

**CONTRACT ENTERED INTO BETWEEN YENHER AGRO-PRODUCTS SDN. BHD. (“YAP”),  
A WHOLLY-OWNED SUBSIDIARY OF YENHER HOLDINGS BERHAD (“YENHER” OR  
THE “COMPANY”) WITH FAMSUN CO., LTD. (“FAMSUN”)**

## **1. INTRODUCTION**

The Board of Directors of Yenher is pleased to announce that YAP had on 26 September 2024 entered into a Contract (“**Contract**”) with Famsun to purchase two pellet mills, one Fish Mill, one Pet Food and 2X1500T+4X300T silos (“**Machinery**”) for a cash consideration of USD4,418,000 (United States Dollar Four Million Four Hundred and Eighteen Thousand) only or equivalent to approximately RM18,555,600 (Ringgit Malaysia Eighteen Million Five Hundred Fifty Five Thousand and Six Hundred) only (“**Purchase Consideration**”) subject to the terms and conditions as stipulated in the Contract.

## **2. BACKGROUND INFORMATION**

### **2.1 Information on YAP**

YAP, Registration No.: 199101012143 (222455-P), a company incorporated in Malaysia and having its registered address at 35, 1st Floor Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang, Malaysia.

The issued share capital of YAP is RM2,000,000.00 comprising 2,000,000 ordinary shares.

The Directors of YAP as at the date of this announcement are Dato’ Cheng Mooh Tat, Datin Theoh Mooi Teng, Mr. Cheng Mooh Chye and Mr. Cheng Mooh Kheng.

YAP is principally involved in manufacturing, supplying and marketing of animal health and nutrition products for livestock and companion animals.

### **2.2 Information on Famsun**

Famsun, Registration No: 321027666202312250098, a company incorporated in China and having its registered address at No. 1, Huasheng Road, High and New Technology Industry Development Zone, 225127 Yangzhou, Jiangsu Province, China.

The issued share capital of Famsun is RMB 170,000,000 (Chinese Renminbi One Hundred and Seventy Million) only comprising of 170,000,000 ordinary shares.

The Directors and shareholders of Famsun are as below:

Directors :

Names

Chen ZhengJun  
Liu GuangDao  
Liu ChunBin  
Liu ChunHai  
Ni Peng

Shareholders :

<u>Names</u>	<u>Number of shares held</u>	<u>Percentage</u> <u>(%)</u>
Jiangsu Fengmao Co. Ltd	141,202,000	83.06
Yangzhou Fengrun Business Consulting Limited Partner	14,399,000	8.47
Yangzhou Fengmao Business Consulting Limited Partner	14,399,000	8.47
Total	170,000,000	100

Famsun is principally involved in manufacturing of special equipment for feed production, agricultural and sideline foods.

### **2.3 Details of the transaction**

The Purchase Consideration shall be paid in the following manner :-

The initial payment, 15% of contract value which is amounting to USD662,700 (United States Dollar Six Hundred Sixty Two Thousand and Seven Hundred) only or equivalent to approximately to RM2,783,340 (Ringgit Malaysia Two Million Seven Hundred and Eighty Three Thousand Three Hundred and Forty) only should be remitted to Famsun by telegraphic transfer ("T/T") within 7 calendar days after signing of the Contract.

The second payment, 15% of contract value which is amounting to USD662,700 (United States Dollar Six Hundred Sixty Two Thousand and Seven Hundred) only or equivalent to approximately to RM2,783,340 (Ringgit Malaysia Two Million Seven Hundred and Eighty Three Thousand Three Hundred and Forty) only should be remitted to Famsun by T/T within 7 calendar days before production.

The third payment, 60% of contract value which is amounting to USD2,650,800 (United States Dollar Two Million Six Hundred Fifty Thousand and Eight Hundred) only or equivalent to approximately to RM11,133,360 (Ringgit Malaysia Eleven Million One Hundred Thirty Three Thousand Three Hundred and Sixty) only should be remitted to Famsun by T/T within 15 calendar days before shipment delivery.

The final payment, 10% of contract value which is amounting to USD441,800 (United States Dollar Four Hundred Forty One Thousand and Eight Hundred) only or equivalent to approximately to RM1,855,560 (Ringgit Malaysia One Million Eight Hundred and Fifty Five Thousand Five Hundred and Sixty) only should be remitted to Famsun by T/T within 7 days before commissioning.

The payments of Contract shall be paid in the United States Dollar.

### **2.4 Source of fund**

The Purchase Consideration will be funded by internally generated funds and/or bank borrowings.

## **3. SALIENT TERMS OF THE CONTRACT**

The salient terms as extracted from the Contract are as set out below. All definitions in this section shall have the same meaning as in the Contract.

Famsun will arrange its technicians for installation and commissioning for the equipment supplied under the Contract, but not including the local equipment purchased by YAP.

YAP may ask for changes to the equipment before taking over which had not been considered when negotiating the Contract. Famsun will provide an estimate cost of the change and possible implications with respect to the time schedule and guaranteed performance and YAP will decide if YAP wants to accept such conditions. If YAP does not accept Famsun's proposal, YAP shall reimburse Famsun the reasonable costs for preparing the estimation upon its request.

Famsun warrants that all goods supplied under the Contract are new, unused and high quality. They will perform reliably and be free from any defects in design, materials and workmanship. All materials and designs will meet the requirements for normal operation, safety, and long-time use.

The warranty period will be 24 months immediately after the acceptance of equipment but not more than 30 months from the date of delivery of the equipment to the destination. Should the machines, equipment and/or instruments prove to be defective during the period of guarantee due to Famsun's action or should they be not conform to the terms and conditions of the Contract, Famsun undertakes at YAP's requirement to replace the faulty goods free of charge, delivering them without delay to the country of YAP. The cost of transportation, insurance and customs clearance being at Famsun's expense.

#### **4. RATIONALE AND BENEFITS FOR THE CONTRACT**

The Contract will facilitate the Group venture into downstream feedmill business and expansion into new market product lines which also supporting business growth strategies.

#### **5. RISK FACTORS**

YAP anticipates no significant risks from the Contract beyond normal operational risks. The Company will take reasonable steps to ensure compliance with the Contract's terms and conditions.

#### **6. FINANCIAL EFFECTS OF THE CONTRACT**

##### **6.1 Share capital and substantial shareholders' shareholding**

The Contract will not have any effects on the issued and paid-up share capital and substantial shareholders' shareholdings of Yenher.

##### **6.2 Earnings and earnings per share**

The Contract is expected to have positive contribution to the earnings and net assets of Yenher group.

##### **6.3 Net Asset ('NA') and gearing**

The Contract is not expected to have any material effects on the NA of Yenher Group for the financial year ending 31 December 2024.

## **7. LIABILITIES TO BE ASSUMED**

Save for the obligation and liabilities in and arising from, pursuant to the Contract or in connection with the Contract, there are no other liabilities, including contingent liabilities and/or guarantees, to be assumed by the Company arising from the Contract.

## **8. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Contract is expected to be completed latest by December 2025.

## **9. APPROVALS REQUIRED**

The Contract is not subject to the approval of the shareholders of Yenher and any relevant government authorities.

## **10. INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

None of the Directors, major shareholders or persons connected to Directors or persons connected to the major shareholders of the Company have any interest, direct or indirect, in the Contract.

## **11. STATEMENT BY THE BOARD OF DIRECTORS**

Having taken into consideration all aspects of the Contract, the Board of Directors of Yenher is of the opinion that: -

- i) the Contract is in the best interest of the Company;
- ii) the terms and conditions are fair, reasonable and on normal commercial term; and
- iii) the Contract is not detrimental to the interest of the minority shareholders.

## **12. THE PERCENTAGE RATIO APPLICABLE TO THE TRANSACTION PURSUANT TO PARAGRAPH 10.02(g)**

The highest percentage ratio applicable to the Contract pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") is 7.89% based on Yenher Group's latest audited consolidated financial statements for financial year ended 31 December 2023.

## **13. DOCUMENTS FOR INSPECTION**

The Contract will be made available for inspection at the Registered Office of the Company at 35, 1<sup>st</sup> Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang during normal working hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 26 September 2024.