

7. BUSINESS OVERVIEW (Cont'd)

(2) Egg Production

In Malaysia, we operate our Egg Production segment through the Teo Seng Group. We have had a strategic partnership with the Teo Seng Group since 1994 and as at the LPD, we have an effective interest of 28.43% in Teo Seng.

Teo Seng is a public company that was listed on the Second Board of Bursa Securities on 29 October 2008 (now known as the Main Market of Bursa Securities following the merger of Main Board and Second Board of Bursa Securities into a single unified market on 3 August 2009). Teo Seng operates principally as an investment holding company, with its subsidiaries conducting business across five primary categories, namely chicken eggs, livestock feed, paper egg trays, organic fermented fertiliser and animal health products.

Through its subsidiary Teo Seng Feedmill, Teo Seng manufactures livestock feed to supply its Layer chicken farms. As at 31 October 2018, Teo Seng Feedmill has one feedmill plant, with a combined monthly production capacity of approximately 30,000 MT of livestock feed, sufficient to support the production of 3.7 million eggs daily. Currently, Teo Seng Feedmill produces all of the livestock feed required for its Layer chicken farms through its own feedmills.

We operate three Layer DOC farms in Malaysia, all located in Johor. We have housing capacity for 314,360 Layer DOCs for FPE 31 October 2018. We supplied 16,823,700 Layer DOCs in FYE 31 December 2017 and 13,700,630 Layer DOCs in FPE 31 October 2018. Of these Layer DOCs, we supply approximately 3,112,400 to Teo Seng Group. We are the sole provider of Layer DOCs to the Teo Seng Group.

As at 31 October 2018, the Teo Seng Group has 25 Layer chicken farms in Malaysia, all located in Johor. The Teo Seng Group has housing capacity for 6,840,000 Layer chickens (200,000 of which are housed in a contract farm).

In the FYE 31 December 2017, the Teo Seng Group had the second-highest annual production of eggs among the public listed integrated poultry companies in Malaysia. See Section 8 of this Prospectus. The table below sets out the number of eggs produced and sold by Teo Seng Group for the FYE 31 December 2017 and the FPE 31 October 2018:

Metric	FYE 31 December 2017	FPE 31 October 2018
Number of eggs produced annually or for the period.....	1,292,878,000	1,109,229,000
Number of eggs sold annually or for the period.....	1,287,800,000	1,114,935,000 ⁽¹⁾

Note:

(1) Number of eggs sold is higher than number of eggs produced mainly due to the timing of the sale of stock.

The Teo Seng Group primarily sells its eggs as table eggs, but also markets premium eggs under the brand "Happy Egg". The eggs are largely sold in Malaysia, Singapore and Hong Kong. Teo Seng Farming has two CPSs, containing four egg grading machines with a cumulative grading capacity of 600,000 eggs per hour.

Once the Layer chickens have finished laying eggs, they are slaughtered. Almost all of the slaughtered Layer chickens are sold by the Teo Seng Group on the open market, with a small percentage (less than 1.0%) sold by the Teo Seng Group to us. There is no formal agreement between us and the Teo Seng Group to purchase any slaughtered Layer chickens.

7. BUSINESS OVERVIEW (Cont'd)

(3) Duck Production

In Malaysia, we also import PS DODs and produce DODs and Broiler duck. Our Duck Production operations represent approximately 2.0% of our revenue from our Malaysia Livestock Business in the FPE 31 October 2018.

As at 31 October 2018, we operate 11 farms designated for our Duck Production operations, with cumulative housing capacity for approximately 21,500 PS DODs and 291,500 Broiler ducks. We do not utilise any contract farms for our duck operations.

As at 31 October 2018, we purchase 100.0% of our PS DOD from Cherry Valley Farms Limited ("**Cherry Valley**"), a company located in the United Kingdom. We purchase a single breed of PS DODs, namely Cherry Valley. Our PS DODs lay eggs from week 25 for approximately 50 weeks. The eggs take four weeks to hatch. Once hatched, we transfer all DODs straight to our Broiler duck farms to be reared. The DODs grow for approximately six to eight weeks to become Broiler duck, before we sell them to our Singapore Livestock Business and transport them to our slaughtering plant in Singapore. We sell an average of 90,941 Broiler ducks per month to our Singapore Livestock Business. We sell approximately 91.9% of the Broiler duck we produce.

(4) Other Operations

We also conduct the following business operations in Malaysia through the Teo Seng Group:

- **Animal Health Products:** the Teo Seng Group sources and supplies animal health products required for operations, including vaccines, anti-parasites, disinfectants, equipment, feed additives, herbal solutions, pesticides and supplements; and
- **Organic Fertiliser:** Laskar Fertiliser, a wholly owned subsidiary of Teo Seng Farming, produces organic fertilizer. The chicken manure from the Teo Seng Group's farms is recycled, and the intermediary product is used as a raw material for conversion into organic fertiliser. Almost all of the fertiliser products are sold to external parties.

Indonesia

We conduct our Indonesia Livestock Business through the Malindo Group.

(1) Chicken Production

The Malindo Group is the third-largest integrated poultry producer in Indonesia by annual supply of DOCs in 2017. See Section 8 of this Prospectus. The Malindo Group has over 20 years of experience in poultry production.

As at 31 October 2018, the Malindo Group operates four GPS DOC farms, 24 PS DOC farms and 29 Broiler chicken farms in Indonesia. The Malindo Group also utilises 297 contract farms for housing Broiler chicken. The Malindo Group has the following housing capacity:

- 96,000 GPS DOC;
- 2,819,086 PS DOC; and
- 5,741,120 Broiler chickens (2,562,120 of which are housed in contract farms).

7. BUSINESS OVERVIEW (Cont'd)

The table below sets out details of certain key operational data for the FYE 31 December 2017 and the FPE 31 October 2018:

Metric	FYE 31 December 2017			FPE 31 October 2018		
	PS DOCs	Broiler DOCs	Broiler chicken	PS DOCs	Broiler DOCs	Broiler chicken
Number produced annually or for the period.....	2,586,078	230,330,892	16,309,087	2,122,955	179,599,458	20,336,484
Number supplied annually or for the period ⁽¹⁾⁽²⁾	2,486,563	225,814,600	16,309,087	2,081,328	176,077,900	20,336,484

Notes:

- (2) Where applicable, number supplied is lower than number produced due to the timing of the sale of stock.
- (3) All sales to third parties are to third parties within Indonesia.

As at 31 December 2017, the Malindo Group had a domestic market share of 7.0% by annual supply of DOCs. See Section 8 of this Prospectus.

The Malindo Group does not have any slaughtering plants for Broiler chicken in Indonesia. All of the Broiler chicken that the Malindo Group produces is sold to external third parties.

To stabilise the market, the Indonesian government sets an annual quota on the number of GPS DOCs that each poultry company may import annually. Although we may appeal to the Indonesian government for an increase in our annual quota, our operations are subject to these limits. We have not been informed by the Indonesian government on the annual quota for the FYE 31 December 2019.

With regard to our food processing operations, in 2011, Malindo Feedmill established Malindo Food Delight (in which Malindo Feedmill holds a 99.99% direct interest) which commenced operations in 2013, marking Malindo Feedmill's entry into the downstream sector of the production of processed food products. The Malindo Group's food processing operations are conducted at its food processing plant.

In Indonesia the Malindo Group markets products under brands such as "Sunny Gold", "Ciki Wiki" and "Sobat". The Malindo Group sells its products to hypermarkets including Carrefour and Aerofood ACS.

(2) Egg Production

As at 31 October 2018, the Malindo Group operates two Layer DOC farms and one Layer chicken farm in Indonesia. The Malindo Group has the following housing capacity:

- 172,210 Layer DOCs; and
- 288,000 Layer chickens.

The Malindo Group supplied 12,640,400 Layer DOC in FYE 31 December 2017 and 10,218,600 Layer DOCs in FPE 31 October 2018. The table below sets out the number of eggs produced and sold by the Malindo Group for the FYE 31 December 2017 and the FPE 31 October 2018:

Metric	FYE 31 December 2017	FPE 31 October 2018
Number of eggs produced annually or for the period.....	55,587,993	42,452,752

7. BUSINESS OVERVIEW (Cont'd)

Metric	FYE 31 December 2017	FPE 31 October 2018
Number of eggs sold annually or for the period.....	53,433,872	42,365,296

The Malindo Group sells all of its eggs, which are marketed as table eggs, within Indonesia.

(3) Duck Production

The Malindo Group has only one farm designated for Duck Production operations in Indonesia, and utilises 29 contract farms in Indonesia for housing Broiler duck. As at 31 October 2018, the Malindo Group has a cumulative housing capacity of 11,783 PS DODs and 395,424 Broiler ducks. Our Duck Production operations in Indonesia represent approximately 3.0% of our revenue from our Indonesia Livestock Business for the FPE 31 October 2018.

Similar to our Malaysia Livestock Business, the Malindo Group purchases 100.0% of its PS DOD from Cherry Valley. Once fully reared, the Malindo Group transports the Broiler duck it rears to a local slaughtering plant that the Malindo Group rents and operates. As at 31 October 2018, the Malindo Group sells an average of 35,572 Broiler ducks per month, with all of the Broiler duck produced sold within Indonesia. The Malindo Group sells 100.0% of the Broiler Duck it produces.

Vietnam*(1) Chicken Production*

We are the second-largest integrated poultry producer in Vietnam by annual supply of DOCs in 2017. See Section 8 of this Prospectus. We have been operating in the jurisdiction for over 11 years.

We do not purchase or rear GPS DOCs for our operations in Vietnam. Instead, PS DOCs are supplied by our Malaysia Livestock Business and we also purchase PS DOCs from Aviagen, Cobb and/or "Sasso", a company located in France. In FYE 31 December 2017, approximately 30,000 PS DOCs were supplied by our Malaysia Livestock Business and we purchased approximately 200,000 PS DOCs from Cobb and "Sasso". PS DOCs produce Broiler chicken, which has a market value higher than that of our regular Broiler chicken.

As at 31 October 2018, we operate four PS DOC farms in Vietnam. We also utilise 266 contract farms in Vietnam for housing Broiler chicken. We have the following housing capacity:

- 407,100 PS DOC; and
- 8,076,918 Broiler chickens (all of which are housed in contract farms).

The table below sets out details of certain key operational data in relation to Chicken Production in Vietnam for the FYE 31 December 2017 and the FPE 31 October 2018:

Metric	FYE 31 December 2017		FPE 31 October 2018	
	Broiler DOCs	Broiler chicken	Broiler DOCs	Broiler chicken
Number produced annually or for the period..	34,019,907	22,753,204	29,207,959	22,205,766
Number supplied annually or for the period ⁽¹⁾⁽²⁾	33,290,402	20,788,602	28,615,574	20,475,046

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Number supplied is lower than number produced due to the timing of the sale of stock.
- (2) All sales to third parties are to third parties within Vietnam

As at 31 December 2017, we had a domestic market share of 12.7% by annual supply of DOCs. See Section 8 of this Prospectus.

We do not have any slaughtering or food processing operations in Vietnam. All Broiler chicken produced is sold to external third parties.

(2) Egg Production

As at 31 October 2018, we operate one Layer DOC farm and three Layer chicken farms in Vietnam. We also utilise 37 contract farms in Vietnam for housing Layer chicken. We have the following housing capacity:

- 40,000 Layer DOCs; and
- 2,176,884 Layer chickens (1,672,884 of which are housed in contract farms).

We supplied 2,970,085 Layer DOC in FYE 31 December 2017 and 2,144,081 Layer DOCs in FPE 31 October 2018. The table below sets out the number of eggs produced and sold by us in Vietnam for the FYE 31 December 2017 and the FPE 31 October 2018:

Metric	FYE 31 December 2017	FPE 31 October 2018
Number of eggs produced annually or for the period.....	388,999,440	234,564,330
Number of eggs sold annually or for the period.....	384,884,611	234,074,070

All the eggs produced are sold in Vietnam.

(3) Medication

Since January 2018, we have produced and supplied anti-biotics, vitamins and disinfectants for livestock, with production at our pharmaceutical plant located in Vietnam. We currently supply approximately 51.0% of our medication internally, with the remaining 49.0% sold externally to third parties. We currently have approximately 148 products on the market.

This expansion has enabled us to offer a one-stop service to our third-party customers, whereby we bundle sales of livestock feed, DOCs and medication, providing customers with a comprehensive package to rear DOCs to maturity.

Singapore

(1) Chicken Production

The high market value of land in Singapore means that we have not sought to replicate our traditional Livestock Business in Singapore, as it is not currently economically viable to conduct large-scale farming operations in Singapore. However our Singapore Livestock Business owns several farms, but they are located in Malaysia. As at 31 October 2018, we operate four PS DOC farms and 26 Broiler chicken farms in Malaysia through our Singapore Livestock Business. We also utilise one contract farm in Malaysia for housing Broiler chicken. We have the following housing capacity:

- 327,640 PS DOC; and
- 2,223,925 Broiler chickens (45,100 of which are housed in contract farms)

7. BUSINESS OVERVIEW (Cont'd)

The table below sets out details of certain key operational data for the FYE 31 December 2017 and the FPE 31 October 2018:

Metric	FYE 31 December 2017		FPE 31 October 2018	
	Broiler DOCs	Broiler chicken	Broiler DOCs	Broiler chicken
Number produced annually or for the period.....	30,698,645	13,189,389	25,160,050	9,228,567
Number supplied annually or for the period ⁽¹⁾⁽²⁾	30,685,145	11,613,975	24,891,250	8,459,817

Notes:

- (1) Number supplied is lower than number produced due to the timing of the sale of stock.
- (2) All sales to third parties are to third parties in Singapore or Malaysia.

Our Singapore Livestock Business is primarily focused on the slaughtering and distribution of Broiler chicken. As at 31 December 2017, we had a domestic market share of 45.3%, based on number of live chickens imported from Malaysia. See Section 8 of this Prospectus.

For the FPE 31 October 2018, we source approximately 60.0% of our Broiler chicken from our Malaysia Livestock Business (with some of this Broiler chicken initially supplied to our Malaysia Livestock Business from our Singapore Livestock Business). To ensure that we are not wholly reliant on our own production of Broiler chicken, we purchase the remaining 40.0% from third parties based in Malaysia.

We are able to import Broiler chicken from Malaysia by virtue of our farms in Malaysia and the third-party farms from whom we purchase being accredited by the SFA. We transport the Broiler chicken sourced from our Malaysia Livestock Business by truck to Singapore daily, whilst the Broiler chicken we purchase from third parties is transported daily by those third parties (or their agents) to Singapore.

We distribute chicken that has been slaughtered in Singapore as the SFA does not allow the importation of slaughtered Broiler chicken (excluding frozen chicken) into Singapore, as well as because it ensures the freshness of the chicken and reduces transportation costs.

For the FPE 31 October 2018, on average, we process approximately 59,000 Broiler chickens per day across our three slaughtering plants. We also slaughter and distribute approximately 1,770,000 Broiler chickens per month, all of which we sell within Singapore. For the FYE 31 December 2017, we derived approximately 33.2% of the revenue of our Singapore Livestock Business from sales of slaughtered Broiler chicken.

Approximately 56.6% of the Broiler chickens we slaughter in Singapore is halal. We deliver the Broiler chicken daily to over 450 locations in Singapore, 365 days a year where we sell to supermarkets, QSRs and other third-party purchasers, respectively.

With regard to our food processing operations, we market our products under brands including "Sunny Gold" and "SAFA". We sell our products to companies including KFC, Cold Storage, Nando's and Jollibee. All our food processing operations are conducted on-site at designated sections of our slaughtering plants.

We also sell some Broiler DOCs and live Broiler chicken directly from our farms in Malaysia to third parties. For the FYE 31 December 2017, approximately 11.9% of the revenue of the Singapore Livestock Business was derived from the sales of Broiler DOCs and live Broiler chicken.

7. BUSINESS OVERVIEW (Cont'd)*(2) Egg Production*

We do not have any Egg Production facilities in Singapore.

(3) Duck

Our Singapore Livestock Business derives a small portion of revenue from the import, slaughter and distribution of Broiler duck, approximately 50.0% of which we source from our Malaysia Livestock Business and 50.0% we source from third-parties also based in Malaysia. We are able to import Broiler duck from Malaysia by virtue of our farms in Malaysia, and the farms of the third party from whom we purchase, being accredited by the SFA.

As at 31 October 2018, on average, we process approximately 6,000 Broiler ducks per day at our single slaughtering plant, with capacity to increase output to 8,000 ducks per day at maximum capacity. We also slaughter and distribute approximately 182,000 Broiler ducks per month, all of which we sell within Singapore. For the FYE 31 December 2017, approximately 5.2% of the revenue of our Singapore Livestock Business is derived from sales of Broiler duck.

As at 31 October 2018, approximately 8.0% of the Broiler duck we slaughter in Singapore is halal. Approximately 6.0% of sales are made to retailers, with the remaining 94.0% of sales made to other third-party purchasers such as restaurants, shops and hawker centres. We do not sell any duck to QSRs.

(4) Trading and Storage

In 2014 we acquired Tai Wee Company (Pte) Ltd for approximately SGD 9.6 million, and subsequently renamed it Leong Hup Distribution. Through Leong Hup Distribution, we purchase, store, sell and distribute frozen food products (including chicken, beef, lamb and seafood) purchased from third parties located in the United States, Brazil, Argentina and Australia (all of whom have received SFA accreditation) to wholesalers located in Singapore. We purchase frozen chicken from third parties, rather than freezing our own fresh chicken, because it is more cost efficient to do so. As at 31 October 2018, we conduct approximately 45.0% of the distribution of the frozen food products ourselves utilising our fleet of approximately 100 cold-storage trucks, with the remaining 55.0% through third parties.

Our current storage facility in Singapore has a total of 11 cold rooms, with a total storage capacity of 8,650 Pellets. We use between 70.0% and 80.0% of the storage capacity for our own frozen food products and seek to rent the remaining storage capacity to third parties.

In the FYE 31 December 2017, approximately 25.2% of the revenue of our Singapore Livestock Business was derived from our Trading and Storage operations.

We have invested a further SGD 11.0 million (equivalent to approximately RM32.8 million) since July 2017 in the construction of an additional storage facility on the same site as our current storage facility, which has commenced operations in January 2019. This storage facility is fully automated, offers a further 7,800 pellets of storage capacity and will be used to expand current levels of domestic distribution.

(5) Swine

In the FYE 31 December 2017, approximately 16.3% of the revenue of our Singapore Livestock Business was derived from the sale of chilled swine. We have since divested our swine business as of 30 June 2018.

7. BUSINESS OVERVIEW (Cont'd)

Philippines

(1) Chicken Production

Our operations in the Philippines constitute a relatively small portion of our Livestock Business, accounting for approximately 0.4% of our revenue in the FYE 31 December 2017. We do not purchase or rear GPS DOCs for our operations in the Philippines. Instead, we purchase all of our PS DOCs from Phil Malay, in which Leong Hup GPS holds a 10.0% interest and Lau Jui Peng holds a 30.0% interest. As we do not have any feedmills in the Philippines, we satisfy all livestock feed requirements through third-party purchases.

As at 31 October 2018, we operate two PS DOC farms and two Broiler chicken farms in the Philippines. We also utilise seven contract farms in the Philippines for housing Broiler chicken. We have the housing capacity for:

- 146,280 PS DOCs; and
- 675,000 Broiler chickens (528,000 of which are housed in contract farms).

The table below sets out details of certain key operational data for the FYE 31 December 2017 and the FPE 31 October 2018:

<u>Metric</u>	<u>FYE 31 December 2017</u>		<u>FPE 31 October 2018</u>	
	<u>Broiler DOCs</u>	<u>Broiler chicken</u>	<u>Broiler DOCs</u>	<u>Broiler chicken</u>
Number produced annually or for the period.....	4,931,465	1,469,640	8,659,392	2,844,042
Number supplied annually or for the period ⁽¹⁾⁽²⁾	4,920,553	1,396,158	8,535,157	2,843,618

Notes:

- (1) Number supplied is lower than number produced due to the timing of the sale of stock.
 (2) All sales to third parties are to third parties within the Philippines.

We do not have any slaughtering or food processing operations in the Philippines. All Broiler chicken produced is sold locally to external third parties.

(2) Egg Production

We do not have any Egg Production facilities in the Philippines.

7. BUSINESS OVERVIEW (Cont'd)**Operational Data**

The table below sets out certain key operational data for our Livestock Business by jurisdiction:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Malaysia				
Number of DOCs supplied (millions)	163.7	168.1	175.2	169.7
Number of Broiler chicken supplied (millions)	57.1	55.8	56.9	50.1
Eggs sold (millions)	1,149.7	1,244.8	1,287.8	1,114.9
Indonesia				
Number of DOCs supplied (millions)	227.2	232.7	240.9	188.4
Number of Broiler chicken supplied (millions)	12.5	14.6	16.3	20.3
Eggs sold (millions)	39.2	60.9	53.4	42.4
Vietnam				
Number of DOCs supplied (millions)	32.5	33.8	36.3	30.8
Number of Broiler chicken supplied (millions)	21.2	19.4	20.8	20.5
Eggs sold (millions)	456.9	460.9	384.9	234.1
Singapore				
Number of DOCs supplied (millions)	29.1	29.4	30.7	24.9
Number of Broiler chicken supplied (millions)	12.5	12.2	11.6	8.5
Eggs sold (millions)	-	-	-	-
Philippines				
Number of DOCs supplied (millions)	-	-	4.9	8.5
Number of Broiler chicken supplied (millions)	-	0.4	1.4	2.8
Eggs sold (millions)	-	-	-	-

7. BUSINESS OVERVIEW (Cont'd)

Quality Control and Biosecurity

Quality control is of fundamental importance to the continuing operation of our Livestock Business. The following biosecurity measures are in place throughout our Livestock Business:

- *Quality of GPS DOCs, PS Layers and imported products:* We purchase our GPS DOCs exclusively from Aviagen and Cobb, two of the world's leading genetics companies. Our PS Layers are all of the "Hisex" breed, which is one of the leading breeds for PS Layers. With regard to our Singapore Livestock Business, we only purchase frozen food products from companies who have received SFA accreditation;
- *Closed Poultry Houses:* Approximately 77.6% of our poultry houses operate on a closed-house system, which affords a number of advantages over competitors who utilise a higher percentage of 'open house' systems. In particular, in a closed-house system, we have far greater control over a number of climatic factors, including temperature, relative humidity, air composition, air movement and airspeed and light, which affect both the growth and health of poultry, thereby offering improved levels of biosecurity;
- *Monitoring:* at each of our farms, mortality and growth rates are monitored by qualified veterinarians and benchmarked against industry standards to identify any systemic or one-off issues. In addition, the onsite veterinarians conduct pre- and post-mortem inspections at our farms and slaughtering plants, respectively;
- *Temperature Control:* In addition to temperature control within our poultry houses, we maintain consistent temperature control at our slaughtering and processing facilities, ensuring that produce remains fresh. We keep all rooms where poultry is processed within a specified temperature range, and once we have packaged the chicken we freeze it immediately, preventing temperature fluctuations. All freezers are linked to a single hub from which we can control and monitor them; therefore, in the event that any problems arise, key personnel are notified. Moreover, in the event of power failure, back-up generators provide enough power for the freezers to continue to operate for a 48-hour period without further supply;
- *Cross-contamination:* stringent measures are in place to minimise any risks of cross-contamination occurring, particularly with regard to raw / cooked poultry (in accordance with HACCP standards) and RTE and RTC products. In relation to raw / cooked poultry, the facility is structured so that it operates on a one-way system, with a clear delineation throughout the facility, meaning that raw poultry cannot contaminate cooked poultry at any stage. In relation to RTE and RTC products, we store them separately and use separately lifts for moving RTE and RTC products prior to distribution;
- *Halal / non-halal productions:* We keep halal / non-halal products separate, from arrival at the slaughtering facility through to departure from the slaughtering facility; we conduct halal and non-halal slaughtering in two wholly separate 'batches'. Our Singapore Livestock Business has received certification from Majlis Ugama Islam Singapura that our processes are halal-compliant, and our Malaysia Livestock Business has received certification from the Department of Islamic Development Malaysia;
- *Traceability / Sampling:* we tag each chicken or duck that leaves one of our farms to be transported to a slaughtering facility with key identifying information, so that it may be traced back to a particular farm and a particular batch of poultry. Upon arrival at the slaughtering plant, we take samples from each batch of poultry and test those samples, so that we can identify any issues with the specific batch. Moreover, in Singapore we have installed global positioning system trackers on all of our distribution vehicles, so that at all times we have complete visibility on where and when each batch is being delivered;

7. BUSINESS OVERVIEW (Cont'd)

- *Hygiene:*
 - *Farms:* we employ a number of measures to ensure that high hygiene standards are met at our farms. Our closed-house farms offer improved levels of biosecurity as compared to open house farms. We run our farms on an "all-in-all-out" cyclical basis, with each farm being "offline" for approximately three weeks. This decreases the likelihood of disease spreading and also allows us to sanitise the farm while it is offline. We also require persons entering our farms to a thorough sanitisation process prior to entry to mitigate the risk of any disease being brought onto the farm; and
 - *Slaughtering facilities:* we require our employees at our slaughtering facilities to wear specific clothing and all our employees are trained on hygiene standards prior to commencing work. We employ a meticulous cleaning process at our slaughtering facilities every evening. In addition, we clean the entire facility every Sunday, when no slaughtering takes place;
- *Inspection:* our facilities are subject to annual inspections to ensure compliance with our certifications. In particular, our facilities in Singapore are subject to random spot-checks by the SFA, who, on average, visits our facilities bi-weekly to take samples for testing; and
- *Training:* We conduct ongoing staff training in biosecurity measures, which is important to ensure the safe and hygienic operation of our business.

See Section 7.26 of this Prospectus for a description of the key certifications that we have received.

7.6 Sales and marketing

We do not have an overarching sales or marketing strategy that pervades across all jurisdictions in which we operate. Rather, the sales and marketing teams in each jurisdiction retain discretion to formulate strategies for, and adapt to the needs of, their jurisdiction as is necessary. However, we employ the following consistent marketing and sales strategies:

- placing an emphasis on the high quality of our produce, whilst continuing to price our livestock feed competitively;
- seeking to emphasise, and spread the visibility of, our key brands (whether "Leong Hup" in Malaysia, Singapore and the Philippines or "Malindo" in Indonesia); and
- offering excellent levels of customer service.

7.6.1 Malaysia

Our sales and marketing strategy for our operations in Malaysia includes:

In relation to livestock feed:

- ensuring that our sales teams, who represent our most effective marketing and promotion channel, have a comprehensive understanding of our sales strategies and our products and services;
- implementing an active marketing strategy by participating in trade shows, livestock exhibitions and livestock fairs to promote our products and seek new business opportunities, as well as organising forums and seminars for customers to update them on industry trends, product information, technical knowledge and support;

7. BUSINESS OVERVIEW (Cont'd)

- offering extensive ongoing support services to our customers, including guiding them on farm management practices and flock health, monitoring and evaluating performance to achieve optimal results, and providing feedback to customers with concerns to rectify potential problems and/or deficiencies; and
- targeting customers located in states in Malaysia where there is a high density of livestock production and therefore a greater demand for our products.

In relation to livestock:

- emphasising our ability to supply quality livestock in the required quantity and within the required timeframe;
- maintaining close communication with our customers to ensure we remain cognisant of shifts in market appetite / expectation, and in particular with customers with whom we have long-term contracts and long-term relationships; and
- engaging a team of veterinarians to assist our customers with regard to animal health nutrition and farm management.

7.6.2 Indonesia

Our sales and marketing strategy for our operations in Indonesia includes:

- prioritising the sale of high margin products (such as Broiler chicken feed);
- ensuring we continue to offer a diverse product line, including feed for swine, chicken, duck and quail; and
- offering customers promotions such as loyalty discounts, tour incentives, seminars and training.

7.6.3 Vietnam

Our sales and marketing strategy for our operations in Vietnam includes:

- In relation to livestock feed:
 - locating distribution points strategically throughout Vietnam by utilising a small and medium scale dealership system, thereby enhancing the breadth of our market;
 - offering a diverse range of health products in conjunction with the livestock feed sold; and
 - seeking to enhance our well-established reputation for producing a livestock feed product of a consistent quality and physical appearance.
- In relation to livestock:
 - offering daily support to the contract farmers on whom we rely in the form of experienced veterinarians located throughout the northern, south central and southern regions of Vietnam;

7. BUSINESS OVERVIEW *(Cont'd)*

- emphasising the genetic quality of our products by virtue of the reputable companies from whom we source our PS and PS Layers, including that we are the sole provider of the "Hisex" breed; and
- locating our farms strategically throughout Vietnam, allowing customers easy access and thereby saving costs on transportation.

7.6.4 Singapore

Our sales and marketing strategy for our operations in Singapore includes:

- emphasising our commitment to food safety;
- emphasising our ability to continue supplying our customers in the event that we encounter production issues at one of our facilities, as our other facilities are capable of meeting any shortfall, providing reassuring customers that all orders will be met; and
- relying on our dedicated fleet of approximately 100 cold-storage trucks to ensure prompt delivery for scheduled and ad-hoc deliveries.

7.6.5 Philippines

Our sales and marketing strategy for our operations in the Philippines includes, in relation to the sale of DOCs specifically:

- booking sales approximately one month in advance of actual delivery, which gives us visibility over our future delivery obligations; and
- instituting careful credit control procedures which are closely monitored, including: (a) requiring customers who represent a credit risk to place a cash bond for their confirmed order, which will be used to offset any loss resulting from the customer failing to make payment for that order; and (b) requiring payment within 14 days of delivery.

7.7 Distribution

7.7.1 Malaysia

With regard to our Feedmill Business, we distribute Bagged Feed, both internally and to our customers, using our trucks. All Bulk Feed is delivered to third-party bulk tankers hired by our customers.

With regard to our Livestock Business:

- we outsource the delivery of DOCs to a third-party logistics company, who utilise their fleet of trucks to pick up DOCs from our eight Hatcheries across Malaysia and deliver the DOCs directly to our customers' farms throughout Malaysia; and
- we deliver some Broiler chicken and Broiler duck directly to our customers (utilising our fleet of trucks) and outsource some deliveries to third parties, whilst some customers collect Broiler chicken and Broiler duck from our farms themselves.

7. BUSINESS OVERVIEW (Cont'd)

7.7.2 Indonesia

With regard to our Feedmill Business, for livestock feed supplied internally, the Malindo Group deliver the livestock feed using the three bulk tankers that they own. For livestock feed sold externally, customers will either send their own trucks or bulk tankers to pick up the livestock feed, or request that the Malindo Group arrange for third parties to deliver the livestock feed to them (at the customers' cost).

With regard to our Livestock Business, all distribution is conducted by third parties, as arranged by the customer.

7.7.3 Vietnam

Where produce is being delivered internally or to a related party, we will deliver the produce by truck to the relevant location. By contrast, where the produce is being sold on the open market, the customer will arrange their own transportation of the produce, as the goods are sold ex-factory / ex-farm.

7.7.4 Singapore

Due to Singapore's relatively small size, the location of our facilities is of lesser importance than in the other jurisdictions where we operate.

Of greater importance is our extensive fleet of cold-storage trucks (all of which are fitted with Global Positioning System tracking), which enable us to deliver our produce to customers across Singapore.

7.7.5 Philippines

We deliver DOCs using our own delivery trucks. By contrast, customers will arrange for trucks to attend our farms to pick up any Broiler chicken purchases.

7.8 Major suppliers and customers

7.8.1 Major Customers

The table below sets out details of our five largest customers for the financial years/period indicated.

FPE	Customer	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Sales (RM millions)	% of revenue
31 October 2018	Teratai Agriculture Vietnam Limited	Feedmill	8	Vietnam	116.5	2.5
	PT Mustika Jaya Lestari	Feedmill	7	Indonesia	71.3	1.5
	NTUC Fairprice Co-operative Limited	Livestock	10	Singapore	94.8	2.0
	Worldsign Industries Sdn Bhd	Livestock	6	Malaysia	52.4	1.1

7. BUSINESS OVERVIEW (Cont'd)

FPE	Customer	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Sales (RM millions)	% of revenue
	NB Poultry Processing Industries Sdn Bhd	Livestock	12	Malaysia	51.5	1.1

For the FPE 31 October 2018, our five largest customers contributed RM386.5 million (8.2% of revenue).

FYE	Customer	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Sales (RM millions)	% of revenue
2017	NTUC Fairprice Co-operative Limited	Livestock	10	Singapore	171.4	3.1
	PT Mustika Jaya Lestari	Feedmill	6	Indonesia	155.1	2.8
	Teratai Agriculture Vietnam Limited	Feedmill	7	Vietnam	123.8	2.3
	PYL Farming Sdn Bhd	Feedmill	12	Malaysia	72.2	1.3
	NB Poultry Processing Industries Sdn Bhd	Livestock	12	Malaysia	69.4	1.3

For the FYE 31 December 2017, our five largest customers contributed RM591.9 million (10.8% of revenue).

FYE	Customer	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Sales (RM millions)	% of revenue
2016	NTUC Fairprice Co-operative Limited	Livestock	10	Singapore	151.8	2.9
	Teratai Agriculture Vietnam Limited	Feedmill	7	Vietnam	96.5	1.8
	PT Mustika Jaya Lestari	Feedmill	6	Indonesia	96.1	1.8
	NB Poultry Processing Industries Sdn Bhd	Livestock	12	Malaysia	84.9	1.6
	PYL Farming Sdn Bhd	Feedmill	12	Malaysia	69.0	1.3

7. BUSINESS OVERVIEW (Cont'd)

For the FYE 31 December 2016, our five largest customers contributed RM498.3 million (9.5% of revenue).

FYE	Customer	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Sales (RM millions)	% of revenue
2015	NTUC Fairprice Co-operative Limited	Livestock	10	Singapore	138.0	2.9
	NB Poultry Processing Industries Sdn Bhd	Livestock	12	Malaysia	77.2	1.6
	Teratai Malaysia	Feedmill	27	Malaysia	49.7	1.1
	An Long Food Processing and Trading Company Limited	Livestock	7	Vietnam	43.5	0.9
	Teratai Agriculture Vietnam Limited	Feedmill	7	Vietnam	41.4	0.9

For the FYE 31 December 2015, our five largest customers contributed RM349.8 million or 7.4% of our revenue.

We are not dependent on any of our major customers.

7.8.2 Major Suppliers

The table below sets out details of our five largest suppliers across the jurisdictions where we operate, for the financial years/period indicated.

FPE	Supplier	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Purchases (RM millions)	% of purchases of inventories and livestock
31 October 2018	Marubeni Grain & Oilseeds Trading Asia Pte Ltd	Feedmill	8	Vietnam and Indonesia	270.6	8.2
	Hoe Seng Chan Co., Sdn Bhd	Feedmill	20	Malaysia	137.2	4.1
	Hum Joint Stock Company	Feedmill	3	Vietnam	123.4	3.7
	Enerfo Malaysia Sdn Bhd	Feedmill	2	Malaysia	93.1	2.8
	CJ International Asia Pte Ltd	Feedmill	10	Indonesia	83.9	2.5

For the FPE 31 October 2018, our five largest suppliers represented purchases of RM708.2 million (21.3% of purchases of inventories and livestock).

7. BUSINESS OVERVIEW (Cont'd)

FYE	Supplier	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Purchases (RM millions)	% of purchases of inventories and livestock
2017	Marubeni Grain & Oilseeds Trading Asia Pte Ltd	Feedmill	7	Vietnam and Indonesia	345.9	9.0
	Cargill (Malaysia) Sdn Bhd	Feedmill	20	Malaysia	123.8	3.2
	PT Agristar Grain Indonesia	Feedmill	3	Indonesia	116.3	3.0
	Hoe Seng Chan Co., Sdn Bhd	Feedmill	20	Malaysia	106.3	2.8
	Sats BRF Foods Pte Ltd	Livestock	5	Singapore	83.2	2.2

For the FYE 31 December 2017, our five largest suppliers represented purchases of RM775.5 million (20.2% of purchases of inventories and livestock).

FYE	Supplier	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Purchases (RM millions)	% of purchases of inventories and livestock
2016	Marubeni Grain & Oilseeds Trading Asia Pte Ltd	Feedmill	7	Vietnam and Indonesia	266.6	7.4
	Cargill (Malaysia) Sdn Bhd	Feedmill	20	Malaysia	154.6	4.3
	Hoe Seng Chan Co., Sdn Bhd	Feedmill	20	Malaysia	121.9	3.4
	Sats BRF Foods Pte Ltd	Livestock	5	Singapore	108.9	3.0
	Cargill International Trading Pte Ltd	Feedmill	6	Vietnam	98.3	2.7

For the FYE 31 December 2016, our five largest suppliers represented purchases of RM750.3 million (20.8% of purchases of inventories and livestock).

FYE	Supplier	Feedmill / Livestock	Length of relationship as at 31 October 2018 (years)	Jurisdiction	Purchases (RM millions)	% of purchases of inventories and livestock
2015	Marubeni Grain & Oilseeds Trading Asia Pte Ltd	Feedmill	7	Vietnam and Indonesia	348.7	10.4
	Enerfo Pte Ltd	Feedmill	4	Indonesia	163.5	4.9
	Hoe Seng Chan Co., Sdn Bhd	Feedmill	20	Malaysia	104.3	3.1
	Cargill (Malaysia) Sdn Bhd	Feedmill	20	Malaysia	85.9	2.6
	Linley Valley Pork	Livestock	18	Singapore	48.8	1.5

7. BUSINESS OVERVIEW (Cont'd)

For the FYE 31 December 2015, our five largest suppliers represented purchases of RM751.2 million or 22.5% of purchases of inventories and livestock.

We are not dependent on any of our major suppliers.

7.9 Competition

See Section 8 of this Prospectus for details of the barriers to entry and competition.

7.10 Raw Materials and Procurement

7.10.1 Feedmill

Our Feedmill Business is highly dependent upon the price and availability of raw materials. The raw materials most widely used in our Feedmill Business are corn and soybean meal (imported from South America). See Section 7.5.1 of this Prospectus for details of the raw materials we use in the production of livestock feed.

7.10.2 Livestock

We have not experienced substantial fluctuations in the cost of raw materials required for our Livestock Business. The primary raw materials we source are GPS DOCs, PS DOCs, PS Layer DOCs and PS DODs. We source our GPS DOCs and PS DOCs from Aviagen and Cobb, our PS Layer DOCs from Hendrix Genetics and our PS DODs from Cherry Valley, all of whom are companies with which we have long-standing relationships.

We do see noticeable fluctuations in our Trading operations in our Singapore Livestock Business. The frozen food products that we purchase are imported from countries including the United States, Brazil and Argentina, and the prices of these products can fluctuate regularly and substantially, based on market demand. Consequently, the margin of profit made from our Trading operations fluctuates in tandem.

7.11 Future Plans for Construction, Expansion and Improvement of Plant, Property and Equipment

We have completed the construction of a fourth feedmill in Dong Nai, Vietnam, which has commenced operations in January 2019, with an annual production capacity of 285,120 MT. We have plans to expand our Dong Nai feedmill to include the following:

- construction of one silo and a soybean meal flat warehouse discharging system;
- construction of a third pelleting line, thereby increasing our annual production capacity in Vietnam from 1,069,200 MT per annum in 2018 to 1,496,880 MT per annum in 2020; and
- construction of a spent grain drying facility (a facility to dry grains), and centralisation of premix machinery, thereby providing our Group with additional capacity of 13,200 MT per annum and 24,000 MT per annum respectively.

The above expansion plans will be funded by the proceeds from the Public Issue. Construction of one silo and a soybean meal flat warehouse discharging system is scheduled to commence in the third quarter of 2020 and be completed by the fourth quarter of 2020. Construction of the third pelleting line is scheduled to commence in the third quarter of 2019 and is expected to complete by the fourth quarter of 2019. Construction of the spent grain drying facility has commenced in the first quarter 2019 and is expected to complete by the third quarter of 2019 whereas construction of the centralise premix machinery is expected to commence in the third quarter of 2020 and is expected to complete by the first quarter of 2021.

7. BUSINESS OVERVIEW (Cont'd)

We also plan to construct an animal medicine injection line in the medicine plant located at Bau Bang and install automatic bagging and a robotic pelletiser in both the Bau Bang and Tien Giang feedmills in Vietnam. We expect the expansion in the Dong Nai feedmill and the construction of equipment and machinery for Dong Nai, Bau Bang and Tien Giang feedmill plants to cost approximately RM25.6 million, which we intend to fund using proceeds from the Public Issue.

We have further plans to construct an aquaculture feedmill plant in Vietnam, which will have an annual production capacity of 77,760 MT. Construction is scheduled to commence in the first quarter of 2020 and expected to complete in the first quarter of 2021. We expect the construction to cost approximately RM68.0 million, which we intend to fund using bank borrowings and internally generated funds. As at the LPD, no amount has been paid towards this project.

We have plans to construct our first feedmill in the Philippines, which will have an initial annual production capacity of 144,000 MT, with scope to subsequently upgrade annual production capacity to 240,000 MT. Construction is scheduled to commence in the third quarter of 2019 and complete in the fourth quarter of 2020. We expect the construction to cost approximately RM59.2 million, which we intend to fund using proceeds from the Public Issue.

We are planning on constructing and expanding these feedmills to support the growth of our Livestock Business, as it provides us with security in terms of the supply of livestock feed required within our Livestock Business and greater control over the entire poultry value chain. A higher quantity of livestock feed production increases our flexibility with regards the number of Broiler chicken that we can produce, as we reduce our reliance on external suppliers. This flexibility is crucial when seeking to transition from utilising contract farms to using more of our own farms.

See Section 4.6 of this Prospectus for further details on our Group's future plans for the construction, expansion and improvement of plant, property and equipment that will be paid for with Public Issue proceeds.

7.12 Seasonality

Our Feedmill Business is not subject to seasonal factors.

Our Livestock Business can be subject to certain seasonal factors, such as the weather, festive seasons and school holidays:

- *Weather:* whilst poultry grown in closed-houses are not affected by variations in the weather, poultry grown in open-houses are. When the weather is hotter, poultry tends to grow at a slower rate, thus reducing the supply to the market, and therefore increasing prices. By contrast, when the weather is cooler, poultry tends to grow at a faster rate, thus increasing the supply to the market, and therefore depressing prices. As such, the change in the weather has affected and will affect the production of our Livestock Business.
- *Festive seasons:* Typically, poultry consumption is higher during the festive seasons such as Ramadan and Christmas, and poultry consumption is lowest during the period immediately following Ramadan.
- *School holidays:* during the school holidays we see an increase in sales in each of jurisdictions where we operate, other than in Singapore, where sales are slightly lower.

7. BUSINESS OVERVIEW (Cont'd)

7.13 Research and development

We have long-standing relationships with several internationally renowned universities and research institutions, with whom we collaborate regarding research on nutrition. In addition, our nutritionists attend international conferences, as well as working closely with key industrial partners (such as Cobb and Aviagen) and other livestock feed additive companies. This enables our nutritionists to acquire information regarding innovative nutritional concepts first-hand and ensure that they are aware of the latest developments and issues. We then use this information at our commercial research farms located in Subang, Indonesia, to seek to improve our FCR and the health of our poultry. We are committed to continuous improvement in livestock feed quality and animal health.

7.14 Technology

7.14.1 Feedmill Business

In Malaysia, we have retrofitted our pelleting process with automated pelleting technology produced by the Bühler Group, which reduces the scope for human error and maintains pellet quality control. In Indonesia, we have installed robotic arms for the packaging of livestock feed, increasing efficiency and reducing the amount of labour required. In addition, in each of Malaysia, Indonesia and Vietnam we have successfully linked our production records to the ERP system, eliminating the scope for operators inputting incorrect data as production data will be captured by the ERP system in real-time.

7.14.2 Livestock Business

Within our hatcheries in Malaysia, we utilise "HatchBrood", a system developed by HatchTech Group BV, which balances and controls crucial environmental variables (including air temperatures, floor temperatures, air velocity and humidity levels) during the brooding period, thereby ensuring that the DOCs maintain a uniform and optimum body temperature. This results in higher growth rates, improved health and lower mortality. Whilst HatchBrood is currently used only in Malaysia, we intend to roll this out across the jurisdictions where we have Egg Production operations.

In addition, across the jurisdictions where we operate, we seek to rely on automated machinery to minimise human intervention, which has the dual effect of increased productivity and a reduction in human error, as well as reducing our reliance on the availability of labour. For example, in Malaysia, we have invested in automated chicken manure belts at our Layer chicken farms so that the farms are cleaned more regularly, thereby improving hygiene at the farms. In Indonesia, we have invested in market-leading pelleting systems designed by Bühler Holding AG and CPM Roskamp. In Singapore, we have invested in the construction of a new fully automated cold-storage facility which has commenced operations in January 2019.

7.15 Insurance

We have the following insurance policies in place:

- Property all-risks insurance for our fixed assets and inventory in relation to any damage caused by accidents, fire civil disorder, and/or natural disasters;
- Fire insurance for our fixed assets, inventory, machinery and equipment (including those held in trust by our relevant companies) in relation to any damage caused by fire, explosions, civil disorders and/or natural disasters such as storms, earthquakes, volcanic eruptions and flood;
- Money / burglary insurance in relation to any burglary, robbery or hold up for machinery and equipment stored in the relevant premises and all cash kept locked in the relevant premises and/or in the personal custody by our authorised employee in transit to the banks;

7. BUSINESS OVERVIEW (Cont'd)

- Goods-in-Transit insurance for damage suffered to our goods, stocks, inventory, machinery and equipment during transit to or from our premise to any determined destination within Malaysia and Singapore (whether by land or sea);
- Public Liability insurance for any injury(s) suffered by a third party on or about our premises whether due to fault, negligence or by any defect in the buildings, works or machinery;
- Work injury insurance and medical insurance for our employees in relation to any sickness or injuries suffered during the course of their employment (this insurance is in place for some, but not all, of our subsidiaries); and
- Motor vehicle insurance in relation to any damages to our motor vehicle (this insurance is in place for some, but not all, of our subsidiaries).

The insurance policies that we currently hold are customary in the industry in which we operate, and we will review our insurance coverage annually.

7.16 Major licences and permits

We have various licences and permits for our operations in Malaysia and other jurisdictions where we operate. Details of our major licences and permits are set out in Annexure A of this Prospectus. Save as disclosed in Annexure A of this Prospectus, our Group is not dependent on any major licenses, permits registration and other intellectual property rights for our business operations.

7.17 Business interruption

We did not experience any disruption in business which has a significant effect on our operations for the 12-month period prior to the date of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

7.18 Employees

As at 31 October 2018, we have 10,415 employees, of whom 7,676 are permanent employees and 2,739 are contract/temporary employees. The following table sets out the functional areas at these employees as at the dates indicated:

Category	As at 31 December 2017	As at 31 October 2018
Management and Professional	959	998
Technical and Supervisory	802	877
Executive (Support Function)	2,122	1,994
Semi-Skilled & Clerical	3,846	3807
Contracted Workers	2,841	2,739
Total	10,570	10,415

Location	As at 31 December 2017	As at 31 October 2018
Malaysia	4,376	4,362
Indonesia	3,537	3,537
Vietnam	1,520	1,399
Singapore	1,049	959
Philippines	88	158
Total	10,570	10,415

Some of our employees in Indonesia are members of Serikat Pekerja Seluruh Indonesia. None of our employees in Malaysia, Vietnam, Singapore and Philippines are members of any union. We have not experienced labour disputes in the past that have caused a material disruption to and materially affected our operations.

Talent with strong competencies and technical skills and experiences are vital in ensuring an efficient operational performance across our countries of operations. We will continue to seek to attract and retain top talent, as well as to emphasise the strengthening of our human capital to support our future growth. To ensure a pipeline of talented and skilled workers, we focus on retaining and recruiting talent who are familiar with the dynamics of the poultry industry and intend to continue investing in the training and development of our staff.

7. BUSINESS OVERVIEW (Cont'd)

7.19 Intellectual property and trademarks

Save as disclosed below, as at the LPD, we do not have any brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights:


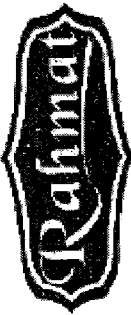

7.19.1 Trademarks

As at the LPD, we have registered the following trademarks which are used for the operation of our business:

Malaysia

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ trademark	Description of trademark
1.		LH Agrobusiness	2012050868	Malaysia	16 February 2022	29:	Poultry products included in Class 29 ⁽¹⁾ .
2.		LH Agrobusiness	2012050855	Malaysia	16 February 2022	29:	Poultry products included in Class 29 ⁽¹⁾ .




7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
3.		Jaco Nutrimix	2014012612	Malaysia	13 November 2024	31: Foodstuffs for animals, vitamin and mineral premixes as well as concentrated vitamins for the livestock industry; all included in class 31 ⁽²⁾ .
4.		LH Agrobusiness	04013678	Malaysia	13 September 2024	29: Sausages, frankfurter, burger, meatball, nuggets, popcorn chicken and vegetarian burger; all included in class 29 ⁽¹⁾ .
5.		Teo Seng	(i) 2012059481 (ii) 2012059479 (iii) 2012059480 (iv) 2012059482	Malaysia	2 December 2022	(i) 35: Advertising, business marketing, business management, office function and retailing shop; all included in class 35 ⁽³⁾ .


7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						<p>(ii) 16: Paper, paper carton, paper packaging, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding materials; photographs; stationery; instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); all included in class 16⁽⁴⁾.</p> <p>(iii) 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats; all included in class 29⁽⁴⁾.</p> <p>(iv) 39: Transport; packaging and storage of goods; travel arrangement; all included in class 39⁽⁶⁾.</p>



7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
6.		Ritma Prestasi	2012057472	Malaysia	22 September 2022	44: Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture horticulture and forestry services; all included in class 44 ⁽⁶⁾ .
7.		Ritma Prestasi	09006060	Malaysia	14 April 2029	35: Business marketing, business management and advertising; all included in class 35 ⁽³⁾ .
8.		Teo Seng	(i) 2012057836 (ii) 2012057837 (iii) 2012057838 (iv) 2012057835	Malaysia	4 October 2022	(i) 16: Paper, paper carton, paper packaging, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding materials; photographs; stationery; instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); all included in class 16 ⁽⁴⁾ .

7. BUSINESS OVERVIEW (Cont'd)



No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						(ii) 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats; all included in class 29 ⁽¹⁾ .
						(iii) 31: Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt; all included in class 31 ⁽²⁾ .
						(iv) 39: Transport, packaging and storage of goods; all included in class 39 ⁽⁵⁾ .
9.		Teo Seng	09006059	Malaysia	14 April 2029	36: Financial affairs, monetary affairs, real estate affairs; all included in class 36 ⁽⁷⁾ .

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
10.		Teo Seng Farming	08023199	Malaysia	20 November 2028	35: Business management and marketing. promoting public awareness, which including verbal and nonverbal communication, of the need for doing sales or community development, community awareness and academic achievement through the marketing, promoting, sponsoring, facilitating of any educational program through mass media; all included in class 35 ⁽³⁾ .
11.		Laskar Fertiliser	(i) 2014061271 (ii) 2014061269 (iii) 2014061270	Malaysia	2 August 2024	(i) 35: Advertising, business marketing, business management, retailing services connected to fertilizer; all included in class 35 ⁽³⁾ .

(ii) 1: Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry included in class 1⁽⁶⁾.

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						(iii) 16: Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); all included in class 16 ⁽⁴⁾ .
12.	 	Teo Seng Farming	(i) 2017057510 (ii) 2017057507 (iii) 2017057509	Malaysia	28 April 2027	(i) 16: Paper, cardboard and goods made from these materials, printed matter; bookbinding materials; photographs; stationery; carton box, plastic materials for packaging; all included in class 16 ⁽⁴⁾ .

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
(ii)	29	Albumen for food, eggs, powdered eggs, white of eggs and yolk of eggs; all included in class 29 ⁽¹⁾ .				
(iii)	35	Business management assistance; business management consultancy; organization consultancy; demonstration of goods; dissemination of advertising matter; distribution of samples; sales promotion; the bringing together, for the benefit of others, a variety of goods (excluding the transportation thereof) enabling customers conveniently to view and purchase those goods in a retail store; franchising, namely, offering technical assistance in the establishment and/or operation of stores; all included in class 35 ⁽³⁾ .				

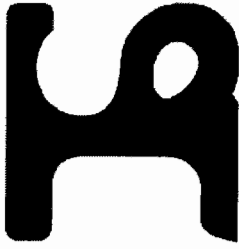
7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
13.	Happy egg	Teo Seng Farming	(i) 2017057516 (ii) 2017057511 (iii) 2017057512	Malaysia	28 April 2027	(i) 16: Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); all included in class 16 ⁽⁴⁾ . (ii) 29: Albumen for food, eggs, powdered eggs, white of eggs and yolk of eggs; all included in class 29 ⁽¹⁾ .

7. BUSINESS OVERVIEW (Cont'd)



No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ trademark	Description of
						(iii) 35:	Business management assistance; business management consultancy; business organization consultancy; demonstration of goods; dissemination of advertising matter; distribution of samples; sales promotion; the bringing together, for the benefit of others, a variety of goods (excluding the transportation thereof) enabling customers conveniently to view and purchase those goods in a retail store; franchising, namely, offering technical assistance in the establishment and/or operation of stores; all included in class 35 ⁽³⁾ .

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
14.		Teo Seng	(i) T1214288H (ii) T1214289F	Singapore	27 September 2022	(i) 16: Paper, paper carton, paper packaging, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding materials; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic material for packaging (not included in other classes).

(ii) 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jams, eggs, milk and milk products; edible oils and fats.


7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
15.		Teo Seng	T1105148Z	Singapore	18 April 2021	35: Advertising; business marketing; business management; and office functions. 36: Financial affairs; monetary affairs and real estate affairs.
16.		Teo Seng Farming	40201707898S	Singapore	2 May 2027	16: Printed matter; Printed material; Paper; Paper packing; Packing paper; Paper bags; Packaging boxes of paper; Paper packaging materials; Paper bags; Packaging cartons of paper; Cardboard for packaging; Packaging material of plastic; Plastic wrap; Plastic materials for packaging. 29: Eggs; Duck eggs; Hen eggs; Fluid egg; Dried eggs; Egg whites; Quail eggs; Frozen eggs; Salted eggs; Scotch eggs; Meat; Chicken; Cooked chicken; Chicken products; Chicken nuggets; Chicken, not live.

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
17.	Happy egg	Teo Seng Farming	40201707899T	Singapore	2 May 2027	<p>35: Advertising; Business advice relating to marketing; Business management; Hypermarket retailing; Supermarket retailing; Department store retailing; Convenience store retailing; Retailing of goods by any means.</p> <p>16: Printed matter; Printed material; Paper; Paper packing; Packing paper; Paper bags; Packaging boxes of paper; Paper packaging materials; Paper bags; Packaging cartons of paper; Cardboard for packaging; Packaging material of plastic; Plastic wrap; Plastic materials for packaging.</p> <p>29: Eggs; Hen eggs; Duck eggs; Egg yolks; Fluid egg; Dried eggs; Egg whites; Quail eggs; Frozen eggs; Salted eggs; Scotch eggs; Chicken; Cooked chicken; Chicken products; Chicken nuggets; Chicken, not live.</p>

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
18.		BH Fresh Food	T0309399C	Singapore	2 July 2023	35: Advertising; Business advice relating to marketing; Business management; Hypermarket retailing; Supermarket retailing; Department store retailing; Convenience store retailing; Retailing of goods by any means. 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats.

Notes:

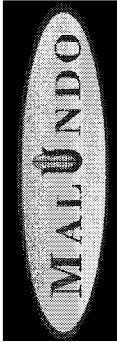


1. Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 29 is defined as: Meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs; milk, cheese, butter, yoghurt and other milk products; oils and fats for food.
2. Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 31 is defined as: Raw and unprocessed agricultural, aquacultural, horticultural and forestry products; raw and unprocessed grains and seeds; fresh fruits and vegetables, fresh herbs; natural plants and flowers; bulbs, seedlings and seeds for planting; live animals; foodstuffs and beverages for animals; malt.
3. Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 35 is defined as: Advertising; business management; business administration; office functions.

7. BUSINESS OVERVIEW (Cont'd)




4. *Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 16 is defined as: Paper and cardboard; printed matter; bookbinding material; photographs; stationery and office requisites, except furniture; adhesives for stationery or household purposes; drawing materials and materials for artists; paintbrushes; instructional and teaching materials; plastic sheets, films and bags for wrapping and packaging; printers' type, printing blocks.*
5. *Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 39 is defined as: Transport; packaging and storage of goods; travel arrangement.*
6. *Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 44 is defined as: Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry service.*
7. *Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 36 is defined as: Insurance; financial affairs; monetary affairs; real estate affairs.*
8. *Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 1 is defined as: Chemicals for use in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; fire extinguishing and fire prevention compositions; tempering and soldering preparations; substances for tanning animal skins and hides; adhesives for use in industry; putties and other paste fillers; compost, manures, fertilizers; biological preparations for use in industry and science.*

7. BUSINESS OVERVIEW (Cont'd)



Indonesia

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Description of trademark
1.		Malindo Feedmill	IDM000243450	Indonesia	26 October 2020	Livestock feed
2.		Malindo Feedmill	IDM000318861	Indonesia	23 February 2020	Plants seed, animal food, livestock feed
3.		Malindo Food Delight	IDM000387283	Indonesia	25 April 2021	Nugget, stikie, sausage, karage, katsu, meatball, alphabetical nugget, nugget-star, cheese nugget

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Description of trademark
4.		Malindo Food Delight	IDM000399584	Indonesia	10 June 2021	Chicken nugget, fish nugget, squid nugget, shrimp nugget, chicken karage, chicken katsu, chicken sticky, chicken spicy wing, cheese nugget, nugget star, fried chicken skin (crispy crunch), chicken sausage, chicken-cheese sausage, meat sausage, chicken meatballs, meatballs, fish meatballs, squid meatballs, shrimp meatballs, smoked chicken, chicken pau, ham, roasted duck, chicken shumai, fish fillet.
5.		Malindo Food Delight	IDM000403065	Indonesia	19 September 2021	Cookies, bread, ice cubes, ice cream, candy, chocolate, breaded fish
6.		Malindo Food Delight	IDM000594224	Indonesia	30 December 2025	Processed food products from chicken (i.e. sausage, nugget)

7. BUSINESS OVERVIEW (Cont'd)**Vietnam**

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Description of trademark
1.		Emivest Feedmill Vietnam ⁽¹⁾	264738	Vietnam	28 November 2024	Animal Poultry Feed
2.		Emivest Feedmill Vietnam ⁽¹⁾	265022	Vietnam	28 November 2024	Animal Poultry Feed

Note:





1. Emivest Feedmill Vietnam has 47 animal feed trade secrets and 62 medicines trade secrets. Emivest Feedmill Vietnam has licensed the right to use the trademarks and the trade secrets to Emivest Feedmill TG and Leong Hup Feedmill Vietnam further to license agreements dated 23 June 2016. This agreement have not been registered with the state administrative body for industrial property rights as prescribed on intellectual property, as such it is not effective against any third party.

Emivest Feedmill (TG) has the right to use the trade secrets (feed and medicine formula) and trademark belonging to Emivest Feedmill Vietnam further to the License Agreement dated 23 June 2016 between Emivest Feedmill (TG) and Emivest Feedmill Vietnam.




Leong Hup Feedmill Vietnam has the right to use the LH Trademark belonging to Emivest Feedmill Vietnam further to the License Agreement dated 23 June 2016. Pursuant to the TM Licence Agreement, LH Holdings is the ultimate owner of this LH Trademark.

7. BUSINESS OVERVIEW (Cont'd)




Singapore

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		Malindo Food Delight	Trade Mark No. T13113701	Singapore	17 July 2023	29: Halal meat products such as sausages, chicken and turkey hams, chipolatas, chicken nuggets, karage, and tempura
2.		Malindo Food Delight	Trade Mark No. T1311369E	Singapore	17 July 2023	29: Halal meat products such as sausages, chicken and turkey hams, chipolatas, chicken nuggets, karage, and tempura
3.		Leong Hup Food	Trade Mark No. T0004217D	Singapore	8 March 2020	29: Preserved meat, poultry and game; meat extracts; all included in Class 29
4.		Soonly Food	T9200452E	Singapore	21 January 2022	29: Poultry, not live




7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
5.		LS Poultry	T0411917A	Singapore	21 July 2024	29: Beef, beef products, chicken, chicken products, cold meats, fresh meat, frozen meat, game [dead], meat, meat extracts, meat products, swine, swine products, poultry, poultry products, preserved meat, salted meat, tinned meat, all in Class 29
6.		LS Poultry	T0905446I	Singapore	15 May 2029	29: Beef, beef products, chicken, chicken products, cold meats, fresh meat, frozen meat, game [dead], meat, meat extracts, meat products, swine, swine products, poultry, poultry products, preserved meat, salted meat, tinned meat, coconut milk for cooking, hamburger (meat patties), meat burgers, duck, duck products
7.		LS Poultry	04010466	Malaysia	22 July 2024	29: Meat, fish, poultry and game, meat extracts


7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
8.		LS Poultry	04010465	Malaysia	22 July 2024	29: Meat, fish, poultry and game, meat extracts
9.		LS Poultry	T0411915E	Singapore	21 July 2024	29: Beef, beef products, chicken, chicken products, cold meats, fresh meat, frozen meat, game [dead], meat, meat extracts, meat products, swine, swine products, poultry, poultry products, preserved meat, salted meat, tinned meat
10.		Tasty Meat	T04133378F	Singapore	12 August 2024	29: Beef, beef products, chickens, chicken products

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
11.		Tasty Meat	T04133379D	Singapore	12 August 2024	29: Beef, beef products, chickens, chicken products, cold meats, fish fillets, fish, foods prepared from seafood, fresh meat, frozen meat, frozen seafood products, game [dead], meat, meat extracts, meat products, swine, swine products, poultry, poultry products, preserved meat, preserved seafood, salted meat, seafoods, tinned meat, tinned fish
12.		Kendo Trading	T9207014E	Singapore	15 September 2022	29: Meat, poultry and game
13.		Kendo Trading	T0814812E	Singapore	25 October 2028	29: Meat, fish, poultry and game, meat extracts, preserved, frozen, dried and cooked fruits and vegetables, jellies, jams, compotes, eggs, milk and milk products, edible oils and fats


7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
14.		Kendo Trading	T0814813C	Singapore	25 October 2028	29: Meat, fish, poultry and game, meat extracts, preserved, frozen, dried and cooked fruits and vegetables, jellies, jams, compotes, eggs, milk and milk products, edible oils and fats

7. BUSINESS OVERVIEW (Cont'd)

7.19.2 Trademark licence

We are currently licensed to use a number of trademarks in connection with our business and as at the LPD, we have the right to the use of the following trademarks

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		LH Holdings	2012017226	Malaysia	10 October 2022 ⁽¹⁾	31: Live poultry included in class 31 ⁽²⁾

Note:

(1) The said mark is registered to LH Holdings for a period of 10 years commencing from 10 October 2012 to 10 October 2022. Pursuant to a Trademark License Agreement (the "Agreement") entered into between LH Holdings and LHI dated 1 August 2018, LH Holdings has granted LHI a licence to the use of this LH Trademark. See Section 7.22 of this Prospectus for the salient terms of the Agreement.

(2) Based on the MyIPO, Intellectual Property Corporation of Malaysia Online Search and Filing System, class 31 is defined as: Raw and unprocessed agricultural, aquacultural, horticultural and forestry products; raw and unprocessed grains and feed; fresh fruits and vegetables, fresh herbs; natural plants and flowers; bulbs, seedlings and seeds for planting; live animals; foodstuffs and beverages for animals; malt.

7.19.3 Patents and other intellectual property

We are not dependent on any patents or other intellectual property for the operation of our business.

7. BUSINESS OVERVIEW (Cont'd)

7.20 Governing laws and regulations

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group and which is material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

7.20.1 Governing laws and regulations relating to the Malaysian industry

(i) Poultry Farming Enactments

The Poultry Farming Enactments were enacted by various states in Malaysia, namely, Pahang, Penang, Kedah, Melaka, Negeri Sembilan, Johor, Perak, Kelantan, Perlis and Selangor to control poultry farming in the states.

The enactments aim to regulate poultry farming and its related activities such as the processing of poultry, poultry waste and poultry farm by-products. The enactments require poultry farms to be licensed and for operators of poultry farms to comply with the conditions imposed on the licences issued. Applications for such licences may be refused if the relevant state authorities are of the opinion that the poultry farms pose a health hazard to the public or public property or is likely to pollute the environment surrounding the site of the proposed poultry farms.

The enactments render it an offence to discharge poultry waste and/or by-products into rivers, streams, creeks or other ungazetted waste disposal sites. The emission of unpleasant odours, and/or fumes, the breeding of flies, insects or pests which is a health hazard or public nuisance are offences under the enactments. The enactments also prohibit poultry farms from using banned drugs or any drugs which may pose a hazard to the public.

We are required to maintain certain poultry farming licences issued by the DVS for the relevant states in accordance with the respective state's Poultry Farming Enactment for the operation of our poultry farms. Any breach or material non-compliance with such licences and regulations imposed by the DVS may result in the imposition of fines of not less than RM5,000 per offence and/or an imprisonment term of up to five years, depending on the relevant State Poultry Farming Enactment.

(ii) Animals Act, 1953

The Animals Act, 1953 governs the prevention of spreading diseases of animals and birds into Peninsular Malaysia, the licensing requirement of importation and exportation of animals and birds into or from Peninsular Malaysia, and the control of slaughter of animals and birds.

(iii) Feed Act, 2009

The Feed Act, 2009 ensures that animal feeds are in good quality and safe by controlling the importation, manufacture, sales and use of the feed. The objectives are to assure that the feed satisfied the nutritional requirement of animals, not harmful to animals and is not contaminated so that animals and animal products are safe for human consumption. A licence will have to be obtained from the board established under the Feed Act, 2009 for the importation of feed or feed additive. Feeds that are imported or manufactured in Malaysia will have to comply with the prescribed feed specifications under the legislation.

7. BUSINESS OVERVIEW (Cont'd)

(iv) **Food Act, 1983, Food Regulations, 1985 and Food Hygiene Regulation, 2009**

The Food Act, 1983 and the Food Regulations, 1985 are laws governing the food safety and quality control, including standards, hygiene, import and export, advertisement and accreditation of laboratories. The objective is to protect the public from health hazards and fraud in the preparation, sale and use of foods and for other related matters. The legislation, applies to all foods, locally produced or imported which are sold in the country. It covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalty.

The Food Hygiene Regulations 2009 governs and control the hygiene and safety of food sold in Malaysia. The objectives are to ensure food premises are hygienic and satisfactory in terms of design and building, ensure food handlers maintain personal hygiene and avoid practices that can contaminate food, and amongst others to provide for requirement of mandatory food safety assurance programmes in food manufacturing factories. The legislation applies to all food premises including any building, tent or structure in Malaysia.

(v) **Industrial Coordination Act, 1975**

The Industrial Coordination Act, 1975 governs the licensing requirement of manufacturing licenses in Malaysia. The objectives are to co-ordinate and ensure orderly development of manufacturing activities in Malaysia. The legislation requires any person engaging in any manufacturing activity in Malaysia with a shareholders' fund of RM 2.5 million, and above or employing 75 or more full-time paid employees to obtain a manufacturing license. A licence will have to be obtained for the manufacture of specified products at each separate manufacturing site. The licences are typically issued in accordance with national economic and social objectives and to promote the orderly development of manufacturing activities in Malaysia. They are issued by the MITI, subject to conditions of the license and are non-transferable save with the prior approval of MITI.

As our Group is involved in manufacturing of food products, our Group adheres to the laws related.

(vi) **Trade Descriptions Act, 2011, Trade Descriptions (Definition of Halal) Order, 2011 and Trade Descriptions (Certification and Marking of Halal) Order, 2011**

The Trades Description (Definition of Halal) Order, 2011 and the Trade Descriptions (Certification and Marking of Halal) Order, 2011 give specific legal proviso on matters pertaining to halal. It provides protection to traders and consumers from unhealthy trade practices.

The Trade Descriptions Act, 2011 aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services. Halal certification and surveillance in this country has been assigned to the government bodies by virtue of the act.

The Trade Descriptions Act, 2011 further standardises the issuance of Halal certificates. JAKIM is appointed as the sole issuer of halal certificates for any food, goods or related services.

7. BUSINESS OVERVIEW (Cont'd)

Our Group complies with such regulations and develops products using only Halal ingredients verified by their Shariah Advisory Council. It benefits all consumers and our Muslim consumers especially as Halal certification provides assurance to them that it fulfils the Shariah law.

(vii) **Environmental Quality Act, 1974 and Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 2015**

The Environmental Quality Act, 1974 restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a licence, prohibits the discharge of oil into Malaysian waters without a licence, discharge of wastes into Malaysian waters without a licence and prohibits open burning. The agency responsible for implementing and monitoring Malaysian's environmental regulations and policies is the DOE and the local environmental authority.

The Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 2015 requires any person who intends to carry out any prescribed activities to submit a report on the impact of the activities on the environment to the Director of Environmental Quality for examination. The environmental impact assessment ensures that potential environmental problems are foreseen and addressed at the early stage during project planning and design. Our Group have a general duty to ensure that the environmental impact assessment report have been obtained.

(viii) **Trade Marks Act, 1976 and Trade Marks Regulations, 1997**

The Trade Marks Act, 1976 and Trade Marks Regulations, 1997 govern the registration of trademarks, including service marks. Any mark used or proposed to be used in relation to goods or services to indicate a connection in the course of trade between the goods or services and the person having the right to use the mark can be registered "Mark" defined in the act includes any device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination of these elements. Marks created in languages other than English or Malay requires prior certified translation and transliteration before registration.

As our Group holds multiple brands which possess distinguishable and recognisable marks, our Group has made effort in protecting and defending our rights against infringement disputes.

(ix) **Occupational Safety and Health Act, 1994**

Under the Occupational Safety and Health Act, 1994 ("**OSHA**"), we have a general duty to our employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, so far as is practicable, the safety and health of our employees at work, and to provide a working environment, which is as far as possible safe, without risks to health, and adequate as regards to facilities for their welfare at work. We also have a duty to ensure, so far as is practicable, that other persons, not being their employees, who may be affected not being our employees, are not exposed to risks to their safety or health.

7. BUSINESS OVERVIEW (Cont'd)**(x) Factories and Machinery Act, 1967**

The Factories and Machinery Act, 1967 governs the control of factories operations in relation to safety, health and welfare of persons working in a factory. Furthermore, it regulates the registration and inspection of the machines used in a factory. This act is a supplement to OSHA and focused on industries of manufacturing, mining, quarrying and construction.

Our Group is governed under the act as we employ factory workers in our factories. Hence, the standard of safety, health and welfare of these workers are stipulated under the act and the duty of care of these employees falls under our Group. In addition, our Group must ensure the machineries used are in good condition and must be registered.

(xi) Price Control and Anti-Profiteering Act 2011

The PCAPA empowers the MDTCA to determine the maximum, minimum or fixed price for the manufacturing, producing, wholesaling or retaining of goods.

Any person who sells or offers to sell any price-controlled goods not in accordance with the prices determined by the MDTCA commits an offence under the PCAPA.

Any person who, in the course of trade or business makes an unreasonably high profit in selling or offering to sell or supplying or offering to supply goods also commits an offence under the PCAPA. The mechanism to determine whether profit is unreasonably high is determined by the MDTCA.

(xii) The Control of Supplies Act 1961

The Control of Supplies Act 1961 ("**CSA**") is enforced by the MDTCA and it provides for the control and rationing of supplies in Malaysia. Under the Control of Supplies (Chicken) Regulations 1996 which was issued pursuant to the CSA, chicken is a controlled article whereby the dealing in chicken in the wholesale and breeding of chicken in the manner or by the method specified therein, requires a license. Specifically, a separate license is required for each and every such place of business of such persons.

Offences under the CSA include the sale of any controlled goods without a license, the sale by person of any controlled goods in excess of the quantity which may be lawfully acquired by the purchaser, the concealment and destruction of any controlled goods in order to withhold the article from the market and false denial of being in possession of, or refusal to sell controlled goods.

(xiii) Malaysian Quarantine and Inspection Services Act, 2011

The Malaysian Quarantine and Inspection Services Act, 2011 governs the licensing requirements for imports and exports, establish and manage quarantine stations, and conduct in inspection and certification of premises of the exporting country. The objectives are to ensure that the plants, animals, carcass, fish and agricultural produce, soils, microorganisms and food that are imported into and exported out of Malaysia complies with the health aspect of human, animals, plants, fish and food safety.

7. BUSINESS OVERVIEW (Cont'd)**(xiv) Street, Drainage and Building Act 1974**

The SDBA is enforced by the local authorities of Peninsular Malaysia and it provides for the requirement of having a CCC for the occupation of any building or any part thereof.

Under the Uniform Building By-Laws 1984 ("UBBL") which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer.

A qualified person must be satisfied that, to their best knowledge: (i) the relevant building has been constructed in accordance to UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services has been provided; and (iv) responsibilities have been accepted for the portions that being concerned with.

Any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence punishable with a fine not exceeding RM250,000 or with an imprisonment for a term not exceeding 10 years or with both under the SDBA.

(xv) National Land Code 1965

The National Land Code 1965 ("NLC") is one of the governing laws on land matters within the States of Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor, Terengganu and the Federal Territory of Kuala Lumpur. Pursuant to the NLC, the state authority may alienate land subject to such express conditions and restrictions in interest which shall be determined by the state authority at the time when the land is approved for alienation and every condition or restriction in interest imposed under this section shall be endorsed on or referred to in the document of title to the land.

In the event of breach of conditions, the land administrator has the right to either: (1) impose a fine under Section 127 of the NLC after serving a notice on and requesting the landowner to attend a hearing to show cause to the satisfaction of the land administrator, the reason that a fine should not be imposed in respect of such breach, failing which, the landowner may be liable to pay a fine of not less than RM500 (and in the case of a continuing breach, a further fine of not less than RM100 for each day of the continuing breach); (2) request the landowner to remedy the breach within the time stipulated in the notice served by the land administrator under Section 128 of the NLC, failing which, the land administrator may take action to enforce forfeiture of the land under Section 129 of NLC; or (3) hold an enquiry to forfeit the land under Section 129 of the NLC.

7. BUSINESS OVERVIEW (Cont'd)**7.20.2 Governing laws and regulations relating to the Indonesia industry****(i) Law Number 33 of 2014 concerning Halal Product Assurance**

All products which are brought in, distributed, and sold in Indonesia must obtain halal certification from Security Agency of Halal Products. For the purpose of issuance of this certification, the authorities are required to examine the material and products used, the manufacturing process and slaughtering system including inspection of the premises, equipment and distribution in relation to the product. All products, which have obtained halal certification, should be kept halal. According to Article 56 of Law No. 33/2014, non-compliance to this provision will be imposed with imprisonment for maximum five years or fine of no more than IDR2,000,000,000. However pursuant to Article 26 of Law No. 33/2014, an Indonesian manufacturer who produce any product using non-halal material is exempted from the requirement to apply for Halal Certificate. Instead of the Halal Certificate, such manufacturer is required to attach non-halal label on the product.

(ii) Minister of Agriculture Regulation Number 381 of 2005 regarding Guidelines on Animal-based Food Business Veterinary Control Certification

Every implementation of animal-based food business shall be required to obtain the Veterinary Control Number (*Sertifikat Nomor Kontrol Veteriner – “SKNV”*) by fulfilling the terms of hygiene-sanitation. A new SKNV shall also be obtained for every additional facility for the similar business activity implemented in a different business location. However, there is no known sanction that may be imposed to non-compliance to obtain SKNV. As such, the consequence of any failure to obtain SKNV is only that the products of animal-based food business may be deemed illegal.

(iii) Registration of Processed Food at the Indonesia National Agency of Food and Drug Control (“BPOM”)

In compliance with Regulation of the BPOM Number 27 of 2017 on Registration of Processed Food, all processed food produced in Indonesia or imported to be distributed in Indonesia must be registered at BPOM to obtain distribution permit. Violation to this regulation will be imposed with the following sanction:

- (a) Revocation of distribution permit;
- (b) Suspension of the registration process of the processed food; and/or
- (c) Prohibition to register distribution permit for three consecutive years.

7. BUSINESS OVERVIEW (Cont'd)

(iv) General Manpower Affairs in Indonesia based on the Law No. 13 of 2003 on Manpower and its Implementing Regulations

The employment law in Indonesia imposes the obligation on companies employing more than 10 employees to have a company regulation which shall be effective after ratification by the Ministry of Manpower (“MOM”). The company regulation shall consist of at least the provisions on: (i) rights and obligation of employer; (ii) rights and obligation of worker; (iii) working terms and conditions; (iv) company procedure; and (v) validity period of company regulation. Failure to comply may cause the company to be subject to a fine of between IDR5,000,000 and IDR50,000,000. Such company regulation is to be renewed and re-ratified by the MOM every two years.

Pursuant to Law No. 7 of 1981 on the Mandatory Manpower Report and MOM Regulation No. 18 of 2017 on the Procedures for Online Mandatory Manpower Report, every company shall submit an annual report regarding its manpower issues to MOM through <https://wajiblapor.kemnaker.go.id>. Failure to report may cause the company to be imposed to: (i) fine in the amount of IDR1,000,000; or (ii) detention for up to three months if the employer has failed to comply with its obligation for the second time or more.

(v) Employment Requirements for Foreign Employee

Based on: (i) the employment law, and (ii) Regulation of the MOM No. 10 of 2018 on the Procedures of Expatriate Utilisation, employers must obtain Expatriate Utilisation Plan prior to employing an expatriate to work in Indonesia from the MOM.

Upon which, the employer shall further obtain notification from the MOM for each expatriate based on the Expatriate Utilisation Plan. Employers who employ expatriates without obtaining Expatriate Utilisation Plan may be liable to: (i) imprisonment for at least one year or at maximum for four years; and/or (ii) fine of between IDR100,000,000 and IDR400,000,000.

In addition, Law No. 6 of 2011 on Immigration also requires that expatriates residing in Indonesia to obtain the Limited Stay Visa and Limited Stay Permit.

(vi) Work Health and Safety Requirements based on Employment Law, Law No. 1 of 1970 on Work Health and Safety, and Government Regulation No. 50 of 2012 on Implementation of Work Health and Safety Management

All work place in Indonesia involving machinery and/or any other dangerous tools that may cause harm having 100 or more employees, or whose works may cause harm or work accidents – must implement Work Health and Safety Management System. Non-compliance to the Work Health and Safety requirements may be imposed to the following sanction(s), in stages: (i) notification, (ii) written warning, (iii) limitation of the business activities, (iv) suspension of the business activities, (v) annulment of approval(s), (vi) annulment of registration(s), (vii) temporary termination of all or parts of the production unit, or (viii) license revocation.

7. BUSINESS OVERVIEW (Cont'd)

(vii) **Building Permit (IMB) and Certificates of Building Proper Function (SLF) based on Law Number 28 of 2002 read in conjunction with GR36/2005 and the OSS Regulation**

Every entity/individual who intends to construct a building must firstly obtain IMB, issued by the Regional Government based on application filed by the entity/individual. The applicant of IMB shall enclose the information regarding the evidence of ownership for the land or the land usage agreement (if the applicant is not the owner of the land), the information on the building owner, the technical plan of the building, and the environmental analysis report on the building.

Upon completion of building construction, the building owner shall obtain SLF before occupying/utilising the building. The SLF application shall be submitted through the Online Single Submission Agency and issued by the regional government. In practice, the implementation of obligation to obtain SLF in Indonesia is not optimal yet. However, regulation-wise, if the enforcement of SLF obligation is optimum, any non-compliance of the SLF obligation may be imposed to series of administrative sanction given in sequence and stages.

Should the sanction for building utilisation without SLF be enforced by the regional government, it shall be in the sequence of: (i) issuance of warning letter by regional government for three consecutive times with seven days interval; (ii) temporary building suspension, after the third warning letter; and (iii) permanent building suspension, after 30 days upon the temporary suspension. The building owner may rectify the non-compliance at any time for as long as the building has not been suspended permanently.

(viii) **Environmental Protection based on the Law No. 32 of 2009 on Environmental Protection and Management, Governmental Regulation No. 27 of 2012 on Environmental License and its Implementing Regulations**

The practice of breeder farm and feed industry in Indonesia are not classified as the field of business that are obligated to obtain Environmental Impact Analysis. Therefore, the company conducting its business in the field of breeder farm and feed industry shall obtain the Management Efforts Report and Environmental Monitoring Efforts Report ("UKL-UPL") and Environmental License for compliance purposes. Moreover, for business activity that is not obligated to obtain UKL-UPL, shall obtain the Environmental Management Statement from the Local Environmental Agency.

7.20.3 Governing laws and regulations relating to the Vietnam industry

(i) **Law on Environmental Protection No. 55/2014/QH13 dated 23 June 2014**

Any construction of a factory plant/feedmill with the capacity exceeding 1,000 tons per year or any farm with 20,000 poultry headcount requires an environmental impact assessment report to be obtained and we are under the duty to ensure that we monitor the relevant environmental regulations and conditions imposed on us by the regulators such as waste management.

The law further describes the rights, powers, duties, and obligations of regulatory bodies, agencies, organisations, households, and individual.

7. BUSINESS OVERVIEW (Cont'd)

(ii) **Veterinary Law No. 79/2015/QH13 dated 19 June 2015**

All farm operations have to satisfy requirements pertaining to the control and prevention of animal epidemics, and supervision of animal diseases. Procedures for the inter-provincial transportation of animal/animal products are set and have to be complied with.

This statutory provision stipulates and regulates preventive and control measures to be undertaken in the event of outbreak of animal disease, animal epidemic control, animal quarantine, animal products, sloughing, primary processes, processing, control, hygienic inspection, veterinary drug control, and veterinary profession.

(iii) **Decree No. 39/2017/ND-CP dated 4 April 2017 on managing animal feed and aquaculture**

This decree on managing animal feed and aquaculture regulates business practices relating to the production of animal feeds and commercial fisheries.

As per this Decree, all feedmills must meet the requirements imposed on manufacturing sites, including being located within a walled or fenced enclosure, environmental impact assessment reports are required, the production plant and equipment has to be fit for the types of the production, the technicians' capacity, and a testing laboratory is required.

The control of antibiotic in animal/aqua feeds, the conformity with the national standard for animal/aqua feeds for sale in Vietnam are also stated in this Decree.

(iv) **Decree No. 64/2018/ND-CP dated 7 May 2018 on penalties for administrative violations against regulations on livestock breeds, animal feeds and aqua feeds**

The decree on penalties for administrative violations against regulations of the Decree No. 39/2017/ND-CP on livestock breeds, animal feeds and aqua feeds deals with violations, penalties, fines, remedial measures, the power to impose administrative penalties and the power to record administrative violations against regulations on livestock breeds (including aquatic breeds), animal feeds and aqua feeds.

Depending on the degree of the violations, the fines can be from USD130 to USD8,695, and the additional penalties include suspension of operations for a fixed period; the recall/destruction of livestock breeds; animal feeds and aqua feeds.

(v) **Decision No. 3065/QD-BNN-NN, dated 7 November 2005, effective from 7 November 2005 until 24 December 2014**

Stipulates conditions of animal husbandry production, hatchery, and transportation, slaughtering, and marketing of poultry and poultry products, including the requirement for farms to be walled or fenced, have clean water source, poultry to be separated from other livestock, farm sterilisation and disease control for poultry. This Decision is applicable to all farms which came into existence between 7 November 2005 and 24 December 2014 only.

7. BUSINESS OVERVIEW (Cont'd)

(vi) **Decision No. 397/ QD-CN-MTCN dated 4 April 2017 promulgating guidance on environmental protection schemes in concentrated livestock areas**

All poultry/animal farms must satisfy the stipulated requirements on farm location, farm facilities and equipment, environmental protection measures, measures of animal waste treatment, solid waste treatment, wastewater treatment, waste gas treatment, and noise treatment in livestock as stated in this Decision.

(vii) **Occupational Safety and Hygiene Law No. 84/2015/QH 13 dated 25 June 2015**

Every employer has the obligation to assure occupational safety and hygiene at the workplace within their responsibility for employees and relevant persons, including pay insurance premiums for employees, provide training in regulations, internal regulations, and measures for occupational safety and hygiene, provide adequate occupational equipment or tools to ensure occupational safety and hygiene; provide healthcare and occupational disease check-ups; and carry out adequate policies applicable to victims.

7.20.4 Governing laws and regulations relating to the Singapore industry

(i) **Wholesome Meat and Fish Act**

The Wholesome Meat and Fish Act (Chapter 349A) of Singapore ("**WMFA**") requires any person who uses premises or permits any premises to be used as a processing establishment or a cold store for meat products or fish products to apply for a licence ("**Processing and Cold Store Licence**") from the Director-General of SFA.

The WMFA also requires any person who imports any meat product or fish product into Singapore to apply for a licence ("**Import Licence**") from the Director-General of the SFA. In addition, any person who imports any meat products or fish products for sale, supply or distribution in Singapore must obtain a permit from the Director-General of the SFA for each consignment of meat products or fish products to be imported by him and the import of each such consignment must be carried out in accordance with the conditions of the permit.

The WMFA also requires any slaughtering of animals to be carried out at premises that have been licensed by the Director-General of the SFA ("**Slaughterhouse Licence**") or if the Director-General of the SFA has granted a permit to such person allowing him to slaughter the animal on those premises for any special reason and the slaughter of the animal is carried out in accordance with the rules and conditions of the permit.

Processing and Cold Store Licence holders, and Import Licence and Slaughterhouse Licence holders must also comply with additional requirements set out in the relevant subsidiary legislation pursuant to the WMFA.

7. BUSINESS OVERVIEW (Cont'd)

(ii) Sale of Food Act

The Sale of Food Act (Chapter 283) of Singapore requires any person who operates or uses a food establishment to obtain a licence ("**Food Processing Establishment Licence**") from the Director-General of SFA.

Under the Sale of Food Act, "food establishment" includes a food processing establishment where food is manufactured, processed, prepared or packed for the purpose of distribution to wholesalers and retailers, whether or not the food processing establishment also consists of a retail food establishment or a catering establishment, and also means a food establishment that is used as a cold store.

(iii) Workplace Safety and Health Act

The Workplace Safety and Health Act (Chapter 354A) of Singapore ("**WSHA**") is administered by the Ministry of Manpower of Singapore. Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

(iv) Employment Act

The Employment Act (Chapter 91) of Singapore ("**EA**") is also administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA ("**relevant employees**").

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding SGD4,500 a month and employees (other than workmen) who receive salaries not exceeding SGD2,500 a month. Section 38(8) of the EA provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the EA limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

The Employment (Amendment Act) 2018 ("**Employment Amendment Act**") was passed by the Singapore Parliament on 20 November 2018 to amend the EA with changes to take effect from 1 April 2019.

Prior to 1 April 2019, managers and executives with a monthly basic salary of more than SGD4,500 are not covered under the EA. However, pursuant to the Employment (Amendment) Act, managers and executives with a monthly basic salary of more than SGD4,500 will be covered under the core provisions under the EA such as minimum days of annual leave, paid public holidays and sick leave, timely payment of salary and statutory protection against wrongful dismissal.

7. BUSINESS OVERVIEW (Cont'd)

The Employment Amendment Act also introduced changes to Part IV of the EA such that employees (other than workmen) who receive salaries not exceeding SGD2,600 a month will be covered.

(v) Employment of Foreign Manpower Act

The availability and the employment cost of skilled and unskilled foreign workers are affected by the government's policies and regulations on the immigration and employment of foreign workers in Singapore. We are subject to such policies and regulations as we employ foreigners for our business operations in Singapore. The policies and regulations are set out in, among others, the Employment of Foreign Manpower Act (Chapter 91A) of Singapore ("**EFMA**") and the relevant Government Gazettes.

Under the EFMA, no person shall employ a foreign employee and no foreign employee shall be in the employment of an employer unless the foreign employee has a valid work pass. In relation to the employment of semi-skilled or unskilled foreign workers, employers must ensure that such persons apply for a "Work Permit". In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for an "S Pass". In relation to the employment of foreign professionals, employers must ensure that such persons apply for an "Employment Pass".

(vi) Work Injury Compensation Act

The Work Injury Compensation Act, Chapter 354 of Singapore, which is regulated by the MOM, applies to all employees in all industries engaged under a contract of service in respect of injury suffered by them in the course of their employment and sets out, among others, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

7.21 Material properties and material equipment

Details of material properties owned by our Group or leased/tenanted by our Group and material equipment are set out in Annexure B of this Prospectus.

7.22 Material dependency on commercial contracts, agreements or other arrangements

As at the LPD, there are no contracts, agreement and other arrangements or other matters which have been entered into by or issued to us or which we are materially dependent and is material to our Group's business and profitability save as below:

The TM Licence Agreement dated 1 August 2018 between LH Holdings and us, whereby LH Holdings, being the registered owner of the LH Trademark in Malaysia, the particulars of such registration is particularly described in Section 7.19.2 of this Prospectus, had granted an exclusive licence for an annual royalty fee calculated at the rate of 0.02% of the annual turnover of our Group to use the LH Trademark on an exclusive basis worldwide for an initial period of 10 years commencing from the date of the TM Licence Agreement ("**Term**") and renewable for successive periods of 10 years each at our option subject to mutual agreement on the royalty fee for the renewed terms.

Pursuant to LH Holdings' express consent, the LH Trademark has been registered in Vietnam in the name of our wholly-owned subsidiary, Emivest Feedmill Vietnam. The registrations in Malaysia and Vietnam shall be renewed and kept valid by LH Holdings and Emivest Feedmill Vietnam respectively to give effect to the TM Licence Agreement.

7. BUSINESS OVERVIEW (Cont'd)

LH Holdings had warranted that they have not registered the LH Trademark in any jurisdiction outside Malaysia. We had however, acknowledged LH Holdings' ownership of the LH Trademark worldwide, whether it has been registered or otherwise. Where consent is given by LH Holdings, we may register the LH Trademark in other jurisdictions in our name, but the beneficial ownership of the LH Trademark remains with LH Holdings.

Both parties to the TM Licence Agreement have agreed to indemnify each other from and against all liabilities, whether arising during or after the Term, for any personal injury, illness or death to any person or damage to any property or claim or other assertion of liability or potential liability by any person or any other loss or damage of any kind whatsoever, whether arising during or after the Term to the extent caused by, arising out of, or connected in any way with (1) a material breach of the TM Licence Agreement or (2) a party's omission or negligence, save and except where such liabilities are not caused solely by the negligence or wilful misconduct of the other party.

If a party is in default of the TM Licence Agreement, the non-defaulting party may give a written notice to the defaulting party and if such default remains unremedied for a period of 30 days thereof, the TM Licence Agreement shall terminate without any further action or notice. The TM Licence Agreement is automatically terminated if:

- (i) we cease to do business, or otherwise ends its business operations, without a successor;
- (ii) we liquidate or intends to liquidate a substantial portion of our assets;
- (iii) we become insolvent; or
- (iv) we seek protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition, or comparable proceeding, or if any such proceeding is instituted against us and not dismissed within 90 days.

7.23 HSE matters

In each of the jurisdictions where we operate, we are committed to ensuring that HSE matters are appropriately addressed.

We have implemented health and safety plans and practices across the jurisdictions where we operate and we provide HSE training for all employees, including safety training, first-aid training, technical training and hygiene training. We have also implemented a number of biosecurity measures at our farms, including closed-house systems, which seek to prevent poultry being affected by disease. In addition:

- in Malaysia, we use preventative measures, including antimicrobials and supplements to maintain the health of animals, in addition to ensuring our veterinarians regularly visit customers to check on the health status of their flock, provide advice and, where necessary, suggest remedial measures to combat issues that have arisen;
- in Indonesia, a number of the Malindo Group's farms and feedmills have received "Zero Accident" awards. The Malindo Group has also implemented a monitoring system (UKL/UPL) that reports to the government every six months regarding HSE matters, particularly in relation to issues regarding air, noise and water quality;
- in Vietnam, our safety officer monitors safety issues arising out of our operations, and reports directly to management regarding any key issues encountered;
- in Singapore, we comply with all SFA requirements regarding food manufacturing. In this regard, we have been awarded an "A" grade under the SFA's Food Safety Excellence Scheme for 15 years consecutively. We also provide regular briefings and awareness on food and work safety to staff; and

7. BUSINESS OVERVIEW (Cont'd)

- in the Philippines, farm supervisors monitor safety issues and report directly to management in the event that key issues are encountered.

Moreover, we have implemented the following practices to mitigate the environmental impact of our operations:

- in Malaysia, we seek to mitigate the pollution risk arising from organic by-products of our activities, including collecting chicken manure and selling it as an organic fertiliser;
- in Indonesia, we contract with an authorised third-party to regularly check and ensure that our waste management processes are compliant with local regulations. We have also been awarded a Blue "PROPER" Achievement of Environmental and Social Management at our Cikande plant (the second highest category);
- in Vietnam, we comply with regulations regarding the proper disposal of production waste and engage third parties to collect and dispose of hazardous waste appropriately. We are also subject to bi-annual checks by the Environmental Department at our feedmills and farms;
- in Singapore, we comply with all NEA requirements and we monitor, evaluate and seek to improve our environmental management practices to ensure our environmental objectives and targets are achieved. All waste from our slaughterhouses is collected by a NEA approved contractor for disposal; and
- in the Philippines, all our staff undergo training courses on environmental law and management of pollution, and our designated control officers receive certification from the Environmental Practitioners Association, in collaboration with the EMB. Moreover, all our farms in the Philippines have received an ECC from the DENR. We also engage external consultants to ensure that we are in compliance with any conditions specified under the ECC and any applicable statutory regulations.

7.24 Sustainability and CSR

We are committed to growing our business in a sustainable manner and have formulated a number of strategies in order to achieve this goal.

(i) Economic sustainability

Across the jurisdictions where we operate, we have implemented stringent biosecurity measures in order to mitigate the risk of disease, including closed-house systems and all-in-all out systems. In addition, we have sought to minimise our reliance on human labour, promoting the adoption of automated machinery so as to minimise human error and mitigate the risk of labour shortage.

(ii) Workforce sustainability

We seek to ensure that our employees acquire the requisite skills and experience through targeted training sessions to assist their career development. We have also implemented health and safety policies, and offered health and safety training across our feedmills, farms and plants to reduce the risk of injury to our employees.

7. BUSINESS OVERVIEW (Cont'd)

(iii) Environmental sustainability

We seek to minimise the impact of pollution arising from our farm operations by prioritising waste management. We engage third parties to govern our waste management processes (including the proper disposal of production and hazardous waste). In Malaysia we collect chicken manure and sell it as an organic fertiliser. The Teo Seng Group has also established a fertiliser plant to convert vast quantities of chicken manure to organic fertiliser on a daily basis. In Indonesia, the Malindo Group run environmental awareness campaigns and cooperate with local bodies to conserve and protect the environment.

(iv) Social and community sustainability

We have been involved in a number of CSR activities, including:

- health campaigns (such as the chicken and egg nutrient campaign run by the Malindo Group in Indonesia, where approximately one million eggs were distributed to improve awareness about the consumption of animal protein amongst the underprivileged, school children and orphans;
- donations, of both livestock feed and money, to those impacted by national disasters;
- provide internship/visiting opportunities to students;
- blood donation drives; and
- in collaboration with the Singapore government, offering short-term employments opportunities to prisoners shortly before their release from prison to assist their reintegration into society.

7.25 Awards

We have won numerous awards, such as:

Awards			
Year	Recipient	Award	Awarded By
2003	Tan Sri Lau Tuang Nguang	Outstanding Contribution made in Management Excellent and Best Practices to The Livestock Industry	DVS
2009	Teo Seng	Outstanding Layer Farm Award	DVS
2009	A1FP	Outstanding Meat Processor Award	DVS
2011 – 2014	Malindo Feedmill	Best of the Best Award	Forbes Indonesia
2011	A1FP	Outstanding Product Innovation in Food Product	DVS
2011	LH Poultry Farm	Outstanding Breeder Farm Award	DVS

7. BUSINESS OVERVIEW (Cont'd)

Year	Recipient	Awards	
		Award	Awarded By
2012	Malindo Feedmill	Runner up of Best Asian Feedmiller Award 2012	Asian Feed Magazine
2013	Tan Sri Lau Tuang Nguang	Lifetime Achievement Award	DVS
2013	Malindo Feedmill	Best Quality Feedmill Company of the Year	Inspire Magazine Indonesia
2013	Malindo Feedmill	Top Performing Listed Companies	Investor Magazine
2013	Malindo Feedmill	Trifecta Award (Winning Best of the Best for 3 consecutive years)	Forbes Indonesia
2013	Teo Seng Farming	Outstanding Layer Farm Award	DVS
2013	Leong Hup Feedmill	Outstanding Feed Miller Award	DVS
2014	Malindo Feedmill	The Best Emiten Company in Basic and Chemical Industry	Bisnis Indonesia
2014	Malindo Feedmill	Best Listed Companies 2014	Investor Magazine
2015	Teo Seng Farming	Outstanding Product Innovation – Farm Product	DVS
2015	Kendo Trading	Singapore Prestige Brand Award – Established Brands	Association of Small & Medium Enterprises
2015	Malindo Feedmill	Blue Rated Proper Award for Company Performance to Manage Environment	Ministry of Environment and Forestry of the Republic of Indonesia
2015	Lau Chia Nguang	Asia Pacific Entrepreneur Award (APEA)	Enterprise Asia
2016	Emivest Feedmill Vietnam	Top Parent Flock Award	Cobb-Vantress, USA
2016	Emivest Feedmill Vietnam	Outstanding Feed Product Innovation	Vietstock Exhibition
2017	"Happy Egg" brand	The BrandLaureate Best Brand Award in Product Branding (Consumer Eggs)	The BrandLaureate
2017	Malindo Feedmill	Best of The Best Award	Forbes Indonesia
2018	Malindo Food Delight	The Trusted Company in The Best Product Quality	Indonesian Achievement Centre

7. BUSINESS OVERVIEW (Cont'd)

Awards			
Year	Recipient	Award	Awarded By
2018	LHI	Outstanding Industry Achievement – ASEAN	DVS

7.26 Key certifications

Certifications achieved by our operations include GMP, HACCP, ISO FSMS, ISO QMS and halal.

In Malaysia, LH Agrobusiness has received ISO QMS and HACCP certification from Intertek Certification International Sdn Bhd, while Success Century and Teo Seng Farming have both received HACCP and ISO FSMS certification from DQS Certification (M) Sdn Bhd.

In Indonesia, Malindo Food Delight and Malindo Feedmill have both received ISO FSMS and ISO QMS certification from SAI Global. Malindo Feedmill have also received GMP certification from the Ministry of Agriculture of Indonesia.

In Vietnam, Leong Hup Feedmill Vietnam, Emivest Feedmill (TG) and Emivest Feedmill Vietnam have received ISO QMS and HACCP certification, in addition to the product certification pursuant to Vietnam national technical regulations or QCVN certification as it is known from the Vinacert Certification and Inspection Joint Stock Company. Our medicine plant located in Bau Bang has also received GMP certification.

In Singapore, we have received ISO FSMS and HACCP certification from TUV SUD PSB Pte. Ltd. In addition, we have received a certificate of commendation for achieving Grade A status for excellence in food hygiene, sanitation and processing from the SFA.

8. INDUSTRY OVERVIEW

F R O S T & S U L L I V A N

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Date: 10 April 2019

Board of Directors

Leong Hup International Berhad

3rd Floor, Wisma Westcourt

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58000 Kuala Lumpur

Malaysia

Dear Sirs / Madams,

Independent Market Research Report on the Integrated Poultry Industry in Key ASEAN Countries (Malaysia, Indonesia, Singapore, Vietnam and Philippines) for Leong Hup International Berhad ("LHI" or the "Company")

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Independent Market Research ("**IMR**") report on the Integrated Poultry Industry in Key ASEAN Countries ("**Report**") for inclusion in LHI's Prospectus dated 25 April 2019 ("**Prospectus**") in relation to the initial public offering of ordinary shares in LHI in conjunction with the listing of and quotation for the entire enlarged ordinary shares in LHI ("**Shares**") on the Main Market of Bursa Malaysia Securities Berhad comprising an offer for sale of existing Shares and a public issue of new Shares.

We are aware that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause LHI to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:




Keith Lee Chung Fong

Director

Business and Financial Services, Asia Pacific

8. INDUSTRY OVERVIEW (Cont'd)

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Profile of Frost & Sullivan GIC Malaysia Sdn Bhd

FROST & SULLIVAN is a global independent industry research and consulting organisation headquartered in the United States of America with over 60 years of establishment. In Malaysia, FROST & SULLIVAN's subsidiary, Frost & Sullivan GIC Malaysia Sdn Bhd, operates two offices (Kuala Lumpur and Iskandar Malaysia) with more than 200 employees offering market research, marketing and branding strategies and business advisory services across 12 industries. FROST & SULLIVAN is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other related fund-raising and corporate exercises.

Profile of the IMR signee, Keith Lee Chung Fong

Keith Lee is the Director, Business & Financial Services division, for Frost & Sullivan GIC Malaysia Sdn Bhd. Keith Lee possesses over 15 years of experience in market research and consulting, including over 12 years in independent market research and due diligence exercise for capital markets across the Asia Pacific region. Keith Lee holds a Bachelor of Business (major in Accounting) from RMIT University, Australia.

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8. INDUSTRY OVERVIEW (Cont'd)

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1 MACROECONOMIC OVERVIEW OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) (FOCUS ON MALAYSIA, INDONESIA, PHILIPPINES, SINGAPORE, VIETNAM)

ASEAN has the third-largest population globally, after China and India, and it is the fifth-largest economy. It comprises 10 countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Among them, Indonesia, Malaysia, the Philippines, Singapore, and Vietnam (LHI's focus countries) comprise approximately 80.0% of the regional Gross Domestic Product (GDP) and 77.6% of the population.

ASEAN's population totalled 650.5 million as of 2018, and the International Monetary Fund (IMF) projects it to reach 673.5 million in 2021. As of 2018, the cumulative population of Indonesia, Malaysia, the Philippines, Singapore, and Vietnam was 505.0 million and it is expected to reach 525.9 million by 2021. ASEAN also has a young population with a median age at 29.8 as of 2018. The population dynamics in ASEAN are favourable compared to that of some of the other largest markets globally.

Table 1-1: Population and Average Age in Selected ASEAN Countries, 2018E–2021F

	Indonesia	Malaysia	Philippines	Singapore	Vietnam
Population (Millions) (2018E)	265.3	32.4	107.0	5.7	94.6
CAGR (2018E–2021F)	1.3%	1.3%	2.0%	0.9%	1.0%
Average age (2018E)	30.5	28.7	23.7	34.9	30.9

Source: IMF, World Economic Outlook (WEO) October 2018; Central Intelligence Agency (CIA)

Table 1-2: Population and Average Age in ASEAN and Selected Markets, 2018E–2021F

	United States of America (US)	European Union (EU)	Japan	China	ASEAN
Population (Millions) (2018E)	328.1	510.9	126.4	1,397.0	650.5
CAGR (2018E–2021F)	0.6%	0.1%	-0.3%	0.4%	1.2%
Average age (2018E)	38.2	43.2	47.7	37.7	29.8

Source: IMF, WEO October 2018; ASEAN; CIA

ASEAN countries are undergoing a rapid development and urbanisation process, which is correlated to change in consumer preference and lifestyle.

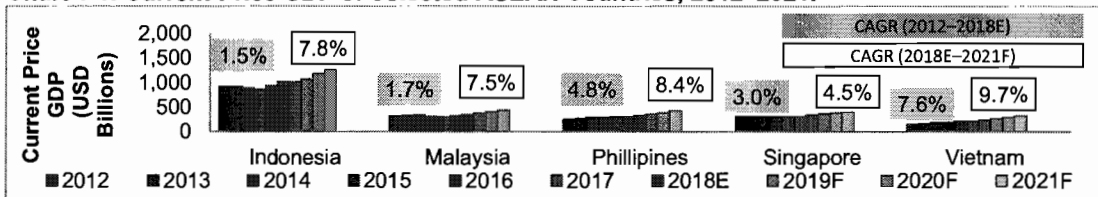
Table 1-3: Urbanisation Rate in Selected ASEAN and Developed Regions / Countries, 2012–2021F

	Indonesia	Malaysia	Philippines	Singapore	Vietnam	ASEAN	US	EU	Japan	China
2012	51.3%	72.3%	45.7%	100.0%	31.8%	45.5%	81.1%	74.4%	91.1%	51.8%
2018E	55.3%	76.0%	46.9%	100.0%	35.9%	49.0%	82.3%	75.7%	91.6%	59.2%
2021F	57.3%	77.7%	47.7%	100.0%	38.1%	50.7%	82.9%	76.3%	91.9%	62.5%

Source: United Nations (UN)

ASEAN countries have a combined GDP of USD2,891.0 billion as at 2018 and it is forecast to reach USD3,575.2 billion by 2021, growing at a CAGR of 7.3%.

Chart 1-1: Current-Price GDP of Selected ASEAN Countries, 2012–2021F



Source: IMF, WEO October 2018; Frost & Sullivan

ASEAN is likely to remain an attractive economic region poised to achieve favourable GDP growth. ASEAN countries are likely to outperform historical economic results and surpass the expected growth rates of some of the largest global economies, including the US and the EU.

Table 1-4: GDP for ASEAN and Selected Markets, 2012, 2018E, 2021F

	US	EU	Japan	China	ASEAN
GDP (USD Trillions) (2012)	16.2	17.3	6.2	8.6	2.4
GDP (USD Trillions) (2018E)	20.5	18.8	5.1	13.5	2.9
GDP (USD Trillions) (2021F)	23.1	20.9	5.5	16.8	3.6
CAGR (2012–2018E)	4.0%	1.4%	-3.2%	7.8%	3.2%
CAGR (2018E–2021F)	4.1%	3.6%	2.5%	7.6%	7.5%

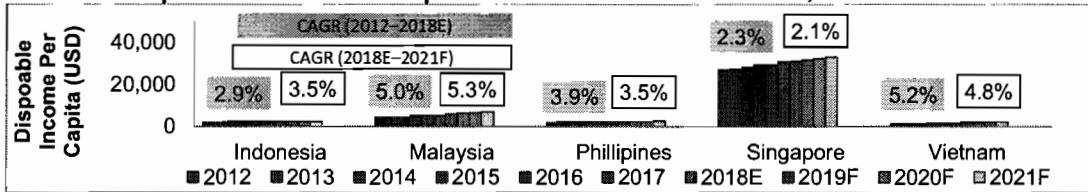
Source: IMF, WEO October 2018

The positive economic situation in ASEAN is contributing to rising income.

8. INDUSTRY OVERVIEW (Cont'd)

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Chart 1-2: Disposable Income Per Capita in Selected ASEAN Countries, 2012–2021F



Note: Based on constant 2018 prices.
Source: IMF, WEO October 2018; Frost & Sullivan

Table 1-5: Growth of Disposable Income Per Capita in Selected Markets, 2012–2018E, 2018E–2020F

	US	EU	Japan	United Kingdom	Australia	ASEAN
CAGR (2012–2018E)	1.3%	1.2%	0.0%	1.2%	-0.2%	3.4%
CAGR (2018E–2020F)	1.4%	1.4%	0.3%	1.3%	0.6%	3.7%

Note: Based on constant 2018 prices.
Source: Organisation for Economic Co-operation and Development (OECD); IMF, WEO October 2018; Frost & Sullivan

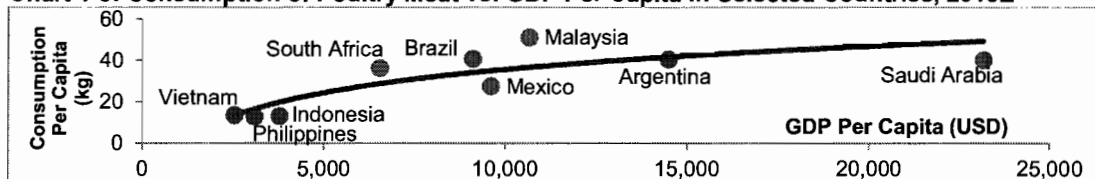
Table 1-6: Population by Income Group in Selected ASEAN Countries, 2012–2021F

Share of population	Indonesia		Malaysia		Philippines		Singapore		Vietnam	
	2012	2021F	2012	2021F	2012	2021F	2012	2021F	2012	2021F
< USD 5,000	40%	20%	18%	6%	54%	29%	2%	1%	71%	44%
USD5,001–USD 10,000	32%	29%	26%	14%	26%	29%	7%	4%	19%	28%
USD10,001–USD 20,000	19%	30%	30%	28%	13%	24%	21%	14%	7%	18%
USD20,001–USD30,000	5%	11%	12%	18%	3%	8%	19%	17%	1%	5%
>USD30,001	4%	11%	14%	35%	3%	9%	51%	65%	2%	5%

Note: data based on income at purchasing power parity (PPP); data may not add up due to rounding.
Source: IMF, WEO October 2018; Frost & Sullivan

While the world average GDP growth in 2018 was 3.7%, the ASEAN economy was estimated to grow by 5.0% in the same year. The favourable economic growth has led to the growth in disposable income, which is forecast to continue from 2018 to 2021. The combined disposable income per capita in Indonesia, Malaysia, the Philippines, Singapore, and Vietnam is forecast to continue increasing at a CAGR of 3.7% from USD2,777 in 2018 to USD3,097 in 2021. Comparatively, the US is expected to grow at a CAGR of 1.4% from USD46,442 to USD48,433 while the EU is expected to grow at a CAGR of 1.4% from USD21,608 to USD22,553, during the same period. According to the World Health Organisation, the growth in level of annual disposable income leads to higher meat consumption, including poultry.

Chart 1-3: Consumption of Poultry Meat vs. GDP Per Capita in Selected Countries, 2018E



Source: OECD; UN; Frost & Sullivan Estimates

The growth in disposable income is contributing to a higher discretionary buying power in ASEAN, particularly for people in the lower segment of the middle-income group. Meat is becoming essential to dietary consumption. For example, Indonesia's contribution of protein to average daily energy intake per capita increased from 11.5% in 2011 to 11.7% in 2016¹. Similarly, Malaysia, which is more economically advanced, has also experienced a growth trend whereby the contribution of protein to average daily energy intake per capita has increased from 14.3% in 2003 to 15.2% in 2014². Apart from being the most consumed meat, poultry is also one of the fastest-growing among all meat categories.

Table 1-7: Poultry Meat Consumption in Selected ASEAN Countries, 2012, 2018E, and 2021F

		Indonesia	Malaysia	Philippines	Singapore	Vietnam
Poultry Meat Consumption	2012	8.4	44.4	10.6	36.0	12.2
	2018E	13.0	51.0	12.8	33.3	13.5

¹ Indonesia National Socio-economic Survey, "Consumption of calorie and protein of Indonesia and province", 2011 and 2016 editions

² Malaysian Adult Nutrition Survey, 2014

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

		Indonesia	Malaysia	Philippines	Singapore	Vietnam
per capita (kg)	2021F	16.0	55.9	14.8	37.1	15.3
CAGR	2012–2018E	7.6%	2.3%	3.2%	-1.3%	1.7%
	2018E–2021F	7.2%	3.1%	5.0%	3.7%	4.3%

Note: Historical per capita consumption data for Malaysia (MY), the Philippines (PH), Singapore (SG) and Vietnam (VN) were obtained from the local authorities and OECD (OECD data are extracted on 18th March 2019). Indonesia is estimated by Frost & Sullivan based on data sources from the OECD, USDA.

Source: OECD & USDA (Indonesia, Philippines, Vietnam); Department of Veterinary Services (DVS) (Malaysia); AVA (Singapore); forecast by Frost & Sullivan

Collectively, poultry meat consumption per capita in Indonesia, Malaysia, the Philippines, Singapore, and Vietnam is estimated to be above the average global consumption level in 2018 and is gradually increasing towards the level of developed regions, such as the OECD countries.

Table 1-8: Poultry Meat Consumption of Selected Countries or Economic Groups, 2012–2021F

Poultry Meat Consumption Per Capita (kg)	2012	2018E	2021F	CAGR (2012-2018E)	CAGR (2018E-2021F)	Total meat consumption per capita ⁽²⁾ (2018E)
US	44.6	49.8	49.7	1.8%	0.0%	101.3
OECD	27.2	30.6	31.0	2.0%	0.4%	70.3
EU	21.3	24.5	24.9	2.4%	0.6%	69.5
Japan	15.1	17.2	17.2	2.1%	0.1%	40.0
World	13.2	14.2	14.4	1.3%	0.4%	34.7
China	11.6	12.2	12.8	0.9%	1.8%	49.9
ID, MY, PH, SG, VN	12.2	15.7	18.4	4.4%	5.4%	29.7
Developing Asia⁽¹⁾	8.2	8.9	9.3	1.4%	1.4%	27.2

Notes: (1) Developing Asia includes China, India, Indonesia, Iran, Korea, Malaysia, Pakistan, the Philippines, Saudi Arabia, Thailand, Turkey and Vietnam. (2) Total meat consumption includes poultry, swine, beef, lamb.

Source: OECD (2018, accessed 18 March 2019); DVS (Malaysia); AVA (Singapore); Frost & Sullivan analysis

2 ANALYSIS OF THE INTEGRATED POULTRY INDUSTRY IN ASEAN COUNTRIES

ASEAN is a multi-racial region, where each member country hosts a different religious background and cultural practices, and hence, imposes customary prohibitions of specific meat consumption. In this context, poultry meat becomes the most widely accepted meat for consumption in the region.

2.1 DEMAND DRIVERS

Growing preference towards healthier white meat: Chicken benefits from the trend of higher consumption of white meat rather than red meat³ due to perceived health benefits, since red meats are reported to be higher in saturated fat, which may have higher tendency to contribute to chronic diseases.

Affordability of poultry meat and increase in price of substitute products: Greater economies of scale have contributed over time to make chicken more affordable. While the annualised global commodity price of beef grew at a CAGR of 2.5% from January 2008 to May 2018, the annualised global commodity price of chicken meat only increased at a CAGR of 1.5% during the same period⁴. The rise in price of meat from swine and beef cattle has also led to consumers' shift towards more chicken meat consumption. Based on cost price index, chicken meat is estimated to be 3 to 4 times more affordable than meat beef from beef cattle in Indonesia, Malaysia, Singapore and Vietnam and about 2 to 3 times more affordable than meat from swine in Vietnam and Singapore in 2017⁵.

The higher affordability of chicken is partly due to its lower feed conversion ratio⁶. For example, the average feed conversion ratio in the US in 2017 was about 1.83⁷ for chickens, compared to nearly 2.75 for swine⁸ and 4.50 to 7.50 for beef cattle⁹. This may also be correlated to the shorter slaughter age of chicken compared to other livestock, whereby broiler breed chickens typically have a significantly shorter slaughter age of approximately 5 to 7 weeks, compared to swine (5 to 6 months) and cattle (18 months)¹⁰.

³ White meat refers to pale-coloured meat, generally classified as poultry (chicken and turkey), while red meat commonly refers to beef cattle, swine, and lamb.

⁴ World Bank: Commodity Price Data (The Pink Sheet), June 2018

⁵ Caterwings Meat Price Index; Data for Philippines is not available

⁶ The efficiency of animal feed in creating the desired output

⁷ US National Chicken Council: US broiler performance, accessed March 2019

⁸ Swine Management Services' data for "wane to finish", extracted from The National Hog Farmer: What is the most important number in growing pigs?, May 2018

⁹ Dan Shike, University of Illinois, "Beef Cattle Feed Efficiency"

¹⁰ The Aussie Farms Repository, "Age of Animals Slaughtered"

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

Increase in food & beverage (F&B) outlets: Population growth and economic development in ASEAN have supported the expansion of the F&B industry. Collectively, the F&B industry in Malaysia, Indonesia, Singapore, Vietnam and Philippines has grown at a CAGR of 9.7% from 2012 to 2017 and is expected to grow at a CAGR of 8.4% from 2017 to 2020. Comparatively, the US and EU have only grown at 1.8% and 2.4% CAGR respectively from 2012 to 2020 and are expected to garner 3.2% and 3.3% CAGR respectively from 2017 to 2020¹¹. The number of modern and general retail stores, as well as the number of food services outlets, is increasing rapidly. Furthermore, the rapid growth of online retail, including groceries and ready-to-eat meals delivery, is complementing the growth of the overall F&B industry.

Growing quick-service restaurants (QSR) penetration: Among the leading brands globally, as of 2014, McDonald's had a penetration (outlets per million people) of 8.7 in Malaysia and 0.6 in Indonesia, compared to 24.8 in Japan and 45.1 in the US¹². The growth in disposable income and change in lifestyle for busy working adults are encouraging the opening of more QSRs outlets, not only in Malaysia and Indonesia, but also in Singapore, Vietnam and the Philippines. Recognising the growing market demand, major QSRs, such as McDonald's announced in December 2017 to establish 450 additional outlets by 2025 in Malaysia, while KFC has announced in October 2018 to add 24 new outlets in 2019 following the opening of 23 outlets in 2018 in Malaysia¹³.

Change in consumer preferences: Dietary habits are changing from a high consumption of rice and vegetables to including more meat in daily meals¹⁴. On top of the ease of preparation, the preparation time for chicken-based products is shorter than other meats. Furthermore, as it is more versatile than meats from other livestock like swine and beef cattle, it is used to prepare a wide variety of meals. Chicken also benefits from the trend of higher consumption of white meat rather than red meat¹⁵ due to perceived health benefits.

Growth of the export market: With production of chicken rapidly expanding, ASEAN countries are progressing towards a level of self-sufficiency with increasing excess quantities ready for export to foreign markets. Outside ASEAN, global poultry demand is predicted to increase by 20% from 2017 to 2037, with 30% and 40% of the demand from Latin America and Asia respectively¹⁶. In addition, large-producing Muslim countries such as Malaysia and Indonesia have the opportunity to meet the growing demand for halal products at a global level.

Religiously, chicken is the most widely accepted type of meat globally: Most religious dietary requirements do not limit chicken meat consumption. Instead, consumption of swine is strictly forbidden for Muslims, while Hinduism generally refrains from beef consumption. Hence, chicken is an acceptable dish to most individuals and communities, making it the preferred choice for multicultural consumer groups. The Muslim population at global level is estimated to grow from 23.2% of the total in 2010 to 29.7% by 2050, reaching 2,761.5 million people¹⁷. In ASEAN, the Muslim population was estimated at 239.6 million people as of 2010 (40.5% of total) and projected to reach 309.9 million people by 2050. With a combined Muslim population of 227.3 million people as of 2010 (and forecast 289.6 million people by 2050), Malaysia and Indonesia alone present a significant market opportunity for poultry demand.

Regulatory support for industry advancement: The lower and middle-income groups are registering the fastest growth rate in ASEAN countries, contributing to a higher demand for chicken meat. For those with lower disposable incomes, chicken is the most affordable option of protein intake. Recognising this fact, governments in the region are establishing action plans to support this industry. In 2014, the ASEAN Good Animal Husbandry Practices for Layers and Broilers Food Safety Module was jointly developed by the ASEAN countries to establish an industry standard aimed to prevent or minimise risks of food safety in commercial poultry industry and facilitate harmonisation of poultry farming practices in the region¹⁸.

2.2 SUPPLY DYNAMICS

Shift of operation from labour-intensive to capital-intensive: The shift from free-range¹⁹ to confined-poultry operations has propelled the industry towards capital-intensive operation model. Capital-intensive

¹¹ Frost & Sullivan analysis

¹² The Economist, Fast-food outlets by country and per person, 2015

¹³ The Star, QSR plans to open 24 new KFC outlets in 2019, October 2018

¹⁴ ASEAN: Regional report on nutrition security in ASEAN, December 2016

¹⁵ White meat refers to pale-coloured meat, generally classified as poultry (e.g. chicken and turkey), while red meat commonly refers to meat such as beef cattle, swine, and lamb.

¹⁶ WattAgNet.com: Asia's poultry consumption to increase 20 percent by 2037, September 2017

¹⁷ Pew Research: The Future of World Religions: Population Growth Projections, 2010-2050, April 2015

¹⁸ Australian Aid, "ASEAN Good Animal Husbandry Practices for Layers and Broilers – Strategic Plan 2014 – 2016"

¹⁹ Free-range farming refers to chicken grown in a wide environment (limited by fences) with access to outdoor spaces.

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

operations feature in-house cage systems to accommodate internal feed systems, water supply, humidity control, and air and waste management. Whereas, in labour-intensive operations, birds are free to roam and scavenge for food in a compound without any systematic procedures or hygiene standards of poultry farming. The shift to capital-intensive operations has allowed farmers to rear a larger flock. It also led to an improvement in labour productivity, with less manpower required to manage a specific flock.

Improved technologies and management techniques: The segregation of chickens in confined poultry operations has reaped various benefits. The use of battery cages for layer chicken expedites egg collection with the use of the conveyor belt. Also, this has eased curbing disease outbreaks and allows the tending of larger flocks than before. Furthermore, the transition from an open-house to closed-house system has improved biosecurity control and reduces the likelihood of disease outbreak.

Industry consolidation: The poultry industry has undergone consolidation over the years, particularly in developed markets. For example, in Europe, the number of specialist poultry holdings²⁰ declined in the period 2005-2013 from 723,620 in 2005 to 589,110 in 2013, while the value of their output increased. Meanwhile in Thailand, the number of commercial broiler farms declined in the period 2008-2012, from 8,030 to 6,082, while the average farm size (number of chickens per farm) nearly tripled, from 12,683 in 2008 to 37,147 in 2012. Growing industry consolidation is part of a long-term trend impacting the poultry industry globally, gradually creating fewer but larger farms that are able to adopt intensive production systems (increased number of poultry per farm), and achieve economies of scale. As a result, apart from small un-organised poultry companies exiting the market, the industry has seen numerous consolidation activities in the past years. As an indication, 103 and 94 major mergers and acquisitions globally were recorded in the poultry, swine and animal feed industries, respectively in the years 2016 and 2017²¹.

Vertical integration²²: Vertical integration model allows better control of the resources required throughout the value chain for poultry players, thus supporting the quality assurance of the end products. Such model will also allow lower production cost due to economies of scale. Integrated poultry operations also allows better management of price fluctuations amid volatile commodity prices and currency exchange rates compared to companies purchasing and importing feed or grandparent stock. Being involved in multiple business lines also allows integrated poultry companies to react flexibly to changing market demand and conditions by maximising their value by producing the product with the most attractive margin at the prevailing market conditions and are being able to cross-sell their products to the smaller poultry players. Vertical integration also enables integrated poultry players to control the quantum of DOC supplies into the broiler farms as opposed to being solely dependent on DOC sales. Being involved in the feedmill business also allows sustainable supply and guaranteed uptake of feeds for the integrated poultry players' own farming operations. In Malaysia, for example, due to business and operational benefits, integrated poultry players, including LHI, are gradually shifting farming operations from contract farming to farming through direct ownership to gain better control of the value chain and being able to fulfill supply commitment at fixed price to large F&B customers, such as the QSR segment.

Advancements in superior poultry genetics: Advancements genetically improved breeding methods have led to the creation of hybrid species that grow larger and faster, and lay better-quality eggs (e.g. improved colour, strength, and chemical composition). Furthermore, producers benefit from an improved feed conversion ratio (FCR)²³, as improved genetics have a higher nutrient absorption. Among the improved genetics are the Cobb and Ross chickens, which are better suited to be bred as broiler chickens, and Hisex chickens, more suitably bred as layer chickens. For example, genetically advanced Cobb 500 and Ross 308 commercial broilers reach weights of about 2.9 kg and 2.7 kg respectively after 42 days while, as a benchmark, the AMC 1978 non-commercial line weigh only about 1.16 kg in the same period. At the 42nd day of breeding, Cobb 500 and Ross 308 have a more efficient cumulative FCR of 1.68 and 1.67 respectively, compared to a FCR of 1.90 for the AMC 1978 non-commercial line^{24,25}. LHI, together with CP Malaysia, are the only authorised distributors of Cobb products in Malaysia.

Veterinary science improvements: Advancements in veterinary science for poultry has improved the farmer's ability to curb disease outbreaks using vaccines and other pharmaceutical products, thus ensuring more sustainable production.

²⁰ Defined as agricultural holdings for animal production activities, specifically for poultry-related activities (Includes: Specialist layers, Specialist poultry-meat, Layers and poultry-meat combined) by the European Union

²¹ watagmet.com: Poultry, animal feed, pig mergers and acquisitions

²² Including production of poultry feed, grandparent and parent stocks, and further processing the chicken

²³ Kg of feed required to increase the weight of a bird by one kg. The lower the FCR, the less feed is required

²⁴ Poultry Science Association, "Growth, efficiency, and yield of commercial broilers from 1957, 1978, and 2005"

²⁵ Cobb-Vantress, "Broiler Performance & Nutrition Supplement – Cobb 500"

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

2.3 BARRIERS TO ENTRY

High capital requirements: Entering the integrated poultry business involves multiple cost considerations, including those for land, construction and poultry equipment.

Importance of vertical integration: A producer would need to be vertically integrated and achieve significant economies of scale to be cost efficient and compete successfully in the market. A non-integrated company may experience lower profitability (due to limited control on the value chain) and be subject to uncertainties in input prices, such as prices for animal feed.

Knowledge and competencies: To be successful in the integrated poultry industry, and minimise operation cost, a company must have very specific knowledge and competencies to have efficient operations and efficiently manage the productivity of superior genetics. The right mix of raw materials to feed the chicken at different phases of the life cycle, farm management best practices to ensure the health and wellbeing of chickens, and established husbandry operations, are only some of the aspects that require precise knowledge. Such know-how is a culmination of multiple years of experience and core competencies built over time.

Certification and licensing: To sell its products, a poultry company must have the proper certifications and licences, which take time and investments to be acquired. For example, Muslim countries such as Malaysia and Indonesia have defined Halal requirements for the production and import of poultry products in the country, with Indonesia planning to make the Halal certification mandatory by 2019. Furthermore, in Singapore, the AVA monitors the entire poultry production, and only traders with AVA-certified licence are allowed to sell their products.

2.4 RESTRAINTS

Dependency on import of animal feed ingredients: Many ASEAN countries are small producers of raw materials used for animal feed, and therefore have to rely on import. On top of less control on the raw materials and the higher price, feed producers and poultry farmers are vulnerable to raw material price and currency fluctuations, causing prices of the feed and of the final products to be unstable. However, countries such as Indonesia are planning or already adopting measures to become more self-sufficient in producing animal feed.

Protectionist policies on imports: In order to develop the local industry to be more self-sufficient in producing animal feed, some ASEAN countries such as Indonesia are adopting protectionist policies on the import of feed ingredients. For example, to regulate international agricultural trade, the Government of Indonesia appointed the National Food Logistics Agency as the sole authorised corn and poultry importer and imposed tight restrictions on feed ingredient import since 2000. At least in the short term, such protectionist measures may restrict the availability of price-competitive feed ingredients for the local poultry feed industry.

Disease outbreaks: While veterinary science advancements and improvement in farm management are supporting the production of safe poultry meat, the market is at times affected by disease outbreaks. Among the recent cases, a H5N1 outbreak in March 2017 in Kelantan (Malaysia), approximately 57,000 chickens were culled and 17,531 eggs destroyed by the authorities²⁶, and the outbreak was confined in the state of Kelantan. This temporarily impacted the market for Malaysian produced chickens, both locally and overseas, due to health concerns. To alleviate the farmers' losses, the Kelantan Veterinary Services Department disbursed more than RM400,000 in compensation to more than 1,000 farmers in the state and provided assistance for poultry re-breeding²⁷. In January 2019 a H5N1 outbreak in Vietnam resulted in some countries suspending the import of Vietnamese poultry from the affected provinces²⁸, and caused Vietnam to temporarily increase the quantity of poultry imported, including from Malaysia.

High popularity for swine produce: Despite the fast growth of poultry consumption in ASEAN, some countries have historically been larger consumer base of swine. As of 2018, swine is estimated to be the most popular type of livestock for meat consumption in the Philippines and Vietnam. While the consumption of poultry is growing, particularly due to its affordable price, in the event of any disease outbreak involving poultry, consumers may easily switch to consume alternative meat, including swine.

Land restrictions: Poultry farming activities are partly restricted to specific geographical areas by the local authorities due to environmental concerns. Livestock farming may produce waste beyond recycling

²⁶ The Star, "Poultry Import Ban May Be Lifted Soon", July 2017

²⁷ The Sunday Daily, "More than RM400,000 in compensation to H5N1-affected poultry farmers: Exco", 12 July 2017

²⁸ Government of Hong Kong: Import of poultry meat and products from Long An Province in Vietnam suspended, 11 January 2019

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

capacity, resulting in inappropriate discharge and deterioration of water and soil. This creates a risk both for the livestock population and for public health in the vicinity. Among recent cases, in October 2017 in Johor (Malaysia), the pollution caused by an illegal poultry farm due to non-compliant discharge practices caused other poultry farms in the area to temporarily close operations to avoid risks due to polluted water.

Scarcity of land and higher land cost for farming activities: With poultry activities restricted to specific geographical areas, land for agriculture purpose is likely to become more limited. In Singapore, for example, land scarcity and higher cost are limiting the opportunity to increase the local production. In Malaysia, land cost has been increasing with the average value of agricultural land transactions increasing at a CAGR of 2.9% from 2014 to 2017, which is higher than the 2.1% increase in average development land transactions value and the 1.9% rise in the average value of residential properties transactions during the same period²⁹, resulting in higher land acquisition costs for local poultry operators.

Logistics challenges: While, in line with economic development, selected ASEAN countries are quickly developing their infrastructural systems, their geographical characteristics may pose a restraint on the logistical front, by creating challenges to the import of inputs for production and to the distribution of the end product to the market. Such challenges are particularly prevalent in archipelagic countries such as Indonesia and Philippines, as well as East Malaysia.

Reliance on foreign labour: The ongoing economic development in ASEAN is supporting the transition of the economies from being driven by the agricultural sector to the industrial and tertiary sectors. Improvement in economic conditions is likely to result the decline of local workforce engaging in agricultural activities, which may subsequently result to increasing reliance on the foreign labours.

2.5 INDUSTRY SIZE AND GROWTH

Feed Mill Industry: In ASEAN, the majority of raw materials for producing poultry feed, such as corn, wheat and soybean are imported from the US and Latin American countries. This is mainly due to the shortage of domestic production to fulfil the growing demand from poultry feed manufacturing in ASEAN. Nevertheless, ASEAN countries like Indonesia and Philippines have established several protective measures to mitigate market dependence on imported corn through trade regulation enactments and plans to increase domestic production. However, majority of ASEAN countries, including Malaysia, Philippines, Vietnam and Indonesia are still dependent on the import of animal feed raw materials or ingredients as of 2018.

Meanwhile, backed by the entry and expansion of international players, as well as strong regulatory support on the domestic feedmill industry, Vietnam and Indonesia have also become major producers of animal feed in ASEAN. Indonesia's regulation of Antibiotic Growth Promoters usage in commercial farming since January 2018³⁰, coupled with the Government of Indonesia's protectionist policy, are likely to continually drive the growth of domestic feed production. Vietnam's feedmill industry, on the contrary, has experienced a slowed growth in 2017 caused by the weaker swine production due to its weakened meat pricing, and is expected to recover gradually towards 2020³¹.

The total number of registered feed producers has increased significantly from 2012 to 2017, as the production of poultry feed grew with the expansion of the livestock industry.

Table 2-1: Production of Animal Feed / Import of Animal Feed Ingredients in Selected ASEAN Countries, 2012–2017 and 2020F

Country	2012	2013	2014	2015	2016	2017	CAGR (2012-2017)	2020F	CAGR (2017-2020F)
ANIMAL FEED PRODUCTION (in million MT)⁽¹⁾									
Indonesia ⁽²⁾	7.8	8.6	9.0	10.0	11.0	12.2	9.3%	16.4	10.2%
Vietnam ⁽³⁾	11.1	11.7	12.2	13.3	15.0	15.5	7.0%	17.7	4.5%
ANIMAL FEED INGREDIENTS IMPORT (in million MT)⁽⁴⁾									
Malaysia	4.1	4.2	5.0	4.9	5.0	5.1	4.7%	5.8	4.2%
Indonesia	7.9	9.9	10.7	10.7	11.7	12.0	8.5%	13.3	3.6%
Philippines	3.1	2.8	3.4	3.8	5.4	5.9	13.4%	7.9	10.0%
Vietnam	4.0	4.0	6.8	10.0	13.2	12.4	25.1%	14.2	4.5%

Notes: (1) Annual animal feed production data is not publicly available for Malaysia and Philippines, hence the growth of annual feed ingredients import volume is adopted as a proxy for growth in annual feed production. The estimation using feed ingredient

²⁹ Valuation and Property Services Department Malaysia: Property Market Report 2017 (The average price value is derived from total value of property transactions in the year divided by the number of transactions in the year)

³⁰ All About Feed, "Outlook – Indonesian Protein Market", 8 November 2017

³¹ USDA FAS, GAIN Report, "Vietnam Grain and Feed Annual, 2018", Gain Report No. VM8019

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

import excludes locally sourced feed ingredients due to non-availability of data; (2) Indonesia data is estimated by Frost & Sullivan based on reported animal feed capacity by USDA and derived based on estimated feed mill utilisation reported by USDA and excludes production for aquaculture feed; (3) 2012 to 2017 data based on animal & poultry industrial feed production data reported by General Statistics Office (GSO), of which the 2017 data is preliminary; (4) Derived based on HS96 code 1001 "Wheat and meslin" and HS96 code 1005 "Maize (corn)".

Source: Historical data from the UNComtrade for Animal feed ingredient import; United States Department of Agriculture (USDA) (Indonesia) and GSO (Vietnam) for animal feed production; forecast by Frost & Sullivan

Poultry Industry: Rapid economic development in the ASEAN region is contributing to the increase in disposable incomes and change of consumer preference towards a higher intake of protein food (including meat). As of 2018, the consumption of white meat and high-protein products (broiler meats and eggs) is considered as mainstream in the ASEAN region due to their high nutrition content and affordability. The overall broiler meat intake is growing sustainably at present and in the foreseeable future. Accordingly, the total livestock population in selected ASEAN countries is consistently growing.

Table 2-2: Consumption of Meat in Selected ASEAN & Developed Countries, 2018E

Consumption in Kg per capita (Consumption Share in %)	Poultry	Swine	Beef	Lamb	Total
Indonesia⁽¹⁾	13.0 (89%)	0.6 (4%)	1.0 (7%)	N/A	14.6
Malaysia⁽²⁾	51.0 (77%)	7.4 (11%)	6.7 (10%)	1.4 (2%)	66.5
Philippines	12.8 (40%)	15.6 (49%)	3.2 (10%)	0.5 (2%)	32.1
Singapore	33.3 (57%)	20.0 (34%)	2.0 (3%)	3.0 (5%)	58.3
Vietnam	13.5 (25%)	31.3 (57%)	10.1 (18%)	0.1 (0%)	55.0
Total (5 ASEAN countries)	15.7 (53%)	10.2 (34%)	3.6 (12%)	0.2 (1%)	29.7
US	49.8 (49%)	24.0 (24%)	27.1 (27%)	0.4 (0%)	101.3
OECD	30.6 (44%)	23.5 (33%)	14.8 (21%)	1.4 (2%)	70.3
EU	24.5 (35%)	32.3 (46%)	10.8 (16%)	1.9 (3%)	69.5
Japan	17.2 (43%)	15.5 (39%)	7.1 (18%)	0.1 (0%)	40.0
World	14.2 (41%)	12.3 (35%)	6.5 (19%)	1.7 (5%)	34.7
China	12.2 (24%)	30.6 (61%)	4.1 (8%)	3.1 (6%)	49.9
Developing Asia⁽⁴⁾	8.9 (33%)	13.5 (50%)	3.1 (11%)	1.7 (6%)	27.2

Note: (1) Frost & Sullivan estimates based on contribution of fresh meat consumption by meat categories reported by Ditjen PKH's Livestock and Animal Health Statistics, 2017; (2) Estimates by DVS as retrieved from DVS website on 18 March 2019; (3) Other estimates are by Frost & Sullivan based on latest statistics from OECD and AVA as at 18 March 2019; (4) Developing Asia includes China, India, Indonesia, Iran, Korea, Malaysia, Pakistan, the Philippines, Saudi Arabia, Thailand, Turkey and Vietnam, (5) Percentage and total may not add up due to rounding.

Source: Ditjen PKH; DVS; OECD; AVA; Frost & Sullivan

Table 2-3: Poultry Meat Consumption in Selected ASEAN Countries, 2012-2021F

in Million Kg	2012	2013	2014	2015	2016	2017E	2018E	CAGR (2012- 2018E)	2021F	CAGR (2018E- 2021F)
Indonesia	2,061.6	2,239.4	2,446.0	2,656.8	2,897.5	3,143.9	3,450.8	9.0%	4,415.7	8.6%
Malaysia	1,301.5	1,390.7	1,519.2	1,568.2	1,700.2	1,605.8	1,651.4	4.0%	1,884.3	4.5%
Philippines	1,022.9	1,070.3	1,148.6	1,218.7	1,311.1	1,326.8	1,369.8	5.0%	1,678.2	7.0%
Vietnam	1,083.5	1,104.0	1,188.5	1,339.0	1,195.7	1,217.4	1,276.8	2.8%	1,490.3	5.3%
Singapore	187.1	185.7	184.8	192.3	208.8	180.5 ⁽¹⁾	189.6	0.2%	215.3	4.3%

Note: (1) The lower poultry meat consumption per capita in Singapore in 2017 is due to a market adjustment after a high increase in imports in 2016. (2) 2018E for Malaysia are estimates by DVS as retrieved from DVS website on 18 March 2019; (3) Other estimates are by Frost & Sullivan based on latest statistics from OECD and AVA as at 18 March 2019.

Source: Frost & Sullivan (Indonesia, Philippines, Vietnam); OECD; DVS (Malaysia); AVA (Singapore); GSO (Vietnam); FAO; Forecast by Frost & Sullivan

2.6 INDUSTRY OUTLOOK AND PROSPECTS

Malaysia: The poultry industry in Malaysia is among the most developed compared to other ASEAN countries, and it is expected to continue growing, aided by growing population with growing disposable income and the fast expansion of retail stores and food services outlets (including by large international QSR brands). Frost & Sullivan also envisage more broiler sales to be generated from long-term contracts with customers in an effort by the poultry operators to stabilise selling price from fluctuations. The poultry industry in Malaysia benefits from a well-established ecosystem of large established organisations, which allows the country to achieve self-sufficiency and allows for excess poultry production to be exported. The growth of poultry consumption in ASEAN as well as overseas, and the growing demand for Halal meat globally, provide opportunities for the growth of Malaysian exports of poultry.

Singapore: Growing demand driven by the expansion of the F&B sector, while the growth in supply is driven by the continuous efforts by the AVA to diversify the sources of poultry imports. However, due to its geographical proximity, Malaysia is expected to remain a major supplier of poultry products to Singapore in the near future.

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

Indonesia: It is the fourth most populous country globally, and it has a higher birth rate compared to the average in Southeast Asia and overall in Asia, contributing to favourable population growth, and therefore to the growing demand for meat products. Furthermore, the positive economic environment is supporting the favourable growth in middle-class households and the rise in disposable income, thus contributing to higher meat consumption.

Vietnam: Traditionally a second-choice type of livestock meat compared to the more widely consumed swine, the consumption of poultry has been growing consistently. Growing population and disposable income as well as affordable price are contributing to the growing consumption of poultry. The continuous expansion of retail stores in both rural and urban centres, with greater presence of refrigerated environments, is contributing to the wide availability of meat products. In addition, large local and foreign players in the food services industry (including QSRs) are expanding in the country.

Philippines: Swine is the most preferred type of livestock for meat consumption in the Philippines, the consumption of poultry is growing at a faster rate, aided also by the government's initiatives to further develop the industry. Due to its better affordability, poultry is considered as the most appropriate type of quality protein product to fulfill the protein intake demand for the majority of the population.

3 COMPETITIVE LANDSCAPE

3.1 MARKET BENCHMARKING

Among the public-listed integrated poultry companies (at parent company or subsidiary level) in LHI's countries of operation as of 31 December 2017, only Charoen Pokphand (CP)³², Japfa Limited (Japfa) and QL Resources Berhad (QL) operate in at least two of the countries of focus for LHI (Malaysia, Singapore, Indonesia, Vietnam)³³. Among the selected companies, LHI is the only company with significant poultry business operation in Singapore, of which the production of poultry supplies is supported by its operation in Malaysia. The analysis below also excludes the Philippines, since Leong Hup (Philippines) Inc. was established in 2015, and as of FYE2017, it represents less than 1% of LHI's total revenue.

Table 3-1: Comparison of LHI and Public-Listed Integrated Poultry Companies, 2017

	LHI rank ⁽¹⁾	LHI	CP	Japfa	QL
Malaysia					
Feed Mills ⁽⁷⁾	N/A	4	3		N/A ⁽⁴⁾
Poultry Farms ⁽²⁾ and Processing Plants ⁽³⁾	N/A	193	N/A		N/A
Annual Feed Mill Production ('000 MT) ⁽⁷⁾	1 st	628	313 ⁽⁶⁾	N/P ⁽⁴⁾	270
Annual Egg Production (million units)	2 nd	1,293	169 ⁽⁵⁾		1,460⁽⁶⁾
Annual DOCs Volume supplied (million birds) ⁽²⁾	1 st	206	59 ⁽⁵⁾		21
Annual Broilers Volume supplied (million birds) ⁽²⁾	1 st	70	23 ⁽⁵⁾		11
Indonesia					
Feed Mills ⁽⁷⁾	N/A	4	8	17	N/A
Poultry Farms and Processing Plants ⁽³⁾	N/A	253	N/A	9,203 ⁽⁵⁾	N/A
Annual Feed Mill Production ('000 MT) ⁽⁷⁾	3 rd	670	3,780⁽⁶⁾	2,520 ⁽⁶⁾	90
Annual Egg Production (million units)	N/A	56	N/A	N/A	297 ⁽⁶⁾
Annual DOCs Volume supplied (million birds)	3 rd	241	1,281⁽⁵⁾	705 ⁽⁶⁾	17
Annual Broilers Volume supplied (million birds)	N/A	17	N/A	327 ⁽⁵⁾	7
Vietnam					
Feed Mills ⁽⁷⁾	3 rd	3	6	5	1
Poultry Farms and Processing Plants ⁽³⁾	N/A	760	N/A	320 ⁽⁵⁾	N/A
Annual Feed Mill Production ('000 MT) ⁽⁷⁾	3 rd	627	2,660⁽⁶⁾	680 ⁽⁵⁾	40
Annual Egg Production (million units)	N/A	389	N/A	N/A	297 ⁽⁶⁾
Annual DOCs Volume supplied (million birds)	2 nd	36	88⁽⁵⁾	28 ⁽⁵⁾	N/P
Annual Broilers Volume supplied (million birds)	N/A	21	N/A	N/A	N/P

Notes: (1) "LHI rank" is based on the analysis of the four selected integrated poultry companies. For each indicator, the value of the largest company where available for all four companies has been highlighted and font changed to bold; (2) LHI's Malaysia's poultry farms and hatcheries supplying LHI's Malaysian poultry farms and processing plants, DOC and broiler include those poultry farms

³² In this analysis CP is referred to as CP Foods PCL and PT CP Indonesia Tbk

³³ SEA public-listed integrated poultry companies with market capitalisation above USD600 million as of July 2018 are: CP Foods PCL, PT CP Indonesia Tbk, San Miguel Corporation, Japfa Limited, Japfa Comfeed Indonesia Tbk, QL Resources, Thaifoods Group PCL. Among these companies, only CP, Japfa Limited and QL Resources operate in at least two of the countries of focus for LHI and derive more than 50% of revenue from livestock farming. Thaifoods Group PCL does not compete directly with LHI in any of the market where LHI is present, it operates only in Thailand.

8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

and hatcheries that are part of LHI's Singaporean business but located in Malaysia; (3) Include LHI operated breeder and broiler farms, hatcheries, slaughterhouse & primary processing plants as well as contract farms; (4) N/A indicates that data are "not available". N/P indicates the company is "not present" in the country; (5) Frost & Sullivan estimates based on publicly available information and primary interviews; (6) Annual data is derived based on estimated utilisation of the daily (365 days) or monthly (12 months) capacity, or estimated based on latest available information. (7) Excluding feed for aquaculture.

Source: Respective Companies' annual reports and website; Frost & Sullivan

Table 3-2: Market Share of LHI and Public Listed Integrated Poultry Companies, 2017

	Total	LHI	CP	Japfa	QL
Malaysia					
Annual Feed Mill Production ('000 MT)	6,000	10.5%	5.2%	N/P	4.5%
Annual DOCs Volume supplied (million)	759	27.1%	7.7%	N/P	2.7%
Indonesia					
Annual Feed Mill Production ('000 MT)	12,218	5.5%	30.9%	20.6%	0.7%
Annual DOCs Volume supplied (million)	3,447	7.0%	37.2%	20.5%	0.5%
Vietnam					
Annual Feed Mill Production ('000 MT)	15,518	4.0%	17.1%	4.4%	0.3%
Annual DOCs Volume supplied (million)	285 ⁽¹⁾	12.7%	31.0%	9.8%	N/P
Malaysia + Indonesian + Vietnam					
Annual Feed Mill Production ('000 MT)	33,736	5.7%	20.0%	9.5%	1.2%
Annual DOCs Volume supplied (million)	4,490	10.8%	31.8%	16.3%	0.8% ⁽²⁾
Singapore					
Live Chicken Imported from Malaysia (million)	47	45.3%	N/P	N/P	N/P

Notes: (1) Data excludes DOC supplied from state-owned companies and sales or own consumption from home-based farming; (2) N/P for Vietnam.

Source: DVS; USDA; AVA; International Enterprise Singapore; Companies' annual reports and investor relations publication; Frost & Sullivan

Overall, LHI is the largest integrated poultry producer in Malaysia and among the top three integrated poultry producers in Indonesia and Vietnam in 2017.

3.2 FINANCIAL BENCHMARKING

Table 3-3: Performance Comparison of LHI³⁴ and Selected Poultry Companies³⁵, 2017

	LHI rank	LHI	CP Foods	Japfa	QL
Revenue CAGR (2011-17) ⁽¹⁾	2 nd	14.6%	16.0%	7.8%	9.1%
EBITDA margin (2017) ⁽²⁾	2 nd	10.6%	6.5%	8.9%	12.4%
Return on Equity (2017) ⁽³⁾	1 st	15.4%	10.1%	0.2%	11.8%

Note: (1) LHI 2011 revenue is based on combination of Leong Hup Holdings Berhad and Emivest Berhad as of Calendar Year 2011 before privatisation. LHI's revenue is based on quarterly unaudited financial statements for March, June, September and December 2011, other players are based on revenue for Calendar Year (January to December); (2) Operating profit before depreciation and amortisation based on reported EBITDA for Calendar Year (January to December) where available; (3) Profit after tax and minority interests for FYE2017 over average shareholders' equity for FYE2016 and FYE2017; (4) All calculations are based on local currency.

Source: Respective Company's website; Frost & Sullivan

In addition, while most of the other listed industry players' revenues based on the latest available financial reports are concentrated in a single country of operation³⁶, LHI's geographical coverage is more diversified and is supported by a balanced revenue contribution for its key countries of operation.

Table 3-4: Revenue Contribution of LHI and Selected Poultry Companies by Countries, 2017

	LHI	CP Foods	Japfa	QL
Revenue Contribution by countries (%)	Indonesia: 31.7 Malaysia: 28.8 Singapore: 19.8 Vietnam: 19.2	Thailand: 35.5 China: 25.7 Vietnam: 12.5	Indonesia: 74.2 Vietnam: 9.5	Malaysia: 79.7 Indonesia: 17.2
Others (%) ⁽¹⁾	0.5	26.3	16.3	3.1

Note: (1) Revenue contribution from other countries for the respective companies include: LHI - Philippines, CP Foods - Taiwan, USA, India, Turkey, Russia, UK, Cambodia, Philippines, Malaysia, Laos, Belgium, Sri Lanka and Poland; Japfa - China, India, Myanmar, Singapore and other countries; QL - Vietnam and other countries

Source: LHI's Accountant's Report, Respective Company's annual reports and Investors' presentation; Frost & Sullivan

³⁴ Data for LHI are from the Accountant's Report 2017

³⁵ The companies in this analysis have been selected among the largest listed poultry companies in ASEAN. Data are shown only for the companies that shared publicly their results, specifically for the poultry or poultry related businesses, and for which information are comparable, on a best effort. "Integrated Poultry Participants" refers to companies which are involved in both poultry feed and poultry farming. Negative financial results are excluded from this analysis.

³⁶ E.g. PT CP Indonesia Tbk, which is among the largest three SEA public-listed integrated poultry companies by market capitalisation, derives 100% of its revenue only from the Indonesian market.

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

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Profiles of our Promoters and substantial shareholders

(i) Emerging Glory as Promoter and substantial shareholder

Emerging Glory was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 31 May 2010 as a private limited company.

The principal activity of Emerging Glory is investment holding.

As at the LPD, the issued share capital of Emerging Glory is RM100,000.

The shareholders of Emerging Glory and their respective shareholdings in Emerging Glory as at the LPD are as follows:

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

Shareholder	Registration no./ NRIC no.	Age	Current address	Direct		Indirect	
				No. of Emerging Glory Shares	%	No. of Emerging Glory Shares	%
Lau Chia Nguang	520108-01-5597	67	No. 28, Jalan Simpoh, Country Height Damansara 60000 Kuala Lumpur	14,999	15.00	-	-
Dato' Lau Eng Guang	550221-01-5211	64	12B, Bangsar Hill, No. 26, Jalan Medang Serai, Bukit Bandaraya 59100 Kuala Lumpur	14,999	15.00	-	-
Tan Sri Lau Tuang Nguang	580914-01-5211	60	No. 6, Jalan Keranji 2, Off Jalan Kedondong, Ampang Hilir, 55000 Kuala Lumpur	14,999	15.00	-	-
Lau Joo Han	750204-01-6219	44	No. 31, Jalan TR 8/3, Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor	20,002	20.00	-	-
CWL&S	355137-H	N/A	Lot 2.08, 2 nd Floor, Wisma Westcourt 126, Jalan Kelang Lama 58000 Kuala Lumpur	20,002	20.00	-	-
HNL&S ⁽¹⁾	308008-P	N/A	Lot 2.08, 2 nd Floor, Wisma Westcourt 126, Jalan Kelang Lama 58000 Kuala Lumpur	14,999	15.00	-	-
Lau Joo Hong	700624-01-5209	48	No. 50, Jalan Majidi, 84000 Muar Johor	-	-	20,002 ⁽²⁾	20.00
Lau Jui Peng	710612-01-5235	47	No. 50, Jalan Majidi, 84000 Muar Johor	-	-	20,002 ⁽²⁾	20.00
Lau Joo Heng	740513-01-6045	44	No. 50, Jalan Majidi, 84000 Muar Johor	-	-	20,002 ⁽²⁾	20.00

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

Notes:

- (1) HNL&S is a private limited company and incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 15 July 1994 under the name Pangkal Anika Sdn Bhd and assumed its current name on 4 September 2002. The principal activity of HNL&S is investment holding and it holds shares in companies principally involved in property, plantation, hotel, poultry farming feedmilling, manufacturing, confectionary and trading businesses.

As at the LPD, the issued share capital of HNL&S is RM100. The shareholders of HNL&S and their respective shareholdings in HNL&S as at the LPD are as follows:

Name	Direct	
	No. of ordinary shares	%
Lau Hai Nguan	20	20.00
Lau Joo Keat	20	20.00
Lau Joo Ping	20	20.00
Lau Joo Hau	20	20.00
Lai Chong Koo	20	20.00

- (2) Deemed interested by virtue of his shareholdings in CWL&S pursuant to Section 8(4) of the Act.

(ii) Lau Joo Hong as Promoter and substantial shareholder

Lau Joo Hong, a Malaysian, is our Non-Independent Executive Director and Chief Executive Officer of our Group's Vietnam operations. For details of Lau Joo Hong's profile, see Section 9.2.1 of this Prospectus.

(iii) Lau Joo Han as Promoter and substantial shareholder

Lau Joo Han, a Malaysian, is our Non-Independent Executive Director as well as the Chief Executive Officer of our Group's Malaysia operations. For details of Lau Joo Han's profile, see Section 9.2.1 of this Prospectus.

(iv) Lau Jui Peng as Promoter and substantial shareholder

Lau Jui Peng, a Malaysian, is our Group Breeder Chief Executive Officer. For details of Lau Jui Peng's profile, see Section 9.3.1 of this Prospectus.

(v) Lau Joo Heng as Promoter and substantial shareholder

Lau Joo Heng, a Malaysian, is the Chief Executive Officer of our Group's Philippines operations. For details of Lau Joo Heng's profile, see Section 9.3.1 of this Prospectus.

(vi) Lau Chia Nguang as Promoter

Lau Chia Nguang, a Malaysian, is our Non-Independent Executive Chairman as well as President Commissioner of Malindo Feedmill. For details of Lau Chia Nguang's profile, see Section 9.2.1 of this Prospectus.

(vii) Dato' Lau Eng Guang as Promoter

Dato' Lau Eng Guang, a Malaysian, is our Non-Independent Executive Director and Group Business Strategist. For details of Dato' Lau Eng Guang's profile, see Section 9.2.1 of this Prospectus.

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

(viii) Tan Sri Lau Tuang Nguang as Promoter

Tan Sri Lau Tuang Nguang, a Malaysian, is our Non-Independent Executive Director, Group Chief Executive Officer and President Director of Malindo Feedmill. For details of Tan Sri Lau Tuang Nguang's profile, see Section 9.2.1 of this Prospectus.

(ix) Lau Joo Keat as Promoter

Lau Joo Keat, a Malaysian, is the Non-Independent Executive Director and Country Head of our Group's Indonesian operations. For details of Lau Joo Keat's profile, see Section 9.2.1 of this Prospectus.

(x) Lau Joo Hwa as Promoter

Lau Joo Hwa, a Malaysian, is the Chief Executive Officer of our Group's Singapore operations. For details of Lau Joo Hwa's profile, see Section 9.3.1 of this Prospectus.

(xi) Clarinden Investments as substantial shareholder

Clarinden Investments is a private limited company incorporated in Singapore on 1 November 2012. Concordant Investments owns 90,000,000 preference shares and 10,000,000 ordinary shares, representing the entire ordinary shares and issued preference shares of Clarinden Investments. Clarinden Investments is a wholly-owned subsidiary of Concordant Investments which is held by Affinity APF IV, Affinity APF IV2 and Keystone Investment Foresight LP holding 51.50%, 47.03% and 1.47% equity interest in Concordant Investments respectively. Affinity APF IV, Affinity APF IV2 and Keystone Investment Foresight LP are exempted limited partnerships.

The principal activity of Clarinden Investments is to hold passive investments in companies.

(xii) Concordant Investments as substantial shareholder

Concordant Investments is a private limited company incorporated in Singapore on 25 October 2013. Affinity APF IV owns 2,549,533,945 preference shares and 5,149,534 ordinary shares (representing 51.50% each of the aggregate preference shares and aggregate ordinary shares) of Concordant Investments. Affinity APF IV2 owns 2,328,298,568 preference shares and 4,702,683 ordinary shares (representing 47.03% each of the aggregate preference shares and aggregate ordinary shares) of Concordant Investments. Keystone Investment Foresight LP owns 73,167,487 preference shares and 147,783 ordinary shares (representing 1.47% each of the aggregate preference shares and aggregate ordinary shares) of Concordant Investments. Affinity APF IV, Affinity APF IV2 and Keystone Investment Foresight LP are exempted limited partnerships.

The principal activity of Concordant Investments is to make private equity investments (directly or indirectly) in Asia and Australasia.

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

(xiii) Affinity APF IV as substantial shareholder

Affinity APF IV is an exempted limited partnership established in the Cayman Islands on 16 August 2012.

None of the investors of Affinity APF IV are entitled to exercise or control the exercise of 20.00% or more of the voting securities of Affinity APF IV.

The principal activity of Affinity APF IV is to make private equity investments (directly or indirectly) in Asia and Australasia.

(xiv) Affinity APF IV2 as substantial shareholder

Affinity APF IV2 is an exempted limited partnership established in the Cayman Islands on 16 August 2012.

None of the investors of Affinity APF IV2 are entitled to exercise or control the exercise of 20.00% or more of the voting securities of Affinity APF IV2.

The principal activity of Affinity APF IV2 is to make private equity investments (directly or indirectly) in Asia and Australasia.

(xv) CWL&S as substantial shareholder

CWL&S is a private limited company and incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 14 August 1995 under the name Sri Medan Food Processing Sdn Bhd and assumed its current name on 13 August 2002.

The principal activity of CWL&S is investment holding and it holds shares in companies principally involved in property, plantation, hotel and poultry farming feedmilling, manufacturing, confectionary and trading businesses.

As at the LPD, the issued share capital of CWL&S is RM100.

The shareholders of CWL&S and their respective shareholdings in CWL&S as at the LPD are as follows:

Name	Direct	
	No. of ordinary shares	%
Lau Joo Hong	36	36.00
Lau Jui Peng	32	32.00
Lau Joo Heng	32	32.00

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

9.1.2 Shareholdings of our Promoters and substantial shareholders

The following table sets forth the direct and indirect shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Before our IPO						After our IPO					
	Direct			Indirect			Direct			Indirect		
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾
Promoters and substantial shareholders												
Emerging Glory	1,927,201	56.68	-	-	1,927,201	52.80	-	-	1,927,201	52.80	-	-
Lau Joo Hong	49,751	1.46	1,927,201 ⁽³⁾	56.68	30,041	0.82	1,927,201 ⁽³⁾	52.80	24,840	0.68	1,927,201 ⁽³⁾	52.80
Lau Joo Han	138,174	4.06	1,927,201 ⁽⁴⁾	56.68	83,424	2.29	1,927,201 ⁽⁴⁾	52.80	68,976	1.89	1,927,201 ⁽⁴⁾	52.80
Lau Jui Peng	44,211	1.30	1,927,201 ⁽³⁾	56.68	26,691	0.73	1,927,201 ⁽³⁾	52.80	22,068	0.60	1,927,201 ⁽³⁾	52.80
Lau Joo Heng	44,211	1.30	1,927,201 ⁽³⁾	56.68	26,691	0.73	1,927,201 ⁽³⁾	52.80	22,068	0.60	1,927,201 ⁽³⁾	52.80
Promoters												
Lau Chia Nguang	-	-	103,613 ⁽⁵⁾	3.05	-	-	63,463 ⁽⁵⁾	1.74	-	-	52,868 ⁽⁵⁾	1.45
Dato' Lau Eng Guang	103,613	3.05	-	-	63,463	1.74	-	-	52,868	1.45	-	-
Tan Sri Lau Tuang Nguang	-	-	103,613 ⁽⁶⁾	3.05	-	-	67,113 ⁽⁶⁾	1.84	-	-	57,480 ⁽⁶⁾	1.57
Lau Joo Keat	-	-	103,613 ⁽⁷⁾	3.05	-	-	63,463 ⁽⁷⁾	1.74	-	-	52,868 ⁽⁷⁾	1.45
Lau Joo Hwa	-	-	-	-	-	-	-	-	-	-	-	-

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

Name	Before our IPO				After our IPO				
	Direct		Indirect		Direct		Indirect		
	No. of Shares (^{'000})	% ⁽¹⁾	No. of Shares (^{'000})	% ⁽¹⁾	No. of Shares (^{'000})	% ⁽²⁾	No. of Shares (^{'000})	% ⁽²⁾	
Substantial shareholders									
Clarinden Investments	782,000	23.00	-	-	360,950	9.89	-	290,638	7.96
Concordant Investments	-	-	782,000 ⁽⁸⁾	23.00	-	-	360,950 ⁽⁸⁾	9.89	-
Affinity APF IV	-	-	782,000 ⁽⁹⁾	23.00	-	-	360,950 ⁽⁹⁾	9.89	-
Affinity APF IV2	-	-	782,000 ⁽⁹⁾	23.00	-	-	360,950 ⁽⁹⁾	9.89	-
CWL&S	-	-	1,927,201 ⁽¹⁰⁾	56.68	-	-	1,927,201 ⁽¹⁰⁾	52.80	-

Notes:

- (1) Based on our issued share capital of 3,400,000,000 Shares after the Pre-IPO Exercise.
- (2) Based on our enlarged issued share capital of 3,650,000,000 Shares.
- (3) Deemed interested by virtue of his interest in Emerging Glory through his shareholding held in CWL&S pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholding in Emerging Glory pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of his shareholding in CN Lau Holdings pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of his shareholding in TN Lau Holdings pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of his shareholding in HNL&S pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of its shareholding in Clarinden Investments pursuant to Section 8(4) of the Act.
- (9) Deemed interested by virtue of its interest in Clarinden Investments through its shareholdings held in Concordant Investments pursuant to Section 8(4) of the Act.
- (10) Deemed interested by virtue of its shareholding in Emerging Glory pursuant to Section 8(4) of the Act.

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

9.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past three years

Save for the issuance of Shares to the Promoters and the substantial shareholders pursuant to the Pre-IPO Exercise as detailed in Section 6.1.4 of this Prospectus, there has been no change in our Promoters' and the substantial shareholders' shareholdings in our Company for the past three years up to the LPD.

9.2 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the MCGG which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies. The MCGG is specifically targeted for large companies i.e. companies on the FTSE Bursa Securities Top 100 Index or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year ("**Large Companies**"). Once a company is under the category of Large Companies, it will remain as one for the entire financial year regardless of the change in its status during the financial year.

Currently, our Company has yet to adopt the recommendations under MCGG to have a Board comprising a majority of Independent Directors. In this regard, we endeavour to comply with this practice within two years from our Listing by appointing two additional independent directors. Our Board will also provide a statement on the extent of compliance with the MCGG in our first annual report as a listed entity.

Our Board has at least 30% women directors, a Senior Independent Non-Executive Director and our Audit and Risk Committee comprises solely of Independent Directors. With that, our Board believes that our Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Company. To ensure the effective discharge of its functions, our Board endeavours to follow the MCGG and have set out the following responsibilities in the board charter:

- (i) to review, challenge and approve our annual corporate plan, which includes our overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan;
- (ii) to oversee the conduct of our businesses and to determine whether our businesses are being properly managed;
- (iii) to identify principal risks and ensure the implementation of appropriate internal controls and mitigation risks to effectively monitor and manage these risks;
- (iv) to develop succession planning, including appointing, training, fixing the remuneration of, and where appropriate, replacing key management;
- (v) to oversee the development and implementation of a shareholder communications policy for our Company; and
- (vi) to review the adequacy and integrity of our management information and internal controls systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including Listing Requirements, securities laws and the Act).

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

In addition, the roles and responsibilities of our Executive Chairman and Group Chief Executive Officer are clearly segregated to further enhance and preserve a balance of authority and accountability. Our Executive Chairman is primarily responsible for the following:

- (i) ensuring orderly conduct of the Board meetings;
- (ii) providing leadership to our Board in its collective oversight of management; and
- (iii) ensuring effectiveness of our Board.

On the other hand, our Group Chief Executive Officer is primarily responsible for the following:

- (i) focuses on the business and day-to-day management of our Group;
- (ii) holds the primary executive responsibility for our Group's business performance and manages our Group in accordance with the strategies and policies approved by the Board; and
- (iii) to lead the senior management of our Company in making, implementing and managing the day-to-day decisions on our business operations, our Group's resources and the associated risks involved in pursuing our Group's corporate objectives.

Under Clause 127 of our Constitution, at each AGM, one-third of our Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third with a minimum of one, shall retire from office and an election of Directors shall take place PROVIDED ALWAYS that each Director shall retire from office at least once in every three years but shall be eligible for re-election. The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment. A retiring Director shall be eligible for re-election.

Under Clause 132 of our Constitution, the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, provided that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Constitution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The number of Directors shall not be less than two but not more than 20. At least two of our Directors or one-third of our Board, whichever is higher, must also at all times be Independent Directors. As at the date of this Prospectus, our Board consists of 13 Directors and one Alternate Director, six of our Directors are Independent Directors.

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

The details of the members of our Board, and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

Director	Age	Date of appointment	Date of expiration of the current term of office	No. of years and months office
Lau Chia Nguang	67	9 September 2014	Subject to retirement by rotation at the AGM in 2019	4 years 6 months
Dato' Lau Eng Guang	64	1 July 2014	Subject to retirement by rotation at the AGM in 2019	4 years 9 months
Tan Sri Lau Tuang Nguang	60	23 November 2018	Subject to retirement at the AGM in 2019	4 months
Lau Joo Hong	48	9 September 2014	Subject to retirement by rotation at the AGM in 2020	4 years 6 months
Lau Joo Han	44	1 October 2018	Subject to retirement at the AGM in 2019	6 months
Lau Joo Keat	39	9 September 2014	Subject to retirement by rotation at the AGM in 2020	4 years 6 months
Benny Lim Jew Fong	46	9 September 2014	Subject to retirement by rotation at the AGM in 2020	4 years 6 months
Datin Paduka Rashidah Binti Ramli	59	1 August 2018	Subject to retirement at the AGM in 2019	8 months
Mahani Binti Amat	64	1 August 2018	Subject to retirement at the AGM in 2019	8 months
Chu Nyet Kim	63	1 August 2018	Subject to retirement at the AGM in 2019	8 months
Goh Wen Ling	39	1 August 2018	Subject to retirement at the AGM in 2019	8 months
Low Han Kee	59	1 August 2018	Subject to retirement at the AGM in 2019	8 months
Tay Tong Poh	57	1 August 2018	Subject to retirement at the AGM in 2019	8 months
Tee Yock Siong (as Alternate Director to Benny Lim Jew Fong)	37	1 August 2018	Nil	8 months

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

None of our other Directors represent any corporate shareholder on our Board except for Benny Lim Jew Fong and his Alternate Director, Tee Yock Siong, who are representatives of Clarinden Investments on our Board. Further, save as disclosed below, there are no family relationships between our Directors:

- (i) Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang are brothers; and
- (ii) Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang are the uncles of Lau Joo Hong, Lau Joo Han and Lau Joo Keat.

For details of the associations or family relationship between our Promoters, substantial shareholders, Directors and key senior management, see Section 9.5 of this Prospectus.

9.2.1 Profiles of our Directors

(i) Lau Chia Nguang

Lau Chia Nguang, a Malaysian aged 67, is our Non-Independent Executive Chairman and President Commissioner of Malindo Feedmill. He completed his primary school education in 1964. He has over 40 years of experience and expertise in the integrated livestock industry.

He began his career in the late 1960s as a vegetable wholesaler. In 1978, he joined LH Poultry Farm. He led our Group's broiler business in Malaysia from 1985 to 2002.

He led the expansion of LH Holdings' poultry business to Jakarta in 1996 with the incorporation of Leong Ayamsatu and thereafter, he founded Malindo Feedmill in 1997 as the vehicle for expanding our Group's poultry business in Indonesia to tap into the market potential and opportunities of the Indonesian poultry industry. Malindo Feedmill was listed on the Jakarta Stock Exchange (now known as Indonesia Stock Exchange) in 2006.

He served as president director of Malindo Feedmill from 2014 to June 2018 and is currently the President Commissioner of Malindo Feedmill since June 2018.

His notable achievements, aside from leading the listing of Malindo Feedmill, include being recognised by Enterprise Asia in 2013 and 2015 upon receiving the Asia Pacific Entrepreneurship Award.

He was appointed to our Board on 9 September 2014 and re-designated as our Executive Chairman on 1 October 2018. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(ii) Dato' Lau Eng Guang

Dato' Lau Eng Guang, a Malaysian aged 64, is our Non-Independent Executive Director and Group Business Strategist. He completed his secondary school education in 1972 and South Australian matriculation in 1974. He has over 40 years of experience and expertise in integrated livestock industry.

In 1978, he joined LH Poultry Farm where he oversaw its finances and corporate affairs.

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

He is responsible for our Group's business strategies and risk management and has been involved in various aspects of our Group's operations. He served as a director in LH Holdings and Emivest when both companies were listed on the Main Board of Bursa Securities. He was a director of both companies since 1989 and 2002, respectively.

He was appointed to our Board on 1 July 2014. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(iii) **Tan Sri Lau Tuang Nguang**

Tan Sri Lau Tuang Nguang, a Malaysian aged 60, is our Non-Independent Executive Director, Group Chief Executive Officer and President Director of Malindo Feedmill. He completed his secondary school education in 1975. He has over 35 years of experience and expertise in integrated livestock industry.

He began his career in the family farm business at LH Poultry Farm in 1978 where he gained experience through the operations and running of the GPS and breeder farms and was director from 1978 to October 2018. He has been a director of LH Holdings since 11 January 1986 to present date. He sat on our Board from 2014 until his resignation on 1 August 2018. He was appointed as our Group Chief Executive Officer on 13 June 2018 and was re-appointed to our Board on 23 November 2018.

As the Group's Chief Executive Officer, he oversees the entire business operations of our Group covering Malaysia, Singapore, Indonesia, Vietnam and Philippines.

He sat on the board of Teo Seng from 2009 to August 2018 and he is currently the President Director of Malindo Feedmill, both being our listed subsidiaries.

He served as a panel advisor to the MOA in 2004 and currently sits as a panel member of the National Agriculture Advisory Council to the MOA. From 2005 to 2006, he was the former President of the Federation of Livestock Farmers' Association of Malaysia, an association instituted for the safeguarding of livestock farming community's interest and the betterment of the livestock industry and presently sits on its advisory panel.

His notable achievements include receiving the Life Achievement Award in 2013 during the 7th Malaysian Livestock Industry Award and being appointed as a panel member of National Agriculture Advisory Council, under the purview of the MOA in 2018.

He was appointed to our Board on 23 November 2018. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(iv) **Lau Joo Hong**

Lau Joo Hong, a Malaysian aged 48, is our Non-Independent Executive Director and Chief Executive Officer for our Group's Vietnam operations. He completed his secondary school education in 1988. He has over 20 years of experience and expertise in the integrated livestock industry and retail market.

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

He began his career in the family poultry business in 1991 when he joined Bintang Lapan Sdn Bhd (now known as A1FC) which was previously a subsidiary of LH Holdings principally involved in processing and marketing of chicken and related products, where he oversaw the entire operations of A1FC. In 1994, he was also assigned the responsibility of overseeing the entire operations of A1FP. He was transferred to Astaka Shopping Centre (Muar) Sdn Bhd ("**Astaka**"), another family business in 1996 where he was responsible for the overall operations of Astaka until the family's decision to venture into Vietnam's poultry business in 2007 where he planned and executed the expansion plan. He led our Vietnam operations as Deputy Chief Executive Officer until his promotion in 2014 to Chief Executive Officer. He also led the expansion of our Vietnam operations since its incorporation.

He is a director of both LH Holdings and Emivest since 2008 and 2010, respectively (including the period whilst both companies were listed on the KLSE).

He was appointed to our Board on 9 September 2014. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(v) **Lau Joo Han**

Lau Joo Han, a Malaysian aged 44, is our Non-Independent Executive Director and Chief Executive Officer for our Group's Malaysia operations. He has over 19 years of experience in the livestock industry.

He graduated with a degree in International Trade from Victoria University, Melbourne, Australia in 1999.

He began his career in 2001 at Leong Hup Contract Farming Sdn Bhd (now known as LH Agrobusiness) in charge of the marketing and operations of LH Agrobusiness. He rose through the ranks and has been the Chief Executive Officer of LH Malaysia since 2014, in-charge of overseeing the business and full operations of LH Malaysia. He was duly appointed and has served as a director of LH Malaysia since 2014.

He has extensive expertise in the upstream and downstream activities of livestock production, operation, development and marketing areas of the poultry industry. He has contributed to our Group's marketing strategies and spearheaded many business expansion projects at LH Malaysia which contributed to the growth of LH Malaysia. He served as a non-executive director of Teo Seng from 2008 until he was re-designated to the position of executive director in 2013 until his resignation on 31 July 2018.

He was appointed to our Board on 1 October 2018. Currently, he also sits on the board of directors of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

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

(vi) Lau Joo Keat

Lau Joo Keat, a Malaysian aged 39, is our Non-Independent Executive Director. He has approximately 16 years of experience and expertise in the integrated livestock industry.

In 2002, he obtained his Bachelor of Marketing from University of Kentucky, United States.

He began his career in 2002 when he joined the Malindo Feedmill as Production Manager of the breeding, hatchery and broiler farms. In 2007, he served as Head of Production of the breeding, hatchery and broiler farms. He has served as a director of Malindo Feedmill since 2015 and has been the Country Head of our Group's Indonesian business since 2017.

He was appointed to our Board on 9 September 2014. Currently he also sits on the board of Malindo Feedmill as well as various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(vii) Benny Lim Jew Fong

Benny Lim Jew Fong, a Singaporean aged 46, is our Non-Independent Non-Executive Director. He has over 22 years of experience and expertise in private equity, corporate and investment banking.

He obtained a Bachelor of Commerce from Monash University, Australia in 1995 and qualified as a Chartered Financial Analyst in 2001.

He began his career with Southern Bank Berhad as a corporate banking officer from 1996 to 2000. Thereafter, he joined DBS Bank Ltd in 2001 where he held various positions in corporate and investment banking in Malaysia and Singapore. In 2009, he joined United Overseas Bank Ltd in Singapore where he oversaw the origination activities in Malaysia for the bank's strategic client coverage team until he left in 2011 to join Affinity EPS at its Singapore office. He is currently the Managing Director in Affinity EPS where he is responsible for originating, executing and managing investments for Affinity EPS.

He was appointed to our Board on 9 September 2014. Currently, he also sits on the board of the portfolio companies as representative of Affinity EPS as disclosed in Section 9.2.3 of this Prospectus.

(viii) Datin Paduka Rashidah Binti Ramli

Datin Paduka Rashidah Binti Ramli, a Malaysian aged 59, is our Independent Non-Executive Director.

She obtained her Bachelor of Arts (Honours) in South East Asian Studies from University of Malaya, Kuala Lumpur in 1982.

She began her career in 1984 as an Administrative and Diplomatic Officer and served at various senior levels in the Ministry of Foreign Affairs, among them being the Southeast Asia Division, Development Division and Chief of Inspectorate. She also had foreign postings in Singapore and Canada, and was Ambassador (in residence) to the Republic of Ecuador and the Republic of Colombia. In 2010, she was appointed as the Director General of the Southeast Asia Regional Centre for Counter-Terrorism (SEARCCT), Ministry of Foreign Affairs until her retirement in 2017.

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

She was conferred the Selangor State Award of Datuk Paduka Mahkota Selangor in 2008 which carries the title 'Datin Paduka'.

She was appointed to our Board on 1 August 2018.

(ix) Mahani Binti Amat

Mahani Binti Amat, a Malaysian aged 64, is our Independent Non-Executive Director. She has over 27 years of working experience in the banking industry.

She obtained her Bachelor in Economics (majoring in Business Administration) from University of Malaya in 1977.

She began her career with BNM in 1977 as an officer in the Foreign Investment and Foreign Loans Division and her last position when she left in 1984 was Section Head of Export Credit Refinancing Facilities. She joined the Singapore Branch of United Malayan Banking Corporation Berhad, the predecessor of RHB in 1984 as Head of Asian Currency Unit, Treasury and thereafter RHB, Head Office in Kuala Lumpur from 2001 until 2004. She held various senior management positions in RHB as head of premium banking, international division and with her last designation as Executive Vice President of operations and services. She went on sabbatical after leaving RHB.

In 2006, she joined the investment committee of Opus Asset Management Sdn Bhd, a boutique fund house investing in Malaysian fixed-income securities, where she has since remained as a member. She was also a non-executive director of Sinesinga Sdn Bhd, a special purpose vehicle investing in distressed assets of financial institutions until her resignation in 2014.

She has served as chairman of various taskforce and committees at bank working levels including asset liability management, information technology steering committee, delivery channels transformation and various ad hoc project committees. She was also then a member of the Association of Banks, Fraud Risk Committee.

She was appointed to our Board on 1 August 2018. Currently, she is also an independent director on two public listed companies on the Main Market of Bursa Securities, namely Unisem (M) Bhd and Scicom (MSC) Bhd since 2016 and 2017 respectively.

(x) Chu Nyet Kim

Chu Nyet Kim, a Malaysian aged 63, is our Independent Non-Executive Director. She has more than 30 years of working experience in the field of taxation, finance and accounting functions.

She obtained her Diploma in Accounting (Honours) from Algonquin College of Applied Arts and Technology, Canada in 1977. She became an associate member of the Chartered Association of Certified Accountants, United Kingdom (now known as Association of Chartered Certified Accountants, United Kingdom) ("**ACCA**") in 1995 and she has been a Fellow member of the ACCA since 2000. She became a member of the Malaysian Institute of Accountants ("**MIA**") in 2018.

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

She began her career in Harrisons & Crosfield (Sabah) Sdn Bhd in 1977 as an accounts executive until 1980 before leaving the company to study full time for her ACCA. She then joined Houw Hing Co., Singapore, a trading company and served as an accountant from 1984 to 1987. Thereafter, she moved to Indonesia and went on sabbatical before re-entering the workforce when she joined Deloitte Indonesia (“**Deloitte**”) in Jakarta, Indonesia in 1989. She was admitted as a partner in Deloitte in 1997 and later became a senior partner of Deloitte Southeast Asia Cluster until her retirement in 2016. In the 27 years that she was with Deloitte, she held various positions, specialising in taxation with her last designation as the Leader of Global Employer Services (a tax service line) and Tax Risk Leader/Deputy Tax Managing Partner of Deloitte Indonesia. As the Tax Risk Leader of Deloitte Indonesia, she worked closely with Deloitte Southeast Asia Tax Risk Leader to build up the tax risk management team in Indonesia.

She was appointed to our Board on 1 August 2018. She has been a Commissioner of PT PZ Cussons Indonesia (“**PT PZ Cussons**”) since 2016. PT PZ Cussons is a subsidiary of PZ Cussons PLC, a company listed on the London Stock Exchange and a constituent of the FTSE 250 Index.

(xi) **Goh Wen Ling**

Goh Wen Ling, a Malaysian aged 39, is our Independent Non-Executive Director. She has over 14 years of working experience in the legal industry encompassing direct real estate acquisitions and divestments, retail banking and various aspects of financing, various areas of corporate and commercial legal practice.

She graduated with a Bachelor of Laws (Honours) degree from University of Hull in 2000. She obtained her Postgraduate Diploma from City University London, Inns of Court School of Law in 2001. She was called to the Bar of England and Wales in 2001 as a Barrister-at-Law of the Honourable Society of the Middle Temple in 2001. In 2002, she was admitted to the High Court of Malaya as an advocate and solicitor.

She began her professional career in 2002 as an associate in the intellectual property department of Messrs. Shook Lin & Bok where her main area of practice was in intellectual property litigation, reviewing and advising on trade mark, patents and industrial design registration and general advisory work relating to intellectual property rights.

She left legal practice in 2003 and started her own event management company, Aldrea Dream Media Sdn Bhd. In 2004, she returned to legal practice and joined Messrs. Andrew T.S. Goh & Khairil as a junior partner and head of the conveyancing, corporate and banking department and is still currently active in legal practice.

She was appointed to our Board on 1 August 2018.

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

(xii) Low Han Kee

Low Han Kee, a Malaysian aged 59, is our Senior Independent Non-Executive Director.

He qualified as a certified public accountant with the Malaysian Association of Certified Public Accountants ("**MACPA**") (now known as Malaysian Institute of Certified Public Accountants) in 1984.

He began his career with Ernst & Whinney (now known as Ernst and Young) in 1980 as an audit trainee by signing a 4 year articleship with the firm to undertake the professional examinations of MACPA. He joined Mulpha International Berhad ("**Mulpha**"), a group involved in trading, construction and engineering which is a listed company on the KLSE from 1985 until 1990 with his last position as the Group Chief Accountant. In 1990, he joined Amway (Malaysia) Sdn Bhd ("**AMSB**"). He held various senior management positions whilst at AMSB including as Divisional Manager of the Finance & Administration Division, General Manager responsible for Amway operations in Malaysia and Brunei with his last designation as managing director when he retired in 2016. He has served as managing director and President of Amway South East Asia, Australia & New Zealand where he had led the successful opening of Amway's group business in South East Asia including Singapore, Brunei and Vietnam. He also served as managing director of Amway (Malaysia) Holdings Berhad ("**AMHB**") which is listed on the Main Market of Bursa Securities from 1998 until his retirement in 2016.

He has more than 30 years of financial expertise, having held senior finance positions in public listed companies, namely AMHB and Mulpha.

He was appointed to our Board on 1 August 2018. Currently, he is also a non-independent, non-executive director of AMHB since 1996.

(xiii) Tay Tong Poh

Tay Tong Poh, a Malaysian aged 57, is our Independent Non-Executive Director.

He obtained a Bachelor of Science in Electrical Engineering from the University of Southern California Viterbi School of Engineering, United States in 1984 and a Master of Business Administration (Finance) from the University of Chicago Booth School of Business, United States in 1986.

He has 17 years of experience in corporate banking, corporate finance, project finance, leveraged finance and debt capital markets in J.P Morgan Securities (Asia Pacific) Limited ("**JP Morgan**"). He began his career with Chase Manhattan Bank, Singapore ("**CMB**") as an associate in 1987 and transferred to Chase Manhattan Asia Limited, Hong Kong ("**CMAL**") in 1993. Both CMB and CMAL were the predecessors of JP Morgan. He held various senior management positions in JP Morgan with his last designation as managing director of Debt Capital Markets, Asia Pacific where he was responsible for the loan syndication business of JP Morgan in Asia Pacific and aided in establishing JP Morgan as one of the market leaders in leveraged finance in the region.

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

He took a career break after he left JP Morgan in 2004 and relocated to Singapore in 2005. He joined United Overseas Bank Limited, Singapore (“**UOB**”) as Head of Investment Banking and Executive Vice President from 2006 to 2011. Whilst in UOB, he served as a member of UOB’s management committee and investment committee and reported directly to the Chief Executive Officer of UOB.

He joined Affinity EPS in 2011 as managing director and Head of Portfolio Management and was responsible for various functions, including performing due diligence and opining on the Affinity group of companies’ investment opportunities, monitoring of investment portfolios, performing portfolio valuation, and supervising the Affinity group of companies’ responsible investment policy. He also represented the Affinity group of companies on the board of directors of several portfolio companies. He retired from Affinity EPS in June 2018 and resigned from the board of directors of several portfolio companies and other Affinity group entities.

He was appointed to our Board on 1 August 2018.

(xiv) Tee Yock Siong

Tee Yock Siong, a Singaporean aged 37 is the Alternate Director to Benny Lim Jew Fong. He holds a Bachelors of Business Management and a Bachelor of Science (Economics) from the Singapore Management University in 2006 and subsequently, a Master of Business Administration (“**MBA**”) from the Wharton School at the University of Pennsylvania, United States in 2012.

He has almost 12 years of experience and expertise in private equity and corporate finance. He began his career in 2006 at McKinsey & Company in Singapore, where he was involved in advisory works on topics relating to corporate finance and business strategy. In 2008, he joined Temasek Holdings Pte Ltd (“**Temasek**”), state-owned holding company that can be characterised as a national wealth investment company owned by the Government of Singapore.

He left Temasek in 2010 to pursue his MBA. Upon obtaining his MBA in 2012, he joined Affinity EPS, where he is now an executive director, in charge of originating, executing and managing investments for the Affinity EPS.

He was appointed as Alternate Director to Benny Lim Jew Fong on 1 August 2018. As at present and in the past 5 years preceding the date of this Prospectus, he does not hold any directorship in any other public or private companies.

Our Directors also hold directorships in other companies, as disclosed in Section 9.2.3 of this Prospectus.

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

9.2.2 Shareholding of our Directors

The following table sets out the direct and indirect shareholding of our Directors before and after our IPO (assuming full subscription of the IPO Shares allocated to the Eligible Persons):

Director	After our IPO ⁽²⁾											
	Before our IPO				Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	% ⁽³⁾
Lau Chia Nguang	-	-	103,613 ⁽⁴⁾	3.05	-	-	63,463 ⁽⁴⁾	1.74	-	-	52,868 ⁽⁴⁾	1.45
Dato' Lau Eng Guang	103,613	3.05	-	-	63,463	1.74	-	-	52,868	1.45	-	-
Tan Sri Lau Tuang Nguang	-	-	103,613 ⁽⁵⁾	3.05	-	-	67,113 ⁽⁵⁾	1.84	-	-	57,480 ⁽⁵⁾	1.57
Lau Joo Hong	49,751	1.46	1,927,201 ⁽⁶⁾	56.68	30,041	0.82	1,927,201 ⁽⁶⁾	52.80	24,840	0.68	1,927,201 ⁽⁶⁾	52.80
Lau Joo Han	138,174	4.06	1,927,201 ⁽⁷⁾	56.68	83,424	2.29	1,927,201 ⁽⁷⁾	52.80	68,976	1.89	1,927,201 ⁽⁷⁾	52.80
Lau Joo Keat	-	-	103,613 ⁽⁸⁾	3.05	-	-	63,463 ⁽⁸⁾	1.74	-	-	52,868 ⁽⁸⁾	1.45
Benny Lim Jew Fong	-	-	-	-	-	-	-	-	-	-	-	-
Datin Paduka Rashidah Binti Ramli	-	-	-	-	500	0.01	-	-	500	0.01	-	-
Mahani Binti Amat	-	-	-	-	500	0.01	-	-	500	0.01	-	-
Chu Nyet Kim	-	-	-	-	500	0.01	-	-	500	0.01	-	-
Goh Wen Ling	-	-	-	-	500	0.01	-	-	500	0.01	-	-
Low Han Kee	-	-	-	-	500	0.01	-	-	500	0.01	-	-
Tay Tong Poh	-	-	-	-	500	0.01	-	-	500	0.01	-	-
Tee Yock Siong	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- (1) Based on our issued share capital of 3,400,000,000 Shares after the Pre-IPO Exercise.
- (2) Excludes Shares they may subscribe under the Malaysian Public's portion and assuming they fully subscribe for their respective entitlements under the Pink Form Allocations.
- (3) Based on our enlarged issued share capital of 3,650,000,000 Shares.
- (4) Deemed interested by virtue of his shareholding in CN Lau Holdings pursuant to Section 8(4) of the Act.

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

- (5) Deemed interested by virtue of his shareholding in TN Lau Holdings pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of his interest in Emerging Glory through his shareholdings held in CWL&S pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of his shareholding in Emerging Glory pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of his shareholdings in HNL&S pursuant to Section 8(4) of the Act.

9.2.3 Principal business activities performed by our Directors outside our Group in the past five years

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
Lau Chia Nguang	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> CNL&S 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in plantation, property and hotel business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> CN Lau Holdings 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in plantation, property and hotel business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Dastan Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Emerging Glory 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in poultry farming, feedmilling, manufacturing, trading property, plantation, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Emerging Success Pte Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in LH Jayaindo, as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Emivest 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in property business 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Harvasto Sdn Bhd 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in property and plantation business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Lau Leng Yeaw Welfare and Education Foundation 	<ul style="list-style-type: none"> Receiving and administering of funds for education and charitable purposes for public welfare 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> LH Holdings 	<ul style="list-style-type: none"> Investment holding and management services company holding shares in companies principally involved in property and plantation business 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Leong Hup Management Sdn Bhd 	<ul style="list-style-type: none"> Investment holding, business of property letting and provision of management services holding shares in companies principally involved in property, supermarket, plantation and hotel business 	<ul style="list-style-type: none"> Shareholder (Direct) and Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Muar Avenue Sdn Bhd 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Muar Regent 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in trading swine products 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Raffles Star Pte Ltd 	<ul style="list-style-type: none"> Corporate finance advisory services, investment holding, general wholesale trade (including general importers and exporters) 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Sindo Overseas Investments Pte Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in Emerging Success Pte Ltd, which in turn holds shares in LH Jayaindo as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Sri Mahamal Development Sdn Bhd (resigned on 3 February 2015) 	<ul style="list-style-type: none"> Investment and property holdings 	<ul style="list-style-type: none"> Nil
Dato' Lau Eng Guang	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Alam Muhibah Sdn Bhd 	<ul style="list-style-type: none"> Investment holding and oil palm plantation 	<ul style="list-style-type: none"> Substantial shareholder (Direct and Indirect)
	<ul style="list-style-type: none"> Comfort Rubber Gloves Industries Sdn Bhd 	<ul style="list-style-type: none"> Manufacturing and trading of latex gloves and subsidiary of Comfort Gloves Berhad, a company listed on the Main Market of Bursa Securities 	<ul style="list-style-type: none"> Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Danau Hartamas Sdn Bhd 	<ul style="list-style-type: none"> Buying, selling renting and operating of self-owned or leased real estate – residential buildings, activities of holding companies, export and import of a variety of goods without any particular specialisation N.E.C. 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Darma Canggih Sdn Bhd 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Emerging Glory 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in poultry farming feedmilling, manufacturing, trading property, plantation, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Emerging Success Pte Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in LH Jayaindo, as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Emivest 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in property business 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Excel Crescent Sdn Bhd 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Gabungan Mayang Plantation Sdn Bhd 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in plantation and oil mill 	<ul style="list-style-type: none"> Substantial shareholder (Direct and Indirect)

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Gallant Quality Sdn Bhd 	<ul style="list-style-type: none"> Trading of latex gloves and subsidiary of Comfort Rubber Gloves Industries Sdn Bhd which in turn is a subsidiary of Comfort Gloves Berhad, which is listed on the Main Market of Bursa Securities 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Goldhill Melody Sdn Bhd 	<ul style="list-style-type: none"> Real estate activities with own or leased property N.E.C 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Gorgeous Ambience Sdn Bhd 	<ul style="list-style-type: none"> Plantation of banana durian and etc. 	<ul style="list-style-type: none"> Substantial shareholder (Direct and Indirect)
	<ul style="list-style-type: none"> Hiap Ann Development Sdn Bhd 	<ul style="list-style-type: none"> Letting of site for billboard, property investment and car park letting business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Ikatan Kayangan Sdn Bhd 	<ul style="list-style-type: none"> Engaged in the operation of oil palm and other agro-forestry plantation 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Kayangan Mawar Sdn Bhd 	<ul style="list-style-type: none"> Manufacture of crude palm oil 	<ul style="list-style-type: none"> Substantial shareholder (Direct and Indirect)
	<ul style="list-style-type: none"> Keen Setup Sdn Bhd 	<ul style="list-style-type: none"> Investment holding company with investments in Comfort Gloves Bhd 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Lau Eng Guang Dialysis Charitable Foundation 	<ul style="list-style-type: none"> To establish, operate and manage dialysis centres, to receive and administer donation, funds and various forms of financial support for charitable purpose, and to promote, create public awareness and education of kidney disease 	<ul style="list-style-type: none"> Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Lau Leng Yeaw Welfare and Education Foundation 	<ul style="list-style-type: none"> Receiving and administering of funds for education and charitable purposes for public welfare 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> LH Holdings 	<ul style="list-style-type: none"> Investment holding and management services holding shares in companies principally involved in property and plantation business 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Leong Hup Industries Sdn Bhd 	<ul style="list-style-type: none"> Housing development business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Leong Hup Management Sdn Bhd 	<ul style="list-style-type: none"> Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Majumas Pasifik Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Melewar Agresif Sdn Bhd 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in oil palm plantations 	<ul style="list-style-type: none"> Substantial shareholder (Direct and Indirect)
	<ul style="list-style-type: none"> Peninsular Forest Management Sdn Bhd 	<ul style="list-style-type: none"> Nursery forest planning, designing and landscaping works and operation of rubber estate in Malaysia 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Safari Bird Park & Wonderland Sdn Bhd 	<ul style="list-style-type: none"> Managing and operating bird park 	<ul style="list-style-type: none"> Substantial shareholder (Direct and Indirect)

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Sindo Overseas Investments Pte Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in Emerging Success Pte Ltd, which in turn holds shares in LH Jayaindo as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Sungguh Abadi Sdn Bhd 	<ul style="list-style-type: none"> Investment holding in properties 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Nil 		
Tan Sri Lau Tuang Nguang	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Agroterm Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Alam Muhibah Sdn Bhd 	<ul style="list-style-type: none"> Investment holding and oil palm plantation 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Ananas Premium Sdn Bhd 	<ul style="list-style-type: none"> Harvesting and trading of pineapples and its related products 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Atlas Ice (Cambodia) Co., Ltd 	<ul style="list-style-type: none"> Manufacturing ice 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Atlas Ice (Philippines), Inc 	<ul style="list-style-type: none"> Manufacturing and sale of ice and cold storage 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Bio Idaman Sdn Bhd 	<ul style="list-style-type: none"> Cultivation of rubber estate 	<ul style="list-style-type: none"> Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Danau Hartamas Sdn Bhd 	<ul style="list-style-type: none"> Buying, selling renting and operating of self-owned or leased real estate – residential buildings, activities of holding companies, export and import of a variety of goods without any particular specialisation N.E.C. 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Emerging Glory 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in poultry farming feedmilling, manufacturing, trading property, plantation, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Fokus Bonanza Sdn Bhd 	<ul style="list-style-type: none"> Operation of oil palm plantation 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Ikatan Kayangan Sdn Bhd 	<ul style="list-style-type: none"> Engaged in the operation of oil palm and other agro-forestry plantation 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Kelola Maju Sdn Bhd 	<ul style="list-style-type: none"> Oil palm plantation 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> KPF Farming Sdn Bhd 	<ul style="list-style-type: none"> Production and sales of chicken eggs 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Lau Leng Yeaw Welfare and Education Foundation 	<ul style="list-style-type: none"> Receiving and administering of funds for education and charitable purposes for public welfare 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> LH Holdings 	<ul style="list-style-type: none"> Investment holding and management services company holding shares in companies principally involved in property and plantation business 	<ul style="list-style-type: none"> Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> • Leong Hup Management Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • LTN Holdings Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding company holding shares in a company principally involved in property business 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • LTN Plantation Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding with investment in plantation 	<ul style="list-style-type: none"> • Shareholder (Direct)
	<ul style="list-style-type: none"> • LTN Properties Sdn Bhd 	<ul style="list-style-type: none"> • Property development 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • LTN Resources Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding company holding shares in companies principally involved in property plantation and hotel business 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Majumas Pasifik Sdn Bhd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Pangkal Budiman Sdn Bhd 	<ul style="list-style-type: none"> • Oil palm plantation and property development 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Pengangkutan Mekar Sdn Bhd 	<ul style="list-style-type: none"> • Transportation agency 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Peninsular Forest Management Sdn Bhd 	<ul style="list-style-type: none"> • Nursery forest planning, designing and landscaping works and operation of rubber estate in Malaysia 	<ul style="list-style-type: none"> • Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> • PBAC 	<ul style="list-style-type: none"> • Breeding and trading of poultry, fishes and their by-products on a wholesale basis 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Pertama Premium Sdn Bhd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Phil Malay Development Co., Inc 	<ul style="list-style-type: none"> • To acquire by purchase, lease, donation or otherwise and to own, use, improve, manage, develop, subdivide, sell, mortgage, exchange, lease develop and hold for agricultural, commercial, industrial, investment or other purposes, real estate 	<ul style="list-style-type: none"> • Shareholder
	<ul style="list-style-type: none"> • Phil Malay 	<ul style="list-style-type: none"> • To develop, manage, lease and operate agricultural and pasture lands, fishponds, fishpens, foreshore lands and fishing rights or concession; and to engage in the raising breeding of poultry and similar stocks 	<ul style="list-style-type: none"> • Shareholder
	<ul style="list-style-type: none"> • Popular Yield Sdn Bhd 	<ul style="list-style-type: none"> • Cultivation of oil palm and rubber estate development 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Prosper Green Plantation Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding with investments in oil palm plantation 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Sejahtera Ferry Services Sdn Bhd 	<ul style="list-style-type: none"> • Provision of express boat services and transporting passengers on board Malaysia vessels 	<ul style="list-style-type: none"> • Substantial shareholder (Direct and indirect)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> • Sekretariat Prihatin Malaysia 	<ul style="list-style-type: none"> • Implementation of activities and programme relating to welfare, community development, environment, health, sports, youth, education, entrepreneurs development 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Semarak Sistemik Sdn Bhd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Sindo Investments Pte Ltd Overseas 	<ul style="list-style-type: none"> • Investment holding company holding shares in Emerging Success Pte Ltd, which in turn holds shares in LH Jayaindo as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Solid Fulfillment Holdings Sdn Bhd 	<ul style="list-style-type: none"> • Property investment 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • TN Lau Holdings 	<ul style="list-style-type: none"> • Investment holding company holding shares in companies principally involved in plantation, property and hotel business 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Tresor Management Sdn Bhd Global 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Unggul Abadi Premium Sdn Bhd 	<ul style="list-style-type: none"> • Growing , harvesting and trading of pineapples and related products 	<ul style="list-style-type: none"> • Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> • Yayasan Budi Penyayang Malaysia (Penyayang) 	<ul style="list-style-type: none"> • Foundation incorporated for the purposes of receiving donations and to administer such funds for education, public welfare, research, health, medical and other charitable purposes for the benefit of needy Malaysians 	<ul style="list-style-type: none"> • Nil
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> • Aispuri Sdn Bhd (resigned on 23 August 2018) 	<ul style="list-style-type: none"> • Hotel business operation and investment holding 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Atlasprise Sdn Bhd (resigned on 23 August 2018) 	<ul style="list-style-type: none"> • Plantation owner and housing developer 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Binary Rhythm Sdn Bhd (resigned on 23 August 2018) 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Cahaya Tegas Sdn Bhd (resigned on 23 August 2018) 	<ul style="list-style-type: none"> • Activities of holding companies, buying, selling, renting and operating of self-owned or leased real estate – residential buildings export and import of a variety of goods without any particular specialisation N.E.C. 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Gabungan Mayang Plantation Sdn Bhd (resigned on 27 August 2018) 	<ul style="list-style-type: none"> • Investment holding company holding shares in companies principally involved in plantation and oil mill operations 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Greenlane Plantations Sdn Bhd (resigned on 17 August 2018) 	<ul style="list-style-type: none"> • Investment holding company holding shares in companies principally involved in plantation 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Jaya Belembang Sdn Bhd (<i>resigned on 27 August 2018</i>) 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Kayangan Mawar Sdn Bhd (<i>resigned on 12 October 2018</i>) 	<ul style="list-style-type: none"> Manufacture of crude palm oil 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Leong Hup Corporation Sdn Bhd (<i>resigned on 19 September 2018</i>) 	<ul style="list-style-type: none"> Letting of properties and provision of management services 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Leong Hup Industries Sdn Bhd (<i>resigned on 22 October 2018</i>) 	<ul style="list-style-type: none"> Housing development business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Marvellous Sonata Sdn Bhd (<i>resigned on 16 August 2018</i>) 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Melewar Agresif Sdn Bhd (<i>resigned on 8 August 2018</i>) 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in oil palm plantations 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Muar Avenue Sdn Bhd (<i>resigned on 3 January 2019</i>) 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Pangkal Murni Sdn Bhd (<i>resigned on 4 September 2018</i>) 	<ul style="list-style-type: none"> Investment in properties 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Tunas Agresif Sdn Bhd (<i>resigned on 22 September 2018</i>) 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in property investment 	<ul style="list-style-type: none"> Substantial shareholder (Direct)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Lau Joo Hong	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Aispuri Sdn Bhd • Aneka Flora Sdn Bhd • Astaka Shopping Centre (Muar) Sdn Bhd • Atlasprise Sdn Bhd • Altas Ice (Cambodia) Co., Ltd • Budaya Zaman Sdn Bhd • CWL&S • Emerging Glory 	<ul style="list-style-type: none"> • Hotel business operation and investment holding • Real estate activities with own or leased property N.E.C. • Business of supermarket, emporium and departmental stores, selling fresh and roasted chicken and related products through retail outlets, wholesale of sundry goods and restaurant business • Plantation owner and housing developer • Manufacturing ice • Dormant • Investment holding company holding shares in companies principally involved in property, plantation, hotel and poultry farming feedmilling, manufacturing, confectionary and trading businesses • Investment holding company holding shares in companies principally involved in poultry farming feedmilling, manufacturing, trading property, plantation, confectionary and trading businesses 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect) • Substantial shareholder (Indirect) • Nil • Substantial shareholder (Indirect) • Substantial shareholder (Direct) • Substantial shareholder (Indirect) • Substantial shareholder (Direct) • Substantial shareholder (Indirect)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Eminvest 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in a property business 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Falcon Meadow Sdn Bhd 	<ul style="list-style-type: none"> Activities of holding companies, export and import of a variety of goods without any particular specialisation N.E.C.; and buying, selling renting and operating of self-owned or leased real estate – residential buildings. 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Irama Bangsawan Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Joint Honest International Enterprise Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in swine farming 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Kwandong Holdings Berhad 	<ul style="list-style-type: none"> Property holdings for rental 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Lau Leng Yeaw Welfare and Education Foundation 	<ul style="list-style-type: none"> Receiving and administering of funds for education and charitable purposes for public welfare 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> LH Holdings 	<ul style="list-style-type: none"> Investment holding and management services company holding shares in companies principally involved in property and plantation business 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Leong Hup Management Sdn Bhd 	<ul style="list-style-type: none"> Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Pangkal Murni Sdn Bhd 	<ul style="list-style-type: none"> Investment in properties 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Pedoman Ikhlas Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Ratuan Sutera Sdn Bhd 	<ul style="list-style-type: none"> Real estate activities with own or leased property N.E.C. 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Sindo Overseas Investments Pte Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in Emerging Success Pte Ltd, which in turn holds shares in LH Jayaindo as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> Nil 		

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Lau Joo Han	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> • Aispuri Sdn Bhd 	<ul style="list-style-type: none"> • Hotel business operation and investment holding 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Astaka Shopping Centre (Muar) Sdn Bhd 	<ul style="list-style-type: none"> • Business of supermarket, emporium and departmental stores, selling fresh and roasted chicken and related products through retail outlets, wholesale of sundry goods and restaurant business 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)#
	<ul style="list-style-type: none"> • Atlasprise Sdn Bhd 	<ul style="list-style-type: none"> • Plantation owner and housing developer 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Austin Marketing Sdn Bhd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Binary Rhythm Sdn Bhd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Bio-Ferti Sdn Bhd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Shareholder (Direct) and Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Chiap Hup Holdings Sdn Bhd 	<ul style="list-style-type: none"> • Property and investment holding company with investments principally involved in sales and cultivation of seeds; sales of fertilisers and pesticides; manufacturing and sale of P.E. plastic covers, and other agricultural equipment 	<ul style="list-style-type: none"> • Shareholder (Direct) and Substantial shareholder (Indirect)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> • Chiap Hup Known You Agriculture Sdn Bhd 	<ul style="list-style-type: none"> • Sales and cultivation of vegetable seeds; sales of fertilisers and pesticides; manufacturing of P.E. plastic covers, nursery trays, strings, dripper tubes and paper fruit cover; and property of development 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Chiap Hup Known You Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding company holding shares in companies principally involved in sales and cultivation of vegetable seed, sale of fertilisers and pesticide, manufacturing of P.E. plastic covers, nursery trays, strings, dipper tubes and paper fruit cover and property development 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Danau Hartamas Sdn Bhd 	<ul style="list-style-type: none"> • Buying, selling renting and operating of self-owned or leased real estate – residential buildings, activities of holding companies, export and import of a variety of goods without any particular specialisation N.E.C. 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Dimensi Alam Sdn Bhd 	<ul style="list-style-type: none"> • General trading and property investment 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Falcon Meadow Sdn Bhd 	<ul style="list-style-type: none"> • Activities of holding companies, export and import of a variety of goods without any particular specialisation N.E.C.; and Buying, selling renting and operating of self-owned or leased real estate – residential buildings. 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Galaxy Boulevard Sdn Bhd 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in sales and cultivation of vegetable seed, sale of fertilisers and pesticide, manufacturing of P.E. plastic covers, nursery trays, strings, dipper tubes and paper fruit cover and property development 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Indahgrains 	<ul style="list-style-type: none"> Operating of warehouse and warehouse management 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Jaya Belembang Sdn Bhd 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Ji He Agriculture (Sarawak) Sdn Bhd 	<ul style="list-style-type: none"> Trading of agricultural seeds, plastic cover and organic fertilizers 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Joint Honest International Enterprise Ltd 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in swine farming 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Kemajuan Mariwan Sdn Bhd 	<ul style="list-style-type: none"> Hotelier and restaurant business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Lau Bong Wong & Family Sdn Bhd 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Layar Idaman Sdn Bhd <i>(Striking off in process)</i> 	<ul style="list-style-type: none"> Aquaculture farming and sales of aquaculture products 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)[#]
	<ul style="list-style-type: none"> Leong Hup Industries Sdn Bhd 	<ul style="list-style-type: none"> Housing development business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> MSQ Management Sdn Bhd 	<ul style="list-style-type: none"> Management of real estate on a fee or contract basis 	<ul style="list-style-type: none"> Substantial shareholder (Direct)

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Pangkal Murni Sdn Bhd 	<ul style="list-style-type: none"> Investment in properties 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Poly-Yarn Industries Sdn Bhd 	<ul style="list-style-type: none"> Investment holding, manufacturing and trading of polypropylene woven products, baker, manufacturer and dealer of pastry, confectionary and other foodstuff, cafeterias 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)#
	<ul style="list-style-type: none"> Selasih Prospek Sdn Bhd 	<ul style="list-style-type: none"> Bakery, cafeteria and restaurant and retailing of confectionary food products 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Taman Seri Orchid Management Sdn Bhd 	<ul style="list-style-type: none"> Other service activities N.E.C. 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Taman Seri Orkid Homeowners Berhad 	<ul style="list-style-type: none"> Undertaking the management and maintenance of the community area as set out in the deed of mutual covenants in respect of the Taman Seri Orkid, Muar project 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Teratai Malaysia 	<ul style="list-style-type: none"> Breeding and supply of animals and investment holding company 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Teratai Danbred International A/S Pte Ltd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Unizone Trade Sdn Bhd 	<ul style="list-style-type: none"> Operation of an investment holding company and a car park operator 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Emerging Glory (<i>ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018</i>) 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in poultry farming feedmilling, manufacturing, trading property, plantation, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Emivest (ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018) 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in property business 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Indahgrains (ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018) 	<ul style="list-style-type: none"> Operating of warehouse and warehouse management 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Leong Hup Corporation Sdn Bhd (ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018) 	<ul style="list-style-type: none"> Letting of properties and provision of management services 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> LH Holdings (ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018) 	<ul style="list-style-type: none"> Investment holding and management services company holding shares in companies principally involved in property and plantation business 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Leong Hup Management Sdn Bhd (ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018) 	<ul style="list-style-type: none"> Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)[#]
	<ul style="list-style-type: none"> Majumas Pasifik Sdn Bhd (ceased as Alternate Director to Dato' Lau Bong Wong on 23 September 2018) 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> YS City Point Shopping Galleria Sdn Bhd (resigned on 1 August 2016) 	<ul style="list-style-type: none"> Renting out shoplots in the shopping complex to various tenants 	<ul style="list-style-type: none"> Nil

Note:

[#] Interested by virtue of his shareholding in the company and also deemed interested by virtue of the shareholding held by the Estate of Dato' Lau Bong Wong, deceased, to which he is the sole beneficiary of.

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
Lau Joo Keat	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Emerging Glory 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in poultry farming, feedmilling, manufacturing, trading property, plantation, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Hai Chong Capital Sdn Bhd 	<ul style="list-style-type: none"> Investment holding company with investments principally involved in the business of harvesting and trading of pineapples and its related products and property investment 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> HNL&S 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in property, plantation, hotel, poultry farming, feedmilling, manufacturing, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Jubin GLL Sdn Bhd 	<ul style="list-style-type: none"> Other retail sale in non-specialised stores N.E.C. 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Lau Leng Yeaw Welfare and Education Foundation 	<ul style="list-style-type: none"> Receiving and administering of funds for education and charitable purposes for public welfare 	<ul style="list-style-type: none"> Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Leong Hup Management Sdn Bhd PT Warisan Jaya Sindo Overseas Investments Pte Ltd 	<ul style="list-style-type: none"> Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business Trading in moon cakes Investment holding company holding shares in Emerging Success Pte Ltd, which in turn holds shares in LH Jayaindo as disclosed in Section 11.1. LH Jayaindo is principally involved in feedmill business and distribution of feed additive and animal health products in Indonesia 	<ul style="list-style-type: none"> Shareholder Substantial shareholder (Direct) Substantial shareholder (Direct)
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Nil 		
Benny Lim Jew Fong	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Comprehensive Care Sdn Bhd Comprehensive Tertiary Education Sdn Bhd Coronation Springs Sdn Bhd IMC Hospitality Sdn Bhd 	<ul style="list-style-type: none"> Investment holding establishment, development and operation of healthcare facilities, provision of healthcare support services Investment advisory services; and college and university education (private) Property development Hotels or retain business 	<ul style="list-style-type: none"> Nil Nil Nil Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Island Hospital Sdn Bhd 	<ul style="list-style-type: none"> Rendering hospital and healthcare services 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Island Medisuite Sdn Bhd 	<ul style="list-style-type: none"> To carry on the business of property development 	<ul style="list-style-type: none"> Nil
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Nil 		
Datin Paduka Rashidah Binti Ramli	<i>Present directorship:</i>		
	<ul style="list-style-type: none"> Nil 		
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Nil 		
Mahani Binti Amat	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> SCICOM (MSC) Bhd 	<ul style="list-style-type: none"> Investment holding and the provision of customer contact centre within the business process outsourcing (BPO) space, which is a company listed on the Main Market of Bursa Securities 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Unisem (M) Berhad 	<ul style="list-style-type: none"> Manufacturing of semiconductor devices, which is a company listed on the Main Market of Bursa Securities 	<ul style="list-style-type: none"> Nil
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Sinesinga Sdn Bhd (resigned on 15 April 2014) 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Chu Nyet Kim	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> • Fast Gallant (M) Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Property investment 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
Goh Wen Ling	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> • Nil <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 		
Low Han Kee	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Amway (Malaysia) Holdings Bhd • Heritage Creations Sdn Bhd • Parkcity Development Sdn Bhd (<i>Winding up</i>) 	<ul style="list-style-type: none"> • Investment holding company holding shares in companies principally involved in the distribution of consumer products principally under the "Amway" trademark, which is a company listed on the Main Market of Bursa Securities • Management consultancy services • Nil 	<ul style="list-style-type: none"> • Shareholder • Substantial shareholder (Direct) • Substantial shareholder (Direct)

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Amway (Malaysia) Sdn Bhd (<i>resigned on 1 February 2016</i>) 	<ul style="list-style-type: none"> Distribution of consumer products principally under the "Amway" trademark and subsidiary of Amway (Malaysia) Holdings Bhd which is listed on the Main Market of Bursa Securities 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Amway (B) Sdn Bhd (<i>resigned on 1 February 2016</i>) 	<ul style="list-style-type: none"> Distribution of consumer products principally under the "Amway" trademark which is a subsidiary of Amway (Malaysia) Sdn Bhd which in turn is a subsidiary of Amway (Malaysia) Holdings Bhd which is listed on the Main Market of Bursa Securities 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Amway (Singapore) Pte. Ltd. (<i>resigned on 1 February 2016</i>) 	<ul style="list-style-type: none"> Distribution of consumer products principally under the "Amway" trademark 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> P.T. Amway Indonesia (<i>resigned on 1 February 2016</i>) 	<ul style="list-style-type: none"> Distribution of consumer products principally under the "Amway" trademark 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> P.T. Amindoway Jaya (<i>resigned on 1 February 2016</i>) 	<ul style="list-style-type: none"> Engaged in the distribution and sale of "Amway" products 	<ul style="list-style-type: none"> Nil
Tay Tong Poh	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Nil 		
	<i>Previous directorships:</i>		
	<ul style="list-style-type: none"> Affinity EPS* (<i>resigned on 2 July 2018</i>) 	<ul style="list-style-type: none"> Investment advisory 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Argo Holdings Co. Ltd* (<i>resigned on 10 November 2015</i>) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	• Capital Advantage Ltd* (resigned on 16 August 2017)	• Investment holding	• Nil
	• Caribbean Sea Holdings* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Carillon (Sakura) General Partner Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Carillon Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Cascade Investments Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clarindale Investments Pte Ltd (resigned on 30 June 2018)	• Investment holding	• Nil
	• Claris Investments Pte Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clarity Investments Ltd* (resigned on 14 March 2016)	• Investment holding	• Nil
	• Clearadvantage Pte Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clearpanorama Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clearsky Horizon Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clearstream Investments Pte Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clearview Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Clinical Technology Holdings Pty Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Clinical Technology Systems Pty Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CNC Consolidated Ltd* (resigned on 3 March 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CNC Corporation Ltd* (resigned on 3 March 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CNC Investment Ltd* (resigned on 3 March 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Complete Logistic Solutions Ltd* (resigned on 31 January 2017) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Complete Logistic Systems Ltd* (resigned on 31 January 2017) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Complete LPI Ecosystem Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Comprehensive Education Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Comprehensive Care Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Comprehensive Care Sdn Bhd* (resigned on 10 July 2018) 	<ul style="list-style-type: none"> Investment holding, establishment, development and operation of healthcare facilities, provision of healthcare support services 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Concordant Group Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Concordant Investments* Pte Ltd (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Concordant Partners Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Concorde Healthcare Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Connect Growth Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Connect Improvement Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Connectivity Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Consistent Returns Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Consumer Advantage Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Consumer Interchange Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Consumer Preferred Choice Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Consumer Strength Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Continuity Capital Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Continuity CNC Capital Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Convenient Food (Sakura) Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> Convenient Food (Sakura) S.A.R.L* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Convenient Food Network Co Ltd* (resigned on 29 June 2016) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Convenient Retail Consolidated B.V.* (resigned on 1 April 2017) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CS Bidco Pty Ltd* (resigned on 7 February 2015) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CS Finco Pty Ltd* (resigned on 7 February 2015) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CS Mezzco Pty Ltd* (resigned on 7 February 2015) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CS Topco Pty Ltd* (resigned on 7 February 2015) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CVFS (1) Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CVFS (2) Pte Ltd* (resigned on 30 June 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Dutch Savings Holdings B.V* (resigned on 15 August 2016) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Global A&T Electronics Ltd* (resigned 23 July 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Global A&T Finco Ltd* (resigned on 14 March 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Global A&T Holdings Ltd* (resigned on 23 July 2018) 	<ul style="list-style-type: none"> Investment holding 	<ul style="list-style-type: none"> Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	• Guardian Holdings Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• HJT Investment (HK) Ltd* (resigned on 19 April 2017)	• Investment holding	• Nil
	• Island Hospital Sdn Bhd* (resigned on 10 July 2018)	• To carry on the business of rendering hospital and healthcare services	• Nil
	• Lessington Investment Management Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Live Entertainment Holdings Pty Ltd* (resigned on 31 July 2015)	• Investment holding	• Nil
	• Live Entertainment Investments I Pty Ltd* (resigned on 31 July 2015)	• Investment holding	• Nil
	• Live Entertainment Investments II Pty Ltd* (resigned on 31 July 2015)	• Investment holding	• Nil
	• Live Entertainment Investments III Pty Ltd* (resigned on 31 July 2015)	• Investment holding	• Nil
	• Lux Savings S.A.R.L.* (resigned on 14 July 2017)	• Investment holding	• Nil
	• Morninglight Investments S.A.R.L.* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Motto Investments Ltd (resigned on 30 June 2018)	• Investment holding	• Nil
	• Newton Generation Holdings Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil

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

Director	Directorships	Principal activities	Involvement in business activities other than as a director
	• PPF Cayman GP Ltd* (resigned on 30 June 2018)	• General partner of an investment holding company	• Nil
	• Ross Group Enterprises Ltd* (resigned on 30 March 2016)	• Investment holding	• Nil
	• Ross Group Holdings Ltd* (resigned on 3 February 2016)	• Investment holding	• Nil
	• (SIH) Star Invest Holdings Ltd* (resigned on 30 June 2018)	• Investment holding	• Nil
	• S.I.H. (Stella Investment Holdings) B.V.* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Serra Holdings S.A.R.L* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Serra Investment Holdings* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Silenus Holding B.V.* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Silenus Holding Cooperatief U.A.* (resigned on 30 June 2018)	• Investment holding	• Nil
	• Tegel Foods Ltd* (resigned on 30 March 2016)	• Meat processing	• Nil
	• Tegel Group Holdings Ltd* (resigned on 30 March 2016)	• Investment holding	• Nil
	• UTAC Holdings Ltd* (resigned on 23 July 2018)	• Investment holding	• Nil

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

<u>Director</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
Note:			
* <i>Tay Tong Poh represented Affinity Equity Partners Limited (“Affinity”), a regional private equity firm in Asia Pacific, on the board of directors of all these companies, which are primarily the investment holding companies and portfolio companies of the investments made by the Affinity group in the Asia Pacific region. He retired from Affinity EPS in June 2018 and resigned from the board of directors of these companies.</i>			
Tee Yock Siong	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> • Nil <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 		

The involvement of our Directors mentioned above in other principal business activities outside our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors.

9.2.4 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

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

9.2.5 Remuneration and material benefits in-kind of our Directors

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered to us in all capacities to our Group for the FYE 31 December 2018 and FYE 31 December 2019:

FYE 31 December 2018 (Paid) Director	Salaries	Fees	Bonus	EPF and Social Security Organisation		Allowances	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lau Chia Nguang	2,657	469	84	-	-	777	-	3,987
Dato' Lau Eng Guang	2,199	-	988	596	-	-	-	3,783
Tan Sri Lau Tuang Nguang	1,820	193	1,022	331	-	-	-	3,366
Lau Joo Hong	1,745	-	2,063	542	-	-	-	4,350
Lau Joo Han	874	81	631	299	-	248	98	2,231
Lau Joo Keat	1,849	-	43	18	-	167	-	2,077
Benny Lim Jew Fong	-	-	-	-	-	-	-	-
Datin Paduka Rashidah Binti Ramli	-	50	-	-	-	8	-	58
Mahani Binti Amat	-	50	-	-	-	8	-	58
Chu Nyet Kim	-	54	-	-	-	8	-	62
Goh Wen Ling	-	67	-	-	-	8	-	75
Low Han Kee	-	71	-	-	-	8	-	79
Tay Tong Poh	-	54	-	-	-	8	-	62
Tee Yock Siong	-	-	-	-	-	-	-	-

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

FYE 31 December 2019 (Proposed) Director	Salaries		Fees		Bonus		EPF and Social Security Organisation		Allowances		Benefits-in-kind		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lau Chia Nguang	3,000	-	-	2,000	-	-	800	-	-	800	100	-	100	5,900
Dato' Lau Eng Guang	2,200	-	-	1,800	760	-	-	760	-	-	100	-	100	4,860
Tan Sri Lau Tuang Nguang	2,250	-	-	1,900	790	-	-	790	-	-	100	-	100	5,040
Lau Joo Hong	2,200	-	-	1,800	760	-	-	760	-	-	100	-	100	5,660
Lau Joo Han	2,200	-	-	1,800	760	-	-	760	-	-	100	-	100	4,860
Lau Joo Keat	2,200	-	-	1,800	-	-	-	-	-	-	100	-	100	4,900
Benny Lim Jew Fong	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Datin Paduka Rashidah Binti Ramli	-	-	120	-	-	-	12	-	-	12	-	-	-	132
Mahani Binti Amat	-	-	120	-	-	-	12	-	-	12	-	-	-	132
Chu Nyet Kim	-	-	130	-	-	-	12	-	-	12	-	-	-	142
Goh Wen Ling	-	-	160	-	-	-	12	-	-	12	-	-	-	172
Low Han Kee	-	-	170	-	-	-	12	-	-	12	-	-	-	182
Tay Tong Poh	-	-	130	-	-	-	12	-	-	12	-	-	-	142
Tee Yock Siong	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

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

9.2.6 Audit and Risk Committee

Our Audit and Risk Committee was formed by our Board on 9 August 2018. Our Audit and Risk Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Low Han Kee	Chairman	Senior Independent Non-Executive Director
Chu Nyet Kim	Member	Independent Non-Executive Director
Goh Wen Ling	Member	Independent Non-Executive Director

The duties and functions of our Audit and Risk Committee comprise among others, the following:

- (i) Risk & internal control
- (a) consider the adequacy and effectiveness of risk management function and internal control system within our Group;
 - (b) review risk management report on interval basis;
 - (c) discuss any significant risk or exposure and mitigation plan undertaken by our Group;
 - (d) understand the scope of internal and external auditors' review of internal control over:
 - reliability and accuracy of financial reporting;
 - effectiveness and efficiency of operation;
 - compliance with applicable laws and regulation; and
 - safeguarding of assets;
 - (e) evaluate new risks identified by our management including the likelihood of emerging risks happening in the future and consider the need to put in place the appropriate controls;
 - (f) review and recommend our Group's level of risk tolerance and actively identify, assess and monitor key business risks;
 - (g) recommend for our Board's approval our Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto; and
 - (h) evaluate the effectiveness of the risk management framework, risk management processes and support system to identify, assess, monitor and manage our Group's key risks.
- (ii) Internal audit function
- (a) review and approve the annual internal audit plan;
 - (b) review the adequacy of the scope, functions, authority and resources of the Internal Audit function, and that it has the necessary authority to carry out its work;

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

- (c) review any significant observations from the internal audit reports and the management's action plan arising from audit recommendation;
- (d) review any major findings of internal investigations and management's response; and
- (e) approve the appointment of senior staff members of internal audit function, review performance appraisal and be informed of resignations and providing the resigning staff an opportunity to submit his/her reason for resigning.
- (iii) External auditor and financial reporting
- (a) consider the appointment of the external auditor, audit fees as proposed by external auditor and any question of resignation or dismissal;
- (b) discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) review the adequacy of the scope, functions and resources of the external auditor, and that it has the necessary authority to carry out its work;
- (d) review the quarterly and annual financial statements of our Group prior to our Board approval, focusing particularly on:
- any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
- (e) discuss problems and reservations arising from the interim and final audits, and any matter both internal and external auditor may wish to discuss (in the absence of management where necessary); and
- (f) review the external auditor's management letter and response from management.
- (iv) Other matters
- (a) review any related party transactions;
- (b) report to our Board on the committee's activities, issues conflict of interest situation that may arise within our Group, including any transaction, procedure or course of conduct that raises question of management integrity and meetings' resolution; and
- (c) undertake any other responsibilities as agreed by the committee and our Board.

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

9.2.7 Nomination Committee

Our Nomination Committee was established by our Board on 9 August 2018. Our Nomination Committee currently comprises the following members, of which the majority are Independent Non-Executive Directors:

Name	Designation	Directorship
Tay Tong Poh	Chairman	Independent Non-Executive Director
Mahani Binti Amat	Member	Independent Non-Executive Director
Benny Lim Jew Fong	Member	Non-Independent Non-Executive Director

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

- (i) review the succession plans for directors and senior management to ensure and maintain an appropriate balance of skills, experience and knowledge, necessary for our Company's business and the Committee will make recommendations to our Board;
- (ii) review annually, the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to our Board and thereafter, recommend its findings to our Board;
- (iii) apply the process as determined by our Board, for assessing the effectiveness of our Board as a whole, the committees of the Board, and for assessing the contribution of each individual director, including independent non-executive directors, as well as the key management personnel where all assessments and evaluations carried out by the committee in the discharge of all its functions should be properly documented and recommend its findings to our Board;
- (iv) develop, maintain and review the criteria to be used in the recruitment process, in making its recommendations, candidates for directorships proposed by senior executive or any director or shareholder to our Board for election/appointment to our Board or to fill board vacancies as and when they arise.
- (v) evaluate the candidate's ability to discharge such responsibilities/functions as expected from independent non-executive directors;
- (vi) recommend to our Board concerning the retirement and re-appointment of director to our Board pursuant to the provisions in our Constitution;
- (vii) review the induction and training needs of directors under the continuing education programmes; and
- (viii) provide, in its report, a statement on its activities for the financial year in compliance with the Listing Requirements and/or any relevant regulations.

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

9.2.8 Remuneration Committee

Our Remuneration Committee was formed by our Board on 9 August 2018. Our Remuneration Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Goh Wen Ling	Chairman	Independent Non-Executive Director
Datin Paduka Rashidah Binti Ramli	Member	Independent Non-Executive Director
Low Han Kee	Member	Senior Independent Non-Executive Director

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

- (i) review and assess the remuneration packages of our Board members, and executive director, senior management in all forms, with or without other independent professional advice to reflect our Board's responsibilities, expertise and complexity of our Company's activities and recommend the same to our Board. The executive director shall play no part in decisions on their own remuneration;
- (ii) ensure the levels of remuneration be sufficiently attractive, and competitive but fair and be able to retain directors needed to run our Company successfully;
- (iii) structure the component parts of remuneration so as to align with the business strategy and long-term objectives of our Company and to link rewards to individual performance and to assess the needs of our Company for talent at Board level at a particular time;
- (iv) ensure that a fair differential between the remuneration of executive director, senior management and other levels of management is maintained;
- (v) review and recommend the remuneration of non-executive director to our Board; and
- (vi) act in line with the directions of our Board.

9.2.9 Executive Committee

Our Executive Committee was formed by our Board on 9 August 2018 as a sub-committee of our Board and its general purpose is to provide an effective oversight of the business of our Group and to ensure that our Group's operations are aligned with the strategy approved by our Board and implemented within the framework and agreed financial limits as approved by our Board from time to time.

Subject to the framework and financial limits, our Executive Committee has primary authority for the close oversight of our Group's operations except those matters which are reserved to our Board, Audit and Risk Committee, Remuneration Committee and Nomination Committee.

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

Our Executive Committee currently comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship/ Designation in our Group</u>
Tan Sri Lau Tuang Nguang	Chairman	Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill
Lau Chia Nguang	Member	Executive Chairman/ President Commissioner of Malindo Feedmill
Dato' Lau Eng Guang	Member	Executive Director/ Group Business Strategist

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

- (i) to review the Group's business strategy and make recommendation to our Board, and monitor the implementation of our Group's business strategy;
- (ii) to review the business plans and budgets and to monitor the progress and performance of the business plan and budgets, including performance against agreed key performance indicators in all aspect of our Group's operations; and
- (iii) to provide support and direction in all aspect of the business strategy and plans as assigned or delegated by the Board and take any action or assume any other powers and responsibilities that may from time to time be assigned or delegated by our Board to implement such strategy and business plans as approved by the Board of Executive Committee.

Any issue or question arising at any meeting of our Executive Committee shall require the majority decision of the members of our Executive Committee present and voting at the meeting. If any issue or question does not receive such decision of our Executive Committee, then such issue or question shall be determined by our Board.

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

9.3 KEY SENIOR MANAGEMENT

Our key senior management is responsible for the day-to-day management and operations of our Group. The members of our key senior management as at the date of this Prospectus are as follows:

Name	Nationality	Age	Designation
Tan Sri Lau Tuang Nguang	Malaysian	60	Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill
Lau Chia Nguang	Malaysian	67	Executive Chairman/ President Commissioner of Malindo Feedmill
Dato' Lau Eng Guang	Malaysian	64	Executive Director/ Group Business Strategist
Lau Joo Hong	Malaysian	48	Executive Director/ Chief Executive Officer of our Group's Vietnam operations
Lau Joo Han	Malaysian	44	Executive Director/ Chief Executive Officer of our Group's Malaysia operations
Lau Joo Keat	Malaysian	39	Executive Director/ Country Head of our Group's Indonesian operations
Lau Jui Peng	Malaysian	47	Group Breeder Chief Executive Officer
Lau Joo Heng	Malaysian	44	Chief Executive Officer of our Group's Philippines operations
Lau Joo Hwa	Malaysian	40	Chief Executive Officer of our Group's Singapore operations
Chew Eng Loke	Malaysian	50	Chief Financial Officer

The management and operations of our Company is led by Tan Sri Lau Tuang Nguang, our Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill.

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

9.3.1 Profiles of our key senior management

The profiles of our Executive Directors who are also part of our key senior management are set out in Section 9.2.1 of this Prospectus.

(i) **Lau Jui Peng**

Lau Jui Peng, a Malaysian aged 47, is our Group Breeder Chief Executive Officer. He has approximately 19 years of experience and expertise in the production processes and management of poultry companies.

He graduated in 1996 with a Bachelor's degree in Business Administration from the Hawaii Pacific University, United States.

He began his career in 1999 when he joined the LH Poultry Farm as the Head of breeder operation. He has held various management positions in LH Poultry Farm including General Manager, Deputy Chief Executive Officer and he was promoted to Chief Executive Officer in 2013, a position which he holds until today. As Chief Executive Officer, he was in charge of the production, operation and administration of LH Poultry Farm. He was also appointed a director of Leong Hup GPS since 2007, a position which he holds until today, where he is in-charge of the production, operations and administration of Leong Hup GPS.

He was appointed as Non-Executive Chairman of Teo Seng in 2008 and was re-designated as the Executive Chairman, a position which he has held since 2013 until his subsequent re-designation as Non-Executive Chairman on 29 January 2019. Currently, he also sits on the board of CWL&S and various subsidiaries of our Group and several private limited companies as disclosed in Section 9.3.3 of this Prospectus.

He is also a substantial shareholder of CWL&S, which in turn is a substantial shareholder of Emerging Glory.

(ii) **Lau Joo Heng**

Lau Joo Heng, a Malaysian aged 44, is the Chief Executive Officer of our Group's Philippines operations. He has 15 years of experience in the operational activities of integrated livestock industry and exposure in retail and export businesses.

He graduated from Western Michigan University, United States with a Bachelor and Master's degree in Finance in 1996 and 1998 respectively.

He began his career in 1998 when he joined Arab-Malaysian Merchant Bank Berhad as Risk Management Officer until he left to join the family business, Evergrade Healthcare Products Sdn Bhd from 1999 until he was transferred to Baker's Cottage in 2003 as its Chief Executive Officer. He held positions at various management level in the family business and our subsidiaries. He left Baker's Cottage to join our Group's livestock business in 2015 and expanded our livestock business to Philippines. He has since led our Philippines operations.

Currently, he also sits on the board of LHPHi and several other private limited companies.

He is also a substantial shareholder of CWL&S, which in turn is a substantial shareholder of Emerging Glory.

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

(iii) Lau Joo Hwa

Lau Joo Hwa, a Malaysian aged 40, is the Chief Executive Officer of our Group's Singapore operations. He has approximately 16 years of experience in the operational activities of integrated livestock industry and exposure in retail and export businesses.

He graduated from Victoria University of Melbourne, Australia in 2002 with a Bachelor degree in Business.

He began his career in 2002 as a Marketing Manager at Malindo Feedmill and was re-designated as its Operational Manager in 2008. He was promoted to the position of Deputy Chief Executive Officer of Malindo Feedmill in charge of marketing and overall administration. He was also appointed as Deputy Chief Executive Officer of Leong Hup Food in 2014. He has been the Chief Executive Officer of our Group's Singapore operations since 2017.

Currently, he also sits on the boards of various subsidiaries of LHI Group and several other private limited companies as disclosed in Section 9.3.3 of this Prospectus.

(iv) Chew Eng Loke

Chew Eng Loke, a Malaysian aged 50, is our Group Chief Financial Officer. He has over 25 years of experience in management and financial roles at numerous companies.

He obtained a Bachelor of Economics in 1991 from Monash University, Australia and Master of Business Administration from University of Strathclyde, United Kingdom in 1998. He is a member of the MIA since 2005, a Certified Practising Accountant of CPA Australia since 2002 and a Chartered Accountant of the Chartered Accountants Australia and New Zealand since 2004.

He began his career with The Asia Life Assurance Society Limited (now known as Tokio Marine Life Assurance Singapore) in 1991 as an Executive Assistant and assumed the position of Executive Officer until 1992 when he joined Ayamas Food Corporation Berhad (now known as Ayamas Food Corporation Sdn Bhd) ("**Ayamas**"). Whilst at Ayamas, he held several general management and finance roles, including Assistant Management Accountant, Management Accountant and Operations Support Manager. He left Ayamas in 1999 to join Universal Nutribeverage (M) Sdn Bhd as Chief Operating Officer and was appointed as General Manager of Green Spot Beverage (M) Sdn Bhd in 2000 until 2002. He was a director of Prinsip Mahir Sdn Bhd from 2003 until 2008. Thereafter, he joined Texchem Resources Berhad and assumed the position of Assistant General Manager before moving to its subsidiary, Seapack Food Sdn Bhd (now known as Sea Master Food Sdn Bhd), as General Manager (Operations) in 2006 until 2007.

Subsequently, from 2007 to 2014, he was the Chief Financial Officer of Ogawa World Berhad, which was previously listed on the Main Market of Bursa Securities, with operations across Asia including China, which distributes healthcare equipment and supplementary appliances through its subsidiaries. He then joined AirAsia X Berhad, a long-haul budget airline company listed on Bursa Securities, in 2014 as its Chief Financial Officer, responsible for corporate finance and treasury matters, financial planning and analysis, external reporting and investor relations. He then left AirAsia X Berhad in 2015 and joined our Company as Chief Financial Officer on 1 March 2015, responsible for all of our Group's overall financial operations.

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

9.3.2 Shareholding of our key senior management

The direct and indirect shareholding before and after our IPO of:

- (i) our Executive Directors who are also part of our key senior management are set out in Section 9.2.2 of this Prospectus; and
- (ii) the other key senior management of our Group are as follows:

	Before our IPO		After our IPO									
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised							
	Direct	Indirect	Direct	Indirect	Direct	Indirect						
No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	
('000)		('000)		('000)		('000)		('000)		('000)		
Lau Jui Peng	44,211	1.30	1,927,201 ⁽³⁾	56.68	26,691	0.73	1,927,201 ⁽³⁾	52.80	22,068	0.60	1,927,201 ⁽³⁾	52.80
Lau Joo Heng	44,211	1.30	1,927,201 ⁽³⁾	56.68	26,691	0.73	1,927,201 ⁽³⁾	52.80	22,068	0.60	1,927,201 ⁽³⁾	52.80
Lau Joo Hwa	-	-	-	-	-	-	-	-	-	-	-	-
Chew Eng Loke	-	-	-	-	100 ⁽⁴⁾	*	-	-	100 ⁽⁴⁾	*	-	-

Notes:

* *Negligible.*

(1) *Based on our issued share capital of 3,400,000,000 Shares after the Pre-IPO Exercise.*

(2) *Based on our enlarged issued share capital of 3,650,000,000 Shares.*

(3) *Deemed interested by virtue of his interest in Emerging Glory through his shareholding in CWL&S pursuant to Section 8(4) of the Act.*

(4) *Assuming he fully subscribe for his entitlement under the Pink Form Allocations*

9.3.3 Principal business activities performed by our key senior management outside our Group in the past five years

The principal business activities outside our Group performed by our Executive Directors as at the LPD and the directorships of our Executive Directors outside our Group at present and in the past five years preceding the LPD are set out in Section 9.2.3 of this Prospectus.

The principal business activities outside our Group performed by our key senior management, other than our Executive Directors, as at the LPD and the directorships of our key senior management, other than our Executive Directors, outside our Group at present and in the past five years preceding the LPD are as follows:

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

Name	Directorships	Principal activities	Involvement in business activities other than as a director
Lau Jui Peng	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Astaka Shopping Centre (Muar) Sdn Bhd 	<ul style="list-style-type: none"> Business of supermarket, emporium and departmental stores, selling fresh and roasted chicken and related products through retail outlets, wholesale of sundry goods and restaurants business 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Beringin Farm Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> CWL&S 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in property, plantation, hotel and poultry farming feedmilling, manufacturing, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Dimensi Alam Sdn Bhd 	<ul style="list-style-type: none"> General trading and property investment 	<ul style="list-style-type: none"> Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> Layar Idaman Sdn Bhd (<i>Striking off in process</i>) 	<ul style="list-style-type: none"> Aquaculture farming and sale of aquaculture products 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Leong Hup Corporation Sdn Bhd 	<ul style="list-style-type: none"> Letting of properties and provision of management services 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> Leong Hup Management Sdn Bhd 	<ul style="list-style-type: none"> Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> MSQ Management Sdn Bhd 	<ul style="list-style-type: none"> Management of real estate on a fee or contract basis 	<ul style="list-style-type: none"> Substantial shareholder (Direct)
	<ul style="list-style-type: none"> PBAC 	<ul style="list-style-type: none"> Breeding and trading of poultry, fishes and their by-products on a wholesale basis 	<ul style="list-style-type: none"> Substantial shareholder (Direct)

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

<u>Name</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Phil Malay Development Co., Inc 	<ul style="list-style-type: none"> To acquire by purchase, lease, donation or otherwise and to own, use, improve, manage, develop, subdivide, sell, mortgage, exchange, lease develop and hold for agricultural, commercial, industrial, investment or other purposes, real estate 	<ul style="list-style-type: none"> Substantial shareholder (Direct and indirect)
	<ul style="list-style-type: none"> Phil Malay 	<ul style="list-style-type: none"> To develop, manage, lease and operate agricultural and pasture lands, fishponds, fishpens, foreshore lands and fishing rights or concession; and to engage in the raising breeding of poultry and similar stocks 	<ul style="list-style-type: none"> Substantial shareholder (Direct and indirect)
	<ul style="list-style-type: none"> Sri Mahamal Development Sdn Bhd 	<ul style="list-style-type: none"> Investment and property holdings 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Teratai Agriculture (Nucleus Farm) Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil
	<i>Previous directorship:</i>		
	<ul style="list-style-type: none"> Joint Honest International Enterprise Ltd (<i>resigned on 7 April 2016</i>) 	<ul style="list-style-type: none"> Investment holding company holding shares in a company principally involved in swine farming 	<ul style="list-style-type: none"> Nil
Lau Joo Heng	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> CWL&S 	<ul style="list-style-type: none"> Investment holding company holding shares in companies principally involved in property, plantation, hotel and poultry farming feedmilling, manufacturing, confectionary and trading businesses 	<ul style="list-style-type: none"> Substantial shareholder (Direct)

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

Name	Directorships	Principal activities	Involvement in business activities other than as a director
	<ul style="list-style-type: none"> • Greatmammoth 	<ul style="list-style-type: none"> • Engaging in the business of acquiring by purchase, lease, donation, or otherwise, and to own, use, improve, manage, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for agricultural, commercial, industrial, investment or other purposes, real estate of all kinds, improve, manage or otherwise dispose of buildings, warehouses, hatcheries, houses, apartments, and other structures of whatever kind, together with their appurtenances 	<ul style="list-style-type: none"> • Shareholder (Direct) and Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Pangkal Budiman Sdn Bhd 	<ul style="list-style-type: none"> • Oil palm plantation and property development 	<ul style="list-style-type: none"> • Substantial shareholder (Indirect)
	<ul style="list-style-type: none"> • Popular Yield Sdn Bhd 	<ul style="list-style-type: none"> • Cultivation of oil palm and rubber estate development 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Sri Mahamal Development Sdn Bhd 	<ul style="list-style-type: none"> • Investment and property holdings 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Teratai Danbred International A/S Pte Ltd 	<ul style="list-style-type: none"> • Dormant 	<ul style="list-style-type: none"> • Nil
	<i>Previous directorships:</i>		
	<ul style="list-style-type: none"> • Bio Idaman Sdn Bhd (resigned on 3 January 2017) 	<ul style="list-style-type: none"> • Cultivation of rubber estate 	<ul style="list-style-type: none"> • Nil
	<ul style="list-style-type: none"> • Hybrid Transform Sdn Bhd (resigned on 23 January 2017) 	<ul style="list-style-type: none"> • Rubber and macuna seedlings and plantation related products 	<ul style="list-style-type: none"> • Substantial shareholder (Direct)
	<ul style="list-style-type: none"> • Poly-Yarn Industries Sdn Bhd (resigned on 4 April 2018) 	<ul style="list-style-type: none"> • Investment holding, manufacturing and trading of polypropylene woven products, baker, manufacturer and dealer of pastry, confectionary and other foodstuff, cafeterias 	<ul style="list-style-type: none"> • Nil

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

Name	Directorships	Principal activities	Involvement in business activities other than as a director
Lau Joo Hwa	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Leong Hup Management Sdn Bhd • CNL&S • CN Lau Holdings • Harvasto Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • LH Jayaindo (<i>resigned on 31 July 2018</i>) 	<ul style="list-style-type: none"> • Investment holding, business of property letting and provision of management services, holding shares in companies principally involved in property, supermarket, plantation and hotel business • Investment holding company holding shares in companies principally involved in plantation, property and hotel business • Investment holding company holding shares in companies principally involved in plantation, property and hotel business • Investment holding company holding shares in companies principally involved in property and plantation business • Feedmill operations 	<ul style="list-style-type: none"> • Nil • Substantial shareholder (Direct) • Substantial shareholder (Direct) • Substantial shareholder (Direct) • Nil
Chew Eng Loke	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> • Nil <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> • Ogawa Health Care International (HK) Limited (<i>resigned on 15 August 2014</i>) • Ogawaworld Philippines, Inc (<i>resigned on 15 August 2014</i>) • Ogawa Vietnam Company Limited (<i>resigned on 15 August 2014</i>) 	<ul style="list-style-type: none"> • Distributor and retailer of relaxant products • Importer and distributor of relaxant products • Distributor and retailer of relaxant products 	<ul style="list-style-type: none"> • Nil • Nil • Nil

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

<u>Name</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
	<ul style="list-style-type: none"> Ogawa Vietnam Sdn Bhd (<i>resigned on 15 August 2014</i>) 	<ul style="list-style-type: none"> Marketing and sales of health care equipment and supplementary appliances 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Xiamen Comfort Ogawa Trade Co. Ltd (<i>resigned on 15 August 2014</i>) 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Nil

The involvement of our key senior management mentioned above in other principal business activities outside our Group will not affect their continued contribution to the management and day-to-day operations of our Group.

9.3.4 Service contracts with our key senior management

As at the date of this Prospectus, there are no existing or proposed service contracts between our key senior management and us which provide for benefits upon termination of employment.

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

9.3.5 Remuneration and material benefits in-kind of our key senior management

The remuneration and material benefits in-kind of the Executive Directors who are also part of our key senior management are set out in Section 9.2.5 of this Prospectus. The aggregate remuneration and benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our other key senior management (who are not also the Executive Directors) for services rendered to us in all capacities to our Group for the FYE 31 December 2018 and FYE 31 December 2019:

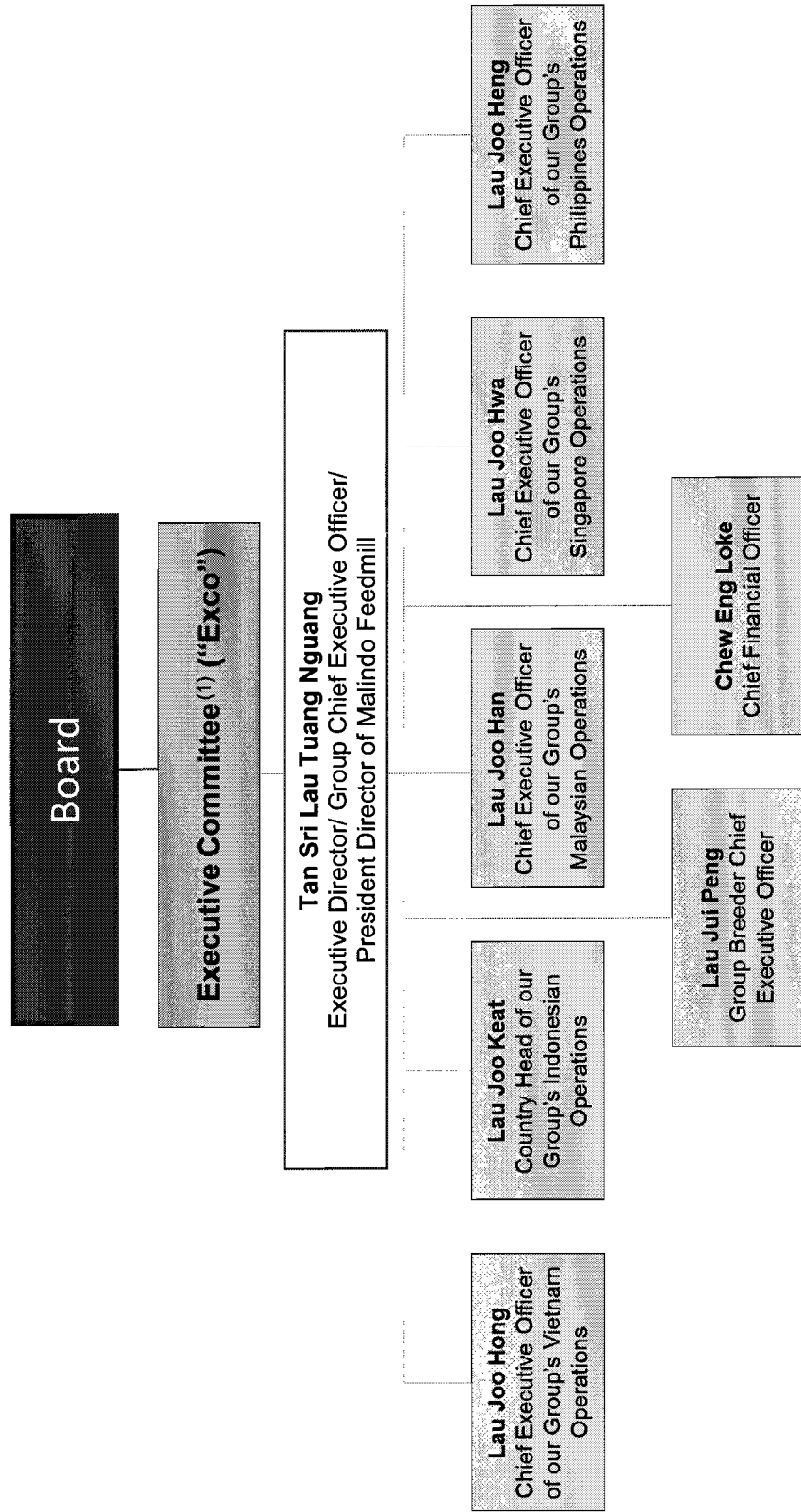
Key senior management	Remuneration Band	
	FYE 31 December 2018 (Paid)	FYE 31 December 2019 (Proposed)
	RM'000	RM'000
Lau Joo Hwa	3,300 – 3,350	4,900 – 4,950
Lau Jui Peng	2,050 – 2,100	3,650 – 3,700
Lau Joo Heng	1,300 – 1,350	3,050 – 3,100
Chew Eng Loke	1,100 – 1,150	1,400 – 1,450

The remuneration of our key senior management, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board.

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

9.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



Note:

(1) The Exco comprises Tan Sri Lau Tuang Nguang, Lau Chia Nguang and Dato' Lau Eng Guang. They are responsible for overseeing all affairs of our Group's business within the approved budget and business plan except decisions that will require approval of our entire Board.

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

9.5 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN OUR SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below there are no associations or family relationships between our substantial shareholders, Promoters, Directors and key senior management:

- (i) Lau Chia Nguang, who is our Promoter, Non-Independent Executive Chairman and President Commissioner of Malindo Feedmill, is:
 - a director and shareholder of Emerging Glory;
 - brother of Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang;
 - father of Lau Joo Hwa, our key senior management; and
 - uncle of Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng and Lau Joo Heng.
- (ii) Dato' Lau Eng Guang, who is our Promoter, Non-Independent Executive Director and Group Business Strategist, is:
 - a director and shareholder of Emerging Glory;
 - brother of Lau Chia Nguang and Tan Sri Lau Tuang Nguang; and
 - uncle of Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng, Lau Joo Heng and Lau Joo Hwa
- (iii) Tan Sri Lau Tuang Nguang, who is our Promoter, Non-Independent Executive Director, Group Chief Executive Officer and President Director of Malindo Feedmill, is:
 - a director and shareholder of Emerging Glory;
 - brother of Lau Chia Nguang and Dato' Lau Eng Guang; and
 - uncle of Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng, Lau Joo Heng and Lau Joo Hwa.
- (iv) Lau Joo Hong, who is our Promoter, Non-Independent Executive Director and Chief Executive Officer of our Group's Vietnam operations, is:
 - our substantial shareholder by virtue of his indirect shareholding in Emerging Glory through CWL&S, which in turn is our substantial shareholder;
 - a director of Emerging Glory;
 - nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang;
 - brother of Lau Jui Peng and Lau Joo Heng; and
 - cousin of Lau Joo Keat, Lau Joo Han and Lau Joo Hwa.

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

- (v) Lau Joo Keat, who is our Promoter, Non-Independent Executive Director and Country Head of our Group's Indonesia operations, is:
- a director of Emerging Glory;
 - nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and
 - cousin of Lau Joo Hong, Lau Joo Han, Lau Jui Peng, Lau Joo Heng and Lau Joo Hwa
- (vi) Lau Joo Han, who is our Promoter, Non-Independent Executive Director and Chief Executive Office of our Group's Malaysia operations:
- our substantial shareholder by virtue of his shareholding interest in Emerging Glory;
 - nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and
 - cousin of Lau Joo Hong, Lau Joo Keat, Lau Jui Peng, Lau Joo Heng and Lau Joo Hwa.
- (vii) Lau Jui Peng, who is our Promoter and Group Breeder Chief Executive Officer, is our substantial shareholder by virtue of his indirect shareholding in Emerging Glory through his substantial shareholding in CWL&S, which in turn is our substantial shareholder. He is the nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang. Lau Joo Han, Lau Joo Keat and Lau Joo Hwa are his cousins. Lau Joo Hong and Lau Joo Heng are his brothers.
- (viii) Lau Joo Heng, who is our Promoter and Chief Executive Officer of our Group's Philippines operations is our substantial shareholder by virtue of his indirect shareholdings in Emerging Glory through his substantial shareholding in CWL&S, which in turn is our substantial shareholder. He is the nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang. He is the cousin of Lau Joo Han, Lau Joo Keat and Lau Joo Hwa. Lau Joo Hong and Lau Jui Peng are his brothers.
- (ix) Lau Joo Hwa is our Promoter and Chief Executive Officer of our Group's Singapore operations. He is the son of Lau Chia Nguang and nephew of Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang. Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng and Lau Joo Heng are his cousins.
- (x) Benny Lim Jew Fong, who is our Non-Independent Non-Executive Director together with his alternate, Tee Yock Siang are representatives of our substantial shareholder, Clarinden Investments on our Board.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**9.6 DECLARATION BY OUR DIRECTORS, KEY SENIOR MANAGEMENT AND PROMOTERS**

As at the LPD, none of our Directors, key senior management or Promoters is and has been involved in any of following events (whether in or outside Malaysia):

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

9.7 OTHER MATTERS

- (i) Save as disclosed in Sections 9.2.5 and 9.3.5 of this Prospectus, no other amounts or benefits has been paid or intended to be paid or given to our Promoters, Directors and substantial shareholders within the two years preceding the date of this Prospectus, except for remuneration received by our Directors in the course of their employment and directors' fees, and dividends paid to our shareholders.
- (ii) There is no arrangement which operation may result in the change in control of our Company at a date subsequent to our IPO and our Listing.
- (iii) Our Promoters and substantial shareholders do not have different voting rights from our other shareholders.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Material related party transactions entered into over the historical financial period

Save as disclosed below, there are no other material related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the past three FYEs 31 December 2015, 31 December 2016 and 31 December 2017, FPE 31 October 2018 and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD
				2015	2016	2017	
				'000	'000	'000	'000
1.	LHI Group and Emerging Glory and its subsidiaries ("Emerging Glory Group")	Interested Shareholders and Directors	Major Disposal of Baker's Cottage by LH Malaysia (vendor) to Emerging Glory (purchaser)	-	-	RM20,331	-
						(Represents 1.24% of our NA as at 31 December 2017)	
		Interested Shareholders	Major This transaction was a one-off to rationalise our Group's businesses				
		Interested Director	Refer to Note (1)(b) for details of this transaction				
		• Lau Chua Nguang					
		• Dato' Lau Eng Guang					
		• Tan Sri Lau Tuang Nguang					
		• Lau Joo Keat					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December				Between 1 November 2018 and the LPD
				2015	2016	2017	FPE 31 October 2018	
				'000	'000	'000	'000	'000
			Refer to Note (1)(a) for details of their relationship with our Directors, major shareholders and/or persons connected with them	-	-	-	RM915	RM189
			Interest at the rate of 5.3% per annum on outstanding sum for Baker's Cottage charged by LH Malaysia (lender) to Emerging Glory (borrower)				(Contributed 0.02% to our Group's revenue)	
			The outstanding sum has been fully settled as at the LPD					
			Rental payable by LHI Group (tenants) to Emerging Glory Group (landlords)	RM1,270	RM1,271	RM1,602	RM1,377	RM285
			This transaction is recurrent in nature	(Represents 7.55% of our Group's rental expenses)	(Represents 6.36% of our Group's rental expenses)	(Represents 10.50% of our Group's rental expenses)	(Represents 10.57% of our Group's rental expenses)	
			Refer to Note (1)(c) for the salient terms of the tenancy agreements entered into between our Group and the Emerging Glory Group					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1
				2015	2016	2017	November 2018
				'000	'000	'000	and the LPD
2.	Seng Farming and KPF Farming Sdn Bhd ("KPF Farming")	Interested Directors	Sale of pullet, egg tray, livestock feed and veterinary products from Teo Seng Farming (vendor) to KPF Farming (purchaser)	RM10,224 (Contributed 0.22% to our Group's revenue)	RM11,773 (Contributed 0.22% to our Group's revenue)	RM10,535 (Contributed 0.19% to our Group's revenue)	RM5,905
		• Lau Chia Nguang • Dato' Lau Eng Guang • Tan Sri Lau Tuang Nguang					
		Refer to Note (2)(a) for details of their relationship with our Directors, major shareholders and/or persons connected with them	This transaction is recurrent in nature				
		Refer to Note (2)(b) for details of this transaction					
			Purchase of eggs and old hen from KPF Farming (vendor) by Teo Seng Farming (purchaser)	RM13,960 (Represents 0.35% of our Group's cost of sales ("COS"))	RM11,888 (Represents 0.28% of our Group's COS)	RM9,391 (Represents 0.20% of our Group's COS)	RM4,057 (Represents 0.33% of our Group's COS)
			This transaction is recurrent in nature				
			Refer to Note (2)(b) for details of this transaction				

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD
				2015	2016	2017	
				'000	'000	'000	'000
3.	LHI Group and Pengangkutan Mekar Sdn Bhd ("Pengangkutan Mekar")	Interested Directors	Management services internal and audit services provided by LH Poultry Farm/LH Corporate Services (supplier) to Pengangkutan Mekar (recipient)	-	RM60	-	RM14
		<ul style="list-style-type: none"> Lau Chia Nguang Dato' Lau Eng Guang Tan Sri Lau Tuang Nguang 			(Negligible contribution to our Group's revenue)		(Negligible contribution to our Group's revenue)
		Refer to Note (3)(a) for details of their relationship with our Directors, major shareholders and/or persons connected with them					
		As at the LPD, this transaction has ceased					
		Transportation charges provided by LHI Group (supplier) to Pengangkutan Mekar (recipient)		RM30	RM15	RM66	-
				(Negligible contribution to our Group's revenue)	(Negligible contribution to our Group's revenue)	(Negligible contribution to our Group's revenue)	
		This transaction is ad-hoc in nature					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	of	FYE 31 December			Between 1 November 2018 and the LPD
					2015	2016	2017	
				'000	'000	'000	'000	
			Transportation and related services provided by Pengangkutan Mekar (supplier) to LHI Group (recipient) with a credit term of 60 days	RM14,192	RM9,360	RM13,431	RM10,821	RM5,776
				(Represents 0.36% of our Group's COS)	(Represents 0.22% of our Group's COS)	(Represents 0.29% of our Group's COS)	(Represents 0.28% of our Group's COS)	
			This transaction is still ongoing as Pengangkutan Mekar is our Group's outsourced transportation and related services provider in Malaysia					
			Refer to Note (3)(b) for details of this transaction					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1
				2015	2016	2017	November 2018 and the LPD
				'000	'000	'000	'000
4.	LHI Group and Teratai Malaysia	Interested Shareholders and Directors	Sale of livestock feed, veterinary products and provision of laboratory services by LHI Group (supplier) to Teratai Malaysia (recipient)	RM50,888 (Contributed 1.08% to our Group's revenue)	RM52,912 (Contributed 1.01% to our Group's revenue)	RM61,016 (Contributed 1.11% to our Group's revenue)	RM27,074 (Contributed 1.11% to our Group's revenue)
		Interested Major Shareholders					
		• Lau Joo Heng	This transaction is recurrent in nature				
		• Lau Jui Peng					
		Interested Directors					
		• Lau Chia Nguang	Disposal of a piece of agricultural land by LH Agrobusiness (vendor) to Teratai Malaysia (purchaser)				RM1,050 (Represents 0.06% of our NA as at 31 October 2018)
		• Dato' Lau Eng Guang					
		• Tan Sri Lau Tuang Nguang					
		• Lau Joo Keat	This transaction is one-off in nature				
		Refer to Note (4) for details of their relationship with our Directors, major shareholders and/or persons connected with them					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1
				2015	2016	2017	November 2018 and the LPD
				'000	'000	'000	'000
5.	LHI Group and Emerging Success Group	Interested Shareholders and Directors • Lau Joo Han • Lau Joo Hong	Sale of raw material (vendor) to Malindo Group (purchaser) with a credit term of 30 days	IDR7,515,888 (equivalent to RM2,197)	IDR4,453,991 (equivalent to RM1,385)	IDR4,904,670 (equivalent to RM1,566)	IDR1,853,224 (equivalent to RM523)
	(“Emerging Success Group” shall refer to Emerging Success Pte Ltd (“Emerging Success”), LH Jayaindo and PT Sehat Cerah (“SCI”))	Interested Shareholders • Lau Joo Heng • Lau Jui Peng	This transaction is recurrent in nature	(Represents 0.06% of our Group's COS)	(Represents 0.03% of our Group's COS)	(Represents 0.03% of our Group's COS)	(Represents 0.01% of our Group's COS)
	Interested Directors • Lau Chia Nguang • Dato' Lau Eng Guang • Tan Sri Lau Tuang Nguang • Lau Joo Keat	Sale of raw material (vendor) to LH Jayaindo (purchaser) with credit term of 30 days		IDR11,115,232 (equivalent to RM3,249)	IDR19,862,687 (equivalent to RM6,175)	IDR5,248,678 (equivalent to RM1,676)	IDR3,054,919 (equivalent to RM862)
	Refer to Note (5)(a) and (b) for details of their relationship with our Directors, major shareholders and/or persons connected with them	Refer to Note (5)(c) for details of this transaction		(Contributed 0.07% to our Group's revenue)	(Contributed 0.12% to our Group's revenue)	(Contributed 0.03% to our Group's revenue)	(Contributed 0.02% to our Group's revenue)
							IDR302,413 (equivalent to RM88)

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			2017	FPE 31 October 2018	Between 1 November 2018 and the LPD
				2015	2016	2017			
				'000	'000	'000	'000	'000	
			Sale of livestock feed (aqua) by Malindo Feedmill (vendor) to LH Jayaindo (purchaser) with credit term of 30 days	IDR247,206,439 (equivalent to RM72,258) (Contributed 1.53% to our Group's revenue)	IDR258,275,237 (equivalent to RM80,298) (Contributed 1.53% to our Group's revenue)	IDR267,419,976 (equivalent to RM85,396) (Contributed 1.55% to our Group's revenue)	IDR232,779,581 (equivalent to RM65,667) (Contributed 1.40% to our Group's revenue)	IDR121,797,851 (equivalent to RM35,285)	
			This transaction is recurrent in nature						
			Refer to Note (5)(d) for details of this transaction						
			Purchase of livestock feed by Malindo Group (purchasers) from LH Jayaindo (vendor) with credit term of 30 days	IDR166,095,037 (equivalent to RM48,550) (Represents 1.23% of our Group's COS)	IDR187,916,591 (equivalent to RM58,423) (Represents 1.39% of our Group's COS)	IDR209,094,355 (equivalent to RM66,771) (Represents 1.46% of our Group's COS)	IDR185,845,933 (equivalent to RM52,427) (Represents 1.36% of our Group's COS)	IDR102,773,908 (equivalent to RM29,774)	
			This transaction is recurrent in nature						
			Refer to Note (5)(e) for details of this transaction						

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			2017 '000	FPE 31 October 2018 '000	Between 1 November 2018 and the LPD '000
				2015 '000	2016 '000	2017 '000			
			Purchase of animal healthcare products and premix by Malindo Group (purchasers) from SCI (vendor) with credit term of 14 days	IDR71,222,110 (equivalent to RM20,818) (Represents 0.53% of our Group's COS)	IDR142,263,248 (equivalent to RM44,230) (Represents 1.05% of our Group's COS)	IDR145,505,154 (equivalent to RM46,465) (Represents 1.01% of our Group's COS)	IDR260,519,541 (equivalent to RM73,493) (Represents 1.90% of our Group's COS)	IDR117,334,269 (equivalent to RM33,992)	
			This transaction is recurrent in nature						
			Laboratory services provided by SCI (supplier) to Malindo Group (recipients)	IDR2,500,970 (equivalent to RM731) (Represents 0.02% of our Group's COS)	IDR2,736,862 (equivalent to RM851) (Represents 0.02% of our Group's COS)	IDR3,766,518 (equivalent to RM1,203) (Represents 0.03% of our Group's COS)	IDR3,154,479 (equivalent to RM890) (Represents 0.02% of our Group's COS)	IDR1,426,402 (equivalent to RM413)	
			This transaction is recurrent in nature						

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	of	FYE 31 December			Between 1 November 2018 and the LPD	
					2015	2016	2017		
					'000	'000	'000	'000	
			Sale of premix from Jaco Nutrimix and LH Feedmill Malaysia (vendor) to SCI (purchaser) with credit term of 60 days		RM10,565	RM11,269	RM14,846	RM23,572	RM8,326
					(Contributed 0.22% to our Group's revenue)	(Contributed 0.21% to our Group's revenue)	(Contributed 0.27% to our Group's revenue)	(Contributed 0.50% to our Group's revenue)	
			This transaction is recurrent in nature		-	-	-	-	USD18
			Sale of animal healthcare product from Emivest Feedmill Vietnam (vendor) to SCI (purchaser) with credit term of 30 days		-	-	-	-	(equivalent to RM73)
			This transaction is recurrent in nature		-	-	-	-	

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD
				2015	2016	2017	
				'000	'000	'000	'000
			Sale of swine product from Leong Hup Distribution (vendor) to Emerging Success (purchaser) with credit term of 30 days	-	-	-	SGD4,515 (equivalent to RM13,650)
			This transaction was a one-off to rationalise our Group's businesses				
			Rental payable by Emerging Success (lessee) to Leong Hup Distribution (lessor) in respect of the rental of cold storage space. The rental is short term in nature and charged based on pallet occupied	-	-	-	SGD399 (equivalent to RM1,206)
			This transaction is recurrent in nature				

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December				Between 1 November 2018 and the LPD
				2015	2016	2017	FPE 31 October 2018	
				'000	'000	'000	'000	'000
			Balance outstanding of a non-interest bearing loan from Emerging Success (lender) to Leong Ayamsatu (borrower)	IDR16,198,274 (equivalent to RM5,046) (Represents 0.30% of our NA as at 31 December 2015)	IDR16,198,274 (equivalent to RM5,394) (Represents 0.27% of our NA as at 31 December 2016)	IDR16,198,274 (equivalent to RM4,827) (Represents 0.29% of our NA as at 31 December 2017)	IDR16,198,274 (equivalent to RM4,570) (Represents 0.27% of our NA as at 31 October 2018)	IDR16,198,274 (equivalent to RM4,693)
			This loan does not have a fixed repayment term					
			Refer to Note (5)(f) for details of this loan					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1	
				2015	2016	2017	November 2018 and the LPD	
				'000	'000	'000	'000	
6.	LHI Group and Joint Honest Group	Interested Shareholders and Directors • Lau Joo Han • Lau Joo Hong	Sale of livestock feed from Emivest Feedmill (TG) (vendor) to Teratai Vietnam (purchaser) with a credit term of 120 days	-	VND9,420,035 (equivalent to RM1,743)	VND43,076,653 (equivalent to RM8,107)	VND192,754,192 (equivalent to RM33,597)	VND94,937,724 (equivalent to RM16,670)
	("Joint Honest Group" collectively Joint Honest Enterprise Limited "Joint Honest") and Teratai Agriculture Vietnam Limited ("Teratai Vietnam"))	Interested Major Shareholders • Lau Joo Heng • Lau Jui Peng	This transaction is recurrent in nature		(Contributed 0.03% to our Group's revenue)	(Contributed 0.15% to our Group's revenue)	(Contributed 0.72% to our Group's revenue)	
			Sale of medicine and livestock feed from Emivest Vietnam (vendor) to Teratai Vietnam (purchaser) with a credit term of 120 days	VND232,863,262 (equivalent to RM41,543)	VND512,264,555 (equivalent to RM94,769)	VND614,586,099 (equivalent to RM115,665)	VND436,838,310 (equivalent to RM76,141)	VND387,683,548 (equivalent to RM68,194)
			This transaction is recurrent in nature	(Contributed 0.88% to our Group's revenue)	(Contributed 1.80% to our Group's revenue)	(Contributed 2.10% to our Group's revenue)	(Contributed 1.62% to our Group's revenue)	

This transaction is recurrent in nature

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	of	FYE 31 December			Between 1
					2015	2016	2017	November 2018
					'000	'000	'000	and the LPD
			Sale of livestock feed from Leong Hup Feedmill Vietnam (vendor) to Teratai Vietnam (purchaser) with a credit term of 120 days		-	VND38,557,369	VND9,388,850	(equivalent to RM1,651)
			This transaction is recurrent in nature		-	(equivalent to RM6,721)	(Contributed 0.14% to our Group's revenue)	
			Balance outstanding of short-term advances granted by United Global (lender) to Teratai Vietnam (borrower) as at the end of each financial year/period		USD850			
			These advances had been fully repaid					
			Refer to Note (6)(b) for details of these advances					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	of	FYE 31 December			Between 1
					2015	2016	2017	November 2018
					'000	'000	'000	and the LPD
					'000	'000	'000	'000
			Interest outstanding on the short-term advances granted by United Global (lender) to Teratai Vietnam (borrower) as at the end of each financial year/period		USD17 (equivalent to RM73) (Negligible contribution to our Group's NA as at 31 December 2015)	-	-	-
			The interest on these advances had been fully paid					
			Refer to Note (6)(b) for details of these advances					
			Balance outstanding of short-term advances granted by United Global (lender) to Joint Honest (borrower) as at the end of each financial year/period		USD4,700 (equivalent to RM20,179) (Represents 1.19% of our NA as at 31 December 2015)	-	USD3,300 (equivalent to RM13,357) (Represents 0.81% of our NA as at 31 December 2017)	-
			These advances had been fully paid					

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD
				2015 '000	2016 '000	2017 '000	
			Refer to Note (6)(c) to (6)(e) for details of these advances	-	-	USD63	-
			Interest outstanding on the short-term advances granted by United Global (lender) to Joint Honest (borrower) as at the end of each financial year/period	-	-	(equivalent to RM254)	-
			The interests on these advances had been fully paid			(represents 0.02% of our NA as at 31 December 2017)	
			Refer to Note (6)(c) to (6)(e) for details of these advances				

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD
				2015	2016	2017	
				'000	'000	'000	'000
7.	LHI Group and Muar Regent	Interested Directors <ul style="list-style-type: none"> • Lau Chia Nguang • Dato' Lau Eng Muar • Tan Sri Lau Tuang Nguang 	Acquisition of 25% equity interest in ES Food by LHSg (purchaser) from Muar Regent (vendor) This transaction was a one-off to fully consolidate the results of ES Food Refer to Note (7)(a) for details of their relationship with our Directors, major shareholders and/or persons connected with them Refer to Note (7)(b) for details of this transaction	-	-	SGD32,000 (equivalent to RM104,353) (Represents 6.36% of our NA as at 31 December 2017)	-
			Disposal of 51% equity interest in Jordon by Kendo Trading (vendor) to Muar Regent (purchaser) This transaction was a one-off to rationalise our Group's businesses Refer to Note (7)(c) for details of this transaction	-	-	-	SGD10,250 (equivalent to RM30,370) (Represents 1.77% of our NA as at 31 October 2018)

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD	
				2015	2016	2017		
				'000	'000	'000	'000	
			Sale of fresh chicken, fresh duck and meat products from LHSg's group of companies (vendor) to Jordon (purchaser) with a credit term of 30 days	-	-	-	SGD5,798 (equivalent to RM17,287) (Contributed 0.37% to our Group's revenue)	SGD3,873 (equivalent to RM11,708)
			This transaction is recurrent in nature					
			Rental payable by LS Poultry and Hup Heng Poultry (lessees) to Jordon (lessor) in respect of the rental of cold storage space. The rental is short term in nature and charged based on pallet occupied	-	-	-	SGD323 (equivalent to RM962)	SGD251 (equivalent to RM759)
			This transaction is recurrent in nature				(Represents 7.38% of our Group's rental expenses)	

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 November 2018 and the LPD
				2015	2016	2017	
				'000	'000	'000	'000
			Purchase of swine product by LHSg's group of companies (purchasers) from Jordon (vendor) with a credit term of 30 days	-	-	-	SGD20
			This transaction is recurrent in nature				(equivalent to RM79) (Represents 0.002% of our Group's COS)

Notes:

(1) Emerging Glory Group

(a) LH Malaysia is our subsidiary whereas Emerging Glory is our major shareholder.

Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang and Lau Joo Han are the major shareholders and directors of Emerging Glory. Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang and Lau Joo Han are also our Directors.

Lau Joo Hong, Lau Joo Heng and Lau Jui Peng are brothers and major shareholders of Emerging Glory through CWL&S. Lau Joo Hong is also our Director.

Lau Joo Keat is a major shareholder of Emerging Glory through HNL&S. Lau Joo Keat is also our Director.

The abovementioned Founding Family members have directorships in various subsidiaries of our Group.

(b) Baker's Cottage was disposed by our Group as part of a reorganisation prior to our Listing as it was not involved in integrated poultry operations. The consideration of RM20,330,751 for the disposal of Baker's Cottage by LH Malaysia is equivalent to the NA of Baker's Cottage as at the date of disposal. As a result, our Group did not recognise a gain or loss on the disposal of Baker's Cottage.

For the salient terms of this transaction, see Section 14.5.2 of this Prospectus.

10. RELATED PARTY TRANSACTIONS (Cont'd)

(c) The salient terms of the tenancy agreements between our Group and Emerging Glory Group are as follows:

- (i) in respect of the tenancy agreement dated 28 December 2018 made between LH Agrobusiness and LH Holdings for the rental of the premise known as Wisma Westcourt, the tenure of the tenancy is for two years and one month commencing from 1 December 2020 at the monthly rental rate of RM56,723 excluding taxes;
- (ii) in respect of the tenancy agreement dated 13 August 2014 which was subsequently renewed by the tenancy agreement dated 5 June 2018 between LH Agrobusiness and Gemini Glory Sdn Bhd for the rental of the lands held under Geran 65169, Lot 4429, Geran 65260, Lot 4230, Geran 65261, Lot 4231 all located at Mukim Sentul, Daerah Seremban, Negeri Sembilan, the tenure of the tenancy is for three years commencing from 1 August 2017 to 31 July 2020 with an option to renew for a further three years. The monthly rental rate from 1 August 2017 to 31 July 2018 is RM2,600 whereas the monthly rental rate from 1 August 2018 to 31 July 2020 is RM2,850;
- (iii) in respect of the tenancy agreement dated 13 August 2014 which was subsequently renewed by the tenancy agreement dated 5 June 2018 between LH Agrobusiness and Wealthy Approach Sdn Bhd for the rental of the land held under Geran 225607, Lot 5691, Mukim Kulai, Daerah Kulajaya, Negeri Johor, the tenure of the tenancy is for three years commencing from 1 August 2017 to 31 July 2020 with an option to renew for a further three years. The monthly rental rate from 1 August 2017 to 31 July 2018 is RM5,100 whereas the monthly rental rate from 1 August 2018 to 31 July 2020 is RM5,600;
- (iv) in respect of the tenancy agreement dated 13 August 2014 which was subsequently renewed by the tenancy agreement dated 5 June 2018 between LH Agrobusiness and Platinum Epitome Sdn Bhd for the rental of the land held under EMR 3137, Lot 1260, Mukim Sepang, Daerah Sepang, Negeri Selangor, the tenure of the tenancy is for three years commencing from 1 August 2017 to 31 July 2020 with an option to renew for a further three years. The monthly rental rate from 1 August 2017 to 31 July 2018 is RM5,000 whereas the monthly rental rate from 1 August 2018 to 31 July 2020 is RM5,500;
- (v) in respect of the tenancy agreement dated 13 August 2014 which was subsequently renewed by the tenancy agreement dated 5 June 2018 between LH Agrobusiness and Plenitude Hectares Sdn Bhd for the rental of the lands held under GM 27, Lot 121, GM 35, Lot 123 all located at Mukim Senai, Daerah Kulajaya, Negeri Johor, the tenure of the tenancy is for three years commencing from 1 August 2017 to 31 July 2020 with an option to renew for a further three years. The monthly rental rate from 1 August 2017 to 31 July 2018 is RM5,050 whereas the monthly rental rate from 1 August 2018 to 31 July 2020 is RM5,550; and
- (vi) in respect of the tenancy agreement dated 13 August 2014 which was subsequently renewed by the tenancy agreement dated 5 June 2018 between LH Agrobusiness and Stable Discovery Sdn Bhd for the rental of the lands held under Geran 86235, Lot 581, Geran 86238, Lot 582 all located at Mukim Ulu Sungai Johor, Daerah Kota Tinggi, Negeri Johor, the tenure of the tenancy is for three years commencing from 1 August 2017 to 31 July 2020 with an option to renew for a further three years. The monthly rental rate from 1 August 2017 to 31 July 2018 is RM6,300 whereas the monthly rental rate from 1 August 2018 to 31 July 2020 is RM6,950.

(rental agreements 1(c)(ii) to 1(c)(vi) are collectively referred to as "Farm Rental Agreements")

10. RELATED PARTY TRANSACTIONS (Cont'd)**(2) KPF Farming**

(a) Teo Seng Farming is our subsidiary. Tan Sri Lau Tuang Nguang, our Director, holds 10.00% direct equity interest and is a director of KPF Farming. He is the brother of our Directors, Lau Chia Nguang and Dato' Lau Eng Guang.

(b) Teo Seng Farming has engaged KPF Farming as its contract farmer pursuant to an agreement dated 26 September 2011 which was subsequently supplemented by agreements dated 17 September 2013, 11 January 2016 and 1 September 2017, pursuant to which the contract is valid until 31 August 2021 ("KPF Farming Contract"). Under the KPF Farming Contract, Teo Seng Farming agrees to sell to KPF Farming pullet, egg tray, livestock feed and veterinary products, and purchase from KPF Farming eggs and old hens. The salient terms of the KPF Farming Contract are as follows:

- (i) The agreed buy-back price payable by Teo Seng Farming to KPF Farming are as follows:
 - (i) ungraded/ quality eggs (transportation cost included subjected to maximum 50km radius) at RM0.2675 per egg;
 - (ii) 2nd grade/ poor quality eggs at RM0.1350 per egg; and
 - (iii) all spent hens (layers) at RM1.50 per kg per bird.
- (ii) The agreed purchase price payable by KPF Farming to Teo Seng Farming are as follows:
 - (i) pullet at RM13.50 per bird;
 - (ii) livestock feed (poultry) at RM1.35 per kg;
 - (iii) egg trays at RM0.165 per tray; and
 - (iv) medicines/ vaccines/ animal health supplements as per contracted price list.

Teo Seng Farming is entitled to a variance of up to 5.00% on the agreed purchase price of pullet payable by KPF Farming.

(iii) The KPF Farming Contract may be terminated by either party in any of the following events:

- (i) if either party is wound up; or
- (ii) by either party giving six months prior notice in writing to the other party.

In the event of termination of the KPF Farming Contract, all outstanding amounts are to be paid off within three months immediately after the termination date.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (iv) *If KPF Farming wishes to renew the KPF Farming Contract, KPF Farming is required to give Teo Seng Farming not less than six months' notice in writing before the expiration of the term. The renewal is subject to, at the expiry of the term, KPF Farming paying or having paid the purchase price in full and having performed and observed the covenants contained in the KPF Farming Contract.*
- (v) *In the event of a breach of any of the terms, conditions or covenants by KPF Farming (save for where the KPF Farming Contract expressly provides otherwise), KPF Farming shall upon receipt of notice from Teo Seng Farming remedy the breach within reasonable time. In the event KPF Farming fails to remedy the breach within such reasonable time, the KPF Farming Contract may be determined unilaterally by Teo Seng Farming without prejudice to the rights of Teo Seng Farming as set out in the KPF Farming Contract.*

(3) Pengangkutan Mekar

- (a) *Tan Sri Lau Tuang Nguang is our Director and holds 25.00% direct equity interest in Pengangkutan Mekar. He is the brother of our Directors, Lau Chia Nguang and Dato' Lau Eng Guang.*
- (b) *The price charged by Pengangkutan Mekar to our Group is dependent on the number of DOCs and feed delivered. There is no written contract between Pengangkutan Mekar and our Group for this arrangement.*

(4) Teratai Malaysia

The following shareholders of Teratai Malaysia are the related parties of the Founding Family members and respectively hold 16.67% effective equity interest in Teratai Malaysia:

- (a) *Datin Chua Ah Nia @ Chua Kah Nui is the mother of our major shareholder and Director, Lau Joo Han.*
- (b) *Datin Heng Ah Pee is the mother of our major shareholders, Lau Joo Hong, Lau Jui Peng and Lau Joo Heng. Lau Joo Hong is also our Director.*
- (c) *Goh Cha Boh @ Goh Hui Siang is the spouse of our Director, Lau Chia Nguang.*
- (d) *Datin Goh Kim Kooi is the spouse of our Director, Dato' Lau Eng Guang.*
- (e) *Lai Chong Koo is the mother of our Director, Lau Joo Keat.*
- (f) *Puan Sri Wong Kee Choo is the spouse of our Director, Tan Sri Lau Tuang Nguang.*

10. RELATED PARTY TRANSACTIONS (Cont'd)**(5) Emerging Success Group**

- (a) *SCI and LH Jayaindo are the subsidiaries of Emerging Success. The ultimate shareholders of Emerging Success Group are Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong, Lau Joo Keat and the Estate of Dato' Lau Bong Wong, deceased. Lau Joo Han is deemed interested by virtue of the equity interest in Emerging Success held by the Estate of Dato' Lau Bong Wong, deceased, to which Lau Joo Han is the sole beneficiary. Dato' Lau Eng Guang sits on the board of commissioners of LH Jayaindo.*
- (b) *Lau Joo Han and Lau Joo Hong are our major shareholders and Directors. Lau Chia Nguang, Dato' Lau Eng Guang and Lau Joo Keat are our Directors. Lau Jui Peng and Lau Joo Heng, our major shareholders are brothers to Lau Joo Hong.*
- (c) *Purchase or sale of raw materials between LH Jayaindo and Malindo Group which is based on a credit term of 30 days. Purchaser to bear the cost of delivery. Raw materials are sold at cost.*
- (d) *Production and sale of livestock feed (aqua) by Malindo Feedmill to LH Jayaindo which is based on a credit term of 30 days.*
- (e) *Purchase of livestock feed by the Malindo Group from LH Jayaindo through purchase orders which are based on a credit term of 30 days for farms located in North Sumatra.*
- (f) *Prior to Leong Ayamsatu becoming our subsidiary following its acquisition by Malindo Feedmill in 2008, Emerging Success had provided an unsecured, non-interest bearing loan with no fixed repayment term to Leong Ayamsatu in 2007. As at the LPD, the said loan has been fully utilised by Leong Ayamsatu for its working capital requirements.*

As at the LPD, Leong Ayamsatu has not made any repayment of the said loan to Emerging Success as the said loan is subordinated to other loans undertaken by Malindo Feedmill. No repayments can be made towards the said loan to Emerging Success until either (i) the unsecured loans of Malindo Feedmill have been repaid, or (ii) the financial institutions providing the said unsecured loans waive the subordination clause.

10. RELATED PARTY TRANSACTIONS (Cont'd)**(6) Joint Honest Group**

- (a) *Teratai Vietnam is the subsidiary of Joint Honest. The ultimate beneficial shareholders of the Joint Honest Group are Lau Joo Han and Lau Joo Hong who are also our major shareholders and Directors.*
- (b) *United Global had entered into short term loan agreements with Teratai Vietnam prior to and in the FYE 31 December 2015, of which an outstanding balance of USD850,000 (equivalent to RM3,649,000) remained unpaid as at 31 December 2015. The advances are unsecured, bearing interest rates ranging from 3.89% - 4.36% per annum and payable on demand. These advances had been fully repaid in the FYE 31 December 2016.*
- (c) *United Global had entered into short term loan agreements with Joint Honest prior to and in the FYE 31 December 2015, of which an outstanding balance of USD4,700,000 (equivalent to RM20,179,000) remained unpaid as at 31 December 2015. The advances are unsecured, bearing interest rates ranging from 3.89% - 4.36% per annum and repayable on demand. These advances had been fully repaid in the FYE 31 December 2016.*
- (d) *United Global had entered into short term loan agreements with Joint Honest in the FYE 31 December 2017, of which an outstanding balance of USD3,300,000 (equivalent to RM13,357,000) remained unpaid as at 31 December 2017. The advances are unsecured, bearing interest rates ranging from 4.70% - 5.39% per annum and repayable on demand. These advances had been fully repaid in the FPE 31 October 2018.*
- (e) *United Global had entered into a short term loan agreement with Joint Honest in the FPE 31 October 2018 which had been fully repaid in the FPE 31 October 2018.*

(7) Muar Regent

- (a) *Lau Chia Nguang is our Director and he is also the sole shareholder of Muar Regent. He is the brother of our Directors, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang.*
- (b) *For the salient terms of this transaction, see Section 14.5.4 of this Prospectus.*
- (c) *Kendo Trading disposed its entire equity interest in Jordon to Muar Regent (51.00%) and an individual, Lee Chai Soon (49.00%) on 30 June 2018. Jordon, a company primarily involved in the trading of swine products, was disposed as part of a reorganisation prior to our Listing to be in line with our Group's focus on integrated poultry operations. Our Group made a gain of RM78,000 based on the total consideration payable by Muar Regent and Lee Chai Soon of RM75,850,000, calculated as NA of RM80,450,000 as at the date of disposal less foreign exchange loss of approximately RM4,678,000.*
- For the salient terms of the disposal of Jordon to Muar Regent, see Section 14.5.5 of this Prospectus. For the salient terms of the disposal of Jordon to Lee Chai Soon, see Section 14.5.6 of this Prospectus.*

10. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors confirm that all the above related party transactions were transacted on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders, save for the following:

(a) Transactions between our Group and the Emerging Glory Group in relation to the following:**Disposal of Baker's Cottage**

The disposal of Baker's Cottage was not considered by our Directors to be on an arm's length basis as it was undertaken on a negotiated basis to exclude Baker's Cottage, a loss-making company which is not involved in poultry business, from our Group prior to our Listing without our Group recognising a loss from the disposal. In view of this, the total consideration for the disposal of RM20,330,751 is equivalent to the NA of Baker's Cottage as at the date of disposal.

Our Directors are of the view of that the disposal of Baker's Cottage at NA is on terms not detrimental to our Group or our non-interested shareholders as Baker's Cottage was loss-making and the disposal of Baker's Cottage is in line with our Group's objective of streamlining our operations towards the integrated poultry business.

Farm Rental Agreements

The terms of the Farm Rental Agreements were not considered by our Directors to be on an arm's length basis as the rental rates charged were lower than those that would generally be available to third parties due to lower credit risk since the landlords and LH Agrobusiness share the same shareholder, Emerging Glory. Had the terms of the Farm Rental Agreements been on an arms' length basis for the FYEs 31 December 2015, 2016, 2017 and FPE 31 October 2018, the additional rental cost that would have been incurred would not have been material to our Group. Further, if the terms of the Farm Rental Agreements are on an arms' length basis going forward, the additional rental cost would not be material to our Group.

Our Directors are of the view that the salient terms of the Farm Rental Agreements are not detrimental to our Group or our non-interested shareholders as the rental rates charged by the Emerging Glory Group are lower than third party rates. In the event the rental rates charged by the Emerging Glory Group are materially higher than third party rates, we have the option of relocating our operations to other farms or expanding our other existing farms to make up for any loss in capacity. The decision will be made after conducting a cost benefit analysis of relocation and/or expansion as well as the incremental rental.

10. RELATED PARTY TRANSACTIONS (Cont'd)**(b) Transactions between our Group and the Emerging Success Group in relation to the following:**Non-interest bearing loan from Emerging Success to Leong Ayamsatu

Prior to Leong Ayamsatu becoming our subsidiary prior to its acquisition by Malindo Feedmill in 2008, Emerging Success had provided an unsecured, non-interest bearing loan with no fixed repayment term to Leong Ayamsatu in 2007.

This loan was not considered by our Directors to be on an arm's length basis as it was provided by Emerging Success on terms more favourable to our Group than those that would generally be available to third parties. Had Leong Ayamsatu obtained equivalent financing on an arm's length basis for the FYEs 31 December 2015, 2016, 2017 and FPE 31 October 2018, the additional cost of financing that would have been incurred would not have been material to our Group. Further, should Leong Ayamsatu need to obtain equivalent financing on an arm's length basis going forward, the additional cost of financing would not be material to our Group.

Our Directors are of the view that the terms of the non-interest bearing loan from Emerging Success to Leong Ayamsatu are not detrimental to our Group or our non-interested shareholders as the loan is non-interest bearing.

(c) Transactions between our Group and Muar Regent in relation to the following:Disposal of Jordon by Kendo Trading to Muar Regent

The disposal of Jordon was not considered by our Directors to be transacted on an arm's length basis as it was undertaken on a negotiated basis to exclude Jordon, formerly a wholly-owned subsidiary of Kendo Trading (our 51%-owned subsidiary) primarily involved in trading of swine products, from our Group prior to our Listing without our Group recognising a loss from the disposal. In view of this, our Group made a gain of RM78,000 based on the total consideration for the disposal of RM75,850,000, calculated based on NA as at the date of disposal of RM80,450,000 less foreign exchange loss of approximately RM4,678,000.

Our Directors are of the view that the disposal at NA was on terms not detrimental to our Group or our non-interested shareholders as the disposal is in line with our Group's objective of streamlining our operations towards the integrated poultry business.

10. RELATED PARTY TRANSACTIONS (Cont'd)

In addition to the material related party transactions, our Group has also entered into various related party transactions of trading or revenue nature with the Founding Family and/or persons connected to them. The nature of such transactions include but not limited to the following:

- (i) sale and purchase of raw materials, livestock feeds, materials relating to the poultry and food industry and chicken products to/from related parties;
- (ii) purchase of packing materials and sundries from related parties;
- (iii) sale of eggs, egg trays and veterinary products;
- (iv) provision of management services and internal audit services to related parties; and
- (v) transportation services and rental charges to/from related parties.

The aggregate value of all the related party transactions with the Founding Family and/or persons connected to them for the past three FYEs 31 December 2015, 31 December 2016 and 31 December 2017, FPE 31 October 2018 and up to the LPD are as follows:

	Between 1 November 2018 and the LPD			
	FYE 31 December 2015	FYE 31 December 2016	FYE 31 December 2017	FPE 31 October 2018
	RM'000	RM'000	RM'000	RM'000
(a) Sales/ Income				
	209,121	279,653	310,095	296,819
	(Contributed 4.4% to our Group's revenue)	(Contributed 5.3% to our Group's revenue)	(Contributed 5.6% to our Group's revenue)	(Contributed 6.3% to our Group's revenue)
(b) Purchases/ Expenses				
	111,894	138,835	153,422	188,493
	(Represents 2.8% of our Group's COS)	(Represents 3.3% of our Group's COS)	(Represents 3.3% of our Group's COS)	(Represents 4.9% of our Group's COS)
(c) Others				
- Non-trade receivables ⁽¹⁾	23,901	-	33,942	31,420
	(Represents 1.4% of our NA as at 31 December 2015)		(Represents 2.1% of our NA as at 31 December 2017)	(Represents 1.8% of our NA as at 31 October 2018)
- Non trade payable ⁽²⁾	5,046	5,394	109,180	4,570
	(Represents 0.3% of our NA as at 31 December 2015)	(Represents 0.3% of our NA as at 31 December 2016)	(Represents 6.6% of our NA as at 31 December 2017)	(Represents 0.3% of our NA as at 31 October 2018)

10. RELATED PARTY TRANSACTIONS (Cont'd)**Notes:**

- (1) *Including considerations from disposals of Baker's Cottage and Jordon as well as balance outstanding of advances (including interests) granted to related parties.*
- (2) *Including purchase consideration for acquisition of 25% shares in ES Food as well as balance outstanding of a non-interest bearing loan granted by related party to our subsidiary.*

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements, including re-entering the above related party transactions not transacted on an arm's length basis and are not on normal commercial terms moving forward, if required. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Committee will, among others, supervise and monitor any recurrent transaction and the terms thereof and report to our Board for further action, as set out in Section 10.2.1 of this Prospectus. Where necessary, our Board would make the appropriate disclosure in our annual report with regard to any recurrent transaction entered into by us.

10. RELATED PARTY TRANSACTIONS (Cont'd)**10.1.2 Related party transactions entered into that are unusual in their nature or conditions**

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three FYEs 31 December 2015, 31 December 2016 and 31 December 2017, FPE 31 October 2018 and up to the LPD.

10.1.3 Material outstanding loans and financial assistance (including guarantees of any kind) to or for the benefit of a related party

There are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three FYEs 31 December 2015, 31 December 2016 and 31 December 2017, FPE 31 October 2018 and up to the LPD.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.2.1 Audit and Risk Committee review**

The Audit and Risk Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group and any related parties outside our Group. The Audit and Risk Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, amongst other things will be considered:

- (a) the rationale and the cost/benefit to our Company is first considered;
- (b) where possible, comparative quotes will be taken into consideration;
- (c) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (d) that the transactions are not detrimental to our Company's minority shareholders.

All reviews by the Audit and Risk Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the Directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length with our Group and are not to the detriment of our minority shareholders.

10. RELATED PARTY TRANSACTIONS (Cont'd)

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situation and intend for the framework to be guided by the Listing Requirements and the MCGG upon our Listing. The procedures which may form part of the framework including, amongst other things, the following:

- (i) our Board shall ensure that majority of our Board's members are independent directors and will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to immediately make full disclosure of any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction without Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICTS OF INTEREST

11.1 INTEREST IN ENTITIES CARRYING ON A SIMILAR TRADE OR CUSTOMERS AND/OR SUPPLIERS OF OUR GROUP

11.1.1 Involvement of our Directors and substantial shareholders in entities which carry on a similar trade as that of our Group or which are our customers or suppliers

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group or who are our customers and/or suppliers:

No.	Businesses/ Corporations	Directors and/or Substantial shareholders	Nature	Principal activity	Nature of interest
(I)	LH Jayaindo	Lau Joo Han, Lau Joo Hong, Lau Joo Heng, Lau Jui Peng, Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Keat and the Estate of Dato' Lau Bong Wong,	Similar trade as that of our Group	Manufacturing and marketing of animal feed	SCI and LH Jayaindo are the subsidiaries of Emerging Success. The ultimate shareholders of the Emerging Success Group are Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong, Lau Joo Keat and the Estate of Dato' Lau Bong Wong, deceased. Lau Joo Han is deemed interested by virtue of the equity interest in Emerging Success held by the Estate of Dato' Lau Bong Wong, deceased, to which Lau Joo Han is the sole beneficiary. Dato' Lau Eng Guang sits on the board of commissioners of LH Jayaindo.
(II)	SCI	Tan Sri Lau Tuang Nguang, Lau Joo Keat	(i) Similar trade as that of our Group; and (ii) Our supplier	Distributor of feed additive and animal health products	Lau Joo Han and Lau Joo Hong are our substantial shareholders and Directors. Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang are our Directors. Lau Joo Heng and Lau Jui Peng are our substantial shareholders and are brothers to Lau Joo Hong.
					Lau Joo Keat is a substantial shareholder of our controlling shareholder, Emerging Glory, through HNL&S. Lau Joo Keat is also our Director.

11. CONFLICTS OF INTEREST (Cont'd)

No.	Businesses/ Corporations	Directors and/or Substantial shareholders	Nature	Principal activity	Nature of interest
(III)	Phil Malay	Lau Joo Hong, Lau Joo Heng, Lau Jui Peng, Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang	(i) Similar trade as that of our Group; and (ii) Our supplier	Poultry farming	Leong Hup GPS and Lau Jui Peng are direct substantial shareholders of Phil Malay whereas Ladang Ternakan is an indirect substantial shareholder of Phil Malay. Tan Sri Lau Tuang Nguang and Estate of Dato' Lau Bong Wong, deceased hold 1 share each in Phil Malay. Both Tan Sri Lau Tuang Nguang and Lau Jui Peng are directors of Phil Malay. Lau Jui Peng together with his brothers Lau Joo Hong and Lau Joo Heng, are all our substantial shareholders. Lau Joo Hong is also our Director. Tan Sri Lau Tuang Nguang is our Director. He is the brother of Lau Chia Nguang, and Dato' Lau Eng Guang, who are also our Directors.
(IV)	PBAC	Lau Joo Hong, Lau Joo Heng, Lau Jui Peng, Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang	(i) Similar trade as that of our Group; and (ii) Our supplier	Poultry medicine	Tan Sri Lau Tuang Nguang and Lau Jui Peng hold 60% and 40% equity interest in PBAC and are both directors of PBAC. Tan Sri Lau Tuang Nguang is our Director. He is the brother of Lau Chia Nguang, and Dato' Lau Eng Guang, who are also our Directors. Lau Jui Peng together with his brothers Lau Joo Hong and Lau Joo Heng, are all our substantial shareholders. Lau Joo Hong is also our Director.

11. CONFLICTS OF INTEREST (Cont'd)

Our Board is of the view that the interests of our Directors and substantial shareholders in other businesses and corporations which carry on similar trade as that of our Group or who are our suppliers do not give rise to a conflict of interest situation on the following basis:

(I) LH Jayaindo

- (a) LH Jayaindo is involved in the manufacturing and marketing of animal feed in Medan and Pekanbaru area in Indonesia (North Sumatra) and is not in competition with our operations as they do not operate their business and market their animal feed in the same location as our feedmills.
- (b) LH Jayaindo is not a major supplier to our Group and neither is our Group dependent on LH Jayaindo's products for the operation of our Group.
- (c) All the sales to and purchases from LH Jayaindo are carried out on arm's length basis and on normal commercial terms which are not more favourable to LH Jayaindo than those generally available to third parties.

(II) SCI

- (a) SCI is a 99%-owned subsidiary of LH Jayaindo. SCI is involved in the supply of feed additives and other health products to our farms in Indonesia. SCI procures its feed additives and other health products from, amongst others, Jaco Nutrimix and LH Feedmill Malaysia, our subsidiaries in Malaysia. However, SCI is not in competition with our operations as none of our subsidiaries in Indonesia are involved in the supply of feed additives and other animal health products.
- (b) Our Group is not dependent on SCI for their products as there are other suppliers in the market.
- (c) All the sales and purchases from SCI are carried out on arm's length basis and on normal commercial terms which are not more favourable to SCI than those generally available to third parties.

(III) Phil Malay

- (a) Phil Malay supplies PS DOC to LHPHi. They are currently the only supplier of PS DOC for our operation in Philippines. However, they are not in competition with our current operations in Philippines as we are currently involved in the supply of broilers in Philippines.
- (b) Currently, there are other suppliers of PS DOC in Philippines and we are not dependent on Phil Malay for the supplies of PS DOC.
- (c) All purchases from Phil Malay are carried out on an arm's length basis and on normal commercial terms which are not more favourable to Phil Malay than those generally available to third parties.

(IV) PBAC

- (a) PBAC is involved in the supply of poultry medicine products to our farms in Philippines. However, PBAC is not in competition with our operations in Philippines as LHPHi is not involved in the supply of poultry medicine products in Philippines.

11. CONFLICTS OF INTEREST (Cont'd)

- (b) LHPHI is not dependent on PBAC for the supplies of poultry medicine products as there are other suppliers in the market.
- (c) All purchases from PBAC are carried out on an arm's length basis and on normal commercial terms which are not more favourable to PBAC than those generally available to third parties.

As set out in Section 10.2.1 of this Prospectus, our Audit and Risk Committee will review such conflict of interest situation that may arise within our Company or Group including such transaction, procedure or course that raises questions of management integrity. Our Audit and Risk Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our businesses. Although such interests may give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

In conjunction with our Listing, our Promoters have, where relevant, provided a first right of refusal to LHI to receive a first offer to acquire any or all of the shares held by our Promoters in businesses whose operations are of a similar trade or business to LHI, namely LH Jayaindo, SCI, Phil Malay and PBAC.

In the event our Promoters are desirous to sell or transfer for value their interests in any of the abovementioned companies to a third party outside of the members of the founding family, the relevant Promoters shall first offer to LHI the same interests in the said company at consideration:

- (a) equal to that offered by such third party, or
- (b) in the case where there is no such third party, at a price to be agreed upon between them and LHI (or if no price is agreed, then at a fair value to be determined by a mutually appointed independent valuer),

subject to the approval of the shareholders of our Company, if required.

The first right of refusal shall remain valid and in force for so long as our Promoters are the beneficial owners of the said companies.

11. CONFLICTS OF INTEREST (Cont'd)

11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

11.2.1 Declaration by Maybank IB

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has extended credit facilities to our Group in our ordinary course of business.

Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as Principal Adviser for our IPO, Joint Global Coordinator, Joint Bookrunner, Managing Underwriter and Joint Underwriter for our IPO due to the following:

- (i) the Maybank Group is a licensed commercial bank and the extension of credit facilities to our Group arose in the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and the Maybank Group's own internal controls and checks; and
- (iii) the total aggregate outstanding amount owed by our Group to the Maybank Group of about RM152.7 million as at the LPD is not material when compared to the audited NA of the Maybank Group as at 31 December 2018 of RM75.3 billion.

Maybank IB confirms that there is no conflict of interest situation in its capacity as Principal Adviser for our IPO, Joint Global Coordinator, Joint Bookrunner, Managing Underwriter and Joint Underwriter for our IPO.

11.2.2 Declaration by Credit Suisse

Credit Suisse AG, together with its affiliates, branches and subsidiaries (together, the "**Credit Suisse Group**"), comprise a full service financial services provider engaged in securities trading, brokerage activities as well as investment banking and financial advisory services. In the ordinary course of trading and brokerage activities, members of the Credit Suisse Group may hold positions for its own account or the accounts of its customers, in equity, debt or other securities of members of our Group.

11. CONFLICTS OF INTEREST (Cont'd)

The Credit Suisse Group may engage in transactions with, and perform services for our Group in the ordinary course of business and has engaged, and may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Group, for which the Credit Suisse Group has received, or may in the future receive, customary compensation.

Having regard to the foregoing, Credit Suisse confirms that there is no conflict of interest in its capacity as Joint Global Coordinator and Joint Bookrunner in relation to our IPO as the Credit Suisse Group has not made any loan to our Company (to the knowledge of Credit Suisse) and Credit Suisse will not receive any proceeds from our IPO, except with respect to the fees payable to, and expenses incurred by Credit Suisse in connection with its role as Joint Global Coordinator and Joint Bookrunner in relation to our IPO.

11.2.3 Declaration by RHB IB

RHB IB and its related and associated companies (“**RHB Banking Group**”) engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus. In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or its affiliates.

As at the LPD, RHB Banking Group has subsisting term loan, revolving credit, overdraft, foreign exchange contract lines and trade lines with a combined limit of RM331.23 million with our Group. The extension of the said facilities are in the ordinary course of business of the RHB Banking Group. It is expected that some of the borrowings owing to RHB Banking Group will be repaid with the proceeds raised from our IPO.

Notwithstanding the above, RHB IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO due to the following:

- (i) the credit facilities were provided by RHB Banking Group on an arms' length basis and in its ordinary course of business;
- (ii) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the CMSA and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and
- (iii) the total outstanding amount owed by our Group to RHB Banking Group of RM231.67 million as at LPD is not material when compared to the audited NA of RHB Banking Group as at 31 December 2018 of RM23.36 billion.

RHB IB confirms that there is no conflict of interest situation in its capacity as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO.

11. CONFLICTS OF INTEREST (*Cont'd*)

11.2.4 Declaration by PricewaterhouseCoopers PLT

PricewaterhouseCoopers PLT confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

11.2.5 Declaration by Albar & Partners

Albar & Partners confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

11.2.6 Declaration by Enolil Loo

Enolil Loo confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

11.2.7 Declaration by Clifford Chance Pte Ltd

Clifford Chance Pte Ltd confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to United States and English law in relation to our IPO.

11.2.8 Declaration by Kadir Andri & Partners

Kadir Andri & Partners confirms that there is no conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators, Joint Bookrunners, Managing Underwriter and Joint Underwriters as to Malaysian law in relation to our IPO.

11.2.9 Declaration by Baker McKenzie.Wong & Leow

Baker McKenzie.Wong & Leow confirms that there is no conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators and Joint Bookrunners as to United States law in relation to our IPO.

11.2.10 Declaration by Frost & Sullivan

Frost & Sullivan confirms that there is no conflict of interest in its capacity as the IMR in relation to our IPO.

11.2.11 Declaration by AmIB

AmIB, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of the holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The AmBank Group has engaged and/or may in the future, engages in transactions with and perform services for LHI and its subsidiaries, in addition to the roles involved in our IPO.

Notwithstanding the above, AmIB is of the view that the aforementioned roles are not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:

- (a) AmIB's roles in the Offer, and AmBank Group's extension of products and services are undertaken in the ordinary course of business; and
- (b) AmIB undertakes its roles on an arm's length basis and its conduct is regulated by BNM and the SC and governed under, inter alia, the Financial Services Act 2013, the CMSA, and AmBank Group's Chinese wall policy and internal controls and checks.

11. CONFLICTS OF INTEREST (Cont'd)

AmIB confirms that there is no conflict of interest in its capacity as the Joint Bookrunner and the Joint Underwriter in relation to our IPO.

11.2.12 Declaration by HLIB

HLIB, the Hong Leong Financial Group Berhad group of companies and the Hong Leong group of companies (collectively "**Hong Leong Group**") are engaged and involved in a diverse range of industries and businesses including banking and financial services, manufacturing and distribution, property development and investments, hospitality and leisure, and principal investments amongst others. This may give rise to situations where HLIB and a member of the Hong Leong Group:

- (a) may have interests, relationships and/or arrangements which conflict with those of the Company; and/or
- (b) may have other clients whose interests conflict with those of the Company.

Nonetheless, we are required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

HLIB also understand that Hong Leong Capital Berhad ("**HLCB**") and GuoLine (Singapore) Pte Ltd ("**GLS**") are participating as cornerstone investors in the IPO. HLCB and GLS are deemed persons connected to HLIB, as HLCB is a parent company of HLIB while GLS and HLIB share a common major shareholder.

Notwithstanding the above, we confirm that there is no conflict of interest situation in our capacity as the Joint Bookrunner and the Joint Underwriter in relation to the Offer due to the following reasons:

- (a) HLIB is a licensed investment bank and the appointment as the Joint Bookrunner and Joint Underwriter for the IPO is in its ordinary course of business. Furthermore, the conduct of HLIB is regulated strictly by the Financial Services Act 2013, the CMSA and its internal control policies and procedures; and
- (b) HLIB does not receive or derive any financial interest or monetary benefit from the implementation of the IPO other than the relevant professional fees (including placement and underwriting fees) in relation to the IPO.

Notwithstanding the above, HLIB confirms that there is no conflict of interest in its capacity as the Joint Bookrunner and the Joint Underwriter in relation to our IPO.

11. CONFLICTS OF INTEREST (Cont'd)

11.2.13 Declaration by Kenanga IB

Kenanga IB and/or its related and associated companies (collectively, "**Kenanga IB**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. Kenanga IB's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of Kenanga IB's businesses, any member of Kenanga IB may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. This is a result of the business of Kenanga IB generally acting independent of each other, and accordingly, there may be situations where parts of Kenanga IB and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of LHI and/or its subsidiaries. Nonetheless, Kenanga IB is required to comply with applicable laws and regulations issued by the relevant authorities, which require amongst others, segregation between dealing and advisory activities, and Chinese walls between different business divisions.

Kenanga IB has in the ordinary course of its banking business, granted credit facilities to certain of the Company's promoters. Kenanga IB confirms that the abovementioned extension of credit facilities does not result in a conflict of interest as the credit facilities were granted in the ordinary course of business, and in light of the fact that Kenanga IB will not receive any material amount of proceeds from the Offer, except with respect of the fees and expenses of Kenanga IB in connection with the Offer.

Kenanga IB confirms that there is no conflict of interest in its capacity as the Joint Underwriter in relation to our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

12.1.1 Selected historical consolidated financial data

The following selected historical consolidated financial data for the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 as well as the FPEs 31 October 2017 and 31 October 2018 have been extracted from the Accountants' Report included in Section 13 of this Prospectus.

The following selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Section 12.2 of this Prospectus and the Accountants' Report in Section 13 of this Prospectus.

	FYE 31 December			FPE 31 October	
	Audited			Unaudited	Audited
	2015	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Selected consolidated statement of comprehensive income data					
Revenue	4,714,566	5,257,390	5,501,364	4,568,075	4,690,295
Other income	47,731	27,282	29,953	28,326	29,754
Change in biological assets	13,474	25,692	18,795	24,467	50,233
Change in closing inventories	5,364	52,071	(7,509)	(14,599)	86,054
Purchases of inventories and livestock	(3,339,839)	(3,582,084)	(3,835,415)	(3,193,198)	(3,319,362)
Employee benefit costs including Directors' remuneration	(412,179)	(469,480)	(504,176)	(429,499)	(431,441)
Depreciation of:					
Property, plant and equipment	(144,438)	(168,893)	(188,892)	(159,394)	(156,902)
Investment properties	(2,038)	(2,746)	(255)	(219)	(211)
Amortisation of:					
Land use rights	(816)	(22,178)	(7,124)	(6,000)	(5,527)
Intangible assets	(2,538)	(3,084)	(2,855)	(2,492)	(346)
Utilities costs	(112,993)	(116,845)	(130,879)	(103,313)	(109,666)
Repair and maintenance	(47,471)	(57,015)	(62,244)	(54,095)	(60,167)
Transportation expenses	(75,277)	(77,285)	(80,298)	(68,506)	(69,049)
Other expenses	(332,241)	(412,934)	(346,482)	(282,670)	(324,896)
Profit from operations	311,305	449,891	383,983	306,883	378,769
Finance costs	(95,188)	(103,031)	(92,184)	(76,388)	(87,898)
Share of profit of associates	482	446	468	319	412
PBT	216,599	347,306	292,267	230,814	291,283
Tax expense	(50,568)	(77,260)	(44,859)	(31,953)	(71,495)
Net profit for the financial year/period	166,031	270,046	247,408	198,861	219,788
Profit for the financial year/period attributable to:					
- Owners of the Company	109,805	182,475	192,573	159,730	174,278
- Non-controlling interests	56,226	87,571	54,835	39,131	45,510
	166,031	270,046	247,408	198,861	219,788

12. FINANCIAL INFORMATION (Cont'd)

	As at 31 December			As at 31 October	
	Audited			Audited	
	2015	2016	2017	2018	
	RM'000	RM'000	RM'000	RM'000	
Selected consolidated statement of financial position data					
Non-current assets	2,156,360	2,311,580	2,410,904	2,451,513	
Current assets	1,878,891	1,989,536	2,066,573	2,267,304	
Total assets	4,035,251	4,301,116	4,477,477	4,718,817	
Share capital	955	955	1,230,132 ⁽¹⁾	1,230,132	
Share premium	1,229,177	1,229,177	- ⁽¹⁾	-	
Merger reserve	(658,778)	(658,778)	(658,787)	(658,787)	
Reserves	541,127	743,276	614,300	704,039	
Equity attributable to owners of the Company	1,112,481	1,314,630	1,185,645	1,275,384	
Non-controlling interests	582,090	675,755	456,377	438,874	
Total equity	1,694,571	1,990,385	1,642,022	1,714,258	
Non-current liabilities	631,135	563,608	895,132	1,063,376	
Current liabilities	1,709,545	1,747,123	1,940,323	1,941,183	
Total liabilities	2,340,680	2,310,731	2,835,455	3,004,559	
	FYE 31 December			FPE 31 October	
	2015	2016	2017	2017	2018
Other selected financial data:					
Gross profit	775,001	1,053,456	912,556	747,270	828,751
Gross profit margin (%) ⁽²⁾	16.4	20.0	16.6	16.4	17.7
EBITDA	461,135	646,792	583,109	474,988	541,755
EBITDA margin (%) ⁽³⁾	9.8	12.3	10.6	10.4	11.6
PBT margin (%) ⁽⁴⁾	4.6	6.6	5.3	5.1	6.2
PAT margin (%) ⁽⁵⁾	3.5	5.1	4.5	4.4	4.7
Basic and diluted EPS (sen) ⁽⁶⁾	3.23	5.37	5.66	4.70	5.13

Notes:

- (1) The balance of RM1,229.2 million in our share premium account was transferred to our share capital pursuant to the Act, which came into effect on 31 January 2017.
- (2) Computed based on gross profit divided by revenue.
- (3) Computed based on EBITDA divided by revenue.
- (4) Computed based on PBT divided by revenue.
- (5) Computed based on net profit for the financial year/period divided by revenue.
- (6) In accordance with MFRS 133 'Earnings per Share', the calculation of basic and diluted EPS for each of the financial year/period presented have been adjusted retrospectively to reflect the new number of LHI Shares of 3,400,000,000 as a result of the Bonus Issue and Share Split undertaken by the Company as further described in Sections 6.1.4.1 and 6.1.4.2 of the Prospectus respectively. The basic and diluted EPS is computed based on the profit for the financial year/period attributable to owners of our Company divided by the weighted average number of ordinary shares after completion of the Bonus Issue and Share Split of 3,400,000,000 LHI Shares.

12. FINANCIAL INFORMATION (Cont'd)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

12.2.1 Overview

We are one of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia. Established in Malaysia in 1978, we now operate in Malaysia, Singapore, Indonesia, Vietnam and the Philippines, which are attractive consumer markets, with a population of over 505.0 million people and significant growth potential. We are the largest integrated poultry producer in Malaysia and one of the top three integrated poultry producers in Indonesia and Vietnam, with a total production in the FYE 31 December 2017 of 495.6 million DOCs, 1.7 billion eggs and almost 2.0 million MT of feed. We also had the largest market share of poultry slaughtered in Singapore in the FYE 31 December 2017. See Section 8 of this Prospectus for further details on the competitive landscape in which we operate.

We are fully integrated across the entire poultry value chain. Our operations consist of:

- (i) our Feedmill Business, which consists of the formulation, production and sale of livestock feed for a variety of livestock; and
- (ii) our Livestock Business, which consists of:
 - (a) the rearing of GPS DOCs to produce PS DOCs and Broiler DOCs for internal use and external sale, and the rearing and sale of Broiler chickens;
 - (b) the rearing of PS Layer DOCs to produce Layer DOCs, and the rearing of Layer chickens that produce eggs;
 - (c) the rearing of PS Ducks to produce Broiler DODs, and the rearing and sale of Broiler ducks; and
 - (d) the distribution of fresh and processed downstream consumer food products.

See Section 7 of this Prospectus for further information on our business.

12.2.2 Significant factors affecting our financial condition and results of operations

A number of factors affect our financial condition and results of operations, including the significant factors set out below that have affected our results during the financial years/periods under review, which we expect will continue to affect our results in the future:

(i) Prices and availability of raw materials

The table below sets out the total cost of raw materials that we required for the production of our livestock feed as a percentage of our total cost of sales for the financial years/period indicated:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Total cost of raw materials / total cost of sales (%)	52.7	56.9	58.1	58.8

12. FINANCIAL INFORMATION (Cont'd)

Corn and soybean meal make up the majority of the raw materials costs. The table below sets out corn and soybean meal as a percentage of our total cost of sales for the financial years/period indicated:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Corn (%)	19.0	16.2	15.9	18.5
Soybean meal (%)	17.7	16.2	15.4	17.3

We purchase the majority of our corn and soybean meal on the spot market but depending on market conditions, we may also enter into forward purchase contracts. The majority of our corn is sourced from South America, save for our Indonesian operations where we use domestically produced corn. All our soybean meal requirements, which is the second largest component of our livestock feed, are met by imports from South America.

Each of these raw materials that we use for the production of our livestock feed is a commodity, whose price and availability are influenced by various factors, including production levels, weather conditions, transportation and storage costs, epidemic diseases, global demand for such materials, fluctuations in USD (since imported corn and soybean meal are typically priced in USD), and changes in prices of other commodities such as crude oil. Local corn prices have historically adjusted to global corn prices. Any significant change in the availability or any significant increase in the price of raw materials could materially affect our cost of sales.

For example, in 2015, the Indonesian government stopped issuing import permits for corn used in feedmills, which led to an increase in the price of corn in Indonesia and consequently the cost of production of our livestock feed, in particular towards the end of 2016 and in 2017. We were not able to fully pass on the increase in the cost of our product to our customers immediately and this partially contributed to an increase in our cost of sales towards the end of the FYE 31 December 2016 and for the FYE 31 December 2017 as detailed in Sections 12.2.6(iii) and 12.2.7(iii) of this Prospectus. We have since responded by adapting the formulation of our livestock feed to reduce the amount of corn used and increasing the usage of other raw materials with similar nutritional values. We have also identified several other local corn suppliers from whom we can purchase corn. As a result, we have been able to mitigate the long-term impact of the increase in corn prices on our Feedmill Business in Indonesia.

(ii) Prices of our products

The prices of our products are affected by fluctuations in market prices, demand and supply, the prices of raw materials that we require for our production, the quality of our products, our customer relationships and strategy, which could have an impact on the demand for our products. As the selling prices of our livestock feed are primarily affected by the prices of raw materials, any increase in the price of such raw materials will generally result in an increase in the selling price of our livestock feed, which could have an adverse effect on the demand for our livestock feed. Our Broiler DOCs, Broiler chickens, eggs, processed products and traded products are primarily affected by demand and supply conditions, which can cause the prices of our products to vary due to the volatility in market demand and supply. An increase in the prices of our products can drive our revenue upwards but may also dampen consumer demand.

12. FINANCIAL INFORMATION (Cont'd)

The following table sets out the average selling prices of our Broiler DOCs, Broiler chickens, eggs, processed products, traded products and livestock feed to external customers for the financial years/periods indicated:

	FYE 31 December			FPE 31 October	
	2015	2016	2017	2017	2018
Malaysia					
Broiler DOCs per chick (RM)	1.55	1.84	1.95	2.00	1.86
Broiler chickens per kg (RM)	4.22	4.67	4.75	4.79	4.57
Per egg (RM)	0.30	0.28	0.26	0.26	0.28
Livestock feed per kg (RM)	1.75	1.82	1.93	1.95	1.96
Indonesia					
Broiler DOCs per chick (IDR)	3,850	4,715	4,431	4,406	5,815
Broiler chickens per kg (IDR)	16,239	16,986	16,648	16,361	18,583
Processed products per kg (IDR)	40,541	40,267	43,419	43,061	45,530
Livestock feed per kg (IDR)	6,182	6,316	6,173	6,165	6,385
Singapore					
Traded products per kg (SGD)	3.49	3.35	3.52	3.50	3.29
Fresh chickens per kg (SGD)	4.49	4.24	4.30	4.31	4.29
Ducks per kg (SGD)	5.44	5.37	5.10	5.14	4.73
Vietnam					
Broiler DOCs per chick (VND)	9,464	10,730	8,017	8,051	9,187
Broiler chickens per kg (VND)	23,984	24,306	24,932	24,640	25,524
Per egg (VND)	1,577	1,531	1,307	1,233	1,609
Livestock feed per kg (VND)	9,112	8,567	7,920	8,041	8,556
Philippines					
Broiler DOCs per chick (PHP)	-	-	26.14	24.91	28.65
Broiler chickens per kg (PHP)	-	68.06	76.71	72.88	79.56

(iii) Macroeconomic factors and general economic conditions in the countries where we operate

The sales volume of our livestock feed and livestock depend primarily on the demand for our products and the end products of our customers.

The demand for our products largely depends on the macroeconomic conditions in our existing markets including Malaysia, Indonesia, Singapore, Vietnam and the Philippines. For the FPE 31 October 2018, we generated 29.0% of our revenue from customers in Malaysia, 32.9% of our revenue from customers in Indonesia, 17.6% of our revenue from customers in Singapore, 19.5% of our revenue from customers in Vietnam and 1.0% of our revenue from customers in the Philippines. Significant changes in the economic and political developments in these countries can affect the demand for and pricing of our products in these markets and consequently, our business, financial condition and results of operations.

As GDP per capita in the markets where we operate grows, we expect the consequential increase in purchasing power in these markets to increase the proportion of protein consumption. Similarly, if GDP per capita decreases, consumer purchasing power may also decrease, which we expect would slow down the growth in or decrease consumption of animal proteins. In Malaysia and Indonesia, we expect protein consumption to consist primarily of poultry, given the halal dietary requirements of a significant majority of the Malaysian and Indonesian population. In our markets, sales volume of poultry is also affected by changes in consumer preferences, including changes in nutritional guidelines or health advisories. We also expect changes in demand for our livestock feed to move broadly in tandem with changes in macro-economic conditions and with demand for our animal protein in our existing markets.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Foreign currency fluctuations and translation of financial statements of foreign entities**

Our results of operations and financial position are materially affected by currency translations of the results of operations and financial position of our subsidiaries in Indonesia, Singapore, Vietnam and the Philippines where their respective functional currencies are different from our Group's functional currency. Our functional and reporting currency is RM as it reflects the primary economic environment in which we operate. As such, we are required to translate the results of operations and financial position for each entity of our Group with a functional currency other than RM into RM. For each such entity of our Group, income and expense items on its statement of profit and loss and other comprehensive income are translated at the average exchange rate between its functional currency and RM for that reporting year/period, and assets and liabilities on its statements of financial position are translated at the exchange rate between its functional currency and RM as of the end of that reporting year/period.

In times of currency fluctuations, particularly depreciation of currencies in which financial statements of our subsidiaries are denominated against RM, this will result in translation adjustments which may materially impact our other comprehensive income/(loss) and have a material effect on our results of operations and impact the comparison of such line items from year to year.

Fluctuations in foreign currencies may also directly impact our business and results of operations by affecting our profit margins where our costs of goods are predominantly denominated in one currency and sales are made in another currency. For example, a significant portion of our cost of raw materials is denominated in USD as we import all of our soybean meal and a significant portion of our corn for our Feedmill Business. While we generally have been able to pass on to our customers, any increase in the cost of raw materials as a result of the appreciation of USD against RM and severe depreciation of RM against USD, we may not be able to pass on immediately or at all, some or all of such increase to our customers, which would have an adverse effect on our profit margin and results of operations. Conversely, if RM were to appreciate against USD, our profit margin and results of operations would generally improve.

The following table sets out the foreign exchange rates that we used to present our financial statements for the financial years/periods indicated as well as the appreciation and depreciation of RM in percentage terms against the relevant currency compared to the prior financial year/period. These foreign exchange rates underlie the impact of foreign currency translations on our financials for each of these financial years/periods:

12. FINANCIAL INFORMATION (Cont'd)

	FYE 31 December						FPE 31 October			
	2015		2016		2017		2017		2018	
	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾
RM to USD 1										
Statements of profit and loss	3.9343000	N/A	4.1457000	5.4	4.2786000	3.2	4.3209000	N/A	4.0116000	(7.2)
Statements of financial position	4.2935000	N/A	4.4860000	4.5	4.0475000	(9.8)	N/A	N/A	4.1840000	N/A
RM to IDR 1										
Statements of profit and loss	0.0002923	N/A	0.0003109	6.4	0.0003193	2.7	0.0003232	N/A	0.0002821	(12.7)
Statements of financial position	0.0003115	N/A	0.0003330	6.9	0.0002980	(10.5)	N/A	N/A	0.0002750	N/A
RM to SGD 1										
Statements of profit and loss	2.8538000	N/A	2.9965000	5.0	3.1122080	3.9	3.1288000	N/A	2.9817000	(4.7)
Statements of financial position	3.0395000	N/A	3.1006000	2.0	3.0293000	(2.3)	N/A	N/A	3.0208000	N/A
RM to VND 1										
Statements of profit and loss	0.0001784	N/A	0.0001850	3.7	0.0001882	1.7	0.0001901	N/A	0.0001743	(8.3)
Statements of financial position	0.0001909	N/A	0.0001970	3.2	0.0001782	(9.5)	N/A	N/A	0.0001792	N/A
RM to PHP 1										
Statements of profit and loss	0.0863000	NA	0.0869000	0.7	0.0848800	(2.3)	0.0856000	N/A	0.0761000	(11.1)
Statements of financial position	0.0915000	NA	0.0904000	(1.2)	0.0811830	(10.2)	N/A	N/A	0.0784000	N/A

Note:

(1) This reflects percentage changes in appreciation or depreciation of RM against the respective foreign currencies compared to the prior financial year/period set out above.

For illustrative purposes only, the following tables set out the translation differences to our revenue, cost of sales and PBT as a result of fluctuations in the average foreign exchange rates used for presentation of our statements of profit or loss as set out above ("**Average Rate**") against RM for the financial years/period indicated:

	FYE 31 December				FPE 31 October	
	2016		2017		2018	
	RM'000 ⁽¹⁾	% ⁽²⁾	RM'000 ⁽¹⁾	% ⁽²⁾	RM'000 ⁽¹⁾	% ⁽²⁾
Revenue						
SGD	54,292	1.0	44,261	0.8	(45,138)	(1.0)
VND	36,301	0.7	17,807	0.3	(82,579)	(1.8)
IDR	97,421	1.9	45,887	0.8	(224,394)	(4.8)
PHP	26	*	(576)	*	(5,631)	(0.1)
Total	188,040	3.6	107,379	1.9	(357,742)	(7.7)

Notes:

* Less than 0.05%.

- (1) The differential is derived arithmetically based on the difference between the Average Rate in the preceding financial year/period and the Average Rate in the indicated financial year/period multiplied by our total revenue denominated in the indicated foreign currency for the financial year/period.
- (2) The percentage is derived arithmetically based on the differential due to the Average Rate as a proportion of our total revenue for the financial year/period indicated.

12. FINANCIAL INFORMATION (Cont'd)

	FYE 31 December				FPE 31 October	
	2016		2017		2018	
	RM'000 ⁽¹⁾	% ⁽²⁾	RM'000 ⁽¹⁾	% ⁽²⁾	RM'000 ⁽¹⁾	% ⁽²⁾
Cost of sales						
SGD	42,335	1.0	34,884	0.8	(36,455)	(0.9)
VND	31,638	0.8	15,983	0.3	(72,250)	(1.9)
IDR	80,959	1.9	41,127	0.9	(190,928)	(4.9)
PHP	29	*	(485)	*	(4,734)	(0.1)
Total	154,961	3.7	91,509	2.0	(304,367)	(7.8)

Notes:

* Less than 0.05%.

- (1) The differential is derived arithmetically based on the difference between the Average Rate in the preceding financial year/period and the Average Rate in the indicated financial year/period multiplied by our total cost of sales denominated in the indicated foreign currency for the financial year/period.
- (2) The percentage is derived arithmetically based on the differential due to the Average Rate as a proportion of our total cost of sales for the financial year/period indicated.

	FYE 31 December				FPE 31 October	
	2016		2017		2018	
	RM'000 ⁽¹⁾	% ⁽²⁾	RM'000 ⁽¹⁾	% ⁽²⁾	RM'000 ⁽¹⁾	% ⁽²⁾
PBT						
SGD	4,301	1.2	3,108	1.1	(3,059)	(1.1)
VND	2,390	0.7	843	0.3	(5,457)	(1.9)
IDR	5,231	1.5	37	*	(13,258)	(4.6)
PHP	(11)	*	(41)	*	(451)	(0.2)
Total	11,911	3.4	3,947	1.4	(22,225)	(7.8)

Notes:

* Less than 0.05%.

- (1) The differential is derived arithmetically based on the difference between the Average Rate in the preceding financial year/period and the Average Rate in the indicated financial year/period multiplied by our PBT denominated in the indicated foreign currency for the financial year/period.
- (2) The percentage is derived arithmetically based on the differential due to the Average Rate as a proportion of our total PBT for the financial year/period indicated.

The table below sets out the percentage exposure of our revenue denominated in the indicated foreign currencies as a proportion of our total revenue for the financial years/period indicated:

	FYE 31 December		FPE 31 October
	2016	2017	2018
	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾
SGD	21.7	21.6	19.5
VND	19.4	19.0	19.4
IDR	31.0	31.6	32.9
PHP	0.1	0.4	1.0

Note:

- (1) Calculated based on our revenue derived from the indicated foreign currency divided by our total revenue.

See note 2.40(c) of the Accountants' Report included in Section 13 of this Prospectus on the sensitivity of our Group's PAT and equity to a reasonably possible change in RM, SGD, USD and IDR against the respective functional currencies of the entities within our Group, with all other variables held constant.

12. FINANCIAL INFORMATION (Cont'd)**(v) Regulatory environment**

Our business activities and results of operations are affected by the regulatory environment in the countries where we operate. Changes in regulations and government policies relating to our industry could significantly impact our sales and cost of sales. We have been subject to restrictive governmental policies, such as price or volume controls, in the countries where we operate. See Section 5 of this Prospectus for information on such price or volume controls that we have been subject to.

(vi) Outbreak of livestock diseases

Outbreak of livestock diseases at our poultry farms or facilities could have a material effect on our business, financial condition and results of operations. The H5N1 strain of Avian Influenza or bird flu has affected poultry flocks and other birds in several countries around the world, including the ASEAN region. Outbreaks of the Avian Influenza could result in reduced demand for chickens and the price of DOCs and chicken products we produce and sell in Southeast Asia.

Conversely, an outbreak of disease could also have a positive effect on our results of operations if consumers perceive us as having more stringent biosecurity policies and measures and quality control standards in place.

12.2.3 Significant accounting estimates and judgements

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year/period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when the financial statements are prepared. However, this does not prevent actual figures differing from estimates:

(i) Fair value of biological assets

Our biological assets comprise breeders, broilers, commercial layers and hatching eggs. The fair value of our biological assets is determined using a discounted cash flow model. In determining the fair value of the biological assets, we make certain estimates and judgements including the following:

- (a) expected number of DOCs produced by each breeder;
- (b) expected table eggs produced by each layer;
- (c) expected hatchability of the hatching eggs;
- (d) expected salvage value of breeders and layers;
- (e) expected selling price of our DOCs, Broilers and table eggs;
- (f) mortality rate of livestock;
- (g) livestock feed consumption rate and livestock feed costs;
- (h) other estimated costs to be incurred for the remaining life of the biological assets, and at the point of sales; and
- (i) discount rates.

12. FINANCIAL INFORMATION (Cont'd)

Any change in these assumptions and estimates would affect the fair value of our biological assets. We review the assumptions and estimates annually to identify any significant changes in the fair value of our livestock.

(ii) Impairment of goodwill

We annually assess whether there is any impairment loss on our assets. Impairment loss is the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, we estimate the expected future cash flows from each cash-generating unit and determine a suitable discount rate to calculate the present value of those cash flows. In the process of measuring expected future cash flows, we also make certain assumptions about the future operating results. These assumptions relate to future cash flows, taking into consideration future events and circumstances. Any change in these assumptions or variance in the actual results may cause significant adjustments to the valuation of our assets within the next financial year.

(iii) Post-employment benefits obligation

We have various post-employment schemes in place, including defined contributions plan and defined benefit plan. Our post-employment benefits obligation primarily arises from the Malindo Group in Indonesia.

We provide defined post-employment benefits to the employees of the Malindo Group in accordance with the Indonesian Labour Law No. 13/2003. As at 31 October 2018, we have not funded this defined benefit plan.

The balance of our post-employment benefits obligation is based on the actuarial reports prepared by an independent actuary in Indonesia. The determination of our post-employment benefits obligation and employee benefits expense is based on certain assumptions including, among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Any changes in our actual experience or our assumptions may materially affect our estimated liability for employee benefits and employee benefits expense.

See Notes 2.2, 2.4 and 2.29 to the Accountants' Report included in Section 13 of this Prospectus for further information on our post-employment benefits obligation.

(iv) Income taxes

We are subject to income taxes in the jurisdictions where we operate. Significant judgement is required in determining the provision for income taxes.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognise liabilities for tax based on estimates of assessment of the tax liability due. We also recognise certain tax recoverable which we believe there is reasonable basis for recognition. 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 and tax recoverable balance in the financial year in which such determination is made.

(v) Deferred taxes

We recognise deferred tax assets to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

12. FINANCIAL INFORMATION (Cont'd)

12.2.4 New accounting pronouncement applicable in the preparation of the financial statements

We have adopted MFRS for the first time in the FYE 31 December 2017 with a date of transition on 1 January 2015. Accordingly, we have consistently applied the same accounting policies in our opening MFRS statements of financial position as at 1 January 2015 and throughout the reported periods. We have also elected to early adopt the following amendments in the FYE 31 December 2017 with a date of transition on 1 January 2015 and consistently applied throughout the reported periods:

- (i) MFRS 9 'Financial Instruments' which replaces MFRS 139 'Financial Instruments: Recognition and Measurement'; and
- (ii) MFRS 15 'Revenue from contracts with customers' which replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

We have also applied the following amendments for the first time for the financial period beginning 1 January 2018:

- (a) amendments to MFRS 140 'Classification on 'Change in Use' - Assets transferred to, or from, Investment Properties'; and
- (b) IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'.

The adoption of these amendments did not have any impact on the current period or any prior periods and is not likely to affect future periods.

We have not early adopted certain new standards and amendments to standards and interpretations that will be effective for the financial year beginning 1 January 2019. The adoption of these new standards or amendments to standards and interpretations beginning from 1 January 2019 do not have material effect on our consolidated financial statements for the current financial year/period and any other prior periods. See Note 2.1.4 of the Accountants' Report included in Section 13 of this Prospectus for further information on the effects of MFRS 16 'Leases'.

See Note 2.1 to the Accountants' Report included in Section 13 of this Prospectus for further information on the summary of our significant accounting policies.

12.2.5 Results of operations

The components of our results of operations are as follows:

(i) Revenue

Our revenue primarily comprises our total external sales of livestock, other poultry related products and livestock feed. This can be broadly categorised into:

- (a) revenue from sales of goods; and
- (b) revenue from other sources which includes lease income and income from services provided to third parties.

12. FINANCIAL INFORMATION (Cont'd)

The following table sets out the breakdown of our revenue by type and the percentage these revenues represent as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 December						FPE 31 October			
	2015		2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue from sales of goods										
Livestock and other poultry related products	2,992,566	63.5	3,298,457	62.7	3,349,534	60.9	2,749,823	60.2	2,849,653	60.8
Feedmill	1,693,353	35.9	1,943,202	37.0	2,137,805	38.9	1,808,215	39.6	1,829,012	39.0
Revenue from other sources										
Lease income	13,473	0.3	14,306	0.3	11,888	0.2	9,070	0.2	10,760	0.2
Others	15,174	0.3	1,425	*	2,137	*	967	*	870	*
Total	4,714,566	100.0	5,257,390	100.0	5,501,364	100.0	4,568,075	100.0	4,690,295	100.0

Note:

* Less than 0.05%

Revenue from sales of goods

Our revenue from sales of goods comprises:

- revenue from our Livestock Business where we sell Broiler DOCs, Layer DOCs, PS DOCs, Broiler chickens, fresh chickens, eggs, fresh ducks and processed and traded consumer food products; and
- revenue from our Feedmill Business where we produce and sell livestock feed for a variety of livestock.

The following table sets out the breakdown of our revenue from sales of goods by type of products and the percentage these revenues represent as a proportion of our total revenue from sales of goods for the financial years/periods indicated:

	FYE 31 December						FPE 31 October			
	2015		2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue from sales of goods										
Livestock and other poultry products										
Broiler chickens	780,583	16.7	796,506	15.2	822,632	15.0	668,102	14.6	782,194	16.7
Broiler DOCs	446,492	9.5	562,660	10.7	587,072	10.7	495,675	10.9	530,874	11.3
Eggs	476,606	10.2	493,325	9.4	455,029	8.3	369,515	8.1	393,219	8.4
Processed products	40,009	0.8	54,252	1.1	72,287	1.3	60,403	1.3	53,161	1.1
Traded products	392,344	8.4	326,348	6.2	347,431	6.4	286,670	6.3	280,792	6.0
Fresh chickens	393,027	8.4	346,340	6.6	396,445	7.2	327,537	7.2	330,843	7.1
Layer DOCs	36,990	0.8	43,790	0.8	42,418	0.8	36,491	0.8	32,994	0.7
Fresh ducks	56,170	1.2	54,817	1.0	62,314	1.1	51,790	1.1	51,192	1.1
PS DOCs	30,336	0.7	36,018	0.7	40,846	0.7	35,153	0.8	35,880	0.8
Others ⁽¹⁾	340,009	7.2	584,401	11.2	523,060	9.5	418,487	9.2	358,504	7.7
Feedmill										
Livestock feed	1,693,353	36.1	1,943,202	37.1	2,137,805	39.0	1,808,215	39.7	1,829,012	39.1
Total	4,685,919	100.0	5,241,659	100.0	5,487,339	100.0	4,558,038	100.0	4,678,665	100.0

Note:

(1) Others comprises sales of broiler ducks, egg trays, colour birds, old birds, pullet, swine and bakery products such as mooncakes and bread.

12. FINANCIAL INFORMATION (Cont'd)

We recognise revenue net of discount and applicable taxes at the point in time when control of the goods has been transferred to the customer.

For sales of livestock and other poultry related products, depending on the terms of the contract with the customer, control is transferred either upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer, or upon loading of the livestock on the vehicle for onward delivery to the customer.

For sales of livestock feed, where transport is arranged by our customers, the terms of contract is ex-factory where control transfers once the truck is weighed for the quantity of livestock feed loaded and accepted by customers' truck driver before it leaves the feedmill. However, for sales of livestock feed in bag packaging, control is transferred upon acceptance of the goods by the customer at the locations specified by them.

The following table sets out the breakdown of our revenue from sales of goods by geographical markets and the percentage these revenues represent as a proportion of our total revenue from sales of goods for the financial years/periods indicated:

	FYE 31 December						FPE 31 October			
	2015		2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue from sales of goods										
Malaysia	1,503,643	32.1	1,558,125	29.7	1,580,947	28.8	1,325,235	29.1	1,354,852	29.0
Indonesia	1,395,737	29.8	1,630,765	31.1	1,737,619	31.7	1,445,166	31.7	1,540,185	32.9
Singapore	928,573	19.8	1,031,485	19.7	1,088,641	19.8	902,643	19.8	824,776	17.6
Vietnam	857,966	18.3	1,017,504	19.4	1,055,915	19.2	868,494	19.0	913,745	19.5
Philippines	-	-	3,780	0.1	24,217	0.5	16,500	0.4	45,107	1.0
Total	4,685,919	100.0	5,241,659	100.0	5,487,339	100.0	4,558,038	100.0	4,678,665	100.0

Revenue from other sources

Revenue from other sources primarily comprises operating lease income from our coldstore facilities and income from services provided to third parties such as transportation fees.

(ii) Other income

Other income primarily comprises interest income, rental income, gain on disposal of assets, foreign exchange gain, reversal of impairment loss, sales of scrap and intestine, insurance compensation and coldroom service fees.

(iii) Change in biological assets, change in closing inventories and purchases of inventories and livestock

Cost of sales relates to the cost of biological assets and inventories sold. The cost of biological assets comprises the cost of livestock purchased plus all attributable costs in growing the livestock to a saleable condition. The cost of trading inventories comprises the original purchase price and incidental costs in bringing these inventories to their present location and condition. For manufactured inventories, cost comprises raw materials, direct labour, an appropriate portion of fixed and variable production overheads based on normal operating capacity and other incidental costs.

12. FINANCIAL INFORMATION (Cont'd)

Cost of sales can be broadly categorised into change in biological assets, change in closing inventories, purchases of inventories and livestock and direct labour and overhead.

The following table sets out our total cost of sales and the percentage these costs represent as a proportion of our total cost of sales for the financial years/periods indicated:

	FYE 31 December					
	Audited					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Change in biological assets	13,474	(0.3)	25,692	(0.6)	18,795	(0.4)
Change in closing inventories	5,364	(0.2)	52,071	(1.2)	(7,509)	0.2
Purchases of inventories and livestock	(3,339,839)	84.8	(3,582,084)	85.2	(3,835,415)	83.6
Direct labour and overhead	(618,564)	15.7	(699,613)	16.6	(764,679)	16.6
Cost of sales	(3,939,565)	100.0	(4,203,934)	100.0	(4,588,808)	100.0

	FPE 31 October			
	Unaudited		Audited	
	2017		2018	
	RM'000	%	RM'000	%
Change in biological assets	24,467	(0.6)	50,233	(1.3)
Change in closing inventories	(14,599)	0.3	86,054	(2.2)
Purchases of inventories and livestock	(3,193,198)	83.6	(3,319,362)	86.0
Direct labour and overhead	(637,475)	16.7	(678,469)	17.5
Cost of sales	(3,820,805)	100.0	(3,861,544)	100.0

Change in biological assets

Our biological assets are measured at fair value less costs to sell. Costs to sell includes incremental selling costs and estimated costs of transport but excludes finance costs and income taxes. Changes in biological assets recognised in our statement of profit or loss comprise changes in the fair value of our biological assets, livestock losses, carrying amount of livestock depopulated and the carrying amount of livestock sold.

Change in closing inventories

Change in closing inventories represents the net change in the value of our inventories at the end of each reporting year or period. Our inventories primarily comprise processed chickens, livestock feed, consumable supplies, raw materials, work-in-progress and others such as medications and vaccines.

Our inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditure. The costs of purchased inventory are determined after deducting rebates, discounts and the amount of GST, save where the amount of GST incurred is not recoverable from the government and the incurred GST is then recognised as the cost of purchased inventory. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

12. FINANCIAL INFORMATION (Cont'd)**Purchases of inventories and livestock**

Purchases of inventories and livestock are recognised in our statement of profit or loss and mainly comprise purchases of raw materials such as corn, soybean meal, packaging materials, vitamins, livestock feed additives, animal vaccines, GPS DOCs and PS DOCs. Our inventories are sourced domestically as well as imported from other jurisdictions such as South America. Imported inventories are mainly denominated in USD.

Direct labour and overhead

Direct labour and overhead primarily comprises expenses that are directly attributable to our farms and feedmills. Direct labour comprises employees' salaries, wages and bonuses and overhead comprises depreciation of property, plant and equipment, amortisation of land use rights, utilities costs, rental expenses as well as repair and maintenance.

(iv) Employee benefit costs including Directors' remuneration

Our employee benefits costs primarily comprise short term employee benefits which include salaries, wages, paid annual and sick leave, statutory contributions, certain medical expenses and bonuses, as well as post-employment pension benefit schemes which include defined contribution plans and defined benefit plan.

The following tables set out the components of our employee benefit costs and the percentage these costs represent as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 December					
	2015		2016		2017	
	RM'000	% of revenue	RM'000	% of revenue	RM'000	% of revenue
Salaries, wages and bonuses	386,981	8.2	440,011	8.4	472,533	8.6
Defined contribution plans	20,684	0.4	23,662	0.4	24,517	0.5
Defined benefit plan	4,514	0.1	5,807	0.1	7,126	0.1
Total	412,179	8.7	469,480	8.9	504,176	9.2

	FPE 31 October			
	2017		2018	
	RM'000	% of revenue	RM'000	% of revenue
Salaries, wages and bonuses	403,102	8.8	404,706	8.6
Defined contribution plans	20,736	0.5	21,210	0.5
Defined benefit plan	5,661	0.1	5,525	0.1
Total	429,499	9.4	431,441	9.2

(v) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment primarily comprises depreciation on our leasehold land, buildings, land improvement, plant and machinery, motor vehicles, furniture, fittings, equipment and renovation.

12. FINANCIAL INFORMATION (Cont'd)**(vi) Depreciation of investment properties**

Depreciation of investment properties primarily comprises depreciation on our investment properties such as certain residential properties for staff recreational use, light industrial lots, shop lots and vacant lands.

(vii) Amortisation of land use rights

Amortisation of land use rights primarily comprises amortisation of land and right to use land in Indonesia, Vietnam and Malaysia which are treated as tangible assets. As at 31 October 2018, the unexpired lease periods of our land use rights range from four years to 52 years.

(viii) Amortisation of intangible assets

Amortisation of intangible assets is solely attributable to amortisation expenses incurred on several business customer relationship accounts which were acquired directly from third parties and via business combinations from June 2010 through to July 2015. These business customer relationship accounts were amortised over a period of three to five years. As at the FPE 31 October 2018, the business customer relationship accounts have been fully amortised.

(ix) Utilities costs

Utilities costs primarily comprise expenses incurred on electricity and water.

The following table sets out our utilities costs and the percentage these costs represent as a proportion of total revenue for the financial years/periods indicated:

FYE 31 December						FPE 31 October			
2015		2016		2017		2017		2018	
RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
112,993	2.4	116,845	2.2	130,879	2.4	103,313	2.3	109,666	2.3

(x) Repair and maintenance

Repair and maintenance primarily comprise expenses incurred to repair and maintain farms, plant and machinery as well as motor vehicles.

(xi) Transportation expenses

Transportation expenses primarily comprise transportation costs incurred in transporting the livestock feed and livestock we produce. See Section 7.7 of this Prospectus for details of the distribution of our products.

(xii) Other expenses

Other expenses primarily comprise provisions, foreign workers levy, land rental and professional fees.

(xiii) Finance costs

Finance costs primarily comprise interest expenses incurred on our bankers' acceptances, bank overdrafts, term loans, finance lease liabilities, revolving credits and trust receipts.

12. FINANCIAL INFORMATION (Cont'd)**(xiv) Share of profit of associates**

We account for the share of results of our associates based on our effective shareholding in those companies. As at 31 October 2018, we have two associates, namely Indahgrains and Greatmammoth, which we hold 20.00% and 40.00% equity interest, respectively.

(xv) Tax expense

Tax expense comprises current and deferred tax. We calculate current tax at the statutory tax rate of the estimated assessable profit for the year in the prevailing jurisdiction.

Our deferred tax expense primarily relates to the deferred income tax recognised pursuant to a new regulation issued by the Ministry of Finance in Indonesia under Peraturan Menteri Keuangan No. 191/PMK.010/2015 which gives tax incentives to Indonesian entities that conduct revaluation on certain classes of assets ("**Indonesian Tax Incentive**"). Pursuant to that, we engaged an independent valuer to conduct valuation on certain assets held by some of our subsidiaries in Indonesia. On 25 January 2017, Malindo Feedmill obtained the approval of the DGT to claim an additional IDR321,325,794,000 (equivalent to RM102,610,000) of qualifying expenditure based on the valuation report produced by the aforementioned independent valuer.

This resulted in a higher deductible temporary difference arising from the difference between the tax qualifying expenditure and the carrying amount of our property, plant and equipment, where deferred tax assets have been recognised. However, the said revaluation is not required by the DGT or the relevant accounting standards to be recognised in our financial statements. In addition, it is our Group's accounting policy to recognise our property, plant and equipment at cost less accumulated depreciation and impairment. See Note 2.7 to the Accountants' Report included in Section 13 of this Prospectus for further information.

The following table sets out our current tax expense, deferred tax expense and real property gain tax for the financial years/periods indicated:

	FYE 31 December			FPE 31 October	
	2015	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax expense	50,706	79,911	73,853	65,840	55,563
Deferred tax expense	(138)	(2,827)	(28,994)	(33,887)	15,932
Real property gain tax	-	176	-	-	-
Total tax expense	50,568	77,260	44,859	31,953	71,495

(xvi) EBITDA

EBITDA comprises our PBT excluding amortisation of land use rights and intangible assets, depreciation of property, plant and equipment as well as investment properties, finance costs and share of profits of associates. The following tables set out our EBITDA by geographical markets and the percentage the EBITDA represents as a proportion of our total EBITDA for the financial years/periods indicated:

12. FINANCIAL INFORMATION (Cont'd)

	FYE 31 December					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	216,312	46.9	232,538	36.0	230,208	39.5
Indonesia	59,250	12.8	208,785	32.2	105,780	18.2
Singapore	115,127	25.0	110,053	17.0	156,481	26.8
Vietnam	70,477	15.3	96,842	15.0	88,104	15.1
Philippines	(31)	*	(1,426)	(0.2)	2,536	0.4
Total	461,135	100.0	646,792	100.0	583,109	100.0

	FPE 31 October			
	2017		2018	
	RM'000	%	RM'000	%
Malaysia	177,582	37.4	159,798	29.5
Indonesia	97,223	20.5	185,971	34.3
Singapore	132,195	27.8	106,009	19.6
Vietnam	67,006	14.1	84,581	15.6
Philippines	982	0.2	5,396	1.0
Total	474,988	100.0	541,755	100.0

Note:

* Less than 0.05%

12.2.6 Review of performance for the FYE 31 December 2015 compared to the FYE 31 December 2016

The following table presents selected data from our statement of comprehensive income, the percentage such amounts represent as a proportion of total revenue and their percentage change for the financial years indicated:

	FYE 31 December				
	Audited				
	2015		2016		% change
RM'000	% of revenue	RM'000	% of revenue		
Revenue	4,714,566	100.0	5,257,390	100.0	11.5
Other income	47,731	1.0	27,282	0.5	(42.8)
Change in biological assets	13,474	0.3	25,692	0.5	90.7
Change in closing inventories	5,364	0.1	52,071	1.0	870.7
Purchases of inventories and livestock	(3,339,839)	(70.8)	(3,582,084)	(68.1)	7.3
Employee benefit costs including Directors' remuneration	(412,179)	(8.7)	(469,480)	(8.9)	13.9
Depreciation of property, plant and equipment	(144,438)	(3.1)	(168,893)	(3.2)	16.9
Depreciation of investment properties	(2,038)	*	(2,746)	(0.1)	34.7
Amortisation of land use rights	(816)	*	(22,178)	(0.4)	2,617.9
Amortisation of intangible assets	(2,538)	(0.1)	(3,084)	(0.1)	21.5
Utilities costs	(112,993)	(2.4)	(116,845)	(2.2)	3.4
Repair and maintenance	(47,471)	(1.0)	(57,015)	(1.1)	20.1
Transportation expenses	(75,277)	(1.6)	(77,285)	(1.5)	2.7
Other expenses	(332,241)	(7.0)	(412,934)	(7.9)	24.3
Profit from operations	311,305	6.6	449,891	8.6	44.5
Finance costs	(95,188)	(2.0)	(103,031)	(2.0)	8.2
Share of profit of associates	482	*	446	*	(7.5)
PBT	216,599	4.6	347,306	6.6	60.3
Tax expense	(50,568)	(1.1)	(77,260)	(1.5)	52.8
Net profit for the financial year	166,031	3.5	270,046	5.1	62.6

Note:

* Less than 0.05%

12. FINANCIAL INFORMATION (Cont'd)**(i) Revenue**

The following tables set out our revenue by type and by geographical markets as well as their percentage change for the financial years indicated:

	FYE 31 December		% change
	2015	2016	
	RM'000	RM'000	
Revenue from sales of goods			
Livestock and other poultry related products	2,992,566	3,298,457	10.2
Feedmill	1,693,353	1,943,202	14.8
Revenue from other sources			
Lease income	13,473	14,306	6.2
Others	15,174	1,425	(90.6)
Total	4,714,566	5,257,390	11.5

	FYE 31 December		FYE 31 December		% change
	2015	2016	2015	2016	
	RM'000	% of total revenue	RM'000	% of total revenue	
Revenue from sales of goods					
Malaysia	1,503,643	32.1	1,558,125	29.7	3.6
Indonesia	1,395,737	29.8	1,630,765	31.1	16.8
Singapore	928,573	19.8	1,031,485	19.7	11.1
Vietnam	857,966	18.3	1,017,504	19.4	18.6
Philippines	-	-	3,780	0.1	100.0
Total	4,685,919	100	5,241,659	100	11.9

Our revenue increased by 11.5% from RM4,714.6 million in the FYE 31 December 2015 to RM5,257.4 million in the FYE 31 December 2016.

The following table sets out the average selling prices of our products to external customers and their percentage change for the financial years indicated:

	FYE 31 December		% change
	2015	2016	
Malaysia			
Broiler DOCs per chick (RM)	1.55	1.84	18.7
Broiler chickens per kg (RM)	4.22	4.67	10.7
Per egg (RM)	0.30	0.28	(6.7)
Livestock feed per kg (RM)	1.75	1.82	4.0
Indonesia			
Broiler DOCs per chick (IDR)	3,850	4,715	22.5
Broiler chickens per kg (IDR)	16,239	16,986	4.6
Processed products per kg (IDR)	40,541	40,267	(0.7)
Livestock feed per kg (IDR)	6,182	6,316	2.2
Singapore			
Traded products per kg (SGD)	3.49	3.35	(4.0)
Fresh chickens per kg (SGD)	4.49	4.24	(5.6)
Ducks per kg (SGD)	5.44	5.37	(1.3)
Vietnam			
Broiler DOCs per chick (VND)	9,464	10,730	13.4
Broiler chickens per kg (VND)	23,984	24,306	1.3
Per egg (VND)	1,577	1,531	(2.9)
Livestock feed per kg (VND)	9,112	8,567	(6.0)
Philippines			
Broiler chickens per kg (PHP)	-	68.06	N/A

12. FINANCIAL INFORMATION (Cont'd)***Revenue from livestock and other poultry related products***

Our revenue from the sales of livestock and other poultry related products increased by about 10.2% from RM2,992.6 million in the FYE 31 December 2015 to RM3,298.5 million in the FYE 31 December 2016. The increase was primarily due to:

- (a) a RM171.1 million increase in revenue from Indonesia from RM429.6 million in the FYE 31 December 2015 to RM600.7 million in the FYE 31 December 2016 primarily due to:
- an increase in the average selling price of our Broiler DOCs from IDR3,850 per DOC in the FYE 31 December 2015 to IDR4,715 per DOC in the FYE 31 December 2016;
 - an increase in the sales volume of our Broiler DOCs from 202.4 million DOCs in the FYE 31 December 2015 to 205.5 million DOCs in the FYE 31 December 2016;
 - an increase in the average selling price of our Broiler chickens from IDR16,239 per kg in the FYE 31 December 2015 to IDR16,986 per kg in the FYE 31 December 2016 as prices normalised in the FYE 31 December 2016 following the recovery of a glut of Broiler DOCs and Broiler chickens in the market in 2014 and 2015;
 - an increase in the sales volume of our Broiler chickens from 24,952 MT chickens in the FYE 31 December 2015 to 29,044 MT chickens in the FYE 31 December 2016; and
 - the depreciation of RM against the Average Rate of IDR;
- (b) a RM95.9 million increase in revenue from Singapore from RM928.5 million in the FYE 31 December 2015 to RM1,024.4 million in the FYE 31 December 2016 primarily due to the depreciation of RM against the Average Rate of SGD, which was partially offset by:
- a decrease in the sales volume of our fresh chickens from 30,699 MT in the FYE 31 December 2015 to 27,287 MT in the FYE 31 December 2016; and
 - a decrease in the average selling prices of our traded products, fresh chickens and ducks; and
- (c) a RM44.7 million increase in revenue from Malaysia from RM1,203.4 million in the FYE 31 December 2015 to RM1,248.1 million in the FYE 31 December 2016 primarily due to:
- an increase in the average selling price of our Broiler DOCs from RM1.55 per DOC in the FYE 31 December 2015 to RM1.84 per DOC in the FYE 31 December 2016, which was partially offset by a decrease in the sales volume of our Broiler DOCs from 132.2 million DOCs in the FYE 31 December 2015 to 115.9 million DOCs in the FYE 31 December 2016; and
 - an increase in the average selling price of our Broiler chickens from RM4.22 per kg in the FYE 31 December 2015 to RM4.67 per kg in the FYE 31 December 2016, which was partially offset by a decrease in the sales volume of our Broiler chickens from 98,957 MT chickens in the FYE 31 December 2015 to 87,681 MT chickens in the FYE 31 December 2016.

12. FINANCIAL INFORMATION (Cont'd)

The increase in revenue in the FYE 31 December 2016 was partially offset by a RM9.5 million decrease in revenue from Vietnam primarily due to a fall in the sales volume of our Broiler chickens in Vietnam from 57,252 MT in the FYE 31 December 2015 to 51,003 MT in the FYE 31 December 2016.

Revenue from feedmill

Our revenue from feedmill increased by 14.8% from RM1,693.4 million in the FYE 31 December 2015 to RM1,943.2 million in the FYE 31 December 2016 primarily due to:

- (a) a RM169.1 million increase in revenue from Vietnam from RM427.0 million in the FYE 31 December 2015 to RM596.1 million in the FYE 31 December 2016 primarily due to an increase in the sales volume of our livestock feed from 262,725 MT in the FYE 31 December 2015 to 376,142 MT in the FYE 31 December 2016, in line with the increased production volumes and utilisation of our feedmill plants such as the new plant at Hai Duong, Vietnam, which was partially offset by the decrease in the average selling price of our livestock feed from VND9,112 per kg in the FYE 31 December 2015 to VND8,567 per kg in the FYE 31 December 2016;
- (b) a RM63.9 million increase in revenue from Indonesia from RM966.1 million in the FYE 31 December 2015 to RM1,030.0 million in the FYE 31 December 2016 primarily due to:
 - an increase in the average selling price of our livestock feed from IDR6,182 per kg in the FYE 31 December 2015 to IDR6,316 per kg in the FYE 31 December 2016; and
 - the depreciation of RM against the Average Rate of IDR, which was partially offset by a fall in the sales volume of our livestock feed from 534,873 MT in the FYE 31 December 2015 to 524,835 MT in the FYE 31 December 2016; and
- (c) a RM9.8 million increase in revenue from Malaysia from RM300.2 million in the FYE 31 December 2015 to RM310.0 million in the FYE 31 December 2016 primarily due to an increase in the average selling price of our livestock feed from RM1.75 per kg in the FYE 31 December 2015 to RM1.82 per kg in the FYE 31 December 2016, which was partially offset by a decrease in sales volume of our livestock feed from 171,498 MT in the FYE 31 December 2015 to 170,652 MT in the FYE 31 December 2016.

Revenue from other sources

Our revenue from other sources derived from others mainly comprises fees received from chicken and duck slaughtering services. Our revenue from other sources derived from others decreased by 90.7% from RM15.2 million in the FYE 31 December 2015 to RM1.4 million in the FYE 31 December 2016 mainly due to the reclassification from revenue from other sources to revenue from sales of livestock and other poultry related products.

12. FINANCIAL INFORMATION (Cont'd)

The following table sets out our revenue generated from chicken and duck slaughtering services for the financial years indicated:

	FYE 31 December	
	2015	2016
	RM million	RM million
Revenue from chicken and duck slaughtering services	12.6	13.2 ⁽¹⁾

Note:

(1) *Reclassified from revenue from other sources to revenue from sales of livestock and other poultry related products.*

(ii) Other income

Our other income decreased by 42.8% from RM47.7 million in the FYE 31 December 2015 to RM27.3 million in the FYE 31 December 2016.

This was primarily due to the recognition of RM27.2 million in foreign exchange gain in the FYE 31 December 2015 as compared to a foreign exchange gain of only RM7.3 million recognised in the FYE 31 December 2016 primarily due to the foreign exchange gain recognised on the capitalisation of a USD denominated loan extended by our Company to United Global due to the depreciation of RM against USD in the FYE 31 December 2015. The gain in the FYE 31 December 2015 was partially offset by a similar foreign exchange loss of RM37.6 million which was included as other expenses. The foreign exchange loss was primarily due to foreign exchange losses incurred on USD denominated loans by our subsidiary in Indonesia as a result of the depreciation of IDR against USD in the FYE 31 December 2015.

(iii) Cost of sales

Our cost of sales increased by 6.7% from RM3,939.6 million in the FYE 31 December 2015 to RM4,203.9 million in the FYE 31 December 2016. This was primarily due to:

- (a) an increase in our purchases of inventories and livestock by RM242.2 million arising from the following:
- an increase in the sales volume of our livestock feed in Malaysia and Vietnam, Broiler DOCs in Vietnam and Broiler chickens in Indonesia; and
 - an increase in the cost of raw materials in Indonesia towards the end of the FYE 31 December 2016 as the Indonesian government stopped issuing import permits for corn used in feedmills as detailed in Section 12.2.2(i) of this Prospectus; and
- (b) an increase in depreciation on our farms and feedmill plants of RM11.8 million in Indonesia, RM3.8 million in Vietnam and RM3.1 million in Malaysia in line with the increased maintenance of our farms and expansion of operations in these countries.

(iv) Change in biological assets

The value of our biological assets increased by RM25.7 million from 1 January 2016 to 31 December 2016.

12. FINANCIAL INFORMATION (Cont'd)**(v) Change in closing inventories**

The value of our inventories increased by RM52.1 million from 1 January 2016 to 31 December 2016 mainly due to the expansion of our production capacity and utilisation of our facilities which resulted in an increase in our inventories towards the end of the FYE 31 December 2016, which primarily comprises the following:

- (a) an increase of RM24.7 million in raw materials in Indonesia due to an increase in the price of certain raw materials as well as an increase in purchase of raw materials towards the end of the FYE 31 December 2016;
- (b) an increase of RM7.5 million in processed chickens and traded products in Singapore towards the end of the FYE 31 December 2016 in anticipation of higher sales at the beginning of the FYE 31 December 2017 prior to Chinese New Year celebrations; and
- (c) an increase of RM7.4 million in consumable supplies in Malaysia due to an increase in production towards the end of the FYE 31 December 2016.

(vi) Purchases of inventories and livestock

Our purchases of inventories and livestock increased by 7.3% from RM3,339.8 million in the FYE 31 December 2015 to RM3,582.1 million in the FYE 31 December 2016 primarily due to the expansion of our operations in Malaysia, Indonesia and Vietnam in the FYE 31 December 2016.

(vii) Gross profit

The following table sets out our gross profit and gross profit margin and their percentage change for the financial years indicated:

	FYE 31 December		% change
	2015	2016	
Gross profit (RM'000)	775,001	1,053,456	35.9
Gross profit margin (%)	16.4	20.0	22.0

As a result of the foregoing, our gross profit increased by 35.9% from RM775.0 million in the FYE 31 December 2015 to RM1,053.5 million in the FYE 31 December 2016. Our gross profit margin increased from 16.4% in the FYE 31 December 2015 to 20.0% in the FYE 31 December 2016 primarily due to the following:

- (a) an increase in the average selling prices of our Broiler DOCs and Broiler chickens in Malaysia, Indonesia and Vietnam; and
- (b) an increase in the average selling prices of our livestock feed in Malaysia and Indonesia (which outweighed the increase cost of raw materials in Indonesia towards the end of the FYE 31 December 2016 as detailed above).

(viii) Employee benefit costs including Directors' remuneration

Our employee benefit costs including Directors' remuneration increased by 13.9% from RM412.2 million in the FYE 31 December 2015 to RM469.5 million in the FYE 31 December 2016. This was primarily due to an increase in salaries, wages and bonuses from RM387.0 million in the FYE 31 December 2015 to RM440.0 million in the FYE 31 December 2016 primarily due to our expanded farming operations in Indonesia, Malaysia and Vietnam in the FYE 31 December 2016.

12. FINANCIAL INFORMATION (Cont'd)**(ix) Depreciation of property, plant and equipment**

Our depreciation of property, plant and equipment increased by 16.9% from RM144.4 million in the FYE 31 December 2015 to RM168.9 million in the FYE 31 December 2016 in line with the increased capital expenditure incurred in the FYE 31 December 2015 for the expansion and improvement of our farms in Malaysia and Indonesia. See Section 12.2.9(v) of this Prospectus for further information on our capital expenditures in the FYEs 31 December 2015 and 31 December 2016.

(x) Depreciation of investment properties

Our depreciation of investment properties increased by 34.7% from RM2.0 million in the FYE 31 December 2015 to RM2.7 million in the FYE 31 December 2016 due to a change in accounting policy for one of our Malaysian subsidiaries to align with our Group's accounting policy.

(xi) Amortisation of land use rights

Our amortisation of land use rights increased by 2,617.9% from RM0.8 million in the FYE 31 December 2015 to RM22.2 million in the FYE 31 December 2016 primarily due to a catch-up amortisation arising from a review of the estimated useful lives of our Group's land use rights. The said catch-up amortisation was a one-off adjustment made in the FYE 31 December 2016 to align the differences between the Generally Accepted Accounting Principles ("GAAP") applied by our subsidiaries in Indonesia and the MFRS, applied by our Company, and we do not expect this catch-up amortisation to occur again in the future.

(xii) Amortisation of intangible assets

Our amortisation of intangible assets increased by 21.5% from RM2.5 million in the FYE 31 December 2015 to RM3.1 million in the FYE 31 December 2016 due to the full year amortisation of a customer relationship account in Singapore, which commenced in July 2015 and was amortised for only six months in the FYE 31 December 2015.

(xiii) Utilities costs

Our utilities costs increased by 3.4% from RM113.0 million in the FYE 31 December 2015 to RM116.8 million in the FYE 31 December 2016 primarily due to higher electricity consumption by our operations in Malaysia as we converted more farms in Malaysia to closed house farms which consume more electricity.

(xiv) Repair and maintenance

Our repair and maintenance expenses increased by 20.1% from RM47.5 million in the FYE 31 December 2015 to RM57.0 million in the FYE 31 December 2016 primarily due to increased improvements and maintenance works done on our farms in Malaysia and Indonesia.

(xv) Transportation expenses

Our transportation expenses increased by 2.7% from RM75.3 million in the FYE 31 December 2015 to RM77.3 million in the FYE 31 December 2016. This was primarily due to higher sales volume of our Broiler DOCs in Indonesia.

12. FINANCIAL INFORMATION (Cont'd)**(xvi) Other expenses**

Our other expenses increased by 24.3% from RM332.2 million in the FYE 31 December 2015 to RM412.9 million in the FYE 31 December 2016. This was primarily due to an increase in impairment of trade receivables and a provision related to an investigation by CCCS as detailed in Section 14.6.1 of this Prospectus ("**CCCS Claim**"), which was expensed in the FYE 31 December 2016.

(xvii) Profit from operations

As a result of the foregoing, our profit from operations increased by 44.5% from RM311.3 million in the FYE 31 December 2015 to RM449.9 million in the FYE 31 December 2016.

The following tables set out our profit from operations of our Livestock Business and our Feedmill Business for the financial years indicated:

	FYE 31 December 2015			
	Livestock Business	Feedmill Business	Inter-segment elimination	Group
	RM'000	RM'000	RM'000	RM'000
EBITDA	212,070	147,357	101,708	461,135
Depreciation and amortisation	(117,847)	(31,776)	(207)	(149,830)
Profit from operations	94,223	115,581	101,501	311,305
Profit from operations margin	3.1%	4.0%		6.6%

	FYE 31 December 2016			
	Livestock Business	Feedmill Business	Inter-segment elimination	Group
	RM'000	RM'000	RM'000	RM'000
EBITDA	475,077	284,566	(112,851)	646,792
Depreciation and amortisation	(136,326)	(40,546)	(20,029)	(196,901)
Profit from operations	338,751	244,020	(132,880)	449,891
Profit from operations margin	10.3%	7.7%		8.6%

Livestock Business

Our profit from operations of our Livestock Business increased by 259.5% from RM94.2 million in the FYE 31 December 2015 to RM338.8 million in the FYE 31 December 2016 while our profit from operations margin increased from 3.1% in the FYE 31 December 2015 to 10.3% in the FYE 31 December 2016. The increase was primarily due to:

- (a) an increase in the average selling prices of our Broiler DOCs from RM1.55 per DOC in the FYE 31 December 2015 to RM1.84 per DOC in the FYE 31 December 2016 and Broiler chickens from RM4.22 per kg in the FYE 31 December 2015 to RM4.67 per kg in the FYE 31 December 2016 in Malaysia;
- (b) an increase in the average selling prices of our Broiler DOCs from IDR3,850 per DOC in the FYE 31 December 2015 to IDR4,715 per DOC in the FYE 31 December 2016 and Broiler chickens from IDR16,239 per kg in the FYE 31 December 2015 to IDR16,986 per kg in the FYE 31 December 2016 in Indonesia;

12. FINANCIAL INFORMATION (Cont'd)

- (c) an increase in the sales volume of our Broiler chickens in Indonesia; and
- (d) an impairment of RM129.2 million recognised by our wholly-owned subsidiary, Dragon Amity in the FYE 31 December 2015 on its investment in Malindo Feedmill. This impairment was reversed and eliminated at our Group level,

which was partially offset by the following:

- (a) a decrease in the average selling prices of our eggs in Malaysia and Vietnam from RM0.30 per egg in the FYE 31 December 2015 to RM0.28 per egg in the FYE 31 December 2016 and VND1,577 per egg in the FYE 31 December 2015 to VND1,531 per egg in the FYE 31 December 2016, respectively; and
- (b) an increase in depreciation charges mainly due to increased capital expenditure incurred for the expansion and improvement of our farms in Malaysia, including conversion of our open farm house system to closed farm house system.

Feedmill Business

Our profit from operations of our Feedmill Business increased by 111.1% from RM115.6 million in the FYE 31 December 2015 to RM244.0 million in the FYE 31 December 2016 while our profit from operations margin increased from 4.0% in the FYE 31 December 2015 to 7.7% in the FYE 31 December 2016. The increase was primarily due to:

- (a) an increase in the average selling prices of our livestock feed in Malaysia and Indonesia from RM1.75 per kg in the FYE 31 December 2015 to RM1.82 per kg in the FYE 31 December 2016 and IDR6,182 per kg in the FYE 31 December 2015 to IDR6,316 per kg in the FYE 31 December 2016, respectively; and
- (b) an increase in the sales volume of our livestock feed in Vietnam.

(xviii) Finance costs

Our finance costs increased by 8.2% from RM95.2 million in the FYE 31 December 2015 to RM103.0 million in the FYE 31 December 2016. This was primarily attributable to an increase in borrowings in the FYE 31 December 2016 by LH Malaysia to finance our subscription of shares under a rights issue by Malindo Feedmill towards the end of 2015.

(xix) Share of profit of associates

Our share of profit of associates decreased by 7.5% from RM0.5 million in the FYE 31 December 2015 to RM0.4 million in the FYE 31 December 2016 due to a decrease in profit by Indahgrains.

(xx) PBT

As a result of the foregoing, our PBT increased by 60.3% from RM216.6 million in the FYE 31 December 2015 to RM347.3 million in the FYE 31 December 2016, and our PBT margin increased from 4.6% in the FYE 31 December 2015 to 6.6% in the FYE 31 December 2016.

12. FINANCIAL INFORMATION (Cont'd)**(xxi) Tax expense**

Our tax expense increased by 52.8% from RM50.6 million in the FYE 31 December 2015 to RM77.3 million in the FYE 31 December 2016 in line with the increase in our PBT in the FYE 31 December 2016.

(xxii) Net profit for the financial year

As a result of the foregoing, our net profit increased by 62.6% from RM166.0 million in the FYE 31 December 2015 to RM270.0 million in the FYE 31 December 2016. Our PAT margin also improved from 3.5% in the FYE 31 December 2015 to 5.1% in the FYE 31 December 2016.

12.2.7 Review of performance for the FYE 31 December 2016 compared to the FYE 31 December 2017

The following table presents selected data from our statement of comprehensive income, the percentage such amounts represent as a proportion of total revenue and their percentage change for the financial years indicated:

	FYE 31 December				
	Audited				
	2016		2017		% change
RM'000	% of revenue	RM'000	% of revenue		
Revenue	5,257,390	100.0	5,501,364	100.0	4.6
Other income	27,282	0.5	29,953	0.5	9.8
Change in biological assets	25,692	0.5	18,795	0.3	(26.8)
Change in closing inventories	52,071	1.0	(7,509)	(0.1)	(114.4)
Purchases of inventories and livestock	(3,582,084)	(68.1)	(3,835,415)	(69.7)	7.1
Employee benefit costs including Directors' remuneration	(469,480)	(8.9)	(504,176)	(9.1)	7.4
Depreciation of property, plant and equipment	(168,893)	(3.2)	(188,892)	(3.4)	11.8
Depreciation of investment properties	(2,746)	(0.1)	(255)	*	(90.7)
Amortisation of land use rights	(22,178)	(0.4)	(7,124)	(0.1)	(67.9)
Amortisation of intangible assets	(3,084)	(0.1)	(2,855)	(0.1)	(7.4)
Utilities costs	(116,845)	(2.2)	(130,879)	(2.4)	12.0
Repair and maintenance	(57,015)	(1.1)	(62,244)	(1.1)	9.2
Transportation expenses	(77,285)	(1.5)	(80,298)	(1.5)	3.9
Other expenses	(412,934)	(7.9)	(346,482)	(6.3)	(16.1)
Profit from operations	449,891	8.6	383,983	7.0	(14.6)
Finance costs	(103,031)	(2.0)	(92,184)	(1.7)	(10.5)
Share of profit of associates	446	*	468	*	4.9
PBT	347,306	6.6	292,267	5.3	(15.8)
Tax expense	(77,260)	(1.5)	(44,859)	(0.8)	(41.9)
Net profit for the financial year	270,046	5.1	247,408	4.5	(8.4)

Note:

* Less than 0.05%

12. FINANCIAL INFORMATION (Cont'd)**(i) Revenue**

The following tables set out our revenue by type and geographical markets as well as their percentage change for the financial years indicated:

	FYE 31 December		% change
	2016	2017	
	RM'000	RM'000	
Revenue from sales of goods			
Livestock and other poultry related products	3,298,457	3,349,534	1.5
Feedmill	1,943,202	2,137,805	10.0
Revenue from other sources			
Lease income	14,306	11,888	(16.9)
Others	1,425	2,137	50.0
Total	5,257,390	5,501,364	4.6

	FYE 31 December				
	2016		2017		% change
	RM'000	% of total revenue	RM'000	% of total revenue	
Revenue from sales of goods					
Malaysia	1,558,125	29.7	1,580,947	28.8	1.5
Indonesia	1,630,765	31.1	1,737,619	31.7	6.6
Singapore	1,031,485	19.7	1,088,641	19.8	5.5
Vietnam	1,017,504	19.4	1,055,915	19.2	3.8
Philippines	3,780	0.1	24,217	0.5	540.7
Total	5,241,659	100	5,487,339	100	4.7

Our revenue increased by 4.6% from RM5,257.4 million in the FYE 31 December 2016 to RM5,501.4 million in the FYE 31 December 2017.

The following table sets out the average selling prices of our products to external customers and their percentage change for the financial years indicated:

	FYE 31 December		% change
	2016	2017	
Malaysia			
Broiler DOCs per chick (RM)	1.84	1.95	6.0
Broiler chickens per kg (RM)	4.67	4.75	1.7
Per egg (RM)	0.28	0.26	(7.1)
Livestock feed per kg (RM)	1.82	1.93	6.0
Indonesia			
Broiler DOCs per chick (IDR)	4,715	4,431	(6.0)
Broiler chickens per kg (IDR)	16,986	16,648	(2.0)
Processed products per kg (IDR)	40,267	43,419	7.8
Livestock feed per kg (IDR)	6,316	6,173	(2.3)
Singapore			
Traded products per kg (SGD)	3.35	3.52	5.1
Fresh chickens per kg (SGD)	4.24	4.30	1.4
Ducks per kg (SGD)	5.37	5.10	(5.0)
Vietnam			
Broiler DOCs per chick (VND)	10,730	8,017	(25.3)
Broiler chickens per kg (VND)	24,306	24,932	2.6
Per egg (VND)	1,531	1,307	(14.6)
Livestock feed per kg (VND)	8,567	7,920	(7.6)
Philippines			
Broiler DOCs per chick (PHP)	-	26.14	100
Broiler chickens per kg (PHP)	68.06	76.71	12.7

12. FINANCIAL INFORMATION (Cont'd)***Revenue from livestock and other poultry related products***

Our revenue from the sales of livestock and other poultry related products increased by 1.5% from RM3,298.5 million in the FYE 31 December 2016 to RM3,349.5 million the FYE 31 December 2017. The increase was primarily due to:

- (a) a RM61.1 million increase in revenue from Singapore from RM1,024.4 million in the FYE 31 December 2016 to RM1,085.5 million in the FYE 31 December 2017 primarily driven by:
- an increase in the average selling price of our fresh chickens from SGD4.24 per kg in the FYE 31 December 2016 to SGD4.30 per kg in the FYE 31 December 2017;
 - an increase in the sales volume of our fresh chickens from 27,287 MT in the FYE 31 December 2016 to 29,591 MT in the FYE 31 December 2017; and
 - the depreciation of RM against the Average Rate of SGD; and
- (b) a RM20.4 million increase in revenue from the Philippines from RM3.8 million in the FYE 31 December 2016 to RM24.2 million in the FYE 31 December 2017 as our operations in the Philippines started to generate revenue from February 2016, with increased revenue generated towards the end of the FYE 31 December 2016,

which was offset by a RM26.2 million fall in revenue in Vietnam from RM421.4 million in the FYE 31 December 2016 to RM395.2 million in the FYE 31 December 2017 primarily due to a general increase in the supply of swine in the market which resulted in lower demand for Broiler DOCs in the market. This led to a fall in the average selling price of our Broiler DOCs from VND10,730 per DOC in the FYE 31 December 2016 to VND8,017 per DOC in the FYE 31 December 2017, which was partially offset by an increase in the sales volume of our Broiler DOCs from 10.75 million DOCs in the FYE 31 December 2016 to 13.33 million DOCs in the FYE 31 December 2017.

Revenue from feedmill

Our revenue from feedmill increased by 10.0% from RM1,943.2 million in the FYE 31 December 2016 to RM2,137.8 million in the FYE 31 December 2017 primarily due to:

- (a) a RM111.0 million increase in revenue from Indonesia from RM1,030.0 million in the FYE 31 December 2016 to RM1,141.0 million in the FYE 31 December 2017 primarily due to:
- an increase in the sales volume of our livestock feed from 524,835 MT in the FYE 31 December 2016 to 579,112 MT in the FYE 31 December 2017, driven primarily by an increase in demand; and
 - the depreciation of RM against the Average Rate of IDR.
- (b) a RM 64.7 million increase in revenue from Vietnam from RM596.0 million in the FYE 31 December 2016 to RM660.7 million in the FYE 31 December 2017 primarily due to an increase in the sales volume of our livestock feed from 376,142 MT in the FYE 31 December 2016 to 443,305 MT in the FYE 31 December 2017. The increase in revenue from Vietnam was partially offset by a decrease in the average selling price of our livestock feed from VND8,567 per kg in the FYE 31 December 2016 to VND7,920 per kg in the FYE 31 December 2017; and

12. FINANCIAL INFORMATION (Cont'd)

(c) a RM22.9 million increase in revenue from Malaysia from RM310.0 million in the FYE 31 December 2016 to RM332.9 million in the FYE 31 December 2017 primarily due to:

- an increase in the average selling price of our livestock feed from RM1.82 per kg in the FYE 31 December 2016 to RM1.93 per kg in the FYE 31 December 2017; and
- higher sales volume of our livestock feed from 170,652 MT in the FYE 31 December 2016 to 172,270 MT in the FYE 31 December 2017.

(ii) Other income

Other income increased by 9.8% from RM27.3 million in the FYE 31 December 2016 to RM30.0 million in the FYE 31 December 2017 primarily due to an increase in interest income of RM3.0 million.

(iii) Cost of sales

Our cost of sales increased by 9.2% from RM4,203.9 million in the FYE 31 December 2016 to RM4,588.8 million in the FYE 31 December 2017. This was primarily due to an increase in our purchases of inventories and livestock of RM253.3 million arising from the following:

- increase in the sales volumes of our livestock feed in Malaysia and Vietnam, Broiler DOCs in Malaysia and Vietnam; and
- an increase in the cost of raw materials as the Indonesian government stopped issuing import permits for corn used in feedmills as detailed in Section 12.2.2(i) of this Prospectus.

(iv) Change in biological assets

The value of our biological assets increased by RM18.8 million from 1 January 2017 to 31 December 2017.

(v) Change in closing inventories

The value of our inventories decreased by RM7.5 million from 1 January 2017 to 31 December 2017.

(vi) Purchases of inventories and livestock

Our purchases of inventories and livestock increased by 7.1% from RM3,582.1 million in the FYE 31 December 2016 to RM3,835.4 million in the FYE 31 December 2017 primarily due to the expansion of our operations in Indonesia, Vietnam and the Philippines in the FYE 31 December 2017.

(vii) Gross profit

The following table sets out our gross profit and gross profit margin and their percentage change for the financial years indicated:

	FYE 31 December		% change
	2016	2017	
Gross profit (RM'000)	1,053,456	912,556	(13.4)
Gross profit margin (%)	20.0	16.6	(17.0)

12. FINANCIAL INFORMATION (Cont'd)

As a result of the foregoing, our gross profit decreased by 13.4% from RM1,053.5 million in the FYE 31 December 2016 to RM912.6 million in the FYE 31 December 2017. Our gross profit margin decreased from 20.0% in the FYE 31 December 2016 to 16.6% in the FYE 31 December 2017 primarily due to the following:

- (a) a decrease in the average selling prices of our following products:
- Broiler DOCs in Indonesia and Vietnam;
 - eggs in Malaysia and Vietnam;
 - Broiler chickens in Indonesia; and
 - livestock feed in Indonesia and Vietnam; and
- (b) an increase in the cost of our raw materials for the production of livestock feed in Indonesia as the Indonesian government stopped issuing import permits for corn used in feedmills, as described in Section 12.2.2(i) of this Prospectus, which further suppressed our gross profit margin, in addition to the decrease in the average selling price of our livestock feed in Indonesia.

(viii) Employee benefit costs including Directors' remuneration

Our employee benefit costs including Directors' remuneration increased by 7.4% from RM469.5 million in the FYE 31 December 2016 to RM504.2 million in the FYE 31 December 2017. This was primarily due to an increase in salaries, wages and bonuses primarily due to the expansion of our farming operations in Malaysia and Vietnam in the FYE 31 December 2017.

(ix) Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment increased by 11.8% from RM168.9 million in the FYE 31 December 2016 to RM188.9 million in the FYE 31 December 2017 in line with the higher capital expenditures of RM394.1 million incurred in the FYE 31 December 2017 for the expansion and improvement of our farms in Malaysia and Indonesia. See Section 12.2.9(v) of this Prospectus for information on our capital expenditures in the FYEs 31 December 2016 and 31 December 2017.

(x) Depreciation of investment properties

Our depreciation of investment properties decreased by 90.7% from RM2.7 million in the FYE 31 December 2016 to RM0.3 million in the FYE 31 December 2017 primarily due to a reclassification of our office building in Singapore of RM28.2 million in NBV from investment properties to property, plant and equipment. The said office building was previously leased to external parties and since the FYE 31 December 2017, it has been occupied by our subsidiary in Singapore.

(xi) Amortisation of land use rights

Our amortisation of land use rights decreased by 67.9% from RM22.178 million in the FYE 31 December 2016 to RM7.124 million in the FYE 31 December 2017. This was primarily attributable to a catch-up amortisation arising from a review of the estimated useful lives of our Group's land use rights in the FYE 31 December 2016.

12. FINANCIAL INFORMATION (Cont'd)**(xii) Amortisation of intangible assets**

Our amortisation of intangible assets decreased by 7.4% from RM3.084 million in the FYE 31 December 2016 to RM2.855 million in the FYE 31 December 2017 primarily due to a customer relationship account in Singapore which was fully amortised in the FYE 31 December 2016.

(xiii) Utilities costs

Our utilities costs increased by 12.0% from RM116.8 million in the FYE 31 December 2016 to RM130.9 million in the FYE 31 December 2017 in line with the increase in our production capacity and operations in Malaysia, Indonesia, Vietnam and the Philippines.

(xiv) Repair and maintenance

Our repair and maintenance expenses increased by 9.2% from RM57.0 million in the FYE 31 December 2016 to RM62.2 million in the FYE 31 December 2017 primarily due to increased improvements and maintenance works done on our farms in Malaysia.

(xv) Transportation expenses

Our transportation expenses increased by 3.9% from RM77.3 million in the FYE 31 December 2016 to RM80.3 million in the FYE 31 December 2017 primarily due to the increased sales volume of our livestock feed in Malaysia.

(xvi) Other expenses

Our other expenses decreased by 16.1% from RM412.9 million in the FYE 31 December 2016 to RM346.5 million in the FYE 31 December 2017 primarily due to a one-off provision related to the CCCS Claim, which was expensed in the FYE 31 December 2016.

(xvii) Profit from operations

As a result of the foregoing, our profit from operations decreased by 14.6% from RM449.9 million in the FYE 31 December 2016 to RM384.0 million in the FYE 31 December 2017.

The following tables set out our profit from operations of our Livestock Business and our Feedmill Business for the financial years indicated:

	FYE 31 December 2016			
	Livestock Business	Feedmill Business	Inter-segment elimination	Group
	RM'000	RM'000	RM'000	RM'000
EBITDA	475,077	284,566	(112,851)	646,792
Depreciation and amortisation	(136,326)	(40,546)	(20,029)	(196,901)
Profit from operations	338,751	244,020	(132,880)	449,891
Profit from operations margin	10.3%	7.7%		8.6%

	FYE 31 December 2017			
	Livestock Business	Feedmill Business	Inter-segment elimination	Group
	RM'000	RM'000	RM'000	RM'000
EBITDA	382,291	234,465	(33,647)	583,109
Depreciation and amortisation	(145,959)	(44,618)	(8,549)	(199,126)
Profit from operations	236,332	189,847	(42,196)	383,983
Profit from operations margin	7.1%	5.5%		7.0%

12. FINANCIAL INFORMATION (Cont'd)***Livestock Business***

Our profit from operations of our Livestock Business decreased by 30.3% from RM338.8 million in the FYE 31 December 2016 to RM236.3 million in the FYE 31 December 2017 while our profit from operations margin decreased from 10.3% in the FYE 31 December 2016 to 7.1% in the FYE 31 December 2017. The decrease was primarily due to:

- (a) a decrease in the average selling prices of our Broiler DOCs in Indonesia and Vietnam from IDR4,715 per DOC in the FYE 31 December 2016 to IDR4,431 per DOC in the FYE 31 December 2017 and VND10,730 per DOC in the FYE 31 December 2016 to VND8,017 per DOC in the FYE 31 December 2017, respectively; and
- (b) a decrease in the average selling prices of our eggs in Malaysia and Vietnam from RM0.28 per egg in the FYE 31 December 2016 to RM0.26 per egg in the FYE 31 December 2017 and VND1,531 per egg in the FYE 31 December 2016 to VND1,307 per egg in the FYE 31 December 2017, respectively; and
- (c) a decrease in the sales volume of our eggs in Vietnam,

which was partially offset by:

- (a) an increase in the average selling price of our Broiler DOCs in Malaysia from RM1.84 per DOC in the FYE 31 December 2016 to RM1.95 per DOC in the FYE 31 December 2017; and
- (b) an increase in the average selling price of our Broiler chickens in Malaysia from RM4.67 per kg in the FYE 31 December 2016 to RM4.75 per kg in the FYE 31 December 2017.

Feedmill Business

Our profit from operations of our Feedmill Business decreased by 22.2% from RM244.0 million in the FYE 31 December 2016 to RM189.8 million in the FYE 31 December 2017 while our profit from operations margin decreased from 7.7% in the FYE 31 December 2016 to 5.5% in the FYE 31 December 2017. The decrease was primarily due to:

- (a) a decrease in the average selling prices of our livestock feed in Indonesia and Vietnam from IDR6,316 per kg in the FYE 31 December 2016 to IDR6,173 per kg in the FYE 31 December 2017 and VND8,567 per kg in the FYE 31 December 2016 to VND7,920 per kg in the FYE 31 December 2017, respectively; and
- (b) an increase in raw material costs in Indonesia as detailed in Section 12.2.2(i) of this Prospectus.

(xviii) Finance costs

Our finance costs decreased by 10.5% from RM103.0 million in the FYE 31 December 2016 to RM92.2 million in the FYE 31 December 2017. This was primarily attributable to a RM18.0 million decrease in bank overdrafts interest expense and a RM6.9 million decrease in total term loan interest expenses at Group level primarily due to better utilisation of our financing arrangements including, among others, refinancing a loan taken by our operations in Indonesia at lower interest rates, reducing our utilisation of overdraft facilities with higher interest rates and increasing our utilisation of revolving credit facilities with lower interest rates.

12. FINANCIAL INFORMATION (Cont'd)

(xix) Share of profit of associates

Our share of profit of associates increased by 4.9% from RM0.4 million in the FYE 31 December 2016 to RM0.5 million in the FYE 31 December 2017 due to an increase in profits by Indahgrains.

(xx) PBT

As a result of the foregoing, our PBT decreased by 15.8% from RM347.3 million in the FYE 31 December 2016 to RM292.3 million in the FYE 31 December 2017, and our PBT margin decreased from 6.6% in the FYE 31 December 2016 to 5.3% in the FYE 31 December 2017.

(xxi) Tax expense

Our tax expense decreased by 41.9% from RM77.3 million in the FYE 31 December 2016 to RM44.9 million in the FYE 31 December 2017 primarily due to:

- (a) recognition of RM20.5 million in deferred tax credits in the FYE 31 December 2017, by our subsidiaries in Indonesia, Malindo Feedmill and Bibit Indonesia pursuant to the Indonesian Tax Incentive;
- (b) a RM3.0 million reversal of deferred tax liabilities in Singapore due to timing differences between capital allowance claimed and accounting depreciation;
- (c) utilisation of RM5.2 million of tax losses in Vietnam; and
- (d) decrease in our PBT in the FYE 31 December 2017.

(xxii) Net profit for the financial year

As a result of the foregoing, our net profit decreased by 8.4% from RM270.0 million in the FYE 31 December 2016 to RM247.4 million in the FYE 31 December 2017. Our PAT margin decreased from 5.1% in the FYE 31 December 2016 to 4.5% in the FYE 31 December 2017.

12. FINANCIAL INFORMATION (Cont'd)

12.2.8 Review of performance for the FPE 31 October 2017 compared to the FPE 31 October 2018

The following table presents selected data from our statement of comprehensive income, the percentage such amounts represent as a proportion of total revenue and their percentage change for the financial periods indicated:

	FPE 31 October				
	Unaudited		Audited		% change
	2017		2018		
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	4,568,075	100.0	4,690,295	100.0	
Other income	28,326	0.6	29,754	0.6	5.0
Change in biological assets	24,467	0.5	50,233	1.1	105.3
Change in closing inventories	(14,599)	(0.3)	86,054	1.8	(689.5)
Purchases of inventories and livestock	(3,193,198)	(69.9)	(3,319,362)	(70.8)	4.0
Employee benefit costs including Directors' remuneration	(429,499)	(9.4)	(431,441)	(9.2)	0.5
Depreciation of property, plant and equipment	(159,394)	(3.5)	(156,902)	(3.3)	(1.6)
Depreciation of investment properties	(219)	*	(211)	*	(3.7)
Amortisation of land use rights	(6,000)	(0.1)	(5,527)	(0.1)	(7.9)
Amortisation of intangible assets	(2,492)	(0.1)	(346)	*	(86.1)
Utilities costs	(103,313)	(2.3)	(109,666)	(2.3)	6.1
Repair and maintenance	(54,095)	(1.2)	(60,167)	(1.3)	11.2
Transportation expenses	(68,506)	(1.5)	(69,049)	(1.5)	0.8
Other expenses	(282,670)	(6.2)	(324,896)	(6.9)	14.9
Profit from operations	306,883	6.7	378,769	8.1	23.4
Finance costs	(76,388)	(1.7)	(87,898)	(1.9)	15.1
Share of profit of associates	319	*	412	*	29.2
PBT	230,814	5.1	291,283	6.2	26.2
Tax expense	(31,953)	(0.7)	(71,495)	(1.5)	123.8
Net profit for the financial period	198,861	4.4	219,788	4.7	10.5

Note:

* Less than 0.05%

(i) Revenue

The following table sets out our revenue by type and by geographical markets as well as their percentage change for the financial periods indicated:

	FPE 31 October		
	2017	2018	% change
	RM'000	RM'000	
Revenue from sales of goods			
Livestock and other poultry related products	2,749,823	2,849,653	3.6
Feedmill	1,808,215	1,829,012	1.2
Revenue from other sources			
Lease income	9,070	10,760	18.6
Others	967	870	(10.0)
Total	4,568,075	4,690,295	2.7

12. FINANCIAL INFORMATION (Cont'd)

	FPE 31 October				
	2017		2018		% change
	RM'000	% of total revenue	RM'000	% of total revenue	
Revenue from sales of goods					
Malaysia	1,325,235	29.1	1,354,852	29.0	2.2
Indonesia	1,445,166	31.7	1,540,185	32.9	6.6
Singapore	902,643	19.8	824,776	17.6	(8.6)
Vietnam	868,494	19.0	913,745	19.5	5.2
Philippines	16,500	0.4	45,107	1.0	173.4
Total	4,558,038	100.0	4,678,665	100.0	2.6

Our revenue increased by 2.7% from RM4,568.1 million in the FPE 31 October 2017 to RM4,690.3 million in the FPE 31 October 2018. This was primarily due to an increase in revenue from sales of livestock and other poultry related products as well as an increase in revenue from feedmill which were primarily driven by an increase in our average selling prices and an increase in sales volumes.

The following table sets out the average selling prices to external customers of our products and their percentage change for the periods indicated:

	FPE 31 October		
	2017	2018	(%) change
Malaysia			
Broiler DOCs per chick (RM)	2.00	1.86	(7.0)
Broiler chickens per kg (RM)	4.79	4.57	(4.6)
Per egg (RM)	0.26	0.28	7.7
Livestock feed per kg (RM)	1.95	1.96	0.5
Indonesia			
Broiler DOCs per chick (IDR)	4,406	5,815	32.0
Broiler chickens per kg (IDR)	16,361	18,583	13.6
Processed products per kg (IDR)	43,061	45,530	5.7
Livestock feed per kg (IDR)	6,165	6,385	3.6
Singapore			
Traded products per kg (SGD)	3.50	3.29	(6.0)
Fresh chickens per kg (SGD)	4.31	4.29	(0.5)
Ducks per kg (SGD)	5.14	4.73	(8.0)
Vietnam			
Broiler DOCs per chick (VND)	8,051	9,187	14.1
Broiler chickens per kg (VND)	24,640	25,524	3.6
Per egg (VND)	1,233	1,609	30.5
Livestock feed per kg (VND)	8,041	8,556	6.4
Philippines			
Broiler DOCs per chick (PHP)	24.91	28.65	15.0
Broiler chickens per kg (PHP)	72.88	79.56	9.2

Revenue from livestock and other poultry related products

Our revenue from sales of livestock and other poultry related products increased by 3.6% or RM99.8 million in the FPE 31 October 2018. The increase in revenue in the FPE 31 October 2018 was primarily due to:

- (a) a RM100.1 million increase in revenue from Indonesia from RM486.2 million in the FPE 31 October 2017 to RM586.3 million in the FPE 31 October 2018 primarily due to:
- an increase in the average selling price of our Broiler DOCs from IDR4,406 per DOC in the FPE 31 October 2017 to IDR5,815 per DOC in the FPE 31 October 2018;

12. FINANCIAL INFORMATION (Cont'd)

- an increase in the average selling price of our Broiler chickens from IDR16,361 per kg in the FPE 31 October 2017 to IDR18,583 per kg in the FPE 31 October 2018; and
- an increase in the sales volume of our Broiler chickens from 24,512 MT chickens in the FPE 31 October 2017 to 37,576 MT chickens in the FPE 31 October 2018,

which was partially offset by a decrease in the sales volume of our Broiler DOCs from 175,331 DOCs in the FPE 31 October 2017 to 172,729 DOCs in the FPE 31 October 2018 and the appreciation of RM against the Average Rate of IDR;

- (b) a RM45.5 million increase in revenue from Malaysia from RM1,039.5 million in the FPE 31 October 2017 to RM1,085.0 million in the FPE 31 October 2018 primarily due to:

- an increase in the sales volume of our Broiler DOCs from 99.2 million DOCs in the FPE 31 October 2017 to 113.2 million DOCs in the FPE 31 October 2018;
- an increase in the sales volume of our Broiler chickens from 70,956 MT chickens in the FPE 31 October 2017 to 75,679 MT chickens in the FPE 31 October 2018;
- an increase in the sales volume of our eggs from 1,061.4 million eggs in the FPE 31 October 2017 to 1,114.9 million eggs in the FPE 31 October 2018; and
- an increase in the average selling price of our eggs from RM0.26 per egg in the FPE 31 October 2017 to RM0.28 per egg in the FPE 31 October 2018,

which was partially offset by a decrease in the average selling prices of our Broiler DOCs from RM2.00 per chick in the FPE 31 October 2017 to RM1.86 in the FPE 31 October 2018 and our Broiler chickens from RM4.79 in the FPE 31 October 2017 to RM4.57 in the FPE 31 October 2018. The decrease in average selling prices was primarily due to an increase in the supply of Broiler DOCs and Broiler chickens in the market primarily arising from the earlier than expected cooler weather towards the end of the FPE 31 October 2018. See Section 12.2.11 of this Prospectus for details on the general impact of seasonality on our financial condition and results of operations;

- (c) a RM28.6 million increase in revenue from the Philippines from RM16.5 million in the FPE 31 October 2017 to RM45.1 million in the FPE 31 October 2018 primarily due to:

- an increase in the sales volume of our Broiler DOCs from 2.8 million DOCs in the FPE 31 October 2017 to 7.7 million DOCs in the FPE 31 October 2018 and our Broiler chickens from 1,593 MT chickens in the FPE 31 October 2017 to 4,661 MT chickens in the FPE 31 October 2018; and
- an increase in the average selling prices of our Broiler DOCs from PHP24.91 per chick in the FPE 31 October 2017 to PHP28.65 in the FPE 31 October 2018 and our Broiler chickens from PHP72.88 in the FPE 31 October 2017 to PHP79.56 in the FPE 31 October 2018; and

12. FINANCIAL INFORMATION (Cont'd)

- (d) a RM6.3 million increase in revenue from Vietnam from RM307.9 million in the FPE 31 October 2017 to RM314.2 million in the FPE 31 October 2018 primarily due to:
- an increase in the sales volume of our Broiler chickens from 40,218 MT chickens in the FPE 31 October 2017 to 47,475 MT chickens in the FPE 31 October 2018;
 - an increase in the average selling price of our Broiler DOCs from VND8,051 per DOC in the FPE 31 October 2017 to VND9,187 per DOC in the FPE 31 October 2018;
 - an increase in the average selling price of our Broiler chickens from VND24,640 per kg in the FPE 31 October 2017 to VND25,524 per kg in the FPE 31 October 2018; and
 - an increase in the average selling price of our eggs from VND1,233 per egg in the FPE 31 October 2017 to VND1,609 per egg in the FPE 31 October 2018,

which was partially offset by:

- a decrease in the sales volume of our Broiler DOCs in Vietnam from 8.5 million DOCs in the FPE 31 October 2017 to 6.4 million DOCs in the FPE 31 October 2018; and
- a decrease in the sales volumes of our eggs in Vietnam from 333.8 million eggs in the FPE 31 October 2017 to 234.1 million eggs in the FPE 31 October 2018 primarily due to a fall in production volumes as we sought to reduce the number of contract farms in Vietnam ahead of the commencement of our new Layer farms (see Section 4.6.1(ii) of this Prospectus for more details on our new Layer farms in Vietnam).

The increase in revenue from the sales of livestock and other poultry related products in the FPE 31 October 2018 was partially offset by a RM80.2 million decrease in revenue from Singapore from RM899.8 million in the FPE 31 October 2017 to RM819.6 million in the FPE 31 October 2018 primarily due to:

- (a) a decrease in the average selling price of our traded products from SGD3.50 per kg in the FPE 31 October 2017 to SGD3.29 per kg in the FPE 31 October 2018;
- (b) a decrease in the average selling price of our ducks from SGD5.14 per kg in the FPE 31 October 2017 to SGD4.73 per kg in the FPE 31 October 2018;
- (c) the loss of revenue from Jordon following the sale of Jordon on 30 June 2018; and
- (d) the appreciation of RM against the Average Rate of SGD,

which was partially offset by an increase in the sales volume of fresh chickens from 24,306 MT in the FPE 31 October 2017 to 25,861 MT in the FPE 31 October 2018 and traded products from 26,178 MT in the FPE 31 October 2017 to 28,624 MT in the FPE 31 October 2018.

12. FINANCIAL INFORMATION (Cont'd)**Revenue from feedmill**

Our revenue from feedmill increased by 1.2% from RM1,808.2 million in the FPE 31 October 2017 to RM1,829.0 million in the FPE 31 October 2018 primarily due to:

- (a) a RM39.0 million increase in revenue from Vietnam from RM560.6 million in the FPE 31 October 2017 to RM599.6 million in the FPE 31 October 2018 primarily due to an increase in sales volume of livestock feed from 361,684 MT in the FPE 31 October 2017 to 405,462 MT in the FPE 31 October 2018; and
- (b) an increase in average selling price of our livestock feed from VND8,041 per kg in the FPE 31 October 2017 to VND8,556 per kg in the FPE 31 October 2018.

The increase in revenue in the FPE 31 October 2018 was partially offset by:

- (a) a RM15.5 million decrease in revenue from Malaysia from RM285.8 million in the FPE 31 October 2017 to RM270.3 million in the FPE 31 October 2018 primarily due to a decrease in sales volume of our livestock feed from 145,537 MT in the FPE 31 October 2017 to 137,437 MT in the FPE 31 October 2018 primarily arising from the reduction of sales to two key customers. The decrease in revenue from Malaysia was partially offset by an increase in the average selling price of our livestock feed from RM1.95 per kg in the FPE 31 October 2017 to RM1.96 per kg in the FPE 31 October 2018; and
- (b) a RM5.0 million decrease in revenue from Indonesia from RM958.9 million in the FPE 31 October 2017 to RM953.9 million in the FPE 31 October 2018 primarily due to the appreciation of RM against the Average Rate of IDR, which was partially offset by:
 - an increase in the sales volume of livestock feed from 481,290 MT in the FPE 31 October 2017 to 529,568 MT in the FPE 31 October 2018; and
 - an increase in average selling price of our livestock feed from IDR6,165 per kg in the FPE 31 October 2017 to IDR6,385 per kg in the FPE 31 October 2018.

(ii) Other income

Our other income increased by 5.3% from RM28.3 million in the FPE 31 October 2017 to RM29.8 million in the FPE 31 October 2018 primarily due to a RM2.4 million increase in interest income and a RM2.4 million increase in foreign exchange gain, which was partially offset by a lower reversal of impairment loss on trade receivable of RM2.0 million and lower reversal of impairment loss on other receivable of RM1.7 million.

(iii) Cost of sales

Our cost of sales increased by 1.1% from RM3,820.8 million in the FPE 31 October 2017 to RM3,861.5 million in the FPE 31 October 2018 in line with the slight increase in revenue.

(iv) Change in biological assets

The value of our biological assets increased by RM50.2 million from 1 January 2018 to 31 October 2018 primarily due to the expansion of our farm operations in Malaysia, Indonesia, Vietnam and the Philippines.

12. FINANCIAL INFORMATION (Cont'd)**(v) Change in closing inventories**

The value of our inventories increased by RM86.1 million from 1 January 2018 to 31 October 2018 primarily due to an increase in our inventories towards the end of the FPE 31 October 2018 as a result of the following:

- (a) an increase of RM44.0 million in raw materials in Indonesia mainly due to our increase in purchase of corn in October 2018 during its harvesting season as well as the expansion of our operations in Indonesia; and
- (b) an increase of RM32.6 million in raw materials in Vietnam mainly due to an increase in the price of corn and soybean meal in the FPE 31 October 2018, an increase in our production capacity in Vietnam and the expansion of our Feedmill Business in Vietnam.

(vi) Purchases of inventories and livestock

Our purchases of inventories and livestock increased by RM126.2 million in the FPE 31 October 2018 consistent with the increase in revenue.

(vii) Gross profit

The following table sets out our gross profit and gross profit margin and their percentage change for the financial periods indicated:

	FPE 31 October		% change
	2017	2018	
Gross profit (RM'000)	747,270	828,751	10.9
Gross profit margin (%)	16.4	17.7	7.9

As a result of the foregoing, our gross profit increased by 10.9% from RM747.3 million in the FPE 31 October 2017 to RM828.8 million in the FPE 31 October 2018. Our gross profit margin increased from 16.4% in the FPE 31 October 2017 to 17.7% in the FPE 31 October 2018 primarily due to an increase in the average selling prices of our following products:

- (a) Broiler DOCs and Broiler chickens in Indonesia, Vietnam and the Philippines;
- (b) eggs in Malaysia and Vietnam; and
- (c) livestock feed in Malaysia, Indonesia and Vietnam.

(viii) Employee benefit costs including Directors' remuneration

Our employee benefit costs including Directors' remuneration remained relatively stable at RM431.4 million in the FPE 31 October 2018.

(ix) Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment remained relatively stable at RM156.9 million in the FPE 31 October 2018.

(x) Depreciation of investment properties

Our depreciation of investment properties maintained at RM0.2 million in the FPE 31 October 2018.

(xi) Amortisation of land use rights

Our amortisation of land use rights decreased by 7.9% from RM6.0 million in the FPE 31 October 2017 to RM5.5 million in the FPE 31 October 2018. This was primarily attributable to a disposal of land use rights in Indonesia.

12. FINANCIAL INFORMATION (Cont'd)**(xii) Amortisation of intangible assets**

Our amortisation of intangible assets decreased by 86.1% from RM2.5 million in the FPE 31 October 2017 to RM0.3 million in the FPE 31 October 2018 primarily due to a customer relationship in Singapore which was fully amortised in the FYE 31 December 2017.

(xiii) Utilities costs

Our utilities costs increased by 6.2% from RM103.3 million in the FPE 31 October 2017 to RM109.7 million in the FPE 31 October 2018 primarily due to the increase in our production capacity and operations in Malaysia, Vietnam and the Philippines.

(xiv) Repair and maintenance

Our repair and maintenance expenses increased by 11.2% from RM54.1 million in the FPE 31 Oct 2017 to RM60.2 million primarily due to the increased improvements and maintenance works done on our farms in Malaysia.

(xv) Transportation expenses

Our transportation expenses remained relatively stable at RM69.0 million in the FPE 31 October 2018.

(xvi) Other expenses

Our other expenses increased by 14.9% from RM282.7 million in the FPE 31 October 2017 to RM324.9 million in the FPE 31 October 2018 primarily due to a one-off provision of RM9.8 million relating to a dispute between Malindo Feedmill and the Indonesian Directorate General of Customs and Excise on the qualification of VAT exemption, a RM22.9 million incurred on IPO related expenses, and a RM4.7 million increase from Philippines in line with the expansion of business operations in the Philippines.

(xvii) Profit from operations

As a result of the foregoing, our profit from operations increased by 23.4% from RM306.9 million in the FPE 31 October 2017 to RM378.8 million in the FPE 31 October 2018.

The following tables set out our profit from operations of our Livestock Business and our Feedmill Business for the financial years indicated:

	FPE 31 October 2017			
	Livestock Business	Feedmill Business	Inter-segment elimination	Group
	RM'000	RM'000	RM'000	RM'000
EBITDA	285,392	209,907	(20,311)	474,988
Depreciation and amortisation	(128,884)	(39,537)	316	(168,105)
Profit from operations	156,508	170,370	(19,995)	306,883
Profit from operations margin	5.7%	6.3%		6.7%

	FPE 31 October 2018			
	Livestock Business	Feedmill Business	Inter-segment elimination	Group
	RM'000	RM'000	RM'000	RM'000
EBITDA	358,627	211,406	(28,278)	541,755
Depreciation and amortisation	(125,300)	(38,047)	361	(162,986)
Profit from operations	233,327	173,359	(27,917)	378,769
Profit from operations margin	8.2%	6.4%		8.1%

12. FINANCIAL INFORMATION (Cont'd)***Livestock Business***

Our profit from operations of our Livestock Business increased by 49.1% from RM156.5 million in the FPE 31 October 2017 to RM233.3 million in the FPE 31 October 2018 while our profit from operations margin increased from 5.7% in the FPE 31 October 2017 to 8.2% in the FPE 31 October 2018. The increase was primarily due to:

- (a) an increase in the average selling prices of our Broiler DOCs in Indonesia from IDR4,406 per DOC in the FPE 31 October 2017 to IDR5,815 per DOC in the FPE 31 October 2018;
- (b) an increase in the average selling price of our Broiler chickens in Indonesia from IDR16,361 per kg in the FPE 31 October 2017 to IDR18,583 per kg in the FPE 31 October 2018;
- (c) an increase in the average selling prices of our eggs in Malaysia and Vietnam from RM0.26 per egg in the FPE 31 October 2017 to RM0.28 per egg in the FPE 31 October 2018 and VND1,233 per egg in the FPE 31 October 2017 to VND1,609 per egg in the FPE 31 October 2018, respectively; and
- (d) an increase in the sales volumes of our Broiler chickens in Indonesia, Malaysia and the Philippines, Broiler DOCs in Malaysia and fresh chickens and traded products in Singapore,

which was partially offset by:

- (a) a decrease in the average selling price of our Broiler DOCs in Malaysia from RM2.00 per DOC in the FPE 31 October 2017 to RM1.86 per DOC in the FPE 31 October 2018;
- (b) a decrease in the average selling price of our Broiler chickens in Malaysia from RM4.79 per kg in the FPE 31 October 2017 to RM4.57 per kg in the FPE 31 October 2018;
- (c) a decrease in the average selling price of our traded products in Singapore from SGD3.50 per kg in the FPE 31 October 2017 to SGD3.29 per kg in the FPE 31 October 2018; and
- (d) a decrease in the average selling price of our fresh chickens in Singapore from SGD4.31 per kg in the FPE 31 October 2017 to SGD4.29 per kg in the FPE 31 October 2018.

Feedmill Business

Our profit from operations of our Feedmill Business increased by 1.8% from RM170.4 million in the FPE 31 October 2017 to RM173.4 million in the FPE 31 October 2018 while our profit from operations margin increased from 6.3% in the FPE 31 October 2017 to 6.4% in the FPE 31 October 2018. The increase in profit from operations and profit from operations margin was primarily due to:

- (a) an increase in the sales volume of our livestock feed in Indonesia of 48,278 MT and Vietnam of 43,778 MT; and
- (b) an increase in the average selling prices of our livestock feed in Indonesia from IDR6,165 per kg in the FPE 31 October 2017 to IDR6,385 per kg in the FPE 31 October 2018, and in Vietnam from VND8,041 per kg in the FPE 31 October 2017 to VND8,556 per kg in the FPE 31 October 2018.

12. FINANCIAL INFORMATION (Cont'd)**(xviii) Finance costs**

Our finance costs increased by 15.1% from RM76.4 million in the FPE 31 October 2017 to RM87.9 million in the FPE 31 October 2018 primarily due to:

- (a) a RM9.1 million increase in interest arising from a loan obtained in Singapore to fund the acquisition of non-controlling interests; and
- (b) a RM6.3 million increase in interest from our operations in Malaysia due to increased utilisation of our bank facilities and a 25 basis points increase in the overnight policy rate in January 2018,

which was partially offset by a RM3.5 million decrease in finance costs from our operations in Indonesia primarily due to a fall in bank overdrafts and revolving credits.

(xix) Share of profit of associates

Share of profit of associates increased marginally from RM0.3 million in the FPE 31 October 2017 to RM0.4 million in the FPE 31 October 2018.

(xx) PBT

As a result of the foregoing, our PBT increased by 26.2% from RM230.8 million in the FPE 31 October 2017 to RM291.3 million in the FPE 31 October 2018, and our PBT margin increased from 5.1% in the FPE 31 October 2017 to 6.2% in the FPE 31 October 2018.

(xxi) Tax expense

Tax expense increased by 123.8% from RM32.0 million in the FPE 31 October 2017 to RM71.5 million in the FPE 31 October 2018 primarily due to the recognition of RM20.5 million in deferred tax assets in the FPE 31 October 2017 pursuant to the Indonesian Government's tax incentive, which allowed us to recognise deferred tax assets for two of our subsidiaries in Indonesia, Malindo Feedmill and Bibit Indonesia as well as the improvement in our financial performance in the FPE 31 October 2018 resulting in higher PBT for the period.

(xxii) Net profit for the financial period

As a result of the foregoing, our net profit increased by 10.5% from RM198.9 million in the FPE 31 October 2017 to RM219.8 million in the FPE 31 October 2018.

12.2.9 Liquidity and capital resources**(i) Working capital**

Our principal sources of liquidity are our cash and bank balances, cash generated from our operations and borrowings from financial institutions. Following the Listing, we expect to use the same principal sources of liquidity to fund our working capital needs. Many factors, including our results of operations and financial position and the conditions in the Malaysian and international financial markets, could affect our ability to rely on these sources of funding.

As at 31 October 2018, we had cash and bank balances of RM525.7 million and multi-currency trade facilities comprising bankers' acceptances, letters of credit, revolving credit facilities, overdraft facilities and other trade financings with a combined limit of RM2,642.4 million, of which RM1,078.3 million was drawn and RM1,564.1 million was undrawn.

12. FINANCIAL INFORMATION (Cont'd)

As at 31 October 2018, our working capital, calculated as current assets minus current liabilities, was a net current asset of RM326.1 million.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure and contractual obligations, expected cash flows from operations, cash and bank balances, bank borrowings and facilities, together with the estimated proceeds that we expect to receive from our IPO, our Board believes that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

(ii) Cash flows

The following table summarises a summary of our consolidated statements of cash flows for the financial years/periods indicated:

	FYE 31 December			FPE 31 October	
	Audited			Unaudited	Audited
	2015	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash flows					
Net cash generated from operating activities	300,801	431,971	524,390	369,459	297,630
Net cash used in investing activities	(352,644)	(256,710)	(366,662)	(283,852)	(266,429)
Net cash generated from/(used in) financing activities	225,939	(260,600)	(71,895)	(6,367)	17,261
Net movement	174,096	(85,339)	85,833	79,240	48,462
Cash and cash equivalents at beginning of the financial year/period	280,599	422,245	333,189	333,189	427,424
Effect of exchange translation differences	(32,450)	(3,717)	8,402	6,830	(5,437)
Cash and cash equivalents at end of the financial year/period	422,245	333,189	427,424	419,259	470,449

Our Board is of the opinion that there are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet our cash obligations, subject to availability of distributable reserves and/or loans or advances and compliance with legal requirements and financial covenants.

Net cash generated from operating activities**FYE 31 December 2015**

For the FYE 31 December 2015, our net cash from operating activities was RM300.8 million. Our PBT was RM216.6 million, which was adjusted for non-cash and other items of RM257.6 million and further adjusted for working capital changes of RM155.1 million which primarily comprised:

- (a) a RM110.2 million increase in receivables primarily due to the acquisition of BH Fresh Food in the FYE 31 December 2015, an increase in sales in Malaysia and an increase in trade receivables owed by Teratai Vietnam exceeding the normal credit period;
- (b) a RM32.0 million increase in inventories primarily due to a RM26.5 million increase in processed chickens in Singapore in anticipation of higher sales at the beginning of 2016 prior to Chinese New Year celebrations; and
- (c) a RM30.9 million increase in biological assets primarily due to the expansion of our Livestock Business in Malaysia, Indonesia and Vietnam,

which was partially offset by a RM18.0 million increase in payables generally in line with expansion of our operations in Malaysia, Indonesia and Vietnam.

12. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2015, we paid income tax of RM18.3 million.

FYE 31 December 2016

For the FYE 31 December 2016, our net cash from operating activities was RM432.0 million. Our PBT was RM347.3 million, which was adjusted for non-cash and other items of RM326.6 million and further adjusted for working capital changes of RM169.6 million which primarily comprised:

- (a) a RM92.8 million increase in receivables primarily due to an increase in trade receivables owed by Teratai Vietnam exceeding the normal credit period;
- (b) a RM66.1 million increase in inventories primarily due to a RM39.2 million increase in raw materials for our Feedmill Business in Indonesia as we had to purchase more domestically produced corn and other alternative raw materials following the Indonesian government's decision to cease the issuance of import permits for corn, and a RM13.0 million increase in processed poultry products in Singapore and Malaysia in anticipation of higher sales at the beginning of 2017 prior to Chinese New Year celebrations; and
- (c) a RM33.8 million increase in biological assets primarily due to the expansion of our Livestock Business in Malaysia and Indonesia,

which was partially offset by a RM23.1 million increase in payables primarily due to a provision made for the CCCS Claim.

For the FYE 31 December 2016, we paid income tax of RM72.4 million.

FYE 31 December 2017

For the FYE 31 December 2017, our net cash from operating activities was RM524.4 million. Our PBT was RM292.3 million, which was adjusted for non-cash and other items of RM297.0 million and further adjusted for working capital changes of RM11.3 million which primarily comprised:

- (a) a RM27.3 million decrease in inventories primarily due to a decrease in processed chickens and raw materials in Singapore and Vietnam primarily due to (a) the appreciation of RM against the Average Rate of SGD and VND, and (b) a delay in the stocking up of processed chickens in Singapore towards the end of 2017, as the first day of Chinese New Year celebrations in 2018 fell on 16 February 2018 (as compared to 28 January 2017 in 2017); and
- (b) a RM12.1 million increase in payables primarily due to an increase in biological asset purchases as we expanded our operations in Malaysia, Indonesia and Vietnam, which was partly offset by a partial reversal of a provision relating to the CCCS Claim;

which was partially offset by:

- (a) a RM25.8 million increase in receivables primarily due to an increase in trade receivables owed by Teratai Vietnam exceeding the normal credit period; and
- (b) a RM2.3 million increase in biological assets primarily due to the expansion of our Livestock Business in Malaysia, Indonesia and Vietnam.

For the FYE 31 December 2017, we paid income tax of RM76.2 million.

12. FINANCIAL INFORMATION (Cont'd)*FPE 31 October 2018*

For the FPE 31 October 2018, our net cash from operating activities was RM297.6 million. Our PBT was RM291.3 million, which was adjusted for non-cash and other items of RM257.5 million and further adjusted for working capital changes of RM186.8 million which primarily comprised:

- (a) a RM86.1 million increase in inventories mainly due to a RM52.3 million increase in inventories in Indonesia primarily due to the expansion of our operations in Indonesia and a RM34.1 million increase in Vietnam inventories primarily due to the expansion of our Feedmill Business in Vietnam;
- (b) a RM52.5 million increase in payables primarily due to RM50.0 million dividends payable to shareholder;
- (c) a RM50.2 million increase in biological assets primarily due to a RM17.1 million increase from Malaysia, a RM8.2 million increase from Vietnam, a RM3.0 million increase from Philippines and a RM14.4 million increase from Indonesia as a result of expansion of our farm operations; and
- (d) a RM103.0 million increase in receivables primarily due to an increase in trade receivables owed by Teratai Vietnam and Teratai Malaysia exceeding the normal credit period.

For the FPE 31 October 2018, we paid income tax of RM64.3 million.

Net cash used in investing activities*FYE 31 December 2015*

Net cash used in investing activities was RM352.6 million in the FYE 31 December 2015, which primarily comprised:

- (a) acquisitions of property, plant and equipment of RM304.5 million comprising RM114.7 million, RM28.1 million, RM64.1 million and RM97.6 million in Malaysia, Singapore, Vietnam and Indonesia, respectively;
- (b) acquisitions of land use rights of RM38.3 million comprising RM24.2 million, RM12.8 million and RM1.3 million for the acquisition of land use rights in Indonesia, Vietnam and Malaysia, respectively; and
- (c) net payment of RM28.0 million for the acquisition of certain subsidiaries including BH Fresh Food and My-Kando. See Note 2.35 to the Accountants' Report included in Section 13 of this Prospectus for further information on the acquisitions made in the FYE 31 December 2015,

which was partially offset by the:

- (a) proceeds of RM8.8 million from the disposal of other investments comprising RM8.0 million, RM0.7 million and RM0.1 million from the disposal of other investments in Malaysia, Singapore and Indonesia, respectively; and
- (b) repayment of RM7.3 million from our ultimate holding company, Emerging Glory.

12. FINANCIAL INFORMATION (Cont'd)*FYE 31 December 2016*

Net cash used in investing activities was RM256.7 million in the FYE 31 December 2016, which primarily comprised:

- (a) acquisitions of property, plant and equipment of RM251.5 million comprising RM116.5 million, RM12.9 million, RM30.0 million, RM81.8 million and RM10.3 million in Malaysia, Singapore, Vietnam, Indonesia and the Philippines, respectively;
- (b) acquisitions of land use rights of RM28.9 million comprising RM24.3 million in Indonesia, RM3.3 million in Vietnam and RM1.3 million in Malaysia for the expansion of our operations and plants; and
- (c) increase in fixed deposit pledged of RM7.9 million comprising RM3.8 million and RM5.7 million of fixed deposit pledged in Vietnam and Singapore, respectively, in line with the additional banking facilities entered into, which was partially offset by a RM1.6 million decrease in fixed deposits pledged in Malaysia,

which was partially offset by the proceeds of RM5.0 million from the disposal of property, plant and equipment comprising RM0.3 million, RM2.0 million, RM2.0 million and RM0.7 million from the disposal of property, plant and equipment in Indonesia, Malaysia, Singapore and Vietnam, respectively.

FYE 31 December 2017

Net cash used in investing activities was RM366.7 million in the FYE 31 December 2017, which primarily comprised:

- (a) acquisitions of property, plant and equipment of RM336.1 million comprising RM173.6 million, RM26.5 million, RM35.1 million, RM83.7 million and RM17.2 million in Malaysia, Singapore, Vietnam, Indonesia and the Philippines, respectively;
- (b) acquisitions of land use rights of RM31.9 million comprising RM18.2 million in Indonesia, RM12.9 million in Vietnam and RM0.8 million in Malaysia for the expansion of our operations; and
- (c) net payment of RM5.4 million for an acquisition of a subsidiary. See Note 2.35 to the Accountants' Report included in Section 13 of this Prospectus for further information on the subsidiary acquired in the FYE 31 December 2017,

which was partially offset by the:

- (a) repayment of RM7.3 million from our ultimate holding company, Emerging Glory;
- (b) interest income of RM6.5 million received primarily from financial institutions in Vietnam and Malaysia; and
- (c) proceeds of RM5.2 million from the disposal of property, plant and equipment comprising RM1.4 million, RM2.9 million and RM0.9 million from the disposal of property, plant and equipment in Indonesia, Malaysia and Singapore, respectively.

12. FINANCIAL INFORMATION (Cont'd)*FPE 31 October 2018*

Net cash used in investing activities was RM266.4 million in the FPE 31 October 2018, which primarily comprised:

- (a) acquisitions of property, plant and equipment of RM266.2 million comprising RM131.8 million, RM49.9 million, RM46.5 million, RM29.6 million and RM8.4 million in Malaysia, Indonesia, Vietnam, Singapore, and the Philippines, respectively; and
- (b) acquisitions of land use rights of RM25.4 million comprising RM22.4 million in Indonesia, RM2.2 million in Vietnam and RM0.8 million in Malaysia for the expansion of our operations,

which was partially offset by:

- (a) proceeds of RM5.8 million received for the disposal of Jordon; and
- (b) interest income of RM6.2 million received primarily from financial institutions in Vietnam and Malaysia.

Net cash generated from/(used in) financing activities*FYE 31 December 2015*

Net cash generated from financing activities was RM225.9 million for the FYE 31 December 2015, which primarily comprised:

- (a) drawdown of term loans and short-term borrowings of RM312.6 million and RM144.5 million, respectively; and
- (b) net proceeds of RM35.0 million from the rights issue exercise of our subsidiary, Malindo Feedmill,

which was partially used for:

- (a) repayment of term loans and finance lease liabilities of RM111.4 million and RM17.7 million, respectively;
- (b) payment of finance costs of RM94.8 million comprising interest charges of RM30.2 million on our short-term borrowings and RM64.6 million on our long-term borrowings; and
- (c) payment of dividends of RM12.2 million and RM28.7 million to our non-controlling interests and shareholders, respectively.

FYE 31 December 2016

Net cash used in financing activities was RM260.6 million for the FYE 31 December 2016 which primarily comprised:

- (a) repayment of term loans and finance lease liabilities of RM189.2 million and RM7.4 million respectively;
- (b) payment of RM102.6 million of finance costs comprising interest charges of RM53.5 million on our short-term borrowings and RM49.1 million on our long-term borrowings;
- (c) net repayment of short-term borrowings of RM63.7 million comprising bankers' acceptance, revolving credits and trust receipts; and

12. FINANCIAL INFORMATION (Cont'd)

- (d) payment of dividends of RM15.1 million and RM17.2 million to our non-controlling interests and shareholders, respectively.

These cash outflows were partially funded by drawdowns of term loans of RM140.3 million in the FYE 31 December 2016.

FYE 31 December 2017

Net cash used in financing activities was RM71.9 million for the FYE 31 December 2017, which primarily comprised:

- (a) acquisition of non-controlling interests of RM458.2 million which comprised the acquisition of non-controlling interests of RM12.1 million in Ideal Multifeed, RM0.3 million in Ex Treasures, RM104.4 million in ES Food and RM341.4 million in Lee Say;
- (b) repayment of term loans and finance lease liabilities of RM220.0 million and RM13.3 million, respectively;
- (c) payment of finance costs of RM91.9 million comprising interest charges equivalent to RM50.3 million on our short-term borrowings and RM41.6 million on our long-term borrowings; and
- (d) payment of dividends of RM20.0 million and RM38.4 million to our non-controlling interests and shareholders, respectively.

These cash outflows were partially funded by the drawdowns of term loans of RM520.0 million and short-term borrowings of RM249.9 million comprising bankers' acceptance, bank overdrafts, revolving credits and trust receipts.

FPE 31 October 2018

Net cash from financing activities was RM17.3 million for the FPE 31 October 2018, which primarily comprised:

- (a) payment of finance costs of RM87.6 million, comprising payments of interest charges equivalent to RM46.8 million on our short-term borrowings and RM40.7 million on our long-term borrowings;
- (b) repayment of term loans and finance lease liabilities of RM192.3 million and RM20.0 million, respectively;
- (c) net repayment of short term borrowings of RM77.1 million;
- (d) payment of dividends of RM3.2 million and RM11.5 million to our non-controlling interests and shareholders, respectively; and
- (e) acquisition of non-controlling interests of RM10.6 million which comprised the acquisition of non-controlling interests of RM7.0 million in Teo Seng and RM3.6 million in Malindo Feedmill.

The cash outflows above were partially funded by the drawdowns of term loans of RM419.5 million.

12. FINANCIAL INFORMATION (Cont'd)**(iii) Borrowings**

As at 31 October 2018, we had total outstanding loans and borrowings of RM2,229.8 million. The table below sets out our loans and borrowings as at 31 October 2018.

	RM'000
Non-current	
Secured term loan	734,596
Unsecured term loan	174,638
	<u>909,234</u>
Current	
Secured:	
Bankers' acceptances	16,620
Bank overdrafts	39,078
Term loans	175,390
Revolving credits	114,500
Trust receipts	55,508
Unsecured:	
Bankers' acceptances	362,322
Bank overdrafts	837
Term loans	66,893
Revolving credits	226,410
Trust receipts	263,033
	<u>1,320,591</u>
Total borrowings	<u>2,229,825</u>

Our secured bank borrowings are secured by legal charges over certain property, plant and equipment, investment properties, land use rights, biological assets, inventories, trade receivables and other receivables.

The maturity profile of our borrowings as at 31 October 2018 is set out below:

	RM'000
On demand or within one year	1,320,591
More than 1 year and less than 2 years	259,928
More than 2 years and less than 5 years	641,824
More than 5 years	7,482
Total borrowings	<u>2,229,825</u>

Our outstanding borrowings by currency in which they are denominated as at 31 October 2018 and the average interest rates by currency profile are set out below:

	Balance in foreign currency⁽¹⁾	Balance in RM'000	Average effective interest rates (%)
RM	884,746	884,745	4.73
SGD	172,779	521,930	2.60
IDR	1,746,159	480,194	9.67
USD	4,403	18,410	4.50
VND	1,781,694,347	319,300	5.83
PHP	66,909	5,246	5.84
Total borrowings		<u>2,229,825</u>	5.45

Notes:

(1) Figures are in thousands, except for IDR which is in millions.

(2) Translated based on the respective exchange rates (middle rates) as at 31 October 2018.

As at 31 October 2018, all our borrowings have floating interest rate terms. For more information on our borrowings, see Note 2.28 to the Accountant's Report in Section 13 of this Prospectus. On 26 November 2018, we have accepted a new financing facility comprising term loans of RM92.0 million of which RM21.5 million has been drawdown as at the LPD.

12. FINANCIAL INFORMATION (Cont'd)

We have not defaulted on interest or profit rate payments or principal amounts on any of our borrowings for the FYE 31 December 2017 and the FPE 31 October 2018 and up to the LPD. As at the LPD, we are not in breach of any terms and conditions or covenants associated with our borrowings which can materially affect our financial position and results or business operations, or the investments in our Shares.

(iv) Key financial ratios

The following table sets out certain of our key financial ratios for the financial years/period indicated:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Average trade receivables turnover (days) ⁽¹⁾	34.9	35.1	36.2	37.2
Average trade payables turnover (days) ⁽²⁾	32.1	28.2	23.9	23.7
Average inventory turnover (days) ⁽³⁾	79.9	84.2	80.6	84.9
Current ratio (times) ⁽⁴⁾	1.1	1.1	1.1	1.2
Gearing ratio (times) ⁽⁵⁾	1.0	0.8	1.3	1.3

Notes:

- (1) Computed as an average of the opening and closing trade receivables for the financial year/period divided by revenue during the financial year/period, multiplied by the number of days in the financial year/period.
- (2) Computed as an average of the opening and closing trade payables for the financial year/period divided by the sum of the change in inventory and biological assets and purchases of inventories and livestock during the financial year/period, multiplied by the number of days in the financial year/period.
- (3) Computed as an average of the opening and closing finished goods and biological assets for the financial year/period divided by the sum of change in closing inventories, change in biological assets and purchases of inventories and livestock during the financial year/period, multiplied by the number of days in the financial year/period.
- (4) Computed as current assets over current liabilities as at the financial years/period indicated.
- (5) Computed as total borrowings (including finance lease liabilities) over total equity as at the financial years/period indicated.

(a) Trade receivables

The credit period that we typically extend to our customers is between one to 150 days depending on the financial position and credit history of the customer and whether any guarantee or collateral is provided. Our average trade receivables turnover for the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 and the FPE 31 October 2018 has remained within the normal credit terms that we extend to our customers.

Our average trade receivables turnover increased from 34.9 days for the FYE 31 December 2015 to 35.1 days for the FYE 31 December 2016 to 36.2 days for the FYE 31 December 2017 primarily due to the increase in trade receivables owed by Teratai Vietnam exceeding the normal credit period.

Our average trade receivables turnover increased from 36.2 days for the FYE 31 December 2017 to 37.2 days for the FPE 31 October 2018 primarily due to the increase in trade receivables owed by Teratai Vietnam and Teratai Malaysia exceeding the normal credit period.

12. FINANCIAL INFORMATION (Cont'd)

The aging analysis for trade receivables as at 31 October 2018 and the trade receivables collected as at the LPD is as follows:

	Current	1-30 days	31-60 days	61-90 days	More than 90 days	Total
	(RM in millions, except percentages)					
Trade receivables as at 31 October 2018						
Trade receivables	353.2	96.1	33.1	16.9	92.3	591.6
Impairment	-	-	-	(0.2)	(8.8)	(9.0)
Trade receivables (net)	353.2	96.1	33.1	16.7	83.5	582.6
% of total trade receivables	60.6%	16.5%	5.7%	2.9%	14.3%	100.0%
As at the LPD:						
- Trade receivables collected / (% of trade receivables (net))	347.0 98.2%	96.1 100.0%	33.1 100.0%	15.6 93.4%	66.5 79.6%	558.3 95.8%
- Trade receivables outstanding (net)	6.2	-	-	1.1	17.0	24.3

(b) Trade payables

The normal credit period given by our trade creditors generally are zero days (cash on delivery) to 120 days and our average trade payables turnover for the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 and the FPE 31 October 2018 has remained within the normal credit period that our trade creditors extend to us.

Our average trade payables turnover decreased from 32.1 days in the FYE 31 December 2015 to 28.2 days in the FYE 31 December 2016 primarily due to:

- a decrease in trade payables in Vietnam primarily due to an early shipment in early December 2016, which had to be paid within two weeks; and
- a decrease in trade payables in Indonesia as we made more settlements on our outstanding debts to our trade payables before they were due to benefit from supplier discounts, which was partially offset by the depreciation of RM against the IDR rate used for presentation of financial statements which resulted in an increase in the translated trade payables as at 31 December 2016.

Our average trade payables turnover decreased from 28.2 days in the FYE 31 December 2016 to 23.9 days in the FYE 31 December 2017 primarily due to a decrease in trade payables in Malaysia primarily due to:

- a decrease in the price of corn from RM1,800 per MT of corn in December 2016 to RM1,400 per MT of corn in December 2017; and
- higher purchases of inventories in December 2016 as compared to December 2017.

Our average trade payables turnover remained relatively steady from the FYE 31 December 2017 through to the FPE 31 October 2018.

12. FINANCIAL INFORMATION (Cont'd)

The aging analysis for trade payables as at 31 October 2018 and the trade payables settled as at the LPD is as follows:

	Current	Past Due				Total
		1-30 days	31-60 days	61-90 days	More than 90 days	
RM in millions, except percentages						
Trade payables as at 31 October 2018	196.2	31.8	2.7	3.2	19.8	253.7
% of total trade payables	77.3%	12.5%	1.1%	1.3%	7.8%	100.0%
As at the LPD:						
- Trade payables settled / (% of trade payables)	192.1 / 97.9%	27.7 / 87.1%	2.7 / 100.0%	2.4 / 75.0%	17.9 / 90.4%	242.8 / 95.7%
- Trade payables outstanding (RM million)	4.1	4.1	-	0.8	1.9	10.9

(c) Inventories and biological assets

Generally, our inventory turnover period will depend on the expected demand from our customers for the type of products and also the value of the inventories during the period. Typically, we will hold sufficient inventories of finished goods after taking into account the following:

- the production cycle which varies between 1 to 175 days, being the interval to produce the same type of product again. See Section 7 of this Prospectus for further information on our production cycle; and
- shipping or delivery arrangement including timing and quantity as per customers' requirements.

This enables us to:

- provide regular supply to our customers because our customers do not place their orders at the same time although our customers typically place their orders on a monthly basis; and
- fulfil unexpected orders by customers although we are not obliged to do so unless we have sufficient inventories after catering for regular orders from customers.

Our average inventory turnover period increased from 79.9 days in the FYE 31 December 2015 to 84.2 days in the FYE 31 December 2016. This was primarily due to the expansion of our production capacity and utilisation of our facilities which resulted in an increase in the amount of inventories as at the end of 31 December 2016.

Our average inventory turnover period decreased from 84.2 days in the FYE 31 December 2016 to 80.6 days in the FYE 31 December 2017. This was primarily due to the increased sales volume of processed chickens in Singapore and livestock feed in Vietnam in the FYE 31 December 2017, which reduced inventories in the FYE 31 December 2017.

Our average inventory turnover period increased from 80.6 days in the FYE 31 December 2017 to 84.9 days in the FPE 31 October 2018 primarily due to the expansion of our operations in Malaysia and the stocking up of raw materials in Indonesia.

12. FINANCIAL INFORMATION (Cont'd)**(d) Current ratio**

Our current ratio remained stable at 1.1 times as at 31 December 2015, 31 December 2016 and 31 December 2017.

Our current ratio increased from 1.1 times as at 31 December 2017 to 1.2 times as at 31 October 2018 primarily due to an increase in inventories and biological assets in line with the expansion of our operations and production capacities. The increase in current ratio was partially offset by an increase in short term borrowing in Malaysia to finance our operations in Malaysia.

(e) Gearing ratio

Our gearing ratio decreased from 1.0 times as at 31 December 2015 to 0.8 times as at 31 December 2016 primarily due to the repayment of loans and borrowings and an increase in retained earnings resulting from higher net profit in the FYE 31 December 2016.

Our gearing ratio increased from 0.8 times as at 31 December 2016 to 1.3 times as at 31 December 2017 primarily due to a drawdown of a term loan for the acquisition of a non-controlling interest in Singapore.

Our gearing ratio remained stable at 1.3 times as at 31 October 2018.

(v) Capital expenditure

The following table sets out our capital expenditures for the financial years/periods indicated:

	FYE 31 December			FPE 31 October	1 November 2018 up to the LPD
	2015	2016	2017	2018	
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	6,377	3,652	17,005	5,443	4,638
Leasehold land	-	146	2,200	7,900	12,445
Buildings	64,204	65,916	88,947	44,392	90,290
Land improvement	3,145	2,023	1,109	812	2,674
Plant and machinery	79,001	81,641	75,679	62,257	63,850
Plant and machinery under finance lease liabilities	1,643	6,251	11,609	-	51
Motor vehicles, furniture, fittings, equipment and renovation	44,417	47,291	56,621	58,115	15,574
Motor vehicles, furniture, fittings, equipment and renovation under finance lease liabilities	8,502	9,392	14,236	5,132	2,512
Construction-in-progress	126,254	58,486	94,702	110,803	25,557
Investment properties	2,392	168	51	-	-
Land use rights	38,263	28,935	31,939	25,398	-
Total	374,198	303,901	394,098	320,252	217,591

12. FINANCIAL INFORMATION (Cont'd)

The following table sets out our capital expenditures by geographical location for the financial years/periods indicated:

	FYE 31 December			FPE 31	1 November
	2015	2016	2017	October	2018 up to
	RM'000	RM'000	RM'000	2018	the LPD
Malaysia	143,729	136,680	195,977	161,349	114,530
Singapore	31,675	18,552	30,883	29,608	38,318
Vietnam	76,884	32,292	48,063	48,672	30,721
Indonesia	121,885	106,105	101,930	72,270	27,570
Philippines	25	10,272	17,245	8,353	6,452
Total	374,198	303,901	394,098	320,252	217,591

Planned capital expenditure

The following table sets out our planned capital expenditures for the financial years indicated:

	FYE 31 December	
	2018	2019
	RM'000	RM'000
Freehold land	5,000	1,650
Leasehold land	13,355	17,111
Buildings	244,948	213,141
Construction-in-progress	2,421	48,697
Electrical installations	100	-
Plant and machinery	118,861	115,967
Motor vehicles, furniture, fittings, office equipment and renovations	19,446	40,400
Total	404,131	436,966

The following table sets out our planned capital expenditures by geographical location for the financial years indicated:

	FYE 31 December	
	2018	2019
	RM'000	RM'000
Malaysia	129,237	117,686
Indonesia	89,887	121,722
Singapore	71,122	33,067
Vietnam	77,773	80,184
Philippines	36,112	84,307
Total	404,131	436,966

As part of our expansion strategies, we have allocated our funding for purchases of plant and machinery as well as farm and building construction projects, among others, which we expect to fund using cash generated from our operations, financing activities and proceeds from the Public Issue.

Our actual capital expenditures may vary from projected amounts due to various factors, including changes in market conditions, our ability to obtain adequate financing for these planned capital expenditures, government policies regarding the industry in which we operate as well as the condition of the markets in which we operate and the global economy. In addition, our planned capital expenditures do not include any expenditure for potential acquisitions or investments that we may evaluate from time to time. We intend to fund these capital expenditures with cash and cash equivalents, cash generated from our operations and financing activities and, to the extent described in Section 4 of this Prospectus, the proceeds from the Public Issue.

12. FINANCIAL INFORMATION (Cont'd)**(vi) Capital commitments and contractual obligations**

Our capital commitments as at 31 October 2018 and the LPD are set out below:

	31 October 2018	LPD
	RM'000	RM'000
Contracted but not provided for	92,871	41,459
Approved but not contracted for	399,978	232,795
Total	492,849	274,254

Our capital commitments as at the LPD primarily comprise RM83.9 million for new feedmills and RM142.6 million for the building and improvement of livestock farms and hatcheries. We expect to meet our planned capital commitments through our cash and cash equivalents, cash generated from our operations and financing activities and, to the extent described in Section 4 of this Prospectus, the proceeds from the Public Issue.

Save as disclosed above, as at the LPD, there are no material capital commitments incurred or known to be incurred by us that may have a material adverse effect on our results of operations or financial position.

Our non-cancellable operating leases as at 31 October 2018 and the LPD are as set out below:

	31 October 2018	LPD
	RM'000⁽¹⁾	RM'000⁽²⁾
Not later than one year	8,248	-
Later than one year and not later than five years	22,284	-
Later than five years	67,289	-
Total	97,821	-

Note:

⁽¹⁾ Our planned operating lease commitments primarily consist of non-cancellable operating lease agreements for our office premises and equipment.

⁽²⁾ Effective from 1 January 2019, we have adopted MFRS 16 'Leases' which supersedes MFRS 117 'Leases'. MFRS 16 'Leases' eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). Accordingly, as at the LPD, a total of RM98.0 million of our non-cancellable operating lease agreements have been recognised as lease liabilities in our consolidated statement of financial position.

(vii) Contingent liabilities and off-balance sheet arrangements

As at the LPD, there are no contingent liabilities that, upon becoming enforceable, may have a material adverse effect on our results of operations or financial position.

12. FINANCIAL INFORMATION (Cont'd)

(viii) Material divestitures

Save as disclosed below, we have not undertaken any material divestitures during the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 and the FPE 31 October 2018 and up to the LPD:

- (a) sale of 100% of the issued and paid up capital of LH Malaysia's wholly-owned subsidiary, Baker's Cottage, in the FYE 31 December 2017 for a total cash consideration of RM20.3 million; and
- (b) sale of 100% of the issued and paid up capital of Kendo Trading's wholly-owned subsidiary, Jordon in the FPE 31 October 2018 for a total cash consideration of SGD20.1 million (equivalent to approximately RM59.6 million).

12.2.10 Financial risk management

We are exposed to markets risks arising from our operations and use of financial instruments. Our key market risk exposures are to fluctuations in commodity prices, interest rates and foreign currency exchange rates as described in Section 5 of this Prospectus.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Our exposure to credit risk arises primarily from our trade receivables and other financial assets such as other receivables.

Our policy is to enter into financial instruments with creditworthy counterparties and our portfolio of financial instruments is diversified across industry, product and geographical lines, mitigating any significant concentration of credit risk. All customers who wish to trade on credit terms are subject to credit verification procedures and we do not offer credit terms without the approval of our head of credit control.

As at 31 October 2018, we do not expect to incur material credit losses on our financial assets or other financial instruments.

(ii) Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortages of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. We monitor rolling forecasts of our liquidity requirements to ensure we have sufficient liquidity cash to meet our liabilities when they fall due. Specifically, our forecasting takes into consideration, among others, our debt financing plans, covenant compliance and compliance with internal statements of financial position ratio targets.

As at 31 October 2018, we had RM1,985.4 million in undiscounted financial liabilities due on demand or within one year.

12. FINANCIAL INFORMATION (Cont'd)**(iii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to foreign currency risk on sales and purchases, borrowings and bank balances that are denominated in a currency other than our respective functional currencies. The currencies giving rise to this risk are primarily RM, SGD, USD and IDR.

Transactions in foreign currencies are measured in our respective functional currencies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. We do not have a formal hedging policy with respect to foreign exchange exposure. Rather, we monitor foreign exchange exposure on an on-going basis and endeavour to keep net exposures to an acceptable level. If determined as necessary due to prevailing and anticipated conditions, we may also enter into short term forward foreign exchange contracts to hedge foreign currency risk.

The following table demonstrates the sensitivity of our net profit to a reasonably possible change in RM, SGD, USD and IDR against the respective functional currencies of the entities within our Group, with all other variables held constant.

	Increase/(decrease)				
	FYE 31 December			FPE 31 October	
	2015	2016	2017	2017	2018
	RM'000				
RM					
Strengthening of RM by 5%	(577)	117	414	190	198
Weakening of RM by 5%	577	(117)	(414)	(190)	(198)
SGD					
Strengthening of SGD by 5%	882	160	71	(38)	372
Weakening of SGD by 5%	(882)	(160)	(71)	38	(372)
USD					
Strengthening of USD by 5%	352	(3,298)	(1,384)	(13,997)	3,319
Weakening of USD by 5%	(352)	3,298	1,384	13,997	(3,319)
IDR					
Strengthening of IDR by 5%	72	(7)	15	7	6
Weakening of IDR by 5%	(72)	7	(15)	(7)	(6)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Our variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

We target a mix of fixed and floating debt based on our assessment of our existing exposure and desired interest rate profile. We do not account for fixed rate financial assets and liabilities through profit or loss, and we do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect the profit and loss.

12. FINANCIAL INFORMATION (Cont'd)

12.2.11 Seasonality

The poultry industry is generally subject to seasonal fluctuations in demand and supply. Demand and supply conditions could in turn affect the prices of our products and cause our financial condition and results of operations to vary across calendar quarters.

Typically, poultry consumption is higher during the festive seasons such as Ramadan and Christmas, and poultry consumption is lowest during the period immediately following the month of Ramadan and Hari Raya. During the school holidays, we typically see an increase in sales in each of the jurisdictions where we operate, other than in Singapore, where sales are slightly lower. This seasonality may cause our net sales to vary across calendar quarters.

Further, while poultry grown in closed-houses are not affected by variations in the weather, poultry grown in open-houses are affected by such variations. When the weather is hotter, poultry tends to grow at a slower rate, thus reducing the supply to the market and increasing prices. In contrast, when the weather is cooler, poultry tends to grow at a faster rate, therefore increasing the supply to the market, which could depress prices.

We are also subject to seasonality in respect of our raw materials such as corn, where prices and supply are subject to the seasonal fluctuations of corn harvests.

12.2.12 Inflation

Inflation has not had a material impact on our results of operations in recent years.

12.2.13 Order book

Due to the nature of our business, we do not maintain an order book. See Section 7 of this Prospectus for further information on the nature of our business.

12.2.14 Prospects and trends

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, and to the best of our Board's knowledge and belief, there are no other known factors, trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our business, financial condition and results of operations.

12.2.15 Significant changes

Save as disclosed in this Prospectus, no significant changes have occurred which may have a material effect on the financial position and results of our Group since the FPE 31 October 2018.

12.2.16 Impact of government, economics, fiscal and monetary policies

We are subject to the risks of government, economic, fiscal or monetary policies, where any unfavourable change may materially affect our business operations, financial performance and prospects. For the FYEs 31 December 2015, 31 December 2016 and 31 December 2017, the FPE 31 October 2018 and up to the LPD, our results were not materially adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.

For information on any government, economic, fiscal or monetary policies or factors which could materially affect our operations, see Section 5 of this Prospectus.

12.2.17 Accounting standards issued but not yet effective and not early adopted

For a description of accounting standards issued but not yet effective and not early adopted, see Section 12.2.4 of this Prospectus and Note 2.1.4 to the Accountants' Report included in Section 13 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)

12.2.18 Treasury policies and objectives

One of the main treasury responsibilities is to ensure that we have the liquidity and cash to meet our obligations as they fall due. Our principal sources of liquidity are our cash and bank balances, cash generated from our operations and borrowings from financial institutions. Using appropriate governance and policies, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation and hedging techniques.

We are exposed to currency exchange risk on sales and purchases, borrowings and bank balances that are denominated in a currency other than the respective functional currencies of the entities within our Group. The currencies giving rise to this risk are primarily RM, SGD, USD and IDR.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below presents our capitalisation and indebtedness as at 28 February 2019 and on the assumption that our IPO, Listing and the use of proceeds from the Public Issue as set out in Section 4.6 of this Prospectus had occurred on 28 February 2019.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 28 February 2019 and is provided for illustrative purposes only.

	Unaudited as at 28 February 2019	After our IPO, Listing and Use of Proceeds
	RM'000	RM'000
Indebtedness		
Bank borrowings and lease liabilities		
Current		
<u>Secured</u>		
Bank overdrafts	49,717	49,717
Term loans	220,895	220,895
Revolving credits	20,000	20,000
Lease liabilities ⁽¹⁾	21,396	21,396
<u>Unsecured</u>		
Bankers' acceptances	423,450	423,450
Bank overdrafts	38,606	38,606
Term loans	46,239	46,239
Revolving credits	185,107	185,107
Trust receipts	244,697	244,697
Non-current		
<u>Secured</u>		
Term loans	814,760	814,760
Lease liabilities ⁽¹⁾	25,534	25,534
<u>Unsecured</u>		
Term loans	190,861	190,861
Total indebtedness	2,281,262	2,281,262
Equity attributable to owners of the Company⁽²⁾	1,342,694	1,606,262
Non-controlling interests	481,561	481,561
Total equity/capitalisation	1,824,255	2,087,823
Total capitalisation and indebtedness	4,105,517	4,369,085

Note:

⁽¹⁾ The LHI Group adopted MFRS 16 'Leases' on 1 January 2019 which supersedes MFRS 117 'Leases'. For the purpose of presenting the LHI Group's indebtedness, 'Lease liabilities' of the LHI Group comprise finance leases but exclude operating leases previously classified under MFRS 117. Finance lease liabilities of the LHI Group comprise hire purchase agreements entered with financial institutions to finance the acquisition of property, plant and equipment while operating leases of the LHI Group comprise primarily leases other than finance leases in relation to the lease of land and equipment.

⁽²⁾ The total listing expenses to be borne by us is estimated to be RM34,308,000, of which RM22,876,000 has been accrued and charged to the profit and loss of our Group as at 28 February 2019.

12. FINANCIAL INFORMATION (Cont'd)

12.4 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



The Board of Directors
 Leong Hup International Berhad
 3rd Floor, Wisma Westcourt,
 126, Jalan Kelang Lama,
 58000 Kuala Lumpur.

10 April 2019

PwC/EMG/SG/TEC/TW/fm/0321C

Dear Sirs,

Leong Hup International Berhad
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 October 2018 of Leong Hup International Berhad ("the Company") and its subsidiaries ("the Group") ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position which we have stamped for the purpose of identification, have been compiled by the Directors of the Company ("the Directors") for inclusion in the Prospectus to be issued by the Company in connection with the initial public offering of the ordinary shares in the Company ("IPO") and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in paragraphs 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group's audited consolidated statement of financial position presented had these transactions been effected at the date stated. As part of this process, information about the financial position of the Group has been extracted by the Directors from the Group's audited consolidated statement of financial position as at 31 October 2018.

.....
 PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
 T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

12. FINANCIAL INFORMATION (Cont'd)

**The Board of Directors
Leong Hup International Berhad
PwC/EMG/SG/TEC/TW/fm/0321C
10 April 2019**

**Leong Hup International Berhad
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position
(continued)**

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility for the Pro Forma Consolidated Statements of Financial Position

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the International Auditing and Assurance Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

12. FINANCIAL INFORMATION (Cont'd)

**The Board of Directors
Leong Hup International Berhad
PwC/EMG/SG/TEC/TW/fm/0321C
10 April 2019**

**Leong Hup International Berhad
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position
(continued)**

**Reporting Accountants' Responsibility for the Pro Forma Consolidated Statements of
Financial Position (continued)**

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of the Pro Forma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related Pro Forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

12. FINANCIAL INFORMATION (Cont'd)



**The Board of Directors
Leong Hup International Berhad
PwC/EMG/SG/TEC/TW/fm/0321C
10 April 2019**

**Leong Hup International Berhad
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position
(continued)**

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position as at 31 October 2018 have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other matter

This report is issued for the sole purpose of inclusion in the Prospectus to be issued by the Company in connection with the IPO and Listing and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the IPO and Listing.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers PLT'.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Goh'.

SHIRLEY GOH
01778/08/2020 J
Chartered Accountant

Kuala Lumpur
10 April 2019

12. FINANCIAL INFORMATION (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2018



12. FINANCIAL INFORMATION (Cont'd)

Page 1

LEONG HUP INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 31 October 2018 have been prepared for illustrative purposes only to show the effects on the audited Consolidated Statement of Financial Position of Leong Hup International Berhad ("the Company") as at 31 October 2018 based on the assumption that the transactions set out in Note 5 had been effected on that date, and should be read in conjunction with the notes thereon.

	Audited	Pro Forma I	Pro Forma II
	Consolidated SOFP as at 31.10.2018 RM'000	After the Pre-IPO Exercise RM'000	After Pro Forma I, IPO and Utilisation of Proceeds RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2,105,355	2,105,355	2,313,088
Investment properties	22,346	22,346	22,346
Land use rights	153,694	153,694	153,694
Intangible assets	97,029	97,029	97,029
Investment in associates	1,541	1,541	1,541
Deferred taxation	54,497	54,497	54,497
Tax recoverable	17,051	17,051	17,051
Total non-current assets	2,451,513	2,451,513	2,659,246
CURRENT ASSETS			
Biological assets	357,325	357,325	357,325
Inventories	589,967	589,967	589,967
Trade receivables	582,577	582,577	582,577
Other receivables, deposits and prepaid expenses	162,786	162,786	162,786
Amount due from ultimate holding company	21,247	21,247	21,247
Amounts due from fellow subsidiaries	1,485	1,485	1,485
Derivative financial assets	631	631	631
Tax recoverable	25,562	25,562	25,562
Cash and bank balances	525,724	525,724	562,771
Total current assets	2,267,304	2,267,304	2,304,351
TOTAL ASSETS	4,718,817	4,718,817	4,963,597



12. FINANCIAL INFORMATION (Cont'd)

Page 2

LEONG HUP INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Audited	Pro Forma I	Pro Forma II
	Consolidated SOFP as at 31.10.2018	After the Pre-IPO Exercise	After Pro Forma I, IPO and Utilisation of Proceeds
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,230,132	1,230,132	1,497,177
Merger reserve	(658,787)	(658,787)	(658,787)
Reserves	704,039	704,039	700,562
Equity attributable to owners of the company	1,275,384	1,275,384	1,538,952
Non-controlling interests	438,874	438,874	438,874
TOTAL EQUITY	1,714,258	1,714,258	1,977,826
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	91,297	91,297	91,297
Finance lease liabilities	25,514	25,514	25,514
Bank borrowings	909,234	909,234	909,234
Post-employment benefits obligation	37,331	37,331	37,331
Total non-current liabilities	1,063,376	1,063,376	1,063,376
CURRENT LIABILITIES			
Trade payables	253,728	253,728	253,728
Other payables and accrued expenses	270,087	270,087	251,299
Amounts due to fellow subsidiaries	3,377	3,377	3,377
Finance lease liabilities	21,928	21,928	21,928
Bank borrowings	1,320,591	1,320,591	1,320,591
Derivative financial liabilities	84	84	84
Dividend payable	49,963	49,963	49,963
Tax payable	21,425	21,425	21,425
Total current liabilities	1,941,183	1,941,183	1,922,395
TOTAL LIABILITIES	3,004,559	3,004,559	2,985,771
TOTAL EQUITY AND LIABILITIES	4,718,817	4,718,817	4,963,597



12. FINANCIAL INFORMATION (Cont'd)

Page 3

LEONG HUP INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Supplementary information

		Pro Forma I	Pro Forma II
	Consolidated SOFP as at 31.10.2018	After the Pre-IPO Exercise	After Pro Forma I, IPO and Utilisation of Proceeds
Number of shares ('000)	955	3,400,000	3,650,000
Net assets per share attributable to owners of the company (RM) ⁽¹⁾	1,335	0.38	0.42
Total borrowings (RM'000) ⁽²⁾	2,277,267	2,277,267	2,277,267
Cash and bank balances (RM'000)	525,724	525,724	562,771
Restricted cash (RM'000) ⁽³⁾	15,360	15,360	15,360
Available cash and bank balances (RM'000) ⁽⁴⁾	510,364	510,364	547,411
Total equity (RM'000)	1,714,258	1,714,258	1,977,826
Equity attributable to owners of the company (RM'000)	1,275,384	1,275,384	1,538,952
Gearing ratio (times) ⁽⁵⁾	1.33	1.33	1.15
Net gearing ratio (times) ⁽⁶⁾	1.03	1.03	0.87

Notes:

- (1) Net assets per share attributable to owners of the company is calculated as equity attributable to owners of the company divided by the number of shares in issue.
- (2) Total borrowings comprise current and non-current bank borrowings including bank overdraft and finance lease liabilities.
- (3) Restricted cash comprises fixed deposits pledged as collateral.
- (4) Available cash and bank balances is calculated as cash and bank balances less restricted cash.
- (5) Gearing ratio is calculated as total borrowings divided by total equity.
- (6) Net gearing ratio is calculated as total borrowings less available cash and bank balances divided by total equity.



12. FINANCIAL INFORMATION (Cont'd)

Page 4

LEONG HUP INTERNATIONAL BERHAD**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****1. INTRODUCTION**

The Pro Forma Consolidated Statements of Financial Position of Leong Hup International Berhad ("the Company") and its subsidiaries ("the Group") as at 31 October 2018 (the "Pro Forma Consolidated SOFP") together with the notes thereon, of which the Directors are solely responsible, have been prepared for illustrative purposes for inclusion in the Prospectus to be issued by the Company in connection with the initial public offering of ordinary shares in the Company ("Shares") ("IPO") and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

The Pro Forma Consolidated SOFP together with the notes thereon have been prepared based on the assumption that the transactions as set out in Note 5 were effected on 31 October 2018.

2. BASIS OF PREPARATION

The Pro Forma Consolidated SOFP as at 31 October 2018 have been prepared based on the audited consolidated statement of financial position of the Group as at 31 October 2018 which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of financial statements and accounting policies of the Group. The Board of Directors have approved the ESOS referred to in Note 4.3 below on 21 December 2018. Accordingly, the Group has also adopted the following accounting policy:

(a) Share-based payments - Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.



12. FINANCIAL INFORMATION (Cont'd)

Page 5

LEONG HUP INTERNATIONAL BERHAD**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****(a) Share-based payments - Employee options (continued)**

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

The Pro Forma Consolidated SOFP as at 31 October 2018 have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 5 on the audited consolidated statement of financial position of the Group as at 31 October 2018 had the transactions been effected on 31 October 2018, and should be read in conjunction with the notes to the Pro Forma Consolidated SOFP. Such information, because of its hypothetical nature, does not give a true picture of the actual effects of the transactions or event on the financial information presented had the transaction or event occurred on 31 October 2018. Further, such information does not purport to predict the Group's future financial position.

3 PRE-IPO EXERCISE

The Company undertook and completed the following transactions prior to the IPO:

3.1 BONUS ISSUE

A bonus issue on a pro-rata basis to the Company's shareholders, calculated based on their respective shareholdings in the Company has been undertaken to allow the Company to fully utilise the former share premium of the Company under Section 618(3)(c) of the Companies Act 2016 (the "Act"), in accordance with Practice Note 1/2017 issued by the Companies Commission of Malaysia for the clarification on the utilisation of credit standing in the share premium accounts and capital redemption reserves under subsections 618(3) and 618(4) of the Act. The Shares issued pursuant to the Bonus Issue ("Bonus Shares") was wholly capitalised from the Company's share premium account at RM1.00 per Bonus Share. Based on the amount standing to the credit of the Company's share premium account of RM1,229,176,622 as at 31 October 2018, 1,229,176,622 Bonus Shares was issued. The Bonus Issue is renounceable. As such, the entitled shareholders to the Bonus Issue may accept or renounce their respective entitlements to the Bonus Shares in full or in part. Based on its shareholdings in the Company as at 31 October 2018, Emerging Glory Sdn. Bhd. was entitled to 946,465,999 Bonus Shares. However, Emerging Glory Sdn. Bhd. has renounced 249,933,374 Bonus Shares proportionately to its shareholders, being the founding family of the Company, which resulted in the founding family members holding the Shares directly.

The Bonus Issue was approved at the Extraordinary General Meeting on 11 January 2019. Accordingly, the total number of Shares in issue has increased from 955,370 Shares to 1,230,131,992 Shares.

3.2 SHARE SPLIT

As approved at the Extraordinary General Meeting on 11 January 2019, the Company undertook a subdivision of the Shares in issue after the Bonus Issue of 1,230,131,992 Shares into 3,400,000,000 Shares.



12. FINANCIAL INFORMATION (Cont'd)

Page 6

LEONG HUP INTERNATIONAL BERHAD**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****4 THE PROPOSALS**

The IPO will be undertaken in conjunction with, and as an integral part of the Listing.

4.1 IPO

The IPO entails our initial public offering of up to 937,500,000 Shares, which comprises the following transactions:

(i) Public Issue

The Public Issue comprises an issuance of 250,000,000 new Shares ("Issue Shares"), representing approximately 6.85% of the Company's enlarged issued share capital at the indicative price of RM1.10 per Issue Share. The total gross proceeds from the Public Issue is RM275,000,000.

Upon completion of the Public Issue, the issued share capital of the Company will increase from RM1,230,131,992 comprising 3,400,000,000 Shares to RM1,505,131,992 comprising 3,650,000,000 Shares.

(ii) Offer for Sale

The Offer for Sale comprises an offer for sale of up to 687,500,000 Shares ("Offer Shares") by the existing shareholders of the Company ("Selling Shareholders"), representing approximately 18.84% of the Company's enlarged issued share capital at the indicative price of RM1.10 per Offer Share.

The Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM756,250,000 will accrue entirely to the Selling Shareholders and will be utilised by the Selling Shareholders.

4.2 LISTING

Upon completion of the IPO, the Company shall be admitted to the Official List of the Main Market of Bursa Securities and the entire enlarged issued share capital of the Company of RM1,505,131,992 comprising 3,650,000,000 Shares shall be listed and quoted on the Main Market of Bursa Securities.



12. FINANCIAL INFORMATION (Cont'd)

Page 7

LEONG HUP INTERNATIONAL BERHAD**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****4 THE PROPOSALS (CONTINUED)****4.3 EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

In conjunction with the Listing, the Company established the ESOS which involves the granting of ESOS Options ("the Options") to the eligible Directors and employees of the Group as set out in the By-Laws governing the ESOS ("By-Laws").

The Options shall be granted to the eligible Directors and employees of the Group and shall have the following key features:

- (i) The Options are for one option for one new Share. The issuance of new Shares for the Options shall not exceed in aggregate 5.00% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS.
- (ii) The first allocation of the Options granted to the eligible Directors and employees of the Group upon the Listing of the Company shall be at a maximum of 1.00% of the enlarged issued share capital of the Company, i.e. 36,500,000 Shares.
- (iii) The Options shall vest over 4 tranches of 25% a year, commencing from 1 July 2019. The share based payment expense in relation to the Options is to be recognised over the vesting period of the Options.
- (iv) The ESOS shall have a duration of 5 years from the effective date. The effective date shall be the date of approval from Bursa Securities for the listing of and quotation for the new Shares to be issued under the ESOS.
- (v) The ESOS is renewable for a period of up to 5 years or such shorter period immediately from the expiry of the first 5 years provided that the ESOS shall not exceed in aggregate 10 years from the effective date.

The ESOS shall be administered by the ESOS committee to be appointed by the Board of Directors of the Company and governed by the By-Laws.

As disclosed in Note 4.3(iii) above, the Options will only be vested from 1 July 2019 onwards. Accordingly, the Options granted at assumed Listing date of 31 October 2018 has no effect on the Pro Forma Consolidated SOFP as at 31 October 2018.

4.4 CONDITIONALITY

The IPO and the Listing are inter-conditional with respect to all relevant approvals being obtained as shown below:

- The implementation of the Listing is conditional upon the completion of the IPO; and
- The granting of the Options is conditional upon the completion of the Listing.



12. FINANCIAL INFORMATION (Cont'd)

Page 8

LEONG HUP INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

5 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I

Pro Forma I incorporates the effects of Pre-IPO Exercise as set out in Note 3.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I as set out in Note 5.1, the IPO as set out in Note 4.1 and the Utilisation of Proceeds as set out below:-

Utilisation of Proceeds:

The gross proceeds from the Public Issue of RM 275,000,000 is expected to be utilised as follows:-

No.	Details of utilisation	Estimated timeframe for utilisation from the date of the Listing	Amounts RM'000	Percentage of gross proceeds %
(a)	Capital expenditure	Within 24 months	207,733	75.5%
(b)	Estimated listing expenses ⁽ⁱ⁾	Within 3 months	34,308	12.5%
(c)	Working capital	Within 6 months	32,959	12.0%
	Total		275,000	100.0%

- (i) The total listing expenses to be borne by the Company is estimated to be RM34,308,000, of which RM22,876,000 has been accrued and charged to the profit or loss of the Group out of which RM4,088,000 has been paid as of 31 October 2018. The balance amounting to RM30,220,000 will be paid after 31 October 2018.

The estimated expenses of RM7,955,000 directly attributable to the Public Issue will be debited against the share capital of the Company upon completion of the IPO and the remaining estimated expenses of RM3,477,000 will be charged to the profit or loss.

The Selling Shareholders will bear the placement, brokerage and incentive fees in relation to the Offer for Sale of up to 687,500,000 Offer Shares.



12. FINANCIAL INFORMATION (Cont'd)

Page 9

LEONG HUP INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

6 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

6.1 Property, plant and equipment

The movement in property, plant and equipment within non-current assets is as follows:

	RM'000
Audited as at 31 October 2018	2,105,355
Add: Capital expenditure (Note 5.2(a))	207,733
Per Pro Forma Consolidated SOFP II	<u>2,313,088</u>

6.2 Cash and bank balances

The movements in cash and bank balances within current assets are as follows:

	RM'000
Audited as at 31 October 2018	525,724
Add: Proceeds from the Public Issue (Notes 4.1(i) and 5.2)	275,000
Less: Capital expenditure (Note 5.2(a))	(207,733)
Less: Estimated listing expenses to be paid after 31 October 2018 (Notes 5.2(b)(i))	(30,220)
Per Pro Forma Consolidated SOFP II	<u>562,771</u>

6.3 Share capital

The movements in share capital are as follows:

	Number of shares '000	RM'000
Audited as at 31 October 2018	955	1,230,132
Add: Effect of Bonus Issue (Note 3.1)	1,229,177	-
Add: Effect of Share Split (Note 3.2)	2,169,868	-
Per Pro Forma Consolidated SOFP I	<u>3,400,000</u>	<u>1,230,132</u>
Add: Effect of Public Issue (Note 4.1(i))	250,000	275,000
Less: Estimated expenses directly attributable to the Public Issue (Note 5.2(b)(i))	-	(7,955)
Per Pro Forma Consolidated SOFP II	<u>3,650,000</u>	<u>1,497,177</u>

6.4 Reserves

The movement in reserves within equity is as follows:

	RM'000
Audited as at 31 October 2018	704,039
Less: Estimated listing expenses (Note 5.2(b)(i))	(3,477)
Per Pro Forma Consolidated SOFP II	<u>700,562</u>



12. FINANCIAL INFORMATION (Cont'd)

Page 10

LEONG HUP INTERNATIONAL BERHAD**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****6 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

6.5 Other payables and accrued expenses

The movement in other payables and accrued expenses within current liabilities is as follows:

	RM'000
Audited as at 31 October 2018	270,087
Less: Estimated listing expenses paid after 31 October 2018 (Note 5.2(b)(i))	<u>(18,788)</u>
Per Pro Forma Consolidated SOFP II	<u>251,299</u>



12. FINANCIAL INFORMATION (Cont'd)

Page 11

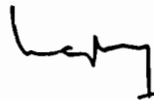
LEONG HUP INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

7 APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Leong Hup International Berhad and dated on 10 April 2019.

On behalf of the Board



DATO' LAU ENG GUANG
DIRECTOR



TAN SRI LAU TUANG NGUANG
DIRECTOR



12. FINANCIAL INFORMATION (Cont'd)

12.5 DIVIDEND POLICY

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

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

- (i) the level of our cash, gearing, debt profile, return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other growth/investment plans;
- (iv) applicable restrictive covenants under our financing documents; and
- (v) our working capital requirements.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries, joint ventures and associated company. Distributions by our subsidiaries, joint ventures and associated company will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors such as exchange controls.

We target a payout ratio of approximately 30.0% of our net profit attributable to the owners of our Company of each fiscal year on a consolidated basis after taking into account working capital and maintenance capital requirements, subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Save for certain banking restrictive covenants which our subsidiaries are subject to, there are no dividend restrictions imposed on our subsidiaries as at the LPD.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

12. FINANCIAL INFORMATION (Cont'd)

The dividends paid to our shareholders for the past three financial years and up to the LPD are as follows:

	Dividends paid	PATAMI	Dividend payout ratio
	RM'000	RM'000	%
<u>2016</u>			
In respect of the FYE 31 December 2015	17,200	109,805	15.7
<u>2017</u>			
In respect of the FYE 31 December 2016	38,400	182,475	21.0
<u>2018</u>			
In respect of the FYE 31 December 2017	58,000	192,573	30.1

There were no dividends declared and/or paid to our shareholders from 1 January 2019 up to the LPD.

13. ACCOUNTANTS' REPORT



The Board of Directors
Leong Hup International Berhad
3rd floor, Wisma Westcourt
126, Jalan Kelang Lama
58000 Kuala Lumpur

10 April 2019

PwC/SG/TEC/TW/sw/0322C

Dear Sirs,

Reporting Accountants' Opinion on the Consolidated Financial Information contained in the Accountants' Report of Leong Hup International Berhad

We have audited the accompanying consolidated financial information of Leong Hup International Berhad (the "Company") and its subsidiaries (the "Group") as contained in the Accountants' Report, which comprise the consolidated statements of financial position as at 31 December 2015, 31 December 2016, 31 December 2017 and 31 October 2018, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and for the financial period ended 31 October 2018, and a summary of significant accounting policies and other explanatory notes, as set out on pages 1 to 150.

Directors' Responsibility for the Consolidated Financial Information

The Directors of the Company are responsible for the preparation of the consolidated financial information contained in the Accountants' Report for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and the consolidated financial information for the financial period ended 31 October 2018 so as to give a true and fair view in accordance with Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting". The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial information that are free from material misstatement, whether due to fraud or error.

13. ACCOUNTANTS' REPORT (Cont'd)



**The Board of Directors
Leong Hup International Berhad
PwC/SG/TEC/TW/sw/0322C
10 April 2019**

Reporting Accountants' Opinion on the Consolidated Financial Information contained in the Accountants' Report of Leong Hup International Berhad (continued)

Reporting Accountants' Responsibility for the Audit of the Consolidated Financial Information

Our responsibility is to express an opinion on these consolidated financial information based on our audit. We conducted our work in accordance with the approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial information. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the consolidated financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial information contained in the Accountants' Report gives a true and fair view of the financial positions of the Group as at 31 December 2015, 31 December 2016 and 31 December 2017 and of its financial performance and cash flows for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and of its financial position as at 31 October 2018 and of its financial performance and cash flows for the financial period ended 31 October 2018 in accordance with Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting".

13. ACCOUNTANTS' REPORT (Cont'd)



**The Board of Directors
Leong Hup International Berhad
PwC/SG/TEC/TW/sw/0322C
10 April 2019**

Reporting Accountants' Opinion on the Consolidated Financial Information contained in the Accountants' Report of Leong Hup International Berhad (continued)

Other Matters

The comparative information for the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows and related explanatory notes for the financial period ended 31 October 2017 has not been audited.

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC"), we also report that the significant subsequent events identified by the Group since 31 October 2018 to the date of this opinion are as disclosed in Note 2.45 to the consolidated financial information.

This opinion has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the SC and for inclusion in the Prospectus of the Company in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad, and should not be relied on for any other purposes.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PriceWaterhouseCoopers PLT', written over a horizontal line.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Go', written over a horizontal line.

SHIRLEY GOH
01778/08/2020 J
Chartered Accountant

Kuala Lumpur
10 April 2019

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD

(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS**1.1 GENERAL INFORMATION**

Leong Hup International Berhad ("Leong Hup International" or "the Company") was incorporated as a private limited liability company in Malaysia on 23 June 2014 under the name of Octagon Bliss Sdn Bhd and the Company changed its name to Leong Hup International Sdn Bhd on 10 July 2014. On 17 August 2018, the Company was converted to a public limited liability company and assumed the name of Leong Hup International Berhad.

This Accountants' Report comprises the consolidated financial information of Leong Hup International Berhad and its subsidiaries, collectively known as "the Group" which includes the consolidated statements of financial position as at 31 December 2015, 31 December 2016, 31 December 2017 and 31 October 2018, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and for the financial period ended 31 October 2018, and a summary of significant accounting policies and other explanatory notes, as set out on pages 1 to 150.

The Directors regard Emerging Glory Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

The principal activities of the Group are the production and distribution of breeder and broiler day-old-chick, broiler chickens, eggs, animal feeds, animal health products and consumer food products. There have been no significant changes in the nature of these activities during the financial years/period reported in the Accountants' Report.

The address of the principal place of business and registered office is as follows:

Principal place of business

3rd Floor, Wisma Westcourt
No. 126, Jalan Kelang Lama
58000 Kuala Lumpur
Malaysia.

Registered office

Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur.

The consolidated financial information of the Group for the financial period ended 31 October 2017 as shown in the financial statements is unaudited and presented purely for comparative purposes only.

No audited consolidated financial statements of Leong Hup International Berhad have been prepared in respect of any period subsequent to 31 October 2018.

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS

1.2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Financial years ended			10 months financial period ended	
		31.12.2015 Audited RM'ooo	31.12.2016 Audited RM'ooo	31.12.2017 Audited RM'ooo	31.10.2018 Audited RM'ooo	31.10.2017 Unaudited RM'ooo
Revenue	2.3	4,714,566	5,257,390	5,501,364	4,690,295	4,568,075
Other income		47,731	27,282	29,953	29,754	28,326
Change in biological assets		13,474	25,692	18,795	50,233	24,467
Change in closing inventories		5,364	52,071	(7,509)	86,054	(14,599)
Purchases of inventories and livestock		(3,339,839)	(3,582,084)	(3,835,415)	(3,319,362)	(3,193,198)
Employee benefit costs including Directors' remuneration	2.4	(412,179)	(469,480)	(504,176)	(431,441)	(429,499)
Depreciation of:						
Property, plant and equipment	2.9	(144,438)	(168,893)	(188,892)	(156,902)	(159,394)
Investment properties	2.10	(2,038)	(2,746)	(255)	(211)	(219)
Amortisation of:						
Land use rights	2.11	(816)	(22,178)	(7,124)	(5,527)	(6,000)
Intangible assets	2.12	(2,538)	(3,084)	(2,855)	(346)	(2,492)
Utilities costs		(112,993)	(116,845)	(130,879)	(109,666)	(103,313)
Repair and maintenance		(47,471)	(57,015)	(62,244)	(60,167)	(54,095)
Transportation expenses		(75,277)	(77,285)	(80,298)	(69,049)	(68,506)
Other expenses		(332,241)	(412,934)	(346,482)	(324,896)	(282,670)
Profit from operations	2.5	311,305	449,891	383,983	378,769	306,883
Finance costs	2.6	(95,188)	(103,031)	(92,184)	(87,898)	(76,388)
Share of profit of associates	2.14	482	446	468	412	319
Profit before tax		216,599	347,306	292,267	291,283	230,814
Tax expense	2.7	(50,568)	(77,260)	(44,859)	(71,495)	(31,953)
Net profit for the financial year/period		166,031	270,046	247,408	219,788	198,861

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Financial years ended			10 months financial period ended	
		31.12.2015 Audited RM'000	31.12.2016 Audited RM'000	31.12.2017 Audited RM'000	31.10.2018 Audited RM'000	31.10.2017 Unaudited RM'000
Other comprehensive income:						
Item that will be subsequently reclassified to profit or loss:						
Currency translation differences		85,704	57,352	(104,944)	(42,559)	(53,480)
		<u>85,704</u>	<u>57,352</u>	<u>(104,944)</u>	<u>(42,559)</u>	<u>(53,480)</u>
Items that will not be subsequently reclassified to profit or loss:						
Remeasurement of post-employment benefit obligation	2.29	(1,260)	(481)	(2,917)	1,009	(2,636)
Income tax relating to remeasurement of post-employment benefit obligation	2.7	279	96	625	(247)	547
		<u>(981)</u>	<u>(385)</u>	<u>(2,292)</u>	<u>762</u>	<u>(2,089)</u>
Other comprehensive income/ (loss) for the financial year/period		<u>84,723</u>	<u>56,967</u>	<u>(107,236)</u>	<u>(41,797)</u>	<u>(55,569)</u>
Total comprehensive income for the financial year/period		<u>250,754</u>	<u>327,013</u>	<u>140,172</u>	<u>177,991</u>	<u>143,292</u>
Profit for the financial year/ period attributable to:						
Owners of the company		109,805	182,475	192,573	174,278	159,730
Non-controlling interests		56,226	87,571	54,835	45,510	39,131
		<u>166,031</u>	<u>270,046</u>	<u>247,408</u>	<u>219,788</u>	<u>198,861</u>
Total comprehensive income attributable to:						
Owners of the company		161,645	219,349	109,989	148,802	119,117
Non-controlling interests		89,109	107,664	30,183	29,189	24,175
		<u>250,754</u>	<u>327,013</u>	<u>140,172</u>	<u>177,991</u>	<u>143,292</u>
Basic and diluted earnings per share (sen)	2.8	<u>3.23</u>	<u>5.37</u>	<u>5.66</u>	<u>5.13</u>	<u>4.70</u>

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2015 Audited RM'000	31.12.2016 Audited RM'000	As at 31.12.2017 Audited RM'000	As at 31.10.2018 Audited RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	2.9	1,814,564	1,952,936	2,045,801	2,105,355
Investment properties	2.10	55,408	51,752	22,557	22,346
Land use rights	2.11	119,888	132,615	141,710	153,694
Intangible assets	2.12	109,376	108,600	106,475	97,029
Investment in associates	2.14	1,575	1,621	1,633	1,541
Deferred tax assets	2.15	37,810	43,188	64,457	54,497
Tax recoverable	2.7	17,739	20,868	28,271	17,051
Total non-current assets		2,156,360	2,311,580	2,410,904	2,451,513
CURRENT ASSETS					
Biological assets	2.16	277,229	311,019	313,270	357,325
Inventories	2.17	480,976	547,051	516,833	589,967
Trade receivables	2.18	483,763	526,295	563,990	582,577
Other receivables, deposits and prepaid expenses	2.19	136,347	148,854	132,085	162,786
Amount due from ultimate holding company	2.20	7,298	7,297	20,331	21,247
Amounts due from fellow subsidiaries	2.21	27	19	725	1,485
Derivative financial assets	2.22	401	1	-	631
Tax recoverable	2.7	26,802	36,022	16,928	25,562
Cash and bank balances	2.23	466,048	412,978	502,411	525,724
Total current assets		1,878,891	1,989,536	2,066,573	2,267,304
TOTAL ASSETS		4,035,251	4,301,116	4,477,477	4,718,817

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	As at		As at	
		31.12.2015	31.12.2016	31.12.2017	
		Audited	Audited	Audited	
		RM'000	RM'000	RM'000	
				31.10.2018	
				Audited	
				RM'000	
EQUITY AND LIABILITIES					
EQUITY					
Share capital	2.24	955	955	1,230,132	1,230,132
Share premium	2.24	1,229,177	1,229,177	-	-
Merger reserve	2.25	(658,778)	(658,778)	(658,787)	(658,787)
Reserves	2.26	541,127	743,276	614,300	704,039
Equity attributable to owners of the company		1,112,481	1,314,630	1,185,645	1,275,384
Non-controlling interests		582,090	675,755	456,377	438,874
Total equity		1,694,571	1,990,385	1,642,022	1,714,258
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities	2.15	87,732	87,989	83,754	91,297
Finance lease liabilities	2.27	19,349	24,623	29,181	25,514
Bank borrowings	2.28	499,907	419,021	745,254	909,234
Post-employment benefits obligation	2.29	24,147	31,975	36,943	37,331
Total non-current liabilities		631,135	563,608	895,132	1,063,376
CURRENT LIABILITIES					
Trade payables	2.30	284,139	257,610	242,221	253,728
Other payables and accrued expenses	2.31	218,264	265,097	256,688	270,087
Amounts due to fellow subsidiaries	2.32	3,726	3,311	3,870	3,377
Finance lease liabilities	2.27	14,778	17,370	20,466	21,928
Bank borrowings	2.28	1,177,053	1,171,409	1,398,615	1,320,591
Derivative financial liabilities	2.22	3,073	-	1,136	84
Dividend payables	2.33	-	-	-	49,963
Tax payable		8,512	32,326	17,327	21,425
Total current liabilities		1,709,545	1,747,123	1,940,323	1,941,183
TOTAL LIABILITIES		2,340,680	2,310,731	2,835,455	3,004,559
TOTAL EQUITY AND LIABILITIES		4,035,251	4,301,116	4,477,477	4,718,817

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<u>Audited</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Merger reserve</u> RM'000	<u>Foreign currency translation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total attributable to owners of the company</u> RM'000	<u>Non-controlling interests</u> RM'000	<u>Total Equity</u> RM'000
<u>Group</u>									
At 1 January 2015		955	1,229,177	(658,778)	11,842	396,645	979,841	471,256	1,451,097
Comprehensive income:									
Net profit for the financial year		-	-	-	-	109,805	109,805	56,226	166,031
Other comprehensive income:									
Remeasurement of post-employment benefit obligation		-	-	-	-	(930)	(930)	(51)	(981)
Exchange translation differences		-	-	-	52,770	-	52,770	32,934	85,704
Total other comprehensive income		-	-	-	52,770	(930)	51,840	32,883	84,723
Total comprehensive income		-	-	-	52,770	108,875	161,645	89,109	250,754
Transactions with owners:									
Dividends paid	2.33	-	-	-	-	(28,661)	(28,661)	(12,192)	(40,853)
Disposal of non-controlling interest		-	-	-	-	-	-	264	264
Share buy back from non-controlling interest		-	-	-	-	-	-	(375)	(375)
Acquisition of non-controlling interests	2.35	-	-	-	-	(344)	(344)	(977)	(1,321)
Rights issue of share by a subsidiary to non-controlling interest	2.35	-	-	-	-	-	-	35,005	35,005
At 31 December 2015		955	1,229,177	(658,778)	64,612	476,515	1,112,481	582,090	1,694,571

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the company RM'000	Non-controlling interests RM'000	Total equity RM'000
<u>Audited</u>									
<u>Group</u>									
At 1 January 2016		955	1,229,177	(658,778)	64,612	476,515	1,112,481	582,090	1,694,571
Comprehensive income:									
Net profit for the financial year		-	-	-	-	182,475	182,475	87,571	270,046
Other comprehensive income:									
Remeasurement of post-employment benefit obligation		-	-	-	-	(385)	(385)	-	(385)
Exchange translation differences		-	-	-	37,259	-	37,259	20,093	57,352
Total other comprehensive income		-	-	-	37,259	(385)	36,874	20,093	56,967
Total comprehensive income		-	-	-	37,259	182,090	219,349	107,664	327,013
Transactions with owners:									
Dividends paid	2.33	-	-	-	-	(17,200)	(17,200)	(15,085)	(32,285)
Issuance of ordinary shares by subsidiaries to non-controlling interests		-	-	-	-	-	-	2,923	2,923
Acquisition of non-controlling interests	2.35	-	-	-	-	-	-	(1,837)	(1,837)
At 31 December 2016		955	1,229,177	(658,778)	101,871	641,405	1,314,630	675,755	1,990,385

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the company RM'000	Non-controlling interests RM'000	Total equity RM'000
Audited Group									
At 1 January 2017		955	1,229,177	(658,778)	101,871	641,405	1,314,630	675,755	1,990,385
Transition to no par value regime	2.24	1,229,177	(1,229,177)	-	-	-	-	-	-
Comprehensive income:									
Net profit for the financial year		-	-	-	-	192,573	192,573	54,835	247,408
Other comprehensive income:									
Remeasurement of post-employment benefit obligation		-	-	-	-	(2,252)	(2,252)	(40)	(2,292)
Exchange translation differences		-	-	-	(80,332)	-	(80,332)	(24,612)	(104,944)
Total other comprehensive income		-	-	-	(80,332)	(2,252)	(82,584)	(24,652)	(107,236)
Total comprehensive income		-	-	-	(80,332)	190,321	109,989	30,183	140,172
Transactions with owners:									
Dividends paid	2.33	-	-	-	-	(38,400)	(38,400)	(20,028)	(58,428)
Acquisition of subsidiary companies		-	-	(9)	-	-	(9)	(4)	(13)
Acquisition of non-controlling interests	2.35	-	-	-	(373)	(200,192)	(200,565)	(257,992)	(458,557)
Issuance of ordinary shares by subsidiaries to non-controlling interests	2.35	-	-	-	-	-	-	28,463	28,463
At 31 December 2017		1,230,132	-	(9)	(373)	(238,592)	(238,974)	(249,561)	(488,535)
				(658,787)	21,166	593,134	1,185,645	456,377	1,642,022

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the company RM'000	Non-controlling interests RM'000	Total equity RM'000
<u>Audited</u>									
<u>Group</u>									
At 1 January 2018		1,230,132	-	(658,787)	21,166	593,134	1,185,645	456,377	1,642,022
Comprehensive income:									
Net profit for the financial period		-	-	-	-	174,278	174,278	45,510	219,788
Other comprehensive income:									
Remeasurement of post-employment benefit obligation		-	-	-	-	724	724	38	762
Exchange translation differences		-	-	-	(21,522)	-	(21,522)	(16,359)	(37,881)
Recycling of exchange translation differences on disposal of subsidiary		-	-	-	(4,678)	-	(4,678)	-	(4,678)
Total other comprehensive income		-	-	-	(26,200)	724	(25,476)	(16,321)	(41,797)
Total comprehensive income		-	-	-	(26,200)	175,002	148,802	29,189	177,991
Transactions with owners:									
Dividends paid/payable	2.33	-	-	-	-	(58,000)	(58,000)	(37,179)	(95,179)
Acquisition of non-controlling interests	2.35	-	-	-	-	(1,063)	(1,063)	(9,513)	(10,576)
At 31 October 2018		1,230,132	-	(658,787)	(5,034)	709,073	1,275,384	438,874	1,714,258

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the company RM'000	Non-controlling interests RM'000	Total equity RM'000
<u>Unaudited</u>									
<u>Group</u>									
At 1 January 2017		955	1,229,177	(658,778)	101,871	641,405	1,314,630	675,755	1,990,385
Transition to no par value regime	2.24	1,229,177	(1,229,177)	-	-	-	-	-	-
Comprehensive income:									
Net profit for the financial period		-	-	-	-	159,730	159,730	39,131	198,861
Other comprehensive income:									
Remeasurement of post-employment benefit obligation		-	-	-	-	(2,089)	(2,089)	-	(2,089)
Exchange translation differences		-	-	-	(38,524)	-	(38,524)	(14,956)	(53,480)
Total other comprehensive income		-	-	-	(38,524)	(2,089)	(40,613)	(14,956)	(55,569)
Total comprehensive income		-	-	-	(38,524)	157,641	119,117	24,175	143,292
Transactions with owners:									
Dividends paid	2.33	-	-	-	-	(38,400)	(38,400)	(18,927)	(57,327)
Acquisition of subsidiary companies	2.35	-	-	(9)	-	-	(9)	(4)	(13)
Acquisition of non-controlling interests	2.35	-	-	-	-	(2,542)	(2,542)	(9,887)	(12,429)
Issuance of ordinary shares by a subsidiary to non-controlling interests	2.35	-	-	-	-	-	-	2,400	2,400
At 31 October 2017		1,230,132	-	(658,787)	63,347	758,104	1,392,796	673,512	2,066,308

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Financial years ended			10 months financial period ended	
		31.12.2015 Audited RM'000	31.12.2016 Audited RM'000	31.12.2017 Audited RM'000	31.10.2018 Audited RM'000	31.10.2017 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		216,599	347,306	292,267	291,283	230,814
Adjustments for:						
Expense recognised in respect of defined benefit plan	2.29	4,514	5,807	7,126	5,525	5,661
Depreciation of:						
- property, plant and equipment		144,438	168,893	188,892	156,902	159,394
- investment properties		2,038	2,746	255	211	219
Amortisation of:						
- land use rights		816	22,178	7,124	5,527	6,000
- intangible assets		2,538	3,084	2,855	346	2,492
Property, plant and equipment written off		2,140	5,223	1,997	1,698	1,348
Investment property written off		-	754	2	-	2
Bad debts written off		147	328	5	88	5
Bad debts recovered		-	-	-	(185)	-
(Gain)/loss on disposal of:						
- property, plant and equipment		(935)	232	(93)	(719)	915
- land use rights		-	-	490	(200)	-
- other investment		(129)	137	-	-	-
- a subsidiary		-	-	-	(78)	-
Unrealised loss/(gain) on foreign exchange		4,081	4,304	350	(635)	(389)
Share of profit of associates		(482)	(446)	(468)	(412)	(319)
Write off of Value Added Tax receivable		-	-	-	9,789	-
Impairment loss on property, plant and equipment		-	3,055	1,483	-	-
Impairment loss/(reversal of impairment loss) on:						
- trade receivables	2.18	2,354	13,575	1,824	479	(983)
- other receivables	2.19	3,364	(92)	(1,682)	-	(1,587)
Fair value loss/(gain) on derivative financial instruments		2,584	(2,673)	1,137	(1,683)	(611)
Dividend income		(173)	(57)	-	-	-
Interest income		(4,849)	(3,434)	(6,501)	(7,097)	(4,697)
Finance costs		95,188	103,031	92,184	87,898	76,388
		474,233	673,951	589,247	548,737	474,652
Changes in working capital:						
Biological assets		(30,854)	(33,790)	(2,251)	(50,233)	(24,467)
Inventories		(32,043)	(66,065)	27,254	(86,054)	14,599
Receivables		(110,201)	(92,790)	(25,750)	(103,025)	(7,376)
Payables		17,966	23,051	12,117	52,525	(16,038)
Cash generated from operations		319,101	504,357	600,617	361,950	441,370
Tax paid		(18,300)	(72,386)	(76,227)	(64,320)	(71,911)
Net cash flow from operating activities		300,801	431,971	524,390	297,630	369,459

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	Financial years ended			10 months financial period ended	
		31.12.2015 Audited RM'000	31.12.2016 Audited RM'000	31.12.2017 Audited RM'000	31.10.2018 Audited RM'000	31.10.2017 Unaudited RM'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Repayment from:						
- ultimate holding company		7,285	15	7,297	-	7,297
- related parties		-	23,901	-	26,878	-
Advances to related parties		-	-	(13,357)	(13,639)	(13,357)
Proceeds from disposal of:						
- property, plant and equipment		2,519	5,048	5,214	2,988	1,740
- land use rights		-	-	1,927	357	-
- other investments		8,802	-	-	-	-
Proceeds from partial disposal to non-controlling interests		264	-	-	-	-
Dividend income received from:						
- an associate		600	400	456	504	456
- other investments		173	57	-	-	-
Interest income received		4,849	3,434	6,501	6,182	4,697
Additions of:						
- property, plant and equipment	2.9	(304,472)	(251,477)	(336,140)	(266,152)	(250,730)
- investment properties	2.10	(2,392)	(168)	(51)	-	(51)
- land use rights	2.11	(38,263)	(28,935)	(31,939)	(25,398)	(22,602)
- intangible assets	2.12	(2,283)	(1,079)	-	-	-
Share buy back from non-controlling interest		(375)	-	-	-	-
Acquisition of subsidiaries	2.35	(28,004)	-	(5,394)	-	(5,394)
Disposal of subsidiary	2.36	-	-	(2,373)	5,771	(2,373)
(Increase)/Decrease in fixed deposits pledged		(1,347)	(7,906)	1,197	(3,920)	(3,535)
Net cash flow from investing activities		<u>(352,644)</u>	<u>(256,710)</u>	<u>(366,662)</u>	<u>(266,429)</u>	<u>(283,852)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	Note	Financial years ended			10 months financial period ended	
		31.12.2015 Audited RM'000	31.12.2016 Audited RM'000	31.12.2017 Audited RM'000	31.10.2018 Audited RM'000	31.10.2017 Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of shares by subsidiaries to non-controlling interest		-	2,923	-	-	-
Acquisition of non-controlling interest		(1,320)	(1,837)	(458,184)	(10,576)	(12,429)
Finance costs paid		(94,762)	(102,623)	(91,882)	(87,555)	(76,090)
Repayment of advances from related parties		-	(6,839)	-	-	-
Dividends paid to:						
- shareholders		(28,661)	(17,200)	(38,400)	(11,552)	(38,400)
- non-controlling interests		(12,192)	(15,085)	(20,028)	(3,215)	(18,927)
Proceed from rights issue of shares to non-controlling interest		35,005	-	-	-	-
Repayment of finance lease liabilities		(17,742)	(7,420)	(13,288)	(19,976)	(10,096)
Drawdown of term loans		312,562	140,345	519,981	419,529	50,559
Repayment of term loans		(111,424)	(189,159)	(220,032)	(192,278)	(165,767)
Net drawdown/(repayment) of short term borrowings		144,473	(63,705)	249,938	(77,116)	264,783
Net cash flow from financing activities		225,939	(260,600)	(71,895)	17,261	(6,367)
CASH AND CASH EQUIVALENTS						
Net movement		174,096	(85,339)	85,833	48,462	79,240
At beginning of financial year/period		280,599	422,245	333,189	427,424	333,189
Effect of exchange translation differences		(32,450)	(3,717)	8,402	(5,437)	6,830
At end of financial year/period	2.23	422,245	333,189	427,424	470,449	419,259

13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2015 RM'000	Cash flow (including interest paid)* RM'000	Non-cash changes				At 31.12.2015 RM'000
			Interest accretion RM'000	Foreign exchange movement RM'000	New leases RM'000	Disposal of a subsidiary RM'000	
<u>Audited</u>							
Term loans	497,074	136,527	64,611	(5,502)	-	-	692,710
Short term borrowings	800,705	116,837	27,636	-	-	-	945,178
Finance lease liabilities	27,197	(18,912)	1,170	(400)	25,072	-	34,127
	<u>1,324,976</u>	<u>234,452</u>	<u>93,417</u>	<u>(5,902)</u>	<u>25,072</u>	<u>-</u>	<u>1,672,015</u>
	At 1.1.2016 RM'000	Cash flow (including interest paid)* RM'000	Interest accretion RM'000	Foreign exchange movement RM'000	New leases RM'000	Disposal of a subsidiary RM'000	At 31.12.2016 RM'000
<u>Audited</u>							
Term loans	692,710	(97,938)	49,124	(2,091)	-	-	641,805
Short term borrowings	945,178	(94,477)	30,772	-	-	-	881,473
Finance lease liabilities	34,127	(9,438)	2,018	(357)	15,643	-	41,993
	<u>1,672,015</u>	<u>(201,853)</u>	<u>81,914</u>	<u>(2,448)</u>	<u>15,643</u>	<u>-</u>	<u>1,565,271</u>



13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD(Incorporated in Malaysia)
(Company No. 1098663 - D)**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)**

	At 1.1.2017 RM'000	Cash flow (including interest paid)* RM'000	Interest accretion RM'000	Foreign exchange movement RM'000	Non-cash changes			At 31.12.2017 RM'000
					New leases RM'000	Disposal of a subsidiary RM'000		
<u>Audited</u>								
Term loans	641,805	257,728	42,221	13,089	-	(5,932)	948,911	
Short term borrowings	881,473	205,690	44,248	-	-	-	1,131,411	
Finance lease liabilities	41,993	(15,924)	2,636	232	25,845	(5,135)	49,647	
	<u>1,565,271</u>	<u>447,494</u>	<u>89,105</u>	<u>13,321</u>	<u>25,845</u>	<u>(11,067)</u>	<u>2,129,969</u>	
<u>Unaudited</u>								
Term loans	641,805	(148,313)	33,105	(18,272)	-	(5,932)	502,393	
Short term borrowings	881,473	226,530	38,253	-	-	-	1,146,256	
Finance lease liabilities	41,993	(12,254)	2,158	-	22,086	(5,135)	48,848	
	<u>1,565,271</u>	<u>65,963</u>	<u>73,516</u>	<u>(18,272)</u>	<u>22,086</u>	<u>(11,067)</u>	<u>1,697,497</u>	



13. ACCOUNTANTS' REPORT (Cont'd)

LEONG HUP INTERNATIONAL BERHAD
(Incorporated in Malaysia)
(Company No. 1098663 - D)

1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	At 1.1.2018 RM'000	Cash flow (including interest paid)* RM'000	Interest accretion RM'000	Foreign exchange movement RM'000	Non-cash changes		At 31.10.2018 RM'000
					New leases RM'000	Disposal of a subsidiary RM'000	
<u>Audited</u>							
Term loans	948,911	185,143	42,108	(21,682)	-	(2,963)	1,151,517
Short term borrowings	1,131,411	(118,669)	41,553	(15,902)	-	-	1,038,393
Finance lease liabilities	49,647	(22,350)	2,374	(74)	17,845	-	47,442
	<u>2,129,969</u>	<u>44,124</u>	<u>86,035</u>	<u>(37,658)</u>	<u>17,845</u>	<u>(2,963)</u>	<u>2,237,352</u>

* Cash flow includes interest paid on borrowings other than bank overdraft.

Non-cash transactions are disclosed in Note 2.35 to the financial statements.