

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF YENHER HOLDINGS BERHAD (“YENHER” OR THE “COMPANY”) DATED 22 JUNE 2021 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice.)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Berhad’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“Website”).

**Availability and Location of Paper/Printed Prospectus**

Any applicant who is in doubt of the validity or integrity of the Electronic Prospectus should immediately request for a paper/printed copy of the Prospectus directly from the Company or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Malaysia Securities Berhad, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

The IPO and distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. The Company, the Directors of the Company, the Promoters, the Selling Shareholders, the Sole Principal Adviser, the Sole Underwriter and the Sole Placement Agent have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. Accordingly, the Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase of, or invitation to subscribe for or purchase of the IPO Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of the Electronic Prospectus and the sale of the IPO Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of the Electronic Prospectus are required to inform themselves of and to observe such restrictions.

**Close of Application**

Applications will be accepted from **10.00 a.m. on 22 June 2021** and will close at **5.00 p.m. on 1 July 2021**. Any change to the timetable will be advertised by Yenher in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Malaysia Berhad. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained on the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.





**YENHER HOLDINGS BERHAD**



**PROSPECTUS**



**YENHER HOLDINGS BERHAD**  
 (Registration No. 202001008388 (1364708-X))  
 (Incorporated in Malaysia under the Companies Act 2016)

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

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www.yenheragro.com



**P R O S P E C T U S**



**YENHER HOLDINGS BERHAD**  
 (Registration No. 202001008388 (1364708-X))  
 (Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 106,188,000 ORDINARY SHARES IN YENHER HOLDINGS BERHAD ("YENHER") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING AND QUOTATION OF THE ENTIRE ENLARGED ISSUED SHARES OF YENHER ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

- (I) PUBLIC ISSUE OF 64,431,000 NEW SHARES IN THE FOLLOWING MANNER:
  - 15,000,000 IPO SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC VIA BALLOTING;
  - 15,000,000 IPO SHARES MADE AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF YENHER AND ITS SUBSIDIARIES ("GROUP") AS WELL AS OTHER PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP; AND
  - 34,431,000 IPO SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA ("MITI"); AND
- (II) OFFER FOR SALE OF UP TO 41,757,000 EXISTING SHARES IN THE FOLLOWING MANNER:
  - 3,069,000 IPO SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MITI; AND
  - 38,688,000 IPO SHARES BY WAY OF PRIVATE PLACEMENT TO OTHER INSTITUTIONAL AND SELECTED INVESTORS

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THE PROSPECTUS, AT AN ISSUE/OFFER PRICE OF RM0.95 PER IPO SHARE PAYABLE IN FULL UPON APPLICATION

Sole Principal Adviser, Sole Underwriter and Sole Placement Agent



**RHB Investment Bank Berhad**  
 (Registration No. 197401002639 (19663-P))  
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 132.**

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF OUR IPO. THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE SAID APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**THIS PROSPECTUS IS DATED 22 JUNE 2021**

**THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.**



All defined terms used in this Prospectus are defined under "Presentation of Information", "Definitions" and "Glossary of Technical Terms" commencing on pages ix, xi and xv respectively.

### **RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being our Sole Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

### **STATEMENTS OF DISCLAIMER**

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Forms, has also been lodged with the Registrar of Companies Malaysia, who takes no responsibility for its contents.

You should rely on your own evaluation to assess the merits and risks of your investment in our Shares. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

You should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our IPO Shares as an indication of the merits of our Shares being offered.

### **OTHER STATEMENTS**

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any person in relation to our Company.

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely for our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Selling Shareholders, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

Our Company, Directors, Promoters, Selling Shareholders, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent have also not authorised anyone and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase of, or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia. We will also not accept any liability whether or not any enquiry or investigation is made in connection therein.

It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not contravene any law of countries or jurisdictions to which you may be subject to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It is also your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected to. Neither we nor the Directors, Promoters, Selling Shareholders, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent nor any other advisers in relation to our IPO will accept any responsibility or liability if any application made by you shall become illegal, unenforceable or void in any country or jurisdiction.

### ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the Internet is not a fully secure medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us or our Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**third party internet sites**"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way to the third party internet sites. Accordingly, we are not responsible for the availability of or the content or any data, information, file or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the third party internet sites;
- (ii) we are not responsible for the quality of products or services in the third party internet sites, particularly in fulfilling any of the terms of any agreement with the third party internet sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the third party internet sites or the use of or reliance on any data, information, file or other material provided by the third party internet sites; and

- (iii) any data, information, file or other material downloaded from the third party internet sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where the Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (a) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus, which has been downloaded or obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;
- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the Internet is not a fully secure medium; and
- (c) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

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The indicative timetable for our IPO is set out below:

<b>Event</b>	<b>Time / date</b>
Opening of application for our IPO Shares	10.00 a.m., 22 June 2021
Closing of application for our IPO Shares	5.00 p.m., 1 July 2021
Balloting of applications for our IPO Shares under the Retail Offering	5 July 2021
Allotment/transfer of our IPO Shares to successful applicants	13 July 2021
Listing	15 July 2021

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

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## PRESENTATION OF INFORMATION

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All references to “our Company”, “the Company” and “Yenher” in this Prospectus are to Yenher Holdings Berhad. All references to “our Group”, “the Group” and “Yenher Group” in this Prospectus are to our Company and our subsidiaries collectively, and all references to “we”, “us”, “our” and “ourselves” in this Prospectus are to our Company and where the context otherwise requires, shall include our subsidiaries.

All references to “you” are to our prospective investors.

All references to “LPD” in this Prospectus are to 31 May 2021, being the latest practicable date prior to the registration of this Prospectus with the SC.

Unless the context otherwise requires, references to “Management” in this Prospectus are to our Group Managing Director, Executive Directors and other Key Senior Management as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any reference to persons shall, where applicable, include companies and corporations.

Any reference in this Prospectus to any provision of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to the provision of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

All references to a time of day and date in this Prospectus are references to time and date in Malaysia, unless otherwise stated.

Certain amounts and percentage figures included in this Prospectus have been subjected to rounding adjustments. As a result, any discrepancy in the tables or charts between the amounts listed and totals in this Prospectus is due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

The information on our website or any website, directly or indirectly, linked to such website does not form part of this Prospectus and you should not rely on those information for the purpose of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry in which we operate as well as our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Protégé, an independent market research and consulting firm, as included in Section 7 of this Prospectus. In compiling its data for the review, Protégé relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Further, third party projections, including the projections from the IMR Report, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third party projections cited in this Prospectus.

## FORWARD-LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future result, performance or achievement, or industry result expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current views with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminologies such as the words "expect", "believe", "anticipate", "plan", "aim", "intend", "estimate", "forecast", "may", "will", "would" and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- the general industry environment, including the demand for and supply of our products, trends and competitive position;
- our business strategies, plans and potential growth opportunities;
- our financial performance and financing plan including future earnings, cash flows and liquidity; and
- the regulatory environment and the effects of future regulation.

Factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements in this Prospectus include those discussed in Section 8 of this Prospectus on "Risk Factors" and Section 11.3.2 of this Prospectus on "Significant Factors Affecting our Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at LPD and made only as at LPD.

Should we become aware of any subsequent significant change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we will issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).



**DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the term is defined otherwise or the context otherwise requires:

Acquisitions	:	The acquisitions by our Company of the entire equity interests in Yenher Agro and Yenher Biotech, details of which are set out in Section 5.1.1 of this Prospectus
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
Application	:	Application for our IPO Shares under the Retail Offering by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Application form for the subscription of our IPO Shares under the Retail Offering accompanying this Prospectus
ATM	:	Automated teller machine
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor to record his deposits or withdrawals of securities and to deal in such securities
CGH Holdings	:	CGH Holdings Sdn Bhd
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company as may be amended from time to time
COVID-19	:	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-Cov-2). The first outbreak of this new virus and disease was reported in December 2019 and it is now a pandemic affecting many countries globally
Directors	:	Directors of our Company
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium including, but not limited to CD-ROMs ( <i>compact disc - read only memory</i> )
Electronic Share Application	:	Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATMs

**DEFINITIONS** *(Cont'd)*

Eligible Employees	:	Directors and employees of our Group who are eligible to participate in the Retail Offering
Eligible Persons	:	Collectively, the Eligible Employees and other persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EPS	:	Earnings per share
FYE	:	Financial year ended/ending, as the case may be
GP	:	Gross profit
IMR or Protégé	:	Protégé Associates Sdn Bhd, the Independent Market Researcher
IMR Report	:	Independent market research on the animal health and nutrition industry in Malaysia dated 8 June 2021 prepared by Protégé
Institutional Offering	:	Offering of up to 76,188,000 IPO Shares at the IPO Price, subject to the clawback and reallocation provisions, to institutional and selected investors, including Bumiputera investors approved by the MITI
Internet Participating Financial Institution	:	Participating financial institution for the Internet Share Application, as listed in Section 14.6 of this Prospectus
Internet Share Application	:	Application for our IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	:	Initial public offering of our Shares comprising the Public Issue and Offer for Sale
IPO Price	:	Issue/offer price of RM0.95 for each IPO Share
IPO Shares	:	Collectively, the Issue Shares and Offer Shares
Issue Shares	:	64,431,000 new Shares to be issued by our Company under the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd
Key Senior Management or Management	:	Key senior management personnel of our Group including our Group Managing Director, Executive Directors and those as set out in Section 4.4 of this Prospectus
kg	:	kilogram
Listing	:	Listing and quotation of the entire enlarged issued Shares of our Company, comprising 300,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 May 2021, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens, and companies, cooperatives, societies and institutions incorporated or organised under the laws of Malaysia

**DEFINITIONS** *(Cont'd)*

Market Day	:	A day on which Bursa Securities is open for trading in securities
MCO	:	Movement control order issued under the Prevention and Control of Infections Disease Act 1988 and the Police Act 1967 as a preventive measure to curb the spread of the COVID-19 infection in Malaysia
MFRS	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MITI	:	Ministry of International Trade and Industry of Malaysia
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale of up to 41,757,000 Offer Shares at the IPO Price by the Selling Shareholders
Offer Shares	:	41,757,000 existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application, as listed in Section 14.5 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PRC	:	People's Republic of China
Promoters	:	The promoters of our IPO, namely CGH Holdings, Cheng Mooh Tat, Cheng Mooh Kheng, Cheng Mooh Chye and Theoh Mooi Teng, details of which are set out in Section 4.1 of this Prospectus
Prospectus	:	This Prospectus dated 22 June 2021 issued by our Company
Public Issue	:	Public issue of 64,431,000 Issue Shares at the IPO Price by our Company, subject to the terms and conditions of this Prospectus
R&D	:	Research and development
Retail Offering	:	Offering of 30,000,000 Issue Shares at the IPO Price, subject to the clawback and reallocation provisions, to the Malaysian Public and Eligible Persons
Retail Underwriting Agreement	:	The retail underwriting agreement dated 2 June 2021 entered into between our Company and the Sole Underwriter for the underwriting of 30,000,000 Issue Shares under the Retail Offering

**DEFINITIONS** (Cont'd)

RHB Investment Bank or Sole Principal Adviser or Sole Underwriter or Sole Placement Agent	:	RHB Investment Bank Berhad
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SC	:	Securities Commission Malaysia
Selling Shareholders	:	The selling shareholders pursuant to the Offer for Sale, namely Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye, details of which are set out in Section 3.3.2 of this Prospectus
Share(s)	:	Ordinary share(s) in our Company
Share Registrar	:	AGRITEUM Share Registration Services Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act 1991 of Malaysia
sq ft	:	square feet
Yenher or Company	:	Yenher Holdings Berhad
Yenher Group or Group	:	Collectively, our Company and subsidiaries

**Subsidiaries of our Company**

Yenher Agro	:	Yenher Agro-Products Sdn Bhd
Yenher Biotech	:	Yenher Biotech Sdn Bhd

**Currencies**

Euro	:	Euro, the lawful currency of the European Union
GBP	:	Great Britain Pounds, the lawful currency of the United Kingdom
NTD	:	New Taiwan Dollar, the lawful currency of Taiwan, the Republic of China
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of the PRC
SGD	:	Singapore Dollar, the lawful currency of Singapore
USD	:	United States Dollar, the lawful currency of the United States of America



**GLOSSARY OF TECHNICAL TERMS**

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with and in the context of our business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

acidifier	:	A type of organic and/or inorganic acid which improves the digestibility of nutrients by animals
amino acids	:	Organic compounds which are considered the building blocks of proteins. They are made up of proteins which are essential for bodily functions and biological processes, such as the development of muscle tissues, optimal functioning of organs and immune system of animals
antioxidants	:	Compounds which inhibit oxidation, a chemical reaction that can produce free radicals which will lead to chain reactions that may damage the cells of organisms. They are used to protect essential animal nutrients from deterioration
Atrophic rhinitis	:	A contagious respiratory disease which affects swine. It is characterised by, among others, sneezing and nostril tissue swelling which may reduce productivity and increase the risk of secondary viral or bacterial infection
<i>Bacillus amyloliquefaciens</i>	:	A species of bacterium that produces amylase, an enzyme (commonly found in saliva of mammals) used to hydrolyse (break down) starch into sugar
chromatography	:	A technique used for identifying and separating components in a mixture. The mixture is dissolved in a solvent that is usually in the form of liquid or gas. The mixture is then passed through another substance that is usually in liquid or solid form. As the different components in the mixture have different levels of affinity for the substance it is passed through, they pass through such substance at different rates, thus enabling the user to determine the types of components in the mixture
<i>Clostridium perfringens</i>	:	A species of bacterium that causes chronic or acute inflammation of the small intestine in piglets. They multiply at great speed and produce toxins, which under certain conditions, can lead to severe diarrhoea and high mortality in piglets
Colibacillosis	:	An infectious disease that can lead to diarrhoea in swine and respiratory disease in poultry
corn gluten meal	:	A by-product of corn processing and source of protein for farm animals
enzyme	:	A type of protein which facilitates biochemical reactions in the body and is commonly used in animal feed to improve the digestibility of animals and enhance nutrient intake
feed conversion ratio	:	A ratio which measures the efficiency of livestock converting animal feed into desired output (such as eggs or meat), where feed given is divided by the output over a period of time
fishmeal	:	A product that is obtained by cooking, pressing, drying and milling of fresh raw fish or fish trimmings, and is generally used to feed farm animals

**GLOSSARY OF TECHNICAL TERMS** (*Cont'd*)

GMP	:	Good Manufacturing Practice, a quality assurance system which ensures that products are consistently produced and controlled according to quality standards appropriate for their intended use
mycotoxin	:	A toxic secondary metabolite produced by fungus which may cause diseases and deaths in animals
Newcastle disease	:	A highly contagious viral avian disease which affects the digestive, respiratory and nervous system of the domestic poultry and other bird species
non-starch polysaccharides	:	A type of carbohydrate that can be found in food. They make up a large part of animals' dietary fibre
palm kernel meal	:	A by-product of the extraction of palm kernel oil and is a source of protein and fibre for farm animals
peptides	:	Short chains of amino acids that are linked by peptide bonds
phytic acid	:	A compound that can be found in plant tissues such as those of seeds, legumes, cereals and grains. Phytic acid has a strong affinity for minerals such as calcium, iron and zinc, and can bind with them. The presence of phytic acid in feed will limit the animal's ability to absorb such minerals
Porcine Reproductive and Respiratory Syndrome (PRRS)	:	A viral disease which affects swine of all age groups and is characterised by two (2) overlapping clinical presentations, reproductive impairment or failure, and respiratory disease in swine. Reproductive impairment or failure is more obvious in sows or gilts but can also affect boars. The respiratory syndrome is more often observed in young growing pigs but also occurs in older breeding stock
prebiotics	:	Compounds in food that induce the growth or activity of beneficial microorganisms such as bacteria and fungi
probiotics	:	Live microorganisms used to promote healthy digestion in animals by maintaining healthy levels of good bacteria within the gastrointestinal tract of the animal, which helps animals defend against high levels of pathogenic bacteria (pathogens)
Salmonellosis	:	A bacterial disease (also known as Salmonella infection) that causes inflammation and necrosis (death of body tissue) of the intestine, diarrhoea and sepsis in poultry, swine and ruminants
soybean meal	:	A by-product of the extraction of soybean oil and source of protein for farm animals
toxin binder	:	A substance used in animal feed to neutralise harmful chemicals and mycotoxins
ultraviolet (UV) light	:	A form of electromagnetic radiation that is not visible to the human eye. On the electromagnetic spectrum, UV light has wavelengths of around 10 nanometers to 400 nanometers
vitamin A acetate	:	A natural form of vitamin A which is the acetate ester of retinol (vitamin A). It binds to and activates retinoid receptors, inducing cell differentiation and decreasing cell proliferation.

**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Nationality</b>	<b>Address</b>
Dr. Wan Mohd Kamil bin Wan Nik	Independent Non-Executive Chairman	Malaysian	No. 26, Persiaran Perpaduan 7 Villa Perpaduan 31150 Ulu Kinta Perak Darul Ridzuan
Cheng Mooh Tat	Non-Independent Group Managing Director	Malaysian	No. 16, Lorong Tambun Indah 18 Taman Tambun Indah 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang
Cheng Mooh Kheng	Non-Independent Executive Director	Malaysian	No. 18, Lorong Tambun Indah 18 Taman Tambun Indah 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang
Theoh Mooi Teng	Non-Independent Executive Director	Malaysian	No. 16, Lorong Tambun Indah 18 Taman Tambun Indah 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang
Tan Peng Lam	Independent Non-Executive Director	Malaysian	No. 11, Jalan Sungai Emas 3 11100 Batu Ferringhi Pulau Pinang
Dato' Lim Choon Khim	Independent Non-Executive Director	Malaysian	No. 6C-2-2, The Address Jalan Bukit Jambul 11900 Bayan Lepas Pulau Pinang

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Peng Lam	Chairman	Independent Non-Executive Director
Dr. Wan Mohd Kamil bin Wan Nik	Member	Independent Non-Executive Chairman
Dato' Lim Choon Khim	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dr. Wan Mohd Kamil bin Wan Nik	Chairman	Independent Non-Executive Chairman
Tan Peng Lam	Member	Independent Non-Executive Director
Dato' Lim Choon Khim	Member	Independent Non-Executive Director

**CORPORATE DIRECTORY (Cont'd)****REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Lim Choon Khim	Chairman	Independent Non-Executive Director
Dr. Wan Mohd Kamil bin Wan Nik	Member	Independent Non-Executive Chairman
Tan Peng Lam	Member	Independent Non-Executive Director

**COMPANY SECRETARIES**

: Lim Kim Teck  
Professional qualification: Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**")  
(MAICSA Membership No.: 7010844 / SSM PC. No.: 202008002059)

Kong Sown Kaey  
Professional qualification: MAICSA  
(MAICSA Membership No.: 7047655 / SSM PC. No.: 202008001434)

No. 35, 1<sup>st</sup> Floor, Jalan Kelisa Emas 1  
Taman Kelisa Emas  
13700 Seberang Jaya  
Pulau Pinang  
Tel. No. : +604 397 6672

**REGISTERED OFFICE**

: No. 35, 1<sup>st</sup> Floor, Jalan Kelisa Emas 1  
Taman Kelisa Emas  
13700 Seberang Jaya  
Pulau Pinang  
Tel. No. : +604 397 6672

**HEAD/MANAGEMENT OFFICE**

: No. 1628, Jalan IKS Simpang Ampat 1  
Taman IKS Simpang Ampat  
14100 Simpang Ampat  
Seberang Perai Selatan  
Pulau Pinang  
Tel. No. : +604 588 0887  
Website : [www.yenheragro.com](http://www.yenheragro.com)  
E-mail : [enquiry@yenheragro.com](mailto:enquiry@yenheragro.com)

**SOLE PRINCIPAL ADVISER,  
SOLE UNDERWRITER AND  
SOLE PLACEMENT AGENT**

: RHB Investment Bank Berhad  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel. No. : +603 9287 3888



**CORPORATE DIRECTORY** *(Cont'd)*

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- AUDITORS AND REPORTING ACCOUNTANTS** : Folks DFK & Co. (AF 0502)  
 12<sup>th</sup> Floor, Wisma Tun Sambanthan  
 No. 2, Jalan Sultan Sulaiman  
 50000 Kuala Lumpur  
 Tel. No. : +603 2273 2688
- Partner-in-charge : Leong Kok Tong  
 Approval No. : 02973/11/2021J  
 Professional : (i) Malaysian Institute of  
 Qualification Accountants (MIA)  
 (MIA Membership No.: 8284)  
 (ii) Malaysian Institute of Certified  
 Public Accountants (MICPA)  
 (MICPA Membership No.: 2719)
- LEGAL ADVISER FOR OUR IPO** : Wong Beh & Toh  
 1<sup>st</sup> Floor, No. 173 & 174  
 Jalan Kelab Cinta Sayang  
 Taman Ria Jaya  
 08000 Sungai Petani  
 Kedah Darul Aman  
 Tel. No. : +604 442 9081
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd  
 Suite C-09-12, Plaza Mont' Kiara  
 No. 2, Jalan Kiara, Mont' Kiara  
 50480 Kuala Lumpur  
 Tel. No. : +603 6201 9301
- Name of signing : Seow Cheow Seng  
 partner
- (See Section 7 of this Prospectus for the profile of the firm and signing partner)*
- SHARE REGISTRAR** : AGRITEUM Share Registration Services Sdn Bhd  
 2<sup>nd</sup> Floor, Wisma Penang Garden  
 No. 42, Jalan Sultan Ahmad Shah  
 10050 George Town  
 Pulau Pinang  
 Tel. No. : +604 228 2321
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
 Level 11, Menara Symphony  
 No. 5, Jalan Prof. Khoo Kay Kim  
 Seksyen 13  
 46200 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel. No. : +603 7890 4700
- LISTING SOUGHT** : Main Market of Bursa Securities

## 1. INTRODUCTION

### 1.1 APPROVALS AND CONDITIONS

The approvals and conditions imposed by the relevant authorities for our IPO and Listing are as follows:

#### 1.1.1 SC

The SC had vide its letter dated 7 May 2021, approved our IPO and Listing under Section 214(1) of the CMSA, subject to compliance with the following condition:

<u>Details of condition imposed</u>	<u>Status of compliance</u>
RHB Investment Bank and Yenher to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing	To be complied

The SC had also vide the same letter, approved the resultant equity structure of our Company pursuant to the Listing under the equity requirement for public listed companies. The effects of our Listing on the equity structure of our Company are as follows:

<u>Category of shareholders</u>	<u>As at 1 December 2020<sup>(1)</sup></u>		<u>After the Listing</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
<b>Bumiputera</b>				
▪ Dr. Wan Mohd Kamil bin Wan Nik ("Dr. Wan")	-	-	<sup>(3)</sup> 50,000	0.02
▪ Malaysian Public via balloting	-	-	<sup>(4)</sup> 7,500,000	2.50
▪ Bumiputera investors approved by the MITI	-	-	<sup>(4)</sup> 37,500,000	12.50
<b>Total Bumiputera</b>	-	-	<b>45,050,000</b>	<b>15.02</b>
Non-Bumiputera	<sup>(2)</sup> 235,569,000	100.00	<sup>(2),(5)</sup> 254,950,000	84.98
<b>Total Malaysian</b>	<b>235,569,000</b>	<b>100.00</b>	<b>300,000,000</b>	<b>100.00</b>
Foreigners	-	-	-	-
<b>Total</b>	<b>235,569,000</b>	<b>100.00</b>	<b>300,000,000</b>	<b>100.00</b>

#### Notes:

- (1) Being the latest practicable date prior to the submission of our listing application to the SC.
- (2) Held by CGH Holdings, Cheng Mook Tat, Cheng Mook Kheng, Cheng Mook Chye, Yeoh Ngong Koke and Boon Jenn Woei.
- (3) Assuming Dr. Wan, our Independent Non-Executive Chairman, subscribes in full for the 50,000 Issues Shares allocated to him under the allocation to the Eligible Persons. For information purposes, Dr. Wan is not a Bumiputera shareholder recognised/approved by the MITI.
- (4) Assuming all the IPO Shares allocated to Bumiputera public investors under the Retail Offering and Bumiputera investors approved by the MITI under the Institutional Offering are fully subscribed.
- (5) Assuming:
  - (i) all the remaining 7,500,000 Issue Shares made available for application by the Malaysian Public through a balloting process, are fully subscribed by Malaysians who are non-Bumiputera;
  - (ii) all the remaining 14,950,000 Issue Shares made available for application by Eligible Persons are fully subscribed by Eligible Persons who are Malaysians and non-Bumiputera; and

**1. INTRODUCTION (Cont'd)**

- (iii) all the 38,688,000 Offer Shares under the Institutional Offering to other institutional and selected investors are fully subscribed by Malaysian institutional and selected investors and all these investors are non-Bumiputera.

The SC had also vide its letter dated 24 December 2020, approved a relief sought by us from having to comply with the following requirement under the SC's Prospectus Guidelines:

Reference	Details of relief sought	Conditions imposed (if any)
Paragraph 5.10 of Division 1, Part II of the Prospectus Guidelines	Relief from having to disclose the names of the top five (5) major customers (except for customers who are related parties) for each of the financial year covered by the historical financial information as disclosed in the Prospectus. However, the description of the business activities of these third party major customers as well as the products and/or services that the Group supplied/provided to them during the relevant financial years will be disclosed in the Prospectus.	-

**1.1.2 Bursa Securities**

Bursa Securities had vide its letter dated 25 May 2021, approved our Admission and Listing.

**1.1.3 MITI**

MITI had vide its letter dated 13 April 2021, stated that it has taken note and has no objection for us to implement our Listing.

**1.2 MORATORIUM ON OUR SHARES**

In accordance with the SC's Equity Guidelines, the Shares held directly by our Promoters will be placed under moratorium for a period of six (6) months from the date of our Listing ("**Moratorium Period**").

The details of our Shares that will be placed under moratorium are as follows:

Name of Promoter	No. of Shares to be held under moratorium	(1)%
CGH Holdings	135,000,000	45.00
Cheng Mooh Tat	22,500,000	7.50
Cheng Mooh Kheng	10,500,000	3.50
Cheng Mooh Chye	10,500,000	3.50
Theoh Mooi Teng	<sup>(2)</sup> 800,000	0.27
<b>Total</b>	<b>179,300,000</b>	<b>59.77</b>

**Notes:**

- (1) Based on the enlarged total number of 300,000,000 Shares after our IPO.
- (2) Assuming Theoh Mooi Teng, our Non-Independent Executive Director, subscribes in full for the 800,000 Issues Shares allocated to her under the allocation to the Eligible Persons.

**1. INTRODUCTION** *(Cont'd)*

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Our Promoters have fully accepted the moratorium and have provided undertaking letters to the SC that they will not sell, transfer or assign any of their respective Shares during the Moratorium Period.

The abovementioned moratorium restrictions are specifically endorsed on the share certificates representing the Shares held by our Promoters which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restrictions.

The shareholders of CGH Holdings, namely Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye have also in their respective undertaking letters to the SC undertaken that they will not sell, transfer or assign any of their respective shares in CGH Holdings during the Moratorium Period.

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## 2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

### 2.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO involves the offering of up to 106,188,000 IPO Shares representing approximately 35.40% of our enlarged issued Shares at the IPO Price of RM0.95 per IPO Share. Our IPO Shares are expected to be allocated in the following manner, subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b>Retail Offering</b>						
Malaysian Public (via balloting):						
▪ Bumiputera	7,500,000	2.50	-	-	7,500,000	2.50
▪ Non-Bumiputera	7,500,000	2.50	-	-	7,500,000	2.50
	15,000,000	5.00	-	-	15,000,000	5.00
Eligible Persons:						
▪ Directors of our Company	1,050,000	0.35	-	-	1,050,000	0.35
▪ Eligible employees of our Group	2,470,000	0.82	-	-	2,470,000	0.82
▪ Other persons who have contributed to the success of our Group	11,480,000	3.83	-	-	11,480,000	3.83
	15,000,000	5.00	-	-	15,000,000	5.00
<b>Sub-total</b>	<b>30,000,000</b>	<b>10.00</b>	<b>-</b>	<b>-</b>	<b>30,000,000</b>	<b>10.00</b>
<b>Institutional Offering</b>						
Bumiputera investors approved by the MITI	34,431,000	11.48	3,069,000	1.02	37,500,000	12.50
Other institutional and selected investors	-	-	38,688,000	12.90	38,688,000	12.90
<b>Sub-total</b>	<b>34,431,000</b>	<b>11.48</b>	<b>41,757,000</b>	<b>13.92</b>	<b>76,188,000</b>	<b>25.40</b>
<b>Total</b>	<b>64,431,000</b>	<b>21.48</b>	<b>41,757,000</b>	<b>13.92</b>	<b>106,188,000</b>	<b>35.40</b>

**Note:**

(1) Based on the enlarged total number of 300,000,000 Shares after our IPO.

#### Moratorium on our Shares

In accordance with the SC's Equity Guidelines, CGH Holdings, Cheng Mooh Tat, Cheng Mooh Kheng, Cheng Mooh Chye and Theoh Mooi Teng have provided their respective undertaking letters to the SC that they will not sell, transfer or assign any of their respective Shares for a period of six (6) months from the date of our Listing.

For further information on our IPO and the moratorium on our Shares, please refer to Sections 3 and 1.2 of this Prospectus respectively.

## 2. PROSPECTUS SUMMARY *(Cont'd)*

### 2.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 9 March 2020 as a private company limited by shares under the name of Yenher Holdings Sdn Bhd. We then formed our Group through the Acquisitions on 28 August 2020. On 3 November 2020, our Company was converted into a public limited company to facilitate our Listing.

We are an investment holding company and through our subsidiaries, we are principally involved in the manufacturing and distribution of animal health and nutrition products. Under our manufacturing operations, we manufacture premixes, complete feed, formulated products and biotech animal feed ingredients mainly for the poultry and swine subsectors. Our distribution segment, on the other hand, focuses on the distribution of feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products and companion animal products, that cater for the poultry, swine, ruminants, aquaculture and companion animals subsectors. To complement and support the sales of our manufactured and distribution products, we also provide value-added diagnostic and material analyses services ranging from microbiological tests, chemical tests to serology tests to our customers. We also provide complimentary consulting services relating to farm management, disease diagnoses and development of animal health programmes such as farm bio-security measures, vaccination programmes and animal nutrition feeding plans to our customers.

Our principal market is in Malaysia which contributed approximately RM163.51 million or 91.31% of our revenue for the FYE 31 December 2019, while the remaining RM15.56 million or 8.69% was contributed by our export markets which include Indonesia, Brunei, Hong Kong and Pakistan. For the FYE 31 December 2020, Malaysia remains our largest market, contributing approximately RM181.91 million or 89.77% of our revenue for the year, while the export markets contributed approximately RM20.72 million or 10.23%.

For further information on our business, please refer to Section 6 of this Prospectus.

### 2.3 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

**(i) Qualified and experienced key management team**

Our Group is led by our Group Managing Director, Cheng Mooh Tat and our Executive Directors, Cheng Mooh Kheng and Theoh Mooi Teng. They each have more than 25 years of experience in the animal health and nutrition industry. They are supported by a group of key personnel who each possesses more than 10 years of experience in the respective fields of animal health and nutrition, veterinary services, manufacturing and laboratory analyses.

**(ii) Wide range of products to meet diverse customer needs**

We offer a wide selection of animal health and nutrition products that cater for the livestock industry. We manufacture a series of premixes for every age-group of the poultry and swine subsectors as well as complete feed, formulated products and biotech animal feed ingredients for the poultry and swine subsectors. We also distribute feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products and companion animal products which are sourced from reputable international suppliers. In addition, we also offer value-added services to our customers which include veterinary technical services such as rendering advice relating to common issues affecting their livestock as well as diagnostic and material analyses where we conduct a variety of tests to determine the performance and effectiveness of our products.

## 2. PROSPECTUS SUMMARY *(Cont'd)*

### (iii) In-house manufacturing ability with strong focus in product R&D

We place great emphasis on the development and formulation of new products to meet the diverse needs of our customers. Through our R&D efforts, we have developed and formulated new products to expand our product range, and are able to tailor our product offerings to meet the needs of our customers.

### (iv) Availability of laboratory equipped with testing equipment

We have an in-house laboratory that allows us to conduct diagnostic and material analyses on our products. These analyses enable us to assess the effectiveness of our Group's products and solutions on our customers' livestock. In addition, our in-house laboratory also supports our R&D initiatives by providing the platform required to develop new and improved products.

### (v) Extensive sales support services

We have an extensive sales and technical team comprising veterinarians, sales and marketing personnel, nutritionists and chemists, all of whom serve as frontliners to our customers. They are able to render advice to our customers on proper application and effects of the available feed additives pre and post-sales as well as design suitable feed programmes and feed formula to meet our customers' needs.

For further details on our competitive strengths, please refer to Section 6.5 of this Prospectus.

## 2.4 OUR FUTURE PLANS AND STRATEGIES

Our future plans and strategies are as follows:

### (i) Construction of a new GMP-compliant manufacturing plant

As at LPD, both of our existing manufacturing plants for the production of premixes, complete feed and formulated products as well as for the production of biotech animal feed ingredients are running at full capacity i.e. at a production utilisation rate of 100% based on one (1) production shift of 8.5 hours per day, six (6) days per week. However, in order to keep up with our customers' demand, we have extended our production hours by approximately three (3) hours daily on top of the normal production hours.

As such, we intend to construct a new GMP-compliant manufacturing plant to cater to the increasing demand for our products. The new manufacturing plant will house all of our manufacturing activities under one (1) roof and will include the following:

- Factory A: A factory to manufacture premixes, complete feed and formulated products, which will include a warehouse;
- Factory B: A factory to manufacture biotech animal feed ingredients;
- Office building: New office space and a R&D center for R&D activities as well as diagnostic and material analyses; and
- Canteen.

Factory A will enable us to increase our monthly production capacity of premixes, complete feed and formulated products from 573 tonnes to about 2,600 tonnes, whereas Factory B will enable us to increase our monthly production capacity for our biotech animal feed ingredients from 287 tonnes to about 1,500 tonnes.

Barring any unforeseen circumstances, we expect the new manufacturing plant to be fully operational in the fourth quarter of 2023. Thereafter, we will apply for GMP certification for both factories and this process is expected to take approximately six (6) months to complete from the date of application.

## 2. PROSPECTUS SUMMARY *(Cont'd)*

### (ii) Expansion of business into new market

We intend to expand our business into new markets either through the establishment of representative offices or branch offices, or appointment of distributors in the identified markets. We have identified Myanmar, Bangladesh and the PRC as potential markets to expand our business. We expect to expand our business into these countries within 24 months from the date of our Listing as various studies are required to be conducted to determine the feasibility of entering these markets.

### (iii) Expansion of product range

We will continue to develop and/or introduce new products under our manufacturing and distribution segments. This will serve to strengthen our product portfolio as well as enable us to meet the changing demands of the livestock industry. As at LPD, we are working on a new probiotic additive that is currently in the prototype testing stage. We expect the whole process to take two (2) to three (3) years to complete as we are required to conduct farm trials to determine the efficacy of the product.

For further details on our future plans and strategies, please refer to Section 6.6 of this Prospectus.

## 2.5 RISK FACTORS

Our business is subject to a number of risk factors which may have a material adverse impact on our business, financial condition and results of operations. The following is a summary of the key risk factors that we face in our business operations:

### (i) Our business is dependent on the livestock industry

As our Group is principally involved in the manufacturing and distribution of animal health and nutrition products, our business operations are highly dependent on the performance of the livestock industry, which in turn is affected by, among others, change in world population, change in consumers' dietary preferences and habits as well as disease outbreaks. As such, any significant drop in the demand for livestock, especially for poultry and swine, would adversely affect the demand for our products and services, which in turn, would have an adverse impact on our business, financial condition and results of operations.

### (ii) The outbreak of animal diseases or any other similar epidemic could adversely affect our business

The threat of animal disease outbreaks is one of the major problems faced by the livestock industry. As demand for animal health and nutrition products is highly dependent on the performance of the livestock industry, any widespread outbreak of such animal diseases would severely impact the demand for our animal health and nutrition products.

### (iii) Our success depends on our Group Managing Director, Executive Directors and other Key Senior Management personnel

The success of our Group is heavily attributed to our Group Managing Director, Cheng Mook Tat as well as our Executive Directors, Cheng Mook Kheng and Theoh Mooi Teng, and our qualified Key Senior Management, who have over the years gained a vast amount of experience and knowledge in the field of animal health and nutrition products. Our success and future growth also depend on our ability to identify, hire, train and retain employees who are capable, skilled and qualified in performing their roles and responsibilities. As such, we recognise that the loss of any of our Key Senior Management and other key employees in the future, and our inability to find suitable replacement in a timely manner, may have a material adverse effect on our business, financial condition, results of operations and prospects.

**2. PROSPECTUS SUMMARY (Cont'd)****(iv) Our manufacturing operations is dependent on the supply of workers**

Our manufacturing operations is dependent on the supply of workers. To cater to the needs of our manufacturing operations, we hire 47 foreign workers from Bangladesh, Nepal and Myanmar representing approximately 34.06% of our total workforce as at LPD who are involved in the production, warehousing and delivery duties. However, pursuant to the requirements imposed by the Malaysian Investment Development Authority on our manufacturing license, we are required to employ at least 80% Malaysians in our total workforce by 31 December 2022, failing which, our license may be revoked.

As a result, our business operations and financial performance may be materially affected if we are not able to replace our foreign workers with local hires or increase the number of local hires in tandem with the growth in our business, in order for our Group to meet the conditions of our manufacturing license which is critical for our operations.

**(v) Our business, financial condition and results of operations may be adversely affected by the volatility of prices and interruption in the supply of raw materials which we distribute and use for our production as well as products which we distribute**

During the last four (4) FYEs 31 December 2017, 2018, 2019 and 2020, the costs of raw materials and distribution products represented 94.80%, 94.54%, 93.92% and 93.85% of our total cost of sales respectively. The prices of raw materials which we distribute and use for the production of our own in-house manufactured products, as well as products which we distribute may be affected by, among others, market demand and supply, change in government policies or other external circumstances.

In addition, the animal health and nutrition industry is also exposed to fluctuations in crude oil prices as selected petrochemicals such as benzene, cellulose acetate and propylene glycols are raw materials used in the production of veterinary pharmaceutical and biological products. As such, any increase in crude oil prices could adversely impact the operations and profit margins of manufacturers and suppliers of these veterinary pharmaceutical and biological products, and may cause an upward pressure to their selling prices.

We may not be able to anticipate any future abrupt price hikes or any future disruption to our supply chain, and therefore we may not be able to effectively pass on the increased procurement costs to our customers or meet our customers' demand. As such, this could potentially have an adverse impact on our business, financial condition and results of operations.

**(vi) Our distribution business depends on a stable source of supply and our business relationship with our suppliers**

Our distribution segment contributed approximately 53.14%, 52.09%, 45.11% and 44.26% of our Group's revenue for the last four (4) FYEs 31 December 2017, 2018, 2019 and 2020 respectively. These distribution products are sourced from various international animal health product suppliers and as such, our distribution business relies heavily on sufficient and stable supply of products from our suppliers. Consequently, any increase in the costs of such products, prolonged shortage of the required products, operational issues or financial constraints of our suppliers to fulfil their obligations towards us or cessation of any of our distribution agreement entered into with our suppliers, could impede our ability to meet our customers' needs for such products. This in turn could lead to loss of sales and could adversely affect our business, financial condition and results of operations.

**2. PROSPECTUS SUMMARY (Cont'd)****(vii) Our business is subjected to shipping disruption and fluctuation in shipping and freight rates**

A significant portion of our purchases, both for our manufacturing and distribution activities, are sourced from suppliers located overseas and thus we rely heavily on marine and air transportation to deliver these supplies to us. Hence, we are exposed to shipping and freight disruptions that may arise as a result of adverse weather conditions, political turmoil, pirate attacks, social unrest, port strikes, oil spills, delayed or lost shipments, which in turn may have an adverse impact on our business operations. In addition, any major fluctuation in shipping and freight rates may have a substantial impact on our cost and our GP margins if we are unable to pass on such increase in costs to our customers by raising selling prices.

**(viii) Our business may be affected by the spread or outbreak of COVID-19 or any other contagious or virulent diseases**

The occurrence of a prolonged outbreak of an epidemic or other adverse public health developments in Malaysia could materially disrupt our business operations. While our Group's operations are categorised as an essential service and we were allowed to operate during the various phases of the MCOs imposed by the Malaysian Government, the outbreak of COVID-19 and the implementation of the MCO had to a certain degree affected our operations. For instance, our Group recorded lower production output due to restrictions on the number of employees who were allowed at our premises during the first of the three (3) phases of the MCO from 18 March 2020 to 28 April 2020. However, we do not expect the nationwide full lockdown commencing 1 June 2021 to have any material impact on our Group's production output as we are allowed to have 60% workforce in our manufacturing plants and our office (as compared to only 50% workforce capacity in March to April 2020) and given that this is the second full nationwide lockdown, we are able to better manage our production and business operations as compared to the first lockdown.

The escalation of the COVID-19 outbreak globally has also disrupted global supply chains which could have led to a shortage of supply and/or delay in delivery by our suppliers, of either raw materials required for our manufacturing activities or supplies from our suppliers for distribution to our customers. In addition, should any of our employees contract or be suspected of contracting COVID-19, we are required to quarantine the said employees and disinfect our offices, manufacturing plant and warehouses prior to resumption of our operations. Notwithstanding this, since the introduction of the MCO in March 2020 up to the date of this Prospectus, we have not experienced any material disruption to our supply chain and none of our employees has contracted or has been suspected of contracting COVID-19. Our Group's financial performance has also not been materially affected since the MCO was first introduced in March 2020.

Having said that, there can be no assurance that the outbreak of COVID-19 can be effectively controlled, or another outbreak of similar nature to COVID-19 will not happen in the future. Should the outbreak continue to disrupt the local and global economic conditions, our business, financial condition, results of operations and prospects may also be adversely affected.

For further details on our risk factors, please refer to Section 8 of this Prospectus.

## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters and substantial shareholders as well as their respective shareholdings in our Company before and after our IPO are as follows:

Name	Country of incorporation / Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
<b><u>Promoters and substantial shareholders</u></b>									
CGH Holdings	Malaysia	135,000,000	57.31	-	-	135,000,000	45.00	-	-
Cheng Mooh Tat	Malaysian	43,310,600	18.39	<sup>(3)</sup> 135,000,000	57.31	22,500,000	7.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Kheng	Malaysian	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Chye	Malaysian	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
<b><u>Promoter</u></b>									
Theoh Mooi Teng	Malaysian	-	-	-	-	<sup>(4)</sup> 800,000	0.27	-	-

**Notes:**

- (1) Based on the total number of 235,569,000 Shares as at the date of this Prospectus.
- (2) Based on the enlarged total number of 300,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his interest in CGH Holdings pursuant to Section 8 of the Act.
- (4) Assuming she subscribes in full for the 800,000 Issues Shares allocated to her under the allocation to the Eligible Persons.

For further information on our Promoters and substantial shareholders, please refer to Section 4.1 of this Prospectus.



**2. PROSPECTUS SUMMARY (Cont'd)****2.7 DIRECTORS AND KEY SENIOR MANAGEMENT**

As at LPD, our Directors and Key Senior Management are as follows:

<b>Name</b>	<b>Designation</b>
<b><u>Directors</u></b>	
Dr. Wan Mohd Kamil bin Wan Nik	Independent Non-Executive Chairman
Cheng Mooh Tat	Non-Independent Group Managing Director
Cheng Mooh Kheng	Non-Independent Executive Director
Theoh Mooi Teng	Non-Independent Executive Director
Tan Peng Lam	Independent Non-Executive Director
Dato' Lim Choon Khim	Independent Non-Executive Director
<b><u>Key Senior Management</u></b>	
Cheng Mooh Tat	Non-Independent Group Managing Director
Cheng Mooh Kheng	Non-Independent Executive Director
Theoh Mooi Teng	Non-Independent Executive Director
Dr. Lee Choon Shen	General Manager of Business Development and Sales
Dr. Fong Chee Wee	Regional Technical Manager
Lim Sek Yang	Deputy General Manager of Finance
Phuah Hoo Kiat	Production Manager
Wong Chee Siang	Laboratory Manager

For further information on our Directors and Key Senior Management, please refer to Sections 4.2 and 4.4 of this Prospectus respectively.

**2.8 USE OF PROCEEDS**

We expect to use the gross proceeds of approximately RM61.21 million from the Public Issue in the following manner:

<b><u>Details of the use of proceeds</u></b>	<b><u>Estimated timeframe for the use of proceeds upon Listing</u></b>	<b><u>RM'000</u></b>	<b><u>% of total gross proceeds from the Public Issue</u></b>
Construction of a new GMP-compliant manufacturing plant	Within 30 months	31,000	50.64
Purchase of new machinery and equipment	Within 30 months	9,700	15.85
Working capital	Within 36 months	16,709	27.30
Estimated listing expenses	Within one (1) month	3,800	6.21
<b>Total</b>		<b>61,209</b>	<b>100.00</b>

For further details on the use or proceeds arising from the Public Issue, please refer to Section 3.7 of this Prospectus.

## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

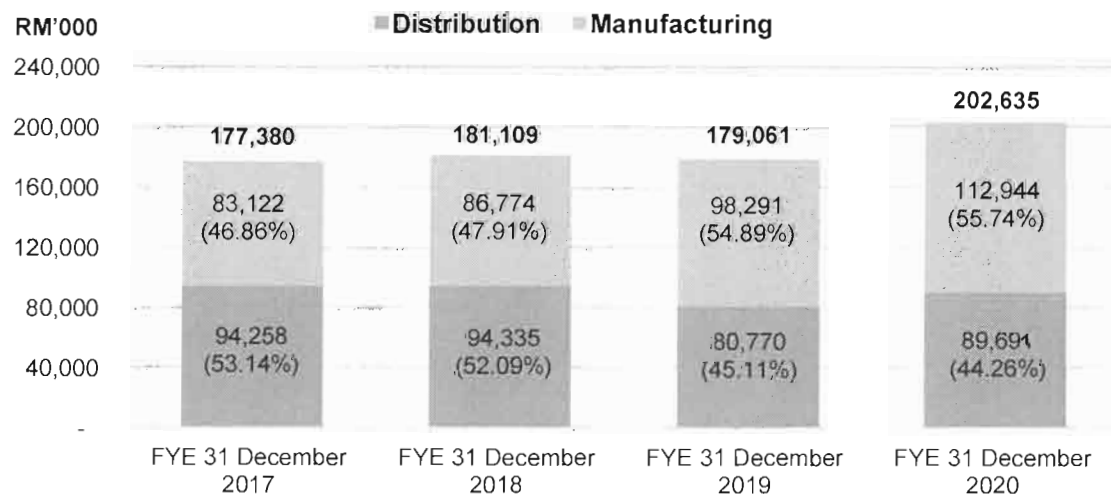
The following table sets out the key financial highlights of our Group for the financial years indicated:

	FYE 31 December			
	2017	2018	2019	2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	177,380	181,109	179,061	202,635
Cost of sales	(132,056)	(136,633)	(134,612)	(150,213)
GP	45,324	44,476	44,449	52,422
PBT	25,921	34,174	26,323	29,659
PAT for the financial year	19,038	27,285	19,745	22,397
Total comprehensive income for the financial year	19,038	27,285	28,157	23,337
Total equity	86,187	87,164	105,421	128,758
Total borrowings	17,971	5,765	5,231	-
Lease liabilities	-	-	2,349	1,530
<b>Key financial ratios:</b>				
GP margin <sup>(1)</sup> (%)	25.55	24.56	24.82	25.87
PBT margin <sup>(2)</sup> (%)	14.61	18.87	14.70	14.64
PAT margin <sup>(3)</sup> (%)	10.73	15.07	11.03	11.05
Basic and diluted EPS <sup>(4)</sup> (sen)	8.08	11.58	8.38	9.51
Gearing ratio <sup>(5)</sup> (times)	0.21	0.07	0.07	0.01

#### Notes:

- (1) GP margin is computed based on GP over revenue of our Group.
- (2) PBT margin is computed based on PBT over revenue of our Group.
- (3) PAT margin is computed based on PAT over revenue of our Group.
- (4) For comparative purposes, the basic EPS of our Group is computed based on the PAT of our Group over the total number of 235,569,000 Shares after the Acquisitions. For information purposes, the diluted EPS of our Group is equal to the basic EPS of our Group as there were no potential dilutive securities in issue during the respective financial years under review.
- (5) Gearing ratio is computed based on total borrowings and lease liabilities over total shareholders' equity as at the end of the respective financial year.

The chart below sets out our revenue by business segments for the financial years under review:



## 2. PROSPECTUS SUMMARY *(Cont'd)*

For further details on our financial information, please refer to Sections 11 and 12 of this Prospectus.

### 2.10 DIVIDEND POLICY

It is the intention of our Board to recommend and distribute dividend of at least 40% of our annual audited profit attributable to the shareholders of our Company. This will allow our shareholders to participate in the profits of our Group while leaving adequate reserves for the future growth of our Group.

Notwithstanding our intention above, as we are a holding company, our income and ability to pay dividends are dependent upon the dividends received from our subsidiaries. The payment of dividends by our subsidiaries is dependent on, among others, their distributable profits, financial performance and cash flow requirements for operations and capital expenditures as well as the covenants in their existing loan agreements with the respective financial institutions.

For information purposes, the table below sets out the dividend pay-out ratio of our Group for the financial years indicated:

	FYE 31 December			
	2017	2018	2019	2020
Dividend declared (RM'000)	20,000	25,000	9,900	-
PAT (RM'000)	19,038	27,285	19,745	22,397
Dividend pay-out ratio	105.05%	91.63%	50.14%	*-

**Note:**

- \* For information purposes, Yenher Agro, our wholly-owned subsidiary, declared a first and final single-tier dividend of RM5.80 per ordinary share amounting to RM11.60 million in total in respect of the FYE 31 December 2020. The said dividend was paid to our Company, being the sole shareholder of Yenher Agro, on 20 April 2021 out of its operating cash flows.

Subsequently, on 30 April 2021, our Company declared an interim dividend of RM10.80 million for the FYE 31 December 2021 which was then paid to our existing shareholders on 3 May 2021.

Save as disclosed above, there is no dividend paid or declared subsequent to 31 December 2020 but prior to our Listing.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical pay-outs. Please refer to Section 8.3.4 of this Prospectus for the risk factor which may affect or restrict our ability to pay dividends.

**No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.**

For further details on our dividend policy, please refer to Section 11.7 of this Prospectus.

### 3. DETAILS OF OUR IPO

#### 3.1 OPENING AND CLOSING OF APPLICATIONS

The application for our IPO Shares will open at 10.00 a.m. on 22 June 2021 and close at 5.00 p.m. on 1 July 2021. Late applications will not be accepted.

#### 3.2 INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

<b>Event</b>	<b>Time / date</b>
Opening of application for our IPO Shares	10.00 a.m., 22 June 2021
Closing of application for our IPO Shares	5.00 p.m., 1 July 2021
Balloting of applications for our IPO Shares under the Retail Offering	5 July 2021
Allotment/transfer of our IPO Shares to successful applicants	13 July 2021
Listing	15 July 2021

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

#### 3.3 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated or transferred in the manner described below, subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus:

##### 3.3.1 Public Issue

Our Public Issue involves the offering of 64,431,000 Issue Shares, representing approximately 21.48% of our enlarged issued Shares, at the IPO Price and will be allocated in the following manner:

##### (i) Malaysian Public

15,000,000 Issue Shares, representing 5.00% of our enlarged issued Shares, will be made available for application by the Malaysian Public through a balloting process, of which 7,500,000 Issue Shares have been set aside for application by Bumiputera investors including individuals, companies, cooperatives, societies and institutions.

### 3. DETAILS OF OUR IPO (Cont'd)

#### (ii) Eligible Persons

15,000,000 Issue Shares, representing 5.00% of our enlarged issued Shares, will be reserved for application by the Eligible Persons as follows:

Eligible Persons	Note	No. of persons	Aggregate no. of Issue Shares allocated
Directors of our Company	(a)	4	1,050,000
Eligible employees of our Group	(b)	70	2,470,000
Other persons who have contributed to the success of our Group	(c)	356	11,480,000
<b>Total</b>		<b>430</b>	<b>15,000,000</b>

- (a) The criteria for allocation of the Issue Shares to our Directors (save for Cheng Mooh Tat and Cheng Mooh Kheng who are also the Selling Shareholders) are based on, among others, their respective roles, responsibilities and contributions to our Group. The number of Issue Shares to be allocated to our eligible Directors is as follows:

Name	Designation	No. of Issue Shares allocated
Dr. Wan Mohd Kamil bin Wan Nik	Independent Non-Executive Chairman	50,000
Theoh Mooi Teng	Non-Independent Executive Director	800,000
Tan Peng Lam	Independent Non-Executive Director	100,000
Dato' Lim Choon Khim	Independent Non-Executive Director	100,000
<b>Total</b>		<b>1,050,000</b>

- (b) The criteria for allocation of the Issue Shares to eligible employees of our Group are as follows:

- confirmed and employed on a full-time basis;\*
- length of service;
- seniority, i.e. position/job grade and responsibility; and
- past performance and contributions to our Group.

The number of Issue Shares to be allocated to our other Key Senior Management is as follows:

Name	Designation	No. of Issue Shares allocated
Dr. Lee Choon Shen	General Manager of Business Development and Sales	60,000
Dr. Fong Chee Wee	Regional Technical Manager	50,000
Lim Sek Yang	Deputy General Manager of Finance	60,000
Phuah Hoo Kiat	Production Manager	80,000
Wong Chee Siang	Laboratory Manager	65,000
<b>Total</b>		<b>315,000</b>

**3. DETAILS OF OUR IPO (Cont'd)**

- (c) The criteria for allocation of the Issue Shares to other persons who have contributed to the success of our Group are based on, among others, their current and/or past contributions to our Group as well as the length of their business relationship with our Group.

None of our substantial shareholders, Directors or Key Senior Management has indicated to us on their intention to subscribe for our IPO Shares.

**(iii) Private placement to Bumiputera investors approved by the MITI**

34,431,000 Issue Shares, representing approximately 11.48% of our enlarged issued Shares, will be made available for application by way of private placement to identified Bumiputera investors approved by the MITI.

**3.3.2 Offer for Sale**

The Selling Shareholders are offering up to 41,757,000 Offer Shares, representing up to approximately 17.73% of our existing total number of Shares as at LPD and 13.92% of our enlarged issued Shares at the IPO Price, by way of private placement in the following manner:

- (i) 3,069,000 Offer Shares, representing approximately 1.02% of our enlarged issued Shares to identified Bumiputera investors approved by the MITI; and
- (ii) 38,688,000 Offer Shares, representing approximately 12.90% of our enlarged issued Shares to other institutional and selected investors.

Details of our Selling Shareholders, their relationships with our Group within the past three (3) years, the number of Offer Shares to be offered by them as well as their shareholdings in our Company before and after our IPO are as follows:

Name / Address	Material relationship with our Group	Shareholdings as at LPD		Shares to be offered pursuant to the Offer for Sale			Shareholdings immediately after our IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
Cheng Mooh Tat / No. 16, Lorong Tambun Indah 18, Taman Tambun Indah, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Promoter, substantial shareholder, Group Managing Director as well as directors of Yenher Agro and Yenher Biotech	43,310,600	18.39	20,810,600	8.83	6.94	22,500,000	7.50
Cheng Mooh Kheng / No. 18, Lorong Tambun Indah 18, Taman Tambun Indah, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Promoter, substantial shareholder, Executive Director as well as directors of Yenher Agro and Yenher Biotech	20,973,200	8.90	10,473,200	4.45	3.49	10,500,000	3.50

## 3. DETAILS OF OUR IPO (Cont'd)

Name / Address	Material relationship with our Group	Shareholdings as at LPD		Shares to be offered pursuant to the Offer for Sale			Shareholdings immediately after our IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
Cheng Mooh Chye / No. 11A, Lorong Tambun Indah 14, Taman Tambun Indah, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Promoter, substantial shareholder as well as directors of Yenher Agro and Yenher Biotech	20,973,200	8.90	10,473,200	4.45	3.49	10,500,000	3.50

**Notes:**

- (1) Based on the total number of 235,569,000 Shares as at LPD.
- (2) Based on the enlarged total number of 300,000,000 Shares after our IPO.

A summary of our IPO Shares offered under the Retail Offering and Institutional Offering (subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus) is as follows:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b>Retail Offering</b>						
Malaysian Public (via balloting):						
▪ Bumiputera	7,500,000	2.50	-	-	7,500,000	2.50
▪ Non-Bumiputera	7,500,000	2.50	-	-	7,500,000	2.50
	15,000,000	5.00	-	-	15,000,000	5.00
Eligible Persons:						
▪ Directors of our Company	1,050,000	0.35	-	-	1,050,000	0.35
▪ Eligible employees of our Group	2,470,000	0.82	-	-	2,470,000	0.82
▪ Other persons who have contributed to the success of our Group	11,480,000	3.83	-	-	11,480,000	3.83
	15,000,000	5.00	-	-	15,000,000	5.00
<b>Sub-total</b>	<b>30,000,000</b>	<b>10.00</b>	<b>-</b>	<b>-</b>	<b>30,000,000</b>	<b>10.00</b>
<b>Institutional Offering</b>						
Bumiputera investors approved by the MITI	34,431,000	11.48	3,069,000	1.02	37,500,000	12.50
Other institutional and selected investors	-	-	38,688,000	12.90	38,688,000	12.90
<b>Sub-total</b>	<b>34,431,000</b>	<b>11.48</b>	<b>41,757,000</b>	<b>13.92</b>	<b>76,188,000</b>	<b>25.40</b>
<b>Total</b>	<b>64,431,000</b>	<b>21.48</b>	<b>41,757,000</b>	<b>13.92</b>	<b>106,188,000</b>	<b>35.40</b>

**Note:**

- (1) Based on the enlarged total number of 300,000,000 Shares after our IPO.



### 3. DETAILS OF OUR IPO (Cont'd)

The Retail Offering has been fully underwritten whilst the Institutional Offering is not underwritten. Irrevocable undertakings will be obtained from investors who subscribe for our IPO Shares made available under the Institutional Offering.

There is no over-allotment or "greenshoe" option which will increase the number of our IPO Shares.

#### 3.3.3 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are not fully taken up by such Bumiputera investors, such IPO Shares will be made available for subscription by the other institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still not fully taken up under the Institutional Offering, and there is a corresponding over-subscription for Issue Shares by Bumiputera public investors under the Retail Offering, our IPO Shares will be clawed back from the remaining MITI Tranche and allocated to the Bumiputera public investors under the Retail Offering;

- (ii) subject to item (i) above, if there is an under-subscription in the Institutional Offering and there is an over-subscription in the Retail Offering, our IPO Shares not taken up may be clawed back from the Institutional Offering and reallocated to the Retail Offering in the following order of priority (subject to each of them having applications for IPO Shares which have not been fully satisfied):
  - (a) firstly, to the Malaysian Public; and
  - (b) secondly, to the Eligible Persons allocated in the manner as set out in item (iv) below;
- (iii) if there is an under-subscription in the Retail Offering and there is an over-subscription in the Institutional Offering, our IPO Shares not taken up may be clawed back from the Retail Offering and reallocated to the Institutional Offering. However, if there is an under-subscription in the Retail Offering but no over-subscription in the Institutional Offering, such remaining IPO Shares available under the Retail Offering will be underwritten by the Sole Underwriter; and
- (iv) any IPO Share not taken up by the respective Eligible Persons based on their pre-determined allocations shall be made available for application by the other Eligible Persons who have applied for excess IPO Shares in addition to their pre-determined allocation ("**Excess IPO Shares**"). Such Excess IPO Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:
  - (a) firstly, allocation on a pro-rata basis to the Eligible Persons who have applied for the Excess IPO Shares based on the number of Excess IPO Shares applied for; and
  - (b) secondly, to minimise odd lots.

### 3. DETAILS OF OUR IPO *(Cont'd)*

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Any IPO Share not fully taken up by Eligible Persons (after reallocation of the Excess IPO Shares to other Eligible Persons) will be made available for application by the Malaysian Public. Any IPO Share under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Sole Underwriter.

The clawback and reallocation provisions will not apply in the event there is an over-subscription or under-subscription in both the Retail Offering and Institutional Offering at the closing of our IPO.

Notwithstanding the above, in the event there is an under-subscription for our IPO Shares, the subscriptions received for our IPO Shares will first be applied towards subscribing in full the Issue Shares under the Public Issue. Thereafter, any additional subscription for our IPO Shares will be allocated from the Offer Shares offered by the Selling Shareholders under the Offer for Sale and any remaining Offer Shares not subscribed for after the aforementioned allocation will be retained by the Selling Shareholders. For the avoidance of doubt, the Public Issue will take priority over the Offer for Sale in the event of an under-subscription of our IPO Shares.

Our IPO Shares will be allocated on a fair and equitable manner and the basis of allocation for such IPO Shares shall take into account the desirability of distributing such IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirement of Bursa Securities and to establish a liquid market for our Shares.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

#### 3.3.4 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised by our Company and the Selling Shareholders from our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by public shareholders. Under the Listing Requirements, we are required to have at least 25% of the total number of our Shares in the hands of a minimum number of 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the aforementioned public shareholding spread requirement is not met, we may not be permitted to proceed with our Listing. In such event, we will repay in full, without interest, all monies paid in respect of any application for our IPO Shares. In accordance with the provision of Section 243(2) of the CMSA, if such money is not repaid within 14 days after we become liable to do so, our Company and the officers of our Company shall then be jointly and severally liable to repay such money with interest at the rate of 10.0% per annum or at such rate as may be prescribed by the SC from the expiration of that 14-day period.

### 3. DETAILS OF OUR IPO (Cont'd)

#### 3.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital will be as follows:

	<u>No. of Shares</u>	<u>RM</u>
As at the date of this Prospectus	235,569,000	117,784,501
To be issued pursuant to our IPO	64,431,000	<sup>(1)</sup> 59,600,450
<b>Enlarged issued share capital upon Listing</b>	<b><u>300,000,000</u></b>	<b><u>177,384,951</u></b>

**Note:**

- (1) Calculated based on the IPO Price of RM0.95 per IPO Share and after deducting the estimated listing expenses of approximately RM1.61 million which is directly attributable to our IPO and allowed to be debited against the share capital of our Company.

As at the date of this Prospectus, we only have one (1) class of shares in our Company, namely ordinary shares.

The Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, and will be entitled to all rights, dividends and distributions that may be declared after the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our other existing Shares including voting rights, and will be entitled to all rights, dividends and distributions that may be declared after the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special right attaching to any Share which we may issue in the future, our shareholders shall, in proportion to the amount paid on the Shares held by them, be entitled to share the profits paid out by us in the form of dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payment in accordance with the Act and our liabilities.

At our general meeting, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Subject to the Listing Requirements, any resolution put to vote at the meeting shall be decided by way of poll. On a poll, each shareholder present either in person or by proxy, attorney or other duly authorised representative shall have one (1) vote for every Share held or represented. A proxy may but need not be a member of our Company. However, on a show of hands, each shareholder present either in person or by proxy, attorney or other duly authorised representative shall have one (1) vote.

### 3. DETAILS OF OUR IPO (Cont'd)

#### 3.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our Directors and the Selling Shareholders, together with our Sole Principal Adviser, Sole Underwriter and Sole Placement Agent, have determined and agreed on the IPO Price of RM0.95 per IPO Share, after taking into consideration the following:

- (i) our operating history and financial performance as described in Sections 6 and 11 of this Prospectus respectively;
- (ii) our Group's EPS of approximately 7.47 sen based on our audited consolidated PAT attributable to the owners of our Company of approximately RM22.40 million for the FYE 31 December 2020 and our enlarged total number of 300,000,000 Shares after our IPO, which translates into a price-to-earnings multiple of approximately 12.72 times;
- (iii) our competitive strengths as set out in Section 6.5 of this Prospectus;
- (iv) our future plans and strategies as set out in Section 6.6 of this Prospectus;
- (v) the overview and future outlook of the animal health and nutrition industry in Malaysia as described in Section 7 of this Prospectus; and
- (vi) the prevailing market conditions which include market performance of key global indices and companies which are in businesses similar to ours, as well as investors' sentiments.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties. You should form your own views on the valuation of our IPO Shares before deciding to invest in our Shares. You are also reminded to carefully consider the risk factors as set out in Section 8 of this Prospectus before deciding to invest in our Shares.

#### Expected market capitalisation

Based on the IPO Price of RM0.95 per IPO Share, the total market capitalisation of our Company upon Listing will be RM285.00 million.

#### 3.6 DILUTION

Dilution is the amount by which the price paid by the retail and institutional investors for our IPO Shares exceeds our pro forma consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA per Share as at 31 December 2020 was approximately RM0.50 per Share after adjusting for the declaration of an interim dividend of RM10.80 million to our existing shareholders on 30 April 2021 ("**Dividend Declaration**") but before our IPO.

After giving effect to the issuance of 64,431,000 new Shares under our IPO and after adjusting for the use of proceeds from our IPO, our pro forma consolidated NA per Share based on our enlarged issued Shares upon Listing of 300,000,000 Shares would be approximately RM0.59 per Share. This represents:

- (i) an immediate increase in the pro forma consolidated NA per Share of approximately RM0.09 or 17.42% to our existing shareholders; and
- (ii) an immediate dilution in the pro forma consolidated NA per Share of approximately RM0.36 or 38.11% to new investors.

**3. DETAILS OF OUR IPO (Cont'd)**

The table below illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	0.95
Pro forma consolidated NA per Share as at 31 December 2020 after the Dividend Declaration but before our IPO	0.50
Pro forma consolidated NA per Share as at 31 December 2020 after the Dividend Declaration and after giving effect to our IPO and the use of proceeds from our IPO	0.59
Increase in pro forma consolidated NA per Share to our existing shareholders	0.09
Dilution in pro forma consolidated NA per Share to new investors	0.36
Dilution in pro forma consolidated NA per Share to new investors as a percentage of the IPO Price	38.11%

Save for the Shares issued pursuant to the Acquisitions as detailed in Section 5.1.1 of this Prospectus, none of our Directors, Key Senior Management, substantial shareholders or persons connected with them have acquired any securities in our Company, neither have they entered into any transaction which grants them the right to acquire any of our Shares since our incorporation up to the date of this Prospectus.

**3.7 USE OF PROCEEDS**

We expect to use the gross proceeds of approximately RM61.21 million from the Public Issue in the following manner:

<b>Details of the use of proceeds</b>	<b>Estimated timeframe for the use of proceeds upon Listing</b>	<b>RM'000</b>	<b>% of total gross proceeds from the Public Issue</b>
Construction of a new GMP-compliant manufacturing plant	Within 30 months	31,000	50.64
Purchase of new machinery and equipment	Within 30 months	9,700	15.85
Working capital	Within 36 months	16,709	27.30
Estimated listing expenses	Within one (1) month	3,800	6.21
<b>Total</b>		<b>61,209</b>	<b>100.00</b>

### 3. DETAILS OF OUR IPO (Cont'd)

Details of our use of proceeds from the Public Issue are as follows:

#### 3.7.1 Construction of a new GMP-compliant manufacturing plant

As at the date of this Prospectus, our Group operates out of the three (3) properties comprising factories and warehouses located in Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang, with a combined land area and built-up area of 181,146 sq ft and 123,037 sq ft respectively. Details of these properties are as follows:

Properties	Owned / Rented		Land area (sq ft)	Built-up area (sq ft)
		Existing use of the property		
No. 1628, Jalan IKS Simpang Ampat 1 ("Unit 1628")	Owned	Head office and warehouse	27,782	21,652
No. 1684, Jalan IKS Simpang Ampat 1 ("Unit 1684")	Owned	Office and manufacturing plant for our premises, complete feed and formulated products	42,776	31,635
No. 1, Lorong IKS Simpang Ampat E ("Rented Premises")	Rented	Manufacturing plant for our biotech animal feed ingredients, warehouse and R&D center	110,588	69,750
<b>Total</b>			<b>181,146</b>	<b>123,037</b>

Our existing manufacturing plant at Unit 1684 which manufactures our premixes, complete feed and formulated products, has a monthly production capacity of approximately 573 tonnes while our existing manufacturing plant at the Rented Premises which manufactures our biotech animal feed ingredients, has a monthly production capacity of approximately 287 tonnes. As at LPD, both of our manufacturing plants are running at full capacity i.e. at a production utilisation rate of 100% based on one (1) production shift of 8.5 hours per day, six (6) days per week. However, in order to keep up with our customers' demand, our Group has been operating approximately three (3) hours of overtime daily on top of the normal production hours.

In view of the above and as part of our future plans and strategies to further expand our business operations, we have earmarked RM31.00 million or approximately 50.64% of the total gross proceeds to be raised from the Public Issue to construct a new GMP-compliant manufacturing plant to meet the increasing demand for our manufactured products. It is also our intention to house all of our manufacturing activities in this new manufacturing plant and we intend to terminate our tenancy agreements for the Rented Premises upon completion of the construction of our new GMP-compliant manufacturing plant. In addition, we will also be relocating our existing machinery and equipment (including office equipment, laboratory equipment and furniture) from our existing manufacturing plants to the new manufacturing plant.

**3. DETAILS OF OUR IPO (Cont'd)**

We will construct our new GMP-compliant manufacturing plant on our existing vacant freehold land with a land area of 464,786 sq ft located in Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang. The details of the new manufacturing plant are as follows:

Location	: Lot No. 20111 held under GRN 165939 in Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang																		
Description of the property	: A three (3)-storey office building (inclusive of a R&D center) annexed with two (2) single-storey factory buildings and a single-storey canteen																		
Land area	: 464,786 sq ft																		
Estimated built-up area	: 234,656.14 sq ft																		
Estimated floor space	: 160,220.54 sq ft																		
Estimated % proposed use of floor space	: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: right; border-top: 1px solid black;">%</td> </tr> <tr> <td>Office building (inclusive of a R&amp;D center)</td> <td></td> <td style="text-align: right;">9</td> </tr> <tr> <td>Factory A (with warehouse)</td> <td></td> <td style="text-align: right;">66</td> </tr> <tr> <td>Factory B</td> <td></td> <td style="text-align: right;">23</td> </tr> <tr> <td>Canteen</td> <td></td> <td style="text-align: right;">2</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>100</b></td> </tr> </table>			%	Office building (inclusive of a R&D center)		9	Factory A (with warehouse)		66	Factory B		23	Canteen		2	<b>Total</b>		<b>100</b>
		%																	
Office building (inclusive of a R&D center)		9																	
Factory A (with warehouse)		66																	
Factory B		23																	
Canteen		2																	
<b>Total</b>		<b>100</b>																	
Estimated annual production capacity	: <ul style="list-style-type: none"> <li>▪ Factory A - 31,200 tonnes per annum</li> <li>▪ Factory B - 18,000 tonnes per annum</li> </ul>																		

The new manufacturing plant will comprise two (2) factories as follows:

<b>Factories</b>	<b>Estimated built-up area (sq ft)</b>	<b>Purpose</b>
Factory A	49,083.38	To manufacture premixes, complete feed and formulated products
Factory B	37,548.68	To manufacture biotech animal feed ingredients

The new manufacturing plant will enable us to increase our monthly production capacity for our premixes, complete feed and formulated products currently produced at Unit 1684 by approximately 353.75%, from 573 tonnes to about 2,600 tonnes, while our monthly production capacity for our biotech animal feed ingredients currently produced at the Rented Premises will increase by approximately 422.65%, from 287 tonnes to about 1,500 tonnes. These factories will also be used to manufacture new products that may be developed by our Group in the future.

We will also set aside a floor area of approximately 100,229.67 sq ft for warehousing purpose, in anticipation of the increase in our inventory level for raw materials and finished goods. The availability of a bigger warehouse will also allow us to increase our inventory levels for distribution products, which is in line with our plan to continue strengthening our distribution segment by adding new types of products manufactured by reputable international suppliers to our product portfolio.



### 3. DETAILS OF OUR IPO (Cont'd)

In addition to the above, we will relocate our head office and R&D center which are currently located at Unit 1628 and the Rented Premises respectively, to this new manufacturing plant. The new head office is estimated to have a built-up area of approximately 41,354.36 sq ft as compared to the current built-up area of approximately 21,652 sq ft while the new R&D center will occupy a floor area of approximately 4,036.47 sq ft as compared to our current R&D laboratory which only measures approximately 985.97 sq ft. With the additional space in the new R&D center, we will be able to carry out more R&D activities as well as diagnostic and material analyses.

In view that we can only move our head office, manufacturing facilities, warehouse and R&D center to this new manufacturing plant two (2) to three (3) years later, we do not have any plan for the future use of Unit 1628 and Unit 1684 as at LPD. In the event these premises remain idle after we have relocated to the new manufacturing plant, we may consider disposing or renting out these premises, depending on the future property market conditions. Any proceeds raised from the disposal of these properties will be used for our working capital purposes.

We obtained the layout plan approval for the construction of this new manufacturing plant from Majlis Bandaraya Seberang Perai on 17 July 2020. We also obtained the permit for land filling and earthworks from Jabatan Kerja Raya Pulau Pinang and Majlis Bandaraya Seberang Perai on 8 December 2020 and 1 March 2021 respectively. After receiving all the necessary permits for land filling and earthworks, we began land clearing and filling works on 8 March 2021 which mark the commencement of the first stage of construction works. The first stage of construction works will also include other civil engineering works and we will be submitting the building plan for the new manufacturing plant to Majlis Bandaraya Seberang Perai in June 2021 for approval. Barring any unforeseen circumstances, we expect to receive the building plan approval by August 2021 and complete the first stage of construction works in the fourth quarter of 2022. The second stage of construction works will, on the other hand, involve mechanical and electrical engineering works, installation of machinery and equipment, as well as testing and commissioning of the same and is expected to commence in the first quarter of 2023. The new manufacturing plant is expected to be fully operational in the fourth quarter of 2023. Thereafter, we will apply for GMP certification for both factories and this process is expected to take approximately six (6) months to complete from the date of application.

For information purposes, the total construction costs for this new manufacturing plant is expected to be RM32.00 million, the breakdown of which is as follows:

<u>Details</u>	<u>Estimated costs</u> (RM'000)
Land fill and piling works	4,500
Building structure and infrastructure	26,000
Professional and authority fees <sup>(1)</sup>	1,500
<b>Total</b>	<b><u>32,000</u></b>

**Note:**

- (1) This amount excludes the professional and authority fees for preliminary works carried out by our Group for the construction of this new manufacturing plant. As at LPD, our Group incurred such preliminary expenses of approximately RM0.05 million, of which we had paid using our internal funds.

As at the date of this Prospectus, we expect to incur about RM1.00 million of such construction costs before our Listing and this will be funded using our internal funds. As such, we intend to allocate RM31.00 million or 50.64% of the total gross proceeds to be raised from the Public Issue to fund the remaining construction costs for the plant.

### 3. DETAILS OF OUR IPO (Cont'd)

If the actual cost of construction for the new manufacturing plant is higher than the amount budgeted, the deficit will be funded out of the IPO proceeds allocated for working capital purposes, internal funds and/or bank borrowings. However, if the actual cost of construction is lower than the amount budgeted, the excess will be used for our working capital purposes.

While we expect to incur some relocation expenses such as transportation costs and decommissioning and reassembly costs for certain of our machinery which will be funded using our internal funds, we are unable to quantify such costs at this juncture. In addition, we do not foresee any major production downtime as the transition from our current manufacturing plants at Unit 1684 and the Rented Premises to the new manufacturing plant will be carried out gradually such that it will not materially affect our current production.

#### 3.7.2 Purchase of new machinery and equipment

We had on 22 April 2018, entered into a works/supply contract with an international plant equipment manufacturer for the design, supply and installation of an animal feed premix manufacturing plant which will be assembled at our new Factory A as mentioned in Section 3.7.1 above. For information purposes, the said international manufacturer is a company based in the PRC that is involved in the manufacturing of plant equipment for food processing and advanced materials and is part of a multinational plant equipment manufacturer based in Switzerland.

This new animal feed premix manufacturing plant will include machineries and equipment which will help us to automate our production operations, from input of raw materials to packaging of finished goods. The new automated features will make our production operations less labour intensive and more accurate in terms of ingredients dosing whilst reducing human error and wastage of raw materials. The automated processes are also expected to further improve the quality of our manufactured products. The technical specifications of the new machinery and equipment to be assembled at our new Factory A will be GMP-compliant. Furthermore, the new manufacturing plant will also integrate our production activities with our enterprise resources planning system for better inventory tracking.

The value of this works/supply contract for the design, supply and installation of the animal feed premix manufacturing plant is USD2.76 million and we have paid a deposit of USD414,000 to the manufacturer. As such, we have allocated RM9.70 million<sup>(1)</sup> or 15.85% of the total gross proceeds to be raised from the Public Issue to fund the remaining balance of the contract value for this new animal feed premix manufacturing plant.

**Note:**

- (1) This amount represents the difference between the value of the works/supply contract of USD2.76 million and the cash deposit paid of USD414,000, which is converted to RM at the exchange rate of USD1.0000 : RM4.1290, being the middle rate quoted by Bank Negara Malaysia at 5.00 p.m. as at LPD.

As the works/supply contract is denominated in USD, the actual amount which we are eventually required to pay could differ depending on the prevailing USD : RM exchange rate. If the actual cost is higher than the amount budgeted, the deficit will be funded out of the IPO proceeds allocated for working capital purposes and/or internal funds. However, if the actual cost is lower than the amount budgeted, the excess will be used for our working capital purposes.

### 3. DETAILS OF OUR IPO (Cont'd)

For information purposes, we intend to shift our machinery and equipment used for the production of our biotech animal feed ingredients at the Rented Premises to Factory B (which will also be GMP-compliant) when the new manufacturing plant is ready. As at LPD, we do not have any plan to purchase any new material machinery and equipment for the production of our biotech animal feed ingredients at the new Factory B. The increase in our monthly production capacity for our biotech animal feed ingredients from the current 287 tonnes to about 1,500 tonnes is solely attributable to the increase in production area (i.e. from a built-up area of approximately 4,738 sq ft (at the Rented Premises) to approximately 37,549 sq ft (at Factory B)) for us to carry out fermentation process on a larger scale. The fermentation process, which is one of the key production processes for our biotech animal feed ingredients, is carried out after our biotech animal feed ingredients have been packed into bags and placed on pallets for fermentation for an average period of four (4) days. The larger factory space will therefore enable our Group to place more pallets and ferment larger volumes of biotech animal feed ingredients at the same time.

#### 3.7.3 Working capital

Our Group's general working capital requirement is expected to increase in tandem with the expansion of our manufacturing capacity as well as our plans to expand our business into new markets and expand our product range. Hence, we have earmarked approximately RM16.71 million or 27.30% of the total gross proceeds to be raised from the Public Issue to finance our Group's future operation as follows:

Details	Amount (RM'000)
Purchase of raw materials and distribution products <sup>(1)</sup>	15,000
Selling and distribution costs <sup>(2)</sup>	1,709
<b>Total</b>	<b>16,709</b>

#### Notes:

- (1) We plan to allocate RM15.00 million to finance the purchase of additional raw materials and distribution products required for our manufacturing and distribution segments respectively. Raw material costs are the main component of our cost of sales in our manufacturing segment, representing close to 90% of the total cost of sales for our manufacturing activities and they are expected to increase in line with the expansion of our manufacturing capacity. We anticipate higher level of purchases of raw materials such as vitamins, minerals, enzymes, amino acids, antioxidants, anti-fungus, probiotics, prebiotics, soybean, palm kernel meal and other commodities that are used for the production of our manufactured products. Similarly, we also intend to strengthen our distribution segment by adding new types of products manufactured by reputable international suppliers to our product portfolio which will serve to strengthen our product portfolio as well as to meet the changing demands of the industry.
- (2) We plan to allocate approximately RM1.71 million to fund our selling and distribution costs which are expected to increase in tandem with the expansion of our manufacturing capacity and product range (which includes new types of products manufactured by reputable international suppliers) as well as our plan to expand into new markets. These selling and distribution costs include marketing costs to promote our own in-house brand of manufactured products to the existing and new markets as well as transportation costs such as freight charges, forwarding costs, fumigation costs and haulage charges as well as license/permit fees paid to the relevant authorities for shipment of our goods.

### 3. DETAILS OF OUR IPO (Cont'd)

#### 3.7.4 Estimated listing expenses

The expenses of our IPO and Listing to be borne by us are estimated to be about RM3.80 million, the details of which are as follows:

	<u>RM'000</u>
Estimated professional fees	2,115
Fees to authorities	17
Estimated brokerage, underwriting and placement fees	1,203
Estimated printing and advertising expenses	200
Miscellaneous expenses and contingencies	265
<b>Total</b>	<b><u>3,800</u></b>

If the actual listing expenses are higher than the estimated amount as set out above, the deficit will be funded out of the IPO proceeds allocated for working capital purposes. However, if the actual listing expenses are lower than the estimated amount, the excess will be used for working capital purposes.

Pending the use of proceeds from the Public Issue, we intend to place the proceeds (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licensed financial institutions in Malaysia and/or money market instruments.

Our Company will not receive any proceeds from the Offer for Sale. The Offer for Sale will raise gross proceeds of approximately RM39.67 million which will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear all expenses relating to the Offer for Sale, including the placement fee in respect of the Offer Shares.

### 3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

#### 3.8.1 Brokerage fee

We will pay the brokerage fee in respect of the Issue Shares under the Retail Offering at the rate of 1.00% (exclusive of any applicable tax) of the IPO Price for all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

The Sole Placement Agent is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission payable under the Institutional Offering will not be borne by us nor the Selling Shareholders.

#### 3.8.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, we will pay the Sole Underwriter an underwriting commission at the rate of 1.50% (exclusive of any applicable tax) of the IPO Price multiplied by the number of Issue Shares underwritten under the Retail Offering.

### 3. DETAILS OF OUR IPO (Cont'd)

#### 3.8.3 Placement fee

We will pay the Sole Placement Agent a placement fee of up to 1.50% (exclusive of any applicable tax) and may pay a discretionary incentive fee of up to 1.00% (exclusive of any applicable tax) of the IPO Price multiplied by the number of IPO Shares successfully placed out under the Institutional Offering.

The Selling Shareholders will also pay the Sole Placement Agent a placement fee of up to 1.50% (exclusive of any applicable tax) of the IPO Price multiplied by the number of Offer Shares successfully placed out under the Institutional Offering.

### 3.9 DETAILS OF THE UNDERWRITING ARRANGEMENT

We have entered into the Retail Underwriting Agreement with the Sole Underwriter to underwrite 30,000,000 Issue Shares under the Retail Offering ("**Underwritten Shares**"), subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 3.8.2 of this Prospectus while the salient terms of the Retail Underwriting Agreement are as follows:

- (i) the obligation of the Sole Underwriter to underwrite the Underwritten Shares is conditional on, among others, the following:
  - (a) all the necessary approvals required for our IPO and Listing remaining in full force and effect and that all conditions to these approvals (except for those which can only be complied with after our IPO has been completed) have been complied with;
  - (b) the Sole Underwriter being satisfied that our Company has complied with and that our IPO is in compliance with the policies, guidelines and requirements of Bursa Securities, the SC and all other applicable securities laws and regulations, including all revisions, amendments and/or supplements to it;
  - (c) there being no occurrence on or prior to the closing date of our IPO ("**Closing Date**") any breach of and/or failure to perform any of the undertakings by our Company contained in the Retail Underwriting Agreement;
  - (d) there being no any investigation, direction or action by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of the Sole Underwriter; and
  - (e) as at the Closing Date, there is no registration or lodgement of any supplemental or replacement to the Prospectus with the SC or the Registrar of Companies without the prior written approval of the Sole Underwriter; and
- (ii) notwithstanding anything contained in the Retail Underwriting Agreement, the Sole Underwriter may terminate the Retail Underwriting Agreement and withdraw its underwriting commitment upon the occurrence of any of the following:
  - (a) there is a breach by our Company of any of the representations, warranties or undertakings contained in the Retail Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Retail Underwriting Agreement; or
  - (b) there is failure on the part of our Company to perform any of our obligations contained in the Retail Underwriting Agreement; or

### 3. DETAILS OF OUR IPO (Cont'd)

- (c) there is withholding of information from the Sole Underwriter which is required to be disclosed pursuant to the Retail Underwriting Agreement which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of our IPO or the distribution or sale of our Shares issued or offered under our IPO; or
- (d) there shall have occurred any material and adverse change in the business or financial condition of our Group; or
- (e) the Closing Date does not occur within three (3) months from the date of the Retail Underwriting Agreement ("**Agreement Date**") or such other extended date/period as may be agreed in writing by the Sole Underwriter; or
- (f) our Listing does not take place by 26 July 2021 or such other extended date as may be agreed in writing by the Sole Underwriter; or
- (g) the occurrence of any *force majeure* event or any event or series of events beyond the reasonable control of the Sole Underwriter including, but not limited to, acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Retail Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of the Underwritten Shares; or
- (h) any material adverse change or any development involving a prospective change in national or international monetary, financial, economic or political conditions (including, but not limited to, conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates in both Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of the foregoing which would prejudice our IPO; or
- (i) any material adverse change in the financial conditions as stated in clause (h) above includes stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean that the FTSE Bursa Malaysia Kuala Lumpur Composite Index (KLCI) ("**Index**") has dropped by 15% between the Index level on the Agreement Date and the Closing Date (both dates inclusive) at any point in time during this period; or
- (j) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group and/or materially prejudice the business or the operations of our Group, the success of our IPO or the listing of our Company's Shares on the Main Market of Bursa Securities or the conditions generally or which has or is likely to have the effect of making the Retail Underwriting Agreement incapable of performance in accordance with its terms; or
- (k) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or

**3. DETAILS OF OUR IPO (Cont'd)**

- (l) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business, operations and/or financial position or prospects of our Group or the success of our IPO; or
- (m) in the event that our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Underwriter; or
- (n) any of the resolutions or approvals for our IPO and Listing is revoked, suspended or ceased to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a material adverse effect; or
- (o) any commencement of legal proceedings or action against any member of our Group or any of our Directors, which in the opinion of the Sole Underwriter, would have or is reasonably likely to have a material adverse effect or making it impracticable to market our IPO Shares or to enforce contracts to allot and/or transfer our IPO Shares; or
- (p) this Prospectus or the Application Forms (i) having terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever; or (iii) varied or supplemented upon terms and such variation or supplementation would have or likely to have a material adverse effect; or
- (q) any other event which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of our Group, the success of our IPO or the listing of our Company's Shares on the Main Market of Bursa Securities or making any material part of the Retail Underwriting Agreement incapable of performance in accordance with its terms.

**3.10 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Upon Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their names or through authorised nominees. Persons whose names appear in our Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10.00 payable for each transfer not transacted on the market.

**3. DETAILS OF OUR IPO (Cont'd)**

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Shares held in CDS Accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the 3<sup>rd</sup> Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities about 10 Market Days after the close of the IPO. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfer to other CDS Account in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

##### 4.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The Promoters to our IPO are CGH Holdings, Cheng Mooh Tat, Cheng Mooh Kheng, Cheng Mooh Chye and Theoh Mooi Teng. Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye are brothers and are also substantial shareholders of CGH Holdings and our Company whereas Theoh Mooi Teng is the spouse of Cheng Mooh Tat and the sister-in-law of both Cheng Mooh Kheng and Cheng Mooh Chye.

##### 4.1.1 Shareholdings of our Promoters and substantial shareholders

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Name	Country of incorporation / Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
<b><u>Promoters and substantial shareholders</u></b>									
CGH Holdings	Malaysia	135,000,000	57.31	-	-	135,000,000	45.00	-	-
Cheng Mooh Tat	Malaysian	43,310,600	18.39	<sup>(3)</sup> 135,000,000	57.31	22,500,000	7.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Kheng	Malaysian	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Chye	Malaysian	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
<b><u>Promoter</u></b>									
Theoh Mooi Teng	Malaysian	-	-	-	-	<sup>(4)</sup> 800,000	0.27	-	-

**Notes:**

- (1) Based on the total number of 235,569,000 Shares as at the date of this Prospectus.
- (2) Based on the enlarged total number of 300,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his interest in CGH Holdings pursuant to Section 8 of the Act.
- (4) Assuming she subscribes in full for the 800,000 Issues Shares allocated to her under the allocation to the Eligible Persons.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Save as disclosed above, there is no other person who, directly or indirectly, jointly or severally, exercises control over our Company as at LPD. There is also no arrangement between our Company and our shareholders with any third party, which may, at a subsequent date, result in a change in control of our Company.

##### 4.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

###### (i) CGH Holdings

CGH Holdings, our Promoter and substantial shareholder, was incorporated in Malaysia under the Act on 9 March 2020 as a private company limited by shares under its present name. CGH Holdings is principally an investment holding company. As at LPD, the issued share capital of CGH Holdings is RM1,350,003 comprising 135,000,003 ordinary shares.

As at LPD, the directors of CGH Holdings are Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye. The shareholders and their respective shareholdings in CGH Holdings as at LPD are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Cheng Mooh Tat	68,580,001	50.80	-	-
Cheng Mooh Kheng	33,210,001	24.60	-	-
Cheng Mooh Chye	33,210,001	24.60	-	-

###### (ii) Cheng Mooh Tat, a Malaysian aged 58, is our Promoter and substantial shareholder. He is also our Non-Independent Group Managing Director and was appointed to our Board on 9 March 2020. He is responsible for overseeing the overall business direction and strategies of our Group.

After completing his secondary school education in 1981 at Sekolah Menengah Kebangsaan Simpang Empat, Pulau Pinang, Mr. Cheng was asked to join the family's business, Guan Hoe Farming & Trader ("GHF&T") which was involved in the trading of animal health and nutrition products focusing on the distribution of veterinary pharmaceuticals, before he could pursue a tertiary programme in India. While assisting in GHF&T, he continued his higher secondary education at Maktab Adabi Bukit Mertajam where he completed his Sijil Tinggi Persekolahan Malaysia in 1984. At GHF&T, he was a Sales Executive where he was involved in the sales and marketing of the company's animal health and nutrition products. He was also involved in overseeing the logistics matters of the company. GHF&T was subsequently dissolved in 1993.

In August 1991, Mr. Cheng co-founded Yenher Agro with Danberg (M) Sdn Bhd, a company which was principally involved in the distribution of animal health and nutrition products and was one of GHF&T's suppliers. Mr. Cheng served as a director in Yenher Agro and was responsible for overseeing the business operations of the company. Following his experience gained from the business, Mr. Cheng began to be involved in the development of various premix formulas for the manufacturing activities of Yenher Agro which began in 1996.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In May 2016, he established Yenher Biotech with his siblings, Cheng Mooh Kheng and Cheng Mooh Chye, to venture into the production of animal feed ingredients via fermentation processes and to undertake its related R&D activities. He also served as a director of Yenher Biotech and was responsible for overseeing the overall business operations and the development of product formulations.

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

As at LPD, Cheng Mooh Tat sits on the board of several private limited companies as disclosed in Section 4.2.3 of this Prospectus.

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

- (iii) **Cheng Mooh Kheng**, a Malaysian aged 52, is our Promoter and substantial shareholder. He is also our Non-Independent Executive Director and was appointed to our Board on 9 March 2020. He is primarily responsible for overseeing the sales and marketing strategies of our Group.

Mr. Cheng completed his Sijil Rendah Pelajaran ("**SRP**") / Lower Certificate of Education in 1984 at Sekolah Menengah Kebangsaan Simpang Empat, Pulau Pinang. He then enrolled in a Methodist private school but left the said school in 1985.

Mr. Cheng began his career in 1986 as a casual worker with a furniture manufacturer where he was involved in various tasks in the factory such as material handling and furniture making. He then left in 1987 and joined a construction contractor as a casual worker assisting in its construction activities. He left in 1988 to assist in the operation and management of his family-owned poultry farm.

Mr. Cheng then left the farm in 1990 and subsequently joined GHF&T as a Sales Executive where he was involved in the sales and marketing of the company's animal health and nutrition products with his brother, Cheng Mooh Tat. In 1993, he joined his brother Cheng Mooh Tat in Yenher Agro, where he was appointed as a director and was responsible for overseeing the sales and marketing activities of the company.

In May 2016, he established Yenher Biotech with his siblings, Cheng Mooh Tat and Cheng Mooh Chye, to venture into the production of animal feed ingredients via fermentation processes and to undertake its related R&D activities. He also served as a director of Yenher Biotech and is responsible for the sales activities of the company.

As at LPD, Cheng Mooh Kheng sits on the board of several private limited companies as disclosed in Section 4.2.3 of this Prospectus.

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

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (iv) **Cheng Mooh Chye**, a Malaysian aged 62, is our Promoter and substantial shareholder. He is also a director of Yenher Agro and Yenher Biotech. He completed his SRP/Lower Certificate of Education in 1974 at Sekolah Menengah Kebangsaan Simpang Empat, Pulau Pinang.

Mr. Cheng began working in 1975 with Hock Guan Huat, a noodle factory, where he was involved in the packaging and logistics operations of the company. He left in 1977 and joined Goh Huat Seng Restaurant as a kitchen assistant.

In 1984, Mr. Cheng left Goh Huat Seng Restaurant to join Hai Tiong Poh Seafood Restaurant as a chef for nine (9) years. He then joined his brothers Cheng Mooh Tat and Cheng Mooh Kheng in Yenher Agro in 1993 as a director and was involved in the warehousing operations of the company. In May 2016, he established Yenher Biotech with his siblings, Cheng Mooh Tat and Cheng Mooh Kheng, to venture into the production of animal feed ingredients via fermentation processes and to undertake its related R&D activities. He currently serves as a director of Yenher Biotech and is responsible for overseeing the warehousing operations of the company.

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

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

Madam Theoh began her career in November 1990 at Sunny Precision (M) Sdn Bhd, a company involved in the manufacturing of electrical and electronic components as well as plastic injection moulding, as a financial officer where she was responsible for the accounts payable and bookkeeping of the company. She then left the company in November 1992 and joined Yenher Agro in the same month as an Accounts Supervisor where she was responsible for overseeing the company's finance and accounting functions.

Madam Theoh was promoted as a Finance Manager in January 2001 and later, to Purchasing Manager in January 2008 where her role was extended to include the company's purchasing, administration and human resource functions. Thereafter, she was redesignated as the Commercial and Finance Manager in January 2013, where her role was also extended to include overseeing the company's shipping activities and stock management. Later in October 2019, Madam Theoh was appointed as a director of Yenher Agro.

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

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### 4.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of our incorporation on 9 March 2020 up to LPD and after our IPO are as follows:

Name	As at 9 March 2020 (date of incorporation)				After the Acquisitions			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %
CGH Holdings	-	-	-	-	-	-	-	-
Cheng Mooh Tat	1	50.00	-	-	111,890,600	47.50	-	-
Cheng Mooh Kheng	1	50.00	-	-	54,183,200	23.00	-	-
Cheng Mooh Chye	-	-	-	-	54,183,200	23.00	-	-
Theoh Mooi Teng	-	-	-	-	-	-	-	-

Name	As at 27 October 2020 <sup>(2)</sup>				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(4)</sup> %	No. of Shares	<sup>(4)</sup> %
CGH Holdings	135,000,000	57.31	-	-	135,000,000	45.00	-	-
Cheng Mooh Tat	43,310,600	18.39	<sup>(3)</sup> 135,000,000	57.31	22,500,000	7.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Kheng	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Chye	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
Theoh Mooi Teng	-	-	-	-	<sup>(5)</sup> 800,000	0.27	-	-

##### Notes:

- (1) Based on the total number of 235,569,000 Shares after the Acquisitions and as at the date of this Prospectus. For information purposes, the remaining shareholders of our Company after the Acquisitions and as at the date of this Prospectus are Yeoh Ngong Koke and Boon Jenn Woei who holds 9,422,800 (4.00%) and 5,889,200 (2.50%) of our Shares respectively.
- (2) Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye had on 27 October 2020 collectively transferred a total of 135,000,000 Shares to CGH Holdings, an investment holding company wholly-owned by them, for a total consideration of RM1,350,000.
- (3) Deemed interested by virtue of his interest in CGH Holdings pursuant to Section 8 of the Act.
- (4) Based on the enlarged total number of 300,000,000 Shares after our IPO.
- (5) Assuming she subscribes in full for the 800,000 Issues Shares allocated to her under the allocation to the Eligible Persons.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### 4.1.4 Benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the remuneration received by our Promoters and substantial shareholders who are our employees in the course of their employment, directors' fees and dividends paid to our shareholders, there is no other amount or benefit that has been paid or intended to be paid or given to our Promoters or substantial shareholders within the two (2) years preceding the date of this Prospectus.

#### 4.2 BOARD OF DIRECTORS

The details of our Directors, all of whom are Malaysians, the expiration of each of their current term of office and the period they have served in office as at LPD are as follows:

Name	Age	Designation	Date of appointment as Director	Date of expiration of the current term of office	Approximate no. of years in office
Dr. Wan Mohd Kamil bin Wan Nik	60	Independent Non-Executive Chairman	10 November 2020	Shall retire at our second annual general meeting ("AGM") to be held in 2022	Less than one (1) year
Cheng Mooh Tat	58	Non-Independent Group Managing Director	9 March 2020	Shall retire at our second AGM to be held in 2022	One (1) year three (3) months
Cheng Mooh Kheng	52	Non-Independent Executive Director	9 March 2020	Shall retire at our third AGM to be held in 2023	One (1) year three (3) months
Theoh Mooi Teng	55	Non-Independent Executive Director	9 March 2020	Shall retire at our third AGM to be held in 2023	One (1) year three (3) months
Tan Peng Lam	62	Independent Non-Executive Director	10 November 2020	Shall retire at our fourth AGM to be held in 2024	Less than one (1) year
Dato' Lim Choon Khim	44	Independent Non-Executive Director	10 November 2020	Shall retire at our fourth AGM to be held in 2024	Less than one (1) year

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Our Board is committed to achieving and sustaining high standards of corporate governance and we have considered the additional best practices and guidance set out in the 2021 update of the MCCG which includes the non-involvement of our Chairman in our Audit and Risk Management Committee, Nomination Committee and/or Remuneration Committee, and for the Company to have at least 30% women directors on our Board. In this regard, we will endeavour to comply with the MCCG (including the aforementioned best practices) within three (3) years from our Listing by appointing new directors to achieve diversity in our boardroom and to comply with these practices. Our Board will also provide an explanation on the extent of compliance with the MCCG in our first annual report as a listed entity for the FYE 31 December 2021.

##### 4.2.1 Shareholdings of our Directors

The shareholdings of our Directors in our Company as at LPD and after our IPO (assuming each of our Directors subscribe in full for their respective entitlements under the allocation to the Eligible Persons as set out in Section 3.3.1(ii)(a) of this Prospectus) are as follows:

Name	As at LPD / Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dr. Wan Mohd Kamil bin Wan Nik	-	-	-	-	50,000	0.02	-	-
Cheng Mooh Tat	43,310,600	18.39	<sup>(3)</sup> 135,000,000	57.31	22,500,000	7.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Kheng	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
Theoh Mooi Teng	-	-	-	-	800,000	0.27	-	-
Tan Peng Lam	-	-	-	-	100,000	0.03	-	-
Dato' Lim Choon Khim	-	-	-	-	100,000	0.03	-	-

**Notes:**

- (1) Based on the total number of 235,569,000 Shares as at LPD.
- (2) Based on the enlarged total number of 300,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his interest in CGH Holdings pursuant to Section 8 of the Act.

Save for Cheng Mooh Tat and Cheng Mooh Kheng who are representatives of CGH Holdings, none of our Directors are representatives of any corporate shareholder. For information purposes, Cheng Mooh Tat and Cheng Mooh Kheng are directors and substantial shareholders of CGH Holdings.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

##### 4.2.2 Profiles of our Directors

The profiles of our Directors, save for Cheng Mooh Tat, Cheng Mooh Kheng and Theoh Mooi Teng which are set out in Section 4.1.2(ii), (iii) and (v) of this Prospectus respectively, are as follows:

- (i) **Dr. Wan Mohd Kamil bin Wan Nik**, a Malaysian aged 60, is our Independent Non-Executive Chairman. He was appointed to our Board on 10 November 2020. He is the Chairman of our Nomination Committee and a member of our Audit and Risk Management Committee, as well as Remuneration Committee.

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

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

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

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

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



#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (ii) **Tan Peng Lam**, a Malaysian aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 10 November 2020. He is the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

Mr. Tan obtained a Diploma in Commerce from Tunku Abdul Rahman College, Kuala Lumpur in July 1982. He subsequently obtained a Master in Business Administration from Massey University in New Zealand in November 1992. Mr. Tan is a member of the Association of Chartered Certified Accountants since 1992 and a registered Chartered Accountant with the Malaysian Institute of Accountants since 2014.

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

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

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

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

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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

Mr. Tan was appointed as an Independent Non-Executive Director of Berjaya Corporation Berhad on 1 June 2021.

- (iii) **Dato' Lim Choon Khim**, a Malaysian aged 44, is our Independent Non-Executive Director. He was appointed to our Board on 10 November 2020. He is the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee, as well as Nomination Committee.

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

Dato' Lim began his career in July 2002 when he joined Presgrave & Matthews as a Legal Assistant. He left Presgrave & Matthews in July 2004 and subsequently joined Chooi, Saw & Lim in August 2004 and became a Partner of the firm in 2005, a position he still holds to-date. He has 18 years' of experience handling legal matters involving commercial, company, banking, construction, constitutional and land laws. He also handles labour, employment and industrial disputes.

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

As at LPD, Dato' Lim also sits on the board of a private limited company as disclosed in Section 4.2.3 of this Prospectus.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### 4.2.3 Involvement of our Directors in other principal business activities outside our Group

The principal business activities performed by our Directors outside our Group as at LPD and their present directorships in companies outside our Group and in the past five (5) years preceding LPD are as follows:

Name	Name of company	Principal activities	Date of appointment	Date of resignation	Involvement in business activities
Dr. Wan Mohd Kamil bin Wan Nik	<u>Present directorships:</u> Nil	-	-	-	-
	<u>Past directorships:</u> DWNF Sdn Bhd	Dormant (dissolved on 26 November 2019)	4 April 1988	26 November 2019	Director and shareholder with 6.00% equity interest
Cheng Mooh Tat	<u>Present directorships:</u> Bentara Maju Sdn Bhd	Property developer	N/A	N/A	Shareholder with 10.00% equity interest
	CGH Holdings	Investment holding (shares)	9 March 2020	N/A	Director and shareholder with 50.80% equity interest
	Cheng Guan Hoe Holdings Sdn Bhd	Dormant <sup>(1)</sup>	14 September 1991	N/A	Director and shareholder with 25.00% equity interest
	CMT Properties Sdn Bhd	Investment holding (properties)	15 December 2015	N/A	Director and shareholder with 50.80% equity interest
	Johan Sejati Sdn Bhd	Cultivation of oil palm estate and related activities	11 February 2011	N/A	Director and shareholder with 50.00% equity interest
	MTC Properties (M) Sdn Bhd	Investment holding (properties and shares)	29 March 2017	N/A	Director and shareholder with 47.00% equity interest
	Pingsa Hotel Sdn Bhd	Hotel operation	27 June 2014	N/A	Director and shareholder with 90.00% equity interest
	Summit-Cosmo Sdn Bhd	Engaged as developer and housing development	18 April 2000	N/A	Director and shareholder with 40.00% equity interest

## 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name	Name of company	Principal activities	Date of appointment	Date of resignation	Involvement in business activities
	Victory Potential Sdn Bhd	Cultivation of oil palm plantation and related activities	21 October 2011	N/A	Director and shareholder with 34.00% equity interest
	Welcome Potential Sdn Bhd	Property investment and related activities	17 October 2011	N/A	Director and shareholder with 60.00% equity interest
	<u>Past directorships:</u> G&H Agroproducts	Dormant <i>(partnership expired on 24 March 2017 due to cessation of business)</i>	N/A	N/A	Partner with 50.00% equity interest
	Jin Rong Machinery (M) Sdn Bhd	Dormant <i>(dissolved on 18 February 2019)</i>	7 April 1995	18 February 2019	Director and shareholder with 25.00% equity interest
	S.I. Art Holding Sdn Bhd	Dormant	8 August 2016	3 July 2018	Director and shareholder with 30.00% equity interest
	Wawasan Tech Sdn Bhd	Wholesale of ferrous and non-ferrous metal ores and metals	1 March 2014	14 March 2019	Director
	Xun Ta Feed Sdn Bhd	Dealers in all kinds of animal feeding products	6 May 2011	23 April 2019	Director and shareholder with 42.50% equity interest
	Yenher Aquaculture Sdn Bhd	Dormant <i>(dissolved on 11 April 2017)</i>	14 August 2012	11 April 2017	Director and shareholder with 60.00% equity interest
Cheng Mooh Kheng	<u>Present directorships:</u> CGH Holdings	Investment holding (shares)	9 March 2020	N/A	Director and shareholder with 24.60% equity interest
	Cheng Guan Hoe Holdings Sdn Bhd	Dormant <sup>(1)</sup>	14 September 1991	N/A	Director and shareholder with 25.00% equity interest
	CMT Properties Sdn Bhd	Investment holding (properties)	4 December 2018	N/A	Director and shareholder with 24.60% equity interest

## 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

<u>Name</u>	<u>Name of company</u>	<u>Principal activities</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Involvement in business activities</u>
	LY Marine Products Sdn Bhd	Dormant <sup>(2)</sup>	26 March 2015	N/A	Director and shareholder with 21.00% equity interest
	Welcome Potential Sdn Bhd	Property investment and related activities	17 October 2011	N/A	Director and shareholder with 20.00% equity interest
	<u>Past directorships:</u> Golden Fish Farm Sdn Bhd	Dormant (dissolved on 7 February 2020)	29 November 2012	7 February 2020	Director and shareholder with 10.00% equity interest
	Perniagaan Muhibbah Ria Sdn Bhd	Raising, breeding and production of chicken, broiler, wholesale of animal/pet feed, raising and breeding of swiftlet	29 May 2013	20 December 2017	Director and shareholder with 40.00% equity interest
	TH Khoon Meng Enterprise	Dormant (partnership expired on 11 September 2017 due to cessation of business)	N/A	N/A	Partner with 20% equity interest
	TH Khoon Meng Sdn Bhd	Dormant (struck off on 9 October 2020)	4 July 2014	9 October 2020	Director and shareholder with 20.00% equity interest
	Yenher Aquaculture Sdn Bhd	Dormant (dissolved on 11 April 2017)	14 August 2012	11 April 2017	Director and shareholder with 20.00% equity interest
Theoh Mooi Teng	<u>Present directorships:</u> Nil				
	<u>Past directorships:</u> Nil				

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<u>Name</u>	<u>Name of company</u>	<u>Principal activities</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Involvement in business activities</u>
Tan Peng Lam	<u>Present directorships:</u> Nil <sup>(3)</sup>	-	-	-	-
	<u>Past directorships:</u> Alaya Asia Sdn Bhd	Dormant <i>(dissolved on 24 April 2018)</i>	31 August 2016 (Liquidator)	22 January 2018 (Liquidator)	Liquidator
	Guardman Security Services Sdn Bhd	Dormant <i>(dissolved on 13 June 2019)</i>	21 September 2007 (Director)/ 18 December 2017 (Liquidator)	13 June 2019 (Director and Liquidator)	Director and liquidator
	Texchem Corporation Sdn Bhd	Investment holding and provision of management services for its group of companies and renting of investment properties	1 January 2003	9 January 2019	Director
	Texchem Management Services Sdn Bhd	Dormant <i>(dissolved on 10 October 2018)</i>	21 September 2007 (Director)/ 23 December 2016 (Liquidator)	10 October 2018 (Director)/ 2 July 2018 (Liquidator)	Director and liquidator
	Texchem Resources Bhd	Investment holding and provision of management services for its group of companies which are involved in industrial, polymer engineering, restaurant, food and venture business and renting of investment properties	18 February 2014	9 January 2019	Secretary
	Texchem Risk Management Sdn Bhd	Insurance agents and managers in relation to insurance schemes	15 January 2002	9 January 2019	Director

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<u>Name</u>	<u>Name of company</u>	<u>Principal activities</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Involvement in business activities</u>
	Texchem-Pack (KL) Sdn Bhd	Dormant (dissolved on 26 October 2016)	13 February 2014 (Liquidator)	26 October 2016 (Liquidator)	Liquidator
	Everbright Tan Marketing	Online marketing supplements (partnership expired on 9 December 2020 due to cessation of business)	N/A	N/A	Partner with 50.00% equity interest
Dato' Lim Choon Khim	<u>Present directorships:</u> Bon Viveur Sdn Bhd	Investment holding in property	5 February 2018	N/A	Director and shareholder with 50.00% equity interest
	Butterworth Lim Construction Sendirian Berhad	Property letting and oil palm estate, housing development	N/A	N/A	Shareholder with 11.67% equity interest
	<u>Past directorships:</u> Nil	-	-	-	-

**Notes:**

- (1) As at LPD, there is no plan to dissolve or strike off this company.
- (2) As at LPD, Cheng Mooh Kheng intends to dissolve this company.
- (3) For information purposes, Tan Peng Lam was appointed as an Independent Non-Executive Director of Berjaya Corporation Berhad on 1 June 2021.

Tan Peng Lam and Dato' Lim Choon Khim being our Independent Non-Executive Directors, are not involved in the day-to-day operations of our Group. In addition, their involvement in those business activities outside our Group will not affect their contributions to our Group as the principal activities of those companies are not similar to our Group's business.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The involvement of Cheng Mooh Tat and Cheng Mooh Kheng, being our Non-Independent Group Managing Director and Non-Independent Executive Director respectively, in other business activities outside our Group is not expected to require a significant amount of their time or attention as they are not involved in the management and day-to-day operations of those businesses, other than attending meetings of the board of directors on which they serve. As such, their involvement in those business activities outside our Group will not affect their ability to perform their roles and responsibilities as well as their contributions to our Group.

##### 4.2.4 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered to us in their capacities to our Group for the FYEs 31 December 2020 and 2021 are as follows:

##### FYE 31 December 2020 (Actual)

Name	Directors' fees	Salaries	Bonuses	Allowances and benefits-in-kind	Other emoluments <sup>(1)</sup>	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Dr. Wan Mohd Kamil bin Wan Nik	-	-	-	-	-	-
Cheng Mooh Tat	1,000	1,030	890	28	303	3,251
Cheng Mooh Kheng	700	540	464	13	212	1,929
Theoh Mooi Teng	600	540	464	-	212	1,816
Tan Peng Lam	-	-	-	-	-	-
Dato' Lim Choon Khim	-	-	-	-	-	-

##### FYE 31 December 2021 (Proposed)

Name	Directors' fees	Salaries	Bonuses <sup>(2)</sup>	Allowances and benefits-in-kind	Other emoluments <sup>(1)</sup>	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Dr. Wan Mohd Kamil bin Wan Nik	45	-	-	10	-	55
Cheng Mooh Tat	1,050	1,085	884	18	374	3,411
Cheng Mooh Kheng	750	598	464	13	203	2,028
Theoh Mooi Teng	650	598	464	-	203	1,915
Tan Peng Lam	29	-	-	10	-	39
Dato' Lim Choon Khim	25	-	-	10	-	35



#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### Notes:

- (1) These comprise contributions to Employees Provident Fund, Social Security Organisation and Employee Insurance Scheme.
- (2) The final bonus will be determined later based on the individual's performance as well as our Group's business performance and cash flows at the time of assessment.

The remuneration of our Directors must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

##### 4.2.5 Board practices

Our Board is responsible in leading and managing our Company in an effective and responsible manner and all our Directors have an equal responsibility for our operations and corporate accountability.

With the limit set by our Constitution, our Board is responsible for the governance and management of our Company, which include reviewing and adopting a strategic plan and direction for our Group, overseeing the conduct and performance of our Group's businesses to evaluate whether our businesses are being properly managed, identifying our Group's principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, establishing a succession plan for our senior management, as well as reviewing the adequacy and the integrity of the management information and internal controls system of our Group.

##### (i) Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 10 November 2020. The members of our Audit and Risk Management Committee consists of the following:

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

Our Audit and Risk Management Committee undertakes, among others, the following functions:

##### External audits

- (a) to recommend the appointment or re-appointment of external auditors, the audit fee and consider any question of resignation or dismissal of external auditors;
- (b) to assess and monitor the performance (which includes its audit quality and resource capacity), suitability, objectivity and independence of the external auditors on an annual basis to ensure that it is able to carry out its function effectively;

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

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- (c) to discuss with the external auditors on any significant audit finding and the management's response, and issues and reservations arising from the annual audits (in the absence of the management where necessary);
- (d) to review with the external auditors, the audit plan as well as the nature and scope of audit including any change to the scope of the audit plan;
- (e) to review the provision of non-audit services by the external auditors;

##### **Internal audits and risk management**

- (f) to review and oversee the effectiveness of our internal control system and risk management framework;
- (g) to review the appointment and removal of internal auditors;
- (h) to ensure that the internal auditors adopt a recognised framework in conducting their work;
- (i) to ensure that sufficient resources are allocated for the internal audit function and that it is given access to the necessary information to enable it to carry out its function effectively;
- (j) to review and approve the internal audit charter which defines the purpose, authority, scope and responsibilities of the internal audit function;
- (k) to review the adequacy of the scope, functions and competency of our internal audit function and ensure that our internal audit function is independent from the external audit function, and that it has the necessary authority to carry out their work;
- (l) to review and approve the internal audit plan;
- (m) to review the internal audit reports, discuss major findings or any area of concern or issue in relation to internal controls and procedures with the internal auditors, as well as management's responses, and ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures are identified;
- (n) to monitor the status of implementation of the action plans arising from the issue reported by the internal auditors to ensure they are satisfactorily completed;
- (o) to review the risk profile of our Group (including risk on corporate liabilities) and the plan or course of action to mitigate such risks and assess the actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting us;
- (p) to review the independence of the internal audit personnel to ensure they are free from any conflict of interest with our Group in conducting their work;

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### Financial reporting

- (q) to review quarterly financial results and year-end financial statements of our Group and the annual reports of our Company, prior to approval by our Board, focusing particularly on:
- changes in accounting policy and its implementation;
  - significant adjustments arising from the audit;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - going concern assumption; and
  - compliance with accounting standards and other legal requirements;

##### Others

- (r) to review any related party transaction and conflict of interest situation that may arise within our Group including any transaction, procedure or course of conduct that raises questions on management's integrity; and
- (s) to review procedures for detecting fraud and whistle-blowing policy and ensure other arrangements are in place such that our Group is in compliance with the Act, Listing Requirements and other legislative and reporting requirements.

##### (ii) Nomination Committee

Our Nomination Committee was formed by our Board on 10 November 2020. The members of our Nomination Committee consists of the following:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dr. Wan Mohd Kamil bin Wan Nik	Chairman	Independent Non-Executive Chairman
Tan Peng Lam	Member	Independent Non-Executive Director
Dato' Lim Choon Khim	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, among others, the following functions:

- (a) to identify and nominate, for the approval of our Board, candidates to fill the Board vacancies as and when the need arises. In making its recommendations, our Nomination Committee shall assess and consider, among others, the background, character, integrity, competencies, skills, knowledge, experience and professionalism of such candidates, as well as the boardroom diversity;
- (b) to recommend to our Board, Directors to fill the seats on Board committees;
- (c) to review the independence and terms of office of the Independent Directors;

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (d) to assess the effectiveness and performance of our Board and Board committees (including its size and composition) and contributions of each individual Director, including Group Managing Director, Executive Directors and Non-Executive Directors;
- (e) to review and define orientation and induction plans for new Directors;
- (f) to develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors;
- (g) to assess the training needs of each Director and review the fulfilment of such training; and
- (h) to review Board and key senior management's succession plans and make recommendations to our Board on succession planning policy for Board committees and management.

##### (iii) Remuneration Committee

Our Remuneration Committee was formed by our Board on 10 November 2020. The members of our Remuneration Committee consists of the following:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Lim Choon Khim	Chairman	Independent Non-Executive Director
Dr. Wan Mohd Kamil bin Wan Nik	Member	Independent Non-Executive Chairman
Tan Peng Lam	Member	Independent Non-Executive Director

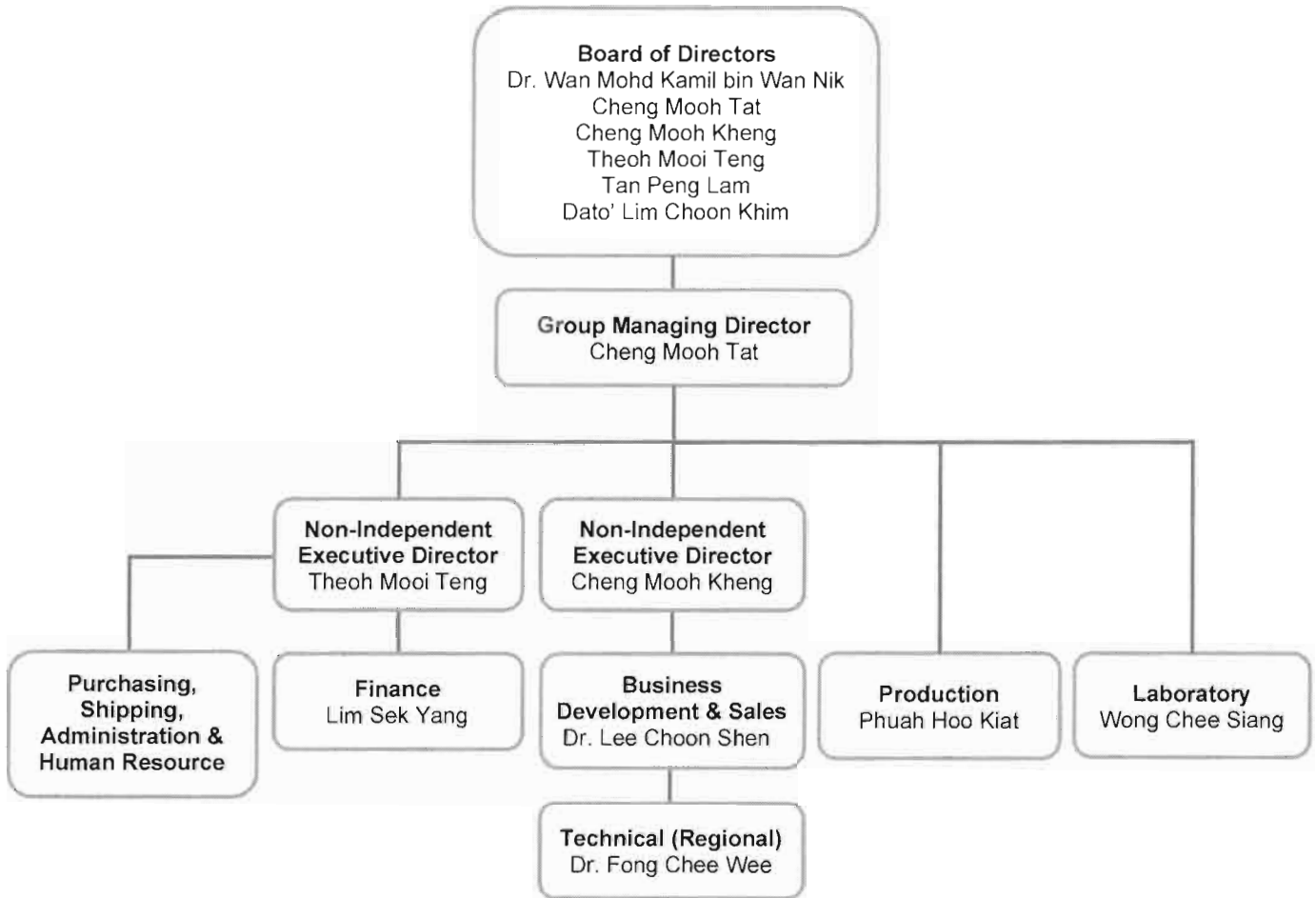
Our Remuneration Committee undertakes, among others, the following functions:

- (a) to recommend to our Board the remuneration policy and package for our Group Managing Director, Executive Directors, Non-Executive Directors and, if applicable, Key Senior Management, to be aligned with their responsibilities and contributions;
- (b) to align remuneration arrangements for our Board that focus on achieving long-term business objectives through formulating incentive arrangements including key performance indicators and performance hurdles;
- (c) to communicate with shareholders on remuneration of our Group Managing Director and Executive Directors, where necessary to promote accountability and transparency; and
- (d) to review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to our Board for approval.

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**4.3 MANAGEMENT REPORTING STRUCTURE**

The following chart illustrates the management reporting structure of our Group:



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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### 4.4 KEY SENIOR MANAGEMENT

##### 4.4.1 Particulars and shareholdings of our Key Senior Management

The details of our Key Senior Management, all of whom are Malaysian, and their respective shareholdings in our Company as at LPD and after our IPO (assuming each of our Key Senior Management subscribe in full for their respective entitlements under the allocation to the Eligible Persons as set out in Section 3.3.1(ii)(a) and (b) of this Prospectus) are as follows:

Name	Designation	As at LPD / Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Cheng Mooh Tat	Non-Independent Group Managing Director	43,310,600	18.39	<sup>(3)</sup> 135,000,000	57.31	22,500,000	7.50	<sup>(3)</sup> 135,000,000	45.00
Cheng Mooh Kheng	Non-Independent Executive Director	20,973,200	8.90	<sup>(3)</sup> 135,000,000	57.31	10,500,000	3.50	<sup>(3)</sup> 135,000,000	45.00
Theoh Mooi Teng	Non-Independent Executive Director	-	-	-	-	800,000	0.27	-	-
Dr. Lee Choon Shen	General Manager of Business Development and Sales	-	-	-	-	60,000	0.02	-	-
Dr. Fong Chee Wee	Regional Technical Manager	-	-	-	-	50,000	0.02	-	-
Lim Sek Yang	Deputy General Manager of Finance	-	-	-	-	60,000	0.02	-	-
Phuah Hoo Kiat	Production Manager	-	-	-	-	80,000	0.03	-	-
Wong Chee Siang	Laboratory Manager	-	-	-	-	65,000	0.02	-	-

**Notes:**

- (1) Based on the total number of 235,569,000 Shares as at LPD.
- (2) Based on the enlarged total number of 300,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his interest in CGH Holdings pursuant to Section 8 of the Act.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Save for Cheng Mooh Tat and Cheng Mooh Kheng who are representatives of CGH Holdings, none of our Key Senior Management are representatives of any corporate shareholder.

##### 4.4.2 Profiles of our Key Senior Management

The profiles of Cheng Mooh Tat, Cheng Mooh Kheng and Theoh Mooi Teng, our Non-Independent Group Managing Director and Non-Independent Executive Directors respectively who are also our Directors are set out in Section 4.1.2(ii), (iii) and (v) of this Prospectus respectively. The profiles of our other Key Senior Management are as follows:

- (i) **Dr. Lee Choon Shen**, a Malaysian aged 39, is our General Manager of Business Development and Sales. He is responsible for overseeing our Group's business development and marketing activities and its related activities.

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

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

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

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

- (ii) **Dr. Fong Chee Wee**, a Malaysian aged 40, is our Regional Technical Manager. He is responsible for overseeing the provision of technical services and technical and marketing support to our Group's customers in the poultry and swine subsectors.

Dr. Fong graduated with a Doctor of Veterinary Medicine from Universiti Putra Malaysia, Selangor in June 2007. He is a Life Member of the Veterinary Association of Malaysia since 2015.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Dr. Fong began his career in June 2007 as a Field Service Veterinarian with Sunzen Corporation Sdn Bhd. In his role, he was involved in providing technical services and marketing of the company's animal health products. He was later promoted as a Technical Manager in 2012.

Dr. Fong left the company and joined HIPRA Malaysia Sdn Bhd in January 2015 as a Poultry Technical Manager, where he was responsible for overseeing the provision of technical services and marketing of the company's poultry products. He then left in May 2016 and joined Yenher Agro in his current position in June 2016.

- (iii) **Lim Sek Yang**, a Malaysian aged 41, is our Deputy General Manager of Finance. He is responsible for overseeing the finance and accounting functions of our Group.

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

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

Mr. Lim left the firm in November 2007 and joined AWS Sales & Services Sdn Bhd in November 2007 as a Senior Accounts Executive. He then left the company in May 2008 and joined Armstrong Auto Parts Sdn Bhd in June 2008 as an Assistant Manager in the accounts department where he oversaw the company's financial and accounting functions. Armstrong Auto Parts Sdn Bhd is a subsidiary of Oriental Holdings Berhad, a company listed on the Main Market of Bursa Securities and is involved in, among others, the manufacturing and distribution of automotive parts. Thereafter, he was transferred to the company's branch office in Perai in 2011 where he was responsible for overseeing the daily operations of the branch's accounts department, human resources payroll and security function as well as overseeing the finance operations of the company's subsidiary plant located in Vietnam.

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

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



**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (iv) **Phuah Hoo Kiat**, a Malaysian aged 62, is our Production Manager. He completed his Malaysian Certificate of Education/Sijil Pelajaran Malaysia (SPM) from Sekolah Menengah Kebangsaan St Mark, Butterworth, Pulau Pinang in 1977. He has also obtained a Certificate in Quality Management from the Federation of Malaysian Manufacturers in 1996 and obtained a Diploma in Quality Management from the University of Portsmouth, London in 1998.

Mr. Phuah began his career as a clerk in Ng Kim Kang Associates, an insurance agency, in 1977 where he was responsible for preparing insurance proposals for clients as well as providing insurance calculations for agents.

Mr. Phuah left the agency and subsequently joined Chocolate Products (Malaysia) Berhad (*currently known as Lion Diversified Holdings Berhad*) in December 1980 as a Process Quality Technician where his responsibilities included implementing quality control measures. Chocolate Products (Malaysia) Berhad was previously involved in, among others, the manufacturing and sales of malted cocoa beverages and was listed on the Main Market of Bursa Securities in 1982. It changed to its current name in 2003. Mr. Phuah was promoted to Production Supervisor in 1989 and subsequently to Production Officer in 1992, where he was responsible for supervising the production activities of the company.

Mr. Phuah then left the company in July 2000 and joined Interfood Processing Industry Ltd (*currently known as Interfood Shareholding Company*) located in Vietnam in December 2000, as a Production Manager where he oversaw the company's production of beverages. Interfood Shareholding Company is listed on the Ho Chi Minh Stock Exchange and is involved in, among others, the processing of carbonated and non-carbonated beverages.

Mr. Phuah left the company and joined Yikon Jewellery Industry Sdn Bhd in August 2002, as a Production Executive. He was subsequently promoted to Assistant Production Manager in 2003 and thereafter promoted to Production Manager in 2004. During his stint in Yikon Jewellery Industry Sdn Bhd, he was responsible for overseeing the company's day-to-day production activities. Yikon Jewellery Industry Sdn Bhd was previously involved in the trading of gold, gold jewellery and ornaments, and was previously a subsidiary of Yikon Corporation Berhad, a company listed on Main Market of Bursa Securities before changing its name to Niche Capital Emas Holdings Berhad in 2011.

Subsequently, Mr. Phuah left the company and joined Yenher Agro in June 2008 as a Production Supervisor where he was responsible for supervising the company's manufacturing activities. Thereafter, he was promoted to his current position in September 2012.

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

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- (v) **Wong Chee Siang**, a Malaysian aged 36, is our Laboratory Manager. He is responsible for leading our Group's R&D projects. He is also responsible for the development and validation of test methods (which include microbiological testing, chemical testing and serology testing) and procedures.

Mr. Wong graduated from Zhejiang University in the PRC in 2007 with a Bachelor of Science in Biotechnology. He is a member of the Institut Kimia Malaysia since 2016.

Mr. Wong began his career in November 2007 as a Chemist with Jaya Laboratories Sdn Bhd, a company involved in providing laboratory analyses services for various industries and a supplier of laboratory equipment for analytical uses in industries such as food, safety and health. As a Chemist, he was responsible for conducting laboratory analyses and calibration of laboratory equipment.

Mr. Wong then left the company in January 2009 and joined My CO2 Sdn Bhd in March 2009, a company involved in the provision of laboratory analytical testing services for various applications, ranging from product assessments, safety and health applications and certification purposes. He joined the company as a Senior Chemist where his responsibilities included performing analytical testing and review of quality assurance documentations.

Thereafter, Mr. Wong left the company in March 2013 and joined Yenher Agro as a Senior Chemist in May 2013, where his responsibilities included performing chemical testing and maintenance of laboratory equipment. He was subsequently promoted to his current position in January 2015.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

##### 4.4.3 Involvement of our Key Senior Management in other principal business activities outside our Group

The principal business activities performed by our Key Senior Management outside our Group as at LPD and their present directorships in companies outside our Group and in the past five (5) years preceding LPD, other than Cheng Mooh Tat, Cheng Mooh Kheng and Theoh Mooi Teng which are set out in Section 4.2.3 of this Prospectus, are as follows:

Name	Name of company	Principal activities	Date of appointment	Date of resignation	Involvement in business activities
Dr. Lee Choon Shen	<u>Present directorships:</u> Converb Talent Sdn Bhd	Provide consultation on neuro-analysis test to different age group	24 May 2019	N/A	Director and shareholder with 50.00% equity interest
	MTC Properties (M) Sdn Bhd	Investment holding (properties and shares)	N/A	N/A	Shareholder with 2.00% equity interest
	Venture 5 Sdn Bhd	Provide natural therapy and homeopathy therapy services	11 June 2018	N/A	Director and shareholder with 33.00% equity interest
	<u>Past directorships:</u> Nil	-	-	-	-
Dr. Fong Chee Wee	<u>Present directorships:</u> Venture 5 Sdn Bhd	Provide natural therapy and homeopathy therapy services	11 June 2018	N/A	Director and shareholder with 13.00% equity interest
	<u>Past directorships:</u> Nil				
Lim Sek Yang	<u>Present directorships:</u> Trigent PLT	Direct sales or door-to-door sales of any kind of product	N/A	N/A	Partner with 33.00% equity interest
	<u>Past directorships:</u> Yves Food Supplies	Sales of animal food products	N/A	N/A	Partner without equity interest (left the partnership on 28 November 2018)

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** (Cont'd)

<u>Name</u>	<u>Name of company</u>	<u>Principal activities</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Involvement in business activities</u>
Phuah Hoo Kiat	<u>Present directorships:</u> Nil				
	<u>Past directorships:</u> Nil				
Wong Chee Siang	<u>Present directorships:</u> Mee Hiong Yuen Trading Sdn Bhd	Trading in groundnuts and confectionary	N/A	N/A	Shareholder with 20.00% equity interest
	<u>Past directorships:</u> Nil				

The involvement of our Key Senior Management in other business activities outside our Group is not expected to require a significant amount of their time or attention as they are not involved in the management and day-to-day operations of those businesses as those businesses are managed by their respective management teams. As such, their involvement in those business activities outside our Group will not affect their ability to perform their roles and responsibilities as well as their contributions to our Group.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

##### 4.4.4 Remuneration and material benefits-in-kind of our Key Senior Management

The aggregate remuneration and material benefits-in-kind of our Non-Independent Group Managing Director and Non-Independent Executive Directors who are also part of our Key Senior Management are set out in Section 4.2.4 of this Prospectus. The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our other Key Senior Management for services rendered to us in their capacities to our Group for the FYEs 31 December 2020 and 2021 are as follows:

Name	Remuneration band	
	FYE 31 December	
	2020 (Actual)	2021 (Proposed)
	(RM'000)	(RM'000)
Dr. Lee Choon Shen	200 to 250	200 to 250
Dr. Fong Chee Wee	150 to 200	150 to 200
Lim Sek Yang	150 to 200	150 to 200
Phuah Hoo Kiat	100 to 150	100 to 150
Wong Chee Siang	100 to 150	100 to 150

##### 4.5 SERVICE CONTRACTS

As at LPD, we do not have any existing or proposed service contract with our Directors or Key Senior Management, which provides for benefits upon termination of employment.

##### 4.6 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there is no association or family relationship between any of our Promoters, substantial shareholders, Directors and Key Senior Management as at LPD:

Name	Position	Relationship
Cheng Mooh Tat	Promoter, substantial shareholder, Non-Independent Group Managing Director as well as directors of Yenher Agro and Yenher Biotech	<ul style="list-style-type: none"> <li>Spouse of Theoh Mooi Teng</li> <li>Brother of Cheng Mooh Chye and Cheng Mooh Kheng</li> <li>Director and substantial shareholder of CGH Holdings</li> </ul>
Cheng Mooh Kheng	Promoter, substantial shareholder, Non-Independent Executive Director as well as directors of Yenher Agro and Yenher Biotech	<ul style="list-style-type: none"> <li>Brother of Cheng Mooh Chye and Cheng Mooh Tat</li> <li>Brother-in-law of Theoh Mooi Teng</li> <li>Director and substantial shareholder of CGH Holdings</li> </ul>
Cheng Mooh Chye	Promoter, substantial shareholder as well as directors of Yenher Agro and Yenher Biotech	<ul style="list-style-type: none"> <li>Brother of Cheng Mooh Tat and Cheng Mooh Kheng</li> <li>Brother-in-law of Theoh Mooi Teng</li> <li>Director and substantial shareholder of CGH Holdings</li> </ul>

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name	Position	Relationship
Theoh Mooi Teng	Promoter and Non-Independent Executive Director	<ul style="list-style-type: none"> <li>Spouse of Cheng Mooh Tat</li> <li>Sister-in-law of Cheng Mooh Chye and Cheng Mooh Kheng</li> </ul>

#### 4.7 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Our Promoters, Directors and Key Senior Management have confirmed that, as at LPD, he or she or it is not or has not been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or her or it or any partnership in which he or she was a partner or any corporation of which he or she was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against him or her or it, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her or its part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, being the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her or its part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him or her or it from engaging in any type of business practice or activity;
- (vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) having any unsatisfied judgment against him or her or it.

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## 5. INFORMATION ON OUR GROUP

### 5.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 9 March 2020 as a private company limited by shares under the name of Yenher Holdings Sdn Bhd. On 3 November 2020, our Company was converted to a public limited company to facilitate our Listing.

We are an investment holding company. Through our subsidiaries, we are principally involved in the manufacturing and distribution of animal health and nutrition products.

#### 5.1.1 Formation of our Group

Our Group was formed through the following acquisition exercises:

##### (i) Acquisition of Yenher Agro

On 28 August 2020, our Company entered into a conditional share sale agreement with the previous shareholders of Yenher Agro as detailed below ("**Vendors**") to acquire the entire equity interest in Yenher Agro of RM2,000,000 comprising 2,000,000 ordinary shares in Yenher Agro for a purchase consideration of RM117,784,499. The purchase consideration was wholly satisfied via the issuance of 235,568,998 new Shares at an issue price of RM0.50 per Share to the following Vendors:

Name	No. of shares acquired	% acquired	No. of new Shares issued
Cheng Mooh Tat	949,960	47.50	111,890,599
Cheng Mooh Kheng	460,020	23.00	54,183,199
Cheng Mooh Chye	460,020	23.00	54,183,200
Yeoh Ngong Koke	80,000	4.00	9,422,800
Boon Jenn Woei	50,000	2.50	5,889,200
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>	<b>235,568,998</b>

The purchase consideration of Yenher Agro of RM117,784,499 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Yenher Agro as at 30 June 2020 of RM117,784,698. The acquisition of the entire equity interest in Yenher Agro by our Company was completed on 28 August 2020.

##### (ii) Acquisition of Yenher Biotech

On 28 August 2020, our Company entered into a conditional share sale agreement with Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye, being the previous shareholders of Yenher Biotech, to acquire the entire equity interest in Yenher Biotech of RM250,000 comprising 250,000 ordinary shares in Yenher Biotech for a purchase consideration of RM1.00. The purchase consideration was wholly satisfied in cash.

The purchase consideration of RM1.00 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited net liabilities of Yenher Biotech as at 30 June 2020 of RM12,569. The acquisition of the entire equity interest in Yenher Biotech by our Company was completed on 28 August 2020.

**5. INFORMATION ON OUR GROUP (Cont'd)**

**5.1.2 Share capital**

As at the date of this Prospectus, our issued share capital is RM117,784,501 comprising 235,569,000 Shares. The changes in our issued share capital since the date of our incorporation are as follows:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Nature of transaction</u>	<u>Cumulative issued share capital (RM)</u>
9 March 2020	2	Subscribers' shares	2
28 August 2020	235,568,998	Other than cash (pursuant to the Acquisition of Yenher Agro)	117,784,501

None of our Shares were issued at a discount, on special terms or based on instalment payment terms.

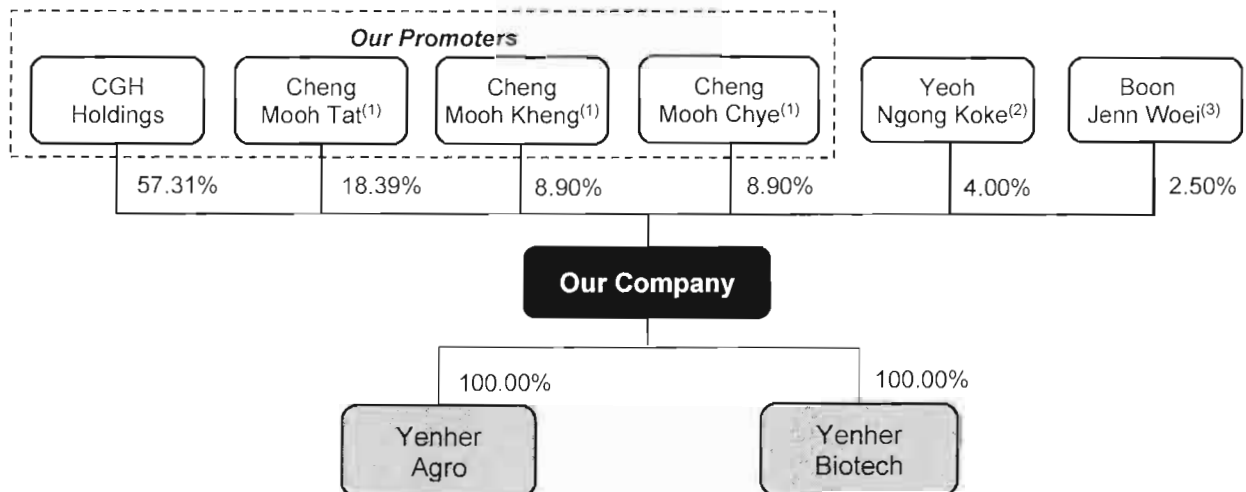
Upon completion of our IPO, our enlarged issued share capital will increase to RM177,384,951 comprising 300,000,000 Shares.

As at the date of this Prospectus, we do not have any outstanding warrant, option, convertible security or uncalled capital in respect of our Shares.

**5.2 OUR GROUP STRUCTURE**

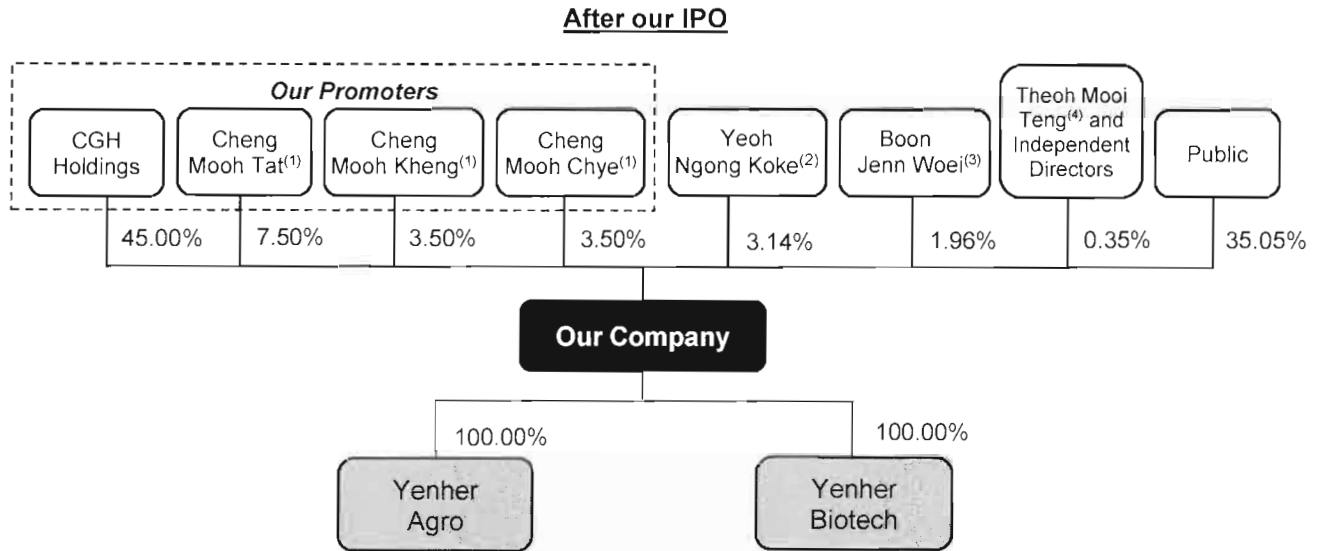
Our Group structure as at the date of this Prospectus and after our IPO are set out as follows:

**As at the date of this Prospectus**





## 5. INFORMATION ON OUR GROUP (Cont'd)



### Notes:

- (1) Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye are brothers. They are also the directors and major shareholders of CGH Holdings.
- (2) Yeoh Ngong Koke is the brother-in-law of Theoh Mooi Teng, who is our Non-Independent Executive Director and also the spouse of Cheng Mooh Tat.
- (3) Boon Jenn Woei is a close acquaintance of Cheng Mooh Tat. He is not related to any of our Promoters, substantial shareholders, Directors and Key Senior Management.
- (4) Theoh Mooi Teng is also our Promoter.

### 5.3 OUR SUBSIDIARIES

Our subsidiaries as at the date of this Prospectus are as follows:

Name and registration no.	Date and country of incorporation	Issued share capital	Our effective equity interest	Principal activities
Yenher Agro (199101012143 (222455-P))	7 August 1991 Malaysia	RM2,000,000	100.00%	Manufacturing, supplying and marketing of animal health and nutrition products for livestock and companion animals
Yenher Biotech (201601015982 (1186913-T))	10 May 2016 Malaysia	RM250,000	100.00%	Manufacturing of animal feed ingredients and agricultural products using biotechnology and undertaking R&D activities in the related fields

## 5. INFORMATION ON OUR GROUP (Cont'd)

The details of our subsidiaries are set out below:

### 5.3.1 Yenher Agro

#### (i) History and business

Yenher Agro was incorporated in Malaysia under the Companies Act 1965 on 7 August 1991 as a private company limited by shares under the name of Yenher Agro-Products Sdn Bhd and is deemed registered under the Act. The principal activity of Yenher Agro is manufacturing, supplying and marketing of animal health and nutrition products for livestock and companion animals.

The principal place of business of Yenher Agro is No. 1628, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.

#### (ii) Share capital

As at LPD, the issued share capital of Yenher Agro is RM2,000,000 comprising 2,000,000 ordinary shares.

There is no change in the issued share capital of Yenher Agro for the past four (4) FYEs 31 December 2017 to 2020 and up to LPD.

None of the ordinary shares of Yenher Agro were issued at a discount, on special terms or based on instalment payment terms.

As at LPD, Yenher Agro does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

#### (iii) Shareholder and directors

Yenher Agro is a wholly-owned subsidiary of our Company. The directors of Yenher Agro are Cheng Mooh Tat, Cheng Mooh Kheng, Cheng Mooh Chye and Theoh Mooi Teng.

#### (iv) Subsidiary and associated company

As at LPD, Yenher Agro does not have any subsidiary or associated company.

### 5.3.2 Yenher Biotech

#### (i) History and business

Yenher Biotech was incorporated in Malaysia under the Companies Act 1965 on 10 May 2016 as a private company limited by shares under the name of Yenher Biotech Sdn Bhd and is deemed registered under the Act. The principal activity of Yenher Biotech is manufacturing of animal feed ingredients and agricultural products using biotechnology and undertaking R&D activities in the related fields.

The principal place of business of Yenher Biotech is No. 1628, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.

**5. INFORMATION ON OUR GROUP (Cont'd)****(ii) Share capital**

As at LPD, the issued share capital of Yenher Biotech is RM250,000 comprising 250,000 ordinary shares.

The changes in the issued share capital of Yenher Biotech for the past four (4) FYEs 31 December 2017 to 2020 and up to LPD are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Nature of transaction</u>	<u>Cumulative issued share capital (RM)</u>
3 May 2017	249,900	Cash	250,000

None of the ordinary shares of Yenher Biotech were issued at a discount, on special terms or based on instalment payment terms.

As at LPD, Yenher Biotech does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

**(iii) Shareholder and directors**

Yenher Biotech is a wholly-owned subsidiary of our Company. The directors of Yenher Biotech are Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye.

**(iv) Subsidiary and associated company**

As at LPD, Yenher Biotech does not have any subsidiary or associated company.

As at LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

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## 6. BUSINESS OVERVIEW

### 6.1 OVERVIEW AND HISTORY

Our Group is principally involved in the manufacturing and distribution of animal health and nutrition products. Under our manufacturing operations, we manufacture premixes, complete feed, formulated products and biotech animal feed ingredients mainly for the poultry and swine subsectors. Our distribution segment, on the other hand, focuses on the distribution of feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products and companion animal products, that cater for the poultry, swine, ruminants, aquaculture and companion animals subsectors. To complement and support the sales of our manufactured and distribution products, we also provide value-added diagnostic and material analyses services ranging from microbiological tests, chemical tests to serology tests for our customers. We also provide complimentary consulting services relating to farm management, disease diagnoses and development of animal health programmes such as farm bio-security measures, vaccination programmes and animal nutrition feeding plans to our customers.

Our Group's history dates back to 1982 with the establishment of Guan Hoe Farming & Trader ("**GHF&T**") in Pulau Pinang by Cheng Guan Hoe, the father of Cheng Mooh Chye, Cheng Mooh Tat and Cheng Mooh Kheng, as a trader of animal health and nutrition products focusing on the distribution of veterinary pharmaceuticals. Cheng Mooh Tat joined the family business later in the 1980's. In 1991, Cheng Mooh Tat established Yenher Agro with Danberg (M) Sdn Bhd ("**Danberg**"), one of GHF&T's suppliers, to expand the trading of animal health and nutrition products to include premixes, feed additives and vitamins. Yenher Agro began its operations in Permatang Tinggi, Seberang Perai Tengah, Pulau Pinang with a focus on the swine subsector, providing premixes to customers located in Pulau Pinang. In 1993, Cheng Guan Hoe Holdings Sdn Bhd, an investment holding vehicle held by Cheng Guan Hoe and his children namely, Cheng Mooh Chye, Cheng Mooh Tat, the late Cheng Mooh Lim and Cheng Mooh Kheng, acquired Danberg's entire 51% stake in Yenher Agro and subsequently in the same year, the entire stake of Cheng Guan Hoe Holdings Sdn Bhd in Yenher Agro was transferred to Cheng Guan Hoe and his children. GHF&T was then dissolved in 1993 as the Cheng family decided to consolidate all of their businesses under Yenher Agro.

In 1993, our Group's customer network expanded to Perak and in 1996, our Group moved into a rented premises located in Taman Cegar, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang ("**Taman Cegar Rented Premises**"). In this rented premises, we set up a small-scale manual mixing facility, a warehouse and an administration office. The move to this premises also marked our entry into the manufacturing segment where we began manufacturing our first premix product that was marketed under the 'Yenmix®' brand.

In 1997, we expanded overseas by appointing PT Nutrimax Prima Perkasa, an Indonesian company based in Medan, as our sub-distributor to distribute a limited range of our in-house animal feed and nutrition products in Medan, Indonesia. Subsequently, in 2007, it was appointed as a full-fledged distributor to distribute the full range of our in-house animal feed and nutrition products. The expansion into the overseas market was aimed at diversifying our business risks as our Group's principal market was then solely in Malaysia.

In 2003, we moved from the Taman Cegar Rented Premises into our current head office located at No. 1628, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang. In the same year, we also expanded our business to Sarawak and subsequently established a sales office and a warehouse in Kuching, Sarawak in 2006 and 2016 respectively.

In 2008, we completed the construction of a new manufacturing plant at No. 1684, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang to manufacture animal feed premixes. The manufacturing plant is equipped with a single shaft paddle mixer for increased efficiency and its processes were assessed and certified to comply with the GMP by the National Pharmaceutical Regulatory Agency and the Department of Veterinary Services Malaysia in 2010 and 2017 respectively.

## 6. BUSINESS OVERVIEW (Cont'd)

In 2012, our Group established an in-house laboratory which allows us to perform various value-added diagnostic and material analyses for our customers, which include microbiological tests, chemical tests and serology tests. Our various analyses allow us to assess the performance and stability of our products consumed by our customers' livestock which also form part of our quality control testing. In the same year, we rented a warehouse at No. 1, Lorong IKS Simpang Ampat E, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang ("**Rented Premises**") to cater to the increasing demand for our manufactured and distribution products.

In 2013, our quality management system was assessed and accredited with the ISO 9001:2008 certification from the European Quality Assurance under the scope "design, development and producing of animal feed premix". In 2018, our quality management system was reassessed and accredited with the ISO9001:2015 certification from the Joint Accreditation System of Australia and New Zealand under the same scope.

In 2013, we also launched our 'Green iDeal Protein' concept of premix products. The 'Green iDeal Protein' concept is a result of an internal study which analyses the optimum nutrient level in livestock's diet by adjusting the crude protein levels in their feed. It optimises the utilisation of feed resources, leading to reduced wastage and environmental pollution as well as improved animals' nutrient management and digestibility. Further information on our 'Green iDeal Protein' concept is set out in Section 6.3.1.1 of this Prospectus. Following this, in 2015, our Group was awarded "Outstanding Product Innovation – Animal Health Product" at the Livestock Asia Expo and Forum 2015 held in Kuala Lumpur, Malaysia.

In the same year, we also appointed a distributor, Godofgideon Nigeria Ltd, to distribute our full range of in-house animal feed and nutrition products in West Africa which marked our maiden venture into the region.

In 2016, we established Yenher Biotech to venture into the production of animal feed ingredients with the use of biotechnology as well as to conduct R&D activities at the Rented Premises. In 2017, Yenher Biotech obtained BioNexus status from Malaysian Bioeconomy Development Corporation Sdn Bhd which provides, among others, 100% tax exemption for Yenher Biotech's statutory income as well as exemption of import duty and sales tax for imported raw materials and imported machinery and equipment for a period of five (5) years.

In 2018, we successfully launched 'YenSoy®' and 'YenPalm RH®', which are animal feed ingredients produced through the fermentation of soybean meal and palm kernel meal respectively, using our in-house biotechnology process. Both 'YenSoy®' and 'YenPalm RH®' aim at improving the nutritional qualities of feed and nutrient digestibility. In addition, 'YenPalm RH®' is also a source of peptide, probiotic, acidifier, fibre and toxin binder to the livestock.

In 2020, we established a branch in Taichung, Taiwan, the Republic of China, to venture into the distribution of animal health and nutrition products focusing on our in-house premixes, formulated products, biotech animal feed ingredients as well as third party veterinary pharmaceuticals and companion animal products in the country. In the same year, we have also appointed two (2) distributors, namely Shivani Traders and Animed, to distribute our full range of in-house animal feed and nutrition products in Pakistan and South Korea, respectively.

Over the years, our Group has evolved from solely being a distributor to a manufacturer and distributor of animal health and nutrition products. We have also expanded our customer network to international markets by appointing four (4) distributors as at LPD, one (1) each in Indonesia (in 1997), Nigeria (in 2015), Pakistan (in 2020) and South Korea (in 2020) and establishing a branch in Taiwan in 2020. Besides this, we also have direct purchases from customers based in Hong Kong (since 2005), Brunei (since 2011), Vietnam (since 2011), South Korea (since 2016), Belgium (since 2018), Pakistan (since 2019), Thailand (since 2019), Singapore (since 2020) and Taiwan (since 2020).

## 6. BUSINESS OVERVIEW *(Cont'd)*

### 6.2 OUR KEY BUSINESS MILESTONES

The following table highlights the key milestones of our business:

<b>Year</b>	<b>Key milestone</b>
1991	Incorporated Yenher Agro to venture into the distribution of animal health and nutrition products
1996	Commenced manufacturing activities and launched our first brand of premixes under the 'Yenmix®' brand
1997	Entered the Indonesian animal health market by appointing PT Nutrimax Prima Perkasa as a sub-distributor to distribute a limited range of our in-house animal feed and nutrition products in Medan, Indonesia. Subsequently, in 2007, it was appointed as a full-fledged distributor to distribute the full range of our in-house animal feed and nutrition products
2003	<ul style="list-style-type: none"> <li>▪ Moved from the rented premises at Taman Cegar, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang to our current head office located at No. 1628, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang</li> <li>▪ Expanded our business to Sarawak</li> </ul>
2006	Established a sales office in Kuching, Sarawak
2008	Completed the construction of our animal feed premix manufacturing plant with a single shaft paddle mixer located in Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang
2010	Our animal feed premix manufacturing plant was certified GMP-compliant by the National Pharmaceutical Regulatory Agency
2012	<ul style="list-style-type: none"> <li>▪ Set up an in-house laboratory to provide various value-added diagnostic and material analyses services for our customers which allow us to assess the performance and stability of our products consumed by our customers' livestock which also form part of our quality control testing</li> <li>▪ Expanded our warehousing facilities to include the rented premises at No. 1, Lorong IKS Simpang Ampat E, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang</li> </ul>
2013	<ul style="list-style-type: none"> <li>▪ Obtained ISO 9001:2008 Quality Management System certification from the European Quality Assurance under the scope "design, development and producing of animal feed premix"</li> <li>▪ Launched our 'Green iDeal Protein' concept of premix products that is formulated to improve, among others, animals' nutrient management and digestibility</li> </ul>
2015	<ul style="list-style-type: none"> <li>▪ Awarded "Outstanding Product Innovation – Animal Health Product" at the Livestock Asia Expo and Forum 2015</li> <li>▪ Appointed Godofgideon Nigeria Ltd as a distributor to distribute our full range of in-house animal feed and nutrition products in West Africa</li> </ul>
2016	<ul style="list-style-type: none"> <li>▪ Incorporated Yenher Biotech to venture into the production of animal feed ingredients using biotechnology and to undertake R&amp;D activities</li> <li>▪ Established a warehouse in Kuching, Sarawak to facilitate our logistics processes in East Malaysia</li> </ul>
2017	<ul style="list-style-type: none"> <li>▪ Yenher Biotech obtained BioNexus status from Malaysian Bioeconomy Development Corporation Sdn Bhd</li> <li>▪ Our animal feed premix manufacturing plant was certified GMP-compliant by the Department of Veterinary Services Malaysia</li> </ul>

**6. BUSINESS OVERVIEW (Cont'd)**

<b>Year</b>	<b>Key milestone</b>
2018	<ul style="list-style-type: none"> <li>▪ Launched our first biotech animal feed ingredients, 'YenSoy®' and 'YenPalm RH®', which are produced through the fermentation of soybean meal and palm kernel meal respectively</li> <li>▪ Our quality management system was reassessed and accredited with the ISO9001:2015 certification from the Joint Accreditation System of Australia and New Zealand under the same scope i.e. design, development and producing of animal feed premix</li> </ul>
2020	<ul style="list-style-type: none"> <li>▪ Established a branch in Taichung, Taiwan, the Republic of China to venture into the distribution of animal health and nutrition products in the country</li> <li>▪ Appointed Shivani Traders and Animed as distributors to distribute our full range of in-house animal feed and nutrition products in Pakistan and South Korea, respectively</li> </ul>

**6.3 OUR PRINCIPAL ACTIVITIES**

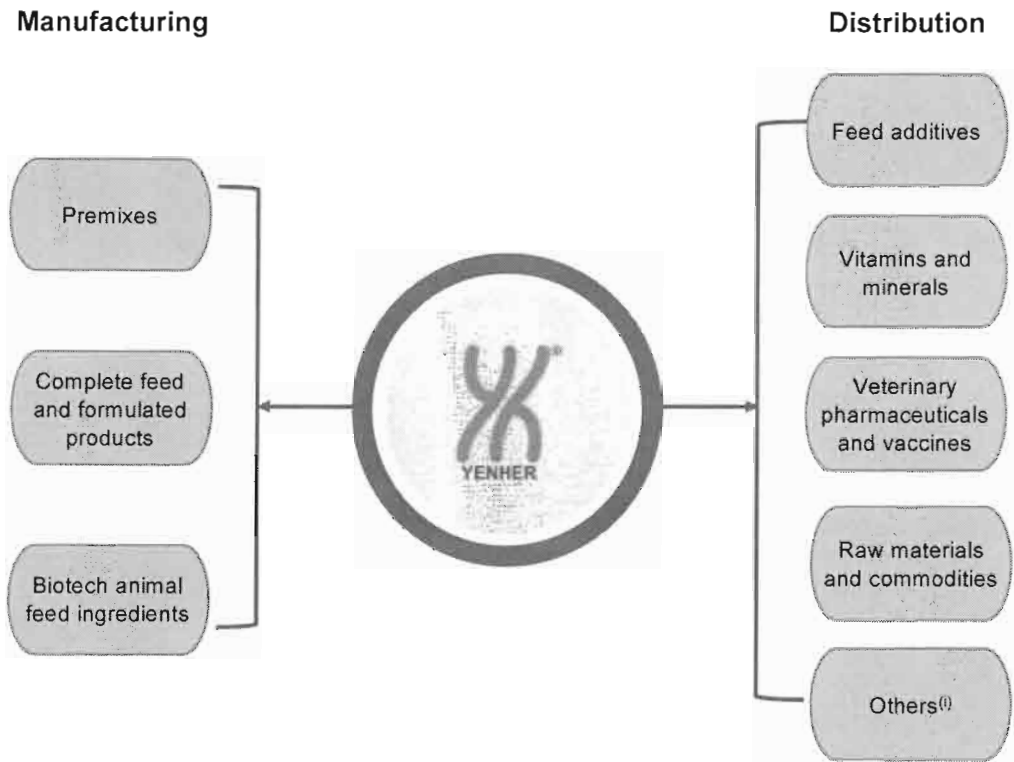
Our Group is principally involved in the manufacturing and distribution of animal health and nutrition products. Under our manufacturing operations, we manufacture premixes, complete feed, formulated products and biotech animal feed ingredients mainly for the poultry and swine subsectors. On the other hand, our distribution segment focuses on the distribution of feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products and companion animal products, that cater for the poultry, swine, ruminants, aquaculture and companion animals subsectors. We also distribute raw materials and commodities such as cereals and grains used in producing animal feed.

To complement and support the sales of our manufactured and distribution products, we also provide value-added diagnostic and material analyses services for our customers. We are capable of performing an array of tests at our in-house laboratory ranging from microbiological testing, mycotoxin detection, serology tests, antibiotic sensitivity tests, polymerase chain reaction tests for disease identification, near-infrared spectroscopy to high performance liquid chromatography tests. These analyses allow us to assess the performance and stability of our products consumed by our customers' livestock which also form part of our quality control testing. We also have a team of veterinarians located throughout Malaysia who provide complimentary consulting services ranging from farm management to disease diagnoses to development of animal health programmes such as farm bio-security measures, vaccination programmes and animal nutrition feeding plans to our customers.

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## 6. BUSINESS OVERVIEW (Cont'd)

Our principal activities are depicted in the diagram below:



**Note:**

- (i) Other distribution products include farm equipment, livestock reproduction products and companion animal products.

Our principal market is in Malaysia which contributed approximately RM163.51 million or 91.31% of our revenue for the FYE 31 December 2019, while the remaining RM15.56 million or 8.69% was contributed by our export markets which include Indonesia, Brunei, Hong Kong and Pakistan. For the FYE 31 December 2020, Malaysia remains our largest market, contributing approximately RM181.91 million or 89.77% of our revenue for the year, while the export markets contributed approximately RM20.72 million or 10.23%.

Our customers are mainly farmers, feed millers as well as livestock integrators operating in the poultry and swine subsectors. Livestock integrators are commercial farming companies with integrated operations which are involved in both upstream and downstream activities within the relevant livestock subsector. Through our range of products and services, we work with our customers to ensure that the health of their livestock and livestock production are taken care of.



**6. BUSINESS OVERVIEW (Cont'd)**

**6.3.1 Manufacturing of animal feed and nutrition products**

The animal feed and nutrition products that we manufacture are as follows:



**6.3.1.1 Premixes**

Premixes are a combination of ingredients that are added in small quantities to basic feed. As basic feed may not meet the livestock's total dietary needs, premixes are added to basic feed to provide specific health or nutritional effects. This can range from providing balanced nutrition, enhancing digestion, controlling intestinal health to improving end-product quality and yield (such as quality of eggs and meat). It is a value-added product which complements animal feed and generally consist of a mixture of vitamins, minerals, enzymes, amino acids, antioxidants, anti-fungus, probiotics and prebiotics.





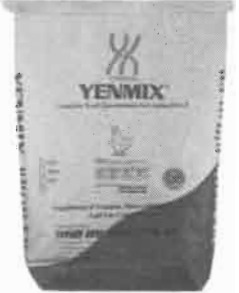

Our Group manufactures a range of premixes for poultry and swine of different age-groups under our 'Yenmix®' brand. Our premixes are formulated according to our 'Green iDeal Protein' concept, where we use our own in-house formula to develop optimum levels of nutrients in our premixes with the aim of providing livestock with sufficient levels of protein according to its needs while reducing the faeces being excreted by the livestock, as these excretions contain nitrogen and ammonia which will harm the environment in the long run. As such, our 'Green iDeal Protein' premixes also improve the livestock's feed conversion ratio.

In addition, we also produce customised premixes where dosages of premix ingredients are adjusted according to customers' needs and requirements, which range from improving fertility, strengthening of egg shells to improving feed conversion ratio.

Our main products of premixes are as follows:

Stages of growth	Poultry	Swine
Pre-starter		
	<p><b>Yenmix® Broiler Pre-Starter</b></p>	<p><b>Yenmix® Pig Pre-Starter</b></p>
	<p>The 'Yenmix® Broiler Pre-Starter' is used to enhance the growth of broilers aged between one (1) to seven (7) days old.</p>	<p>The 'Yenmix® Pig Pre-Starter' is used to enhance the growth of piglets with body weight ranging from 10kg to 25kg.</p>

6. BUSINESS OVERVIEW (Cont'd)

Stages of growth	Poultry	Swine
<b>Starter</b>		
	<b>Yenmix® Broiler Starter</b>	<b>Yenmix® Pig Starter</b>
	<p>The 'Yenmix® Broiler Starter' is used to enhance the growth of broilers aged between eight (8) to 15 days old.</p>	<p>The 'Yenmix® Pig Starter' is used to enhance the growth of piglets with body weight ranging from 26kg to 55kg.</p>
<b>Grower</b>		
	<b>Yenmix® Broiler Grower</b>	<b>Yenmix® Pig Grower</b>
	<p>The 'Yenmix® Broiler Grower' is used to enhance the growth of broilers aged between 16 to 25 days old.</p>	<p>The 'Yenmix® Pig Grower' is used to enhance the growth of swine with body weight ranging from 56kg to 75kg.</p>
<b>Finisher</b>		
	<b>Yenmix® Broiler Finisher</b>	<b>Yenmix® Pig Finisher</b>
	<p>The 'Yenmix® Broiler Finisher' is used to enhance the growth of broilers aged 26 days old and above.</p>	<p>The 'Yenmix® Pig Finisher' is used to enhance the growth of swine with body weight above 75kg before they are marketed.</p>

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.3.1.2 Complete feed and formulated products

Complete feed is a feed formulated to provide livestock with the adequate amount of nutritional energy, protein, vitamin and mineral requirements for them to grow. It is formulated by adding, among others, premixes, biotech animal feed ingredients and other feed additives to macronutrients such as corn, soybean and grains.

Our complete feed products include the following:



**Creep Feed**

'Creep Feed' is recommended for piglets as it facilitates their transition from consuming sow's milk to solid feed. It contains an optimum mixture of easily-digestible ingredients that meet the nutritional needs of piglets. This product improves the piglet's survival rates, growth as well as general health.



**Pig Boar Feed**

'Pig Boar Feed' is recommended for boars with body weight over 140kg. This product contains a balanced formulation of nutrients that improve the general health of boars. It also enhances the boars' libido and semen quality.

We also work together with some of our customers to customise and/or adjust complete feed formulations according to their needs and requirements.

In addition, we also manufacture formulated products such as nutrition and protein substitutes e.g. under the 'YenProtide' brand name which our customers can use in place of soybean meal or fishmeal in their animal and/or aquaculture feed.

### 6.3.1.3 Biotech animal feed ingredients

Our biotech animal feed ingredients are developed through a fermentation process. The fermentation process is gaining traction within the livestock industry as industry players look to maximise production, improve animal health and reduce nutrient wastage as they address the rising demand for livestock products while combating increasing prices of raw materials.

Our biotech animal feed ingredients are a result of our internal R&D initiatives, and are produced through the fermentation of soybean meal and palm kernel meal, and marketed under the brands 'YenSoy®' and 'YenPalm RH®' respectively. Both products are added to complete feed where they can help to improve, among others, feed utilisation, protein digestibility, gut health as well as other general health of the animals, such as poultry, swine, ruminants and aquatic animals. In addition, 'YenPalm RH®' is also a source of peptide, probiotic, acidifier, fibre and toxin binder to the livestock. At present, our Group is focusing on the distribution of such products to the poultry and swine subsectors.

## 6. BUSINESS OVERVIEW (Cont'd)

Our biotech animal feed ingredients are illustrated below:



**YenSoy®**

Produced through the fermentation of soybean meal, 'YenSoy®' can be added to animal feed to improve feed utilisation, protein digestibility, gut health and the animal's health.



**YenPalm RH®**

Produced through the fermentation of palm kernel meal, 'YenPalm RH®' can be added to animal feed to improve feed utilisation, protein digestibility, gut health and other general health of the animals. It also provides peptide, probiotic, acidifier, fibre and toxin binder to the animal.

### 6.3.2 Distribution of animal health and nutrition products and equipment

In addition to our manufacturing activities, our Group also distributes animal health and nutrition products and equipment for the livestock industry which include feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products and companion animal products, which cater for the poultry, swine, ruminants, aquaculture and companion animals subsectors. These products are sourced from third party international suppliers. As at LPD, we hold 10 distributorships from third party international suppliers, of which four (4) are exclusive, to distribute the products of these manufacturers in Malaysia. Examples of these third party international suppliers are Norel Animal Nutrition Asia Pacific Pte. Ltd. (a subsidiary of Norel S.A. from Spain) and HIPRA Malaysia Sdn Bhd (a subsidiary of Laboratorios HIPRA S.A. from Spain). Over the financial years under review, none of our distributorships contributed more than 5.5% of our Group's revenue.

Our distribution segment focuses on distributing products that we are currently unable to manufacture. By doing so, we are able to offer a wider range of products to our customers in the animal health and nutrition industry. We are also able to reach a wider customer base by offering third party products that they may specifically need.

Our Group's distribution products can be classified into the following categories:

#### 6.3.2.1 Feed additives

Feed additives are substances that are added into animal feed as nutritional supplements to, among others, promote growth as well as prevent and treat diseases and infections. Our Group currently distributes various types of feed additives for the poultry, swine and ruminants subsectors which are sourced from third party manufacturers from Spain and Germany.

## 6. BUSINESS OVERVIEW (Cont'd)

The feed additives which are distributed by our Group include amino acids, probiotics and antioxidants. Depending on the formula of our customers' animal feed and/or the condition of their animals, our customers may choose to add specific amino acids to supplement their animal feed. Several examples of the amino acid products that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Methionine	Methionine is a type of essential amino acid required by poultry and swine. It helps to increase muscle mass of the livestock, promote healthy digestive tract and improve poultry egg production.
Isoleucine	Isoleucine is an essential amino acid that promotes growth of livestock animals such as cattle, poultry and swine.
Lysine	Lysine is an essential amino acid required by livestock animals such as cattle, poultry and swine. It promotes milk production in cows and egg production in hens as well as improves overall animal growth.
Threonine	Threonine is an essential amino acid required by livestock animals such as cattle, poultry and swine. It promotes animal growth as well as proper functioning of the digestive system of the animal.

In addition, several examples of the probiotics, antioxidant products and other feed additives that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Ecobiol	Ecobiol is used to maintain the balance of bacteria in the poultry's intestinal system.
Anilox	Anilox is an antioxidant that is designed to increase the preservation period of animal feed while maintaining its quality. It can also help to slow down the rancidity of fats in animal feed products.
Superliv	Superliv is a type of liver tonic which provides protection in cases of liver-specific problems.

### 6.3.2.2 Vitamins and minerals

Vitamins and minerals are essential substances required by animals. Vitamins and minerals have roles to play in various bodily functions such as digestion, growth and reproduction. Some examples of the vitamins and minerals that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Vitamin A 1000	Vitamin A 1000 is a type of stabilised source of vitamin A acetate, which is used in premixes and animal feed.
Copper Sulphate	Copper sulphate is added to swine feed to reduce and prevent the occurrence of diarrhoea in piglets. As for poultry, copper sulphate is added for the animal's wellbeing.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.3.2.3 Veterinary pharmaceuticals

Veterinary pharmaceuticals are animal health products that help to prevent and treat diseases, injuries and disorders in animals. These products may come in injectable solutions or in oral dosage form.

Our Group presently distributes various types of veterinary pharmaceuticals for the poultry, swine and ruminant subsectors that are sourced from suppliers from Spain and Germany. Several examples of veterinary pharmaceuticals that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Amoxycen 200 L.A.	Amoxycen 200 L.A. is an injectable pharmaceutical product that is used to treat bacterial infections in swine, cattle and goats.
Eficur	Eficur is an injectable pharmaceutical product that treats diseases such as bacterial respiratory disease in swine and foot rot in cattle.
Hipralona Enro-I	Hipralona Enro-I is an injectable pharmaceutical product for swine and cattle that combats bacterial infections such as Colibacillosis and Salmonellosis.
Selectan	Selectan is an injectable pharmaceutical product that treats respiratory tract infections in swine and cattle.

### 6.3.2.4 Veterinary vaccines

Vaccines for the livestock industry are used for disease prevention and control and are aimed at providing livestock with immunity against one or several diseases. Our Group distributes veterinary vaccines for use in the swine subsector, which are sourced from third party suppliers. Several examples of the veterinary vaccines that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Rhisiseng	Rhisiseng is used for the vaccination of swine against 'Atrophic Rhinitis' disease.
Suipravac PRRS	Suipravac PRRS is used for the vaccination of swine against Porcine Reproductive and Respiratory Syndrome (PRRS).
Suiseng	Suiseng is used for the vaccination of swine against neonatal colibacillosis and <i>Clostridium perfringens</i> infections.

### 6.3.2.5 Raw materials and commodities

Our Group's raw materials and commodities segment consist of agricultural products that are used to produce animal feed. These include a variety of oil meal or oil cakes such as soybean meal or palm kernel meal as well as cereals and grains such as corn or maize. In addition to using such raw materials and commodities in our production of premixes, complete feed, formulated products and biotech animal feed ingredients, our Group also distributes these raw materials and commodities to our customers.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.3.2.6 Others

Our Group is also involved in the distribution of farm equipment, livestock reproduction products and companion animal products as follows:

#### (i) Farm equipment

Our Group designs, assembles and installs farm equipment for our customers, ranging from livestock housing to feeders to general hygiene management products. Our farm equipment are sourced from a Taiwanese company, the examples of which are set out in the table below:

<b>Name</b>	<b>Description</b>
Automatic feeder	Used to dispense dry feed for livestock based on pre-set parameters. This makes feeding more convenient and reduces wastage.
Dry and wet feeder	Able to dispense both animal feed and water with a single machine based on pre-set parameters. This makes feeding more convenient and reduces feed and water wastage.
Farrowing pen	Used for sows that are farrowing or have recently farrowed piglets. The farrowing pen ensures a good housing environment that is clean and safe for the sows and their piglets.
Weaner floor	Used for weaned piglets. The slatted floor allows for easy waste management.

#### (ii) Livestock reproduction products

##### ▪ Artificial insemination equipment

Artificial insemination is the process of manually collecting semen from a male animal and manually inserting it into a female animal's reproductive tract. It is widely conducted in the livestock industry due to its benefits such as reducing risks during animal breeding (e.g. injuries and disease transmission), better genetics and increased production efficiency. These products will help our customers to perform artificial insemination in their livestock safely and effectively.

We currently distribute artificial insemination products for the swine subsector. We have been appointed as an exclusive distributor by a German company that is involved in the manufacturing and distribution of products in the animal reproduction segment, to distribute their products in the porcine subsector in Malaysia.

**6. BUSINESS OVERVIEW (Cont'd)**

Examples of artificial insemination products that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Androstar®Plus	Androstar®Plus is a synthetic conservation medium that supports long-term conservation of boar semen and protects against poor transportation and/or storage condition.
Diluent Mixture Merck III For Boar Sperm	Diluent Mixture Merck III is a type of conservation medium for boar semen.

▪ **Breeding stock**

Our Group is also involved in the distribution of poultry and swine breeding stock. Our suppliers which are located in Europe and the United States provide us with live breeding stock as well as frozen semen which can be used in artificial insemination. As at LPD, we have not entered into any formal distributorship arrangement with these suppliers.

Breeding stock refers to the group of animals that have been selected for reproduction. By selecting the breeding stock based on its performance index or appearance, livestock breeders can ensure that the best traits from animals will be passed down to the future generations.

(iii) **Companion animal products**

Our Group also distributes products for companion animals. Companion animals refer to pets such as cats and dogs. We currently distribute various types of companion animal products such as disinfectants, rehydration solutions, supplements as well as waste management products.

Examples of the companion animal products that our Group distribute are listed in the table below:

<b>Name</b>	<b>Description</b>
Virocid RTU	Virocid RTU is a ready-to-use disinfectant spray to disinfect surfaces and materials that come into contact with animals, such as grooming materials and feed buckets.
Oralade	Oralade is an oral rehydration solution for cats and dogs which suffer from gastrointestinal issues, such as vomiting, diarrhoea and gastroenteritis.



## 6. BUSINESS OVERVIEW (Cont'd)

### 6.4 OUR BUSINESS SEGMENTS AND PRINCIPAL MARKETS

The table below sets out our revenue by business segments and product categories for the financial years under review:

	FYE 31 December							
	2017		2018		2019		2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Manufacturing</b>								
▪ Premixes	61,784	34.83	66,924	36.95	73,413	41.00	75,846	37.43
▪ Complete feed and formulated products	19,178	10.81	18,208	10.05	22,265	12.43	31,663	15.63
▪ Biotech animal feed ingredients	-	-	163	0.09	1,199	0.67	3,593	1.77
▪ Others <sup>(1)</sup>	2,160	1.22	1,479	0.82	1,414	0.79	1,842	0.91
	<u>83,122</u>	<u>46.86</u>	<u>86,774</u>	<u>47.91</u>	<u>98,291</u>	<u>54.89</u>	<u>112,944</u>	<u>55.74</u>
<b>Distribution</b>								
▪ Feed additives and other animal nutrition products <sup>(2)</sup>	26,583	14.99	33,370	18.43	24,905	13.91	33,028	16.30
▪ Veterinary pharmaceuticals and vaccines	23,921	13.49	22,583	12.47	20,795	11.61	18,256	9.01
▪ Raw materials and commodities	40,434	22.79	33,296	18.38	31,287	17.48	34,388	16.97
▪ Others <sup>(3)</sup>	3,320	1.87	5,086	2.81	3,783	2.11	4,019	1.98
	<u>94,258</u>	<u>53.14</u>	<u>94,335</u>	<u>52.09</u>	<u>80,770</u>	<u>45.11</u>	<u>89,691</u>	<u>44.26</u>
<b>Total</b>	<u><b>177,380</b></u>	<u><b>100.00</b></u>	<u><b>181,109</b></u>	<u><b>100.00</b></u>	<u><b>179,061</b></u>	<u><b>100.00</b></u>	<u><b>202,635</b></u>	<u><b>100.00</b></u>

**Notes:**

- (1) This relates to the design, assembly and installation of farm equipment at our customers' farms in accordance with their requirements.
- (2) These include vitamins and minerals.
- (3) Other distribution products include farm equipment, livestock reproduction products and companion animal products.

## 6. BUSINESS OVERVIEW (Cont'd)

Revenue generated from our manufacturing activities have gradually surpassed those from our distribution activities for the financial years under review, growing from approximately RM83.12 million or 46.86% of our Group's revenue for the FYE 31 December 2017 to approximately RM112.94 million or 55.74% of our Group's revenue for the FYE 31 December 2020. The growth in the manufacturing segment was as a result of our Group's ongoing focus and business strategy to further promote our own in-house manufactured products. In line with this, we have prioritised the use of our feed additives, vitamins, minerals, raw materials and commodities for the production of our own in-house manufactured premixes, complete feed, formulated products and biotech animal feed ingredients instead of for distribution. As a result, the revenue generated from our distribution segment have decreased from approximately RM94.26 million or 53.14% of our Group's revenue for the FYE 31 December 2017 to approximately RM89.69 million or 44.26% of our Group's revenue for the FYE 31 December 2020.

Notwithstanding our Group's focus on promoting our own in-house manufactured products, our distribution segment will continue to play an important role in our business as it allows us to cross-sell products which complement our manufactured products. This is also in line with our objective of becoming a one-stop solution provider to our customers by offering them a wide range of animal health and nutrition products for their livestock.

For the financial years under review, our Group's revenue was primarily generated in Malaysia, which contributed approximately 90.47%, 89.09%, 91.31% and 89.77% to our Group's revenue for the FYEs 31 December 2017, 2018, 2019 and 2020 respectively.

A breakdown of our Group's revenue from our principal markets for the financial years under review is set out in the table below:

	FYE 31 December							
	2017		2018		2019		2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Local	160,470	90.47	161,349	89.09	163,505	91.31	181,911	89.77
Overseas								
▪ Indonesia	8,664	4.88	7,699	4.25	7,538	4.21	8,660	4.28
▪ Brunei	6,877	3.88	3,448	1.90	4,263	2.38	6,996	3.45
▪ Hong Kong	995	0.56	7,349	4.06	3,184	1.78	1,708	0.84
▪ Belgium	-	-	362	0.20	-	-	1,226	0.61
▪ Others <sup>(1)</sup>	374	0.21	902	0.50	571	0.32	2,134	1.05
<b>Total</b>	<b>177,380</b>	<b>100.00</b>	<b>181,109</b>	<b>100.00</b>	<b>179,061</b>	<b>100.00</b>	<b>202,635</b>	<b>100.00</b>

**Note:**

(1) Others include Pakistan, South Korea, Nigeria, Thailand, Vietnam, Singapore and Taiwan.

## **6. BUSINESS OVERVIEW** *(Cont'd)*

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### **6.5 OUR COMPETITIVE STRENGTHS**

#### **6.5.1 Qualified and experienced key management team**

Our Group is managed by a management team with vast experience in the animal health and nutrition industry. Our Group Managing Director, Cheng Mooh Tat and our Executive Directors, Cheng Mooh Kheng and Theoh Mooi Teng, have each more than 25 years of experience in the animal health and nutrition industry. Besides co-founding our Group in 1991, Cheng Mooh Tat has played an instrumental role in the development of our Group's strategies including the formulation of our own in-house manufactured products, starting with premixes in 1996. He is supported by Cheng Mooh Kheng, who heads the sales and marketing activities of our Group and Theoh Mooi Teng, who is responsible for overseeing our Group's accounting and financial, purchasing, shipping, administration and human resources functions.

Our Group Managing Director and Executive Directors are supported by a group of key personnel such as Dr. Lee Choon Shen, Dr. Fong Chee Wee, Phuah Hoo Kiat and Wong Chee Siang; who each possesses more than 10 years of experience in the respective fields of animal health and nutrition, veterinary services, manufacturing and laboratory analyses. In addition, we have 11 qualified veterinarians (including Dr. Lee Choon Shen and Dr. Fong Chee Wee) as at LPD who provide on-ground support to our customers as well as conduct seminars and in-house trainings nationwide to our customers. These seminars and in-house trainings are aimed at providing our customers, who consist of farmers and feed millers, with knowledge on common topics or issues that affect livestock farming operations such as prevalent diseases and remedies to overcome them. We believe that the combination of experience and knowledge of our key management team will drive our Group's continued growth in the animal health and nutrition industry.

For further information on our Directors and Key Senior Management, please refer to Sections 4.2 and 4.4 of this Prospectus respectively.

#### **6.5.2 Wide range of products to meet diverse customer needs**

Our Group offers a wide selection of animal health and nutrition products that cater for the livestock industry. We manufacture a series of premixes for every age-group of the poultry and swine subsectors as well as complete feed, formulated products and biotech animal feed ingredients for the poultry and swine subsectors. Our product range also includes feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment, livestock reproduction products and companion animal products which are sourced from reputable international suppliers from, among others, Spain, Germany, Taiwan, Belgium, France, Denmark, the Netherlands, India, the PRC and the United States.

In addition to the products we manufacture and distribute, we also offer value-added services to our customers which include veterinary technical services such as rendering advice relating to common issues affecting their livestock which include disease diagnoses, farm management advices, vaccination programmes as well as nutrition feeding plans. We also carry out diagnostic and material analyses for our customers where we are able to conduct a variety of tests such as microbiological tests, chemical tests and serology tests to determine the performance and effectiveness of our products. Our value-added services are made possible through a group of experienced technical personnel stationed nationwide who are able to provide prompt after-sales technical support for our customers and also conduct training sessions and seminars for our customers all year round.

The offering of a wide range of products, coupled with our value-added services, allow us to offer our customers the convenience of a one-stop solution for their livestock that meets their requirements and objectives.

## **6. BUSINESS OVERVIEW (Cont'd)**

### **6.5.3 In-house manufacturing ability with strong focus in product R&D**

As a manufacturer of animal health and nutrition products, we place great emphasis on the development and formulation of new products to meet the diverse needs of our customers within the livestock industry. At the same time, we also work to continuously improve the quality and standards of our existing products.

Through our in-house R&D team, we are able to develop and formulate new products which are subsequently manufactured at our Group's GMP-certified manufacturing plant. This enables us to expand the range of products that we offer as well as tailor our product offerings to meet the needs of our customers. As at LPD, our R&D team is headed by Wong Chee Siang, our Laboratory Manager, and he is supported by four (4) R&D personnel, who consist of chemists and nutritionists. To support our R&D initiatives, we have an in-house laboratory that is equipped with the necessary tools and equipment. For further information on the type of laboratory equipment used in our R&D activities, please refer to Section 6.13.1 of this Prospectus.

Since our incorporation in 1991, we have successfully developed our own brand of products which include premixes, complete feed, formulated products and biotech animal feed ingredients for the swine and poultry subsectors. In addition, we have also developed the 'Green iDeal Protein' concept of premix products with the aim of reducing wastage and environmental pollution while improving the utilisation of feed resources by the livestock. As at LPD, we manufacture over 150 products which consist of premixes, complete feed and formulated products that are marketed under the 'Yenmix®' and 'Yenher®' brand names.

Our Group has also adopted the use of biotechnology in animal nutrition as part of our R&D efforts and we have successfully researched the fermentation of soybean meal and palm kernel meal to be used as feed ingredients. After numerous successful trials, we launched our first biotech animal feed ingredients produced through the fermentation of soybean meal and palm kernel meal under the 'YenSoy®' and 'YenPalm RH®' brands respectively, in 2018.

### **6.5.4 Availability of laboratory equipped with testing equipment**

We established an in-house laboratory in 2012 as part of our efforts to conduct diagnostic and material analyses on our products. Our laboratory is equipped with a number of equipment which allow us to perform an array of tests ranging from microbiological testing, mycotoxin detection, serology tests, antibiotic sensitivity tests, polymerase chain reaction tests for disease identification, near-infrared spectroscopy to high performance liquid chromatography tests. The availability of such diagnostic and material analyses services enables us to assess the effectiveness of our Group's products and solutions on our customers' livestock.

In addition, our in-house laboratory also supports our R&D initiatives by providing the platform required to develop new and improved products. Through our in-house laboratory, we have successfully developed our 'Green iDeal Protein' concept of premixes in 2013 as well as our first biotech animal feed ingredients under 'YenSoy®' and 'YenPalm RH®' brand names, both of which were launched in 2018.

### **6.5.5 Extensive sales support services**

We have an extensive sales and technical team comprising veterinarians, sales and marketing personnel, nutritionists and chemists, all of whom serve as frontliners to our customers. These personnel are able to render advice to our customers on proper application and effects of the available feed additives pre and post-sales. Our personnel are also responsible for designing suitable feed programmes and feed formula as part of our services to our customers.

## 6. BUSINESS OVERVIEW (Cont'd)

Our sales and technical team works closely with our customers as part of pre-sales activities where we would assess our customers' farm performance and their intended objectives, which include improving livestock's digestibility, increasing livestock's production yield as well as improving the general condition in the farming ecosystem. We will assist our customers in identifying issues and areas of improvement in their farming operations, management and practices, and propose available solutions, products and recommendations in accordance with their needs and requirements. Our services also extend to include after-sales services where we follow up with our customers on their livestock performance. By utilising diagnostic and material analyses that are available at our in-house laboratory, we are able to provide solutions to our customers with regards to issues surrounding their livestock, adjust the level of dosage as well as introduce or recommend other products that may be suitable for our customers' needs and requirements.

### 6.6 OUR FUTURE PLANS AND STRATEGIES

Our Group's future plans and strategies moving forward include the construction of a new GMP-compliant manufacturing plant as well as the expansion of our business into new markets and expansion of our product range. Details of our future plans and strategies are as follows:

#### 6.6.1 Construction of a new GMP-compliant manufacturing plant

Currently, our manufacturing activities are carried out in two (2) locations. We manufacture premixes, complete feed and formulated products at our plant located at No. 1684, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang ("**Unit 1684**") which has a monthly production capacity of 573 tonnes, and biotech animal feed ingredients at a rented premises at No. 1, Lorong IKS Simpang Ampat E, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang ("**Rented Premises**") which has a monthly production capacity of 287 tonnes. As at LPD, both of our manufacturing plants are running at full capacity i.e. at a production utilisation rate of 100% based on one (1) production shift of 8.5 hours per day, six (6) days per week. However, in order to keep up with our customers' demand, we have extended our production hours by approximately three (3) hours daily on top of the normal production hours.

As such, we intend to construct a new GMP-compliant manufacturing plant to cater to the increasing demand for our products. The completion of the new GMP-compliant manufacturing plant will also house all of our manufacturing activities under one (1) roof and we intend to terminate our tenancy agreements for the Rented Premises upon completion of the construction of our new manufacturing plant. We will be also be relocating our existing machinery and equipment (including office equipment, laboratory equipment and furniture) from our existing manufacturing plants to the new manufacturing plant.

The proposed manufacturing plant will be built on our existing vacant freehold land with a land area of 464,786 sq ft located in Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and will include the following:

- (i) Factory A: A factory to manufacture premixes, complete feed and formulated products, which will include a warehouse;
- (ii) Factory B: A factory to manufacture biotech animal feed ingredients;
- (iii) Office building: New office space and a R&D center for R&D activities as well as diagnostic and material analyses; and
- (iv) Canteen.

**6. BUSINESS OVERVIEW (Cont'd)**

Upon completion of the factories, our monthly production capacity of premixes, complete feed and formulated products currently produced at Unit 1684 will increase by approximately 353.75%, from 573 tonnes to about 2,600 tonnes, while our monthly production capacity for our biotech animal feed ingredients currently produced at the Rented Premises will increase by approximately 422.65%, from the 287 tonnes to about 1,500 tonnes.

We obtained the layout plan approval for the construction of the new manufacturing plant from Majlis Bandaraya Seberang Perai on 17 July 2020. We also obtained the permit for land filling and earthworks from Jabatan Kerja Raya Pulau Pinang and Majlis Bandaraya Seberang Perai on 8 December 2020 and 1 March 2021 respectively. After receiving all the necessary permits for land filling and earthworks, we began land clearing and filling works on 8 March 2021 which mark the commencement of the first stage of construction works. The first stage of construction works will also include other civil engineering works and we will be submitting the building plan for the new manufacturing plant to Majlis Bandaraya Seberang Perai in June 2021 for approval. Barring any unforeseen circumstances, we expect to receive the building plan approval by August 2021 and complete the first stage of construction works in the fourth quarter of 2022. The second stage of construction works will, on the other hand, involve mechanical and electrical engineering works, installation of machinery and equipment, as well as testing and commissioning of the same and is expected to commence in the first quarter of 2023. The new manufacturing plant is expected to be fully operational in the fourth quarter of 2023. Thereafter, we will apply for GMP certification for both factories and this process is expected to take approximately six (6) months to complete from the date of application.

As at LPD, we have spent approximately RM0.05 million on professional and authority fees for preliminary works carried out by our Group for the construction of the new manufacturing plant.

In addition, the total construction costs for the new GMP-compliant manufacturing plant is expected to be approximately RM32.00 million while the total estimated costs for the purchase of machinery and equipment which will be assembled at this new plant is expected to be approximately RM11.40 million (equivalent to USD2.76 million). Notwithstanding this, we have paid a cash deposit of USD414,000 to an international plant equipment manufacturer for the design, supply and installation of an animal feed premix manufacturing plant which will be assembled at our new Factory A. For information purposes, the said international manufacturer is a company based in the PRC that is involved in the manufacturing of plant equipment for food processing and advanced materials and is part of a multinational plant equipment manufacturer based in Switzerland. We intend to substantially fund the remaining construction costs and the remaining balance of the contract value for the new animal feed premix manufacturing plant using the proceeds raised from the Public Issue, with the remaining being funded using our internal funds and/or bank borrowings.

While we expect to incur some relocation expenses such as transportation costs and decommissioning and reassembly costs for certain of our machinery, we are unable to quantify such costs at this juncture. In addition, we do not foresee any major production downtime as the transition from our current manufacturing plants at Unit 1684 and the Rented Premises to the new manufacturing plant will be carried out gradually such that it will not materially affect our current production.

For further information on the construction of the new manufacturing plant and the types of machinery and equipment to be purchased, as well as the method of financing these activities, please refer to Sections 3.7.1 and 3.7.2 of this Prospectus.

## **6. BUSINESS OVERVIEW (Cont'd)**

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### **6.6.2 Expansion of business into new markets**

As part of our Group's future plans, we intend to expand our business into new markets moving forward. The expansion of business into new markets will be done either through the establishment of representative offices or branch offices, or appointment of distributors in the identified markets.

As at LPD, we have identified Myanmar, Bangladesh and the PRC as potential markets to expand our business. These countries were identified due to the large livestock industry in these countries as well as referrals from our business contacts. For information purposes, we have never had any business transaction with customers in the aforementioned countries in the past. However, we have registered for trademark in the PRC in 2015 and we intend to apply for trademarks in Myanmar and Bangladesh in the future.

We expect to expand our business into these countries within 24 months from the date of our Listing as various studies are required to be conducted to determine the feasibility of entering these markets.

### **6.6.3 Expansion of product range**

In order to maintain our competitive edge and in line with our objective to provide a one-stop solution to our customers, our Group will continue to develop and introduce new products under our manufacturing segment, through our in-house R&D capabilities. As at LPD, we are working on a new probiotic additive, which is targeted at the swine and poultry subsectors. We are currently in the process of testing the prototype to determine the efficacy of the additive. We expect the whole process to take two (2) to three (3) years to complete owing to the longer duration required to conduct the farm trials. For further information on the development of the new probiotic additive, please refer to Section 6.13.3 of this Prospectus.

In addition, our Group will continuously improve the formulation of our own in-house manufactured products, such as 'Yenmix®', 'YenPalm RH®' and 'YenSoy®', with the aim of increasing the features and functions of these products to cater to the changing demands of our customers and the livestock industry.

Notwithstanding our Group's focus on promoting our own in-house manufactured products, we will also continue to strengthen our distribution segment by adding new types of products manufactured by reputable international suppliers to our product portfolio. This will serve to strengthen our product portfolio as well as enable us to meet the changing demands of the livestock industry. We will continue to conduct market research and gather feedback from our customers as part of our process to identify new products which our Group can offer to our existing and future customers.

As at LPD, we have not identified any specific acquisition target.

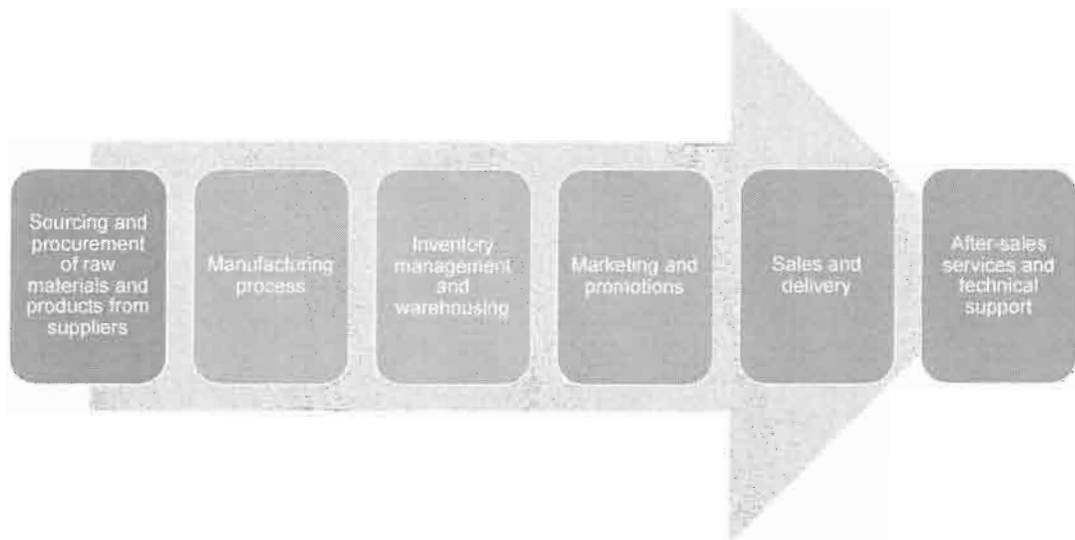
## **6.7 SEASONALITY**

Our Group's business is not subjected to any cyclical or seasonal trend.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.8 OUR BUSINESS AND OPERATIONS PROCESS

The key stages of our business and operations process are as follows:



#### Sourcing and procurement of raw materials and products from suppliers

Over the last 29 years, we have established a strong procurement network with our suppliers from, among others, Spain, Germany, Taiwan, Belgium, France, Denmark, the Netherlands, India, the PRC and the United States where we source raw materials and other products for our manufacturing and distribution activities. We assess potential suppliers based on a number of factors which include product innovation, technical know-how, after-sales support, pricing as well as reliability of supply. Our procurement activities are generally conducted through purchase orders. For new product orders, we obtain product samples from the identified suppliers to perform laboratory analysis on the product, prior to placing orders.

Prior to placing orders with our suppliers, whether for new or existing product orders, we ensure that they possess the necessary product registrations and license to import and will request for suppliers to provide proof of registration of products and import license with relevant authorities. Upon receipt of the raw materials and distribution products from our suppliers, our quality control team will then check and ensure that these goods are received according to their specifications.

As at LPD, we have also entered into 10 distribution agreements of which four (4) are exclusive distributorship agreements, with suppliers for the distribution of selected animal feed products such as feed additives, vitamins, minerals, veterinary pharmaceuticals, veterinary vaccines, farm equipment and companion animal products, in the assigned territory.

#### Manufacturing process

Our Group's manufacturing activities are carried out at our GMP-compliant plant located at Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang. Our manufacturing plant has been certified GMP-compliant by the National Pharmaceutical Regulatory Agency and the Department of Veterinary Services Malaysia in 2010 and 2017 respectively. The plant is installed with a single shaft paddle mixer which is used to sieve, weigh and homogenise the combination of raw materials. Our biotech animal feed ingredients, namely 'YenSoy®' and 'YenPalm RH®', on the other hand, are produced at our rented premises at No. 1, Lorong IKS Simpang Ampat E, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang using a ribbon mixer.



## 6. BUSINESS OVERVIEW (Cont'd)

Our manufacturing activities involve the manufacturing of premixes, complete feed, formulated products and biotech animal feed ingredients. We also produce customised premixes and complete feed for certain customers where dosages of feed additives and other materials are adjusted according to customers' needs and requirements, which range from improving fertility, strengthening of egg shells to improving feed conversion ratio. The formulas of our manufactured products are converted into a Bill of Materials ("**BOM**") which lists all the required raw materials and corresponding quantities needed to manufacture a product which is then handled by our production operators.

A typical process flow of our manufacturing activities is depicted below:



### (i) Job order processing

Upon receiving orders from customers, we first review the orders to determine the required quantity of the order and its delivery date. We then check the volume of finished goods in our warehouse to determine the additional quantity that is required to be manufactured. Once the quantity is determined, we begin processing the order and commence our production process.

### (ii) Preparation of raw materials

Our production process begins with the preparation of direct and indirect raw materials according to the BOM of a product, either for premixes, complete feed or formulated products. Selected raw materials which are used in large quantities, or form the main ingredients used in the manufacturing of a product, are stored in mini silos in our manufacturing plant, which is integrated with our single shaft paddle mixer. Our production personnel will first check the quality and condition of the required direct materials before channelling them into the single shaft paddle mixer to prepare for mixing. These raw materials include amino acids, vitamins and minerals such as calcium, magnesium and zinc.

There are also certain raw materials which are used in smaller quantities, according to the type of products that are being produced. These raw materials are generally stored in our warehouse and are first checked for their quality and condition before being released by our warehouse personnel according to the work order to be sent to the manufacturing plant. These raw materials are weighed according to the formulation using a barcode system, to ensure correct weight and product, before being added to the single shaft paddle mixer by our workers. These raw materials which are used in our production process include vitamins A, D and E as well as minerals such as iron and manganese.

### (iii) Mixing

Once the raw materials are prepared, a production operator will input the specified work order into the production system based on the corresponding formula/BOM. The process begins with the mixing of indirect raw materials, followed by adding the direct raw materials which are channelled from the mini silos to the single shaft paddle mixer. Once in the mixer, our single shaft paddle mixer will shear, mix and homogenise the combination of raw materials according to pre-set time.

**6. BUSINESS OVERVIEW (Cont'd)**

Upon completion of the mixing process, the product is transferred to our packing lines and is packed into bags of different sizes according to the pre-determined specification. Each pack is assigned a unique code for anti-counterfeit purpose and will be labelled with the necessary information such as product name, weight, dosage, batch code and expiry date.

**(iv) Quality control**

Samples are then taken from the finished goods and tested in the laboratory to ensure that they conform to our Group's quality control standards. Once they have been determined to meet the quality control standards, we will send the finished goods to our warehouse.

**(v) Storage and/or delivery**

The finished goods are stored in our warehouse according to the "first in, first out" method based on the date of manufacturing and/or subsequently delivered to our customers.

**Inventory management and warehousing**

Upon receipt of raw materials as well as other distribution products from our suppliers or finished goods from our manufacturing facility, these products will be taken to our warehouse where our warehouse personnel will conduct visual inspection and inventory count. We ensure that the said products are stored at optimum conditions and we will take into account the shelf life of these products by practicing the "first in, first out" method. This is done to safeguard the quality of the raw materials and products that we will use to produce our end products and/or to distribute to our customers.

**Marketing and promotions**

Our sales and marketing team is headed by Dr. Lee Choon Shen, our General Manager of Business Development and Sales, who oversees our business development and sales activities. As at LPD, Dr. Lee is supported by 30 personnel, which consists of veterinarians, sales and marketing personnel, nutritionists and chemists. Our sales and marketing activities involve conducting regular visits to our customers to evaluate the effectiveness of our products and promote any new product manufactured or distributed by our Group. These visits allow us to gather information on the effectiveness of our products, issues faced by our customers as well as allowing us to exchange market information pertaining to any development in the livestock industry.

With the support from our technical team, our sales and marketing team is also able to identify areas of improvement in our customers' farming practices and advise them on the application of different types of products.

**Sales and delivery**

Generally, our sales are conducted through sales orders on a transaction basis. Our sales coordinators will prepare sales quotations to our customers and upon the terms of the sale being agreed, our customers would place purchase orders with us. The orders are reviewed and approved by our management, following which our sales coordinators will arrange for the delivery of goods accordingly.

## 6. BUSINESS OVERVIEW (Cont'd)

### After-sales service and technical support

We continue to engage with our customers as part of our after-sales service and provide technical support as means of monitoring the effectiveness of our products on their livestock. Our sales and technical team will conduct regular visits to our customers' farms to check on the performance of our products on their livestock and to provide advice to our customers in terms of, among others, the application and dosage adjustment of the products, to achieve the desired outcome.

## 6.9 MARKETING AND DISTRIBUTION NETWORK

### 6.9.1 Marketing strategies

Our sales and marketing efforts are led by Dr. Lee Choon Shen, our General Manager of Business Development and Sales. He is supported by our sales and marketing team as well as our technical team, which consists of 30 personnel (excluding himself) as at LPD. Our Group's sales and marketing efforts are carried out through the following channels:

#### ▪ Seminars and forums

We actively organise and attend both local and international seminars and forums to educate our customers with knowledge on common topics or issues that affect livestock farming operations. These seminars and forums enable us to receive feedback from our customers regarding issues they face which would enable us to improve our products and services as well as to promote our products.

The list below sets out the seminars that we have organised during the last four (4) financial years up to LPD:

Year	Description
<b>Organised by our Group</b>	
2017	<ul style="list-style-type: none"> <li>▪ "Salmonella Day (the role of vaccination in Salmonella control programmes)" held in Pulau Pinang</li> <li>▪ "Broiler Feeding Management &amp; Farm Biosecurity and Sanitation" held in Thailand</li> </ul>
2018	"Importance of Porcine Reproductive and Respiratory Syndrome, and Mycoplasma hyopneumoniae Control in Swine Farms" held in Selangor
2019	<ul style="list-style-type: none"> <li>▪ "African Swine Fever Disease Update and Farm Biosecurity" held in Pulau Pinang, Perak and Johor</li> <li>▪ "Current Porcine Reproductive and Respiratory Syndrome Situation and Control Measures" held in Selangor</li> <li>▪ "Globigen: Egg Immunoglobulin as a Plasma Replacer" held in Pulau Pinang</li> </ul>
2020	"Poison License B: Introduction and Application" held in Pulau Pinang and Perak
<b>Jointly organised by our Group and our suppliers</b>	
2019	<ul style="list-style-type: none"> <li>▪ "Salmonella in Poultry" held in Selangor, a seminar that was jointly organised with our supplier, HIPRA Malaysia Sdn Bhd</li> <li>▪ "How To Control Neonatal Diarrhoea In Your Farm" held in Selangor, a seminar that was jointly organised with our supplier, HIPRA Malaysia Sdn Bhd</li> </ul>
2020	<ul style="list-style-type: none"> <li>▪ "Tonisity Px – the Basics", an online seminar that was jointly organised with our supplier, Tonisity International Limited ("<b>Tonisity</b>")</li> <li>▪ "Tonisity Px – the Latest Updates in Research and Development", an online seminar that was jointly organised with Tonisity</li> </ul>

**6. BUSINESS OVERVIEW (Cont'd)**

<b>Year</b>	<b>Description</b>
	<ul style="list-style-type: none"> <li>▪ “Tonistry Px, the Return-on-Investment Calculator”, an online seminar that was jointly organised with Tonistry</li> <li>▪ “First Weeks of Life, a Challenging Time for the Piglet”, an online seminar that was jointly organised with Tonistry</li> <li>▪ “Effect of Heat Stress on Lactating Sows”, an online seminar that was jointly organised with Tonistry</li> <li>▪ “Changing the Microbiome for Real Production Benefits”, an online seminar that was jointly organised with Tonistry</li> <li>▪ “The Formulation of Complete Feed – Principles and Applications to Swine Diet”, an online seminar that was jointly organised with Tonistry</li> <li>▪ “Smart Farming: The Importance of Data for Sustainable Pig Production”, an online seminar that was jointly organised with Tonistry</li> <li>▪ “To the Pig, Water is Much More than Merely Something to Drink”, an online seminar that was jointly organised with Tonistry</li> </ul>
2021	<ul style="list-style-type: none"> <li>▪ “The Cleaning and Disinfection in the Farm by Yenher Agro Sdn Bhd”, an online seminar that was jointly organised with our laboratory equipment suppliers, GeneReach Biotechnology Corp. and Sedingin Embun Sdn Bhd</li> </ul>

- **Exhibitions and trade shows**

Our Group attends and participates in both local and overseas exhibitions and trade shows as part of our efforts to create awareness and promote our products and services. In 2019, we participated in the 21<sup>st</sup> World Veterinary Poultry Association Congress as a co-sponsor with our supplier, HIPRA Malaysia Sdn Bhd, held in Bangkok, Thailand.

By participating in these exhibitions and trade shows, we are able to interact with industry stakeholders such as farmers, feed millers and other industry players and obtain the latest information and trends on animal health and nutrition products. Furthermore, through these exhibitions and trade shows, we are able to reach out to potential customers and introduce our products and services. We are also able to observe current trends in the animal health and nutrition industry as well as identify new products that our Group can offer in the future.

- **Referrals**

Our Group has a long history of over 25 years in the animal health and nutrition industry. Over the years, new customers have been introduced to us via referrals from our existing customers and suppliers.

- **Corporate website**

We also maintain a corporate website at <https://www.yenheragro.com/>, which provides information on our Group as well as the wide range of products and services that we offer to customers.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.9.2 Distribution network

Our distribution network strategy can be categorised as follows:

- **Direct distribution network**

The direct distribution network approach is implemented through our own sales and marketing team which focuses on selling our products and services directly to end-customers such as farmers, feed millers and livestock integrators. This strategy enables our Group to work closely with our customers to evaluate and attain better understanding of their objectives and requirements.

- **Indirect distribution network**

Under this approach, we sell our products through distributors appointed by our Group. As at LPD, we have appointed PT Nutrimax Prima Perkasa, Godofgideon Nigeria Ltd, Shivani Traders and Animed to distribute our products in Medan (Indonesia), West Africa, Pakistan and South Korea respectively.

### 6.10 MATERIAL MACHINERY AND EQUIPMENT

As at LPD, details of the material machinery and equipment used in our business operations are as follows:

Name	Description of use	No. of units	Average life span (years)	Average age (years)	Average remaining useful life (years)	Audited NBV as at 31 December 2020 (RM)
Single shaft paddle mixer	A type of machinery used for blending and mixing of raw materials. It consist of a single metal shaft with paddles attached to the shaft to mix and homogenise the materials. It is integrated with mini silos, which channel the required raw materials to the mixer, and thereafter to the output bins where it holds mixed materials prior to packaging.	1	15	13	2	1
Ribbon mixer	A type of machinery used for blending and mixing of raw materials where materials are blended using ribbon-shaped mixing shaft. It is integrated with input and output bins, where the former holds the required raw materials while the latter holds the mixed materials prior to packaging.	1	10	2	8	620,922
Goods hoist	A device used to transport raw materials in manufacturing plant.	2	5	3	2	68,230
<b>Total audited NBV:</b>						<b>689,153</b>

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.11 TYPES, SOURCES AND AVAILABILITY OF MAJOR RAW MATERIALS OR INPUT

The following table sets out the major types of raw materials and distribution products that were purchased by our Group for our business operations for the financial years under review:

	FYE 31 December							
	2017		2018		2019		2020	
	Value of total purchases	% of total purchases	Value of total purchases	% of total purchases	Value of total purchases	% of total purchases	Value of total purchases	% of total purchases
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Vitamins and minerals	45,607	33.41	40,753	31.85	48,139	37.64	56,109	39.38
Feed additives	35,168	25.77	42,768	33.43	33,388	26.11	38,336	26.91
Veterinary pharmaceuticals and vaccines	26,171	19.17	23,510	18.38	23,038	18.01	19,432	13.64
Commodities	23,019	16.86	14,681	11.47	17,796	13.91	24,267	17.03
Others <sup>(1)</sup>	6,527	4.79	6,230	4.87	5,536	4.33	4,337	3.04
<b>Total</b>	<b>136,492</b>	<b>100.00</b>	<b>127,942</b>	<b>100.00</b>	<b>127,897</b>	<b>100.00</b>	<b>142,481</b>	<b>100.00</b>

**Note:**

(1) Others include complete feed, farm equipment, livestock reproduction products and companion animal products.

For the financial years under review, our total purchases were primarily sourced from overseas and are subjected to fluctuations in the foreign currency exchange rates. The prices of these purchases such as commodities (which consist of, among others, soybean, grains and corn) and complete feed (which also contains commodities), are also subjected to price fluctuations as a result of the change in global demand and supply conditions of these commodities. Notwithstanding this, the prices for these materials have been relatively stable over the financial years under review.

## 6. BUSINESS OVERVIEW (Cont'd)

However, other raw materials such as vitamins and feed additives, have experienced price fluctuations over the financial years under review as a result of the change in global demand and supply conditions. While the prices of feed additives decreased in 2019 as a result of oversupply conditions globally, prices of vitamins A and E witnessed a surge in prices during the fourth quarter of 2017 and first quarter of 2018 due to a fire accident that occurred at the manufacturing plant of an international major supplier which caused global shortage in supply before normalising later in that year. Prices for vitamin A which ranged between approximately USD50.00 per kg to USD55.00 per kg in September 2017 increased to approximately USD450.00 to USD500.00 per kg in January 2018, representing an increase of approximately 800.00% to 809.09%. Prices for vitamin E, on the other hand, which ranged between approximately USD6.00 per kg to USD6.50 per kg in September 2017 increased to approximately USD20.00 to USD25.00 per kg in January 2018, representing an increase of approximately 233.33% to 284.62%.

While the supply and prices of some of the raw materials that we use fluctuated during the financial years under review, we have not faced any material increase in the prices of and/or supply disruption in the raw materials which have caused major impact to our financial performance and operations. In addition, other purchases or inputs such as complete feed, veterinary pharmaceuticals and vaccines, farm equipment, livestock reproduction products and companion animal products are readily available and can be sourced from various suppliers.

### 6.12 OPERATING CAPACITIES AND OUTPUT

Our premixes, complete feed and formulated products are generally mixed, blended and homogenised using our single shaft paddle mixer, while our biotech animal feed ingredients are blended, mixed and homogenised using our ribbon mixer. The following table sets out our Group's operating production capacity and capacity utilisation rate over the last two (2) financial years under review:

Types of machine	Operating days per year <sup>(1)</sup>	Maximum annual production capacity <sup>(2)</sup> (tonnes)	FYE 31 December			
			2019		2020	
			Actual production output (tonnes)	Production utilisation rate (%)	Actual production output (tonnes)	Production utilisation rate (%)
Single shaft paddle mixer	287	6,880	9,430 <sup>(3)</sup>	100.00	10,003 <sup>(3)</sup>	100.00
Ribbon mixer 1 <sup>(4)</sup>	287	1,800	1,505	83.61	-	-
Ribbon mixer 2 <sup>(5)</sup>	287	3,444 <sup>(6)</sup>	-	-	3,388 <sup>(7)</sup>	98.37

#### Notes:

- (1) Based on six (6) days per week and after excluding federal and state holidays and maintenance schedules.
- (2) Based on one (1) production shift of 8.5 hours per day and 287 operating days per year.
- (3) In 2019, we extended our production hours by one (1) to two (2) hours per day, on top of the normal production hours in order to meet customers' demands. In 2020, we further extended our production hours by approximately three (3) hours per day.
- (4) Began production in June 2018 and the machinery was later retired in December 2019 due to its limited capacity.
- (5) Began production in January 2020.

## 6. BUSINESS OVERVIEW (Cont'd)

- (6) For information purposes, this ribbon mixer 2 has a maximum annual production capacity of 18,000 tonnes (or 1,500 tonnes per month). However, we can only produce about 3,444 tonnes of biotech animal feed ingredients annually (or 287 tonnes per month) due to the limited space available for us to carry out the fermentation process, which is one of the key production processes for our biotech animal feed ingredients.
- (7) In the second half of 2020, we extended our production hours by one (1) to two (2) hours per day and recently, by approximately three (3) hours per day, on top of the normal production hours in order to meet customers' demands.

### 6.13 R&D

Our Group carries out our own R&D activities at our in-house laboratory. Our R&D activities are primarily aimed at developing new products as well as improving our existing products. As at LPD, our R&D team consists of five (5) members and is led by Wong Chee Siang, our Group's Laboratory Manager who oversees our Group's research efforts.

#### 6.13.1 R&D facilities

Our in-house laboratory is equipped with the relevant laboratory equipment used to carry out our research activities. The laboratory equipment used in our laboratory includes the following:

Key equipment	Description
Biotek ELx800 microplate reader	A machine used to carry out serology tests for diseases such as Porcine Reproductive and Respiratory Syndrome and swine fever virus.
Bruker Tango near-infrared spectrophotometer	A machine that is used to identify the composition of samples. Different substances have chemical bonds that will vibrate with energy levels on different wavelengths and will absorb radiation emitted by the machine at the same wavelength. We can then estimate the composition of samples by looking at the wavelengths absorbed.
Capromax Maximus M200 humidity chamber	An instrument used to test the shelf life of our products and raw materials used such as premixes, vitamins and minerals.
Esco LHG4AGF8 laminar flow cabinet	Laminar flow cabinet is a type of ventilation device, which is used in laboratories to provide an aseptic work area that helps create a particulate-free environment.
GeneReach POCKIT™ micro plus series nucleic acid analyser	A portable handheld machine that uses insulated isothermal polymerase chain reaction technology to detect deoxyribonucleic acid (DNA) and ribonucleic acid (RNA). This enables us to test for viruses such as influenza A, infectious bronchitis virus and Newcastle disease.
Hirayama HVE-50 autoclave machine	A machine that operates at high temperatures and high pressure to kill microorganisms and spores.
Major Science MV-10 DSYS Sodium Dodecyl Sulfate-Polyacrylamide Gel Electrophoresis protein electrophoresis apparatus	A device that uses electrophoresis, a technique that uses electricity passed through a gel, to separate mixtures of protein. This enables us to distinguish different proteins in samples as proteins range in different sizes will travel through the gel at different speeds.



**6. BUSINESS OVERVIEW (Cont'd)**

<b>Key equipment</b>	<b>Description</b>
Memmert IN75 incubator	A laboratory machine that provides a controlled, contaminant-free environment for growth and storage of bacterial cultures.
Mettler Toledo T50 automatic titrator	Titration is the process of using a solution with a known concentration of substance to determine the unknown concentration of another substance. This automatic titrator does not only make the process of titration easier but also increases accuracy in a shorter amount of time.
Mettler Toledo UV5 UV vis spectrophotometer	A machine that is used to identify the composition of organic samples such as phosphorus and urea. The machine emits ultraviolet ("UV") light that will be absorbed by samples. As different elements absorb UV light at different wavelengths, the machine is able to determine the type of elements that are present in samples.
PerkinElmer Analyst 400AA atomic absorption spectrophotometer	A machine that is able to detect metal and heavy metal elements such as calcium, potassium, sodium and iron in samples. The machine uses cathode lamp to emit light which will be absorbed by samples at specific wavelengths to determine what elements are present in samples.
PerkinElmer Flexar LC high performance liquid chromatography system	Liquid chromatography is a technique used to separate the individual compounds in samples by dissolving them into liquid and passing it through a column of chromatography packing material. It is possible to separate the different compounds as they travel through the packing material at different speeds. This enables the identification of the individual compounds such as vitamin A or sulfadimidine in samples.
R-Biopharm RIDA® ABSORBANCE 96 microtiter plate reader	A machine used to test for mycotoxins in samples such as aflatoxin, fumonisin and ochratoxin A.
Shanghai Xian Jian Instrument Limited KDN-103F nitrogen distillation unit	This nitrogen distillation unit is used to determine the amount of nitrogen that is contained in organic substances such as proteins and in inorganic substances such as ammonia and ammonium. This enables us to estimate the content of proteins in the animal feeds.
Thermo Scientific Inductively Coupled Plasma – Optical Emission Spectrometry	A device used to detect elements such as trace elements or heavy metals in animal premises.

**6.13.2 R&D achievements**

Over the years, we have conducted numerous studies as part of our continuous efforts to improve our products to meet customers' demands. One such study involved researching the optimum nutrient level in livestock's diet by adjusting the crude protein levels in their feed. This study aimed to provide livestock with sufficient levels of protein according to their needs, as means of reducing wastage and environmental pollution. Animal feed generally contains protein to provide livestock with the required nutrients to grow. However, as livestock is not able to absorb fully all nutrients contained in the animal feed, those that are not ingested are excreted as faeces, which results in wastage. In addition, these excretions also contain nitrogen and ammonia which harm the environment in the long run.

## 6. BUSINESS OVERVIEW (Cont'd)

As part of the study, we developed a number of prototype formulations which were later used for farm trials. This led to the successful development of formulations that achieved lower levels of nitrogen and ammonia emissions from faeces and at the same time provide livestock with balanced nutrients. As such, the formulations improved feed conversion ratio and resulted in lesser wastage. This was later named as the 'Green iDeal Protein' concept and was adopted for our own in-house premixes formulation in 2013. Following this, in 2015, our Group was awarded "Outstanding Product Innovation – Animal Health Product" at the Livestock Asia Expo and Forum 2015 held in Kuala Lumpur, Malaysia.

In 2018, our Group had also successfully developed two (2) fermented feed ingredients, namely 'YenSoy®' and 'YenPalm RH®'. The following table sets out our Group's R&D achievements over the last four (4) financial years up to LPD:

Year	Research conducted
2017	Our Group studied the feasibility of using fermented soybean meal as an animal feed material. We tested multiple strains of bacteria including <i>Bacillus amyloliquefaciens</i> and lactic acid producing bacteria in the fermentation process. We successfully developed a formulation of fermented soybean meal for use as an animal feed ingredient called 'YenSoy®' that helps to improve feed utilisation, protein digestibility and the overall general health of the animals. 'YenSoy®' was subsequently commercialised in 2018.
2018	Our Group continued to research the use of fermentation process in animal feed products and researched on the use of fermented palm kernel meal as animal feed material. Although the use of fermented palm kernel meal as animal feed material has been studied before, our Group conducted further research in determining which strains of bacteria would be effective in decreasing the content of anti-nutritional factors such as non-starch polysaccharides and phytic acid in the fermented palm kernel meal. We successfully developed a fermented palm kernel meal feed ingredient called 'YenPalm RH®' that improves feed utilisation, protein digestibility, gut health and other general health of the animals. It is also a source of peptide, probiotic, acidifier, fibre and toxin binder to the livestock. 'YenPalm RH®' was commercialised later in the same year.
2019	Our Group continued to focus on improving our biotech animal feed ingredients. The studies carried out include: <ul style="list-style-type: none"> <li>▪ determining the effects of enzymes on reducing sugar levels in palm kernel meal;</li> <li>▪ increasing the amount of phosphorus, an essential nutrient for livestock which aims to, among others, increase reproductive performance and egg production, used in 'YenPalm RH®'; and</li> <li>▪ developing a mycotoxin binder in 'YenPalm RH®' to reduce the chance of mycotoxin production in the feed.</li> </ul>
2020	Our Group continued researching to improve our biotech animal feed ingredients. The studies carried out include: <ul style="list-style-type: none"> <li>▪ studying and comparing the performance of different strains of palm kernel meal; and</li> <li>▪ studying and comparing the performance of 'YenSoy®' and 'YenPalm RH®' in inhibiting microbial growth.</li> </ul>

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.13.3 Future R&D plans

Our Group's future R&D plans will include the improvement of our existing in-house developed and manufactured products such as 'Yenmix®', 'YenSoy®' and 'YenPalm RH®', as part of our efforts to provide users with new features and functions that cater to the changing demands of the livestock industry.

Our R&D plans will also involve the development of new products to strengthen our product portfolio. For example, we are currently in the midst of developing a probiotic additive targeted at the poultry and swine subsectors which is currently in its prototype testing stage. The entire process is expected to take two (2) to three (3) years to complete owing to the longer duration required to conduct the farm trials.

The development stages for the probiotic additive are as follows:

<b>Development stage</b>	<b>Description</b>
Prototype development	The development of the prototype probiotic additive was conducted in-house and took approximately nine (9) months to complete. The prototype was completed in September 2020.
Farm trials	We are in the midst of testing the prototype probiotic additive in poultry and swine farms. We expect the farm trials to take six (6) to 18 months. During the trial period, data will be collected periodically to determine the efficacy of the prototype. If the results from the trials are not satisfactory, the R&D team will modify the prototype formulation before conducting further farm trials.

The expected key milestones for our farm trials until commercialisation are as follows:

<b>Timeline/ Expected timeline</b>	<b>Events</b>
October to November 2020	Introduction to poultry farms for evaluation
December 2020	Data collection from poultry farms
January 2021 to February 2021	<ul style="list-style-type: none"> <li>• Evaluation of data from poultry farms</li> <li>• Review of prototype formulation</li> <li>• Introduction to swine farms for evaluation</li> </ul>
April 2021	Data collection from swine farms
May 2021	Product stability study and large scale incubation
June 2021 to August 2021	Poultry and swine farm trials with revised prototype
September 2021	Commercial launch, depending on the outcome from the farm trials

## 6. BUSINESS OVERVIEW (Cont'd)

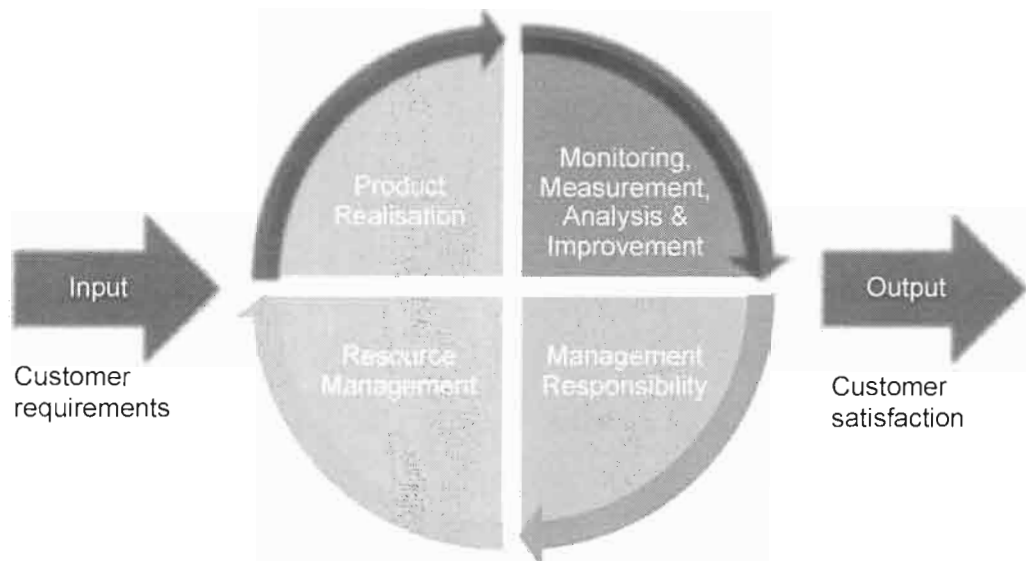
### 6.14 TECHNOLOGY USED OR TO BE USED

For our manufacturing activities, we use an industrial control application that is customised to our Group's manufacturing processes and requirements. An industrial control application is a set of applications that are programmed to control connected production equipment such as airflow system, mini silos and mixers that are used in our manufacturing activities.

As for our diagnostic and material analyses services, we use a number of laboratory equipment, as detailed in Section 6.13.1 of this Prospectus, to perform various types of analyses and tests as well as for our R&D activities.

### 6.15 QUALITY CONTROL PROCEDURES

We place significant emphasis on quality over the course of our Group's operations, which include our manufacturing activities and associated quality control procedures. We have established a quality control system to ensure that high quality products and services as well as timely deliveries of our products are provided to our customers. Our quality control procedures are depicted below:



#### Product realisation

Product realisation is a series of processes and sub-processes required to achieve the required results, i.e. the design, development and production of animal health and nutrition products that adhere to international quality standards. Under this stage, the quality objectives of the processes are established and documented.