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Pro Forma Consolidated Statements of Financial Position

3. Listing Scheme (Cont'd)

3.1 Initial Public Offering ("IPO") (Cont'd)

(b) Offer for Sale

Offer for sale of up to 41,757,000 existing Shares ("Offer Shares") at the offer price of RM0.95 per Offer Share representing up to approximately 13.92% of the enlarged issued shares of the Company by way of private placement in the following manner :-

(i) 3,069,000 Offer Shares to identified Bumiputera investors approved by MITI; and

(ii) 38,688,000 Offer Shares to institutional and selected investors (other than Bumiputera investors approved by MITI).

3.2 Listing and Quotation on the Main Market of Bursa Malaysia Securities Berhad

The admission of Yenher to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing and quotation of its entire enlarged issued shares comprising 300,000,000 Shares on the Main Market of Bursa Securities.

4. Pro Forma Consolidated Statements of Financial Position as at 31 December 2020

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2020 as set out below have been prepared for illustrative purposes only to show the effects on the consolidated statement of financial position of the Group as at 31 December 2020 had the transactions described in Notes 2 and 3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Audited Consolidated Statement of Financial Position of the Group as at 31.12.2020 RM	Pro Forma I (Note 5.2) Material Subsequent Event – Distribution of Dividend RM	Pro Forma II (Note 5.3) After Pro Forma I and the Public Issue and Offer for Sale RM	Pro Forma III (Note 5.4) After Pro Forma II and Use of Proceeds RM
Assets				
Non-current Assets				
Property, plant and equipment	36,336,892	36,336,892	36,336,892	46,036,892
Intangible assets	308,595	308,595	308,595	308,595
	36,645,487	36,645,487	36,645,487	46,345,487
Current Assets				
Inventories	31,024,612	31,024,612	31,024,612	31,024,612
Trade and other receivables	60,306,314	60,306,314	60,306,314	60,149,687
Short-term deposits, cash and bank balances	26,234,942	15,434,942	76,644,392	64,328,141
	117,565,868	106,765,868	167,975,318	155,502,440
Total Assets	**154,211,355**	**143,411,355**	**204,620,805**	**201,847,927**

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Pro Forma Consolidated Statements of Financial Position

4. Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 (Cont'd)

	Audited Consolidated Statement of Financial Position of the Group as at 31.12.2020 RM	Pro Forma I (Note 5.2) Material Subsequent Event – Distribution of Dividend RM	Pro Forma II (Note 5.3) After Pro Forma I and the Public Issue and Offer for Sale RM	Pro Forma III (Note 5.4) After Pro Forma II and Use of Proceeds RM
Equity and Liabilities				
Equity Attributable to Owners of the Company				
Share capital	117,784,501	117,784,501	178,993,951	177,384,951
Merger deficit	(115,534,500)	(115,534,500)	(115,534,500)	(115,534,500)
Revaluation reserve	9,337,236	9,337,236	9,337,236	9,337,236
Retained profits	117,171,182	106,371,182	106,371,182	105,207,304
	128,758,419	117,958,419	179,167,869	176,394,991
Non-current Liabilities				
Deferred tax liabilities	1,450,051	1,450,051	1,450,051	1,450,051
Lease liabilities	670,850	670,850	670,850	670,850
	2,120,901	2,120,901	2,120,901	2,120,901
Current Liabilities				
Lease liabilities	858,682	858,682	858,682	858,682
Trade and other payables	21,244,208	21,244,208	21,244,208	21,244,208
Tax payable	1,229,145	1,229,145	1,229,145	1,229,145
	23,332,035	23,332,035	23,332,035	23,332,035
Total Liabilities	**25,452,936**	**25,452,936**	**25,452,936**	**25,452,936**
Total Equity and Liabilities	**154,211,355**	**143,411,355**	**204,620,805**	**201,847,927**
Number of ordinary shares in issue	235,569,000	235,569,000	300,000,000	300,000,000
Net assets ("NA")	128,758,419	117,958,419	179,167,869	176,394,991
NA per ordinary share in issue (RM)	0.55	0.50	0.60	0.59

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5. Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2020

5.1 Basis of Preparation

The Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 have been compiled by the Directors of the Company based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, which were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the audited consolidated financial statements and accounting policies adopted by the Group.

The audit report dated 24 March 2021 on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 used in the preparation of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 was not subject to any qualification.

5.2 Pro Forma I

Pro Forma I incorporates the effects of the material subsequent event as detailed in Note 2. The affected line items of the Pro Forma Consolidated Statement of Financial Position as at 31 December 2020 are as follows :-

	Short-term deposits, cash and bank balances RM	Retained profits RM
Balance as per audited consolidated statement of financial position of the Group as at 31 December 2020	26,234,942	117,171,182
Declaration and payment of interim dividend	(10,800,000)	(10,800,000)
Pro Forma I	15,434,942	106,371,182

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5. Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 (Cont'd)

5.3 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue and Offer for Sale as detailed in Notes 3.1(a) and (b) respectively.

The Offer for Sale has no financial impact on the Group. The effects of the Public Issue on the affected line items of the Pro Forma Consolidated Statement of Financial Position as at 31 December 2020 are as follows :-

	Short-term deposits, cash and bank balances RM	Share capital RM
Balance as per Pro Forma I (Note 5.2)	15,434,942	117,784,501
Public Issue of 64,431,000 new Shares at an issue price of RM0.95 per Issue Share	61,209,450	61,209,450
Pro Forma II	76,644,392	178,993,951

Thereafter, the entire enlarged issued Shares comprising 300,000,000 Shares will be listed on the Main Market of Bursa Securities.

5.4 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the effects of use of proceeds from the Public Issue.

The proceeds of approximately RM61,209,450 are intended to be used as follows :-

	RM
Capital expenditure (Note 5.4(a))	40,700,000
Working capital (Note 5.4(b))	16,709,450
Listing expenses (Note 5.4(c))	3,800,000
	61,209,450

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5. Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 (Cont'd)

5.4 Pro Forma III (Cont'd)

(a) Capital expenditure

The estimated capital expenditure comprise the following :-

	RM
Construction of a new manufacturing plant	31,000,000
Purchase of new machinery and equipment	9,700,000
	40,700,000

As at 31 May 2021, being the latest practicable date prior to the date of the Prospectus ("LPD"), the RM31,000,000 earmarked for the construction of a new manufacturing plant is not supported by any purchase order, sales and purchase agreement or any other contractual binding arrangement. Accordingly, the use of proceeds for the construction of a new manufacturing plant is not reflected in the Pro Forma Consolidated Statements of Financial Position.

(b) Working capital

Proceeds which are earmarked for working capital are estimated to be used for purchase of additional raw materials and distribution products as well as to fund selling and distribution costs.

As at the LPD, the Group has yet to issue any purchase order or enter into any other contractual binding arrangement for the purchase of additional raw materials and distribution products as well as for the selling and distribution activities. Accordingly, the use of proceeds earmarked for working capital purposes is not reflected in the Pro Forma Consolidated Statements of Financial Position.

(c) Listing expenses

The estimated listing expenses comprise the following :-

	RM
Professional fees	2,115,200
Fees to authorities	17,000
Brokerage, underwriting and placement fees	1,203,142
Other fees and expenses such as printing and advertising expenses incurred in connection with the Public Issue	464,658
Total	3,800,000

For information purposes, as at 31 December 2020, an aggregate amount of RM1,183,749 out of the total estimated listing expenses of RM3,800,000 had already been incurred of which RM1,027,122 was charged to the retained profits and RM156,627 was recognised as prepayment.

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5. Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 (Cont'd)

5.4 Pro Forma III (Cont'd)

(c) Listing expenses (Cont'd)

The remaining estimated listing expenses to be incurred is RM2,616,251 of which RM1,163,878 will be charged to the retained profits and RM1,452,373 will be deducted from the share capital of the Company as this portion of listing expenses is directly attributable to the new issuance of shares. Together with the amount of RM156,627 previously recognised as prepayment, the total listing expenses that will be deducted from the share capital account isRM1,609,000.

(d) Summary of effects

The effects of the use of proceeds from the Public Issue on the affected line items of the Pro Forma Consolidated Statement of Financial Position as at 31 December 2020 are as follows :-

	Property, plant and equipment RM	Trade and other receivables RM	Short-term deposits, cash and bank balances RM	Share capital RM	Retained profits RM
Balance as per Pro Forma II (Note 5.3)	36,336,892	60,306,314	76,644,392	178,993,951	106,371,182
Purchase of new machinery and equipment (Note 5.4(a))	9,700,000	-	(9,700,000)	-	-
Estimated listing expenses (Note 5.4(c)) :					
- deducted from share capital	-	(156,627)	(1,452,373)	(1,609,000)	-
- charged to profit or loss	-	-	(1,163,878)	-	(1,163,878)
Pro Forma III	46,036,892	60,149,687	64,328,141	177,384,951	105,207,304

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Pro Forma Consolidated Statements of Financial Position

6. Approval by the Board of Directors

Approved and adopted by the Board of Directors of Yenher Holdings Berhad in accordance with a resolution dated 04 JUN 2021

On behalf of the Board of Directors,

CHENG MOOH TAT
Director

CHENG MOOH KHENG
Director

FOLKS DFK & CO. (AF 0502)
Chartered Accountants, Kuala Lumpur
For Identification Purposes Only

Folks DFK & Co (No. AF 0502)
Chartered Accountants

An Independent Member Firm of DFK International

Date : 08 JUN 2021

The Board of Directors
YENHER HOLDINGS BERHAD
No. 35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya
Pulau Pinang

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF YENHER HOLDINGS BERHAD

Opinion

We have audited the accompanying financial statements of Yenher Holdings Berhad (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the following :

(a) The combined statements of financial position of Yenher Agro-Products Sdn Bhd ("Yenher Agro") and Yenher Biotech Sdn Bhd ("Yenher Biotech") as at 31 December 2017, 31 December 2018 and 31 December 2019, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Yenher Agro and Yenher Biotech for each of the financial year then ended;

(b) The consolidated statement of financial position of the Group as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended; and

(c) The notes to the aforesaid financial statements, including a summary of significant accounting policies, as set out on pages 10 to 84.

The financial statements of the Group have been prepared for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the Main Market of Bursa Malaysia Securities Berhad.

In our opinion, the financial statements contained in the Accountants' Report give a true and fair view of the financial position of the Group as at 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020 and of their financial performance and cash flows for each of the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Folks 12th Floor, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia.
Tel: 603-2273 2688 Fax: 603-2274 2688 e-mail: audit@folksdfk.com / general@folksdfk.com

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Independence and Other Ethical Responsibilities

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

Directors' Responsibilities for the Financial Statements

The Directors of the Company ("Directors") are responsible for the preparation of the financial statements of the Group contained in the Accountants' Report so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

DFK INTERNATIONAL

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

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

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

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

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

Other Reporting Responsibility

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1 : Equity of the Prospectus Guidelines as issued by Securities Commission Malaysia, we report that the significant subsequent events identified by the Group since 31 December 2020, the reporting date of the most recent audited financial statements to the date of this report, are as disclosed in Note 33 to the financial statements.

Restriction on Distribution and Use

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the Main Market of Bursa Malaysia Securities Berhad, and should not be used or relied upon for any other purposes without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

FOLKS DFK & CO.	**LEONG KOK TONG**
No. : AF 0502	No. : 02973/11/2021 J
Chartered Accountants	Chartered Accountant

Yenher Holdings Berhad
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Accountants' Report(Cont'd)

Statements of Financial Position of the Group

	Note	Combined			Consolidated
		Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Assets					
Non-current Assets					
Property, plant and equipment	5	35,643,409	23,136,822	35,694,516	36,336,892
Investment properties	6	23,419,079	-	-	-
Intangible assets	7	-	-	191,146	308,595
Investment in a subsidiary	8	2	-	-	-
		59,062,490	23,136,822	35,885,662	36,645,487
Current Assets					
Inventories	9	31,621,981	30,009,994	30,241,951	31,024,612
Trade and other receivables	10	55,965,233	48,726,388	59,644,794	60,306,314
Short-term deposits, cash and bank balances	11	7,491,900	13,835,921	20,326,790	26,234,942
Tax recoverable		-	-	45	-
		95,079,114	92,572,303	110,213,580	117,565,868
Total Assets		154,141,604	115,709,125	146,099,242	154,211,355
Equity and Liabilities					
Equity Attributable to Owners of the Company					
Share capital	12.1	-	-	-	117,784,501
Invested equity	12.2	2,250,000	2,250,000	2,250,000	-
Merger deficit	13	-	-	-	(115,534,500)
Revaluation reserve	14	-	-	8,412,396	9,337,236
Retained profits		83,937,216	84,913,641	94,758,879	117,171,182
Total Equity		86,187,216	87,163,641	105,421,275	128,758,419
Non-current Liabilities					
Deferred tax liabilities	15	230,000	15,000	1,159,695	1,450,051
Bank borrowings (Secured)	16	12,006,330	5,167,762	4,751,445	-
Lease liabilities		-	-	1,529,532	670,850
		12,236,330	5,182,762	7,440,672	2,120,901
Current Liabilities					
Bank borrowings (Secured)	16	5,964,558	597,588	480,003	-
Lease liabilities		-	-	819,495	858,682
Trade and other payables	17	47,954,002	21,665,464	21,071,129	21,244,208
Dividend payable	22	-	-	9,900,000	-
Tax payable		1,799,498	1,099,670	966,668	1,229,145
		55,718,058	23,362,722	33,237,295	23,332,035
Total Liabilities		67,954,388	28,545,484	40,677,967	25,452,936
Total Equity and Liabilities		154,141,604	115,709,125	146,099,242	154,211,355

Statements of Profit or Loss and Other Comprehensive Income of the Group

		Combined			Consolidated
		Audited 01.01.2017 to 31.12.2017	Audited 01.01.2018 to 31.12.2018	Audited 01.01.2019 to 31.12.2019	Audited 01.01.2020 to 31.12.2020
	Note	RM	RM	RM	RM
Revenue	18	177,379,757	181,109,284	179,061,219	202,634,937
Cost of sales		(132,055,559)	(136,632,880)	(134,612,561)	(150,213,190)
Gross profit		45,324,198	44,476,404	44,448,658	52,421,747
Other income		1,613,938	7,871,663	2,116,132	447,663
Selling and distribution costs		(7,448,387)	(6,639,365)	(7,331,757)	(7,857,595)
Administrative expenses		(12,469,408)	(10,729,074)	(11,982,368)	(14,832,855)
Research and development costs		-	(48,517)	(171,812)	(176,354)
Other expenses		(235,402)	(321,020)	(289,407)	(147,977)
Operating profit		26,784,939	34,610,091	26,789,446	29,854,629
Finance costs		(863,401)	(435,640)	(465,759)	(196,507)
Profit before taxation	19	25,921,538	34,174,451	26,323,687	29,658,122
Taxation	20	(6,883,164)	(6,889,139)	(6,578,449)	(7,261,571)
Profit for the year		19,038,374	27,285,312	19,745,238	22,396,551
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss :					
- Revaluation of land and buildings	14	-	-	8,412,396	940,592
Total comprehensive income for the year		19,038,374	27,285,312	28,157,634	23,337,143
Attributable to owners of the Company					
Profit for the year		19,038,374	27,285,312	19,745,238	22,396,551
Total comprehensive income for the year		19,038,374	27,285,312	28,157,634	23,337,143
Earnings per share attributable to owners of the Company					
Basic and diluted (Sen)	21	8.08	11.58	8.38	9.51

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Statements of Changes in Equity of the Group

	Non-distributable		Distributable	
	Invested equity RM	Revaluation reserve RM	Retained profits RM	Total RM
Combined				
Audited				
Balance at 1 January 2017	2,000,100	-	84,898,842	86,898,942
Profit for the year, representing the total comprehensive income for the year	-	-	19,038,374	19,038,374
Issuance of shares (Note 12.2)	249,900	-	-	249,900
Dividend declared and paid (Note 22)	-	-	(20,000,000)	(20,000,000)
Balance at 31 December 2017	2,250,000	-	83,937,216	86,187,216
Combined				
Audited				
Balance at 1 January 2018				
- As previously stated	2,250,000	-	83,937,216	86,187,216
- Effects on adoption of MFRS 9 (Note 3.1)	-	-	(1,308,887)	(1,308,887)
- As restated	2,250,000	-	82,628,329	84,878,329
Profit for the year, representing the total comprehensive income for the year	-	-	27,285,312	27,285,312
Dividend declared and paid (Note 22)	-	-	(25,000,000)	(25,000,000)
Balance at 31 December 2018	2,250,000	-	84,913,641	87,163,641
Combined				
Audited				
Balance at 1 January 2019	2,250,000	-	84,913,641	87,163,641
Profit for the year	-	-	19,745,238	19,745,238
Surplus on revaluation of land and buildings, net of attributable deferred tax (Note 14)	-	8,412,396	-	8,412,396
Total comprehensive income for the year	-	8,412,396	19,745,238	28,157,634
Dividend declared (Note 22)	-	-	(9,900,000)	(9,900,000)
Balance at 31 December 2019	2,250,000	8,412,396	94,758,879	105,421,275

Statements of Changes in Equity of the Group (Cont'd)

	Non-distributable				Distributable	
	Share capital RM	Invested equity RM	Merger deficit RM	Revaluation reserve RM	Retained profits RM	Total RM
<u>Consolidated</u>						
Audited						
Balance at 1 January 2020	-	2,250,000	-	8,412,396	94,758,879	105,421,275
Profit for the year	-	-	-	-	22,396,551	22,396,551
Surplus on revaluation of land and buildings, net of attributable deferred tax (Note 14)	-	-	-	940,592	-	940,592
Total comprehensive income for the year	-	-	-	940,592	22,396,551	23,337,143
Transfer of revaluation surplus on land and buildings (Note 14)	-	-	-	(15,752)	15,752	-
Shares issued upon incorporation of the Company on 9 March 2020 (Note 12.1)	2	-	-	-	-	2
Shares issued for acquisition of a subsidiary (Notes 12.1 and 32.1)	117,784,499	(2,000,000)	(115,784,499)	-	-	-
Acquisition of a subsidiary satisfied by cash (Note 32.1)	-	(250,000)	249,999	-	-	(1)
Total transactions with owners of the Company	117,784,499	(2,250,000)	(115,534,500)	-	-	1
Balance at 31 December 2020	117,784,501	-	(115,534,500)	9,337,236	117,171,182	128,758,419

Statements of Cash Flows of the Group

	Combined			Consolidated
	Audited 01.01.2017 to 31.12.2017 RM	**Audited 01.01.2018 to 31.12.2018 RM**	**Audited 01.01.2019 to 31.12.2019 RM**	**Audited 01.01.2020 to 31.12.2020 RM**
Cash flows from operating activities				
Profit before taxation	25,921,538	34,174,451	26,323,687	29,658,122
Adjustments for :-				
Bad debts written off	26,856	76,076	-	-
Depreciation of investment properties	30,717	27,390	-	-
Depreciation of property, plant and equipment	1,177,258	867,279	869,284	950,166
Depreciation of right-of-use assets	-	-	847,371	855,929
Gain on disposal of a subsidiary	-	(838)	-	-
Gain on disposal of investment properties	(614,699)	(3,278,311)	-	-
Gain on disposal of other investment	(1,983)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(49,489)	(3,822,594)	(49,999)	2,979
Impairment losses on property, plant and equipment	1,046,406	-	-	-
Interest expense	863,401	435,640	465,759	196,507
Interest income	(10,733)	(76,347)	(488,625)	(200,700)
Net addition/(reversal) of impairment losses on trade receivables	1,638,348	(79,961)	(1,421,873)	(210,724)
Property, plant and equipment written off	-	10,627	20,317	-
Refundable deposit written off	-	-	4,000	-
Reversal of loss on revaluation of property, plant and equipment	-	-	-	(5,814)
Loss on revaluation of property, plant and equipment	-	-	527,005	-
Unrealised loss/(gain) on foreign exchange	103,853	(8,789)	20,580	127,430
Operating profit before working capital changes	30,131,473	28,324,623	27,117,506	31,373,895
(Increase)/Decrease in inventories	(10,874,224)	1,611,987	(231,957)	(782,661)
(Increase)/Decrease in trade and other receivables	(9,161,328)	5,525,802	(9,500,533)	(594,134)
Increase/(Decrease) in trade and other payables	22,104,112	(26,282,708)	(614,915)	188,987
Cash generated from operations	32,200,033	9,179,704	16,770,101	30,186,087
Interest received	10,733	76,347	488,625	200,700
Interest paid	(863,401)	(435,640)	(465,759)	(196,507)
Tax paid	(5,566,666)	(7,422,804)	(6,829,668)	(6,821,511)
Tax refunded	-	29,837	597	-
Net cash from operating activities	25,780,699	1,427,444	9,963,896	23,368,769

Yenher Holdings Berhad
Registration No. : 202001008388 (1364708-X)
Incorporated in Malaysia

Accountants' Report(Cont'd)

Statements of Cash Flows of the Group (Cont'd)

	Combined			Consolidated
	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Cash flows from investing activities				
Investment in a subsidiary (Note 32.1)	-	-	-	(1)
Proceeds from disposal of investment in a subsidiary (Note 8.2)	-	840	-	-
Proceeds from disposal of investment properties	905,000	26,670,000	-	-
Proceeds from disposal of other investment	7,852	-	-	-
Proceeds from disposal of property, plant and equipment	58,491	16,064,774	50,000	1,000
Purchase of intangible assets	-	-	(191,146)	(117,449)
Purchase of property, plant and equipment	(597,760)	(613,499)	(2,015,881)	(1,393,226)
Net cash from/(used in) investing activities	373,583	42,122,115	(2,157,027)	(1,509,676)
Cash flows from financing activities				
Dividend paid (Note 22)	(20,000,000)	(25,000,000)	-	(9,900,000)
(Increase)/Decrease in short-term deposits pledged as security	-	(500,000)	362,531	3,000
Proceeds from issuance of ordinary shares	249,900	-	-	2
Repayment of term loans (Note 24)	(2,033,184)	(8,273,538)	(533,902)	(5,231,448)
Repayment of bankers' acceptances (Note 24)	(3,117,000)	(3,932,000)	-	-
Payments of lease liabilities (Note 24)	-	-	(782,098)	(819,495)
Net cash used in financing activities	(24,900,284)	(37,705,538)	(953,469)	(15,947,941)
Net increase in cash and cash equivalents	1,253,998	5,844,021	6,853,400	5,911,152
Cash and cash equivalents at beginning of year	4,832,818	6,086,816	11,930,837	18,784,237
Cash and cash equivalents at end of year (Note 11)	6,086,816	11,930,837	18,784,237	24,695,389

Notes to the Financial Statements

1. General Information

Yenher Holdings Berhad (the "Company") was incorporated in Malaysia under the Companies Act 2016 on 9 March 2020 as a private limited liability company under the name of Yenher Holdings Sdn Bhd and is domiciled in Malaysia. On 3 November 2020, the Company was converted to a public limited liability company.

The Company was incorporated for the purpose of undertaking, among others, a restructuring and acquisition exercise that would result in the Company becoming the holding company of Yenher Agro-Products Sdn Bhd ("Yenher Agro") and Yenher Biotech Sdn Bhd ("Yenher Biotech") (both collectively referred to as the "subsidiaries"), the acquisitions of which have been completed on 28 August 2020, as further explained in Note 32.1.

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

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries, all of which are incorporated in Malaysia, are as follows :-

Names of subsidiaries	Principal activities
Yenher Agro	Manufacturing, supplying and marketing of animal health and nutrition products for livestock and companion animals
Yenher Biotech	Manufacturing of animal feed ingredients and agricultural products using biotechnology and undertaking research and development activities in the related fields

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial years under review.

(The Company and its subsidiaries collectively defined as the "Group")

2. Basis of Preparation and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Accountants' Report comprises the combined financial statements of the subsidiaries for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020 (hereinafter collectively referred to as the "financial statements"). The financial statements are prepared solely for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of its entire enlarged issued shares on the Main Market of Bursa Malaysia Securities Berhad.

For information purposes, Yenher Agro had on 14 December 2018 disposed of a 100% owned subsidiary, namely CMT Properties Sdn Bhd (formerly known as Yenher Properties Sdn Bhd) ("CMT"). Since CMT is not part of the listing group of the Company for the purpose of the initial public offering and listing exercises, the audited financial statements of CMT for the financial years under review have not been included in the preparation of these financial statements.

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

2.1 Basis of Preparation (Cont'd)

The Company was incorporated on 9 March 2020 and its acquisitions of Yenher Agro and Yenher Biotech were completed on 28 August 2020. Accordingly, the financial statements for the financial years ended 31 December 2017 through 31 December 2020 have been prepared on the following bases :-

(a) Combined financial statements for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019

The Group has not been established as at the end of the financial year ended 31 December 2019. Hence, there are no consolidated financial statements for the financial years ended 31 December 2017 through 31 December 2019. The combined financial statements for the financial years ended 31 December 2017 through 31 December 2019 consist of the audited financial statements of Yenher Agro and Yenher Biotech (hereafter referred to as the "combining entities"). The combined financial statements have been prepared in accordance with the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants and on the assumption that the combining entities have been operating as a single economic entity throughout those financial years.

Throughout the financial years ended 31 December 2017 to 31 December 2019, the combining entities are under the common control of Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye , all being the major shareholders and promoters of the Company.

Entities under common control are entities which are ultimately controlled by the same parties for a reasonable period of time. Common control exists when the same parties have ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the Group had the relevant acquisitions to legally constitute the Group been incorporated for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Group for those financial years.

(b) Consolidated financial statements for the financial year ended 31 December 2020

The Group was established during the financial year ended 31 December 2020 upon the acquisitions of Yenher Agro and Yenher Biotech on 28 August 2020 by the Company. Accordingly, the consolidated financial statements of the Group are prepared for the financial year ended 31 December 2020.

The acquisitions of Yenher Agro and Yenher Biotech represent common control combinations and for the purpose of the preparation of the consolidated financial statements, these subsidiaries are consolidated under the principles of merger accounting as disclosed under accounting policy Note 2.6.

The financial statements throughout the financial years under review have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards and are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below.

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

2.2 Changes in Accounting Policies

2.2.1 Application of new MFRSs

The Group has consistently applied its accounting policies throughout the reporting periods presented except for the changes in accounting policies on the application of the following new MFRSs issued by the Malaysian Accounting Standards Board ("MASB") :-

- MFRS 9, Financial Instruments effective from 1 January 2018;
- MFRS 15, Revenue from Contracts with Customers and Clarifications to MFRS 15 effective from 1 January 2018; and
- MFRS 16, Leases effective from 1 January 2019.

The financial effects on the initial application of these new MFRSs are disclosed in Note 3.

The Group has also adopted the following new IC Interpretations and amendments to MFRSs which are applicable to its operations and they did not have any significant impact on the financial statements covered by this report :-

Effective for annual periods beginning on or after 1 January 2018
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019
Amendments to MFRS 9 - Prepayment Features with Negative Compensation
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle" :
- Amendments to MFRS 112, Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 123, Borrowing Costs - Borrowing Costs Eligible for Capitalisation

IC Interpretation 23, Uncertainty over Income Tax Treatments

Effective for annual periods beginning on or after 1 January 2020
Amendments to MFRS 3 - Definition of a Business
Amendments to MFRS 101 and MFRS 108 - Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform

2.2.2 Change to revaluation model for land and buildings

With effect from 31 December 2019, the Group has changed its accounting policy on subsequent measurement of land and buildings from the cost model to revaluation model. This change in accounting policy to revaluation model has been applied prospectively from 31 December 2019. Accordingly, the carrying amounts of the related land and buildings as at 31 December 2017 and 31 December 2018 as presented in the combined statements of financial position have not been restated. The financial effects on the change in basis of subsequent measurement of land and buildings of the Group are disclosed in Note 5.

The change was made as the Directors considered that the revaluation model will provide a fairer presentation of the value of the land and buildings of the Group.

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

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

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

Effective for annual periods beginning on or after 1 June 2020
Amendment to MFRS 16 - Covid-19-Related Rent Concessions

Effective immediately on 17 August 2020
Amendments to MFRS 4 - Extension of the Temporary Exemption from Applying MFRS 9

Effective for annual periods beginning on or after 1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2

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

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

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates

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

The Group will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective. The adoption of these new MFRS and amendments to MFRSs are not expected to have any significant financial impact on the Group's financial statements for the current financial period and any prior periods covered by this report.

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

2.4 Basis of Combination

The combined financial statements for the financial years ended 31 December 2017 through 31 December 2019 comprise the financial statements of the combining entities. The financial statements used in the preparation of the combined financial statements are prepared for the same reporting dates. When necessary, adjustments are made to the financial statements of the combining entities to ensure conformity with the Group's accounting policies.

In preparing the combined financial statements, the assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of retained profits and other equity of the combining entities are added to the same components within the Group's equity. Intra-group balances and transactions and the resulting unrealised profits are eliminated on combination. Unrealised losses are eliminated on combination and the relevant assets are assessed for impairment. The combined financial statements reflect external transactions and balances only.

2.5 Basis of Consolidation

The consolidated financial statements of the Group for the financial year ended 31 December 2020 include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

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

Subsidiaries are consolidated using the acquisition method except for subsidiaries arising from common control combination as explained in accounting policy Note 2.6. Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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

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

2.5 Basis of Consolidation (Cont'd)

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

2.6 Business Combinations

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

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

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

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

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

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

2.6 Business Combinations (Cont'd)

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

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

2.7 Goodwill on Consolidation

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

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

2.8 Foreign Currencies

2.8.1 Functional and presentation currency

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

2.8.2 Foreign currency transactions and balances

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

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

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

2.8 Foreign Currencies (Cont'd)

2.8.2 Foreign currency transactions and balances (Cont'd)

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

2.9 Property, Plant and Equipment

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

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

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

Freehold land and capital work-in-progress are not depreciated. Leasehold land is amortised on a straight-line basis over its remaining lease term of 55 years. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows :-

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

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

2.9 Property, Plant and Equipment (Cont'd)

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

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

2.10 Intangible Assets

2.10.1 Computer software

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

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

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

2.10.2 Research and development expenditure

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

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

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

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

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

2.11 Investment Properties

Investment properties are land and/or buildings which are held for rental yields or for capital appreciation or for both or land held for a currently undetermined future use. The investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy adopted for investment properties is similar to property assets under property, plant and equipment as disclosed under Note 2.9. Investment properties are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the period of the retirement or disposal.

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

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

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

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

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

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

2.13 Impairment of Non-financial Assets

The carrying amounts of non-financial assets (other than inventories, deferred tax assets and non-current assets or disposal group held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life (Note 2.7) and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

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

2.13 Impairment of Non-financial Assets (Cont'd)

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

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

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

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

2.14 Inventories

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

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

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

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

2.15 Financial Assets

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

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

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and

- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.15.1 Classification

Upon the adoption of MFRS 9 on 1 January 2018, the Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

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

2.15.2 Measurement

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

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

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

2.15 Financial Assets (Cont'd)

2.15.2 Measurement (Cont'd)

(a) Debt instruments

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

(i) Amortised cost

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

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

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

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

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

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

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

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

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

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

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

2.15 Financial Assets (Cont'd)

2.15.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

(iii) Fair value through profit or loss ("FVTPL") (Cont'd)

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

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

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

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

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

2.15.3 Derecognition of financial assets

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

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

2.15.4 Impairment of financial assets

From 1 January 2018, upon the adoption of MFRS 9, the Group recognises loss allowance for expected credit losses ("ECLs") on :-

(a) financial assets measured at amortised cost;

(b) debt instruments measured at FVOCI; and

(c) financial guarantee contracts.

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

2.15 Financial Assets (Cont'd)

2.15.4 Impairment of financial assets (Cont'd)

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

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

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

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

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

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

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

2.15.5 Accounting policies applied until 31 December 2017

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information as permitted by the Standard. As a result, the information for financial year ended 31 December 2017 provided in the combined financial statements continues to be accounted for in accordance with the previous accounting policies under MFRS 139.

Classification and measurement

Until 31 December 2017, the Group's financial assets were classified as loans and receivables. The Group did not have financial assets classified at fair value through profit or loss, held-to-maturity or available-for-sale.

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

2.15 Financial Assets (Cont'd)

2.15.5 Accounting policies applied until 31 December 2017 (Cont'd)

Classification and measurement (Cont'd)

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. This category of financial assets were initially measured at fair value plus directly attributable transaction costs. Receivables and deposits, and cash and bank balances were classified as loans and receivables.

Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method less any impairment loss. Gains and losses were recognised in the statement of comprehensive income when loans and receivables were derecognised or impaired, and through the amortisation process.

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income was recognised in profit or loss.

Impairment of financial assets

The Group assessed at the end of each reporting period whether there was any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, was impaired. Financial assets were considered to be impaired when objective evidence indicated that a loss event had occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that could be reliably estimated. Losses expected as a result of future events, no matter how likely, were not recognised.

Impairment loss on loans and receivables was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset was reduced through an allowance account. The amount of loss was recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss was reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset did not exceed its amortised cost had the impairment not been recognised at the date the impairment was reversed. The amount of reversal was recognised in profit or loss.

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

2.16 Cash and Cash Equivalents

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

2.17 Share Capital

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

2.18 Financial Liabilities

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

2.18.1 Classification and measurement

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

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

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

2.18.2 Derecognition of financial liabilities

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

2.19 Offsetting Financial Instruments

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

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

2.20 Financial Guarantee Contracts

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

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

2.21 Derivatives Financial Instruments

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

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

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

The Group has not designated any derivatives as hedging instruments.

Embedded derivatives

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

2.22 Provisions

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

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

2.23 Leases as a Lessee

On the adoption of MFRS 16 *Leases* from 1 January 2019, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

Subsequent to the initial recognition, the right-of-use assets (except for acquired leasehold land) are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability.

For acquired leasehold land, the Group has elected to apply the revaluation model in accordance with MFRS 116 *Property, Plant and Equipment*, as explained in Note 2.9 above.

Depreciation for right-of-use asset is calculated using the straight-line method and commences from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets of the Group are included under the line item of Property, Plant and Equipment (Note 5) and their depreciation rates are as follows :-

Leasehold land	55 years
Buildings on lease	45 months

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

Accounting policies applied until 31 December 2018

Operating lease payments were recognised as expenses in profit or loss on a straight-line basis over the period of the relevant leases.

2.24 Income Taxes

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

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

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

2.24 Income Taxes (Cont'd)

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

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

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

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

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

2.25 Borrowing Costs

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

2.26 Employee Benefits

2.26.1 Short-term employee benefits

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

2.26.2 Post-employment benefits - Defined contribution plan

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

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

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

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

2.27 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

2.28 Revenue Recognition

2.28.1 Revenue from Contracts with Customers

On the adoption of MFRS 15 *Revenue from Contracts with Customers* from 1 January 2018, the Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Depending on the terms of a contract with customer, control may transfer over time or at a point in time.

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

(i) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or

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

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

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

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

2.28 Revenue Recognition (Cont'd)

2.28.1 Revenue from Contracts with Customers (Cont'd)

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

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

Accounting policies applied until 31 December 2017

Prior to the adoption of MFRS 15 *Revenue from Contracts with Customers* on 1 January 2018, revenue was measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services in the ordinary course of the Group's activities. Revenue was recognised when it could be measured reliably and to the extent that it was probable that the economic benefits associated to the transactions will flow to the Group.

Revenue from sale of goods was recognised upon the transfer of significant risks and rewards of ownership to the buyer, net of discounts and returns. Revenue was not recognised to the extent where there were significant uncertainties regarding recovery of the consideration due, associated costs or the possible return.

2.28.2 Revenue from Other Sources and Other Income

(a) Interest income

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

(b) Rental income

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

2.29 Earnings Per Share

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

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

2.30 Operating Segments

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

3. Changes in Accounting Policies on Application of New MFRSs

As disclosed in Note 2.2.1, the Group has adopted the new MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* which became effective for annual periods beginning on or after 1 January 2018 and MFRS 16 *Leases* which became effective for annual periods beginning on or after 1 January 2019.

The adoption of the new MFRS 9, MFRS 15 and MFRS 16 has resulted in changes in the Group's accounting policies as further explained in Notes 3.1, 3.2 and 3.3 respectively.

3.1 MFRS 9 *Financial Instruments*

MFRS 9 replaces the requirements of MFRS 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The new accounting policies are disclosed in Notes 2.15 and 2.18.

MFRS 9 has been adopted from the beginning of 1 January 2018 without restating prior periods in accordance with the transitional provisions of the Standard and the reclassification and adjustments arising from the new requirements were therefore not reflected in the statement of financial position as at 31 December 2017. Instead, they were recognised in the opening balances as at 1 January 2018. The financial instruments information presented for the financial year ended 31 December 2017 in the combined financial statements do not reflect the requirements of MFRS 9 but rather those of MFRS 139.

The impact of the initial application of MFRS 9 on the retained profits of the Group as at 1 January 2018 is as follows :-

	RM
Closing balance as at 31 December 2017, before the application of MFRS 9	83,937,216
Adjustments to retained profits on application of MFRS 9 on 1 January 2018 :	
- Recognition of loss allowance for expected credit losses under MFRS 9 (Note 3.1(b))	(1,719,887)
- Increase in deferred tax assets (Note 15)	411,000
	(1,308,887)
Opening retained profits as at 1 January 2018, after the application of MFRS 9	82,628,329

3. Changes in Accounting Policies on Application of New MFRSs (Cont'd)

3.1 MFRS 9 *Financial Instruments* (Cont'd)

(a) Classification and measurement of financial assets and financial liabilities

MFRS 9 provides three classification categories of financial assets which consist of financial assets measured at amortised cost; fair value through other comprehensive income ("FVOCI"); and fair value through profit or loss ("FVTPL"). The financial assets are classified into the measurement categories depending on the business models used for managing the financial assets and the financial assets' contractual cash flow characteristics. In relation to financial liabilities, MFRS 9 largely retains the existing requirements of MFRS 139 for the classification and measurement.

The original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's financial assets as at 1 January 2018 are summarised below. The adoption of MFRS 9 has no impact on the measurement categories of the Group's financial liabilities.

	Measurement categories		Carrying amount		
	Original under MFRS 139	**New under MFRS 9**	**Original under MFRS 139 RM**	**New under MFRS 9 RM**	**Difference RM**
Trade and other receivables *(aa)*	L&R at AC	AC	55,940,899	54,221,012	1,719,887
Short-term deposits with licensed banks	L&R at AC	AC	1,405,084	1,405,084	-
Cash and bank balances	L&R at AC	AC	6,086,816	6,086,816	-
Total financial assets			63,432,799	61,712,912	1,719,887

L&R : Loans and receivables *AC : Amortised costs*

(aa) Trade and other receivables classified as loans and receivables under MFRS 139 have been classified at amortised costs under MFRS 9. On transition to MFRS 9, an additional allowance for impairment on trade receivables amounted to RM1,719,887 (Note 3.1(b)) and the corresponding tax impact of RM411,000 were recognised in the Group's retained profits as at 1 January 2018.

(b) Impairment of financial assets

MFRS 9 replaces the incurred loss model under MFRS 139 with the expected credit losses ("ECLs") impairment model which is described in Note 2.15.4. As at 1 January 2018, the Group had four types of financial assets that were subject to the new ECLs impairment model and they were :-

- Trade receivables from sales of goods;
- Other receivables and deposits;
- Short-term deposits with licensed banks; and
- Cash and bank balances.

3. Changes in Accounting Policies on Application of New MFRSs (Cont'd)

3.1 MFRS 9 *Financial Instruments* (Cont'd)

(b) Impairment of financial assets (Cont'd)

The initial application of MFRS 9 impairment model had resulted in additional allowance for impairment on the Group's trade receivables and the impact is shown in the reconciliation below :-

	RM
Loss allowance as at 31 December 2017 under MFRS 139	(1,875,045)
Additional loss allowance recognised at 1 January 2018 under MFRS 9	(1,719,887)
Loss allowance as at 1 January 2018 under MFRS 9	(3,594,932)

The Group applies the MFRS 9 simplified approach to measure the ECLs which uses a lifetime expected loss allowance for all trade receivables. This had resulted in an increase of the loss allowance for trade receivables on 1 January 2018 by RM1,719,887.

Note 30.2(a) describes the details about how the Group measures the loss allowance for ECLs on its financial assets.

3.2 MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 replaces the previous revenue recognition guidance including MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and the related IC Interpretations.

The Group has adopted MFRS 15 which resulted in changes in accounting policies and adjustments to the financial position as at 1 January 2018. MFRS 15 was adopted using the modified retrospective approach whereby the information presented for the financial year ended 31 December 2017 was not restated and the effects on the initial application, if any, were recognised in the opening retained profits as at 1 January 2018.

The initial application of MFRS 15 had no impact on the Group's financial position as at 1 January 2018 as the revenue recognition policies under the previous revenue recognition standards did not defer substantially from the revenue recognition requirements under MFRS 15.

3. Changes in Accounting Policies on Application of New MFRSs (Cont'd)

3.3 MFRS 16 *Leases*

MFRS 16 replaces MFRS 117 *Leases* and its related IC Interpretations. It introduces a single accounting model, requiring a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases required by MFRS 117. As a consequence, a lessee recognises right-of-use ("ROU") assets and lease liabilities arising from previous operating leases applying MFRS 117. The ROU asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* (or accounted under other appropriate measurement models) and the lease liability is accreted over time with interest expense recognised in profit or loss. For lessors, MFRS 16 retains most of the requirements in MFRS 117, and lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The adoption of MFRS 16 has resulted in changes in accounting policies for leases and the new policies are disclosed in Note 2.23. On the adoption of MFRS 16 on 1 January 2019, the Group recognised lease liabilities and the corresponding ROU asset in respect of the existing tenancy for an industrial building that was previously classified as an operating lease under MFRS 117. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019 of 4.70%. The ROU asset was measured at an amount equal to the lease liabilities and was included under the line item of Property, Plant and Equipment.

As permitted by the Standard, the Group has adopted MFRS 16 using the modified retrospective approach whereby the cumulative effects on initial application have been recognised as an adjustment to the opening balance of statement of financial position as at 1 January 2019 and without restating the prior reporting periods presented in the combined financial statements for the financial years ended 31 December 2017 and 31 December 2018. The Group has also applied the following practical expedients when applying MFRS 16 for the first time to leases previously classified as operating leases under MFRS 117 :-

(a) the non-recognition of ROU assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;

(b) the exclusion of initial direct costs from measuring the ROU asset at the date of initial application; and

(c) the use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The financial effects on the adoption of MFRS 16 on the statement of financial position as at 1 January 2019 are as follows :-

	Audited as at 31.12.2018 RM	Effects on adoption of MFRS 16 RM	Restated as at 01.01.2019 RM
Property, plant and equipment	23,136,822	3,131,125	26,267,947
Lease liabilities - non-current	-	2,349,027	2,349,027
Lease liabilities - current	-	782,098	782,098

3. Changes in Accounting Policies on Application of New MFRSs (Cont'd)

3.3 MFRS 16 *Leases* (Cont'd)

A reconciliation for the difference between operating lease commitments disclosed as at 31 December 2018 and lease liabilities recognised at the date of initial application on 1 January 2019 is as follows :-

	RM
Operating lease commitments disclosed as at 31 December 2018 (Note 27(a))	2,568,000
Less : Short-term leases recognised as an expense on a straight line basis	(60,000)
Remaining operating lease commitments to be discounted on adoption of MFRS 16	2,508,000
Discounted using the incremental borrowing rate at 1 January 2019	2,349,027
Add : Extension option reasonably certain to be exercised	782,098
Lease liabilities recognised at 1 January 2019	3,131,125

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

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

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

4.1 Significant judgements in applying the Group's accounting policies

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

4.2 Key sources of estimation uncertainty

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

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

4.2 Key sources of estimation uncertainty (Cont'd)

4.2.1 Estimated useful lives of property, plant and equipment

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

4.2.2 Income taxes

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

4.2.3 Loss allowances on expected credit losses for trade receivables

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

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

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

At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. When the historical observed loss rates vary from the original estimates, such difference will impact the carrying amount of trade receivables. The carrying amounts of trade receivables and the cumulative allowance for impairment losses are disclosed in Note 10.1.

5. Property, Plant and Equipment

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

31.12.2017 - Audited

	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Costs				
Freehold land	29,607,249	-	-	29,607,249
Leasehold land	682,100	-	-	682,100
Buildings	4,912,383	-	-	4,912,383
Shophouses	240,000	-	-	240,000
Furniture and fittings	316,358	22,159	-	338,517
Motor vehicles	5,006,896	454,200	(180,401)	5,280,695
Office equipment	949,820	100,851	-	1,050,671
Plant and machinery	3,834,311	-	-	3,834,311
Renovation	554,550	15,900	-	570,450
Tools and equipment	698,872	-	-	698,872
Capital work-in-progress	-	4,650	-	4,650
	46,802,539	597,760	(180,401)	47,219,898

	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
Accumulated depreciation				
Freehold land	-	-	-	-
Leasehold land	-	12,402	-	12,402
Buildings	839,971	98,677	-	938,648
Shophouses	24,836	3,963	-	28,799
Furniture and fittings	227,142	21,234	-	248,376
Motor vehicles	3,629,177	615,687	(171,399)	4,073,465
Office equipment	556,379	84,542	-	640,921
Plant and machinery	3,554,776	215,859	-	3,770,635
Renovation	406,259	55,007	-	461,266
Tools and equipment	285,684	69,887	-	355,571
Capital work-in-progress	-	-	-	-
	9,524,224	1,177,258	(171,399)	10,530,083
Accumulated impairment losses				
Freehold land	-	1,046,406	-	1,046,406

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

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

31.12.2018 - Audited

	At beginning of year RM	Additions RM	Disposals RM	Written off RM	At end of year RM
Costs					
Freehold land	29,607,249	-	(11,979,776)	-	17,627,473
Leasehold land	682,100	-	-	-	682,100
Buildings	4,912,383	-	-	-	4,912,383
Shophouses	240,000	-	(240,000)	-	-
Furniture and fittings	338,517	6,117	-	(11,380)	333,254
Motor vehicles	5,280,695	122,755	(250,449)	-	5,153,001
Office equipment	1,050,671	90,365	-	(177,684)	963,352
Plant and machinery	3,834,311	218,235	-	(1,835,998)	2,216,548
Renovation	570,450	99,093	-	-	669,543
Tools and equipment	698,872	70,082	-	(2,300)	766,654
Capital work-in-progress	4,650	6,852	-	-	11,502
	47,219,898	613,499	(12,470,225)	(2,027,362)	33,335,810

	At beginning of year RM	Charge for the year RM	Disposals RM	Written off RM	At end of year RM
Accumulated depreciation					
Freehold land	-	-	-	-	-
Leasehold land	12,402	12,402	-	-	24,804
Buildings	938,648	98,677	-	-	1,037,325
Shophouses	28,799	-	(28,799)	-	-
Furniture and fittings	248,376	20,835	-	(11,366)	257,845
Motor vehicles	4,073,465	447,375	(199,246)	-	4,321,594
Office equipment	640,921	83,822	-	(167,862)	556,881
Plant and machinery	3,770,635	67,101	-	(1,835,974)	2,001,762
Renovation	461,266	62,815	-	-	524,081
Tools and equipment	355,571	74,252	-	(1,533)	428,290
Capital work-in-progress	-	-	-	-	-
	10,530,083	867,279	(228,045)	(2,016,735)	9,152,582
Accumulated impairment losses					
Freehold land	1,046,406	-	-	-	1,046,406

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

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

31.12.2019 - Audited	**At beginning of year (As previously stated) RM**	**Effects on adoption of MFRS 16 (Note 5.5) RM**	**At beginning of year (Restated) RM**	**Additions RM**	**Disposals RM**	**Written off RM**	**Revaluation RM**	**At end of year RM**
Valuation/Costs								
Assets at valuation								
Own assets								
Freehold land (Note 5.6)	17,627,473	-	17,627,473	-	-	(1,046,406)	7,568,933	24,150,000
Buildings	4,912,383	-	4,912,383	-	-	-	(2,383)	4,910,000
	22,539,856	-	22,539,856	-	-	(1,046,406)	7,566,550	29,060,000
Right-of-use assets								
Leasehold land	682,100	-	682,100	-	-	-	407,900	1,090,000
	23,221,956	-	23,221,956	-	-	(1,046,406)	7,974,450	30,150,000
Assets at cost								
Own assets								
Furniture and fittings	333,254	-	333,254	-	-	(5,021)	-	328,233
Motor vehicles	5,153,001	-	5,153,001	554,604	(637,608)	-	-	5,069,997
Office equipment	963,352	-	963,352	193,394	-	(63,693)	-	1,093,053
Plant and machinery	2,216,548	-	2,216,548	761,794	-	-	-	2,978,342
Renovation	669,543	-	669,543	127,907	-	-	-	797,450
Tools and equipment	766,654	-	766,654	31,150	-	(650)	-	797,154
Capital work-in-progress	11,502	-	11,502	347,032	-	-	-	358,534
	10,113,854	-	10,113,854	2,015,881	(637,608)	(69,364)	-	11,422,763
Right-of-use assets								
Buildings on lease	-	3,131,125	3,131,125	-	-	-	-	3,131,125
	10,113,854	3,131,125	13,244,979	2,015,881	(637,608)	(69,364)	-	14,553,888
	33,335,810	3,131,125	36,466,935	2,015,881	(637,608)	(1,115,770)	7,974,450	44,703,888

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

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

31.12.2019 – Audited (Cont'd)

	At beginning of year RM	Charge for the year RM	Disposals RM	Written off RM	Revaluation RM	At end of year RM
Accumulated depreciation						
Assets at valuation						
Own assets						
Freehold land	-	-	-	-	-	-
Buildings	1,037,325	98,678	-	-	(1,136,003)	-
	1,037,325	98,678	-	-	(1,136,003)	-
Right-of-use assets						
Leasehold land	24,804	12,404	-	-	(37,208)	-
	1,062,129	111,082	-	-	(1,173,211)	-
Assets at cost						
Own assets						
Furniture and fittings	257,845	13,852	-	(3,731)	-	267,966
Motor vehicles	4,321,594	456,606	(637,607)	-	-	4,140,593
Office equipment	556,881	108,402	-	(44,969)	-	620,314
Plant and machinery	2,001,762	91,160	-	-	-	2,092,922
Renovation	524,081	22,712	-	-	-	546,793
Tools and equipment	428,290	77,874	-	(347)	-	505,817
Capital work-in-progress	-	-	-	-	-	-
	8,090,453	770,606	(637,607)	(49,047)	-	8,174,405
Right-of-use assets						
Buildings on lease	-	834,967	-	-	-	834,967
	8,090,453	1,605,573	(637,607)	(49,047)	-	9,009,372
	9,152,582	1,716,655	(637,607)	(49,047)	(1,173,211)	9,009,372
Accumulated impairment losses						
Own assets						
Freehold land (Note 5.6)	1,046,406	-	-	(1,046,406)	-	-

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

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

31.12.2020 - Audited

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

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

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

31.12.2020 - Audited (Cont'd)

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

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

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

	Carrying amounts as at			
	Audited 31.12.2017 RM	**Audited 31.12.2018 RM**	**Audited 31.12.2019 RM**	**Audited 31.12.2020 RM**
Assets at valuation				
Own assets				
Freehold land	-	-	24,150,000	25,150,000
Buildings	-	-	4,910,000	4,860,685
Right-of-use assets				
Leasehold land	-	-	1,090,000	1,078,948
	-	-	30,150,000	31,089,633
Assets at cost				
Own assets				
Freehold land	28,560,843	16,581,067	-	-
Leasehold land	669,698	657,296	-	-
Buildings	3,973,735	3,875,058	-	-
Shophouses	211,201	-	-	-
Furniture and fittings	90,141	75,409	60,267	55,040
Motor vehicles	1,207,230	831,407	929,404	782,461
Office equipment	409,750	406,471	472,739	538,745
Plant and machinery	63,676	214,786	885,420	798,172
Renovation	109,184	145,462	250,657	1,195,201
Tools and equipment	343,301	338,364	291,337	276,542
Capital work-in-progress	4,650	11,502	358,534	139,907
Right-of-use assets				
Buildings on lease	-	-	2,296,158	1,461,191
	35,643,409	23,136,822	5,544,516	5,247,259
	35,643,409	23,136,822	35,694,516	36,336,892

5.2 The carrying amounts of property, plant and equipment of the Group which have been charged to financial institutions in consideration for credit facilities granted as disclosed in Note 16 are as follows :-

	Audited 31.12.2017 RM	**Audited 31.12.2018 RM**	**Audited 31.12.2019 RM**	**Audited 31.12.2020 RM**
Freehold land	22,130,829	16,581,067	24,150,000	25,150,000
Buildings	2,837,616	2,763,496	4,350,000	4,306,500
	24,968,445	19,344,563	28,500,000	29,456,500

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

5.3 The land and buildings of the Group have been revalued by the Directors on 31 December 2019 and 31 December 2020 based on the assets' open market values as ascertained through valuations carried out by independent professional valuers in October 2019 and in June 2020 respectively.

The fair values of the land and buildings of the Group as at 31 December 2019 and 31 December 2020 were RM30,150,000 and RM31,150,000 respectively. In the assessment of the fair values, the sales prices of comparable properties in the locality are adjusted for factors which affect value such as location, size, age and condition of buildings, tenure, shape, title restrictions, if any, and other relevant characteristics. The most significant input of this valuation is price per square foot.

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

5.4 As disclosed in Note 2.2.2, the Directors have changed the basis of subsequent measurement of land and buildings of the Group from cost model to the revaluation model effective from 31 December 2019. Had the revalued land and buildings of the Group been carried under cost model, their carrying amounts as at 31 December 2019 and 31 December 2020 would be as follows :-

	Audited 31.12.2019 RM	**Audited 31.12.2020 RM**
Freehold land	16,581,067	16,581,067
Leasehold land	644,892	631,775
Buildings	3,776,380	3,677,208
	21,002,339	20,890,050

5.5 Right-of-use asset - Buildings on lease

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

Upon the adoption of MFRS 16 *Leases* as disclosed in Note 3.3, the cost of right-of-use asset and the corresponding lease liability have been measured at 1 January 2019 which include the present value of all unpaid lease payments up to the end of extension period as the Group reasonably expects for the underlying assets will be used. The Group shall reassess the lease term upon the occurrence of either a significant event or a significant change in circumstances that is within its control and that was not previously included in its determination of the lease term.

5.6 A parcel of freehold land at a cost of RM1,046,406 was written off during the financial year ended 31 December 2019 following a court's decision on 21 August 2019 to nullify the acquisition contract entered into by the Group in prior years as the vendor did not have a valid title to the said land. The carrying amount of this land had been fully impaired in prior years and therefore the write-off has no impact on the profit or loss for the financial year ended 31 December 2019.

6. Investment Properties

6.1 The movements of investment properties during the financial years are as follows :-

31.12.2017 - Audited

	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Costs				
Freehold land	22,837,318	-	-	22,837,318
Buildings	709,041	-	-	709,041
Shophouses	502,329	-	(502,329)	-
	24,048,688	-	(502,329)	23,546,359

	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings	97,399	29,881	-	127,280
Shophouses	211,192	836	(212,028)	-
	308,591	30,717	(212,028)	127,280

31.12.2018 - Audited

	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Costs				
Freehold land	22,837,318	-	(22,837,318)	-
Buildings	709,041	-	(709,041)	-
	23,546,359	-	(23,546,359)	-

	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings	127,280	27,390	(154,670)	-
	127,280	27,390	(154,670)	-

31.12.2019 - NIL
31.12.2020 - NIL

6. Investment Properties (Cont'd)

6.1 The movements of investment properties during the financial years are as follows (Cont'd):-

	Carrying amounts as at			
	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Carrying amounts				
Freehold land	22,837,318	-	-	-
Buildings	581,761	-	-	-
Shophouses	-	-	-	-
	23,419,079	-	-	-
Fair value	26,670,000	-	-	-

6.2 The fair value of investment properties of the Group was categorised as Level 2 in the fair value hierarchy and the fair value was determined by external independent property valuers based on observable market price.

6.3 The carrying amounts of investment properties of the Group which have been charged to financial institutions in consideration for credit facilities granted as disclosed in Note 16 are as follows :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Freehold land	22,474,359	-	-	-
Buildings	320,720	-	-	-
	22,795,079	-	-	-

6.4 The amounts of rental income and operating expenses recognised in the profit or loss during the respective financial years in relation to the investment properties are as follows :-

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Rental income	529,850	518,400	-	-
Depreciation	30,717	27,390	-	-
Insurance	20,720	24,440	-	-
Quit rent and assessment	10,826	42,506	-	-

7. Intangible Assets

Computer software acquired

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Costs / Carrying amount				
At beginning of year	-	-	-	191,146
Additions	-	-	191,146	117,449
At end of year	-	-	191,146	308,595

The computer software was made available for use in January 2021 and accordingly amortisation will commence from that date. The acquisition costs, including all directly attributable costs incurred in preparing the software for its intended use, are to be amortised on the straight-line basis to administrative expenses over the asset's estimated useful life of 5 years.

8. Investment in a Subsidiary

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Unquoted shares, at cost	2	-	-	-

8.1 Details of the Subsidiary

Details of the subsidiary which is incorporated in Malaysia are as follows :-

		Effective interest in equity			
Name of company	**Principal activity**	**Audited 31.12.2017 %**	**Audited 31.12.2018 %**	**Audited 31.12.2019 %**	**Audited 31.12.2020 %**
CMT Properties Sdn Bhd (formerly known as Yenher Properties Sdn Bhd)	Investment holding	100	-	-	-

8.2 Disposal of Subsidiary

On 14 December 2018, the subsidiary was disposed of for a cash consideration of RM840 resulting in a gain on disposal of investment of RM838. The subsidiary was disposed to certain Directors of the Group namely Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye.

9. Inventories

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
At cost				
Raw materials	17,195,479	17,562,400	16,842,294	16,728,976
Finished goods	4,188,946	4,191,063	5,635,439	5,454,032
Distribution goods	5,401,242	6,815,845	6,335,007	5,854,906
Goods in-transit	4,836,314	1,440,686	1,429,211	2,986,698
	31,621,981	30,009,994	30,241,951	31,024,612

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Recognised in profit or loss				
Inventories recognised as an expense	126,753,974	131,054,780	133,729,623	149,599,040

10. Trade and Other Receivables

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Trade receivables (Note 10.1)	52,220,670	45,300,943	54,420,384	54,229,606
Other receivables (Note 10.2)	3,480,039	1,239,447	3,231,267	3,631,294
	55,700,709	46,540,390	57,651,651	57,860,900
Deposits (Note 10.3)	240,190	2,076,109	1,850,386	2,142,787
Prepayments	24,334	25,542	125,701	302,627
Goods and Services Tax claimable	-	84,347	17,056	-
	55,965,233	48,726,388	59,644,794	60,306,314

10.1 Trade Receivables

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Third parties	41,218,504	40,581,037	46,732,423	48,730,376
Related parties (Note 10.1(a))	12,877,211	8,097,509	8,944,618	6,545,163
	54,095,715	48,678,546	55,677,041	55,275,539
Allowance for impairment losses	(1,875,045)	(3,377,603)	(1,256,657)	(1,045,933)
	52,220,670	45,300,943	54,420,384	54,229,606

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

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

10. Trade and Other Receivables (Cont'd)

10.1 Trade Receivables (Cont'd)

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

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

31.12.2017 - Presented in accordance with MFRS 139

	Gross carrying amount RM	Individual impairment RM	Net carrying amount RM
Not past due	35,252,026	-	35,252,026
1 to 30 days past due	6,279,727	-	6,279,727
31 to 60 days past due	4,658,227	-	4,658,227
61 to 90 days past due	2,303,788	-	2,303,788
91 to 120 days past due	1,466,778	-	1,466,778
More than 120 days past due	4,135,169	(1,875,045)	2,260,124
	18,843,689	(1,875,045)	16,968,644
	54,095,715	(1,875,045)	52,220,670

31.12.2018 - Presented in accordance with MFRS 9

	Gross carrying amount RM	Loss allowances RM	Net carrying amount RM
Not credit impaired			
Not past due	32,022,885	(148,530)	31,874,355
1 to 30 days past due	8,283,806	(177,988)	8,105,818
31 to 60 days past due	2,733,762	(140,197)	2,593,565
61 to 90 days past due	1,168,518	(126,225)	1,042,293
91 to 120 days past due	736,754	(99,083)	637,671
121 to 210 days past due	892,075	(394,650)	497,425
	13,814,915	(938,143)	12,876,772
	45,837,800	(1,086,673)	44,751,127
Credit impaired			
More than 210 days	827,380	(277,564)	549,816
Individually impaired	2,013,366	(2,013,366)	-
	2,840,746	(2,290,930)	549,816
	48,678,546	(3,377,603)	45,300,943

10. Trade and Other Receivables (Cont'd)

10.1 Trade Receivables (Cont'd)

(c) The Group's exposure to credit risk and allowances for impairment losses on trade receivables are summarised below (Cont'd) :-

31.12.2019 - Presented in accordance with MFRS 9

	Gross carrying amount RM	Loss allowances RM	Net carrying amount RM
Not credit impaired			
Not past due	34,745,969	(145,303)	34,600,666
1 to 30 days past due	7,631,632	(123,736)	7,507,896
31 to 60 days past due	5,603,627	(172,903)	5,430,724
61 to 90 days past due	3,030,138	(124,980)	2,905,158
91 to 120 days past due	2,253,700	(98,464)	2,155,236
121 to 210 days past due	1,304,610	(169,586)	1,135,024
	19,823,707	(689,669)	19,134,038
	54,569,676	(834,972)	53,734,704
Credit impaired			
More than 210 days	773,287	(87,607)	685,680
Individually impaired	334,078	(334,078)	-
	1,107,365	(421,685)	685,680
	55,677,041	(1,256,657)	54,420,384

31.12.2020 - Presented in accordance with MFRS 9

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

10. Trade and Other Receivables (Cont'd)

10.1 Trade Receivables (Cont'd)

(d) The movements in the Group's allowances for impairment losses on trade receivables during the financial years covered by this report are as follows :-

31.12.2017 - Presented in accordance with MFRS 139

	Individually impaired RM
Balance at 1 January 2017	(1,479,494)
Addition	(1,740,752)
Reversal	102,404
Write-off	1,242,797
Balance at 31 December 2017	(1,875,045)

31.12.2018 - Presented in accordance with MFRS 9

	Lifetime expected credit losses RM	Credit impaired RM	Total RM
Balance at 31 December 2017 under MFRS 139	-	-	(1,875,045)
Adjustment on initial application of MFRS 9 (Note 3.1(b))	-	-	(1,719,887)
Balance at 1 January 2018 under MFRS 9	(1,719,887)	(1,875,045)	(3,594,932)
Write-off	-	137,368	137,368
Net gain/(loss) on remeasurement of loss allowances	633,214	(553,253)	79,961
Balance at 31 December 2018	(1,086,673)	(2,290,930)	(3,377,603)

31.12.2019 - Presented in accordance with MFRS 9

	Lifetime expected credit losses RM	Credit impaired RM	Total RM
Balance at 1 January 2019	(1,086,673)	(2,290,930)	(3,377,603)
Write-off	-	699,073	699,073
Net gain on remeasurement of loss allowances	251,701	1,170,172	1,421,873
Balance at 31 December 2019	(834,972)	(421,685)	(1,256,657)

10. Trade and Other Receivables (Cont'd)

10.1 Trade Receivables (Cont'd)

(d) The movements in the Group's allowances for impairment losses on trade receivables during the financial years covered by this report are as follows (Cont'd) :-

31.12.2020 - Presented in accordance with MFRS 9

	Lifetime expected credit losses RM	Credit impaired RM	Total RM
Balance at 1 January 2020	(834,972)	(421,685)	(1,256,657)
Net gain/(loss) on remeasurement of loss allowances	508,488	(297,764)	210,724
Balance at 31 December 2020	(326,484)	(719,449)	(1,045,933)

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

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
United States Dollar	2,706,433	2,180,290	2,804,801	2,934,650
Ringgit Malaysia	49,514,237	43,120,653	51,615,583	51,294,956
	52,220,670	45,300,943	54,420,384	54,229,606

10.2 Other Receivables

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Third parties	3,333,433	1,239,447	3,231,267	3,631,294
Director (Note 10.2(a))	146,606	-	-	-
	3,480,039	1,239,447	3,231,267	3,631,294

(a) The indebtedness with a Director was interest-free, unsecured and was repayable on demand.

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

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
United States Dollar	-	-	245,550	325,584
Ringgit Malaysia	3,480,039	1,239,447	2,985,717	3,305,710
	3,480,039	1,239,447	3,231,267	3,631,294

10. Trade and Other Receivables (Cont'd)

10.3 Deposits

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Third parties	240,190	2,000,109	1,774,386	2,066,787
Related party	-	76,000	76,000	76,000
	240,190	2,076,109	1,850,386	2,142,787

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

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

Deposits paid to third parties include the following :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Deposits paid to supplier for purchase of machinery	-	1,646,696	1,646,696	1,646,696

11. Short-term Deposits, Cash and Bank Balances

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Short-term deposits with licensed banks	1,405,084	2,905,084	14,109,793	9,839,553
Cash and bank balances	6,086,816	10,930,837	6,216,997	16,395,389
As presented in the statements of financial position	7,491,900	13,835,921	20,326,790	26,234,942
Less : Short-term deposits pledged as security	(1,405,084)	(1,905,084)	(1,542,553)	(1,539,553)
Cash and cash equivalents - as presented in the statements of cash flows	6,086,816	11,930,837	18,784,237	24,695,389

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

The effective interest rates of the Group's short-term deposits with licensed banks as at the end of the respective financial years are as follows :-

	Effective interest rates
31.12.2017	ranged from 3.10% to 3.15% per annum
31.12.2018	ranged from 3.05% to 3.35% per annum
31.12.2019	ranged from 3.15% to 3.58% per annum
31.12.2020	ranged from 1.45% to 3.36% per annum

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

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

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Singapore Dollar	25	25	25	25
New Taiwan Dollar	-	-	-	109,011
Euro	6,478	353,756	52,820	22,943
United States Dollar	256,787	676,876	551,349	632,379
Ringgit Malaysia	7,228,610	12,805,264	19,722,596	25,470,584
	7,491,900	13,835,921	20,326,790	26,234,942

12. Share Capital and Invested Equity

12.1 Share Capital

The movements in share capital during the financial years presented in this report are as follows :-

	Issued and fully paid-up ordinary shares			
	Audited 31.12.2017	Audited 31.12.2018	Audited 31.12.2019	Audited 31.12.2020
Number of shares				
At beginning of year	-	-	-	-
Issued on incorporation of the Company on 9 March 2020	-	-	-	2
Issued for acquisition of a subsidiary (Note 32.1)	-	-	-	235,568,998
At end of year	-	-	-	235,569,000
Value (RM)				
At beginning of year	-	-	-	-
Issued on incorporation of the Company on 9 March 2020	-	-	-	2
Issued for acquisition of a subsidiary (Note 32.1)	-	-	-	117,784,499
At end of year	-	-	-	117,784,501

All of the issued ordinary shares of the Company do not have par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the shareholders' meetings of the Company.

As disclosed in Note 32.1, on 28 August 2020, the Company issued 235,568,998 new ordinary shares at an issue price of RM0.50 per share for the satisfaction of consideration payable for the acquisition of Yenher Agro amounting to RM117,784,499. All the new ordinary shares issued during the financial year ended 31 December 2020 rank pari passu in all respects with the existing ordinary shares of the Company.

12. Share Capital and Invested Equity (Cont'd)

12.2 Invested Equity

For the purpose of the combined financial statements, the invested equity at the end of the respective financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 is the aggregate of the share capital of Yenher Agro and Yenher Biotech.

The movements of the invested equity during the financial years presented in this report are as follows :-

	Issued and fully paid-up ordinary shares			
	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
At beginning of year	2,000,100	2,250,000	2,250,000	2,250,000
Issued during the year	249,900	-	-	-
Reversed against the purchase consideration for the acquisitions of Yenher Agro and Yenher Biotech on the application of merger accounting (Note 32.1)	-	-	-	(2,250,000)
At end of year	2,250,000	2,250,000	2,250,000	-

13. Merger Deficit

The merger deficit arose from the difference between the purchase consideration and the issued share capital of the subsidiaries acquired upon consolidation using the principles of merger accounting in respect of business combinations under common control (Note 32.1).

14. Revaluation Reserve

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
At beginning of year	-	-	-	8,412,396
Revaluation surplus during the year	-	-	9,674,666	1,053,410
Transfer to retained profits	-	-	-	(15,752)
Deferred tax effect on current year revaluation surplus (Note 15)	-	-	(1,262,270)	(112,818)
At end of year	-	-	8,412,396	9,337,236

Revaluation reserve represents net of tax surplus from revaluation of land and buildings included under property, plant and equipment (Note 5.1). As disclosed in Note 2.2.2, with effect from 31 December 2019, the Group has changed its accounting policy on subsequent measurement of land and buildings from the cost model to revaluation model and this change in accounting policy has been applied prospectively from 31 December 2019. Accordingly, there is no revaluation reserve for 31 December 2017 and 31 December 2018.

15. Deferred Tax Liabilities

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
At beginning of year :				
- As previously stated	143,000	230,000	15,000	1,159,695
- Effects on adoption of MFRS 9 (Note 3.1)	-	(411,000)	-	-
- As restated	143,000	(181,000)	15,000	1,159,695
Recognised in profit or loss (Note 20)	87,000	196,000	(117,575)	177,538
Recognised in other comprehensive income (Note 14)	-	-	1,262,270	112,818
At end of year	230,000	15,000	1,159,695	1,450,051

15.1 The components and movements of deferred tax liabilities and deferred tax assets, prior to offsetting, during the financial years presented in this report are as follows :-

31.12.2017 - Audited

	As at 01.01.2017 RM	Recognised in profit or loss RM	As at 31.12.2017 RM
Deferred tax liabilities			
Excess of capital allowances over depreciation	213,000	41,000	254,000
Deferred tax assets			
Other deductible temporary differences	(70,000)	46,000	(24,000)
	143,000	87,000	230,000

31.12.2018 - Audited

	As at 01.01.2018 (As previously stated) RM	Effects on adoption of MFRS 9 (Note 3.1) RM	As at 01.01.2018 (Restated) RM	Recognised in profit or loss RM	As at 31.12.2018 RM
Deferred tax liabilities					
Excess of capital allowances over depreciation	254,000	-	254,000	89,805	343,805
Other taxable temporary differences	-	-	-	2,000	2,000
	254,000	-	254,000	91,805	345,805
Deferred tax assets					
Unutilised capital allowances	-	-	-	(4,805)	(4,805)
Other deductible temporary differences	(24,000)	(411,000)	(435,000)	109,000	(326,000)
	(24,000)	(411,000)	(435,000)	104,195	(330,805)
	230,000	(411,000)	(181,000)	196,000	15,000

15. Deferred Tax Liabilities (Cont'd)

15.1 The components and movements of deferred tax liabilities and deferred tax assets, prior to offsetting, during the financial years presented in this report are as follows (Cont'd) :-

31.12.2019 - Audited

	As at 01.01.2019 (As previously stated) RM	Effects on adoption of MFRS 16 (Note 3.3) RM	As at 01.01.2019 (Restated) RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	As at 31.12.2019 RM
Deferred tax liabilities						
Excess of capital allowances over depreciation	343,805	-	343,805	(11,935)	-	331,870
Revaluation of land and buildings	-	-	-	(126,483)	1,262,270	1,135,787
Right-of-use assets	-	751,470	751,470	(200,391)	-	551,079
Other taxable temporary differences	2,000	-	2,000	(1,191)	-	809
	345,805	751,470	1,097,275	(340,000)	1,262,270	2,019,545
Deferred tax assets						
Unutilised capital allowances	(4,805)	-	(4,805)	(57,912)	-	(62,717)
Lease liabilities	-	(751,470)	(751,470)	187,703	-	(563,767)
Other deductible temporary differences	(326,000)	-	(326,000)	92,634	-	(233,366)
	(330,805)	(751,470)	(1,082,275)	222,425	-	(859,850)
	15,000	-	15,000	(117,575)	1,262,270	1,159,695

15. Deferred Tax Liabilities (Cont'd)

15.1 The components and movements of deferred tax liabilities and deferred tax assets, prior to offsetting, during the financial years presented in this report are as follows (Cont'd) :-

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

15.2 As at the end of the respective financial years, the amounts of unutilised capital allowances and unabsorbed tax losses for which deferred tax assets have not been recognised in the financial statements presented are as follows :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Unutilised capital allowances	-	10,296	34,721	-
Unabsorbed tax losses	-	105,052	229,715	140,771
	-	115,348	264,436	140,771

16. Bank Borrowings (Secured)

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Non-current liabilities				
Term loans (Note 16.1)	12,006,330	5,167,762	4,751,445	-
Current liabilities				
Term loans (Note 16.1)	2,032,558	597,588	480,003	-
Bankers' acceptances (Note 16.2)	3,932,000	-	-	-
	5,964,558	597,588	480,003	-
	17,970,888	5,765,350	5,231,448	-

16. Bank Borrowings (Secured) (Cont'd)

16.1 Term Loans

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Term loan I - repayable by way of 144 monthly instalments commencing from December 2012 which was fully settled during the financial year ended 31 December 2018	7,016,289	-	-	-
Term loan II - repayable by way of 144 monthly instalments commencing from December 2012 which was fully settled during the financial year ended 31 December 2018	645,918	-	-	-
Term loan III - repayable by way of 120 monthly instalments commencing from November 2016	6,376,681	5,765,350	5,231,448	-
	14,038,888	5,765,350	5,231,448	-

The term loans are repayable as follows :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Current liabilities - Within 1 year	2,032,558	597,588	480,003	-
Non-current liabilities :				
- within 2 to 5 years	6,482,394	2,684,735	3,053,380	-
- more than 5 years	5,523,936	2,483,027	1,698,065	-
	12,006,330	5,167,762	4,751,445	-
Total term loans repayable	14,038,888	5,765,350	5,231,448	-

The term loans are secured by way of legal charges over certain properties of the Group and are jointly and severally guaranteed by certain Directors of the Group.

The effective interest rates of term loans as at the end of the respective financial years are as follows :-

	Audited 31.12.2017 per annum	Audited 31.12.2018 per annum	Audited 31.12.2019 per annum	Audited 31.12.2020 per annum
Term loan I	4.55%	-	-	-
Term loan II	2.50%	-	-	-
Term loan III	4.45%	4.70%	7.70%	-

16. Bank Borrowings (Secured) (Cont'd)

16.2 Bankers' Acceptances

The bankers' acceptances are secured by way of legal charges over certain properties of the Group and its short-term deposits (Note 11) and are jointly and severally guaranteed by certain Directors of the Group.

The effective interest rate of bankers' acceptances as at the end of the respective financial years are as follows :-

	Audited 31.12.2017 per annum	Audited 31.12.2018 per annum	Audited 31.12.2019 per annum	Audited 31.12.2020 per annum
Bankers' acceptances	3.59%	-	-	-

17. Trade and Other Payables

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Trade payables (Note 17.1)	14,610,194	13,830,869	13,372,043	11,260,492
Other payables and accruals (Note 17.2)	33,343,808	7,834,595	7,699,086	9,983,716
	47,954,002	21,665,464	21,071,129	21,244,208

17.1 Trade Payables

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Third parties	14,473,921	13,606,305	13,281,760	11,029,148
Related parties (Note 17.1(a))	136,273	224,564	90,283	231,344
	14,610,194	13,830,869	13,372,043	11,260,492

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

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

(b) The normal credit periods of the Group's trade payables for the respective financial years presented are as follows :-

	Audited 31.12.2017	Audited 31.12.2018	Audited 31.12.2019	Audited 31.12.2020
Credit periods of trade payables	30 to 60 days	7 to 90 days	7 to 90 days	7 to 90 days

17. Trade and Other Payables (Cont'd)

17.1 Trade Payables (Cont'd)

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

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Euro	1,358,501	1,185,220	1,973,079	908,670
United States Dollar	6,269,573	5,057,072	2,960,677	1,797,580
Ringgit Malaysia	6,982,120	7,588,577	8,438,287	8,554,242
	14,610,194	13,830,869	13,372,043	11,260,492

17.2 Other Payables and Accruals

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Third parties	10,424,060	7,833,395	7,695,587	9,983,716
Related parties (Note 17.2(a))	-	1,200	3,499	-
Directors	22,919,748	-	-	-
	33,343,808	7,834,595	7,699,086	9,983,716

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

The indebtednesses including the indebtednesses with Directors are interest-free, unsecured and are repayable on demand.

(b) The Group's other payables are denominated in the following currencies :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
United States Dollar	-	-	103,868	-
Ringgit Malaysia	33,343,808	7,834,595	7,595,218	9,983,716
	33,343,808	7,834,595	7,699,086	9,983,716

18. Revenue

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

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Manufacturing	83,122,098	86,774,363	98,291,309	112,944,382
Distribution	94,257,659	94,334,921	80,769,910	89,690,555
	177,379,757	181,109,284	179,061,219	202,634,937

Disaggregation of revenue by geographical locations is disclosed in Note 29.2.

19. Profit before Taxation

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
This is stated after charging :-				
Auditors' remuneration :				
- Annual statutory audit				
Current year	54,600	59,300	61,800	44,000
Under/(Over) provided in prior year	3,000	-	(2,500)	(5,000)
- Interim audit	-	-	-	33,000
- Non-audit fees				
Current year	-	4,500	2,000	-
Under provided in prior year	-	-	-	1,000
Bad debts written off	26,856	76,076	-	-
Depreciation of investment properties	30,717	27,390	-	-
Depreciation of property, plant and equipment	1,177,258	867,279	869,284	950,166
Depreciation of right-of-use assets	-	-	847,371	855,929
Directors' remuneration :				
- Fees	2,400,000	2,400,000	1,200,000	3,000,000
- Salaries and other remuneration	2,540,716	3,035,348	4,559,697	5,866,998
Expenses relating to short-term leases	-	-	156,100	150,990
Impairment losses on property, plant and equipment	1,046,406	-	-	-
Interest expenses :				
- Lease liabilities	-	-	129,902	92,505
- Others	863,401	435,640	335,857	104,002

19. Profit before Taxation (Cont'd)

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
This is stated after charging (Cont'd) :-				
Loss on foreign exchange :				
- Realised	-	97,868	-	285,461
- Unrealised	103,853	-	20,580	127,430
Loss on disposal of property, plant and equipment	-	-	-	2,979
Net impairment losses on trade receivables	1,638,348	-	-	-
Pre-operating expenses	-	18,289	-	-
Property, plant and equipment written off	-	10,627	20,317	-
Refundable deposits written off	-	-	4,000	-
Rental of premises	603,600	973,200	-	-
Loss on revaluation of property, plant and equipment	-	-	527,005	-
and crediting :-				
Gain on foreign exchange :				
- Realised	159,670	-	139,544	-
- Unrealised	-	8,789	-	-
Gain on disposal of a subsidiary	-	838	-	-
Gain on disposal of investment properties	614,699	3,278,311	-	-
Gain on disposal of other investment	1,983	-	-	-
Gain on disposal of property, plant and equipment	49,489	3,822,594	49,999	-
Interest income	10,733	76,347	488,625	200,700
Net reversal of impairment losses on trade receivables	-	79,961	1,421,873	210,724
Rental income	535,850	518,400	-	-
Reversal of loss on revaluation of property, plant and equipment	-	-	-	5,814
Wage subsidy	-	-	-	27,000

20. Taxation

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Current year Malaysian income tax	6,896,000	6,953,000	6,550,000	7,222,000
Deferred tax expense/(income) resulting from origination and reversal of temporary differences	3,000	198,000	191,794	30,594
	6,899,000	7,151,000	6,741,794	7,252,594
(Over)/Under provided in prior year :				
- Income tax	(99,836)	(295,281)	(123,713)	(137,967)
- Deferred tax	84,000	(2,000)	(309,369)	146,944
- Real Property Gains Tax	-	35,420	269,737	-
	6,883,164	6,889,139	6,578,449	7,261,571

20.1 The general income tax rate in Malaysia throughout the financial years under review is 24% of taxable income. In respect of companies with issued capital not exceeding RM2,500,000, the income tax rates are as follows :-

Year of assessment	Chargeable income	Income tax rates
2017 and 2018	On the first RM500,000	18%
	On subsequent chargeable income	Between 20% and 24%, depending on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment
2019	On the first RM500,000	17%
	On subsequent chargeable income	24%
2020	On the first RM600,000 and having an annual gross income from business sources of not more than RM50,000,000	17%
	On subsequent chargeable income	24%

Since a subsidiary, namely Yenher Agro's annual gross income from business sources has exceeded RM50,000,000 during the financial year 2020, it does not qualify for the concessionary income tax rate of 17%.

20. Taxation (Cont'd)

20.2 A reconciliation of tax expense applicable to the profit before taxation at the applicable statutory tax rate to the tax expense at the effective tax rate of the Group is as follows :-

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Profit before taxation	25,921,538	34,174,451	26,323,687	29,658,122
Taxation at the statutory tax rate of 24%	6,221,169	8,201,868	6,317,685	7,117,949
Tax savings on profit taxable at reduced/ scale rates	(30,000)	(30,000)	(35,000)	-
	6,191,169	8,171,868	6,282,685	7,117,949
Tax effects in respect of :-				
Income not subject to tax	(132,000)	(1,861,229)	(30,523)	(122,621)
Deemed interest income for tax purposes	1,000	-	-	-
Expenses not deductible for tax purposes	849,831	795,961	453,852	299,300
Current year deferred tax assets not recognised	-	44,400	35,780	-
Difference in tax rate	(4,000)	-	-	-
Tax savings arising from utilisation of previously unrecognised deferred tax assets	(7,000)	-	-	(42,034)
(Over)/Under provision in prior year :				
- Income tax	(99,836)	(295,281)	(123,713)	(137,967)
- Deferred tax	84,000	(2,000)	(309,369)	146,944
- Real Property Gains Tax	-	35,420	269,737	-
Total tax expense	6,883,164	6,889,139	6,578,449	7,261,571

20.3 Subject to the agreement with the Inland Revenue Board, as at the end of the financial years under review, the Group has the following estimated unutilised capital allowances and unabsorbed tax losses which are available for set-off against future taxable income :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Unutilised capital allowances	-	30,318	296,044	-
Unabsorbed tax losses	-	105,052	229,715	140,771
	-	135,370	525,759	140,771

20. Taxation (Cont'd)

20.4 A subsidiary, namely Yenher Biotech has been granted with BioNexus ("BNX") status by the Malaysian Bioeconomy Development Corporation Sdn Bhd ("MBDC") on 8 September 2017 which exempts 100% of statutory income of the subsidiary from Malaysian income tax for a period of 5 years from the first year Yenher Biotech derives statutory income.

On 22 May 2020, the Inland Revenue Board has issued the Public Ruling No. 1/2020 (the "PR") which introduced the substantial activities requirement that must be fulfilled commencing from 16 October 2017 by a BNX status company in order to be eligible for the tax exemption incentive. The substantial activities requirement is however not applicable to Yenher Biotech until 30 June 2021. To enable Yenher Biotech to continue to be eligible for the tax exemption from 1 July 2021 onwards, Yenher Biotech had submitted an application to MBDC on 10 December 2020. The application has been approved on 31 May 2021.

21. Earnings per Share

21.1 Basic

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

	Audited 01.01.2017 to 31.12.2017	**Audited 01.01.2018 to 31.12.2018**	**Audited 01.01.2019 to 31.12.2019**	**Audited 01.01.2020 to 31.12.2020**
Profit for the year attributable to owners of the Company (RM)	19,038,374	27,285,312	19,745,238	22,396,551
Weighted average number of ordinary shares outstanding during financial year	235,569,000[(1)]	235,569,000[(1)]	235,569,000[(1)]	235,569,000[(1)]
Earnings per share (Sen)	8.08	11.58	8.38	9.51

(1) The weighted average number of ordinary shares is based on the total number of ordinary shares issued after the completion of the acquisition of Yenher Agro as disclosed in Note 32.1. For the purpose of calculating the earnings per share for the financial years ended 31 December 2017 to 31 December 2020, the same weighted average number ordinary shares has been used as if the Group has been in existence since the beginning of the earliest period presented.

21.2 Diluted

The diluted earnings per share is equal to the basic earnings per share as there are no dilutive potential ordinary shares outstanding as at 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020.

22. Dividends

Dividends declared by Yenher Agro are as follows :-

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Single tier interim dividend of RM10 per ordinary share in respect of the financial year ended 31 December 2017	20,000,000	-	-	-
Single tier interim dividend of RM12.50 per ordinary share in respect of the financial year ended 31 December 2018	-	25,000,000	-	-
Single tier interim dividend of RM4.95 per ordinary share in respect of the financial year ended 31 December 2019	-	-	9,900,000	-
	20,000,000	25,000,000	9,900,000	-

23. Staff Costs and Employees Information

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Staff costs comprised :-				
Salaries, bonus, overtime, commission, allowances and incentives	8,482,177	9,082,961	11,307,459	13,092,499
Amount contributed under defined contribution plan – Employees Provident Fund	1,036,827	1,284,032	1,579,563	1,656,525
Others	368,121	511,821	560,758	485,849
	9,887,125	10,878,814	13,447,780	15,234,873

The number of persons employed by the Group as at end of the respective financial years are as follows :-

	Audited 31.12.2017	Audited 31.12.2018	Audited 31.12.2019	Audited 31.12.2020
Directors	3	3	4	4
Employees	106	117	134	135
	109	120	138	139

24. Notes to Statements of Cash Flows

Liabilities arising from financing activities

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

	As at 01.01.2017 RM	Net cash flows RM	As at 31.12.2017 RM
31.12.2017 - Audited			
Term loans	16,072,072	(2,033,184)	14,038,888
Bankers' acceptances	7,049,000	(3,117,000)	3,932,000
	23,121,072	(5,150,184)	17,970,888

	As at 01.01.2018 RM	Net cash flows RM	As at 31.12.2018 RM
31.12.2018 - Audited			
Term loans	14,038,888	(8,273,538)	5,765,350
Bankers' acceptances	3,932,000	(3,932,000)	-
	17,970,888	(12,205,538)	5,765,350

	As at 01.01.2019 (As previously stated) RM	Effects on adoption of MFRS 16 (Note 3.3) RM	As at 01.01.2019 (Restated) RM	Net cash flows RM	As at 31.12.2019 RM
31.12.2019 - Audited					
Term loans	5,765,350	-	5,765,350	(533,902)	5,231,448
Lease liabilities	-	3,131,125	3,131,125	(782,098)	2,349,027
	5,765,350	3,131,125	8,896,475	(1,316,000)	7,580,475

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

25. Contingent Liabilities

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Secured				
Financial guarantee favouring a third party for supply of utilities (secured together with bankers' acceptances facility - Note 16.2)	-	32,000	35,000	35,000
Unsecured				
Corporate guarantees given to licensed banks for credit facilities granted to companies in which certain Directors of the Group have substantial financial interests	17,920,790	17,492,738	12,042,000	-

26. Capital Commitments

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Authorised and contracted capital expenditure not provided for in the financial statements :				
- Acquisition of property, plant and equipment	-	10,159,184	10,110,900	9,647,405
- Acquisition of intangible assets	-	-	121,600	-
	-	10,159,184	10,232,500	9,647,405
Authorised but not contracted for :				
- Construction of a new factory building	-	-	-	32,000,000

27. Leases

(a) Presented in accordance with MFRS 117 *Leases*

Non-cancellable operating lease commitments were payable as follows :-

	Audited 31.12.2017 RM	Audited 31.12.2018 RM
Within 1 year	-	951,000
Within 2 to 5 years	-	1,617,000
	-	2,568,000

27. Leases (Cont'd)

(b) Presented in accordance with MFRS 16 *Leases*

Total cash outflows for leases for the financial years are as follows :-

	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Cash outflows for leases		
Payments of lease liabilities (Note 24)	782,098	819,495
Payments relating to short-term leases	156,100	150,990
Interest paid in relation to lease liabilities	129,902	92,505
Total cash outflows for the year	1,068,100	1,062,990

28. Related Party Transactions

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

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

28.1 The transactions with related parties

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Transactions with companies in which certain Directors of the Group have substantial financial interests :				
- Rental expenses	(560,400)	(916,200)	-	-
- Payments for leases	-	-	(954,000)	(960,000)
- Disposal of investment properties	905,000	26,670,000	-	-
- Disposal of property, plant and equipment	-	16,000,000	-	-
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :				
- Sales of goods	34,668,747	30,500,644	23,477,388	20,947,456
- Sales of motor vehicle	39,623	-	-	-
- Purchases of goods	(5,309,316)	(2,807,075)	(4,568,771)	(1,804,529)
- Rental income	486,000	493,000	-	-
- Rendering of services	(47,468)	(11,603)	(165,833)	(587,988)

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28. Related Party Transactions (Cont'd)

28.1 The transactions with related parties (Cont'd)

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Transactions with certain Directors of the Group :				
- Rental expenses	-	(15,000)	-	-
- Payments for short-term leases	-	-	(18,000)	(18,000)
- Disposal of a subsidiary (Note 8.2)	-	840	-	-

28.2 Year-end outstanding balances with related parties

The year-end outstanding balances with the related parties and their terms and conditions are disclosed in Notes 10 and 17. Impairment losses recognised in respect of the amount due by the related parties for the respective financial years are as follows :-

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Net addition/(reversal) of impairment losses	-	15,170	52,492	(66,835)

28.3 Transaction with other related parties

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Employment benefits provided to an individual related to a Director of the Group :				
- Short-term employee benefits	215,444	666,000	850,000	-
- Contributions to Employees Provident Fund	41,040	126,540	161,500	-
- Others	829	923	770	-
	257,313	793,463	1,012,270	-

28. Related Party Transactions (Cont'd)

28.4 Key management personnel compensation

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

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Short-term employee benefits	2,133,945	2,462,143	3,830,774	4,929,954
Contributions to Employees Provident Fund	405,942	572,337	727,846	935,213
Directors' fees	2,400,000	2,400,000	1,200,000	3,000,000
Others	829	868	1,077	1,831
	4,940,716	5,435,348	5,759,697	8,866,998
Benefits-in-kind	-	74,823	74,823	68,625
	4,940,716	5,510,171	5,834,520	8,935,623

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

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Included under other payables and accruals	4,078,520	3,628,472	4,027,859	5,974,890

29. Operating Segments

29.1 Reportable segment

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

29. Operating Segments (Cont'd)

29.2 Geographical information

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

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Revenue from :				
- Malaysian customers	160,470,012	161,349,490	163,505,173	181,910,583
- Overseas customers	16,909,745	19,759,794	15,556,046	20,724,354
	177,379,757	181,109,284	179,061,219	202,634,937

	Audited 31.12.2017 RM	Audited 31.12.2018 RM	Audited 31.12.2019 RM	Audited 31.12.2020 RM
Non-current assets located in Malaysia	59,062,490	23,136,822	35,885,662	36,645,487

29.3 Major customers

Revenue from transactions with major customers who individually accounted for 10 percent or more of the Group's revenue are summarised below :-

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
Customer A	23,265,119	21,143,907	-	-

There was no single customer which contributed more than 10% of the Group's total revenue for the financial years ended 31 December 2019 and 31 December 2020.

30. Financial Instruments and Financial Risk Management

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

Financial assets of the Group include trade and other receivables, refundable deposits, short-term deposits with licensed banks, cash and bank balances.

Financial liabilities of the Group include trade and other payables as well as bank borrowings.

30.1 Categories of Financial Instruments

As explained in Note 3.1, the Group adopted MFRS 9 *Financial Instruments* beginning from 1 January 2018 without restating prior periods in accordance with the transitional provisions of the Standard. The financial instruments information presented for the financial year ended 31 December 2017 in these financial statements do not reflect the requirements of MFRS 9 but rather those of MFRS 139.

The Group's financial instruments as at the end of the financial years presented are categorised as follows :-

(a) Loans and receivables ("L&R")
(b) Financial assets measured at amortised cost ("FAAC")
(c) Financial liabilities measured at amortised cost ("FLAC")

	Audited 31.12.2017 L&R RM	Audited 31.12.2018 FAAC RM	Audited 31.12.2019 FAAC RM	Audited 31.12.2020 FAAC RM
Financial assets				
Trade and other receivables	55,700,709	46,540,390	57,651,651	57,860,900
Refundable deposits	240,190	429,413#	203,690#	496,091#
Short-term deposits, cash and bank balances	7,491,900	13,835,921	20,326,790	26,234,942
	63,432,799	60,805,724	78,182,131	84,591,933

Exclude deposit paid for purchase of machinery (Note 10.3)

	Audited 31.12.2017 FLAC RM	Audited 31.12.2018 FLAC RM	Audited 31.12.2019 FLAC RM	Audited 31.12.2020 FLAC RM
Financial liabilities				
Trade and other payables	47,954,002	21,665,464	21,071,129	21,244,208
Bank borrowings	17,970,888	5,765,350	5,231,448	-
	65,924,890	27,430,814	26,302,577	21,244,208

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

30.2 Financial Risk Management

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

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

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

(a) Credit risk

Risk management

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade and other receivables, refundable deposits, short-term deposits placed with licensed banks and bank balances. The Group's exposure to credit risk includes financial guarantees provided to licensed banks for credit facilities of related parties as disclosed in Note 25.

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

It is inherent in the Group's business to make individually large sales to its customers that may lead to a significant concentration of credit risks. Such risks are managed by ensuring that transactions are only carried out with customers with a reliable financial profile.

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

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

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

The Group provides unsecured corporate guarantees (financial guarantee contracts) to licensed banks for credit facilities granted to related parties. The Group monitors on an on-going basis the results of the related parties and their ability to fulfil the financial obligations. The Group's maximum exposure to credit risk arising from the corporate guarantees is represented by the amount of corporate guarantees provided as disclosed in Note 25. The fair values of the financial liabilities in respect of these corporate guarantees had not been recognised in the Group's financial statements as the fair values on initial recognition were not material. As at 31 December 2020, the Group did not have such exposure as the corporate guarantees have been fully discharged during the said financial year.

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Credit risk concentration profile

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

	Audited 31.12.2017	Audited 31.12.2018	Audited 31.12.2019	Audited 31.12.2020
Number of major customers	10	7	10	12
Percentage of exposure of total trade receivables	54%	41%	48%	45%

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

Measurement of expected credit loss allowances

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

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

In addition to these debt instruments, the Group has provided corporate guarantees as disclosed in Note 25 that are subject to the ECLs impairment model.

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

In respect of the corporate guarantees provided to licensed banks for credit facilities granted to the related parties, as at the end of the financial years under review, there was no indication that the related parties would default on their repayment. Accordingly, no loss allowance was recognised in the financial statements.

Trade receivables using the simplified approach

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

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

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

30.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Trade receivables using the simplified approach (Cont'd)

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

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

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

The Group's exposure to credit risk and allowance on ECLs for trade receivables are disclosed in Note 10.1.

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

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

Other receivables and refundable deposits

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

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

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

30.2 Financial Risk Management (Cont'd)

(b) Liquidity and cash flow risks

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

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

Maturity analysis

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

	Maturity profile				Effective interest rate per annum
	Within 1 year RM	**Between 1 year to 5 years RM**	**More than 5 years RM**	**Total RM**	**%**
31.12.2017 - Audited					
Trade and other payables	47,954,002	-	-	47,954,002	-
Term loans	2,669,472	10,677,888	6,781,228	20,128,588	2.50 to 4.55
Bankers' acceptances	3,932,000	-	-	3,932,000	3.59
Financial guarantee contracts	17,920,790	-	-	17,920,790	-
31.12.2018 - Audited					
Trade and other payables	21,665,464	-	-	21,665,464	-
Term loans	868,560	3,474,240	2,483,027	6,825,827	4.70
Financial guarantee contracts	17,492,738	-	-	17,492,738	-
31.12.2019 - Audited					
Trade and other payables	21,071,129	-	-	21,071,129	-
Term loans	868,560	4,342,800	1,788,600	6,999,960	7.70
Lease liabilities	912,000	1,596,000	-	2,508,000	4.70
Financial guarantee contracts	12,042,000	-	-	12,042,000	-
31.12.2020 - Audited					
Trade and other payables	21,244,208	-	-	21,244,208	-
Lease liabilities	912,000	684,000	-	1,596,000	4.70

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

30.2 Financial Risk Management (Cont'd)

(c) Market risk

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

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

(d) Currency risk

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

The Group does not speculate in foreign currency derivatives.

Exposure to currency risk

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

	Denominated in foreign currency				
	USD RM	**EURO RM**	**NTD RM**	**SGD RM**	**Total RM**
31.12.2017 - Audited					
Trade receivables	2,706,433	-	-	-	2,706,433
Short-term deposits, cash and bank balances	256,787	6,478	-	25	263,290
Trade payables	(6,269,573)	(1,358,501)	-	-	(7,628,074)
	(3,306,353)	(1,352,023)	-	25	(4,658,351)
31.12.2018 - Audited					
Trade receivables	2,180,290	-	-	-	2,180,290
Short-term deposits, cash and bank balances	676,876	353,756	-	25	1,030,657
Trade payables	(5,057,072)	(1,185,220)	-	-	(6,242,292)
	(2,199,906)	(831,464)	-	25	(3,031,345)

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

30.2 Financial Risk Management (Cont'd)

(d) Currency risk (Cont'd)

Exposure to currency risk (Cont'd)

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

	Denominated in foreign currency				
	USD RM	**EURO RM**	**NTD RM**	**SGD RM**	**Total RM**
31.12.2019 - Audited					
Trade receivables	2,804,801	-	-	-	2,804,801
Other receivables	245,550	-	-	-	245,550
Short-term deposits, cash and bank balances	551,349	52,820	-	25	604,194
Trade payables	(2,960,677)	(1,973,079)	-	-	(4,933,756)
Other payables and accruals	(103,868)	-	-	-	(103,868)
	537,155	(1,920,259)	-	25	(1,383,079)
31.12.2020 - Audited					
Trade receivables	2,934,650	-	-	-	2,934,650
Other receivables	325,584	-	-	-	325,584
Short-term deposits, cash and bank balances	632,379	22,943	109,011	25	764,358
Trade payables	(1,797,580)	(908,670)	-	-	(2,706,250)
	2,095,033	(885,727)	109,011	25	1,318,342

Currency risk sensitivity analysis

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

	Audited 01.01.2017 to 31.12.2017 RM	**Audited 01.01.2018 to 31.12.2018 RM**	**Audited 01.01.2019 to 31.12.2019 RM**	**Audited 01.01.2020 to 31.12.2020 RM**
USD	(330,635)	(219,991)	53,716	209,503
EURO	(135,202)	(83,146)	(192,026)	(88,573)
NTD	-	-	-	10,901
SGD	3	3	3	3

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

30.2 Financial Risk Management (Cont'd)

(e) Interest rate risk

The Group has interest rate risk in respect of its short-term deposits placed with licensed banks and bank borrowings.

The Group's short-term deposits placed with licensed banks and bankers' acceptances are subject to interest based on fixed rates while term loans are subject to interest based on floating rates.

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

Interest rate risk sensitivity analysis

As the Group short-term deposits with licensed banks and bankers' acceptances are based on fixed rates, a change in interest rates at the end of the reporting periods presented would not affect profit or loss or equity.

In respect of the floating rate term loans, a change in interest rate by +/- 100 basis points ("bps") at the end of the respective financial years presented would have the following impact on the Group's profit or loss :-

	Audited 01.01.2017 to 31.12.2017 RM	Audited 01.01.2018 to 31.12.2018 RM	Audited 01.01.2019 to 31.12.2019 RM	Audited 01.01.2020 to 31.12.2020 RM
+100 bps	(140,389)	(57,654)	(52,314)	-
-100 bps	140,389	57,654	52,314	-

30.3 Fair Value of Financial Instruments

(a) The carrying amounts of term loans are reasonable approximation of their fair values as they are priced to market interest rates.

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

(c) The fair values on initial recognition of financial liabilities in respect of unsecured corporate guarantees provided to licensed banks for credit facilities granted to related parties had not been recognised in the Group's financial statements as such fair values were not material as the borrowing rates imposed by the licensed banks were not significantly different from those without such guarantees.

There were no transfers in between fair value levels during the financial years ended 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020.

31. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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

In the management of capital risk, the Group takes into consideration the net debt equity ratio as well as the Group's working capital requirement. As at end of each reporting period, the Group has excess cash and cash equivalents over its borrowings.

There were no changes in the Group's approach to capital management throughout the financial years under review.

32. Significant Events During the Financial Year Ended 31 December 2020

32.1 Acquisitions of subsidiaries

During the financial year ended 31 December 2020, the Company acquired the following subsidiaries :-

(a) On 28 August 2020, the Company entered into a conditional share sale agreement ("SSA") with the previous shareholders of Yenher Agro for the acquisition of 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 which was wholly satisfied by the issuance of 235,568,998 new ordinary shares of the Company at an issue price of RM0.50 each to the previous shareholders of Yenher Agro.

(b) On the same date, the Company entered into another SSA with the previous shareholders of Yenher Biotech for the acquisition of 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 which was satisfied by cash.

The acquisitions of Yenher Agro and Yenher Biotech (collectively referred to as the "acquisitions") represent common control combinations and for the purpose of the preparation of the financial statements of the Group for the financial year ended 31 December 2020, these subsidiaries are consolidated under the principles of merger accounting as disclosed under accounting policy Note 2.6.

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

	Acquisitions of		
	Yenher Agro RM	**Yenher Biotech RM**	**Total/ Net effects RM**
Purchase consideration for the acquisitions satisfied by :			
- issue of shares by the Company (Note 12.1)	117,784,499	-	117,784,499
- cash	-	1	1
	117,784,499	1	117,784,500
Less : Issued share capital of the subsidiaries acquired	2,000,000	250,000	2,250,000
Net merger deficit (Note 13)	115,784,499	(249,999)	115,534,500

32. Significant Events During the Financial Year Ended 31 December 2020 (Cont'd)

32.2 Coronavirus Disease 2019 ("COVID-19")

On 11 March 2020, the World Health Organisation declared the outbreak of the COVID-19 as a global pandemic. Subsequently, the Government of Malaysia issued a movement control order which was enforced on 18 March 2020 to restrict certain business activities and travel within and outside of the country in an effort to curb the spread of the disease. As at the date of issuance of this report, the movement control order is still in effect with modifications made by the Government during the period based on its assessment.

Since the beginning of the movement control order, the Group was allowed to continue its business operations with a 50% workforce capacity which has since been restored to full capacity in end April 2020 as the Group's involvement in the food chain supply is considered as an essential service. Overall, the COVID-19 outbreak and the resulting various movement control orders during the financial year ended 31 December 2020 did not result in any significant disruptions to the operations of the Group. Based on the Group's assessment, there is no significant impact on the material judgements or assumptions used in the preparation of the Group's consolidated financial statements for the financial year ended 31 December 2020. Since the pandemic is still on-going, the Group will continuously monitor the COVID-19 situation as it unfolds and will assess and revise, where appropriate, its estimates and assumptions used in the preparation of the Group's financial statements.

33. Significant Subsequent Events

33.1 First and final single tier dividend paid by Yenher Agro

On 20 April 2021, Yenher Agro paid a first and final single tier dividend in respect of the financial year ended 31 December 2020 of RM5.80 per share amounting to RM11,600,000 to the Company. The dividend payment was approved by the Company at an annual general meeting of Yenher Agro which was held on 8 April 2021.

33.2 Interim single tier dividend paid by the Company

On 30 April 2021, the Directors of the Company declared an interim single tier dividend of approximately RM4.58 sen per share amounting to RM10,800,000 in respect of the financial year ending 31 December 2021. The dividend was subsequently paid on 3 May 2021.

34. Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Boards of Directors on 4 June 2021.

Statement By Directors

We, CHENG MOOH TAT and CHENG MOOH KHENG, being two of the Directors of YENHER HOLDINGS BERHAD, state that, in the opinion of the Directors, the accompanying financial statements of the Group as set out on pages 4 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity as issued by the Securities Commission Malaysia, so as to give a true and fair view of the financial positions of the Group as at 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020 and of their financial performances and cash flows for the financial years ended on those dates.

Signed in accordance with a resolution of the Board of Directors,

CHENG MOOH TAT **CHENG MOOH KHENG**

Pulau Pinang

Date : 04 JUN 2021

13. ADDITIONAL INFORMATION

13.1 EXTRACT OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable laws. The words and expressions appearing in the following provisions shall have the same meaning used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

Words	Meanings
benefits	This term, when used in relation to benefits payable or to be given to directors, means any benefit referred to in Section 230(1) of CA.
Board	The Company's board of directors.
Bursa Securities	Bursa Malaysia Securities Berhad.
CA	Companies Act 2016 (Act 777).
CMSA	Capital Markets and Services Act 2007 (Act 671).
Company	Yenher Holdings Berhad (Registration No. 202001008388 (1364708-X)).
Constitution	This constitution of the Company, including, any changes made to it.
Deposited Security	This term means a security, as used in Section 2 of SICDA, of the Company, as stands to the credit of a securities account of a Depositor. It covers a security which is in suspense.
Deposited Share or Depository Shares	A share which is a Deposited Security.
Depositor	A holder of a securities account.
Depository	This term means Bursa Malaysia Depository Sdn. Bhd., the depository of the Company's shares prescribed under Section 14 of SICDA. This term can also mean another depository acting as such a depository, approved to be a central depository under SICDA. Successors-in-title and permitted assigns are also included in this term.
director	Director of the Company.
DR	Rules of the Depository. It covers the Procedural Manuals (as meant in those rules).
electronic form	This term covers documents or information sent or supplied by electronic means or by any other means while in electronic form (such as by e-mail, text message, fax or sending a compact disc by post). It also covers any electronic form referred to in Section 612(1) of CA.
electronic means	A document or information is sent or supplied by electronic means if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means.

13. ADDITIONAL INFORMATION *(Cont'd)*

Words	Meanings
existing shares	Shares in issue at the relevant time.
General Meeting	A meeting of shareholders held in accordance with the Constitution. This includes any General Meeting held as the Company's Annual General Meeting.
hard copy	This term covers documents or information sent or supplied in paper copy or similar form which can be read. It also covers, anyhow, any hard copy referred to in Section 612(1) of CA.
Laws	CA, SICDA, and all regulations, DR, practice notes, practice directives and guidelines made under them.
listed security or listed securities	A security or securities of the Company admitted to the Official List.
LR	Main Market Listing Requirements of Bursa Securities. For the purpose of this Constitution, it also covers any practice notes or directives, guidance notes or other directions issued by Bursa Securities and any amendment that may be made from time to time in relation to these Listing Requirements.
Main Market	Main Market of Bursa Securities or any other market of Bursa Securities on which the Company is listed at the relevant time.
month	Calendar month.
Non-Depository Shares	This term is used to mean shares which are not Deposited Shares.
Official List	A list specifying all securities listed on the Main Market.
pay	This term, when used in relation to the payment of commission, means a payment of commission in Section 80 of CA. For other times, when used elsewhere, this term can cover any kind of reward or payment for services.
person or people	These terms cover corporate bodies and unincorporated bodies, established anywhere. They do not, however, cover unincorporated bodies, when used in relation to transfers or registration of shareholders which involve Deposited Shares and these bodies are not allowed or recognised under SICDA or DR.
Registered Office	The Company's registered office.
Registrar	The Company's registrar.
rights	This term, when used in relation to the rights of a share means, the rights attached to the share, when issued, or afterwards.
ROD	A record of depositors of holders of securities of the Company kept by the Depository under SICDA and DR.
ROM	Register of members of the Company kept under CA.
securities	The meaning of this term is as meant by Section 2 of CMSA.

13. ADDITIONAL INFORMATION *(Cont'd)*

Words	Meanings
securities account	This is an account which the Depository establishes for the Depositor under SICDA and DR. It is to record the deposit, withdrawal and dealing of securities.
shareholders	Holders of the Company's shares. Where those shares are deposited with the Depository under SICDA and DR, it must be a person whose name appears on the ROD as the holder of such shares and treated as a member of the Company under Section 35 of SICDA. This is subject to SICDFOR and the Constitution. This term does not also include, the Depository in its capacity as a bare trustee or nominee company. Where those shares are not deposited and do not need to be deposited under SICDA, it must be a person whose name appears in the ROM.
SICDA	Securities Industry (Central Depositories) Act 1991 (Act 453).
SICDFOR	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996.
written or in writing	In writing or in any way representing or copying words legibly so that they are permanent. It includes, anything in electronic form. It may also be partly in one form and partly in another. Where used in relation to notices of meeting, it must be in hard copy or electronic form in the way allowed by Sections 319 and 320 of CA, subject to LR. Where used in another context, it must be in a form allowed or not prohibited by CA or LR.

13.1.1 Remuneration of our Directors

Clause 175

The fees and benefits payable to the directors shall be subject to annual shareholders' approval at the Annual General Meeting of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as they may agree provided always that:

(a) fees payable to non-executive directors shall be a fixed sum and not by a commission on or percentage of turnover or profits;

(b) any fee paid to an alternate director shall be agreed between himself and the director nominating him and shall be paid out of the remuneration of the latter; and

(c) fees and benefits payable to directors shall not be increased except pursuant to an ordinary resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Salaries and other emoluments payable to executive directors shall from time to time be determined by the Board and need not be determined by the shareholders at a General Meeting but such salaries and emoluments shall not include a commission on or percentage of turnover.

Clause 176

The Board can also repay to a director for all expenses incurred in relation to the following:

(a) attending and returning from shareholders' meetings, Board meetings or Board committee meetings; or

(b) any other way in connection with the Company's business.

Clause 177

The Board can award extra fees to a director who:

(a) holds an executive position;

(b) acts as a chairman or deputy chairman; or

(c) serves on a Board committee or Board at the request of the Board.

Clause 178

If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being wiling shall be called upon:

(a) to perform extra services;

(b) to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company; or

(c) in giving special attention to the business of the Company as a member of a committee of the Board,

the Company may remunerate such director a special remuneration in addition to his directors' fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

Clause 179

Subject to LR, the Board can decide whether to provide:

(a) pensions;

(b) annual payments; or

(c) other allowances or benefits,

to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or persons connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.

Clause 180

The Company can only provide pensions and other similar benefits to:

(a) people who are or were directors; and

(b) relations or dependents of, or persons connected to, those directors or former directors.

The receipt of a benefit of any kind given in accordance with this Clause does not prevent a person from being or becoming a director of the Company.

Clause 181

Shareholders must approve the matters in Clauses 175 to 179 as far as the Laws required in relation to directors' fees and benefits.

13.1.2 Voting and borrowing powers of our Directors

Clause 197

A director cannot vote on a resolution in regard to a contract in which the director (or a person connected with the director) has, directly or indirectly, an interest. If such director does vote, such vote will not be counted.

Clause 198

A director is counted in the quorum for a Board meeting in relation to a resolution although the director is not entitled to vote.

Clause 199

A director is not interested in a contract where Sections 221(2) or (3) of CA say that they are not. This Clause does not affect any equitable principle or rule of law relating to directors not being treated as interested. This Clause is subject to LR.

Clause 200

This Clause applies if the Board is considering proposals to appoint two (2) or more directors to hold positions in the Company or any company in which the Company has an interest. It also applies if the Board is considering fixing or varying the terms of such appointment. These proposals can be tabled separately for each of the proposed directors. If this is done, each proposed director can vote (unless the proposed director is prevented from voting under Clause 197) and be counted in the quorum for each resolution.

Clause 201

If a question is raised at a meeting on whether a director (other than the chairman of the meeting) has any interest or whether the director can vote or be counted in the quorum, and the director does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling on the director is conclusive, unless the nature or extent of the director's interests has not been fairly disclosed to the Board. If the question is raised on the chairman of the meeting, the question will be decided by a resolution of the Board. The chairman cannot vote on the question but can be counted in the quorum. The Board's resolution on the chairman is conclusive, unless the nature or extent of the chairman's interests has not been fairly disclosed to the Board.

Clause 223

To the extent that CA, LR and Constitution allow, the Board can exercise all the powers of the Company to:

(a) borrow money;

(b) mortgage or charge all or any part of the Company's undertakings, businesses, properties and assets (present and future);

(c) issue debentures and other securities; and

(d) give security (including (without limitation) guarantees, indemnities, mortgages and charges) either outright or as collateral security, for a debt, liability or obligation of the Company or another person.

13.1.3 Changes in capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 21

The Company can issue new shares and attach any right and restriction to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example, those relating to the right to vote.

Clause 24

If the Company's share capital is split into different classes of share, the special rights attached to any of these classes can be varied or withdrawn if the shareholders approve this by passing a special resolution. This must then be passed at a separate meeting of the holders of that class of shares, which is called a class meeting. Alternatively, the holders of at least 75% of the existing shares of the class (by voting rights) can give their written consent.

Clause 25

Unless required by the Laws, the parts of the Constitution which relate to General Meeting apply to a class meeting, but with these adjustments:

(a) a holder of shares who is present in person or by proxy can demand a poll;

(b) on a poll, the holders of shares will have one (1) vote for every share of the class which they hold; and

(c) the vote will be by poll if LR requires this.

This is subject to any special rights or restrictions which are attached to a class of shares by the Constitution, or any rights attached to shares in some other way under the Constitution.

13. ADDITIONAL INFORMATION *(Cont'd)*

A special resolution of the holders of the preference capital affected is required where preference capital is to be repaid (other than redeemable preference capital or any other alteration to preference shareholders' rights). However, where the majority for the special resolution is not obtained at a meeting, written consent given by holders of at least 75% of that preference capital within two (2) months of that meeting shall be as valid and effective as a special resolution passed at a meeting.

Clause 26

Clauses 24 and 25 also apply if:

(a) special rights of shares forming part of a class are varied or withdrawn. Each part of the class which is being treated differently is viewed as a separate class in applying this Clause; and

(b) the new preference shares being issued are ranked equally with the existing preference shares. However, these Clauses do not apply if the terms of issue of existing preference shares or the Constitution allows those preference shares to be issued.

Clause 27

Unless the terms of the existing shares say otherwise, the special rights of existing shares are not regarded as varied or withdrawn if:

(a) new shares are created or issued which rank equally with or after any existing shares in payment of dividends or sharing in profits or assets of the Company;

(b) the Company purchases its own shares (this includes purchases of any of these existing shares);

(c) the Company redeems redeemable preference shares (this includes redeeming any of these existing shares); or

(d) preference shares are issued which rank equally with or in priority to existing preference shares.

Clause 37

The shareholders can pass a special resolution to reduce in any way the Company's share capital in accordance with Subdivision 4 of Division 1 of Part III of CA, whether with the confirmation of the Court or a solvency statement.

Clause 38

The shareholders can pass a special resolution to alter the Company's share capital in accordance with Section 84 of CA.

Clause 39

If any shares are consolidated or divided, the Board may deal with any fractions of shares arising thereto. If the Board decides to sell any fractions of shares, they must sell for the best price they can reasonably obtain and distribute the net sale proceeds among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Board in such a manner as it deems fit at its absolute discretion and in the best interest of the Company. The Board can sell to a person (including the Company, if CA and LR allow) and can authorise a person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.

Clause 40

The shareholders can also pass special resolutions to convert any paid-up share into stock and reconvert any stock into paid-up share in accordance with Section 86 of CA.

13.1.4 Transfer of securities

Clause 50

Transfers of any listed security or class of listed security shall be by way of book entry by the Depository in accordance with DR. The Company shall not register and effect any transfer of the listed securities although Sections 105, 106 and 110 of CA may state otherwise. This does not, however, apply to a transfer of securities to the Depository or from the Depository to Depositors under Section 148(2) of CA and any exemption that may be made from compliance with Section 148(1) of CA.

Clause 51

Where:

(a) the securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from complying with Section 14 of SICDA or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under DR in respect of such securities,

the Company shall, upon request of a securities holder, allow the securities held by that holder to be transmitted from the register of holders maintained by the Registrar in the other stock exchange's jurisdiction, to the register of holders maintained by the Registrar in Malaysia and vice versa provided that there must be no change in the ownership of such securities.

Clause 52

Transfers of Non-Depository Shares must be in any form which CA requires. If CA does not require a specific form, the transfer must be in the usual standard form, or another form approved by the Board. A transfer must be signed, or made effective in some other way, by or on behalf of the persons making and receiving the transfer.

Clause 53

The Depository may refuse to transfer any Deposited Shares which does not comply with SICDA and DR. A shareholder can transfer some or all of their Non-Depository Shares unless the Constitution says otherwise.

Clause 54

The transfer for Non-Depository Shares must be delivered to the Registered Office or some other place which the Board decides. The transfer must have with it:

(a) the share certificate for shares to be transferred;

(b) any other evidence which the Board asks for to prove that the person wanting to make or receive the transfer is entitled to do this; and

(c) if the transfer is executed by another person on behalf of the person making or receiving the transfer, evidence of the authority of that person to do so.

Clause 55

A transfer delivered under Clause 54:

(a) cannot be in favour of more than four (4) joint holders; and

(b) must be properly stamped to show payment of any applicable stamp duty.

Clause 56

The Board can refuse to register such a transfer delivered:

(a) where the transfer breaches any law or regulation or licensing or requirement (of any jurisdiction) which applies to the Company or any of its subsidiaries or any entity in which any of them have an interest;

(b) where the transfer is unlawful under Malaysian law; or

(c) the transfer relates to partly paid shares where a call has been made and is unpaid.

Clause 57

If the Board decides not to register a transfer of a share delivered under Clause 54, it must comply with Section 106 of CA.

Clause 58

If the Company registers a transfer delivered under Clause 54, it can keep the transfer. A transfer cannot be used to transfer more than one (1) class of shares. Each class needs a separate transfer. No fee is payable to the Company for transferring Non-Depository Shares or registering changes relating to the ownership of any such shares.

Clause 59

The person making a transfer of Non-Depository Shares will continue be treated as the shareholder until the name of the person to whom a share is being transferred to is entered into the ROM for that share.

13.2 LIMITATION ON THE RIGHT TO OWN SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her/its Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his/her/its Shares to the Ministry of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be our shareholder and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

13.3 SHARE CAPITAL

(i) As at the date of this Prospectus, we have only one (1) class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(ii) The details of the share capital of our Company and our subsidiaries together with their respective changes for the past four (4) FYEs 31 December 2017 to 2020 and up to LPD are disclosed in Sections 5.1.2 and 5.3 of this Prospectus respectively.

(iii) As at the date of this Prospectus, none of our Group's capital is under option, or agreed conditionally or unconditionally to be put under option.

(iv) As at the date of this Prospectus, neither our Company nor our subsidiaries have any outstanding warrant, option, convertible security or uncalled capital in respect of our shares.

(v) No securities will be allotted, issued or offered on the basis of this Prospectus later than six (6) months after the date of this Prospectus.

13.4 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Furthermore, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is also no Malaysian capital gains tax arising from the disposal of listed shares.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

13. ADDITIONAL INFORMATION *(Cont'd)*

13.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract (not being contract in the ordinary course of business) during the past four (4) FYEs 31 December 2017 to 2020 and up to the date of this Prospectus:

(i) Yenher Agro had on 1 December 2017, entered into a sale and purchase agreement with Yenher Properties Sdn Bhd (now known as CMT Properties Sdn Bhd) ("**CMT**") for the disposal of the following properties to CMT for the following cash consideration:

No.	Details of property	RM
1.	A commercial building bearing assessment address of No. 73, Jalan Besar Valdor, Taman Rebena, 14200 Sungai Jawi, Pulau Pinang erected on all that piece of freehold land known as Lot 3456 situated in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under Geran Mukim ("**GM**") 656 and measuring approximately 130 square meters ("**s.m.**") in area	390,000
2.	Two (2) commercial shop lots bearing assessment address of PMT 22 & 24, Lorong Keruing 2, Kawasan Perniagaan Simpang Ampat, 14100 Simpang Ampat, Pulau Pinang erected on all that pieces of freehold land known as Lots 3970 and 3971 situated in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 1081 and GM 1082 and each measuring approximately 130 s.m. in area	515,000
Total		**905,000**

The disposal of the said properties was completed on 5 January 2018;

(ii) Yenher Agro had on 19 November 2018, entered into a sale and purchase agreement with CMT for the disposal of the following properties to CMT for the following cash consideration:

No.	Details of property	RM
1.	A feedmill and poultry farm bearing assessment address of No. 1598, Jalan Bukit Tambun, 14100 Simpang Ampat, Pulau Pinang erected on all that pieces of freehold land known as Lots 863 and 864 situated in Mukim 14, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under Geran 3755 and 3756 and each measuring approximately 22,243 s.m. in area	26,000,000
2.	A residential house bearing assessment address of No. 2, Jalan Bukit Minyak 1, Taman Bukit Minyak Indah, 14000 Bukit Mertajam, Pulau Pinang erected on all that piece of freehold land known as Lot 3992 situated in Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang and held under Geran 151643 and measuring approximately 281 s.m. in area	670,000
3.	A commercial shop lot bearing assessment address of No. 16, Jalan Bukit Tambun, Taman Kasawari, 14100 Simpang Ampat, Pulau Pinang erected on all that piece of freehold land known as Lot 4091 situated in Mukim 14, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 1923 and measuring approximately 130 s.m. in area	450,000
4.	A freehold land known as Lot 3588 situated in Mukim 14, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under Geran 134477 and measuring approximately 0.9948 hectare ("**ha**") in area	3,450,000

13. ADDITIONAL INFORMATION *(Cont'd)*

No.	Details of property	RM
5.	A freehold land known as Lot 1852 situated in Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang and held under Geran 157413 and measuring approximately 0.997 ha in area	2,700,000
6.	A freehold land known as Lot 1691 situated in Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 667 and measuring approximately 1.316 ha in area	2,100,000
7.	A freehold land known as Lot 306 situated in Mukim 02, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 44 and measuring approximately 3,568.8158 s.m. in area	960,538
8.	A freehold land known as Lot 309 situated in Mukim 02, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 46 and measuring approximately 2,746.7994 s.m. in area	739,462
9.	A freehold land known as Lot 373 situated in Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 489 and measuring approximately 473.4822 s.m. in area	70,692
10.	A freehold land known as Lot 1183 situated in Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 881 and measuring approximately 14,414.9011 s.m. in area	2,152,181
11.	A freehold land known as Lot 1184 situated in Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 608 and measuring approximately 5,319.0785 s.m. in area	794,152
12.	A freehold land known as Lot 1185 situated in Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang and held under GM 591 and measuring approximately 17,330.2838 s.m. in area	2,582,975
Total		**42,670,000**

The disposal of the said properties was completed on 3 December 2018;

(iii) Our Company had on 28 August 2020, entered into a conditional share sale agreement with Cheng Mooh Tat, Cheng Mooh Kheng, Cheng Mooh Chye, Yeoh Ngong Koke and Boon Jenn Woei to acquire the entire equity interest in Yenher Agro comprising 2,000,000 ordinary shares for a purchase consideration of RM117,784,499 which was wholly satisfied via the issuance of 235,568,998 new Shares at an issue price of RM0.50 per Share. The said acquisition was completed on 28 August 2020;

(iv) Our Company had on 28 August 2020, entered into a conditional share sale agreement with Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye to acquire the entire equity interest in Yenher Biotech comprising 250,000 ordinary shares for a purchase consideration of RM1.00, which was wholly satisfied in cash. The said acquisition was completed on 28 August 2020; and

(v) Our Company had on 2 June 2021, entered into the Retail Underwriting Agreement with the Sole Underwriter for the underwriting of 30,000,000 Issue Shares under the Retail Offering, in accordance with the terms and conditions as set out in the Retail Underwriting Agreement. Further details of the Retail Underwriting Agreement are set out in Section 3.9 of this Prospectus.

13.6 MATERIAL LITIGATION

As at LPD, our Group is not engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Directors confirm that there are no legal proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group.

13.7 PUBLIC TAKE-OVER

None of the following has occurred during the last financial year up to LPD:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by us in respect of other company's shares.

13.8 CONSENTS

(i) Our Sole Principal Adviser, Sole Underwriter, Sole Placement Agent, Company Secretaries, Legal Adviser, Share Registrar and Issuing House have given their respective written consents for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear before the issue of this Prospectus, and such consents have not subsequently been withdrawn.

(ii) The Auditors and Reporting Accountants have given their written consent for the inclusion in this Prospectus of their name, Accountants' Report, Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

(iii) The IMR has given its written consent for the inclusion in this Prospectus of its name, IMR Report and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

13.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at No. 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang, Malaysia during normal office hours for a period of six (6) months from the date of this Prospectus:

(i) our Constitution;

(ii) our audited financial statements for the period from our incorporation up to 31 December 2020;

(iii) the audited financial statements of each of our subsidiaries for the FYEs 31 December 2017, 2018, 2019 and 2020;

(iv) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 as included in Section 11.8 of this Prospectus;

(v) the Accountants' Report as included in Section 12 of this Prospectus;

(vi) the IMR Report as included in Section 7 of this Prospectus;

(vii) the material contracts referred to in Section 13.5 of this Prospectus; and

(viii) the letters of consent referred to in Section 13.8 of this Prospectus.

13.10 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, Sole Underwriter and Sole Placement Agent in relation to our IPO, 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.

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14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

14.1 OPENING AND CLOSING OF APPLICATION

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATION: 10.00 A.M., 22 JUNE 2021

CLOSING OF THE APPLICATION: 5.00 P.M., 1 JULY 2021

If there is any change to the time or date for the closing of the applications for our IPO Shares, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

Application must accord with the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution.

14.2.1 Application for our IPO Shares under the Retail Offering

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only
Applications by the Eligible Persons	Pink Application Form only

The submission of an Application Form does not mean that your Application will succeed.

14.2.2 Application for our IPO Shares under the Institutional Offering

Types of Application	Application method
Applications by:	
(i) Bumiputera investors approved by the MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions
(ii) Other Malaysian insititutional and selected investors	Our Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions

14.3 ELIGIBILITY

14.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid or nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE** Application Form for **each category** from each applicant will be considered and **APPLICATION MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

14.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit the Application by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

14.3.3 Application by the Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions printed therein or which are illegible will not be accepted.

The FULL amount payable is RM0.95 for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 609"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
Level 11, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 1 July 2021 or by such other time and date specified in any change to the time or date for the closing of the applications for our IPO Shares.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

14.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATMs of these Participating Financial Institutions and their branches namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

14.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an Internet financial services website of these Internet Participating Financial Institutions namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the Internet financial services website of the respective Internet Participating Financial Institutions.

14.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

(i) reject Applications which:

    (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

    (b) are illegible, incomplete or inaccurate; or

    (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

14.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Retail Underwriting Agreement.

14.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

14.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

14.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

14.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS Account.

(ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. Consequently, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No share certificates will be issued to you and you shall not be entitled to withdraw any deposited security held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

14.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between five (5) to 10 Market Days (during office hours only) after the final ballot day.

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ANNEXURE A: OUR MATERIAL PROPERTIES

A.1 MATERIAL PROPERTIES OWNED BY OUR GROUP

As at LPD, the details of the material properties owned by our Group, all of which Yenher Agro is the registered owner, are as follows:

No.	Title identification / Postal address or locality / Tenure	Description of property / Existing or proposed use / Category of land use	Date of issuance of CCC* or CF*	Land area / Built-up area	Major restriction in interest / encumbrances / condition	Audited NBV as at 31 December 2020
						(RM'000)
1.	Title identification: Lot Nos. 7622 to 7625 held under HSD Nos. 24798, 24800, 24803 and 24804 respectively, all in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Postal address: No. 1628, Jalan IKS Simpang Ampat 1 Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang Tenure: Freehold	Description: A double-storey detached office building annexed with a single-storey warehouse Existing use: Head office and warehouse of our Group Category of land use: Nil	Original building: 29 September 2003 Extension of building: 23 November 2020	Land area: 27,782 sq ft Built-up area: 21,652 sq ft	This property is charged to RHB Bank Berhad vide presentation nos. 0799SC2003022323 and 0799SC2003022324 created on 17 September 2003.	3,482

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ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

No.	Title identification / Postal address or locality / Tenure	Description of property / Existing or proposed use / Category of land use	Date of issuance of CCC* or CF*	Land area / Built-up area	Major restriction in interest / encumbrances / condition	Audited NBV as at 31 December 2020 (RM'000)
2.	Title identification: Lot Nos. 7616 to 7621 held under HSD Nos. 24786, 24788, 24790, 24792, 24794 and 24797 respectively, all in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Postal address: No. 1684, Jalan IKS Simpang Ampat 1 Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang Tenure: Freehold	Description: A single-storey detached factory with a double-storey office building Existing use: Office of our Group and manufacturing plant for our Group's premixes, complete feed and formulated products Category of land use: Nil	12 June 2009	Land area: 42,776 sq ft Built-up area: 31,635 sq ft	This property is charged to RHB Bank Berhad vide presentation no. 0799SC2007011098 created on 8 May 2007.	4,975

ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

No.	Title identification / Postal address or locality / Tenure	Description of property / Existing or proposed use / Category of land use	Date of issuance of CCC* or CF*	Land area / Built-up area	Major restriction in interest / encumbrances / condition	Audited NBV as at 31 December 2020 (RM'000)
3.	Title identification: Lot No. 20111 held under GRN 165939 in Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Locality: Valdor Industrial Estate, Sungai Bakap, Seberang Perai Selatan, Negeri Pulau Pinang Tenure: Freehold	Description: Vacant land Proposed use: A three (3)-storey office building annexed with two (2) single-storey factory buildings and a single-storey canteen. This property will house our new head office, manufacturing plant, warehouse and R&D center[1] Category of land use: Nil	N/A	Land area: 464,786 sq ft Built-up area: N/A	This land is charged to Maybank Islamic Bank Berhad vide presentation nos. 0799SC2016026810 and 0779SC2016026811 created on 9 September 2016, and Maybank Banking Berhad vide presentation no. 0799SC2019004692 created on 27 February 2019.	21,000

ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

No.	Title identification / Postal address or locality / Tenure	Description of property / Existing or proposed use / Category of land use	Date of issuance of CCC* or CF*	Land area / Built-up area	Major restriction in interest / encumbrances / condition	Audited NBV as at 31 December 2020 (RM'000)
4.	Title identification: Lot 2398 Block 233 of Kuching North Land District, Jalan Batu Kitang, Sarawak Postal address: 2(S/L38), Lot 2398 BLK 233 KNLD Batu Kitang Light Industrial Park Batu 7½, Jalan Batu Kitang 93250 Kuching Sarawak Tenure: Leasehold for a period of 60 years, expiring on 1 November 2072	Description: A double-storey detached industrial building Existing use: Administration and sale office as well as warehouse of our Group Category of land use: Suburban land	1 July 2015	Land area: 15,661 sq ft Built-up area: 5,070 sq ft	This land is to be used only as a one and a half (1½)-storey detached building in the following manner: (i) Ground floor: Industrial; and (ii) First floor: Office, store and watchman's quarters.	1,633
					Total audited NBV :	**31,090**

Notes:

* 'CCC' denotes certificate of completion and compliance while 'CF' denotes certificate of fitness for occupation.

(1) We obtained the layout plan approval for the construction of this new manufacturing plant from Majlis Bandaraya Seberang Perai on 17 July 2020 for a validity period from 16 July 2020 to 15 July 2021. 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. In this regard, we began land clearing and filling works on 8 March 2021 which mark the commencement of the first stage of the construction of this new manufacturing plant. For further information on the construction of this new manufacturing plant, please refer to Sections 3.7.1 and 6.6.1 of this Prospectus.

None of the properties disclosed above is in breach of any land use condition or current regulatory requirements, land rules, building regulations or environment issues which may materially affect our operations and the utilisation of the said properties.

A.2 MATERIAL PROPERTIES RENTED BY OUR GROUP

As at LPD, the details of the material properties rented by our Group are as follows:

No.	Name of the landlord / tenant	Title identification / Postal address	Description of property / Existing or proposed use	Date of issuance of CCC* or CF*	Land area / Built-up area	Tenure / Date of expiry	Monthly rental (RM'000)
1.	Welcome Potential Sdn Bhd(1)/ Yenher Agro and Yenher Biotech	Title identification: Lot Nos. 7562 to 7570 held under HSD Nos. 18838 to 18846; Lot Nos. 7577 to 7578 held under HSD Nos. 18856 to 18857; Lot Nos. 7579 to 7581 held under HSD Nos. 18859 to 18861; Lot Nos. 7582 to 7583 held under HSD Nos. 18863 to 18864; Lot No. 7584 held under HSD No. 18866 and Lot No. 7585 held under HSD No. 18868; all in Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Postal address: No. 1, Lorong IKS Simpang Ampat E Taman IKS Simpang Ampat 14100 Simpang Ampat Seberang Perai Selatan Pulau Pinang	Description: A double-storey office building with warehouse Existing use: Manufacturing plant for our Group's biotech animal feed ingredients, warehouse and R&D center of our Group	30 July 2001	Land area: 110,588 sq ft Built-up area: 69,750 sq ft	The tenancy agreement with Yenher Agro is for a period of three (3) years from 1 October 2018 to 30 September 2021 The tenancy agreement with Yenher Biotech is for a period of three (3) years from 1 July 2019 to 30 June 2022 Refer to note (2) below.	76 4

ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

Notes:

* 'CCC' denotes certificate of completion and compliance while 'CF' denotes certificate of fitness for occupation.

(1) Welcome Potential Sdn Bhd is a company owned by Cheng Mooh Tat, Cheng Mooh Kheng and Cheng Mooh Chye, who are our major shareholders and Promoters. They are also the directors of Welcome Potential Sdn Bhd. Cheng Mooh Tat and Cheng Mooh Kheng are also our Group Managing Director and Executive Director respectively.

(2) Please refer to note (5) of Section 9.1.1 of this Prospectus for further information on the salient terms of these tenancy agreements.

The property disclosed above is not in breach of any land use condition or current regulatory requirements, land rules, building regulations or environmental issues which may materially affect our operations and the utilisation of the said property.

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ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS

Details of our major licences, permits and approvals for our operations as at LPD together with the main conditions attached therein and the corresponding status of compliance as at LPD are as follows:

No.	Name of licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
1.	Yenher Agro	Majlis Bandaraya Seberang Perai ("**MBSP**")	Business licence for factory manufacturing of animal feed	61513687937	19 August 2014 / (31 December 2021)	Nil.	N/A
2.	Yenher Agro	MBSP	Business licence for preparation and trading of animal feed	61511417158	4 July 2005 / (31 December 2021)	Nil.	N/A
3.	Yenher Biotech	MBSP	Business licence for factory manufacturing of animal feed ingredients	61513892439	22 November 2018 / (31 December 2021)	Nil.	N/A
4.	Yenher Biotech	MBSP	Business licence for factory processing of animal feed ingredients	61513929904	22 June 2019 / (31 December 2021)	Nil.	N/A
5.	Yenher Agro	Kerajaan Negeri Sarawak	Business licence to sell animal feed and medicines	1046755	4 February 2021 / (14 April 2022)	Nil.	N/A
6.	Yenher Agro	MITI / Malaysian Investment Development Authority ("**MIDA**")	Manufacturing licence for animal feed	A019583 (Serial No. A033965)	25 April 2014 / (valid until and unless revoked or surrendered)	(i) The manufacturing site located at No. 1684, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang is subject to the approval from the State Authority and the Department of Environment ("**DOE**").	In compliance
						(ii) MITI and MIDA must be notified of any disposal of shares in Yenher Agro.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
						(iii) The company shall train Malaysians so that the technology and skills can be transferred to all job levels.	In compliance
						(iv) The company shall implement projects as approved and comply with the other laws and regulations in Malaysia.	In compliance
7.	Yenher Agro	MITI / MIDA	Manufacturing licence for animal feed supplements	A019583 (Serial No. A036385)	12 September 2018 / (valid until and unless revoked or surrendered)	(i) The manufacturing site located at No. 1684, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang is subject to the approval from the State Authority and the DOE.	In compliance
						(ii) MITI and MIDA must be notified of any disposal of shares in Yenher Agro.	In compliance
						(iii) The company shall train Malaysians so that the technology and skills can be transferred to all job levels.	In compliance
						(iv) The company must meet the condition of the capital investment per employee (CIPE) ratio of at least RM140,000.00 by 2020.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
						(v) Total full-time permanent workforce shall comprise at least 80% Malaysians by 31 December 2022. In addition, employment of foreign workers including outsourced workers shall be subject to current policies.	To be complied
8.	Cheng Mooh Tat of Yenher Agro[1]	Ministry of Agriculture and Food Industries *(formerly known as Ministry of Agriculture and Agro-Based Industry)* ("**MOA**")	Certificate of registration of manufacturer of animal feed or feed additives	AMH(G)(01)-2017/0037/2020 (07)-1	21 December 2020 / (18 December 2021)	This certificate is not transferable.	In compliance
9.	Cheng Mooh Tat of Yenher Agro[1]	MOA	Certificate of registration of seller of animal feed or feed additives	AMH(G)(02)-2017/0075/2020 (07)-1	21 December 2020 / (18 December 2021)	This certificate is not transferable.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
10.	Cheng Mooh Tat of Yenher Agro[2]	MOA	Certificate to import animal feed or feed additives	AMH(B)(C)-2016/0081/2021	1 January 2021 / (31 December 2021)	The importation of animal feed or feed additives shall go through: • Kompleks Sultan Abu Bakar; • Dermaga Ayer Dalam; • LTAB Bayan Lepas (kargo); • North Butterworth Container Terminal (NBCT); • Pelabuhan Klang Barat; • Pelabuhan Klang/Pelabuhan Klang Utara; • Pelaburan Pasir Gudang; • Pelabuhan Tanjung Pelepas; • Tanjung Puteri; • Bukit Kayu Hitam; • Padang Besar; or • KLIA (kargo)	In compliance
11.	Cheng Mooh Tat of Yenher Biotech[1]	MOA	Certificate of registration of manufacturer of animal feed or feed additives	AMH(G)(01)-2019/0026/2020 (07)	18 December 2020 / (18 December 2021)	This certificate is not transferable.	In compliance
12.	Cheng Mooh Tat of Yenher Biotech[1]	MOA	Certificate of registration of seller of animal feed or feed additives	AMH(G)(02)-2019/0061/2020 (07)	18 December 2020 / (18 December 2021)	This certificate is not transferable.	In compliance
13.	Cheng Mooh Tat of Yenher Biotech[2]	MOA	Certificate to import animal feed or feed additives	AMH(B)(C)-2020/0135/2021	1 January 2021 / (31 December 2021)	The importation of animal feed or feed additives shall go through: • Kompleks Sultan Abu Bakar; • Dermaga Ayer Dalam; • LTAB Bayan Lepas (kargo); • North Butterworth Container Terminal (NBCT); • Pelabuhan Klang Barat; or • Pelabuhan Klang/Pelabuhan Klang Utara.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
14.	Yenher Agro	MOA	Wholesale licence under the Control of Padi and Rice Act 1994 and Control of Padi and Rice (Licencing of Wholesalers and Retailers) Regulations 1996	C6237	5 March 2020/ (4 March 2023)	(i) Maximum permitted storage for rice is 100 metric tonnes.	In compliance
						(ii) The rice shall be kept at the store located at No. 1, Lorong IKS Simpang Ampat E, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.	In compliance
15.	Yenher Agro	MOA	Export licence under the Control of Padi and Rice Act 1994 and Control of Padi and Rice (Licencing of Importers and Exporters) Regulations 1994 for glutinous rice flour, vermicelli, bran and downstream products (collectively "**Rice Products**")	B2140	14 Mei 2021/ (13 May 2022)	(i) Maximum permitted storage for Rice Products is 100 metric tonnes.	In compliance
						(ii) The Rice Products shall be kept at the store located at No. 1, Lorong IKS Simpang Ampat E, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.	In compliance
16.	Yenher Agro	Drug Control Authority under the Ministry of Health, Malaysia ("**MoH**")	Licence to import registered products including scheduled poison	MALLI20210004 A	1 January 2021 / (31 December 2021)	(i) A copy of the invoice and analytical certificate for each batch of the imported items shall be submitted to the authority upon receipt of each consignment.	In compliance
						(ii) To comply with the Control of Drugs and Cosmetic Regulations 1984 and any good manufacturing practice and/or good distribution practice as required by the drug control authority.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
						(iii) To import only the approved registered products as set out in the licence.	In compliance
17.	Ng Yen Ping, a pharmacist of Yenher Agro[(3)]	Pharmacy Board of Malaysia under the MoH	Annual certificate for pharmacists	Certificate No. 005750/2021	1 January 2021 / (31 December 2021)	Nil.	N/A
18.	Ng Yen Ping, a pharmacist of Yenher Agro[(4)]	Medical and Health Services under the MoH	Pharmacist's Poisons Licence (Type A Licence) to import, store and deal generally in all poisons under wholesale and retail	02373 (Register No.: PA0187/2021)	1 January 2021 / (31 December 2021)	Nil.	N/A
19.	Yenher Agro	Fisheries Development Authority of Malaysia	Licence to deal, import, export and process fish (import and wholesale category)	P/I-02S/0706/2010 (Sabah and Sarawak) P(PP)/0006/2015 (Peninsular Malaysia)	16 June 2020 / (31 July 2021)	(i) Imported fish shall enter into Malaysia through the following ports: • Pelabuhan Butterworth; • Pelabuhan Klang (North/ South); or • Pelabuhan Kuching/ Senari.	In compliance
						(ii) Category of fish (for import): • Fish to process animal feed *(Ikan process makanan haiwan)* • Frozen fish *(Ikan sejukbeku)*.	In compliance
						(iii) Wholesaling can be carried out at a wholesale market and at No. 1628, Jalan IKS Simpang Ampat 1, Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
20.	Yenher Biotech	Malaysian Bioeconomy Development Corporation Sdn Bhd	BioNexus status	BNX350019	Refer to Note (5)	(i) The company must only carry out the following qualifying activities: *"commercialisation of animal feed ingredients via fermentation process and to undertake its related R&D activities ("**Qualifying Activities**")".*	In compliance
						(ii) The company must carry out the Qualifying Activities at Taman IKS Simpang Ampat, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.	In compliance
						(iii) The company must commence its Qualifying Activities within one (1) year from 8 September 2017.	In compliance
						(iv) The company must invest at least 3% of its annual revenue in R&D.	In compliance
						(v) The company must employ at least 30% of knowledge workers as part of its total workforce.	In compliance
						(iv) Business transactions between associated entities must be carried out in accordance with the Transfer Pricing Guidelines 2012.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority / issuer	Description of licence / permit / approval	Licence / permit / registration no.	Effective date / (Expiry date)	Major conditions imposed	Status of compliance
21.	Yenher Agro	Ministry of Agriculture and Rural Sciences of the PRC	Registered licence which certifies that through test and examination, 'Yenmix®' Broiler Starter (broiler starter premix) is certified as safe and effective premix and is registered by the PRC	(2018) External Feeding No. 476	1 October 2018 / (31 October 2023)	Nil.	N/A

Notes:

(1) Pursuant to the Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012, this licence shall be held by an individual.

(2) Pursuant to the Feed Act 2009, this licence shall be held by an individual.

(3) Pursuant to the Registration of Pharmacists Act 1951, this licence shall be held by an individual pharmacist.

(4) Pursuant to the Poisons Act 1952, this licence shall be held by an individual pharmacist. Ng Yen Ping is our pharmacist who is delegated by our Group to handle the poisons.

(5) Yenher Biotech had on 8 September 2017 obtained BioNexus status from Malaysian Bioeconomy Development Corporation Sdn Bhd. Subject to the fulfilment of the conditions imposed by the relevant authorities, Yenher Biotech is exempted from paying, among others, income tax for a period of five (5) years commencing from the financial year when it derives its first statutory income. For information purposes, Yenher Biotech derived its first statutory income for the year of assessment 2020.