufacturing, this will play an important part in ensuring the enhancement is conducted safely and efficiently.

In the FPE2022, YB Ventures recorded a lost time injury frequency rate of 5.2 per 1 million manhours, with no major incidents reported. There were also no fatalities that occurred during the year. As we move ahead, we are committed to maintaining a strong OSH standard with 100% compliance with regulatory requirements.

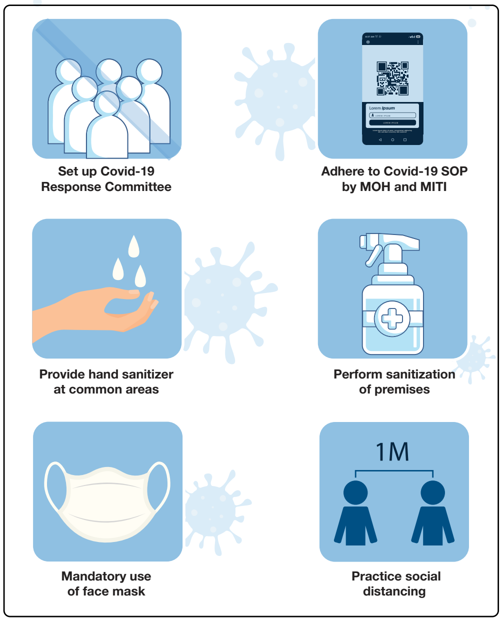
Covid-19 Pandemic Precautionary Measures

The COVID-19 pandemic has disrupted our Group's operations over the last two years. In 2021, our Group took various measures in response to the evolving dynamics of the pandemic.

The diagram at the right highlights some of our responses to the pandemic.

We have also set up a dedicated COVID-19 response committee and established various standard operating procedures that adhere to the relevant authorities' guidelines across our Group's operations.

While we gradually transition into the endemic of COVID-19 and the restrictions to curb the spread of the virus have eased, we continue to focus on healthy practices such as maintaining hygiene and a clean work environment. All of our employees have also taken the vaccine against COVID-19, allowing a gradual return to the workplace even as our economy reopens.



YB Ventures' Response to Covid-19 Pandemic

Community Engagement

As part of our community, we believe that it is vital for our Group to actively make a positive impact on our society by investing in the community's well-being through charitable donations and job opportunities.

Similar to our policy on the sustainable value chain, we also encourage hiring local talents at our operations. This will help create job opportunities for the local community and help contribute to domestic economic growth. In the FPE2022, 62% of our total workforce are local labours from Johor.

Aside from that, our Group has also taken various initiatives to contribute to the local community even as the economy reopens.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of YB Ventures Berhad ("**YBVB**" or "**the Company**") presents this statement to provide shareholders and investors with an overview of the application of the principles as set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG**") and the extent to which the Company has complied with the three (3) key principles of the MCCG, Companies Act 2016 ("**Act**") as well as the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") during the financial period from 1 January 2021 to 30 June 2022.

The Board will continuously uphold good corporate governance practices and will endeavour to ensure that the principles and practices advocated therein by the MCCG are observed, where applicable and appropriate. The Board is satisfied that to the best of their knowledge, the Company has substantially complied with the principles and practices of the MCCG throughout the financial period from 1 January 2021 to 30 June 2022.

This statement is prepared in compliance with Paragraph 15.25(1) and Practice Note 9 of Listing Requirements and is to be read together with the Corporate Governance Report 2022 ("**CG Report**"). The CG Report provides the details on how the Company has applied each practice set out in the MCCG during the 18-month financial period ended 30 June 2022. The CG report is available at the Company's website at www.ybventures.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board and Board Committees

The Board collectively leads and is responsible for the long-term success of the Group by providing leadership and direction as well as supervision of the Management of the Company. Generally, the Board has primary responsibility for the governance and management of the Company, and fiduciary responsibility for the financial and organisational health of the Company.

Broadly, the Board assumes the following principal roles and responsibilities in discharging its fiduciary duties:-

- to set strategic directions for the Company to ensure that the Company meet its objectives
- to take responsibility together with the Management for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets
- to review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances
- to ensure that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour, and promoting a culture of corporate responsibility
- to approve the nomination, selection, succession policies and remuneration packages for the Board, Board Committee members as well as the nomination of Directors on the functional Boards of the subsidiaries and the principal officers, the annual manpower budget for the Group and to manage succession planning, appointment, training, fixing the compensation of, and where appropriate, replacing the Management or key personnel
- to review the adequacy and integrity of the Group's risk management and internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines
- to review and approve the financial statements encompassing annual audited accounts and interim financial reports
- to review and approve the credit facilities offered by the financial institutions and guarantees provided by the Group

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Principal Responsibilities of the Board cont'd

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group during the financial period from 1 January 2021 to 30 June 2022, the Board had and, amongst others, continues to:-

- promote good governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- review and decide on Management's proposals and monitor the implementation by Management;
- ensure that the strategic plan of the Group supports long term value creation and sustainability;
- supervise and assess Management's performance regularly;
- ensure that there is a sound framework of internal controls and risk management;
- understand the principal risks surrounding the Group's business and set the risk appetite to ensure the risks are properly managed;
- ensure that the Group has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Group's financial and non-financial reporting.

For the Board to effectively discharge the above responsibilities, the Board has established a governance structure for the Group as follows:

BOARD OF DIRECTORS
GOVERNANCE COMMITTEES
Audit Committee
Nomination Committee
Remuneration Committee
Risk Management Committee

RISK MANAGEMENT COMMITTEE
GOVERNANCE AND OPERATIONS
Yi-Lai Marketing Sdn Bhd
Yi-Lai Industry Berhad
Yi-Lai Trading Pte Ltd
YB Technologies Sdn Bhd
TechBase System Sdn Bhd
YB Advance Sdn Bhd
YB Renewable Energy Sdn Bhd
YB Alliance Sdn Bhd
YB Pro Builders Sdn Bhd
Blissful Concept Sdn Bhd
Pinky Pie Sdn Bhd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Separation of roles of Chairman and Executive Directors

The Chairman of the Board and Executive Directors are held by different individuals. Each has a clear accepted division of responsibilities to ensure a balance of power and authority such that no individual has unfettered decision-making powers. The roles and responsibilities of the Chairman and Executive Director are clearly stated in the Board Charter.

Dato' Sri Tajudin Bin Md Isa, being the Chairman of the Board, is primarily responsible for achieving the Group's strategic vision and leads the Board in its collective oversight of Management. At the same time, Datuk Au Yee Boon, Mr Lee Boon Siong and Mr Tan Eik Huang as Executive Directors of the Company together with the Management of the Company are responsible for the day-to-day management of the operations of the Group and the implementation of the Board's policies and decisions.

Chairman of the Board should not be a member of the Board Committees

The Board endeavours to comply with the Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Board Committees. The Board also acknowledges the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

However, the Chairman is not involved in management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees. In addition, the presence of the two (2) Independent Directors from a total of the three (3) committees members are sufficient to provide the necessary checks and balances on the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

Chairman of the Board

The Chairman is elected by the Board members and has considerable experience in the Group's business. The Board is chaired by Dato' Sri Tajudin Bin Md Isa, an Independent Non-Executive Chairman, who is able to provide effective leadership, strategic direction and necessary governance to the Group.

Dato' Sri Tajudin Bin Md Isa provides leadership to the Board without limiting the principle of collective responsibility for the Board's decisions, leads Board meetings and discussions in a manner to encourage constructive discussions and effective contributions from each Director; reviews the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed; encourages active participation and allows dissenting views to be freely expressed; ensures appropriate steps are taken to provide effective communication with the stakeholders and that their views are communicated to the Board as a whole and leads the Board in establishing and monitoring good corporate governance practices in the Group.

Qualified and Competent Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries. The Company Secretaries are qualified Company Secretaries as per Section 235(2)(a) of the Companies Act 2016. They are external Company Secretaries with vast knowledge and experience from being in public practice. They are supported by a dedicated team of company secretarial personnel.

The Company Secretaries play an important advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislation. The Company Secretaries are also responsible for ensuring the accurate and proper recording of proceedings and resolutions at the Board, Board committee meetings and general meetings.

The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. All Board members have unrestricted access to the advice and services of the Company Secretaries for any Board's affairs and the Group's business. The Company Secretaries attend all Board meetings, and all proceedings and conclusions from the Board meetings are recorded by the Company Secretaries and signed by the Chairman.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Access to Information and Advice

The Board have unrestricted access to information from the Management, the Company Secretaries, the outsourced Internal Auditors, as well as the External Auditors of the Group, with or without Senior Management presences in furtherance of their duties.

In addition, the Board also recognised that decision making processes are highly dependent on the quality of information furnished. Therefore, the Board expects to receive adequate, timely and quality information on an ongoing basis to effectively discharge their duties. Accordingly, unless otherwise agreed, a notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising due notice of issues to be discussed and the supporting information and documentation are provided to the Board sufficiently in advance.

The Board's deliberations regarding the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries and properly documented and maintained at the Registered Office of the Company.

Board Charter

The Board is guided by its Board Charter, which sets out the Board's roles, duties and responsibilities in discharging its fiduciary and leadership functions. The objective of the Board Charter is to ensure that the members of the Board practice good corporate governance in their business conducts and dealings in respect of and on behalf of the Group and comply with the various laws and regulations governing them and the Group.

The Board Charter includes a formal schedule of matters reserved for the Board. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations. With this, the respective functions, roles and responsibilities of the Directors and Management are set out in the Board Charter as guidance and clarity to enable them to discharge their duties effectively.

The Board Charter as well as the Terms of References of the Board Committees are reviewed from time to time when necessary. Amendments and updates are made from time to time in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision as well as to be in line with the changes to statutory and regulatory requirements.

The Board Charter is published on the Company's website at www.ybventures.com.

Code of Conduct

The Board recognises the importance of a Code of Conduct which sets out the principles and standards of business ethics and conducts applicable to all Directors and employees of the Group. The Code of Conduct and Ethics is formulated based on three principles – Integrity, Accountability and Duty to Act in the Public Interest and Best Practice of the Company. All employees play an important role in establishing, maintaining and enhancing the reputation, image and brand of the Group. Since the Group has entities that mainly operate in Malaysia and Singapore, the applicable laws and regulations of Malaysia and Singapore apply. The laws and regulations of both countries prohibit similar offences including conflict of interest, corruption, insider trading and money laundering. All Directors and employees are subjected to this statutory related code of conduct. All Directors and employees must observe the confidentiality code of conduct on every action and communication within and external to the Group. All Directors and employees are not allowed to engage directly or indirectly in business activities that compete or conflict with the interest of the Group.

The Code of Conduct is published on the Company's website at www.ybventures.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Whistle Blowing Policy

The Board has adopted a Whistle Blowing Policy which provides avenues for employees to raise concerns, report any breach of the Code of Conduct and define a way to handle these concerns and breaches. It also enables the Management to be informed early about acts of misconduct. More importantly, it reassures employees that they will be protected for disclosing concerns/breaches in good faith in accordance with this procedure. It promotes a culture of openness, accountability and integrity. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and that the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as gross misconduct and, if proven, may lead to dismissal.

The Audit Committee is the contact point for all employees. All members of the Audit Committee are the Company's Non- Executive Directors. Any reports should be sent directly to the Audit Committee member.

The Whistle Blowing Policy is published on the Company's website at www.ybventures.com.

II. BOARD COMPOSITION

Composition of the Board

During the financial period from 1 January 2021 to 30 June 2022 under review, the Board consisted of six (6) members, comprising three (3) Executive Directors, one (1) Independent Non-Executive Chairman and two (2) Independent Non-Executive Directors, as follows: -

Name	Designation
Dato' Sri Tajudin Bin Md Isa (appointed w.e.f 15/07/2022)	Independent Non-Executive Chairman
Mr Lee Boon Siong	Executive Director
Datuk Au Yee Boon	Executive Director
Mr Tan Eik Huang *(re-designated w.e.f 08/04/2022)*	Executive Director
Dato' Sri Gan Chow Tee *(appointed w.e.f 02/03/2021)*	Independent Non-Executive Director
Ms Kok Soke Kuen *(appointed w.e.f 08/04/2022)*	Independent Non-Executive Director
Tan Sri Dato' Sri Dr. Ali Bin Hamsa *(deceased on 21/04/2022)*	Independent Non-Executive Chairman

Based on the current Board composition, half of the Board comprises Independent Directors which meets the requirement of Paragraph 15.02(1) and (2) of the Listing Requirements of Bursa Securities and MCCG. The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Group as a whole. The Independent Non-Executive Directors maintained their independence in discharging their roles, duties and responsibilities during the financial period under review. Each of them continues to fulfil the definition of independence as set out in the Listing Requirements of Bursa Securities. The Nomination Committee shall, on an annual basis, assess the independence of the Independent Directors.

Tenure of Independent Directors

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as recommended by MCCG and the Listing Requirements of Bursa Securities limits the tenure of Independent Directors to not more than 1 cumulative period of twelve (12) years. During the financial year under review, none of the Independent Non-Executive Directors has reached the 9-year tenure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Tenure of Independent Directors cont'd

Nevertheless, upon completion of nine (9) years, the Independent Director concerned may:-

(i) continue to serve on the Board if deemed appropriate and suitable by the Board, subject to him/her being re-designated as a Non-Independent Director; or

(ii) remain as an Independent Director if deemed appropriate and suitable by the Board, subject to annual shareholders' approval through a two-tier voting process and the Board must provide justification for its decision.

II. BOARD COMPOSITION

Appointment of Board and Senior Management

The Nomination Committee is responsible for overseeing the selection process and assessing the Directors' performance to secure the best composition to meet the objectives of the Company. The Board recognises that diversity at the Senior Management level is also essential to enhance the effectiveness of a well-functioning and balanced organisation while promoting good corporate governance culture. The diverse mix of profiles of the Board members provides the required range of skills, expertise, experience, professionalism, contribution and competencies required for the Board to effectively discharge its duties in achieving effective management and stewardship.

The selection and appointment of candidates for the Board membership involve the following procedures: -

(a) Identification of potential candidate(s) upon the recommendations by the existing Board members, Senior Management, substantial shareholders and/or independent sources such as corporate advisors, and recruitment agencies, amongst others;
(b) Assessment of the suitability of potential candidate(s);
(c) Interview with the potential candidate(s);
(d) Final deliberation by the Nomination Committee; and
(e) Recommendation to the Board for approval.

In the selection process, the Board and the Nomination Committee endeavour to appoint member(s) that can improve the Board's overall composition balance and enhance the Board's overall effectiveness in discharging its duties. The Key Senior Management appointment is also based on criteria such as age, gender, skills, experience and educational background.

The Board members collectively make decisions on appointing a Director upon recommendation by the Nomination Committee. The Nomination Committee shall first assess the required mix of skills and experience of the candidates, competency, integrity, time commitment and other qualities before recommending to the Board. In addition, in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will determine whether the test of independence under the Listing Requirements of Bursa Securities is satisfied.

Pursuant to the Company's Constitution, at least one-third (1/3) of the Directors are subject to retirement by rotation at each Annual General Meeting and be subjected to re-election by shareholders at a general meeting. All Directors shall retire at least once every three (3) years. The Directors to retire each year are the Directors who have been longest in office since their last re-election. The Constitution also provides that Directors whom the Board newly appoints shall retire and subject themselves to re-election by the shareholders at the next Annual General Meeting held following their appointment. If any vacancy in the Board composition causes non-compliance with Paragraph 15.02 of Listing Requirements of Bursa Securities, the Board will fill up the casual vacancy within 3 months.

The Nomination Committee has, in its recent meeting, evaluated the Director who is standing for re-election and re-appointment at the forthcoming Annual General Meeting. Upon the recommendation of the Nomination Committee and the Board, the re-election and re-appointment of the said Directors are stated in the Notice of Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Policies and Gender Diversity

The Board is aware of the gender diversity promoted under the MCCG. However, the Board does not have gender, ethnicity or age diversity policies and targets or set any measures to meet any target. Notwithstanding that, the Board will remain mindful of the gender diversity practice advocated by the MCCG.

The Company currently has one (1) female Director. The Board's composition and the Senior Management positions during the financial period from 1 January 2021 to 30 June 2022 under review are also diverse in terms of age and ethnicity.

The Group practices as an equal opportunity employer, and all appointments and employments are strictly based on merits and are not driven by any racial, gender, ethnicity or age bias.

Nomination Committee

The Nomination Committee set up by the Board comprises exclusively three (3) Non-Executive Directors as follows:-

Chairman	:	Dato' Sri Gan Chow Tee	*Independent Non-Executive Director*
Members	:	Dato' Sri Tajudin Bin Md Isa *(Appointed on 15/07/2022)*	*Independent Non-Executive Chairman*
		Ms Kok Soke Kuen *(Appointed on 08/04/2022)*	*Independent Non-Executive Director*
		Mr Tan Eik Huang *(Ceased Office on 08/04/2022)*	*Executive Director*
		Tan Sri Dato' Sri Dr. Ali Bin Hamsa *(deceased on 21/04/2022)*	*Independent Non-Executive Director*

The Nomination Committee is chaired by an Independent Non-Executive Director. There was one (1) Nomination Committee Meeting held during the financial period from 1 January 2021 to 30 June 2022 and the Directors' attendance is as follows: -

Name	Attendance
Dato' Sri Gan Chow Tee (Chairman)	1/1
Dato' Sri Tajudin Bin Md Isa	-*
Ms Kok Soke Kuen	-*
Tan Sri Dato' Sri Dr. Ali Bin Hamsa (demised)	1/1
Mr Tan Eik Huang (cessation of office)	1/1

* *There was no Nomination Committee meeting held after their appointment as Nomination Committee members.*

The terms of reference of the Nomination Committee are available on the Company's website at www.ybventures.com.

The Nomination Committee is responsible for overseeing the selection and assessment of Directors. In addition, the Nomination Committee reviews the effectiveness of the Board, its Committees and the contributions of each Director, including Independent Non-Executive Directors, on an annual basis. The Nomination Committee also reviews the Board structure, size, composition, and mix of skills, business acumen and competencies required for the Board to discharge its duties effectively.

Through the Nomination Committee, the Board ensures that only individuals with proper knowledge, experience, calibre, professionalism and integrity to fulfil the duties of a Director are recruited to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Nomination Committee cont'd

During the financial period from 1 January 2021 to 30 June 2022, the Nomination Committee had undertaken the following activities:

- Assessed existing structure, size, composition and effectiveness of the Board as a whole and Board Committees.
- Conducted an annual assessment of the performance of the Board as a whole and made its recommendation to the Board: and
- Conducted an annual assessment of the Independent Directors and made its recommendation to the Board.

Based on the assessment of the Board for the financial period from 1 January 2021 to 30 June 2022, the Board was satisfied with its composition, performance and effectiveness in discharging its roles and responsibilities for the benefit of the Group. Currently, one (1) female Director on Board reflects the Board's commitment towards achieving a more gender diversified Board.

For the financial period from 1 January 2021 to 30 June 2022, Datuk Au Yee Boon and Dato' Sri Gan Chow Tee are due for retirement and re-election at the Company's forthcoming Annual General Meeting in accordance with Clause 103 of the Company's Constitution. In view of their positive participation and effective contribution to the activities of the Board, the Nomination Committee recommended to the Board their re-election and re-appointment at the forthcoming Annual General Meeting.

The following Directors who were appointed to the Board during the financial period from 1 January 2021 to 30 June 2022 are also due for retirement and re-election at the forthcoming Annual General Meeting in accordance with Clause 110 of the Company's Constitution:-

1. Dato' Sri Tajudin Bin Md Isa
2. Ms Kok Soke Kuen

Remuneration Committee

The Remuneration Committee set by the Board comprises one (1) Executive Director and two (2) Independent Non-Executive Directors as follows:-

Chairman	:	Dato' Sri Gan Chow Tee *(appointed w.e.f 02/03/2021)* *(redesignated as Chairman w.e.f 08/04/2022)*	*Independent Non-Executive Director*
Members	:	Ms Kok Soke Kuen *(appointed w.e.f 08/04/2022)*	*Independent Non-Executive Director*
		Mr Tan Eik Huang	*Executive Director*
		Tan Sri Dato' Sri Dr. Ali Bin Hamsa *(deceased on 21/04/2022)*	*Independent Non-Executive Director*

The Remuneration Committee was chaired by an Independent Non-Executive Director. There was one (1) Remuneration Committee Meeting held during the financial period from 1 January 2021 to 30 June 2022 and the Directors' attendance is as follows: -

Name	Attendance
Dato' Sri Gan Chow Tee (Chairman)	1/1
Ms Kok Soke Kuen	-*
Mr Tan Eik Huang	1/1
Tan Sri Dato' Sri Dr. Ali Bin Hamsa (Chairman) (demised)	1/1

* *There was no Remuneration Committee meeting held after her appointment as Remuneration Committee member.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Remuneration Committee cont'd

During the financial period from 1 January 2021 to 30 June 2022, the Remuneration Committee had undertaken the following activities:

- reviewed and recommended the remuneration of Executive Directors of the Company for Board's approval pursuant to the Terms of Reference of Remuneration Committee; and
- reviewed and recommended Directors' fees and benefits payable to Directors to the Board to seek shareholders' approval at the Company's forthcoming Annual General Meeting pursuant to the Constitution of the Company.

The terms of reference of the Remuneration Committee are available on the Company's website at www.ybventures.com.

Time Commitment

The Board convenes regular quarterly meetings to deliberate on the Group's overall strategies, operations and financial performance, with additional meetings to be convened from time to time to resolve any major and ad hoc matters that require immediate attention. Directors are allowed to either participate in person or through other communication channels. In the periods between the Board Meetings, Board approvals were sought via written resolutions and relevant supporting documents are attached for sufficient information required for Directors to make an informed decision.

The Directors' consent is obtained by Company Secretaries to ensure availability for the quarterly meeting and to enable the Directors to plan ahead. The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein.

During the financial period from 1 January 2021 to 30 June 2022, there were eight (8) Board meetings held and the attendance of the individual Directors at the Board meetings are as follows:-

Name of Director	Number of meetings attended during the period
Tan Sri Dato' Sri Dr. Ali Bin Hamsa (Deceased on 21/04/2022)	5/5
Mr Lee Boon Siong	8/8
Datuk Au Yee Boon	8/8
Mr Tan Eik Huang	8/8
Dato' Sri Gan Chow Tee (Appointed on 02/03/2021)	7/7
Ms Kok Soke Kuen (Appointed on 08/04/2022)	2/2
Dato' Sri Tajudin Bin Md Isa (Appointed on 15/07/2022)	-*

* *There was no Remuneration Committee meeting held after his appointment as Remuneration Committee member.*

All Directors have complied with the minimum attendance at Board meetings as stipulated by the Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to effectively equip themselves with the knowledge to discharge their duties as Directors. The Directors undergo a training programme and seminars from time to time and, as necessary, to constantly update themselves and keep abreast with industrial sector issues and the current and future developments of the Group's business and industry that may affect their roles and responsibilities.

During the financial period from 1 January 2021 to 30 June 2022, the Board members have been continuously updated by the Company Secretaries on the changes such as the MCCG and statutory and regulatory requirements relating to discharge the Directors' duties and responsibilities periodically. In addition, the External Auditors also briefed the Board on the changes in the Malaysian Financial Reporting Standards that may affect the Group's financial statements.

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

III. REMUNERATION

Directors' Remuneration

The Board acknowledged the importance of fair remuneration to attract, motivate and retaining the right talent in the Board and Senior Management. The Remuneration Committee is responsible for recommending to the Board the remuneration framework and remuneration packages of the Executive Directors in all its forms. The Board, as a whole, determines the remuneration for Non-Executive Directors, with individual directors abstaining from the decision making process pertaining to their remuneration.

The detailed breakdown of the Directors' remuneration (including benefits-in-kind) for each Director during the financial period ended 30 June 2022 is as follows:-

Company

	RM					
	Salaries	Fees	Bonuses	Other Remuneration	Benefits-in-kind	Total
Executive Director						
Datuk Au Yee Boon	-	-	-	-	-	-
Mr Lee Boon Siong	-	-	-	-	-	-
Mr Tan Eik Huang	-	-	-	-	-	-
Non-Executive Director						
Dato' Sri Tajudin Bin Md Isa	-	-	-	-	-	-
Dato' Sri Gan Chow Tee	-	30,000	-	-	-	30,000
Ms Kok Soke Kuen	-	-	-	-	-	-
Tan Sri Dato' Sri Dr. Ali Bin Hamsa (demised)	-	135,000	-	-	-	135,000
Total	-	165,000	-	-	-	165,000

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

III. REMUNERATION cont'd

Directors' Remuneration cont'd

Group

	RM					
	Salaries	Fees	Bonuses	Other Remuneration	Benefits-in-kind	Total
Executive Director						
Datuk Au Yee Boon	-	293,580	-	-	-	293,580
Mr Lee Boon Siong	-	-	-	-	-	-
Mr Tan Eik Huang	-	-	-	-	-	-
Non-Executive Director						
Dato' Sri Tajudin Bin Md Isa	-	-	-	-	-	-
Dato' Sri Gan Chow Tee	-	30,000	-	-	-	30,000
Ms Kok Soke Kuen	-	-	-	-	-	-
Tan Sri Dato' Sri Dr. Ali Bin Hamsa (demised)	-	135,000	-	-	-	135,000
Total	-	458,580	-	-	-	458,580

The Remuneration Committee has proposed that there is no change to the Directors' remuneration structure and fees for the financial year ended 30 June 2023 compared to the financial period under review. Accordingly, these fees will be tabled for approval at the Company's forthcoming Annual General Meeting.

Senior Management's Remuneration

The remuneration package for Senior Management is studied and reviewed by the Executive Directors and Human Resource Department at the Company level. The Executive Directors decide and approve the final remuneration package for Senior Management. The Board is satisfied with the current structure and manner in arriving at the proposed remuneration package for all Directors and the Management.

The remuneration paid to the Senior Management during the financial period ended 30 June 2022, are as follows: -

Range of Remuneration	Number of Senior Management
Below RM100,000	1
RM100,001 – RM300,000	-
RM300,001 – RM500,000	1

Due to the confidentiality and sensitivity of the senior management's remuneration package and a security concern, the Board opts not to disclose the senior management's remuneration component on a named basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee is chaired by an Independent Non-Executive Director and is comprised of the following three (3) members: -

Chairperson	:	Ms Kok Soke Kuen *(appointed w.e.f 08/04/2022)*	*Independent Non-Executive Director*
Members	:	Dato' Sri Tajudin Bin Md Isa *(appointed w.e.f. 15/07/2022)*	*Independent Non-Executive Chairman*
		Dato' Sri Gan Chow Tee	*Independent Non-Executive Director*

The Group recognises the need to uphold the independence of its external auditors and that no possible conflict of interest should arise. The Audit Committee took note of the Practice 9.2 of the MCCG to have a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.

The Audit Committee members collectively possess a mix of skills, knowledge and experience to discharge their duties and responsibilities to oversee the financial reporting process, internal controls, risk management and governance effectively and independently.

Compliance with Applicable Financial Reporting Standards

The Audit Committee assists the Board in overseeing the financial reporting processes and ensuring the quality of its financial reporting. The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual reports and announcements to Bursa Securities.

The Audit Committee reviews and monitors the suitability and independence of external auditors. The independence of external auditors can be impaired by the provision of non-audit services to the Group. Therefore, the Audit Committee has established policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that the external auditors must follow.

The Audit Committee has obtained assurance from the external auditors confirming that they are, and have been, independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The interim financial reports, annual audited financial statements and annual report of the Group for the 18-month financial period ended 30 June 2022 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements of Bursa Securities and the Companies Act 2016.

External Auditors

The Audit Committee maintains a transparent relationship with the External Auditors. The External Auditors attend the Audit Committee meeting at least twice a year to discuss their audit plan, the nature of the scope of audit, audit findings and evaluation of the system of internal controls and audit report.

The Board recognises that the independent opinion of the External Auditors is an essential reassurance to the shareholders that the Group's financial statements present a true and fair view of its financial position, financial performance and cash flows status.

The Board strives to establish a transparent and professional relationship with the External Auditors with the assistance of the Audit Committee. Accordingly, participation of the Executive Directors and/or Senior Management in the Audit Committee meetings is strictly by invitation only so that the External Auditors can highlight any issues/concerns on the Group's operations and management practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

I. AUDIT COMMITTEE cont'd

Compliance with Applicable Financial Reporting Standards cont'd

The Audit Committee is responsible for reviewing and monitoring the suitability and independence of the External Auditors and making recommendations for the audit fees. The Audit Committee has obtained confirmation from the External Auditors that they are and have been independent throughout the audit process in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee would review the performance and suitability including independence of the External Auditors by performing an annual assessment based on the firm's calibre, quality processes, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications. The Audit Committee would obtain feedback from the Management as part of the assessment process.

Upon the completion of the assessment and if found suitable by the Audit Committee, the External Auditors would then be recommended to the Board for their re-appointment and thereafter for tabling to the Company's shareholders for approval at the Annual General Meeting.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management & Internal Control Framework & Internal Audit Function

The Board acknowledges their responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Group's internal audit function has been outsourced to an external consultant who reports directly to Audit Committee. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the framework in designing, implementing and monitoring its internal control systems. An annual internal audit plan setting out the internal audit works is tabled to the Audit Committee for review and approval before implementing the said internal audit plan.

The Statement of Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group is set out in this Annual Report.

Risk Management Committee

The Audit Committee established Risk Management Committee to support the Audit Committee in managing and maintaining the risk management framework and the sustainability framework.

The Risk Management Committee comprises the Executive Director(s) and the heads of all departments, namely finance, human resource, production, marketing, information technology and research and development.

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

I. COMMUNICATION WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognises the importance of maintaining active communication with its shareholders and other stakeholders and timely dissemination of information concerning the Group's business performance.

Shareholders can obtain timely information from the Company's website at www.ybventures.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

I. COMMUNICATION WITH STAKEHOLDERS cont'd

Communication with Stakeholders cont'd

The key mean for communication with shareholders is the annual general meeting, where sufficient time will be allocated to obtain feedback from the shareholders or for shareholders to raise questions or concerns. Members of the Board, the Management and the auditors of the Company are present at the annual general meeting to respond to any queries from the shareholders.

Besides that, to ensure effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of Bursa Securities through the website of the Bursa Securities.

Uphold Integrity Financial Reporting

The Board understands that high integrity financial reporting improves the quality of information available to investors and promotes. Accordingly, the Board aims to provide an understandable true and fair assessment of the Group's financial performance and a balanced assessment of the Group's prospects principally through the interim financial reports released on Bursa Securities and the Annual Report to shareholders.

II. CONDUCT OF GENERAL MEETINGS

Annual General Meeting

The Group values the importance of dialogue between the Group and its investors to provide them with the clearest and most complete picture of the Group's performance and financial position. At each general meeting, the Board encourages shareholders to participate in a question-and-answer session to communicate their views and seek clarification. The Board, Company Secretary, Senior Management and External Auditors are present during the general meeting to address queries.

The Board is committed to issue the Company's notice of Annual General Meeting to the shareholders at least twenty-eight (28) days before the meeting so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the annual general meeting, wherever possible.

The tentative dates of the Annual General Meeting will be discussed and fixed by the Board in advance to ensure that each of the Directors can make the necessary arrangements to attend the planned Annual General Meeting.

In line with Paragraph 8.29A of the Listing Requirements of Bursa Securities, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Poll Voting

The Board is mindful of the poll voting requirements under Paragraph 8.29A of the Listing Requirements of Bursa Securities. Accordingly, all resolutions passed by the shareholders at the previous Annual General Meeting held on 30 June 2021 were voted by way of poll. An independent scrutineer was appointed to validate the votes cast at that Annual General Meeting.

The outcome of all resolutions tabled at the general meetings shall be announced to Bursa Securities on the same day after the meeting.

The Board approved this Corporate Governance Overview Statement on 20 October 2022.

AUDIT COMMITTEE REPORT

A. COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee ("**AC**") as at the date of the report are as follows:-

Chairperson	:	Ms Kok Soke Kuen *(appointed w.e.f 08/04/2022)*	*Independent Non-Executive Director*
Members	:	Dato' Sri Tajudin Bin Md Isa *(appointed w.e.f 15/07/2022)*	*Independent Non-Executive Chairman*
		Dato' Sri Gan Chow Tee *(appointed w.e.f 02/03/2021)*	*Independent Non-Executive Director*

The composition of the AC which comprises of solely Independent Non-Executive Directors, meets the requirements of Paragraph 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

Ms Kok Soke Kuan, the chairperson of the AC, is a Malaysian Institute of Accountants member with over 20 years of experience in financial reporting and management, which also fulfils the requirement of Paragraph 15.09 (1)(c) of the Listing Requirement.

During the financial period ended 30 June 2022, the Chairperson of the AC has engaged continuously with the management, internal auditors and external auditors in keeping abreast of matters and issues of the Company.

B. ATTENDANCE OF MEETINGS

The AC conducted 8 meetings during the 18-month financial period ended 30 June 2022. The details of each member's meeting attendance are as follows:-

Name	Attendance
Ms Kok Soke Kuen	2 of 2 meetings
Dato' Sri Tajudin Bin Md Isa	0 of 0 meetings
Dato' Sri Gan Chow Tee	7 of 7 meetings
Mr Tan Eik Huang *(cessation of office w.e.f 8 April 2022)*	6 of 6 meetings
Tan Sri Dato' Sri Dr. Ali Bin Hamsa (demised)	5 of 5 meetings

The meetings were appropriately structured through agendas, which were distributed to the members with sufficient notification. The Executive Directors, senior management and company secretaries, together with representatives of the external auditors, were present by invitation at the meetings.

All deliberations during the AC meetings, including the issues tabled and the rationale adopted for decisions, were recorded correctly. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and presented to the Board for notation. The Chairperson of the AC reported to the Board on the activities and significant matters discussed at each AC meeting.

C. TERMS OF REFERENCE

The AC's terms of reference are available on the Company's website at www.ybventures.com.

D. SUMMARY OF WORK DURING THE 18-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022

During the 18-month financial period ended 30 June 2022, the AC has carried out the following works in discharging its duties and responsibilities:-

1) Reviewed the quarterly unaudited financial statements before its recommendation to the Board for approval to announce the same on Bursa Securities;

2) In respect of the quarterly unaudited financial statements, reviewed the Company's compliance with the Listing Requirements, Malaysian Accounting Standards Board and other legal and regulatory requirements;

3) Reviewed the Audit Review Memorandum for the financial year ended 31 December 2020 and the financial year ended 31 December 2021;

AUDIT COMMITTEE REPORT
CONT'D

D. SUMMARY OF WORK DURING THE 18-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022 cont'd

4) Discussed the Audit Planning Memorandum presented by the external auditors for the financial year ended 31 December 2021 and the 18-month financial period ended 30 June 2022;

5) Reviewed the audit report and observations made by the external auditors on the audited financial statements that require appropriate management action and the management's response thereon and reported the same to the Board;

6) Reviewed, on a quarterly basis, the related party transactions entered into by the Group with the related parties (if any) to ensure that the related party transactions (if any) are in the best interest of the Company, fair, reasonable and on normal commercial terms and are not detrimental to the interest of the non-interested shareholders of the Company;

7) Reviewed the internal audit reports, which highlighted audit findings and recommendations, management's response and/or action is taken to it, and ensured that the management satisfactorily addressed material findings;

8) Reviewed and adopted the internal audit plan for the financial period under review to ensure sufficient scope and coverage of activities of the Company and the Group;

9) Reviewed the audit fees proposed by the external auditors together with the management and recommended the agreed fees to the Board for approval. During the 18-month financial period ended 30 June 2022, the audit fees paid to the external auditors of the Group and the Company amounted to RM317,213 and RM65,000, respectively;

10) Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services. During the 18-month financial period ended 30 June 2022, the non-audit fees paid to the external auditors of the Group and the Company amounted to RM35,000 and RM35,000, respectively; and

11) Reviewed the Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement and Share Buy-Back Statement as well as the audited financial statements of the Group before recommending these said documents to the Board for approval for inclusion in Annual Report 2022.

E. INTERNAL AUDIT FUNCTION

The internal audit function is established to undertake an independent review and assessment of the adequacy, efficiency and effectiveness of the risk management, internal control and governance processes implemented by the management. The Group has outsourced its internal audit function by appointing Messrs. Tricor Axcelasia Sdn Bhd ("**Internal Auditors**") to assist the AC in discharging its duties and responsibility more effectively.

During the financial period under review, the Internal Auditors evaluated the adequacy and effectiveness of key controls in responding to risks within the Group's governance, operation and information system regarding:-

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding assets; and
- compliance with applicable laws and regulations.

The Internal Auditors report independently and directly to the AC regarding the internal audit function. The AC and the internal auditors agree on the scope and planned internal audit activity annually. All the audit findings are reported to the AC quarterly, if any. Follow-up reviews are also conducted to assess the implementation status of management action plans based on internal auditors' recommendations. The outcomes of these follow-up reviews are also highlighted to the AC.

The total costs incurred in maintaining the outsourced internal audit function for the financial period ended 30 June 2022 amounted to RM63,000.

The Board of Directors approved this statement on 20 October 2022.

OTHER INFORMATION

1. Material Contracts

The Company and its subsidiaries do not have any material contracts involving the interests of the Directors, chief executive who is not a Director or major shareholders, either still subsisting as at 30 June 2022 or entered into since the end of the previous financial year.

2. Utilisation of Proceeds

(a) Rights Issue

On 4 March 2021, the Company proposed to undertake a renounceable rights issue of up to RM48,523,530.60 nominal value of 5-year, 0.10%, irredeemable convertible unsecured loan stocks ("**ICULS**") at 100% of its nominal value of RM0.04 each on the basis of 5 ICULS for every 1 existing ordinary share in the Company ("**Rights Issue**"). The Rights Issue was completed on 10 September 2021 following the listing of and quotation for 1,209,041,795 or RM48,361,671.80 nominal value of ICULS on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

As at 30 September 2022, the status of the utilisation of proceeds is as follows:-

Purpose	Approved utilisation RM'000	Amount utilised RM'000	Amount unutilised RM'000	Estimated timeframe for utilisation
(i) Business expansion	45,585	45,585	-	Within 24 months
(ii) Working capital	2,177	2,177	-	Within 12 months
(iii) Estimated expenses	600	600	-	Within 3 months

(b) Private Placement

On 11 October 2021, the Company proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company (excluding treasury shares) to independent third-party investors ("**Private Placement**"). The Private Placement was completed on 28 December 2021 following the listing of and quotation for 48,551,861 placement shares on the Main Market of Bursa Securities.

OTHER INFORMATION
CONT'D

2. **Utilisation of Proceeds** cont'd

(b) **Private Placement** cont'd

The Company has successfully raised RM16,993,151.35 from the Private Placement. The status of the utilisation of proceeds as at 30 September 2022 is as follows:-

Purpose	**Approved utilisation RM'000**	**Amount utilised RM'000**	**Amount unutilised RM'000**	**Time for utilisation upon receipt of placement funds from the Private Placement**
(i) Installation of rooftop solar photovoltaic system	16,000	1,905	14,095	Within 24 months
(ii) Working capital	913	913	-	Within 12 months
(iii) Estimated expenses	80	80	-	Upon completion of the Private Placement

3. **EMPLOYEES SHARE OPTION SCHEME**

An Employees' Share Option Scheme of up to 15% of the total number of issued shares of the Company ("**ESOS**") existed during the 18-month financial period ended 30 June 2022. The Company's shareholders approved the ESOS at the Extraordinary General Meeting held on 30 October 2020. The ESOS is in force for 5 years from the effective date of implementation of the ESOS on 5 April 2021, unless extended further.

In accordance with the Company's ESOS By-Laws, not more than 70% of the Company's ordinary shares available under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group.

The Company has granted no option to any eligible persons since the commencement of the ESOS up to the 18-month financial period ended 30 June 2022.

4. **RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE**

No material recurrent related party transaction of revenue or trading nature entered by the Company or its subsidiaries during the 18-month financial period ended 30 June 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to provide the Statement on Risk Management and Internal Control which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board is committed to maintain a sound system of risk management and internal control in the Group. Accordingly, the Board is pleased to provide the following statement, which outlines the main features and scope of the risk management and internal control system of the Group during the 18-month financial period ended 30 June 2022.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for the Group's risk management and internal control system, including establishing an appropriate control environment and framework as well as reviewing its adequacy and effectiveness. Because of the inherent limitations in any system of internal controls, a system is designed to manage rather than eliminate the risk of failure to achieve business and corporate objectives. As a result, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls covers, inter-alia, risk management and financial, organisational, operational and compliance controls.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks the Group faces in achieving its objectives and strategies. This process has been in place for the period under review and up to the date of approval of this statement for inclusion in the annual report. The Board has also undertaken a review of the adequacy and effectiveness of the risk management and internal control system.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board has put in place a Risk Management Policy manual which outlines the Group's risk management framework, which includes an ongoing process of identifying, prioritising and formulating action plans to mitigate significant risks. These identified risk aspects are incorporated into the risk register and individually rated as Significant, High, Moderate or Low risk. In addition, the rating process is guided by a matrix of "Control Effectiveness", "Residual Likelihood" and "Residual Consequence", of which both financial and non-financial impacts are duly considered.

The responsibilities for risk management have been cascaded to all heads of department, who report to the operation level of the Risk Management Committee ("**RMC**"). The RMC is tasked with ensuring the implementation of appropriate systems to manage the overall risk exposures of the Group, including ensuring that the Group's risk policies and procedures are adhered to, maintaining the risk register, and developing relevant strategies and plans to mitigate the negative impact or reduce the likelihood of occurrence of significant risks towards achieving a residual risk that is within the acceptable tolerance limit.

The RMC will subsequently apprise the Audit Committee on the matters and issues identified. Such matters and issues identified will then be deliberated during the Audit Committee's meetings. A copy of the Audit Committee's meeting minutes which recorded these deliberations will be presented to the Board.

INTERNAL AUDIT

The internal audit function is established to undertake an independent review and assessment of the adequacy, efficiency and effectiveness of the risk management, internal control and governance processes implemented by the management.

The Group outsources the internal audit function to a professional services firm that reports directly to the Audit Committee. The internal audit firm carries out its function independently with a risk-based approach and reports to the Audit Committee and the Board on the adequacy and effectiveness of the system of internal controls in areas reviewed during the financial period.

The Audit Committee approves the annual internal audit plan, reviews the internal auditor's findings and recommendations, and evaluates the management responses and action plans to improve any control weaknesses raised before reporting and making recommendations to the Board. The Audit Committee presents its findings to the Board at the scheduled quarterly meetings or earlier as appropriate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

OTHER KEY COMPONENTS OF THE INTERNAL CONTROL SYSTEM

Apart from risk management and the internal audit, the other key components of the Group's internal control system are:-

(1) Organisational Structure

The Board has established a formal organisational structure with well-defined reporting lines and a clear delegation of responsibility and accountability within the Group.

(2) Reporting and Review

Quarterly management accounts and reports are submitted to the Board, including, amongst others, financial and non-financial key performance indicators, monitoring of results with major variances being explained, and management's actions taken/to be taken, where necessary.

(3) Operational Policies and Procedures

Documented operating procedures and policy manuals form an integral part of the internal control system to safeguard the Group's assets and ensure accurate, timely and complete information for decision making.

MATERIAL ASSOCIATES

This statement does not cover the risk management and internal control framework and processes of the Group's material associates as these areas fall within the control of their shareholders and management. The Group safeguards its interests in this entity through the appointment of representatives on their respective boards and, in certain cases, through their management or operational committees.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control as required under the Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The review was performed in accordance with Malaysian Approved Standard on *Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("**AAPG3**") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report*. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the Group's risk and management and internal control system.

Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects 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 is factually inaccurate.

CONCLUSION

The Board has reviewed the adequacy and effectiveness of the risk management and internal control system through the above processes. The Board is not aware of any significant weaknesses or deficiencies in the Group's risk management and internal control system for the period under review and up to the date of this report.

The Board has also received assurance from the Executive Directors and Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material respects. Continuous emphasis on measures to protect and enhance shareholder value and business sustainability will remain a focus of the Group.

The Statement on Risk Management and Internal Control was approved by the Board of Directors on 20 October 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE 18-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022

The Directors are required to prepare the financial statements for each financial year or period, which give a true and fair view of the Group's and Company's financial position as at the end of the financial year or period and the Group's and Company's financial performance and cash flows for the financial year or period then ended, in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016.

In preparing the financial statements for the 18-month financial period ended 30 June 2022, the Directors have:

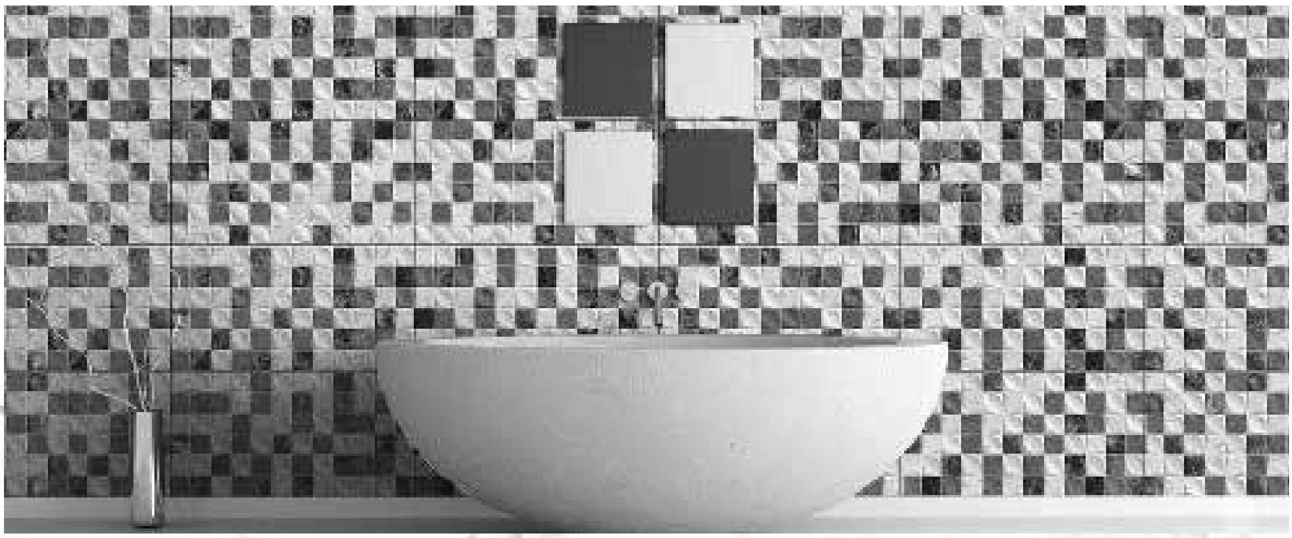
- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group has adequate resources to continue its operations for the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, that enable them to ensure that the financial statements comply with the Company Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors on 20 October 2022.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2022.

Change in Accounting Period

The financial year end of the Group and of the Company was changed from 31 December to 30 June. Accordingly, the current financial statements are prepared for eighteen months from 1 January 2021 to 30 June 2022. The rationale is due to continuing rising of covid cases which has significantly impacted the process of the Group and of the Company to finalise the Group's and the Company's financial statements during this period and to facilitate better audit planning and allocation of resources to avoid the peak financial reporting period. As a result, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

Financial Results

	Group RM	Company RM
Profit for the financial period	10,309,277	12,459,687

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial period.

Issue of Shares and Debentures

During the financial period, the Company increased its issued and paid up share capital through the issuance of:

(i) 97,045,933 new ordinary shares pursuant to the bonus issue on the basis of two (2) bonus shares for every three (3) existing ordinary shares;

(ii) 142,784 new ordinary shares pursuant to the conversion of RM0.04 nominal value of irredeemable convertible unsecured loan stock ("ICULS") at RM0.04 per ICULS;

(iii) 48,551,861 new ordinary shares pursuant to the private placement exercises at issue price of RM0.35 per ordinary shares.

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

There was no issuance of debentures during the financial period.

Irredeemable Convertible Unsecured Loan Stocks 2021/2026 ("ICULS 2021/2026")

On 11 August 2021, the Company has announced the renounceable right issue of up to RM48,523,305 nominal value of five (5)-year, 0.10%, ICULS at 100% of its nominal value of RM0.04 each ("Rights ICULS") on the basis of five (5) Rights ICULS for every one (1) existing ordinary shares.

On 10 September 2021, 1,209,041,795 ICULS were issued pursuant to the Right Issue of ICULS at its nominal value pof RM0.04 each amounting to RM48,361,672 nominal value of ICULS issued.

The salient terms of the ICULS are detailed in Note 19 to the financial statements.

Details of ICULS issued to Directors are disclosed in the section of Directors' Interests in this report.

Options Granted Over Unissued Shares

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

Directors

The Directors in office since the beginning of the current financial period to the date of this report are:

Datuk Au Yee Boon *	
Lee Boon Siong *	
Tan Eik Huang	
Dato' Sri Gan Chow Tee	
Kok Soke Kuen	(Appointed on 8 April 2022)
Dato' Sri Tajudin Bin Md Isa	(Appointed on 15 July 2022)
Tan Sri Dato' Sri Dr. Ali Bin Hamsa	(Demised on 21 April 2022)

* Director of the Company and of its subsidiary companies

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial period to the date of this report are:

Goh Chee Kien	
Lim Lee Wheng	(First Director and resigned on 3 May 2021)
Yong Chia Yee	(Appointed on 3 May 2021 and resigned on 15 November 2021)

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' REPORT
CONT'D

Directors' Interests

The interests and deemed interests in the shares of the Company or its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial period end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.01.2021	**Additions**	**Disposal**	**At 30.6.2022**
Interest in the Company				
Direct interests:				
Datuk Au Yee Boon	7,857,500	5,258,333	-	13,115,833
Lee Boon Siong	497,800	331,866	-	829,666
Tan Eik Huang	840,000	559,999	-	1,399,999
Indirect interests:				
Datuk Au Yee Boon*	14,515,300	9,676,866	-	24,192,166

	Number of ICULS 2021/2026			
	At 01.01.2021	**Acquired**	**Converted**	**At 30.6.2022**
Interest in the Company				
Direct interests:				
Datuk Au Yee Boon	-	100,793,096	-	100,793,096
Lee Boon Siong	-	4,148,330	-	4,148,330
Tan Eik Huang	-	6,999,995	-	6,999,995
Indirect interests:				
Datuk Au Yee Boon*	-	170,960,830	-	170,960,830

* Deemed interested in the shares of the Company by virtue of his substantial shareholdings in TechBase Solution Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 and deemed interested by virtue of shares held by his spouse in the Company.

By virtue of their interests in the shares of the Company, the directors are also deemed interested in the shares of all the subsidiary companies during the financial period to the extent that the Company as an interest under Section 8 of the Companies Act, 2016 in Malaysia.

None of the other Directors in office at the end of the financial period had any interest in the ordinary shares of the Company or of its related corporations during the financial period.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business in which a Director is a member as disclosed in Note 33(b) to the financial statements.

The details of the directors' remuneration for the financial period ended 30 June 2022 are set out below:

	Group RM	Company RM
Directors' fees	458,580	165,000

Neither during nor at the end of the financial period, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial period, the total amount of insurance premium paid for the Directors and officers of the Company were RM22,386. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

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

(i) to ascertain that 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 adequate allowance had been made for doubtful debts; and

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

DIRECTORS' REPORT
CONT'D

Other Statutory Information (Cont'd)

(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 or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(iii) 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; or

(iv) 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.

(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 period which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period 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 operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 38 to the financial statements.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial period ended 30 June 2022 are as follow:

	Group RM	Company RM
Auditors' remuneration		
UHY	181,000	39,000
Other auditors	136,213	26,000
	317,213	65,000

DIRECTORS' REPORT
CONT'D

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 October 2022.

DATUK AU YEE BOON	LEE BOON SIONG

KUALA LUMPUR

STATEMENTS BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 October 2022.

DATUK AU YEE BOON

LEE BOON SIONG

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, KOH CHEE HUAT, being the officer primarily responsible for the financial management of YB Ventures Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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 Kuala Lumpur in the Federal Territory on 20 October 2022.	)))	KOH CHEE HUAT

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YB Ventures Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 176.

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 30 June 2022, and of their financial performance and their cash flows for the financial period 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 IESBA Code.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD) (INCORPORATED IN MALAYSIA) CONT'D

Key Audit Matters

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

We have determined that there were no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Key Audit Matters	How we addressed the key audit matters
Valuation of inventories As disclosed in Note 12, the carrying amount of inventories of the Group amounted to RM58,319,477 as at 30 June 2022. The finished goods of the Group, mainly ceramic and homogenous tiles, comprise a wide range of designs and certain of these finished goods are either with quality issues, slow moving, or outdated in designs. The ability of the Group to sell these tiles is affected by factors such as slowdown in the property development segment in Malaysia and Singapore. The valuation of finished goods is a key audit matter because it involves judgement in determining the amount of write down required in order to ensure that these tiles are stated at the appropriate net realisable value performed by the Group. Changes in judgements could result in material adjustments to the estimated net realisable amount, hence, affecting the carrying amount of inventories.	We have performed the following audit procedures: • Obtained an understanding of the Group's policy and management's process in estimating the net realisable value of these finished goods, in writing down the finished goods, and evaluated the reasonableness. • Recalculated the amount of write down and reversal of slow-moving finished goods and determined that it was in accordance with the Group's policy. • Selected sample items of finished goods and tested these against actual sales made subsequent to financial period end and determined that these samples have been stated at the lower of cost and net realisable value. • Analysed and reviewed the level of slow moving inventories and associated provisions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD)
(INCORPORATED IN MALAYSIA) CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD)
(INCORPORATED IN MALAYSIA) CONT'D

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 scepticism 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD)
(INCORPORATED IN MALAYSIA) CONT'D

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

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

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

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

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

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 period 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD)
(INCORPORATED IN MALAYSIA) CONT'D

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

(i) The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 16 March 2021, expressed an unmodified opinion.

(ii) 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.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM YANG YUE
Approved Number: 03544/12/2022 J
Chartered Accountant

KUALA LUMPUR

20 October 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Group		Company	
	Note	30.6.2022 RM	31.12.2020 RM	30.6.2022 RM	31.12.2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	175,852,916	140,836,737	27,035,266	-
Investment properties	5	15,079,184	-	-	-
Right-of-use assets	6	5,970,262	3,496,403	1,726,571	-
Intangible asset	7	1,247,220	1,794,780	-	-
Investment in subsidiaries	8	-	-	113,521,213	80,371,209
Investment in an associate	9	9,898,908	9,502,184	-	-
Other investments	10	20,294,911	-	-	-
Deferred tax assets	11	953,631	672,072	51,770	-
		229,297,032	156,302,176	142,334,820	80,371,209
Current Assets					
Inventories	12	58,319,477	43,854,477	-	-
Trade receivables	13	26,145,843	32,187,407	-	-
Other receivables	14	5,265,029	17,498,933	255,526	202,000
Contract assets	15	7,514,583	3,903,257	-	-
Amount due from subsidiaries	16	-	-	32,588,444	19,551,250
Current tax assets		409,990	227,515	-	4,153
Other investments	10	31,650,650	13,900,911	-	7,407,086
Cash and bank balances	17	61,502,581	54,971,479	20,436,673	527,345
		190,808,153	166,543,979	53,280,643	27,691,834
Total Assets		420,105,185	322,846,155	195,615,463	108,063,043

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022 (CONT'D)

		Group		Company	
		30.6.2022	31.12.2020	30.6.2022	31.12.2020
	Note	RM	RM	RM	RM
EQUITY					
Share capital	18	110,754,174	93,692,416	110,754,174	93,692,416
ICULS equity component	19	48,136,481	-	48,136,481	-
Reserves	20	189,406,363	189,295,541	19,978,086	7,518,399
Total Equity		348,297,018	282,987,957	178,868,741	101,210,815
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	21	3,794,058	1,749,338	1,478,883	-
ICULS liability component	19	215,709	-	215,709	-
Deferred tax liabilities	11	17,125,137	16,591,663	-	-
		21,134,904	18,341,001	1,694,592	-
Current Liabilities					
Trade payables	22	10,555,901	9,104,696	-	-
Other payables	23	21,808,318	11,843,640	14,554,075	72,378
Bank borrowings	24	16,525,069	-	-	-
Lease liabilities	21	1,439,462	511,514	293,432	-
Amount due to a subsidiary	16	-	-	-	6,779,850
Amount due to an associate	25	27,036	-	-	-
Current tax liabilities		317,477	57,347	204,623	-
		50,673,263	21,517,197	15,052,130	6,852,228
Total Liabilities		71,808,167	39,858,198	16,746,722	6,852,228
Total Equity and Liabilities		420,105,185	322,846,155	195,615,463	108,063,043

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		1.1.2021 to 30.6.2022	1.1.2020 to 31.12.2020	1.1.2021 to 30.6.2022	1.1.2020 to 31.12.2020
	Note	RM	RM	RM	RM
Revenue	26	134,478,436	91,384,478	13,988,072	496,722
Cost of sales		(116,198,566)	(83,800,750)	-	-
Gross profit		18,279,870	7,583,728	13,988,072	496,722
Other income		18,574,294	13,567,763	57,500	-
Distribution expenses		(12,632,261)	(6,724,775)	-	-
Administrative expenses		(11,307,842)	(4,963,293)	(2,490,574)	(647,344)
Amortisation of intangible asset		(547,560)	(30,420)	-	-
(Allowance for)/Reversal of impairment loss on receivables		(431,264)	52,762	-	-
Other expenses		(1,905,233)	(889,250)	(2,223)	(24,218)
Profit/(Loss) from operation		10,030,004	8,596,515	11,552,775	(174,840)
Finance income		1,421,508	439,996	1,433,352	55,950
Finance costs		(661,942)	(39,249)	(222,765)	(19,850)
Share of results of an associate, net of tax		396,724	2,184	-	-
Profit/(Loss) before tax	27	11,186,294	8,999,446	12,763,362	(138,740)
Taxation	28	(877,017)	1,146,790	(303,675)	-
Profit/(Loss) for the financial period/year		10,309,277	10,146,236	12,459,687	(138,740)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

		Group		Company	
	Note	1.1.2021 to 30.6.2022 RM	1.1.2020 to 31.12.2020 RM	1.1.2021 to 30.6.2022 RM	1.1.2020 to 31.12.2020 RM
Other comprehensive (loss)/income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		361,843	37,810	-	-
Items that will not be reclassified subsequently to profit or loss					
Fair value changes on equity investment at FVOCI		(10,560,298)	-	-	-
Revaluation of property, plant and equipment		-	76,752,541	-	-
Other comprehensive (loss)/income for the financial period/year		(10,198,455)	76,790,351	-	-
Total comprehensive income/(loss) for the financial period/year		110,822	86,936,587	12,459,687	(138,740)
Earnings per share					
Basic (sen)	29 (a)	4.24	6.99		
Diluted (sen)	29 (b)	3.41	6.99		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to Owners of the Company							
		Non-Distributable						Distributable	
	Note	Share capital RM	ICULS equity component RM	Treasury shares RM	Foreign currency translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Group									
At 1 January 2021		93,692,416	-	(256,687)	3,652,661	-	76,752,541	109,147,026	282,987,957
Profit for the financial period		-	-	-	-	-	-	10,309,277	10,309,277
Fair value changes on equity investment at FVOCI		-	-	-	-	(10,560,298)	-	-	(10,560,298)
Foreign currency translation differences		-	-	-	361,843	-	-	-	361,843
Total comprehensive income/(loss) for the financial period		-	-	-	361,843	(10,560,298)	-	10,309,277	110,822
Transactions with owners:									
Issuance of ordinary shares									
- conversion of ICULS		68,607	(68,314)	-	-	-	-	-	293
- private placements	18	16,993,151	-	-	-	-	-	-	16,993,151
Right issue of ICULS		-	48,204,795	-	-	-	-	-	48,204,795
		17,061,758	48,136,481	-	-	-	-	-	65,198,239
At 30 June 2022		110,754,174	48,136,481	(256,687)	4,014,504	(10,560,298)	76,752,541	119,456,303	348,297,018

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Attributable to Owners of the Company					
		Non-Distributable				Distributable	
		Share capital RM	Treasury shares RM	Foreign currency translation reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Group							
At 1 January 2020, as previously stated		93,692,416	(101,344)	3,614,851	-	99,004,619	196,210,542
Effect on MFRSs adjustments, net of tax		-	-	-	-	(3,829)	(3,829)
At 1 January 2020, restated		93,692,416	(101,344)	3,614,851	-	99,000,790	196,206,713
Profit for the financial year		-	-	-	-	10,146,236	10,146,236
Foreign currency translation differences		-	-	37,810	-	-	37,810
Revaluation of property, plant and equipment		-	-	-	76,752,541	-	76,752,541
Total comprehensive income for the financial year		-	-	37,810	76,752,541	10,146,236	86,936,587
Transactions with owners:							
Own shares acquired	20	-	(155,343)	-	-	-	(155,343)
At 31 December 2020		93,692,416	(256,687)	3,652,661	76,752,541	109,147,026	282,987,957

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Attributable to Owners of the Company				
		Non-Distributable			Distributable	
		Share capital RM	ICULS equity component RM	Treasury shares RM	Retained earnings RM	Total equity RM
Company						
At 1 January 2021		93,692,416	-	(256,687)	7,775,086	101,210,815
Profit for the financial period representing total comprehensive income for the financial period			-	-	12,459,687	12,459,687
Transactions with owners:						
Issuance of ordinary shares						
- conversion of ICULS		68,607	(68,314)	-	-	293
- private placements	18	16,993,151	-	-	-	16,993,151
Right issue of ICULS		-	48,204,795	-	-	48,204,795
		17,061,758	48,136,481	-	-	65,198,239
At 30 June 2022		110,754,174	48,136,481	(256,687)	20,234,773	178,868,741
At 1 January 2020		93,692,416	-	(101,344)	7,913,826	101,504,898
Loss for the financial year representing total comprehensive loss for the financial year		-	-	-	(138,740)	(138,740)
Transactions with owners:						
Own shares acquired	20	-	-	(155,343)	-	(155,343)
At 31 December 2020		93,692,416	-	(256,687)	7,775,086	101,210,815

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Cash flows (used in)/from operating activities				
Profit/(Loss) before tax	11,186,294	8,999,446	12,763,362	(138,740)
Adjustments for:				
Amortisation of intangible assets	547,560	30,420	-	-
Change in fair value of other investments	(9,919,746)	7,850	2,223	7,305
Depreciation of:				
- Property, plant and equipment	9,681,363	4,607,653	48,263	-
- Right-of-use assets	1,923,290	501,241	278,479	-
Dividend income from:				
- Other investments	(483,081)	(606,720)	(85,322)	(496,722)
- A subsidiary	-	-	(13,902,750)	-
Interest income	(1,023,749)	(439,996)	(1,433,352)	(55,950)
Finance costs	661,942	39,249	222,765	19,850
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(26,638)	(1,986,876)	-	-
- Right-of-use assets	-	(8,010,053)	-	-
- Other investments	(2,410,446)	(90)	-	16,911
Impairment loss on:				
- Trade receivables	430,229	-	-	-
Inventories written down	2,186,396	-	-	-
Reversal of:				
- Allowance for slow moving inventories	(5,123)	(677,914)	-	-
- Inventories written down	-	(5,532,351)	-	-
- Impairment loss on trade receivables	-	(52,762)	-	-
Share of results of an associate	(396,724)	(2,184)	-	-
Unrealised loss on foreign exchange	16,190	-	-	-
Written off of:				
- Property, plant and equipment	50,591	195,381	-	-
- Right-of-use assets	-	82,934	-	-
- Inventories	-	383,245	-	-
Operating profit/(loss) before working capital changes carried forward	12,418,348	(2,461,527)	(2,106,332)	(647,346)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Cash flows (used in)/from operating activities (Cont'd)				
Operating profit/(loss) before working capital changes bought forward	12,418,348	(2,461,527)	(2,106,332)	(647,346)
Changes in working capital:				
Inventories	(16,646,273)	8,984,222	-	-
Trade receivables	5,610,780	(4,052,159)	-	
Other receivables	(2,316,096)	(1,601,751)	(53,526)	(200,000)
Contract assets	(3,611,326)	1,880,209	-	-
Trade payables	1,451,205	(525,278)	-	-
Other payables	(4,430,836)	1,348,626	86,183	(133,758)
Cash (used in)/generated from operations	(7,524,198)	3,572,342	(2,073,675)	(981,104)
Tax refunded	-	874,257	-	-
Tax paid	(498,813)	(224,424)	(97,129)	(1,200)
	(498,813)	649,833	(97,129)	(1,200)
Net cash (used in)/from operating activities	(8,023,011)	4,222,175	(2,170,804)	(982,304)
Cash flows (used in)/from investing activities				
Additions of:				
- Property, plant and equipment	(30,316,141)	(2,615,550)	(27,688,015)	-
- Right-of-use assets	-	(640,738)	-	-
- Intangible assets	-	(1,825,200)	-	-
- Investment property	(15,079,184)	-	-	-
- Other investments at FVOCI	(30,855,209)	-	-	-
Acquisition and subscription of:				
- Shares in an associate	-	(9,500,000)	-	-
- Shares in subsidiaries	-	-	(6)	(2)
Advance to subsidiaries	-	-	(37,967,042)	-
Dividends received from:				
- Subsidiaries	-	-	13,902,750	-
- Other investments	483,081	606,720	85,322	496,722
Interest received	1,023,749	407,406	1,433,352	55,950
Net (acquisition of)/disposal proceeds from other investments at FVTPL	(5,419,547)	11,142,391	7,404,863	13,404,138

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

	Group		Company	
	1.1.2021 to 30.6.2022 RM	1.1.2020 to 31.12.2020 RM	1.1.2021 to 30.6.2022 RM	1.1.2020 to 31.12.2020 RM
Cash flows (used in)/from investing activities (Cont'd)				
Proceeds from disposal of property, plant and equipment	1,578,588	684,394	-	-
Proceeds from disposal of right-of-use assets	13,000,000	-	-	-
Uplifted of fixed deposit with licensed bank	2,733,632	18,214,599	-	-
Net cash (used in)/from investing activities	(62,851,031)	16,474,022	(42,828,776)	13,956,808
Cash flows from/(used in) financing activities				
Interest paid	(324,829)	(39,249)	(213,180)	(19,850)
Repurchase of treasury shares	-	(155,343)	-	(155,343)
Proceed from issuance of:				
- ICULS	48,361,672	-	48,361,672	-
- Shares	16,993,151	-	16,993,151	-
Net changes in amount due to a subsidiary	-	-	-	(12,771,400)
Net changes in bank borrowings	13,584,524	-	-	-
Repayments of lease liabilities	(1,430,013)	(314,608)	(232,735)	-
Net cash from/(used in) financing activities	77,184,505	(509,200)	64,908,908	(12,946,593)
Net increase in cash and cash equivalents	6,310,463	20,186,997	19,909,328	27,911
Cash and cash equivalents at beginning of the financial period/year	49,936,741	29,712,358	527,345	499,434
Effect of foreign translation differences on cash and cash equivalents	323,162	37,386	-	-
Cash and cash equivalents at the end of the financial period/year	56,570,366	49,936,741	20,436,673	527,345
Cash and cash equivalents at end of the financial period/year comprise:				
Cash and bank balances (Note 17)	32,800,054	44,871,845	20,436,673	527,345
Fixed deposits with licensed banks (Note 17)	28,702,527	10,099,634	-	-
	61,502,581	54,971,479	20,436,673	527,345
Less: Fixed deposits maturity more than 3 months	(2,301,106)	(5,034,738)	-	-
Less: Bank overdrafts (Note 24)	(2,631,109)	-	-	-
	56,570,366	49,936,741	20,436,673	527,345

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

NOTES TO THE FINANCIAL STATEMENTS

1. **Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 7020, Batu 23, Jalan Air Hitam, 81000 Kulai, Johor Darul Takzim.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements. There has been no significant change in the nature of these activities during the financial year.

2. **Basis of preparation**

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. **Basis of preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of amended standards

During the financial period, the Group and the Company have adopted the following amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of amendments to standards did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference of the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020: • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141		1 January 2022

2. **Basis of preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective: (Cont'd)

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standard and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standard and amendment to standards are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

2. **Basis of preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

<u>Determining the lease term of contracts with renewal and termination options - the Group and the Company as lessee</u>

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease if there is a significant event or change in circumstances that is within their control and affects their ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company included the renewal period as part of the lease term for leases of building with non-cancellable period. The Group and the Company typically exercise the option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

2. **Basis of preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. **Basis of preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

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 reporting period are set out below:

Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's and the Company's assets.

The management expects that the expected useful lives of property, plant and equipment and ROU assets would not have material difference from the management's estimation, hence, it would not result in material variance in the Group's and the Company's profit/(loss).

The carrying amount of the Group's and the Company's property, plant and equipment and ROU assets at the reporting date are disclosed in Notes 4 and 6 respectively.

Revaluation of property, plant and equipment and right-of-use assets

The Group measures their land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages an independent professional valuer to estimate the fair value.

The carrying amounts of the land and buildings at the reporting date and the relevant revaluation basis are disclosed in Notes 4 and 6 respectively.

Amortisation of intangible asset

Intangible asset is amortised for a period of 5 years based on industry comparison. Changes in market demand could impact economical useful life of the assets, therefore, future amortisation changes could be revised.

The carrying amount of the Group's intangible asset at the reporting date is disclosed in Note 7.

2. **Basis of preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The management reassess its estimates of net realisable value on inventories in each subsequent period. For identified inventories that are held more than 5 years and without sales made, the management writes down these inventories to its net realisable value.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 12.

Income taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

As at 30 June 2022, the Group has current tax assets of RM409,990 (31.12.2020: RM227,515) and current tax liabilities of RM317,477 (31.12.2020: RM57,347) respectively.

As at 30 June 2022, the Company has current tax assets of RMNil (31.12.2020: RM4,153) and current tax liabilities of RM204,623 (31.12.2020: RMNil) respectively.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. **Basis of preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

<u>Provision for expected credit losses ("ECL") of financial assets and contract assets at amortised cost</u>

Credit losses are the difference between all contractual cash flows of the Group and of the Company that are due and the cash flows that they actually expect to receive. An expected credit loss is the probability weighted estimate of credit losses which requires the Group's and the Company's judgement.

The Group and the Company use a provision matrix to calculate ECLs for its trade receivables and contract assets. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance.

The provision matrix is initially based on the Group's and on the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rates in the future.

The carrying amount of the Group's and the Company's receivables and contract assets at the reporting date are disclosed in Notes 13, 14, 15 and 16 respectively.

2. **Basis of preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Leases - Estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, the Group and the Company use an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. **Significant accounting policies**

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. **Significant accounting policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(o)(i) on impairment of non-financial assets.

(ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. **Significant accounting policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(b) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 *Investment in Associates and Joint Ventures* from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceed its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. **Significant accounting policies (Cont'd)**

(b) Investment in associate (Cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) on impairment of non-financial assets.

3. **Significant accounting policies (Cont'd)**

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in the foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(ii) Foreign operation

The assets and liabilities of the foreign operation denominated in functional currencies other than RM, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of the foreign operation, excluding foreign operation in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

3. **Significant accounting policies (Cont'd)**

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed such that control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for land and buildings which are stated at fair value less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. **Significant accounting policies (Cont'd)**

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and building are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. **Significant accounting policies (Cont'd)**

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Except for freehold land, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	50 years
Plant and machinery	3 to 15 years
Motor vehicles, office and other office equipment	3 to 5 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use. The amount is stated at cost and borrowing cost for qualifying assets is capitalised in accordance with accounting policy on borrowing cost. Capital work-in-progress is not depreciated until the assets are ready for the intended use.

(e) Investment properties

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

Investment properties are stated at cost less accumulated depreciation and impairment losses.

3. **Significant accounting policies (Cont'd)**

(e) Investment properties (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the investment properties. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on investment properties are computed on the straight line method over the following estimated useful lives of the assets:

Leasehold land	Over the remaining lease period
Leasehold buildings	50 years

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

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property, plant and equipment up to the date of change.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised based on the estimated useful lives of assets as follows:

Computer software	5 years

3. **Significant accounting policies (Cont'd)**

(f) Intangible assets (Cont'd)

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(g) Leases

(i) As Lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined s follows:

Leasehold land	Over the remaining lease period
Leasehold buildings	50 years
Leased buildings	2 to 5 years
Motor vehicles, office and other equipment	3 to 5 years

The ROU assets are subject to impairment.

3. **Significant accounting policies (Cont'd)**

(g) Leases (Cont'd)

(i) As Lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. **Significant accounting policies (Cont'd)**

(h) Financial assets

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains or losses, impairment and any gain or loss on derecognition or modification are recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies and deposits, bank and cash balances.

3. **Significant accounting policies (Cont'd)**

(h) Financial assets (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

(a) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investment not designated as at fair value through profit or loss, interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(b) Equity instruments

This category comprises investment in equity investment that is not held for trading. The Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group's financial assets at FVTOCI comprises other investments.

3. **Significant accounting policies (Cont'd)**

(h) Financial assets (Cont'd)

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

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

The Group's and the Company's financial assets at FVTPL comprise other investments.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment in accordance with Note 3(o)(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3. **Significant accounting policies (Cont'd)**

(i) Financial liabilities

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at fair value through profit or loss ("FVTPL")

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(ii) Financial liabilities at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to subsidiary companies, amount due to an associate, lease liabilities, bank borrowings and ICULS.

3. **Significant accounting policies (Cont'd)**

(i) Financial liabilities (Cont'd)

Derecognition

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

(j) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowances; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers.*

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average method. Cost of finished goods and work-in progress consists of direct material, direct labour and an appropriate proportion of production overheads.

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

3. **Significant accounting policies (Cont'd)**

(m) Contract assets

A contract asset is recognised when the Group's right to consideration for work completed on made-to-order tiles but not yet billed at the reporting date. The amount will be billed upon delivery of goods.

Contract assets are subject to impairment assessment in accordance with Note 3(o)(ii) on impairment of financial assets.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed 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.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

3. **Significant accounting policies (Cont'd)**

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for financial assets that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-months expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. **Significant accounting policies (Cont'd)**

(o) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

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

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

3. **Significant accounting policies (Cont'd)**

(p) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(q) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. **Significant accounting policies (Cont'd)**

(r) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed off.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the distributable retained earnings.

(s) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

(t) Provisions

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

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

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. **Significant accounting policies (Cont'd)**

(u) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised in the amount allocated to the satisfied PO.

The Group recognise revenue over time in the following circumstances:

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

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises revenue from the following major sources:

(a) Sales of tiles

The Group contract with the customers for sales of tiles. Revenue from sales of tiles is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

3. **Significant accounting policies (Cont'd)**

(u) Revenue and Other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group recognises revenue from the following major sources: (Cont'd)

(b) Sales of made-to-order tiles

The Group contract with the customers for sales of made-to-order tiles. Revenue from sales of made-to-order tiles is recognised overtime as costs are incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed.

(ii) Dividend income

Dividend income is recognised when the Group's or Company's rights to receive payment is established.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will be accrued to the Group and the Company.

(v) Employee benefits

(i) Short-term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. **Significant accounting policies (Cont'd)**

(v) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). One of the Group's foreign subsidiary company also make contributions to their respective country's statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

3. **Significant accounting policies (Cont'd)**

(x) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

3. **Significant accounting policies (Cont'd)**

(y) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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4. Property, plant and equipment

	Valuation		Cost			
	Freehold land RM	Freehold buildings RM	Plant and machinery RM	Motor vehicles, office and other equipment RM	Capital work-in-progress RM	Total RM
Group						
At 1 January 2021	52,343,691	74,976,309	158,075,125	10,402,379	280,956	296,078,460
Additions	-	268,057	404,481	1,370,621	42,668,496	44,711,655
Disposals	-	-	(36,032)	(485,044)	-	(521,076)
Transfers	-	-	15,280,956	-	(15,280,956)	-
Written off	-	-	(12,994,187)	(29,858)	-	(13,024,045)
Exchange differences	-	-	-	66,473	-	66,473
At 30 June 2022	52,343,691	75,244,366	160,730,343	11,324,571	27,668,496	327,311,467
Accumulated depreciation						
At 1 January 2021	-	-	148,072,030	7,169,693	-	155,241,723
Charge for the financial period	-	4,201,212	4,359,686	1,120,465	-	9,681,363
Disposals	-	-	(36,027)	(483,099)	-	(519,126)
Written off	-	-	(12,943,604)	(29,850)	-	(12,973,454)
Exchange differences	-	-	-	28,045	-	28,045
At 30 June 2022	-	4,201,212	139,452,085	7,805,254	-	151,458,551
Net carrying amount						
At 30 June 2022	52,343,691	71,043,154	21,278,258	3,519,317	27,668,496	175,852,916

4. **Property, plant and equipment (Cont'd)**

	Cost/Valuation		Cost			
	Freehold land RM	**Freehold buildings RM**	**Plant and machinery RM**	**Motor vehicles, office and other equipment RM**	**Capital work-in-progress RM**	**Total RM**
Group						
At 1 January 2020	15,651,891	30,506,249	166,558,443	10,308,939	1,011,126	224,036,648
Additions	-	1,800	335,958	2,142,337	135,455	2,615,550
Disposals	-	-	(4,434,363)	(1,920,956)	-	(6,355,319)
Revaluation	36,691,800	57,277,357	-	-	-	93,969,157
Elimination of accumulated depreciation of revaluation	-	(12,910,007)	-	-	-	(12,910,007)
Transfers	-	100,910	758,386	2,581	(861,877)	-
Written off	-	-	(5,143,299)	(132,351)	(3,748)	(5,279,398)
Exchange differences	-	-	-	1,829	-	1,829
At 31 December 2020	52,343,691	74,976,309	158,075,125	10,402,379	280,956	296,078,460
Accumulated depreciation						
At 1 January 2020	-	12,324,684	153,741,013	8,668,081	-	174,733,778
Charge for the financial year	-	585,323	3,471,246	551,084	-	4,607,653
Disposals	-	-	(4,186,855)	(1,920,946)	-	(6,107,801)
Elimination of accumulated depreciation of revaluation	-	(12,910,007)	-	-	-	(12,910,007)
Written off	-	-	(4,953,374)	(130,643)	-	(5,084,017)
Exchange differences	-	-	-	2,117	-	2,117
At 31 December 2020	-	-	148,072,030	7,169,693	-	155,241,723
Net carrying amount						
At 31 December 2020	52,343,691	74,976,309	10,003,095	3,232,686	280,956	140,836,737

NOTES TO THE FINANCIAL STATEMENTS
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4. **Property, plant and equipment (Cont'd)**

	Office equipment RM	Capital work-in-progress RM	Total RM
Company			
Cost			
At 1 January 2021	-	-	-
Additions	467,069	41,616,460	42,083,529
Disposals	-	(15,000,000)	(15,000,000)
At 30 June 2022	467,069	26,616,460	27,083,529
Accumulated depreciation			
At 1 January 2021	-	-	-
Charge for the financial period	48,263	-	48,263
At 30 June 2022	48,263	-	48,263
Net carrying amount			
At 30 June 2022	418,806	26,616,460	27,035,266

4. **Property, plant and equipment (Cont'd)**

(a) Revaluation of freehold land and buildings

The Group's freehold land and buildings were revalued on 31 December 2020 by an independent professional qualified valuer, Laurelcap Sdn. Bhd.

The fair value was determined within Level 2 by using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is per square foot of comparable properties.

If the land and buildings were measured at cost model, the carrying amount would be as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Freehold land	15,651,891	15,651,891
Freehold buildings		
Cost	30,877,016	30,608,959
Less: Accumulated depreciation	(13,527,547)	(12,910,007)
	17,349,469	17,698,952
	33,001,360	33,350,843

(b) Remaining useful life of freehold buildings

The remaining useful life of freehold buildings range from 19 to 42 (31.12.2020: 20 to 43) years.

(c) Fully depreciated property, plant and equipment

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use at the reporting date were RM141,289,919 (31.12.2020: RM132,556,431) for the Group.

(d) Capital work-in-progress

Capital work-in-progress refers to the feature enhancement cost directly attributable to the development of the Company's plant and machinery. These are still in progress as at the reporting date and depreciation will be charged when it is ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. **Property, plant and equipment (Cont'd)**

(e) Reconciliation to the statements of cash flows for:

(i) Additions of property, plant and equipment is as follows:

	Group		Company
	30.6.2022	**31.12.2020**	**30.6.2022**
	RM	**RM**	**RM**
Additions	44,711,655	2,615,550	42,083,529
Cash outflows	(30,316,141)	(2,615,550)	(27,688,015)
Contra against other payables (Note 23)	14,395,514	-	14,395,514

(ii) Disposals of property, plant and equipment is as follows:

	Group		Company
	30.6.2022	**31.12.2020**	**30.6.2022**
	RM	**RM**	**RM**
Consideration on disposal	28,588	2,234,394	15,000,000
Proceeds from disposal received	(1,578,588)	(684,394)	-
Amount due from subsidiaries	-	-	(15,000,000)
Contra against other receivables (Note 14)	(1,550,000)	1,550,000	-

5. **Investment properties**

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Capital work-in-progress		
Cost		
At beginning of the financial period/year	-	-
Additions	15,079,184	-
At end of the financial period/year	15,079,184	-
Included in the above are:		
At fair value		
Capital work-in-progress	19,991,036	-

(a) Fair value basis of investment properties

Investment properties are stated at cost. The fair value of the investment properties of the Group were estimated by the Directors based on the recent transacted prices in the market of properties with similar conditions and location. The Group's investment properties carried at fair value are within Level 2 fair value hierarchy.

(b) Lease term of the capital work-in-progress

The remaining lease term of the capital work-in-progress range from 68 to 86 years.

NOTES TO THE FINANCIAL STATEMENTS
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6. Right-of-use assets

	Valuation		Cost	
	Leasehold land RM	**Buildings RM**	**Motor vehicles, office and other equipment RM**	**Total RM**
Group				
At 1 January 2021	275,120	704,137	3,051,403	4,030,660
Additions	-	-	4,397,912	4,397,912
Expiration of lease contracts	-	(342,588)	(38,750)	(381,338)
Exchange differences	-	13,331	-	13,331
At 30 June 2022	275,120	374,880	7,410,565	8,060,565
Accumulated depreciation				
At 1 January 2021	-	205,820	328,437	534,257
Charge for the financial period	4,853	139,596	1,778,841	1,923,290
Expiration of lease contracts	-	(342,588)	(38,750)	(381,338)
Exchange differences	-	11,230	2,864	14,094
At 30 June 2022	4,853	14,058	2,071,392	2,090,303
Net carrying amount				
At 30 June 2022	270,267	360,822	5,339,173	5,970,262

NOTES TO THE FINANCIAL STATEMENTS
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6. **Right-of-use assets (Cont'd)**

	← Cost/Valuation	→	**Cost**	
	Leasehold land RM	**Buildings RM**	**Motor vehicles, office and other equipment RM**	**Total RM**
Group				
At 1 January 2020	6,090,190	1,802,246	655,621	8,548,057
Additions	-	-	2,411,738	2,411,738
Disposals	(5,823,995)	(1,178,704)	-	(7,002,699)
Expiration of lease contract	-	-	(15,956)	(15,956)
Revaluation	137,147	138,812	-	275,959
Elimination of accumulated depreciation of revaluation	(16,222)	(59,013)	-	(75,235)
Written off	(112,000)	-	-	(112,000)
Exchange differences	-	796	-	796
At 31 December 2020	275,120	704,137	3,051,403	4,030,660
Accumulated depreciation				
At 1 January 2020	1,597,526	419,726	148,689	2,165,941
Charge for the financial year	111,953	193,584	195,704	501,241
Disposals	(1,664,191)	(348,561)	-	(2,012,752)
Expiration of lease contracts	-	-	(15,956)	(15,956)
Elimination of accumulated depreciation of revaluation	(16,222)	(59,013)	-	(75,235)
Written off	(29,066)	-	-	(29,066)
Exchange differences	-	84	-	84
At 31 December 2020	-	205,820	328,437	534,257
Net carrying amount				
At 31 December 2020	275,120	498,317	2,722,966	3,496,403

6. **Right-of-use assets (Cont'd)**

	Office RM
Company	
Cost	
At 1 January 2021	-
Additions	2,005,050
At 30 June 2022	2,005,050
Accumulated depreciation	
At 1 January 2021	-
Charge for the financial period	278,479
At 30 June 2022	278,479
Net carrying amount	
At 30 June 2022	1,726,571
At 31 December 2020	-

The Group's and the Company's leases comprise land, buildings and machineries leased from various owners. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The maturity analysis of lease liabilities are presented in Note 21.

(a) Amount recognised in statements of profit or loss and other comprehensive income:

	Group		Company	
	30.6.2022 RM	31.12.2020 RM	30.6.2022 RM	31.12.2020 RM
Depreciation of right-of-use assets (Note 27)	1,923,290	501,241	278,479	-
Interest expense on lease liability (Note 27)	324,829	39,249	85,553	-

6. **Right-of-use assets (Cont'd)**

(b) Additions of leasehold land and buildings

Additions of right-of-use assets during the financial period/year are financed by:

	Group		Company	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
Total additions of right-of-use assets	4,397,912	2,411,738	2,005,050	-
Less: Additions by lease arrangements	(4,397,912)	(1,771,000)	(2,005,050)	-
	-	640,738	-	-

(c) Revaluation of leasehold land and buildings

The Group's leasehold land and buildings were revalued on 31 December 2020 by an independent professional qualified valuer, Laurelcap Sdn. Bhd.

The fair value was determined within Level 2 by using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is per square foot of comparable properties.

If the land and buildings were measured at cost model, the carrying amount would be as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Leasehold land	151,408	154,195
Leasehold buildings	225,002	236,068
	376,410	390,263

(d) Held in trust

Included in the net carrying amount of the Group's right-of-use assets is held in trust by a Director of the Company as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Motor vehicle	1,017,484	1,464,183

(e) Lease term of the leasehold land

The remaining lease term of the leasehold land is 83 (31.12.2020: 84) years.

NOTES TO THE FINANCIAL STATEMENTS
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6. **Right-of-use assets (Cont'd)**

(f) Reconciliation to the statements of cash flows

Reconciliation to the cash flow for disposals of right-of-use assets is as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Consideration on disposal of right-of-use assets	-	13,000,000
Proceeds from disposal received for right-of-use assets	(13,000,000)	-
Contra against other receivables (Note 14)	(13,000,000)	13,000,000

7. **Intangible asset**

	Computer software	
	30.6.2022	**31.12.2020**
	RM	**RM**
Group		
Cost		
At beginning of the financial period/year	1,825,200	-
Additions	-	1,825,200
At end of the financial period/year	1,825,200	1,825,200
Accumulated amortisation		
At beginning of the financial period/year	30,420	-
Charge for the financial period/year	547,560	30,420
At end of the financial period/year	577,980	30,420
Net carrying amount	1,247,220	1,794,780

8. **Investment in subsidiaries**

	Company	
	30.6.2022	**31.12.2020**
	RM	**RM**
In Malaysia		
At cost		
Unquoted shares	111,533,882	78,383,878
Outside Malaysia		
At cost		
Unquoted shares	1,987,331	1,987,331
	113,521,213	80,371,209

8. **Investment in subsidiaries (Cont'd)**

Details of the subsidiaries are as follows:

Name of companies	**Place of business/ Country of incorporation**	**Effective interest 30.6.2022 %**	**Effective interest 31.12.2020 %**	**Principal activities**
Direct Holding				
Yi-Lai Industry Berhad ("YLI")	Malaysia	100	100	Manufacture and sale of ceramic and homogenous tiles
Yi-Lai Marketing Sdn. Bhd. ("YLM")	Malaysia	100	100	Trading and distribution of tiles
Yi-Lai Trading Pte Ltd ("YLT") *	Singapore	100	100	Trading and distribution of tiles
YB Technologies Sdn. Bhd. ("YBT")	Malaysia	100	100	Investment holding
YB Advance Sdn. Bhd. ("YB Adv")	Malaysia	100	-	Operation of generation facilities that produce electric energy
YB Alliance Sdn. Bhd. ("YB All")	Malaysia	100	-	Wholesale of a variety of goods without any particular specialisation n.e.c
YB Pro Builders Sdn. Bhd. ("YB Pro")	Malaysia	100	-	Construction of buildings n.e.c
Indirect Holding				
Held through YB Advance Sdn. Bhd.				
YB Renewable Energy Sdn. Bhd. ("YB Ren")	Malaysia	100	-	Operation of generation facilities that produce electric energy
Held through YB Pro Builders Sdn. Bhd.				
Blissful Concept Sdn. Bhd. ("BCSB")	Malaysia	100	-	Buying, selling, renting and operating of self-owned or leased real estate
Pinky Pie Sdn. Bhd. ("PPSB")	Malaysia	100	-	Trading of building materials

* Not audited by UHY

NOTES TO THE FINANCIAL STATEMENTS
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8. **Investment in subsidiaries (Cont'd)**

(a) Incorporation of subsidiaries

<u>In current financial period</u>

(i) On 1 April 2021, two (2) new subsidiaries were incorporated, namely, YB Advance Sdn. Bhd. ("YB Adv") and YB Alliance Sdn. Bhd. ("YB All") with paid up capital of RM2 each. During the financial period, the paid up capital of both subsidiaries had increased to RM10,002 each by way of capitalising the amount due from subsidiaries.

(ii) On 22 July 2021, one (1) new subsidiary was incorporated under YB Adv, namely, YB Renewable Energy Sdn Bhd Sdn. Bhd. ("YB Ren") with paid up capital of RM2.

(iii) On 2 September 2021, one (1) new subsidiary was incorporated, namely, YB Pro Builders Sdn. Bhd. ("YB Pro") with paid up capital of RM2. During the financial period, the paid up capital had increased to RM7,870,002 by way of capitalising the amount due from subsidiaries.

(iv) On 21 October 2021, one (1) new subsidiary was incorporated under YB Pro, namely, Blissful Concept Sdn. Bhd. ("BCSB") with paid up capital of RM2. During the financial period, the paid up capital had increased to RM1,580,002.

<u>In previous financial year</u>

(i) On 24 September 2020, (1) new subsidiary was incorporated, namely, YB Technologies Sdn. Bhd. ("YBT") with paid up capital of RM2.

(b) Additions of investment in subsidiaries

(i) On 19 April 2021, the Company further subscribed for additional 999,998 ordinary shares in Yi-Lai Marketing Sdn. Bhd. ("YLM") by way of capitalising the amount due from subsidiaries.

(ii) On 30 December 2021, the Company further subscribed for additional 14,460,000 ordinary shares in Yi-Lai Industry Berhad ("YLI") by way of capitalising the amount due from subsidiaries.

(iii) On 30 December 2021, the Company further subscribed for additional 9,800,000 ordinary shares in YB Technologies Sdn. Bhd. ("YBT") by way of capitalising the amount due from subsidiaries.

As a result, YLM, YLI and YBT remain as wholly owned subsidiaries of the Company.

8. **Investment in subsidiaries**

(c) Acquisition of a subsidiary

(i) On 15 November 2021, the Company subscribed 2 ordinary shares of a new incorporated company through YB Pro, namely, Pinky Pie Sdn. Bhd. ("PPSB"), representing the entire share capital of the PPSB for cash consideration of RM2.

The acquisitions did not have a significant impact to the financial results of the Group.

9. **Investment in an associate**

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
In Malaysia		
Unquoted shares, at cost	9,500,000	9,500,000
Share of post-acquisition profits and reserves	398,908	2,184
	9,898,908	9,502,184

Details of the associate is as follows:

Name of company	**Place of business/ Country of incorporation**	**Effective interest 2022 %**	**Effective interest 2020 %**	**Principal activities**
TechBase System Sdn. Bhd. ("TBS") *	Malaysia	49	49	Other information technologies service activities

* *Not audited by UHY*

(a) Acquisition of an associate

In previous financial year, YB Technologies Sdn. Bhd. ("YBT"), a wholly owned subsidiary company and TechBase Solution Sdn. Bhd. ("TechBaseSolution") have jointly incorporated a company in Malaysia under the name of TechBase System Sdn. Bhd. ("TBS") with an initial paid-up capital of RM100 comprising of 100 ordinary shares. YBT owns 49% equity interest, representing 49 ordinary shares in TBS for total initial paid-up capital of RM49 and therefore TBS became an associate of YBT. The incorporation of TBS is for the purpose of the provision of information technology ("IT") solutions in the field of blockchain technology solutions and system integration services.

9. **Investment in an associate (Cont'd)**

(a) Acquisition of an associate (Cont'd)

Subsequently, TBS increased its share capital from RM100 comprising of 100 ordinary shares to RM19,387,755 comprising of 19,387,755 ordinary shares by issuance of 9,499,951 ordinary shares at RM1 for cash and capitalising amount due to holding company amounted to RM9,887,794.

YBT subscribed 9,499,951 new ordinary shares in TBS, representing 49% of the enlarged share capital.

As a result, TBS remains as an associate of the Group.

The summarised financial information of the Group's material associate is set out below:

(i) Summarised statement of financial position

	30.6.2022 RM	**31.12.2020 RM**
Non-current assets	12,589,087	-
Current assets	7,822,407	19,424,744
Non-current liabilities	(180,000)	-
Current liabilities	(29,641)	(32,531)
Net assets	20,201,853	19,392,213
Interest in associate	49%	49%
Group's share of net assets	9,898,908	9,502,184

(ii) Summarised statement profit or loss and other comprehensive income

	1.1.2021 to 30.6.2022 RM	**7.10.2020 to 31.12.2020 RM**
Total comprehensive income for the financial period	809,640	4,458
Group's share of results for the financial period	396,724	2,184

10. **Other investments**

		Group		Company	
		30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	Note	**RM**	**RM**	**RM**	**RM**
Non-current					
Financial assets at fair value through other comprehensive income					
Investment in quoted shares	(a)	20,294,911	-	-	-
Current					
Financial assets at fair value through profit or loss					
Investment in quoted shares	(b)	31,650,650	1,864,541	-	1,695,788
Unit trust funds	(b)	-	12,036,370	-	5,711,298
		31,650,650	13,900,911	-	7,407,086

(a) Additions of other investments

The Group designated the following investments as equity instruments at fair value through other comprehensive income because these are investments that the Group intends to hold for long-term strategic purpose.

The fair value of investment in quoted shares was determined within Level 1 by reference to the quoted prices in an active market.

(b) The fair value of the investment in quoted shares and unit trust funds was determined within Level 1 by reference to the quoted prices in an active market.

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11. **Deferred tax assets/liabilities**

		Group		Company	
		30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	Note	**RM**	**RM**	**RM**	**RM**
Deferred tax assets					
At beginning of the financial period/year		672,072	642,179	-	-
Recognised in profit or loss	28	232,019	29,893	2,230	-
Issuance of ICULS	19	49,540	-	49,540	-
At end of the financial period/year		953,631	672,072	51,770	-
Deferred tax liabilities					
At beginning of the financial period/year		16,591,663	185,848	-	-
Recognised in profit or loss	28	532,568	(1,086,760)	-	-
Recognised in other comprehensive income		-	17,492,575	-	-
Exchange differences		906	-	-	-
At end of the financial period/year		17,125,137	16,591,663	-	-

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11. **Deferred tax assets/liabilities (Cont'd)**

The component of deferred tax assets are attributable to the following:

	Group		**Company**	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Inventories	50	426	-	-
Trade receivables	210	165	-	-
Unutilised reinvestment allowances	370	370		
Unutilised tax losses	2,406	2,329	-	-
Unabsorbed capital allowances	393	2,341	-	-
Lease liabilities	397	515	-	-
ICULS	52	-	52	-
	3,878	6,146	-	-
Offsetting	(2,924)	(5,474)	-	-
	954	672	52	-

The component of deferred tax liabilities are attributable to the following:

	Group		**Company**	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	(1,570)	(4,176)	-	-
Revaluation of property, plant and equipment	(17,493)	(17,493)	-	-
Right-of-use assets	(986)	(397)	-	-
	(20,049)	(22,066)	-	-
Offsetting	2,924	5,474	-	-
	(17,125)	(16,592)	-	-

NOTES TO THE FINANCIAL STATEMENTS
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11. **Deferred tax assets/liabilities (Cont'd)**

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease liabilities	24	-	24	-

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient future taxable profits to be used to offset.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028) under the current tax legislation. The unutilised capital allowances and other temporary differences do not expire under current tax legislation.

The unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unutilised tax losses to be carried forward until:				
- Year of assessment 2029	4,422	9,704	-	-
- Year of assessment 2030	814	-	-	-
- Year of assessment 2032	4,789	-	-	-
	10,025	9,704	-	-

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12. Inventories

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
At cost		
Raw materials	8,925,623	6,020,186
Work-in-progress	4,964,015	2,888,131
Finished goods	17,096,301	13,103,046
Consumables	9,555,643	11,622,739
	40,541,582	33,634,102
At net realisable value		
Finished goods	17,777,895	10,220,375
	58,319,477	43,854,477
Recognised in profit or loss:		
Inventories recognised as cost of sales	116,198,566	83,800,750
Inventories written off	-	383,245
Inventories written down/(Reversal of inventories written down)	2,186,396	(5,532,351)
Reversal of allowance for slow moving inventories	(5,123)	(677,914)
	118,379,839	77,973,730

13. Trade receivables

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Trade receivables	27,250,408	32,875,376
Less: Accumulated impairment losses	(1,104,565)	(687,969)
	26,145,843	32,187,407

Trade receivables of the Group are generally on 30 to 60 days (31.12.2020: 30 to 60 days) terms. Other credit terms are determined on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables amounting to RM 22,043,249 (31.12.2020: RM26,201,000) of the Group are secured by financial guarantees given by banks, shareholders or directors of the customers.

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13. **Trade receivables (Cont'd)**

Movements in the allowance for impairment losses are as follows:

	Lifetime allowance		
	Collectively assessed RM	Individually assessed RM	Total RM
Group			
At 1 January 2021	13,632	674,337	687,969
Impairment loss recognised	310,834	119,395	430,229
Written off	(14,188)	-	(14,188)
Exchange differences	555	-	555
At 30 June 2022	310,833	793,732	1,104,565
At 1 January 2020	13,632	727,099	740,731
Reversal of impairment losses	-	(52,762)	(52,762)
At 31 December 2020	13,632	674,337	687,969

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("lifetime ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

13. **Trade receivables (Cont'd)**

The aged analysis of trade receivables as at the end of the reporting period are as follows:

	Gross carrying amount RM	Allowance for impairment losses ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Group				
30.6.2022				
Current (not past due)	7,966,684	(4,333)	-	7,962,351
Past due:				
1 - 30 days	9,257,395	(216,364)	-	9,041,031
31 - 60 days	6,663,679	(61,104)	-	6,602,575
61 - 90 days	2,360,943	(19,383)	-	2,341,560
More than 90 days	207,975	(9,649)	-	198,326
	18,489,992	(306,500)	-	18,183,492
Individually impaired	793,732	-	(793,732)	-
	27,250,408	(310,833)	(793,732)	26,145,843
31.12.2020				
Current (not past due)	18,092,789	-	-	18,092,789
Past due:				
1 – 30 days	9,647,112	-	-	9,647,112
31 - 60 days	2,814,558	-	-	2,814,558
61 - 90 days	1,438,750	-	-	1,438,750
More than 90 days	207,830	(13,632)	-	194,198
	14,108,250	(13,632)	-	14,094,618
Individually impaired	674,337	-	(674,337)	-
	32,875,376	(13,632)	(674,337)	32,187,407

Trade receivables that are not past due nor impaired are creditworthy receivables with good payment records with the Group.

As at the end of reporting period, trade receivables of the Group of RM18,183,492 (31.12.2020: RM14,094,618) were past due but not impaired. Based on past experience and no adverse information to date, the Directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM793,732 (31.12.2020: RM674,337), relates to customers that are in financial difficulties or have defaulted on payments.

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14. Other receivables

		Group		Company	
		30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	Note	**RM**	**RM**	**RM**	**RM**
Other receivables	(a)	1,744,198	16,847,418	-	-
Deposits		687,359	465,647	213,128	202,000
Prepayments	(b)	2,833,472	185,868	42,398	-
		5,265,029	17,498,933	255,526	202,000

(a) In previous financial year, included in other receivables of the Group is an amount of RM14,550,000 relating to the disposal of plant and machinery and leasehold land to a third party as disclosed in Note 4 and 6.

In current financial period, included in other receivables of the Group is an amount of RM1,562,100 relating to the one-off sales of kitchen furniture to a third party.

(b) An amount of RM2,549,511 (31.12.2020: RMNil) included in the Group's prepayments relating to the feature enhancement cost directly attributable to the development of the Group's software system and levy paid for the application of foreign workers' permit.

15. Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed on made-to-order tiles but not yet billed at the reporting date. Typically, the amount will be billed upon delivery and payment is expected within 60 days.

The movement of contract assets are as follow:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
At beginning of the financial period/year	3,903,257	5,783,466
Billings issued	(54,557,290)	(32,979,544)
Recognised as revenue	58,168,616	31,099,335
At end of the financial period/year	7,514,583	3,903,257

16. Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries are unsecured, interest bearing at 3% (31.12.2020: 3%) per annum, non-trade in nature and repayable on demand.

17. Cash and bank balances

	Note	Group 30.6.2022 RM	Group 31.12.2020 RM	Company 30.6.2022 RM	Company 31.12.2020 RM
Cash and bank balances		32,800,054	44,871,845	20,436,673	527,345
Fixed deposits with licensed banks	(a)	28,702,527	10,099,634	-	-
		61,502,581	54,971,479	20,436,673	527,345

(a) The interest rates and maturities of fixed deposits of the Group at the reporting date are 1.25% to 2.45% (31.12.2020: 0.35% to 2.95%) per annum and 4 to 365 days (31.12.2020: 20 to 365 days) respectively.

None of the fixed deposits was pledged and there are no restriction to uplift on demand.

18. Share capital

	Group and Company			
	Number of shares		Amount	
	30.6.2022 Units	31.12.2020 Units	30.6.2022 RM	31.12.2020 RM
Issued and fully paid ordinary shares				
At beginning of the financial period/year	145,570,592	145,570,592	93,692,416	93,692,416
Issuance of new shares pursuant to:				
- bonus issue	97,045,933	-	-	-
- conversion of ICULS	142,784	-	68,607	-
- private placements	48,551,861	-	16,993,151	-
At end of the financial period/year	291,311,170	145,570,592	110,754,174	93,692,416

18. **Share capital (Cont'd)**

(a) During the financial year, the Company increased its issued and paid up share capital through the issuance of:

(i) 97,045,933 new ordinary shares pursuant to the bonus issue on the basis of two (2) bonus shares for every three (3) existing ordinary shares;

(ii) 142,784 new ordinary shares pursuant to the conversion of RM0.04 nominal value of irredeemable convertible unsecured loan stock ("ICULS') at RM0.04 per ICULS;

(iii) 48,551,861 new ordinary shares pursuant to the private placement exercises at issue price of RM0.35 per ordinary shares.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

19. **Irredeemable convertible unsecured loan stocks ("ICULS")**

	Group and Company 30.6.2022 RM
Nominal value of ICULS issued	48,361,672
Equity component, net of deferred tax assets	(48,204,795)
Deferred tax assets	49,540
Liability component on initial recognition	206,417
Liability component	
At date of issuance	206,417
Interest expense capitalised	9,585
Conversion of ICULS	(293)
At end of the financial period	215,709
Equity component	
At date of issuance	48,204,795
Conversion of ICULS	(68,314)
At end of the financial period	48,136,481

19. **Irredeemable convertible unsecured loan stocks ("ICULS") (Cont'd)**

On 11 August 2021, the Company has announced the renounceable right issue of up to RM48,523,305 nominal value of five (5)-year, 0.10%, ICULS at 100% of its nominal value of RM0.04 each ("Rights ICULS") on the basis of five (5) Rights ICULS for every one (1) existing ordinary share.

On 10 September 2021, 1,209,041,795 ICULS were issued pursuant to the Right Issue of ICULS at its nominal value of RM0.04 each amounting to RM48,361,671 nominal value of ICULS issued.

The fixed coupon rate of 0.10% per annum calculated on the nominal value of the ICULS is payable on annual basis in arrears from the date of issuance of the ICULS.

The ICULS has 5 years tenure commencing from issuance date and matures on the date immediately preceding the 5th anniversary of the issue date.

The ICULS holders are entitled to convert the ICULS into new ordinary shares of the Company during the 5 years tenure at a conversion price of RM0.48 for one (1) new ordinary share in the following manner:

(i) surrender such number of RM0.04 nominal value of ICULS equivalent to the conversion price for one (1) new ordinary share; or

(ii) surrender such number RM0.04 nominal value of ICULS together with cash payment such that in aggregate it amounts to the conversion price subject to a minimum of one (1) ICULS and paying the difference between the aggregate value of the ICULS surrendered and the conversion price in cash for one (1) new ordinary share.

Any outstanding ICULS not converted into ordinary share at the maturity of the ICULS, will be compulsory converted into new ordinary shares.

As at 30 June 2022, the total number of ICULS that remain outstanding were 1,207,328,387.

20. Reserves

		Group		Company	
	Note	30.6.2022 RM	31.12.2020 RM	30.6.2022 RM	31.12.2020 RM
Distributable:					
Retaining earnings		119,456,303	109,147,026	20,234,773	7,775,086
Non-distributable:					
Treasury shares	(a)	(256,687)	(256,687)	(256,687)	(256,687)
Foreign currency translation reserve	(b)	4,014,504	3,652,661	-	-
Fair value reserve	(c)	(10,560,298)	-	-	-
Revaluation reserve	(d)	76,752,541	76,752,541	-	-
		69,950,060	80,148,515	(256,687)	(256,687)
		189,406,363	189,295,541	19,978,086	7,518,399

(a) Treasury shares

At the Annual General Meeting held on 25 August 2020, the shareholders of the Group and of the Company renewed their approval for the Company to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company and its shareholders.

In previous financial year, the Company repurchased 312,100 of its issued share capital from the open market at an average price of RM0.50 per share including transaction costs and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at the end of reporting period, the Company held 808,166 (31.12.2020: 484,900) of the Company's shares as treasury shares. The number of outstanding ordinary shares in issue after the cancellation and set off was 290,503,004 (31.12.2020: 145,085,692).

20. **Reserves (Cont'd)**

(b) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(c) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive until the assets are derecognised or impaired.

(d) Revaluation reserve

Revaluation reserve consists of surplus from revaluation of properties and is not available for distribution as dividends

21. **Lease liabilities**

	Group		**Company**	
	30.6.2022 RM	**31.12.2020 RM**	**30.6.2022 RM**	**31.12.2020 RM**
At beginning of the financial period/year	2,260,852	804,460	-	-
Additions	4,397,912	1,771,000	2,005,050	-
Interest expenses	324,829	39,249	85,553	-
Payment of interest	(324,829)	(39,249)	(85,553)	-
Payment of principal	(1,430,013)	(314,608)	(232,735)	-
Exchange differences	4,769	-	-	-
At end of the financial period/year	5,233,520	2,260,852	1,772,315	-

The Group's and the Company's total cash outflow for the lease amounted to RM1,754,842 and RM318,288 (31.12.2020: RM353,857 and RMNil) respectively.

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21. **Lease liabilities (Cont'd)**

The maturity analysis of lease liabilities at the end of the reporting period:

	Group		Company	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
Minimum lease liabilities repayments:				
Within 1 year	1,680,531	621,282	381,945	-
2 to 5 years	3,862,535	1,702,216	1,588,788	-
More than 5 years	314,594	248,465	66,310	-
	5,857,660	2,571,963	2,037,043	-
Less: Future finance charges	(624,140)	(311,111)	(264,728)	-
	5,233,520	2,260,852	1,772,315	-
Present value of minimum lease liabilities repayments:				
Within 1 year	1,439,462	511,514	293,432	-
2 to 5 years	3,490,368	1,510,269	1,413,018	-
More than 5 years	303,690	239,069	65,865	-
	5,233,520	2,260,852	1,772,315	-
Analysed as:				
Current	1,439,462	511,514	293,432	-
Non-current	3,794,058	1,749,338	1,478,883	-
	5,233,520	2,260,852	1,772,315	-

The effective interest rate of the lease liabilities of the Group and the Company is charged at rates ranged from 2.14% to 6.00% and 5.40% (31.12.2020: 4.04% to 6.00% and Nil) per annum respectively.

The Group and the Company lease certain office premises, hostels, warehouse and forklifts. The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases.

The expense relating to payments not included in the measurement of the lease liabilities of the Group is as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Short-term leases	1,532,431	441,744

22. **Trade payables**

The normal trade credit terms of the Group ranges from 30 to 90 days (31.12.2020: 30 to 90 days) depending on the terms of the contracts.

23. **Other payables**

		Group		Company	
	Note	**30.6.2022 RM**	**31.12.2020 RM**	**30.6.2022 RM**	**31.12.2020 RM**
Other payables	(a)	16,814,525	4,179,847	14,102,066	21,328
Accrued expenses	(a)	3,982,015	6,648,615	452,009	51,050
Deposits received		1,011,778	1,015,178	-	-
		21,808,318	11,843,640	14,554,075	72,378

(a) Included in the Group's and the Company's other payables and accrued expenses amounting to RM14,395,514 (31.12.2020: RMNil) are for the feature enhancement cost directly attributable to the development of the Group's plant and machinery.

24. **Bank borrowings**

	Group	
	30.6.2022 RM	**31.12.2020 RM**
Secured		
Bank overdraft	2,631,109	-
Banker acceptance	8,030,153	-
Receivables factoring	5,863,807	-
	16,525,069	-
Analysed as:		
Repayable within 12 months, shown under current liabilities	16,525,069	-

The above bank borrowings obtained from licensed banks are secured against corporate guarantee by the Company.

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24. **Bank borrowings (Cont'd)**

(a) The interest rates of the bank borrowings of the Group are as follows:

	Group	
	30.6.2022	**31.12.2020**
	%	**%**
Bank overdraft	6%	-
Banker acceptance	1.47% - 4.6%	-
Receivables factoring	2%	-

25. **Amount due to an associate**

The amount due to an associate is unsecured, interest bearing at 3% (31.12.2020: 3%) per annum, non-trade in nature and repayable on demand.

26. **Revenue**

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Sales of tiles	76,224,498	59,678,423	-	-
Sales of made-to-order tiles	58,168,616	31,099,335	-	-
Dividend income from a subsidiary	-	-	13,902,750	-
Dividend income from other investments	85,322	606,720	85,322	496,722
	134,478,436	91,384,478	13,988,072	496,722
Timing of revenue recognition:				
At a point in time	76,309,820	60,285,143	13,988,072	496,722
Over time	58,168,616	31,099,335	-	-
	134,478,436	91,384,478	13,988,072	496,722

27. **Profit/(Loss) before tax**

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

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Auditors' remuneration:				
- Statutory audit				
- Malaysia operations	279,000	84,000	65,000	22,000
- Overseas operation	38,213	20,722	-	-
- Non-audit services	35,000	25,000	35,000	25,000
Amortisation of intangible assets	547,560	30,420	-	-
Change in fair value of other investments	(9,919,746)	7,850	2,223	7,305
Depreciation of:				
- Property, plant and equipment	9,681,363	4,607,653	48,263	-
- Right-of-use assets	1,923,290	501,241	278,479	-
Dividends income from:				
- Other investments	(483,081)	(606,720)	(85,322)	(496,722)
- A subsidiary	-	-	(13,902,750)	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(26,638)	(1,986,876)	-	-
- Right-of-use assets	-	(8,010,053)	-	-
- Other investments	(2,410,446)	(90)	-	16,911
Expenses relating to short-term leases	1,532,431	441,744	-	-
Impairment losses on:				
- Trade receivables	430,229	-	-	-
Interest expenses on:				
- ICULS	9,585	-	9,585	-
- Lease liabilities	324,829	39,249	85,553	-
- Bank borrowings	300,492	-	-	-
- Amount due to a subsidiary	-	-	127,627	19,850
- Amount due to an associate	27,036	-	-	-
Interest income on:				
- Amount due from subsidiary companies	-	-	(962,126)	(51,250)
- Deposits with licensed financial institutions	(1,023,749)	(439,996)	(471,226)	(4,700)

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27. **Profit/(Loss) before tax (Cont'd)**

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

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Inventories written down	2,186,396	-	-	-
Inventories written off	-	383,245	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(312,937)	7,378	(57,500)	-
- Unrealised	16,190	-	-	-
Rental income	(1,280)	-	-	-
Reversal of:				
- Allowance for slow moving inventories	(5,123)	(677,914)	-	-
- Inventories written down	-	(5,532,351)	-	-
- Impairment losses on trade receivables	-	(52,762)	-	-
Share of result of an associate, net of tax	(396,724)	(2,184)	-	-
Staff costs (Note 30)	29,049,141	21,065,551	165,000	81,667
Written off of:				
- Property, plant and equipment	50,591	195,381	-	-
- Right-of-use assets	-	82,394	-	-

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28. Taxation

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Tax expense recognised in profit or loss				
Current tax:				
Current tax	576,055	15,820	300,136	-
Under/(Over) provision in prior years	413	(45,957)	5,769	-
	576,468	(30,137)	305,905	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,818,799	(21,805)	(2,230)	-
Over provision in prior years	(1,518,250)	(1,094,848)	-	-
	300,549	(1,116,653)	(2,230)	-
	877,017	(1,146,790)	303,675	-

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28. **Taxation (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2020: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		**Company**	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Profit/(Loss) before tax	11,186,294	8,999,446	12,763,362	(138,740)
At Malaysian statutory tax rate of 24% (31.12.2020: 24%)	2,684,710	2,159,867	3,063,207	(33,298)
Income not subject to tax	(3,467,703)	(2,264,645)	(3,357,001)	-
Expenses not deductible for tax purposes	3,185,883	123,763	585,876	33,298
Different tax rates in foreign jurisdictions	(13,860)	(24,970)	-	-
Deferred tax assets not recognised	5,824	-	5,824	-
Under/(Over) provision of income tax in prior years	413	(45,957)	5,769	-
Over provision of deferred tax in prior year	(1,518,250)	(1,094,848)	-	-
Tax expense/(credit) for the financial period/year	877,017	(1,146,790)	303,675	-

29. **Earnings per share**

(a) Basic earnings per share

The basic earnings per share is calculated based on the consolidated profit for the financial period/year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial period/year as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Profit attributable to owners of the Company	10,309,277	10,146,236
	Units	**Units**
Weighted average number of ordinary shares in issue		
Issued ordinary shares at beginning of financial period/year	145,570,592	145,570,592
Effect of bonus issue	81,049,351	-
Effect of conversion of ICULS	71,361	-
Effect of private placements	16,450,722	-
Effect of treasury shares	-	(285,370)
Weighted average number of ordinary shares in issue at end of financial period/year	243,142,026	145,285,222
Basic earnings per share (sen)	4.24	6.99

29. **Earnings per share (Cont'd)**

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the adjusted consolidated profit for the financial period/year attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial period/year having been adjusted for the dilutive effects of all potential ordinary shares.

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Profit attributable to owners of the Company	10,309,277	10,146,236
Adjusted for:		
Interest savings on ICULS	7,284	-
	10,316,561	10,146,236
	Units	**Units**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	243,142,026	145,285,222
Assume conversion of ICULS	59,703,052	-
Weighted average number of ordinary shares in issue at end of financial period/year (diluted)	302,845,078	145,285,222
Diluted earnings per share (sen)	3.41	6.99

30. **Staff costs**

	Group		**Company**	
	1.1.2021 to 30.6.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 30.6.2022**	**1.1.2020 to 31.12.2020**
	RM	**RM**	**RM**	**RM**
Directors' fee	458,580	180,476	165,000	81,667
Salaries, wages and others	26,419,729	19,484,797	-	-
Defined contribution plans	2,170,832	1,400,278	-	-
	29,049,141	21,065,551	165,000	81,667

31. **Reconciliation of liabilities arising from financing activities**

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1.1.2021 RM	Financing cash flows (i) RM	Overdrafts facilities RM	New lease liabilities (Note 21) RM	Other changes (ii) RM	At 30.6.2022 RM
Group							
ICULS liability component	19	-	206,417	-	-	9,292	215,709
Lease liabilities	21	2,260,852	(1,430,013)	-	4,397,912	4,769	5,233,520
Bank borrowings	24	-	13,584,524	2,631,109	-	309,436	16,525,069
		2,260,852	12,360,928	2,631,109	4,397,912	323,497	21,974,298

	Note	At 1.1.2020 RM	Financing cash flows (i) RM	New lease liabilities (Note 21) RM	At 31.12.2020 RM
Lease liabilities	21	804,460	(314,608)	1,771,000	2,260,852

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31. **Reconciliation of liabilities arising from financing activities (Cont'd)**

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	Note	At 1.1.2021 RM	Financing cash flows (i) RM	New lease liabilities (Note 21) RM	Other changes (ii) RM	At 30.6.2022 RM
Company						
Amount due to a subsidiary	16	6,779,850	-	-	(6,779,850)	-
ICULS liability component	19	-	206,417	-	9,292	215,709
Lease liabilities	21	-	(232,735)	2,005,050	-	1,772,315
		6,779,850	(26,318)	2,005,050	(6,770,558)	1,988,024

	Note	At 1.1.2020 RM	Financing cash flows (i) RM	Advances RM	At 31.12.2020 RM
Amount due to a subsidiary	16	-	(12,771,400)	19,551,250	6,779,850

(i) The financing cash flows represents the net amount of proceeds from or repayments of lease liabilities and bank borrowings in the statements of cash flows.

(ii) Other changes include the ICULS interest capitalised, conversion of ICULS, interest expense, offsetting of amount due from subsidiaries and foreign currency exchange differences on lease liabilities.

32. **Capital commitments**

Capital expenditures not provided for in the financial statements are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Authorised and contracted for:		
Intangible assets	174,557	398,222

33. **Related party disclosures**

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions between the Group and related parties are as follows:

	30.6.2022	**31.12.2020**
	RM	**RM**
Group		
Transactions with an associate		
Interest expense paid/payable	(27,036)	-
Company		
Transactions with subsidiaries		
Dividend income received/receivable	13,902,750	-
Interest expense paid/payable	(127,627)	(19,850)
Interest income received/receivable	962,126	51,250
Disposal of property, plant and equipment	15,000,000	-

33. **Related party disclosures (Cont'd)**

(c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	1.1.2021 to 30.6.2022 RM	**1.1.2020 to 31.12.2020 RM**	**1.1.2021 to 30.6.2022 RM**	**1.1.2020 to 31.12.2020 RM**
Directors' fee	458,580	180,476	165,000	81,667
Salaries, wages and others	-	579,202	-	-
Defined contribution plans	-	8,728	-	-
	458,580	768,406	165,000	81,667

34. **Segment information**

For management purposes, the Group is organised into business units based on their products and services provided, as follows:

Manufacturing and trading	Manufacture and sale of ceramic and homogenous tiles
Investment holding and dormant	Investment holding and dormant

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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

Segment liabilities
Segment liabilities information is also included in the internal management reports provided to the Management.

34. **Segment information (Cont'd)**

(a) Business segment

	Note	Manufacturing and trading RM	Investment holding and dormant RM	Adjustments and eliminations RM	Consolidated RM
30.6.2022					
Revenue					
External customers		134,393,114	-	-	134,393,114
Dividend income		-	85,322	-	85,322
Inter segment		58,363,162	13,902,750	(72,265,912)	-
Total revenue		192,756,276	13,988,072	(72,265,912)	134,478,436
Segment results					
Finance income		471,614	2,292,341	(1,342,447)	1,421,508
Finance costs		(1,314,257)	(690,132)	1,342,447	(661,942)
Depreciation and amortisation		(11,813,054)	(326,742)	(12,417)	(12,152,213)
Other non-cash item	(i)	(2,651,645)	12,330,192	-	9,678,547
Taxation		(552,485)	(324,532)	-	(877,017)
Share of results of an associate, net of tax		-	396,724	-	396,724
Segment profit/(loss) before tax		(1,791,058)	25,372,577	(12,395,225)	11,186,294
Segment assets		338,622,501	266,500,407	(185,017,723)	420,105,185
Segment liabilities		105,214,419	30,937,068	(64,343,320)	71,808,167
Assets					
Capital expenditure	(ii)	46,637,448	17,551,303	-	64,188,751

34. **Segment information (Cont'd)**

(a) Business segment (Cont'd)

	Note	Manufacturing and trading RM	Investment holding and dormant RM	Adjustments and eliminations RM	Consolidated RM
31.12.2020					
Revenue					
External customers		90,777,758	-	-	90,777,758
Dividend income		-	606,720	-	606,720
Inter segment		54,824,584	-	(54,824,584)	-
Total revenue		145,602,342	606,720	(54,824,584)	91,384,478
Segment results					
Finance income		324,148	192,198	(76,350)	439,996
Finance costs		(69,499)	(46,100)	76,350	(39,249)
Depreciation and amortisation		(5,139,314)	-	-	(5,139,314)
Other non-cash item	(i)	15,598,936	(7,760)	-	15,591,176
Taxation		1,146,790	-	-	1,146,790
Share of results of an associate, net of tax		-	2,184	-	2,184
Segment profit/(loss) before tax		9,227,446	(40,937)	(187,063)	8,999,446
Segment assets		325,671,738	124,085,113	(126,910,696)	322,846,155
Segment liabilities		69,523,899	16,384,908	(46,050,609)	39,858,198
Assets					
Capital expenditure	(ii)	6,852,488	-	-	6,852,488

34. **Segment information (Cont'd)**

(a) Business segment (Cont'd)

	1.1.2021 to 30.6.2022 RM	1.1.2020 to 31.12.2020 RM
Change in fair value of other investments	9,919,746	(7,850)
Gain on disposal of:		
- Property, plant and equipment	26,638	1,986,876
- Right-of-use assets	-	8,010,053
- Other investments	2,410,446	90
Impairment losses on trade receivables	(430,229)	-
Inventories written down	(2,186,396)	-
Inventories written off	-	(383,245)
Unrealised loss on foreign exchange	(16,190)	-
Reversal of:		
- Allowance for slow moving inventories	5,123	677,914
- Inventories written down	-	5,532,351
- Impairment losses on trade receivables	-	52,762
Written off of:		
- Property, plant and equipment	(50,591)	(195,381)
- Right-of-use assets	-	(82,394)
	9,678,547	15,591,176

(i) Other non-cash items consist of the above as presented in the respective notes to financial statements.

(ii) Capital expenditure consists of additions of property, plant and equipment, investment properties, right-of-use assets and intangible assets, i.e.: computer software.

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34. **Segment information (Cont'd)**

(b) Geographic information

Revenue information based on the geographical location of customers respectively are as follow:

	1.1.2021 to 30.6.2022 RM	1.1.2020 to 31.12.2020 RM
Malaysia	123,375,734	81,709,946
Singapore	9,767,026	3,829,458
Others	1,335,676	5,845,074
	134,478,436	91,384,478

(c) Major customers

Revenue from 2 (31.12.2020: 2) major customers amounted to RM44,529,981 (31.12.2020: RM24,953,736), arising from manufacturing and trading segment.

Revenue from major customer with revenue equal or more than 10% of the Group's revenue are as follows:

	30.6.2022 RM	31.12.2020 RM
Customer A	24,156,451	15,511,397
Customer B	20,373,530	9,442,338
	44,529,981	24,953,735

35. **Financial instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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

	Amortised cost RM	**Fair value through profit or loss RM**	**Fair value through other comprehensive income RM**	**Total RM**
Group				
30.6.2022				
Financial assets				
Other investments	-	31,650,650	20,294,911	51,945,561
Trade receivables	26,145,843	-	-	26,145,843
Other receivables	2,431,557	-	-	2,431,557
Cash and bank balances	61,502,581	-	-	61,502,581
	90,079,981	31,650,650	20,294,911	142,025,542
Financial liabilities				
Trade payables	10,555,901	-	-	10,555,901
Other payables	21,808,318	-	-	21,808,318
Lease liabilities	5,233,520	-	-	5,233,520
Bank borrowings	16,525,069	-	-	16,525,069
	54,122,808	-	-	54,122,808

NOTES TO THE FINANCIAL STATEMENTS
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35. **Financial instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Total RM
Group			
31.12.2020			
Financial assets			
Other investments	-	13,900,911	13,900,911
Trade receivables	32,187,407	-	32,187,407
Other receivables	17,313,065	-	17,313,065
Cash and bank balances	54,971,479	-	54,971,479
	104,471,951	13,900,911	118,372,862
Financial liabilities			
Trade payables	9,104,696	-	9,104,696
Other payables	11,843,640	-	11,843,640
Lease liabilities	2,260,852	-	2,260,852
	23,209,188	-	23,209,188

35. **Financial instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Total RM
Company			
30.6.2022			
Financial assets			
Other receivables	213,128	-	213,128
Amount due from subsidiaries	32,588,444	-	32,588,444
Cash and bank balances	20,436,673	-	20,436,673
	53,238,245	-	53,238,245
Financial liabilities			
Other payables	14,554,075	-	14,554,075
Lease liabilities	1,772,315	-	1,772,315
	16,326,390	-	16,326,390
31.12.2020			
Financial assets			
Other receivables	202,000	-	202,000
Amount due from subsidiaries	19,551,250	-	19,551,250
Other investments	-	7,407,086	7,407,086
Cash and bank balances	527,345	-	527,345
	20,280,595	7,407,086	27,687,681
Financial liabilities			
Other payables	72,378	-	72,378
Amount due to a subsidiary	6,779,850	-	6,779,850
	6,852,228	-	6,852,228

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables, deposits with banks and other investments. The Company's exposure to credit risk arises principally from its receivables, other investmets, advances to subsidiary companies and financial guarantee given to banks for banking facility granted to its subsidiaries. There are no significant changes as compared to prior years.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group assesses whether any of its receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the Group has 2 debtors (31.12.2020: 2 debtors) that accounted for approximately 42% (31.12.2020: 28%) of all the trade receivables outstanding. The Company has no significant concentration of credits risks except for its amount due from subsidiary companies where risks of default have been assessed to be low.

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company provides unsecured advances to its subsidiaries. It also provides financial guarantee to banks for banking facility granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk except for financial guarantee provided to licensed bank.

The Company's maximum exposure in this respect is RM16,525,069 (31.12.2020: RMNil). The Company's maximum exposure to credit risk represents the outstanding banking facility of the subsidiary company at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	**2 to 5 years RM**	**After 5 years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Group					
30.6.2022					
Non-derivative financial liabilities					
Trade payables	10,555,901	-	-	10,555,901	10,555,901
Other payables	21,808,318	-	-	21,808,318	21,808,318
Lease liabilities	1,680,531	3,862,535	314,594	5,857,660	5,233,520
Bank borrowings	16,525,069	-	-	16,525,069	16,525,069
	50,569,819	3,862,535	314,594	54,746,948	54,122,808

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	**2 to 5 years RM**	**After 5 years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Group					
31.12.2020					
Non-derivative financial liabilities					
Trade payables	9,104,696	-	-	9,104,696	9,104,696
Other payables	11,843,640	-	-	11,843,640	11,843,640
Lease liabilities	621,282	1,702,216	248,465	2,571,963	2,260,852
	21,569,618	1,702,216	248,465	23,520,299	23,209,188

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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
30.6.2022					
Non-derivative financial liabilities					
Other payables	14,554,075	-	-	14,554,075	14,554,075
Lease liabilities	381,945	1,588,788	66,310	2,037,043	1,772,315
Financial guarantee *	16,525,069	-	-	16,525,069	-
	31,461,089	1,588,788	66,310	33,116,187	16,326,390
31.12.2020					
Non-derivative financial liabilities					
Other payables	72,378	-	-	72,378	72,378
Amount due to a subsidiary	6,779,850	-	-	6,779,850	6,779,850
	6,852,228	-	-	6,852,228	6,852,228

* Based on the maximum amount that can be called for under the financial guarantee contract.

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risks (Cont'd)

The Company provides unsecured financial guarantee to a licensed bank in respect of credit facilities granted to a subsidiary company and monitors on an ongoing basis the performance of the subsidiary company. At end of the reporting period, there was no indication that the subsidiary company would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary company defaulting on its credit facilities is remote.

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United State Dollar ("USD") and Euro ("EUR").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in				
	SGD RM	**USD RM**	**EUR RM**	**Others RM**	**Total RM**
Group					
30.6.2022					
Cash and bank balances	1,363,678	36,180	168,630	149	1,568,637
Trade and other receivables	1,356,346	-	-	-	1,356,346
Trade and other payables	(352,274)	(3,154,104)	(134,496)	-	(3,640,874)
Lease liabilities	(154,501)	-	-	-	(154,501)
	2,213,249	(3,117,924)	34,134	149	(870,392)
31.12.2020					
Cash and bank balances	25,928,838	720,978	33,714	149	26,683,679
Trade and other receivables	2,163,042	-	-	-	2,163,042
Trade and other payables	(1,928,691)	(1,295,234)	(530,985)	-	(3,754,910)
Lease liabilities	(116,898)	-	-	-	(116,898)
	26,046,291	(574,256)	(497,271)	149	24,974,913

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the SGD, USD, EUR and others exchange rates against RM, with all other variables held constant.

Group	**Change in currency rate**	**30.6.2022 Effect on profit/(loss) before tax**	**31.12.2020 Effect on profit/(loss) tax**
	RM	**RM**	**RM**
SGD	Strengthened 5% (2020:5%)	110,662	1,302,315
	Weakened 5% (2020:5%)	(110,662)	(1,302,315)
USD	Strengthened 5% (2020:5%)	(155,896)	(28,713)
	Weakened 5% (2020:5%)	155,896	28,713
EUR	Strengthened 5% (2020:5%)	1,707	(24,864)
	Weakened 5% (2020:5%)	(1,707)	24,864
Others	Strengthened 5% (2020:5%)	7	7
	Weakened 5% (2020:5%)	(7)	(7)

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

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

The Group and the Company are not exposed to any interest rate risk as the Group and the Company have no variable rate financial instruments.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long terms deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia Securities Berhad and are classified as fair value through profit or loss financial assets.

35. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(c) **Market price risk**

Market price sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's profit/(loss) before tax to a reasonably possible change in market price would increased/(decreased) fair value through profit or loss.

	Group	
	30.6.2022	**31.12.2020**
Change in market price RM	**Effect on profit/(loss) before tax RM**	**Effect on profit/(loss) before tax RM**
Strengthened 1% (2020:1%)	316,507	139,009
Weakened 1% (2020:1%)	(316,507)	(139,009)

	Company	
	30.6.2022	**31.12.2020**
Change in market price RM	**Effect on profit/(loss) before tax RM**	**Effect on profit/(loss) before tax RM**
Strengthened 1% (2020:1%)	-	74,071
Weakened 1% (2020:1%)	-	(74,071)

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

35. **Financial instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			
	Level 1 RM	**Level 2 RM**	**Total RM**	**Level 2 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
Group							
30.6.2022							
Financial assets							
Other investments	51,945,561	-	51,945,561	-	-	51,945,561	51,945,561
Financial liabilities							
Lease liabilities	-	-	-	3,794,058	3,794,058	3,794,058	3,794,058
31.12.2020							
Financial assets							
Other investments	13,900,911	-	13,900,911	-	-	13,900,911	13,900,911
Financial liabilities							
Lease liabilities	-	-	-	1,749,338	1,749,338	1,749,338	1,749,338

35. **Financial instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			
	Level 1 RM	Level 2 RM	Total RM	Level 2 RM	Total RM	Total fair value RM	Carrying amount RM
Company							
30.6.2022							
Financial liability							
Lease liability	-	-	-	1,478,883	1,478,883	1,478,883	1,478,883
31.12.2020							
Financial asset							
Other investments	7,407,086	-	7,407,086	-	-	7,407,086	7,407,086

35. **Financial instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

36. Financial guarantee

	Company	
	30.6.2022	**31.12.2020**
	RM	**RM**
Financial guarantee given to a licensed bank for banking facility granted to subsidiaries		
- Amount utilised	16,525,069	-

The Company provides unsecured financial guarantee to a licensed bank in respect of banking facility granted to a subsidiary company. The financial guarantee of the Company has not been recognised since the fair value on initial recognition was not material.

37. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Bank borrowings	16,525,069	-
Less: Cash and bank balances	(61,502,581)	(54,971,479)
Net cash	(44,977,512)	(54,971,479)
Shareholders' equity	348,297,018	282,987,957
Debt-to-equity ratio (%)	#	#

\# Gearing ratio is not applicable as the Group has sufficient cash and bank balances to settle the outstanding debt.

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

38. **Subsequent Events**

On 28 September 2022, the Company has issued 145,250,984 units of free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held by the shareholders. The exercise price of the warrants is fixed at RM0.37 for one (1) ordinary share.

The warrants has three (3) years tenure commencing from the issuance date and expiry on the date immediately preceding the 3th anniversary of the issue date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

39. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 October 2022.

LIST OF LANDED PROPERTIES

Location	Description/ Existing Use	Approximate age of building (years)	Approximate land/built-up area	Tenure	Date of Revaluation/ Acquisition	Net Book Value as at 30 June 2022 RM'000
Lot 7020, Mukim of Senai-Kulai, District of Johor Bahru, Johor	Factory building	32 years	4.0519 hectares	Freehold	31.12.2020	42,189
Lot 7022, Mukim of Senai-Kulai, District of Johor Bahru, Johor	Factory building and warehouse	23 years	4.04686 hectares	Freehold	31.12.2020	42,314
PTD 19564, Mukim Senai-Kulai, District of Johor Bahru, Johor	Double storey intermediate terrace house for hostel purposes	34 years	143 square meters	Freehold	31.12.2020	327
H.S.(D) 438320 PTD 95217 & H.S.(D) 438321 PTD 95218, Mukim of Senai-Kulai, District of Johor Bahru, Johor	Warehouse	16 years	19,461.3 square meters	Freehold	31.12.2020	21,032
Geran 225856 (Geran 26456) Lot 7019, Mukim of Senai-Kulai, District of Kulaijaya, Johor	Storage	N/A	4.0468 hectares	Freehold	31.12.2020	14,800
HSM No 2580, Lot PT 6599, Mukim Bachang, Daerah Melaka Tengah, Melaka	Marketing office	16 years	146 square meters	Leasehold 99 years expiring on 5 Nov 2105	31.12.2020	631
15 & 16, Jalan Tropika 1, Taman Tropika, 81000 Kulai, Johor	Marketing office cum showroom	12 years	328 square meters	Freehold	31.12.2020	849
1545, Jalan Lagenda 53, Taman Lagenda Putra, 81000 Kulai, Johor	Double storey intermediate terrace house for hostel purposes	12 years	153 square meters	Freehold	31.12.2020	463
1327, Jalan Lagenda 47, Taman Lagenda Putra, 81000 Kulai, Johor	Three storey shop office	14 years	156.1 square meters	Freehold	31.12.2020	719
26, Jalan TR 04/1, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor	Bungalow	27 years	1,104 square meters	Leasehold 99 years expiring on 25 Oct 2090	12.11.2021	7,753
Unit No. A-L2-01, Level L2, Block A, Empire Damansara, No.2, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor	Office Suite	7 years	1,451 square meters	Leasehold 99 years expiring on 13 May 2108	24.5.2021	7,328

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2022

Total Number of Issued Share	:	291,311,170 (including 808,166 treasury shares)
Class of Shares	:	ordinary shares
Voting Right	:	one (1) vote per ordinary share
Number of Shareholders	:	3,699

A. DISTRIBUTION OF SHAREHOLDERS AS AT 30 SEPTEMBER 2022
(as shown in the Record of Depositors)

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	507	13.70	22,797	0.01
100 - 1,000	298	8.06	89,572	0.03
1,001 - 10,000	1,489	40.25	7,188,980	2.47
10,001 - 100,000	1,151	31.12	38,400,132	13.22
100,001 to less than 5% of issued shares	253	6.84	228,851,523	78.78
5% and above of issued shares	1	0.03	15,950,000	5.49
TOTAL	3,699	100.00	290,503,004	100.00

B. THIRTY LARGEST SECURITITES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2022
(as shown in the Record of Depositors)

No.	Name	No. of Shares	%#
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TECHBASE SOLUTION SDN BHD*	15,950,000	5.49
2	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG*	14,000,000	4.82
3	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	8,700,000	3.00
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE WHENG*	8,242,166	2.84
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING*	7,500,000	2.58
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	7,315,833	2.52
7	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR POR TEONG ENG*	7,216,200	2.48
8	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR CHAI CHOI HONG*	6,771,766	2.33
9	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR KHOR CHONG YAK*	6,430,200	2.21
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	6,050,000	2.08
11	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG*	5,400,000	1.86
12	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	5,000,000	1.72

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2022 CONT'D

B. THIRTY LARGEST SECURITITES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2022 (as shown in the Record of Depositors) (cont'd)

No.	Name	No. of Shares	%#
13	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOON CHIN SENG*	4,921,500	1.69
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM JEE GIN*	4,400,000	1.51
15	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	4,300,000	1.48
16	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	3,900,000	1.34
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	3,880,000	1.34
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	3,784,200	1.30
19	KONG LEK CHAI @ KONG AH LIM	3,400,000	1.17
20	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	3,000,000	1.03
21	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR OOI YOUK LAN*	2,950,000	1.02
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	2,905,000	1.00
23	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	2,900,000	1.00
24	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AU YEE BOON*	2,800,000	0.96
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE TEIK AUN*	2,500,000	0.86
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR RESERVOIR LINK HOLDINGS SDN BHD*	2,427,230	0.84
27	PERCETAKAN SANWA INDUSTRIES SDN BHD	2,350,000	0.81
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG CHEE KEONG*	2,300,000	0.79
29	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG*	2,221,500	0.76
30	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	2,216,666	0.76
TOTAL		155,732,261	53.59

Note:
 # Based on the Company's issued share capital of 290,503,004 ordinary shares (excluding 808,166 ordinary shares which are held by the Company as treasury shares) as at 30 September 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2022 CONT'D

C. SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2022

		Direct		Indirect	
No	**Name**	**No. of Shares**	**%#**	**No. of Shares**	**%#**
1	Datin Lim Lee Wheng	8,242,166	2.84	29,065,833[(a)]	10.01
2.	Datuk Au Yee Boon	13,115,833	4.51	24,192,166[(b)]	8.33
3.	TechBase Solution Sdn Bhd	15,950,000	5.49	-	-

D. DIRECTORS' INTEREST IN SHARES AS AT 30 SEPTEMBER 2022

		Direct		Indirect	
No	**Name**	**No. of Shares**	**%#**	**No. of Shares**	**%#**
1.	Dato' Sri Tajudin Bin Md Isa	-	-	-	-
2.	Datuk Au Yee Boon	13,115,833	4.51	24,192,166[(b)]	8.33
3.	Lee Boon Siong	829,666	0.29	-	-
4.	Tan Eik Huang	1,399,999	0.48	-	-
5.	Dato' Sri Gan Chow Tee	-	-	-	-
6.	Kok Soke Kuen	-	-	-	-

Notes:

[#] *Based on the Company's issued share capital of 290,503,004 ordinary shares (excluding 808,166 ordinary shares which are held by the Company as treasury shares) as at 30 September 2022.*

(a) *Deemed interest through the shareholdings of her spouse, Datuk Au Yee Boon's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.*

(b) *Deemed interest through the shareholdings of his spouse, Datin Lim Lee Wheng's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.*

ANALYSIS OF 5-YEAR 0.1% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") HOLDINGS

AS AT 30 SEPTEMBER 2022

Total Issued ICULS	:	1,209,041,795
Total Outstanding ICULS	:	1,207,328,387

A. DISTRIBUTION OF ICULS HOLDERS AS AT 30 SEPTEMBER 2022
(as shown in the Record of Depositors)

Size of Holdings	No. of ICULS Holders	%	No. of ICULS	%
1 - 99	19	1.80	851	*
100 - 1,000	27	2.56	12,504	*
1,001 - 10,000	70	6.64	489,430	0.04
10,001 - 100,000	395	37.44	20,876,470	1.73
100,001 to less than 5% of outstanding ICULS	541	51.28	802,000,232	66.43
5% and above of outstanding ICULS	3	0.28	383,948,900	31.80
TOTAL	1,055	100.00	1,207,328,387	100.00

Note:
* *Less than 0.01%*

B. THIRTY LARGEST ICULS HOLDERS AS AT 30 SEPTEMBER 2022
(as shown in the Record of Depositors)

No.	Name	No. of ICULS	%
1	GUNUNG RESOURCES SDN BHD	192,411,800	15.94
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TECHBASE SOLUTION SDN BHD*	129,750,000	10.75
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	61,787,100	5.12
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE WHENG*	41,210,830	3.41
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG CHEE KEONG*	30,000,000	2.48
6	TAN KOK KIN	29,059,600	2.41
7	PERCETAKAN SANWA INDUSTRIES SDN BHD	16,500,000	1.37
8	CHEE CHIN SENG	16,008,800	1.33
9	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	15,000,000	1.24
10	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AU YEE BOON*	14,000,000	1.16
11	LEE CHEE KIAN	12,000,000	0.99
12	LEE CHEE HOE	10,900,000	0.90
13	TAN CHEE CHOONG	10,770,600	0.89
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE CHEE KEI*	10,566,600	0.88
15	AU YEE BOON	10,005,996	0.83

ANALYSIS OF ICULS HOLDINGS

AS AT 30 SEPTEMBER 2022 CONT'D

B. THIRTY LARGEST ICULS HOLDERS AS AT 30 SEPTEMBER 2022 (as shown in the Record of Depositors) (cont'd)

No.	Name	No. of ICULS	%
16	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEONG WENG TEONG*	10,000,000	0.83
17	LEE HONG GUAN	9,047,030	0.75
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIAU ZHEN KANG*	8,869,800	0.74
19	LOW SIOU WON	8,750,000	0.72
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOW KAH WAH*	8,628,400	0.71
21	YAP YEE PING	8,370,800	0.69
22	KENANGA NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	8,055,000	0.67
23	APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHONG LI PING*	7,500,000	0.62
24	CHEW YEE SUN	7,460,000	0.62
25	GAN LU TER	7,300,000	0.60
26	TOH CHEW YIE	7,280,200	0.60
27	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR LEE ZHI CHEONG*	7,000,000	0.58
28	LEE CHER HOW	7,000,000	0.58
29	MAH LEI LEI	6,988,000	0.58
30	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	6,672,500	0.55
	TOTAL	**718,893,056**	**59.54**

C. DIRECTORS' INTEREST IN ICULS AS AT 30 SEPTEMBER 2022

No	Name	Direct No. of ICULS	Direct %	Indirect No. of ICULS	Indirect %
1.	Dato' Sri Tajudin Bin Md Isa	-	-	-	-
2.	Datuk Au Yee Boon	100,793,096	8.35	170,960,830[a]	14.16
3.	Lee Boon Siong	4,148,330	0.34	-	-
4.	Tan Eik Huang	6,999,995	0.58	-	-
5.	Dato' Sri Gan Chow Tee	-	-	-	-
6.	Kok Soke Kuen	-	-	-	-

Note:

(a) Deemed interest through the shareholdings of his spouse, Datin Lim Lee Wheng's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.

ANALYSIS OF WARRANTS HOLDINGS
AS AT 30 SEPTEMBER 2022

Total Issued Warrants	:	145,250,984
Total Outstanding Warrants	:	145,250,984

A. DISTRIBUTION OF WARRANTS HOLDERS AS AT 30 SEPTEMBER 2022
(as shown in the Record of Depositors)

Size of Holdings	No. of Warrants Holders	%	No. of Warrants	%
1 - 99	692	19.08	24,188	0.01
100 - 1,000	521	14.37	375,499	0.26
1,001 - 10,000	1,532	42.25	7,226,497	4.98
10,001 - 100,000	745	20.55	24,052,156	16.56
100,001 to less than 5% of issued Warrants	135	3.72	105,597,644	72.70
5% and above of issued Warrants	1	0.03	7,975,000	5.49
TOTAL	3,626	100.00	145,250,984	100.00

B. THIRTY LARGEST WARRANTS HOLDERS AS AT 30 SEPTEMBER 2022
(as shown in the Record of Depositors)

No.	Name	No. of Warrants	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TECHBASE SOLUTION SDN BHD*	7,975,000	5.49
2	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG*	7,000,000	4.82
3	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	4,350,000	3.00
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE WHENG*	4,121,083	2.84
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING*	3,750,000	2.58
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	3,657,916	2.52
7	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR POR TEONG ENG*	3,608,100	2.48
8	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR CHAI CHOI HONG*	3,385,883	2.33
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	3,025,000	2.08
10	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG*	2,700,000	1.86
11	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	2,500,000	1.72
12	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOON CHIN SENG*	2,460,750	1.69

ANALYSIS OF WARRANTS HOLDINGS

AS AT 30 SEPTEMBER 2022 CONT'D

B. THIRTY LARGEST WARRANTS HOLDERS AS AT 30 SEPTEMBER 2022 (as shown in the Record of Depositors) (cont'd)

No.	Name	No. of Warrants	%
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM JEE GIN*	2,200,000	1.51
14	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	2,150,000	1.48
15	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	1,950,000	1.34
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	1,940,000	1.34
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	1,892,100	1.30
18	APEX SECURITIES BERHAD	1,858,200	1.28
19	KONG LEK CHAI @ KONG AH LIM	1,700,000	1.17
20	LEE HONG GUAN	1,649,933	1.14
21	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	1,500,000	1.03
22	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR OOI YOUK LAN*	1,475,000	1.02
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	1,452,500	1.00
24	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	1,450,000	1.00
25	KENANGA INVESTMENT BANK BERHAD *FOR PDT WONG SEOK PING*	1,411,100	0.97
26	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AU YEE BOON*	1,400,000	0.96
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE TEIK AUN*	1,250,000	0.86
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR RESERVOIR LINK HOLDINGS SDN BHD*	1,213,615	0.84
29	PERCETAKAN SANWA INDUSTRIES SDN BHD	1,175,000	0.81
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG CHEE KEONG*	1,150,000	0.79
	TOTAL	**77,351,180**	**53.25**

ANALYSIS OF WARRANTS
AS AT 30 SEPTEMBER 2022 CONT'D

C. DIRECTORS' INTEREST IN WARRANTS AS AT 30 SEPTEMBER 2022

		Direct		Indirect	
No	**Name**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1.	Dato' Sri Tajudin Bin Md Isa	-	-	-	-
2.	Datuk Au Yee Boon	6,557,916	4.51	12,096,083[a]	8.33
3.	Lee Boon Siong	414,833	0.29	-	-
4.	Tan Eik Huang	699,999	0.48	-	-
5.	Dato' Sri Gan Chow Tee	-	-	-	-
6.	Kok Soke Kuen	-	-	-	-

Note:

(a) Deemed interest through the warrants held by his spouse, Datin Lim Lee Wheng's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

THIS SHARE BUY-BACK STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL INDEPENDENT ADVISER IMMEDIATELY.

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Share Buy-Back Statement ("**Statement**") prior to its issuance and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. INTRODUCTION

At the Annual General Meeting of YB Ventures Berhad ("**YBVB**" or "**Company**") held on 30 June 2021, YBVB had obtained approval from its shareholders for the Company to purchase and/or hold up to ten percent (10%) of the total issued share capital of the Company. The authority shall, in accordance with the Main Market Listing Requirements of Bursa Securities ("**Listing Requirement**"), expire at the conclusion of the forthcoming Twenty-Second Annual General Meeting ("**22nd AGM**"), unless such authority is renewed at the forthcoming 22nd AGM.

On 20 October 2022, the Board of Directors of the Company ('**Board**") announced its intention to seek shareholders' approval for the Proposed Renewal of Share Buy-Back Authority. The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Companies Act 2016 ("**Act**") and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back Authority and sets out the Board's recommendation thereon. The Company will seek the shareholders' approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 22nd AGM.

3. PURCHASES AND CANCELLATION OF SHARES AND RESALE OF TREASURY SHARES MADE PURSUANT TO THE EXISTING APPROVAL

During the preceding 12 months up to 30 September 2022, the Company did not purchase any of its own ordinary shares ("**Shares**" or "**YBVB Shares**") from the open market.

As at 30 September 2022, a total of 808,166 Shares are held by the Company as treasury shares. The Company has not resold or cancelled any treasury shares on Bursa Securities during the preceding 12 months up to 30 September 2022.

4. PPROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

As at 30 September 2022, the Company's issued share capital is RM110,754,104.00 comprising 291,311,170 ordinary shares of the Company (including 808,166 treasury shares) and the Company has:

(i) 1,207,328,387 outstanding 5-year, 0.10%, irredeemable convertible unsecured loan stocks ("**ICULS**");

(ii) 145,250,984 outstanding warrants 2022/2025 as constituted by the deed poll dated 5 September 2022 ("**Warrants**"); and

(iii) up to 246,583,581 ESOS (as defined herein) options which may be granted pursuant to the maximum allowable amount under the employees' share option scheme, which took effect on 5 April 2021 for a period of 5 years ("**ESOS**") based on the assumption that 808,166 treasury shares are resold on the open market and all the outstanding ICULCS and Warrants as mentioned above are converted/exercised into new Shares.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

4. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

Based on the above, the maximum number of Shares that may be purchased is as follows:

	Minimum Scenario No. of Shares	**Maximum Scenario No. of Shares**
Total number of issued Shares as at 30 September 2022[1]	291,311,170	291,311,170
Less: treasury shares	(808,166)	-[2]
Assuming all the outstanding ICULS are converted[3]	-	1,207,328,387
Assuming all the outstanding Warrants are exercised[4]	-	145,250,984
To be issued upon full exercise of the ESOS options[5]	-	246,583,581
Total number of issued Shares	290,503,004	1,890,474,122
Maximum number of Shares that may be purchased	29,050,300	189,047,412

Notes:

(1) Including 808,166 Shares which are held by the Company as treasury shares as at 30 September 2022.

(2) Assuming 808,166 treasury shares are resold in the open market at their respective acquisition prices.

(3) Assuming all the outstanding 1,207,328,387 ICULS are converted into 1,207,328,387 new Shares by a combination of surrendering 1 ICULS and paying RM0.44 in cash, which is the difference between the issue price of the ICULS surrendered and the conversion price of RM0.48 for 1 new Share.

(4) Assuming all the outstanding 145,250,984 Warrants are fully exercised into 145,250,984 new Shares at the exercise price of RM0.37.

(5) Assuming 246,583,581 ESOS options are granted pursuant to the maximum allowable amount under the ESOS and fully exercised into 246,583,581 new Shares.

The Proposed Renewal of Share Buy-Back Authority will be effective immediately upon the passing of the ordinary resolution and will continue to be in force until:

(i) the conclusion of the Company's next Annual General Meeting at which time the said authority shall lapse unless renewed by an 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 of the Company is required by law to be held; or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

5. TREATMENT OF THE PURCHASED YBVB SHARES

Pursuant to Section 127 of the Act, the Board may, at its discretion, deal with the Shares so purchased in the following manner:

(i) to cancel the Shares so purchased;

(ii) to retain the Shares so purchased as the treasury shares, which may be distributed as share dividends to the shareholders and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be transferred for the purpose of an employees' share scheme and/or be transferred as purchase consideration and/or be cancelled subsequently;

(iii) to retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares; or

(iv) to deal with the Shares so purchased in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time.

Upon each purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority, an immediate announcement will be made to Bursa Securities in respect of the intention of the Board whether to retain the Shares so purchased as treasury shares, cancel them or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale, transfer and/or cancellation of treasury shares.

6. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, may potentially benefit the Company as follows:-

(i) It allows the Company to take preventive measures against speculation, particularly when the Shares are undervalued, which would in turn, stabilise the market price of the Shares and hence, enhance investors' confidence;

(ii) if the Shares purchased are retained as treasury shares, the Board may distribute the treasury shares as share dividends to reward the shareholders and thus, minimise the cash outlay required for dividends in the future whilst stabilising the market price of the Shares; and

(iii) the resultant reduction of the share capital base (in respect of Shares purchased which are then cancelled) may potentially enhance the earnings per share ("**EPS**") and the net assets ("**NA**") per Share of the Company and its group of companies ("**Group**") (all things being equal).

The Board does not expect the Proposed Renewal of Share Buy-Back Authority to have any material disadvantage to the Company and its shareholders as it will be implemented only after due consideration of the financial resources of the Group and the resultant impact on the Company and its shareholders. The Board, in exercising any decision to purchase any Shares, will be mindful of the Company's shareholders' interests.

7. QUANTUM AND FUNDING

The actual number of the Shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, market conditions, share market sentiments and the availability of retained profits and financial resources of the Company as well as the Listing Requirements to maintain the necessary shareholding spread.

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or external borrowings. The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority will be subject to the Company's retained profits. The audited retained profits of the Company as at 30 June 2022 is RM20.2 million.

In the event the Proposed Renewal of Share Buy-Back Authority is funded through external borrowings, the Board shall ensure that the Company has sufficient financial capabilities to repay such borrowings and that such borrowings will not have any material effect on the Group's financial.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

7. QUANTUM AND FUNDING cont'd

Pricing

YBVB may only purchase its own shares at a price which is not more than fifteen percent (15%) above the weighted average market price ("**WAMP**") of YBVB Shares for the past five (5) market days immediately preceding the date of the purchase(s).

The treasury shares arising from the share buy-back shall be resold or transferred pursuant to Section 127(7) of the Act, if so determined by the Board, at a price that is: -

a. not less than the WAMP of YBVB Shares for the past five (5) market days immediately preceding the date of the resale or transfer; or

b. not more than five percent (5%) discount to the five (5) market days WAMP of YBVB Shares immediately prior to the resale or transfer, provided that:-

    i. the resale or transfer take place no earlier than thirty (30) days from the date of purchase; and

    ii. the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

The monthly highest and lowest prices of YBVB Shares as traded on Bursa Securities for the preceding twelve (12) months from October 2021 to September 2022 are as follows:-

	Share price	
Month	**High (RM)**	**Low (RM)**
2021		
October	0.470	0.435
November	0.495	0.410
December	0.450	0.375
2022		
January	0.505	0.420
February	0.480	0.405
March	0.470	0.320
April	0.465	0.410
May	0.465	0.405
June	0.435	0.385
July	0.410	0.375
August	0.435	0.375
September	0.460	0.355

The last transacted price of the shares on 30 September 2022, being the latest practicable date prior to the printing of this Statement is RM0.355.

(Source: Bloomberg)

8. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The financial resources of YBVB may increase pursuant to the resale of the purchased shares held as treasury shares at prices higher than the purchase price. The other advantages of the Proposed Renewal of Share Buy-Back Authority are outlined in item 5 of this Statement.

However, the Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Company. This may result in the Company foregoing future investment opportunities and/or any income that may be derived from alternative uses of such funds.

Nevertheless, the Board will be mindful of the interests of YBVB and its shareholders in implementing the Proposed Renewal of Share Buy-Back Authority.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”) CONT’D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

As at 30 September 2022, the Company has 291,311,170 Shares in issue (including 808,166 treasury shares) and the following securities:

(i) 1,207,328,387 outstanding ICULS;

(ii) 145,250,984 outstanding Warrants; and

(iii) up to 246,583,581 ESOS options which may be granted pursuant to the maximum allowable amount under the ESOS based on the assumption that 808,166 treasury shares are resold on the open market and all the outstanding ICULS and Warrants are exercised into new shares.

The Company does not intend to grant any ESOS options prior to the 22nd AGM.

The effects of the Proposed Renewal of Share Buy-Back Authority are illustrated as follows:-

Minimum Scenario : Assuming 808,166 treasury shares are retained, and none of the outstanding ICULS, Warrants and ESOS options are converted/exercised into new YBVB Shares before the implementation of the Proposed Renewal of Share Buy-Back Authority

Maximum Scenario : Assuming 808,166 treasury shares are resold in the open market and that all of the outstanding ICULS, Warrants and ESOS options are converted/exercised into new YBVB Shares before the implementation of the Proposed Renewal of Share Buy-Back Authority

9.1 Share Capital

The pro forma effects of the Proposed Renewal of Share Buy-Back Authority as follows: -

	Minimum Scenario No. of Shares	Maximum Scenario No. of Shares
Share Capital as at the 30 September 2022[(1)]	291,311,170	291,311,170
Less: treasury shares	(808,166)	-[(2)]
To be issued assuming full conversion of the outstanding ICULS[(3)]	-	1,207,328,387
To be issued assuming full exercise of the outstanding Warrants[(4)]	-	145,250,984
To be issued assuming full granting and exercise of the ESOS options which may be granted[(5)]	-	246,583,581
	290,503,004	1,890,474,122
Upon completion of the Proposed Share Buy-Back (assuming all treasury shares are cancelled)	(29,050,300)	(189,047,412)
Enlarged issued share capital	**261,452,704**	**1,701,426,710**

Notes:

(1) Including 808,166 Shares which are held by the Company as treasury shares as at 30 September 2022.

(2) Assuming 808,166 treasury shares are resold in the open market at their respective acquisition prices.

(3) Assuming all the outstanding 1,207,328,387 ICULS are converted into 1,207,328,387 new Shares by a combination of surrendering 1 ICULS and paying RM0.44 in cash, which is the difference between the issue price of the ICULS surrendered and the conversion price of RM0.48 for 1 new Share.

(4) Assuming all the outstanding 145,250,984 Warrants are fully exercised into 145,250,984 new Shares at the exercise price of RM0.37

(5) Assuming 246,583,581 ESOS options are granted pursuant to the maximum allowable amount under the ESOS and fully exercised into 246,583,581 new Shares.

The Proposed Renewal of Share Buy-Back Authority will not have any effect on the total number of issued Shares if the purchased Shares are retained as treasury shares except that certain rights attaching to the treasury shares will be suspended.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.2 NA and Gearing

The effects of the Proposed Renewal of Share Buy-Back Authority on the Group's NA per Share will depend on the number of Shares purchased, the purchase prices of the Shares, the effective funding costs to finance the purchase of the Shares and the treatment of the Shares so purchased by the Company.

If the purchased shares are kept as treasury shares, the NA per share will decrease unless the cost per share of the treasury shares purchased is below the NA per share at the relevant point in time. This is because the treasury shares, which are required to be carried at cost, must be offset against equity and therefore would result in a decrease in NA of the Company.

Similarly, if the purchased shares are cancelled, the NA per share of the Group will decrease unless the cost per share of the purchased shares is below the NA per share at the relevant point in time.

In the case where the purchased shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per share of the Group will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as share dividends, the NA of the Group will decrease by the cost of the treasury shares.

Assuming that the treasury shares are being retained by the Company and no borrowings are being utilised to fund the purchase of the Shares, all else being equal, the Proposed Renewal of Share Buy-Back Authority may increase the gearing of the Group as the equity will be reduced by the cost of Shares acquired.

9.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of the Shares purchased.

However, the working capital of the Group will increase if the purchased Shares are resold on Bursa Securities. The quantum of the increase will depend on the actual selling prices of the treasury shares and the number of treasury shares resold on Bursa Securities.

9.4 Cashflow

The Proposed Renewal of Share Buy-Back Authority is not expected to be implemented to the extent that it will adversely affect the cash flow of the Company. The exact effect on the cash flow of the Company will depend on the purchase prices of the Shares and the number of the Shares purchased.

9.5 Earnings

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of the Group are dependent on the purchase prices of the Shares, the number of Shares purchased and the effective funding cost or loss in interest income to the Group.

Assuming that the YBVB Shares so purchased are retained as treasury shares and subsequently resold, the effects on the earnings of our Group are dependent on the actual selling price, the number of treasury shares resold, the effective gain or interest savings arising from the exercise, and the manner in which the proceeds arising therefrom are utilised.

If the YBVB Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the EPS of the Group provided the income foregone and, if any, interest expense incurred on the Shares purchased is less than the EPS before the Proposed Renewal of Share Buy-Back Authority.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”) CONT’D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont’d

9.6 Directors’ and Substantial Shareholders’ Shareholdings cont’d

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the substantial shareholders of YBVB based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders as at 30 September 2022, assuming the Proposed Renewal of Share Buy-Back Authority is undertaken in full by the Company, are as follows:

Minimum Scenario

	As at 30 September 2022				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of shares	[14]%	No. of Shares	[14]%	No. of shares	[19]%	No. of Shares	[19]%
Substantial shareholder								
TechBase Solution Sdn Bhd	15,950,000	5.49	-	-	15,950,000	6.10	-	-
Datin Lim Lee Wheng	8,242,166	2.84	29,065,833[1][2]	10.01	8,242,166	3.15	29,065,833[1][2]	11.12
Substantial shareholder and/or Director								
Dato’ Sri Tajudin Bin Md Isa	-	-	-	-	-	-	-	-
Datuk Au Yee Boon	13,115,833	4.51	24,192,166[2][3]	8.33	13,115,833	5.02	24,192,166[2][3]	9.25
Tan Eik Huang	1,399,999	0.48	-	-	1,399,999	0.54	-	-
Lee Boon Siong	829,666	0.29	-	-	829,666	0.32	-	-
Kok Soke Kuen	-	-	-	-	-	-	-	-
Dato Sri Gan Chow Tee	-	-	-	-	-	-	-	-

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”) CONT’D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont’d

9.6 Directors’ and Substantial Shareholders’ Shareholdings cont’d

Maximum Scenario

	As at 30 September 2022				(I) Assuming all the treasury shares are resold				(II) After (I) and assuming all the outstanding ICULS are converted			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[14]%	No. of Shares	[14]%	No. of Shares	[15]%	No. of Shares	[15]%	No. of Shares	[16]%	No. of Shares	[16]%
Substantial shareholder												
TechBase Solution Sdn Bhd	15,950,000	5.49	-	-	15,950,000	5.48	-	-	145,700,000[4]	9.72	-	-
Datin Lim Lee Wheng	8,242,166	2.84	29,065,833[1][2]	10.01	8,242,166	2.83	29,065,833[1][2]	9.98	49,452,996[5]	3.30	259,608,929[1][2]	17.32
Substantial shareholder / Director												
Dato’ Sri Tajudin Bin Md Isa	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Au Yee Boon	13,115,833	4.51	24,192,166[2][3]	8.33	13,115,833	4.50	24,192,166[2][3]	8.30	113,908,929[6]	7.60	195,152,996[2][3]	13.02
Tan Eik Huang	1,399,999	0.48	-	-	1,399,999	0.48	-	-	8,399,994[7]	0.56	-	-
Lee Boon Siong	829,666	0.29	-	-	829,666	0.28	-	-	4,977,996[8]	0.33	-	-
Kok Soke Kuen	-	-	-	-	-	-	-	-	-	-	-	-
Dato Sri Gan Chow Tee	-	-	-	-	-	-	-	-	-	-	-	-

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.6 Directors' and Substantial Shareholders' Shareholdings cont'd

Maximum Scenario

	(III) After (II) and assuming all the outstanding Warrants are exercised				(IV) After (III) and assuming all the ESOS options are exercised				(V) After (IV) and the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[17]%	No. of Shares	[17]%	No. of Shares	[18]%	No. of Shares	[18]%	No. of Shares	[19]%	No. of Shares	[19]%
Substantial shareholder												
TechBase Solution Sdn Bhd	153,675,000[9]	9.35	-	-	153,675,000	8.13	-	-	153,675,000	9.03	-	-
Datin Lim Lee Wheng	53,574,079[10]	3.26	274,141,845[1][2]	16.68	53,574,079	2.83	274,141,845[1][2]	14.50	53,574,079	3.15	274,141,845[1][2]	16.11
Substantial shareholder / Director												
Dato' Sri Tajudin Bin Md Isa	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Au Yee Boon	120,466,845[11]	7.33	207,249,079[2][3]	12.61	120,466,845	6.37	207,249,079[2][3]	10.96	120,466,845	7.08	207,249,079[2][3]	12.18
Tan Eik Huang	9,099,993[12]	0.55	-	-	9,099,993	0.48	-	-	9,099,993	0.53	-	-
Lee Boon Siong	5,392,829[13]	0.33	-	-	5,392,829	0.29	-	-	5,392,829	0.32	-	-
Kok Soke Kuen	-	-	-	-	-	-	-	-				
Dato Sri Gan Chow Tee	-	-	-	-	-	-	-	-				

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.6 Directors' and Substantial Shareholders' Shareholdings cont'd

Maximum Scenario cont'd

Notes :

(1) Deemed interested through the shareholdings of his spouse, Datuk Au Yee Boon's interest in the Company.
(2) Deemed interested by virtue of his/her interest in TechBase Solution Sdn Bhd pursuant to Section 8 of the Act.
(3) Deemed interested through the shareholdings of her spouse, Datin Lim Lee Wheng's interest in the Company.
(4) Assuming TechBase Solution Sdn Bhd's holding of 129,750,000 ICULS is fully converted into 129,750,000 Shares.
(5) Assuming Datin Lim Lee Weng's holding of 41,210,830 ICULS is fully converted into 41,210,830 Shares.
(6) Assuming Datuk Au Yee Boon's holding of 100,793,096 ICULS is fully converted into 100,793,096 Shares.
(7) Assuming Tan Eik Huang's holding of 6,999,995 ICULS is fully converted into 6,999,995 Shares.
(8) Assuming Lee Boon Siong's holding of 4,148,330 ICULS is fully converted into 4,148,330 Shares.
(9) Assuming TechBase Solution Sdn Bhd's holding of 7,975,000 Warrants is fully exercised into 7,975,000 Shares.
(10) Assuming Datin Lim Lee Weng's holding of 4,121,083 Warrants is fully exercised into 4,121,083 Shares.
(11) Assuming Datuk Au Yee Boon's holding of 6,557,916 Warrants is fully exercised into 6,557,916 Shares.
(12) Assuming Tan Eik Huang's holding of 699,999 Warrants is fully exercised into 699,999 Shares.
(13) Assuming Lee Boon Siong's holding of 414,833 Warrants is fully exercised into 414,833 Shares.
(14) Based on the Company's issued share capital of 290,503,004 Shares (excluding 808,166 Shares which are held by the Company as treasury shares) as at 30 September 2022.
(15) Based on the Company's enlarged issued share capital of 291,311,170 Shares assuming 808,166 treasury shares were resold on the open market.
(16) Based on the Company's enlarged issued share capital of 1,498,639,557 Shares.
(17) Based on the Company's enlarged issued share capital of 1,643,890,541 Shares.
(18) Based on the Company's enlarged issued share capital of 1,890,474,122 Shares.
(19) Based on the issued share capital of 261,452,704 Shares and 1,701,426,710 Shares under the Minimum and Maximum Scenario respectively.

10. PUBLIC SHAREHOLDING SPREAD

As at 30 September 2022, the public shareholding spread of the Company is approximately 86.4%.

For illustrative purposes, assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full based on the total number of issued Shares as at 30 September 2022, and the Shares are purchased from the public shareholders, the pro forma public shareholding spread of our Company would be reduced to approximately 84.9%.

The Board will ensure that before any share buy-back exercise, the public shareholding spread of at least 25% of the Company's total listed shares required under Paragraph 8.02(1) of the Listing Requirements is maintained.

11. IMPLICATIONS RELATING TO THE CODE

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 ("**Code**") and Rules on Take-Overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia ("**SC**") ("**Rules**"), a person and any person acting in concert with him, will be required to make a mandatory offer for the remaining YBVB Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is/are between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period. However, an exemption from mandatory offer obligation may be granted by the Securities Commission Malaysia under the Code and Rules upon application by such person(s).

The Company does not intend to undertake the Proposed Renewal of Share Buy-Back Authority such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code and the Rules. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Share Buy-Back Authority, the relevant parties shall make the necessary application to the SC for a waiver to undertake a mandatory offer pursuant to the Code.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage shareholding and/or voting rights of the shareholders as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority and the subsequent resale of treasury shares, if any, in the future.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, including the rationale and the effect of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company.

Accordingly, our Board recommends you to vote in favour of the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 22nd AGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they, collectively and individually, accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein misleading.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Company's Registered Office situated at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during normal business hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the 22nd AGM:

(i) the Constitution of the Company; and
(ii) the audited consolidated financial statements of the Company for the financial year ended 31 December 2020 and 18-month financial period ended 30 June 2022.

This Statement is dated 28 October 2022.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second ("**22nd**") Annual General Meeting ("**AGM**") of YB Ventures Berhad ("**Company**") will be held and conducted by way of virtual meeting entirely through live streaming via a Remote Participation and Voting ("**RPV**") Facilities from the Broadcast Venue at Unit 702, Level 7, Tropicana Gardens Office Tower, No. 2A, Persiaran Surian, 47810 Petaling Jaya, Selangor on Monday, 28 November 2022 at 2.30 p.m. or at any adjournment thereof for the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the 18-month financial period ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. ***Explanatory Note 1***

2. To re-elect the following Director who retires in accordance with Clause 103 of the Constitution of the Company and being eligible, have offered themselves for re-election:-

   a) Datuk Au Yee Boon ***Ordinary Resolution 1***

   b) Dato' Sri Gan Chow Tee ***Ordinary Resolution 2***

3. To re-elect the following Directors who retire in accordance with Clause 110 of the Constitution of the Company and being eligible, have offered themselves for re-election:-

   a) Dato' Sri Tajudin Bin Md Isa ***Ordinary Resolution 3***

   b) Ms Kok Soke Kuen ***Ordinary Resolution 4***

4. To approve the payment of Directors' fees and other benefits payable totalling RM260,000 for the period from the 22nd AGM until the next AGM of the Company. ***Ordinary Resolution 5***

5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 6***

Special Business

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

6. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016** ***Ordinary Resolution 7***

   Waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company's Constitution

   "THAT subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Company's Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue new shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, to any persons who are not prescribed by Paragraph 6.04(c) of the Listing Requirements provided that the aggregate number of shares to be allotted and issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, 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 approval for the listing of and quotation for the additional shares so allotted and issued from the Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING
CONT'D

AND THAT in connection with the above, pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company's Constitution, the shareholders of the Company by approving this resolution are deemed to have waived their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with the existing shares in the Company."

7. **Proposed Renewal of Share Buy-Back Authority for the Company to Purchase Up to 10% of the Company's Total Number of Issued Shares ("Proposed Renewal of Share Buy-Back Authority")** ***Ordinary Resolution 8***

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act 2016, the provisions of the Company's Constitution, the Listing Requirements and the approvals of all relevant governmental/regulatory authorities, approval be and is hereby given to the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Statement in relation to the Proposed Renewal of Share Buy-Back Authority dated 28 October 2022 in the Annual Report.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by ordinary resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Listing Requirements and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

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

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 202208000250)
THIEN LEE MEE (LS0010621 / SSM PC NO. 201908002254)
Company Secretaries

Selangor Darul Ehsan

Date: 28 October 2022

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING
CONT'D

Notes:-

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.app.
2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee who 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.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The proxy form must be deposited at the Share Registrar's office of YB Ventures Berhad situated at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 18 November 2022 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/or vote on his/her behalf.

Explanatory Notes to Ordinary Business:

Item 1 of the Agenda - Audited Financial Statements for the 18-month financial period ended 30 June 2022

This item of the Agenda is solely for discussion purposes, as Section 340(1)(a) of the Companies Act 2016 does not require shareholders to formally approve the audited financial statements. Therefore, the matter will not be put forward for voting.

Ordinary Resolutions 1 to 4: Re-election of Directors who retire pursuant to Clause 103 and Clause 110 of the Company's Constitution

The following Directors who are standing for re-election as Directors of the Company pursuant to the following clauses of the Company's Constitution at the forthcoming 22nd AGM of the Company and who are being eligible for re-election have offered themselves for re-election in accordance with the Company's Constitution: -

a) Datuk Au Yee Boon pursuant to Clause 103 of the Company's Constitution;
b) Dato' Sri Gan Chow Tee pursuant to Clause 103 of the Company's Constitution;
c) Dato' Sri Tajudin Bin Md Isa pursuant to Clause 110 of the Company's Constitution; and
d) Miss Kok Soke Kuen pursuant to Clause 110 of the Company's Constitution.

(collectively referred to as "**Retiring Directors**")

The Board of Directors, through the Nomination Committee, has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Ordinary Resolutions 5: Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 5, if passed, will facilitate the payment of proposed Directors' fees of RM260,000.00 for the period from the 22nd AGM until the next AGM of the Company.

The benefits payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable are in the best interest of the Company and in accordance with the remuneration framework of the Company and its group of companies.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING
CONT'D

Explanatory Notes to Special Business:

a. Ordinary Resolution 7: Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016; and waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company's Constitution

The proposed Ordinary Resolution 7 is a renewal of general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the 21st AGM on 30 June 2021 ("**Previous Mandate**").

As at the date of this Notice, the Company has allotted and issued 48,551,861 new ordinary shares and raised total proceeds of approximately RM17.0 million pursuant to the Previous Mandate which will lapse at the conclusion of this AGM. Please refer to the additional compliance information as disclosed in the Annual Report 2022 for the details of the utilisation of proceeds.

The proposed Ordinary Resolution 7, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares of the Company from time to time and expand the mandate to grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares issued and allotted, to be subscribed under any rights granted, to be issued from the conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("**Renewed General Mandate**"). In computing the aforesaid 10% limit, shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Renewed General Mandate will enable the Directors to allot and issue ordinary shares at any time up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being without convening a general meeting which will be both time and cost consuming. The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to the placement of shares for the purpose of funding future investment project(s), working capital and/or acquisitions.

Please refer to Section 85(1) of the Companies Act 2016 and Clause 65 of the Company's Constitution as detailed below.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 65 of the Company's Constitution provides as follows:

"65. Unless otherwise determined by the Company in general meeting any original shares or securities for the time being unissued and not allotted as provided in this Constitution and any new shares or securities from time to time to be created shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares or securities held by them. Such offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of the same in such manner as they think fit most beneficial to the Company. The Directors may, in like manner dispose of any such new or original shares or securities as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid, or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner herein before provided."

In order for the Directors to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 7, if passed, will exclude your pre-emptive rights over all new shares, options over or grant of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities under the authority to Directors to allot shares.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING
CONT'D

b. Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase its own ordinary shares of up to ten percent (10%) of the Company's total number of issued shares at any time within the time period stipulated in the Listing Requirements. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within the next AGM after that date is required by law to be held, whichever occurs first. Please refer to the Statement in relation to the Proposed Renewal of Share Buy-Back Authority dated 28 October 2022 in the Annual Report for more information.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities: -

1. Details of individuals who are standing for election as Directors (excluding Directors for re-election).

   No individual is seeking election as a Director at the 22nd AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities.

   The details of the general mandate/authority for Directors of the Company to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note to Special Business of the Notice of 22nd AGM of the Company.

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YB VENTURES BERHAD

PROXY FORM

YB VENTURES BERHAD
[Registration No. 200001013437 (516043-K)]

No of ordinary shares held	CDS Account No

I/We ________________________________ NRIC/Company No. ________________
(FULL NAME IN BLOCK LETTERS)

of ____

Contact No. ____________________ and # email address ____________________

being a member/members of **YB VENTURES BERHAD** (“Company”), hereby appoint:

Full Name *(IN BLOCK LETTERS)*	**NRIC/Passport No.**	**% of shareholdings**
# Contact No.	**# Email Address**	
Address:		

*and/or

Full Name *(IN BLOCK LETTERS)*	**NRIC/Passport No.**	**% of shareholdings**
# Contact No.	**# Email Address**	
Address:		

 # You are required to fill in the contact no. and email address in order to participate the Twenty-Second (“22nd”) Annual General Meeting (“AGM”), otherwise, we are unable to register you as the participant of the meeting.

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 22nd AGM of the Company which to be held and conducted by way of virtual meeting entirely through live streaming via a Remote Participation and Voting (“RPV”) Facilities from the Broadcast Venue at Unit 702, Level 7, Tropicana Gardens Office Tower, No. 2A, Persiaran Surian, 47810 Petaling Jaya, Selangor on Monday, 28 November 2022 at 2.30p.m. or at any adjournment thereof, in the manners as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Datuk Au Yee Boon who retires pursuant to Clause 103 of the Company’s Constitution.		
2.	To re-elect Dato’ Sri Gan Chow Tee who retires pursuant to Clause 103 of the Company’s Constitution.		
3.	To re-elect Dato’ Sri Tajudin Bin Md Isa who retires pursuant to Clause 110 of the Company’s Constitution.		
4.	To re-elect Ms Kok Soke Kuen who retires pursuant to Clause 110 of the Company’s Constitution.		
5.	To approve the payment of Directors’ fees and other benefits payable totalling RM260,000 for the period from the 22nd AGM until the next AGM of the Company.		
6.	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016; and waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company’s Constitution.		
8.	Proposed renewal of share buy-back authority for the purchase of the Company’s own ordinary shares.		

Please indicate with an “X” or “√” in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/her discretion.

Dated this _______ day of ____________________, 2022

____
Signature/Common Seal of Shareholder

Notes:-

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.app.
2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee who 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.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The proxy form must be deposited at the Share Registrar’s office of YB Ventures Berhad situated at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 18 November 2022 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/or vote on his/her behalf.

Fold this flap for sealing

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STAMP

THE SHARE REGISTRAR OF
YB VENTURES BERHAD
[Registration No. 200001013437 (516043-K)]
c/o Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150, Shah Alam
Selangor, Malaysia

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YB VENTURES BERHAD

ALPHA TILES®
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Living Tiles