

## **NOT FOR PUBLICATION OR DISTRIBUTION OUTSIDE MALAYSIA.**

### **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF LEONG HUP INTERNATIONAL BERHAD (“LHI” OR “COMPANY”) DATED 25 APRIL 2019 (“ELECTRONIC PROSPECTUS”)**

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

#### **Website**

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

#### **Availability and Location of Printed Prospectus**

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

Prospective applicants should note that the application forms are not available in electronic format.

#### **Jurisdictional Disclaimer**

The distribution of the Electronic Prospectus and the IPO are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia and/or the sale of the Shares outside Malaysia, which may be restricted by laws in other jurisdictions. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of any of the Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective investors who may be in possession of the Electronic Prospectus are required to take note and to observe, such restrictions.

This document is not for publication or distribution, directly or indirectly, into the United States. This document may not be taken or transmitted into the United States, Canada or Japan or any other jurisdiction which prohibits the same or distributed directly or indirectly, in the United States, Canada or Japan or any other jurisdiction which prohibits the same. No portion of this document constitutes an offer to sell, or a solicitation of an offer to buy, any securities for sale in the United States, Canada or Japan, or any other jurisdiction. Under the terms of any proposed offering, no securities will be offered or sold in the United States absent registration or an exemption from registration. No public offering of securities will be made in the United States, and the Company does not intend to register any part of a proposed offering in the United States.

This document is not an offer for sale of the Shares in the United States or elsewhere. The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (“**U.S. Securities Act**”) and may not be offered, sold, or delivered within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act), unless under an exemption from, or a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, the Shares are being offered and sold only outside the United States to persons in offshore transactions in reliance upon Regulation S under the U.S. Securities Act.

**Close of Application**

Applications for the Shares offered under the Retail Offering will open at 10:00 a.m. (Malaysian time) on 25 April 2019 and will close at 5:00 p.m. (Malaysian time) on 3 May 2019. In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

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

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

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

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

# PROSPECTUS



## LEONG HUP INTERNATIONAL BERHAD

(Company No.: 1098663-D)  
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

3rd Floor, Wisma Westcourt,  
No. 126, Jalan Klang Lama, 58000 Kuala Lumpur,  
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Tel : +6(03) - 7980 8086 | +6(03) - 7980 3817 | Fax : +6(03) - 7982 6000  
Email : info@lhhb.com



LEONG HUP INTERNATIONAL BERHAD



## LEONG HUP INTERNATIONAL BERHAD

(Company No.: 1098663-D)  
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 937,500,000 ORDINARY SHARES IN LEONG HUP INTERNATIONAL BERHAD ("LHI") ("LHI SHARES") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE 3,650,000,000 LHI SHARES ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 687,500,000 EXISTING LHI SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 250,000,000 NEW SHARES ("ISSUE SHARES") INVOLVING:

- I) INSTITUTIONAL OFFERING OF UP TO 839,500,000 IPO SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- II) RETAIL OFFERING OF 98,000,000 ISSUE SHARES TO THE DIRECTORS OF LHI, ELIGIBLE EMPLOYEES OF LHI AND ITS SUBSIDIARIES ("LHI GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE LHI GROUP AND THE MALAYSIAN PUBLIC, AT THE RETAIL PRICE OF RM1.10 PER IPO SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED HEREIN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND THE OVER-ALLOTMENT OPTION (AS DEFINED HEREIN THIS PROSPECTUS), THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

- I) THE RETAIL PRICE OF RM1.10 PER IPO SHARE; OR
- II) THE INSTITUTIONAL PRICE

*Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Managing Underwriter and Joint Underwriter*



Maybank Investment Bank Berhad (19939-H)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Joint Global Coordinator and Joint Bookrunner*

*Joint Global Coordinator, Joint Bookrunner and Joint Underwriter*



Credit Suisse Securities (Malaysia) Sdn Bhd  
(Company No. 499609-H)  
Credit Suisse (Singapore) Limited  
(Company Registration No.: 197702363D)

*Joint Bookrunners and Joint Underwriters (in alphabetical order)*



RHB Investment Bank Berhad (19663-P)  
(Company No.: 19663-P)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Joint Underwriter*



AmInvestment Bank Berhad (23742-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Hong Leong Investment Bank Berhad (10209-W)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Kenanga Investment Bank Berhad  
Company No. 15678-H  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

PROSPECTUS

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

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

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

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 56.**

**LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD**

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



## **LEONG HUP INTERNATIONAL BERHAD**



**Our Brands :**



**01  
Feedmills**

**LEONG HUP INTERNATIONAL BERHAD**

One of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia



**Livestock feed**



**Day old chicks**



**02  
Breeding farms**





**03**

**Broiler chickens & layer chickens**



**04**

**Consumer food products**

**Broilers & layers**



**Fresh chickens & table eggs**

**Food processing production**





**LEONG HUP INTERNATIONAL BERHAD**



*All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Definitions" and "Glossary of Technical Terms" commencing on pages viii, xii and xxv, respectively.*

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

Maybank IB, being the Principal Adviser, the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering and Managing Underwriter and Joint Underwriter for the Retail Offering in relation to our IPO, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the role of Credit Suisse in our IPO is limited to being Joint Global Coordinator and Joint Bookrunner for the Institutional Offering both within Malaysia and outside Malaysia. It does not have any role in, and disclaims any responsibility for, the Retail Offering in Malaysia.

It is to be noted that the role of RHB IB in our IPO is limited to being Joint Global Coordinator and Joint Bookrunner for the Institutional Offering both within Malaysia and outside Malaysia and a Joint Underwriter for the Retail Offering.

It is to be noted that the role of AmIB in our IPO is limited to being the Joint Bookrunner for the Institutional Offering within Malaysia and a Joint Underwriter in respect of the Retail Offering. It does not have any role in, and disclaims any responsibility for, the Institutional Offering outside Malaysia.

It is to be noted that the role of HLIB in our IPO is limited to being the Joint Bookrunner for the Institutional Offering within Malaysia and a Joint Underwriter in respect of the Retail Offering. It does not have any role in, and disclaims any responsibility for, the Institutional Offering outside Malaysia.

It is also to be noted that the role of Kenanga IB in our IPO is limited to being Joint Underwriter for the Retail Offering.

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

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

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

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

You should not take the agreement by the Managing Underwriter and the Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

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



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

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. Our Company, the Promoters, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. No action has been taken to permit any offering of our Shares based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe, such restrictions.

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

It will be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It will be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor the Promoters, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters nor any other advisers in relation to our IPO will accept any responsibility or liability in the event that any application made by you will become illegal, unenforceable, avoidable or void in any country or jurisdiction.

Our Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, or delivered within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act), unless under an exemption from, or a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, our Shares are being offered and sold only outside the United States to persons in offshore transactions in reliance upon Regulation S under the U.S. Securities Act.

Our Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State Securities Commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of our IPO or confirmed the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the U.S.

## ELECTRONIC PROSPECTUS

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

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

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

- (i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, file or other material provided by the Third-Party Internet Sites; and
- (iii) any data, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

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

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

**INDICATIVE TIMETABLE**

The following events are intended to take place on the following indicative time and/or date:

<b>Event</b>	<b>Time and/or date</b>
Opening of the Institutional Offering <sup>(1)</sup>	25 April 2019
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 25 April 2019
Closing of the Retail Offering	5:00 p.m., 3 May 2019
Closing of the Institutional Offering	3 May 2019
Price Determination Date	6 May 2019
Balloting of applications for our IPO Shares under the Retail Offering	7 May 2019
Allotment/Transfer of our IPO Shares to successful applicants	15 May 2019
Listing	16 May 2019

**Note:**

(1) *Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of our IPO Shares by the Cornerstone Investors was entered into on 22 April 2019.*

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

**TABLE OF CONTENTS**

<b>PRESENTATION OF FINANCIAL AND OTHER INFORMATION .....</b>		<b>viii</b>
<b>FORWARD-LOOKING STATEMENTS .....</b>		<b>x</b>
<b>DEFINITIONS .....</b>		<b>xii</b>
<b>GLOSSARY OF TECHNICAL TERMS .....</b>		<b>xxv</b>
<b>EXCHANGE RATES .....</b>		<b>xxvii</b>
<b>1. CORPORATE DIRECTORY .....</b>		<b>1</b>
<b>2. INTRODUCTION .....</b>		<b>9</b>
2.1 Approvals and conditions .....		9
2.2 Moratorium on our Shares.....		11
<b>3. PROSPECTUS SUMMARY .....</b>		<b>12</b>
3.1 Principal details of our IPO.....		12
3.2 Our business.....		13
3.3 Competitive strengths.....		14
3.4 Future plans and strategies.....		15
3.5 Use of proceeds.....		16
3.6 Directors and key senior management.....		17
3.7 Promoters and substantial shareholders.....		18
3.8 Risk factors .....		20
3.9 Financial highlights.....		21
3.10 Dividend policy .....		21
<b>4. DETAILS OF OUR IPO .....</b>		<b>22</b>
4.1 Indicative timetable.....		22
4.2 Particulars of our IPO and plan of distribution .....		23
4.3 Selling Shareholders .....		35
4.4 Basis of arriving at the price of our IPO Shares and refund mechanism .....		38
4.5 Dilution .....		40
4.6 Use of proceeds .....		41
4.7 Brokerage fee, underwriting commission and placement fee .....		47
4.8 Details of the underwriting, placement and lock-up arrangements.....		48
4.9 Trading and settlement in secondary market .....		54
<b>5. RISK FACTORS .....</b>		<b>56</b>
5.1 Risks relating to our business .....		56
5.2 Risks relating to our industry .....		69
5.3 Risks relating to the jurisdiction where we operate.....		75
5.4 Risks relating to our Shares and our Listing.....		79
<b>6. INFORMATION ON OUR GROUP .....</b>		<b>83</b>
6.1 Our Company.....		83
6.2 Our Group structure .....		95
6.3 Our subsidiaries and associates.....		101
<b>7. BUSINESS OVERVIEW .....</b>		<b>131</b>
7.1 Overview .....		131
7.2 Competitive strengths .....		134
7.3 Future plans and strategies.....		142
7.4 Our key milestones .....		146
7.5 Our operations .....		147
7.6 Sales and marketing .....		171
7.7 Distribution.....		173
7.8 Major suppliers and customers.....		174
7.9 Competition .....		178
7.10 Raw Materials and Procurement .....		178
7.11 Future Plans for Construction, Expansion and Improvement of Plant, Property and Equipment.....		178

**TABLE OF CONTENTS** (Cont'd)

7.12	Seasonality .....	179
7.13	Research and development.....	180
7.14	Technology.....	180
7.15	Insurance.....	180
7.16	Major licences and permits.....	181
7.17	Business interruption.....	181
7.18	Employees .....	182
7.19	Intellectual property and trademarks .....	183
7.20	Governing laws and regulations .....	207
7.21	Material properties and material equipment.....	218
7.22	Material dependency on commercial contracts, agreements or other arrangements .....	218
7.23	HSE matters .....	219
7.24	Sustainability and CSR .....	220
7.25	Awards.....	221
7.26	Key certifications .....	223
<b>8.</b>	<b>INDUSTRY OVERVIEW.....</b>	<b>224</b>
<b>9.</b>	<b>INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT.....</b>	<b>236</b>
9.1	Promoters and substantial shareholders.....	236
9.2	Board of Directors .....	243
9.3	Key senior management .....	295
9.4	Management reporting structure .....	305
9.5	Associations or family relationship between our substantial shareholders, Promoters, Directors and key senior management .....	306
9.6	Declaration by our Directors, key senior management and Promoters .....	308
9.7	Other matters .....	308
<b>10.</b>	<b>RELATED PARTY TRANSACTIONS.....</b>	<b>309</b>
10.1	Our Group's Related Party Transactions.....	309
10.2	Monitoring and oversight of related party transactions .....	337
<b>11.</b>	<b>CONFLICTS OF INTEREST .....</b>	<b>339</b>
11.1	Interest in entities carrying on a similar trade or customers and/or suppliers of our Group .....	339
11.2	Declaration by advisers on conflicts of interest.....	343
<b>12.</b>	<b>FINANCIAL INFORMATION .....</b>	<b>348</b>
12.1	Historical financial information.....	348
12.2	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	350
12.3	Capitalisation and indebtedness.....	407
12.4	Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position .....	408
12.5	Dividend policy .....	424
<b>13.</b>	<b>ACCOUNTANTS' REPORT.....</b>	<b>426</b>
<b>14.</b>	<b>ADDITIONAL INFORMATION .....</b>	<b>580</b>
14.1	Share capital .....	580
14.2	Extracts of our Constitution .....	580
14.3	Limitation on the right to hold securities and/or exercise voting rights.....	584
14.4	Repatriation of capital, remittance of profit and taxation.....	585
14.5	Material contracts.....	585
14.6	Material litigation .....	587
14.7	Consents .....	587
14.8	Documents available for inspection.....	588
14.9	Responsibility statements.....	588

**TABLE OF CONTENTS** (Cont'd)

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<b>15.</b>	<b>PROCEDURES FOR APPLICATION .....</b>	<b>589</b>
15.1	Opening and closing of applications.....	589
15.2	Methods of applications.....	589
15.3	Eligibility .....	590
15.4	Procedures for application by way of an Application Form.....	591
15.5	Application by way of Electronic Share Applications .....	592
15.6	Application by way of Internet Share Applications.....	592
15.7	Authority of our Board and the Issuing House.....	592
15.8	Over/Under-subscription .....	593
15.9	Unsuccessful/Partially successful applicants.....	593
15.10	Successful applicants.....	594
15.11	Enquiries .....	595
<b>ANNEXURE A:</b>	<b>OUR MAJOR LICENCES, PERMITS AND APPROVALS</b>	
<b>ANNEXURE B:</b>	<b>OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT</b>	
<b>ANNEXURE C:</b>	<b>BY-LAWS FOR THE ESOS</b>	
<b>ANNEXURE D:</b>	<b>OUR UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE FYE 31 DECEMBER 2018</b>	

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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All references to “our Company” or “LHI” are to Leong Hup International Berhad. All references to “LHI Group” or “our Group” are to our Company and our subsidiaries taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, our Group.

All references to “Promoters” are to Emerging Glory, Lau Chia Nguang, Dato’ Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng, Lau Joo Heng and Lau Joo Hwa; and “Promoter” shall refer to any one or more of them.

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

All references to “Government” are to the Government of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter genders and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

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

Any reference to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the “LPD” in this Prospectus are to 31 March 2019, being the latest practicable date prior to the registration of this Prospectus with the SC.

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

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Frost & Sullivan to provide an independent market and industry review. In compiling their data for the review, Frost & Sullivan had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION** *(Cont'd)*

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EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.



**FORWARD-LOOKING STATEMENTS**

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This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services and general industry environment;
- (ii) our strategies and competitive position;
- (iii) our future financial position, earnings, cash flows and liquidity;
- (iv) potential growth opportunities; and
- (v) regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, but are not limited to:

- (a) activities and financial position of our customers, suppliers and other business partners;
- (b) delay in supply of raw materials and shortages in labour;
- (c) interest rates, tax rates and foreign exchange rates;
- (d) future regulatory or government policy changes affecting us or the countries where we operate or may operate in the future;
- (e) delays or problems with the execution of our expansion plans;
- (f) competitive environment of the industry in which we operate;
- (g) reliance on licences, permits and approvals;
- (h) general economic, business, social, political and investment environment in Malaysia and other countries where we operate;
- (i) continued availability of capital and financing;
- (j) finance costs;
- (k) fixed or contingent obligations and commitments;
- (l) changes in accounting standards and policies; and
- (m) other factors beyond our control.

**FORWARD-LOOKING STATEMENTS** *(Cont'd)*

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Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

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

**DEFINITIONS**

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Act	: Companies Act 2016 of Malaysia
ADA	: Authorised Depository Agent
Admission	: Admission of our Shares to the Official List of the Main Market of Bursa Securities
Affected Companies	: Collectively, LS Poultry, Lee Say, Hup Heng Poultry, Leong Hup Food, ES Food and Prestige Fortune (S)
Affinity APF IV	: Affinity Asia Pacific Fund IV L.P.
Affinity APF IV2	: Affinity Asia Pacific Fund IV (No.2) L.P.
Affinity EPS	: Affinity Equity Partners (S) Pte Ltd
AGM	: Annual general meeting
AmlB	: AmlInvestment Bank Berhad
Application Form	: Application form for the application of our IPO Shares under the Retail Offering accompanying this Prospectus
ASEAN	: Association of Southeast Asian Nations
ATM	: Automated teller machine
Auditors or Reporting Accountants	: PricewaterhouseCoopers PLT
AVA	: Agri-Food and Veterinary Authority of Singapore (cease to exist with effect from 1 April 2019 where its food-related functions would come under SFA)
Aviagen	: Aviagen, Inc and its group of companies
Bagged Feed	: Feed packaged into bags
Baker's Cottage	: The Baker's Cottage Sdn Bhd
BNM	: Bank Negara Malaysia
Board	: Board of Directors of our Company
Bonus Shares	: LHI Shares issued pursuant to the Bonus Issue
Bonus Issue	: Bonus issue of 1,229,176,622 Bonus Shares which was wholly capitalised from the share premium of our Company

**DEFINITIONS** (Cont'd)

Bumiputera	: In the context of:
	(i) individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;
	(ii) companies, companies which fulfil, among others, the following criteria or such other criteria as may be imposed by the MITI:
	(a) registered under the Act as a private company;
	(b) its shareholders are 100.0% Bumiputera; and
	(c) its board of directors (including its staff) are at least 51.0% Bumiputera; and
	(iii) cooperatives, cooperatives whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
By-Laws	: By-laws governing the ESOS
CAGR	: Compound annual growth rate
Capex	: Capital expenditure
CCC	: Certificate of completion and compliance or such certificate by any other name issued by the relevant authority under the SDBA and any by-laws made under it or such relevant legislation applicable at the material time
CCCS	: Competition and Consumer Commission of Singapore
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
Clarinden Investments	: Clarinden Investments Pte Ltd
CMSA	: Capital Markets and Services Act 2007 of Malaysia
CNL&S	: CN Lau & Sons Sdn Bhd
CN Lau Holdings	: CN Lau Holdings Sdn Bhd
Cobb	: Cobb Vantress, Inc
Concordant Investments	: Concordant Investments Pte Ltd
Constitution	: Constitution of our Company
Cornerstone Investors	: Collectively, AIA Berhad, Employees Provident Fund Board, Factorial Master Fund, GuoLine (Singapore) Pte Ltd, Hong Leong Capital Berhad, Louis Dreyfus Company Asia Pte. Ltd., Maybank Asset Management Sdn Bhd, Ovata Capital Management Limited, RHB Asset Management Sdn Bhd and Tan Sri Datuk Seri Chua Ma Yu

**DEFINITIONS** (Cont'd)

CP	: Charoen Pokphand Group Co, Ltd
CP Foods	: Charoen Pokphand Foods Public Company Limited
CP Indo	: PT Charoen Pokphand Indonesia Tbk
CPS	: Central packing station
Credit Suisse	: Collectively, Credit Suisse Securities (Malaysia) Sdn Bhd and Credit Suisse (Singapore) Limited
CSR	: Corporate Social Responsibility
CWL&S	: CW Lau & Sons Sdn Bhd
DENR	: Department of Environment and Natural Resources in the Philippines
Directors	: Directors of our Company
DGT	: Directorate General of Taxes of Indonesia
DOE	: Department of Environment of Malaysia
DOSH	: Department of Occupational Safety and Health of Malaysia
Duck Production	: Import of PS DOD and production of DOD and Broiler duck
DVS	: Department of Veterinary Services of Malaysia
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
ECC	: Environmental Compliance Certificate issued by the EMB of the DENR
Electronic Prospectus	: Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium including, but not limited to CD-ROMs (Compact Disc – Read Only Memory) or floppy disks
Electronic Share Application	: Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	: Collectively, Directors and employees of our Group and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EMB	: Environmental Management Bureau of the Philippines
Emerging Glory	: Emerging Glory Sdn Bhd
Emivest	: Emivest Sdn Bhd (formerly known as Emivest Berhad)
EPS	: Earnings per share
Executive Director	: Executive director of our Company
Equity Guidelines	: Equity Guidelines issued by the SC
ESOS	: Employee's share option scheme

**DEFINITIONS** (Cont'd)

ESOS Options	:	Right of a Grantee to subscribe for new LHI Shares pursuant to the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the offer and the By-Laws
ERP	:	Enterprise Resource Planning
EU	:	European Union
F&B	:	Food and beverage
FAO	:	Food and Agriculture Organisation
Feedmill Business	:	The formulation, production and sale of livestock feed for a variety of livestock
Festive Season Price Controlled Scheme	:	The festive season price control scheme which was implemented since 2000 under the PCAPA
Final Retail Price	:	Final price per Issue Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
Founding Family	:	Collectively, the two co-founders of the business and undertakings of LHI group of companies namely the late Dato' Lau Chong Wang and late Dato' Lau Bong Wong, as well as Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng, Lau Joo Heng, Lau Joo Hwa and/or such other family member, where applicable
FPE	:	Ten-month financial period ended or where the context otherwise requires, ten-month financial period ending
Frost & Sullivan or IMR	:	Frost & Sullivan GIC Malaysia Sdn Bhd, an independent market consultant
FSMS	:	Food safety management system
FYE	:	Financial year ended or where the context otherwise requires, financial year ending
GDP	:	Gross Domestic Product
GR 36/2005	:	Government Regulation of the Republic of Indonesia Number 36 of 2005 on the Implementation Regulation to Law Number 28 of 2002 on Building
Grantee(s)	:	An eligible Director or eligible employee of our Group who has accepted the offer in accordance with the terms and conditions of the offer and the By-Laws
GSO	:	General Statistics Office of Vietnam
GST	:	Goods and services tax
HACCP	:	Food Safety Management System – Hazard Analysis Critical Control Point
HLIB	:	Hong Leong Investment Bank Berhad
HNL&S	:	HN Lau & Sons Sdn Bhd
HSE	:	Health, safety and environmental

**DEFINITIONS** (Cont'd)

IDT	:	Issue document of title
IMB	:	Building permit (Izin Mendirikan Bangunan) issued by the relevant authorities in Indonesia
IMF	:	International Monetary Fund
IFRS	:	International Financial Reporting Standards
IMR Report	:	Independent market research report dated 10 April 2019 prepared by Frost & Sullivan
Initial Public Offering or IPO	:	Collectively, the Offer for Sale and the Public Issue
Institutional Offering	:	Offering of up to 839,500,000 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to the following: <ul style="list-style-type: none"> <li>(i) Malaysian institutional and selected investors, including Bumiputera investors approved by the MITI; and</li> <li>(ii) foreign institutional and selected investors outside the United States in reliance on Regulation S</li> </ul>
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution	:	A participating financial institution for the Internet Share Application
Internet Share Application	:	Application for our IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
ISO	:	International Organisation for Standardisation
Issue Shares	:	New Shares to be issued by our Company under the Public Issue
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd
JAKIM	:	Jabatan Kemajuan Islam Malaysia
Japfa	:	Japfa Limited
Joint Bookrunners	:	Collectively, Maybank IB, Credit Suisse, RHB IB, AmIB and HLIB
Joint Global Coordinators	:	Collectively, Maybank IB, Credit Suisse and RHB IB
Joint Underwriters	:	Collectively, Maybank IB, RHB IB, AmIB, HLIB and Kenanga IB
Jordon	:	Jordon International Food Processing Pte Ltd
Kenanga IB	:	Kenanga Investment Bank Berhad
KLSE	:	Kuala Lumpur Stock Exchange (currently known as Bursa Securities)

**DEFINITIONS** (Cont'd)

KM	:	Planning permission (Kebenaran Merancang)
KMT	:	Temporary planning permission (Kebenaran Merancang Terhad)
KPFB	:	Koperasi Permodalan Felda Malaysia Berhad
KPPU	:	Commission for the Supervision of Business Competition of Indonesia (Komisi Pengawas Persaingan Usaha)
LH Holdings	:	Leong Hup Holdings Sdn Bhd (formerly known as Leong Hup Holdings Berhad)
LH Jayaindo	:	PT Leong Hup Jayaindo
LHI or Company	:	Leong Hup International Berhad
LHI Group or Group	:	Collectively, LHI and its subsidiaries
LHI Shares or Shares	:	Ordinary shares in the share capital of our Company
LH Trademark	:	The trademark of LH Holdings as described in Section 7.22 of this Prospectus
Listing	:	Listing of and quotation for the entire enlarged issued share capital of our Company on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Livestock Business	:	The rearing of DOCs in order to produce PS DOCs and Broiler DOCs for internal use and external sale, and the rearing and sale of Broiler chicken, the rearing of PS Layer DOCs in order to produce Layer DOCs, and the rearing of Layer in order to produce eggs, the rearing of PS DODs in order to produce Broiler DODs, and the rearing and sale of broiler duck, and the distribution of fresh and processed downstream consumer food products
LPD	:	31 March 2019, being the latest practicable date prior to the registration of this Prospectus with the SC
LS Poultry	:	Lee Say Poultry Industrial, a registered sole proprietorship in Singapore owned by Lee Say
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Malindo Group	:	Collectively, Malindo Feedmill and its subsidiaries
Managing Underwriter	:	Maybank IB
Master Cornerstone Placement Agreement	:	The cornerstone placement agreement dated 22 April 2019 entered into between our Company, Selling Shareholders, the Joint Global Coordinators and each of the Cornerstone Investors as detailed in Section 14.5.7 of this Prospectus
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maybank	:	Malayan Banking Berhad



**DEFINITIONS** (Cont'd)

Maybank IB	:	Maybank Investment Bank Berhad
MCCG	:	Malaysian Code on Corporate Governance which came into effect on 26 April 2017
MDTCA	:	Ministry of Domestic Trade and Consumer Affairs of Malaysia
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry of Malaysia
MOA	:	Ministry of Agriculture and Agro-based Industry of Malaysia
MOH	:	Ministry of Health of Malaysia
Muar Regent	:	Muar Regent Holdings Pte Ltd (formerly known as Leong Hup International Pte Ltd)
MUIS	:	Islamic Religious Council of Singapore (Majlis Ugama Islam Singapura)
N/A	:	Not applicable
NA	:	Net assets/ equity attributable to owners of the parent
NBV	:	Net book value
N.E.C.	:	Not elsewhere classified
NEA	:	National Environment Agency of Singapore
OECD	:	Organisation for Economic Co-operation and Development
Offer for Sale	:	Offer for sale of up to 687,500,000 Offer Shares by the Selling Shareholders
Offer Shares	:	Existing LHI Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
OSS Regulation	:	Government Regulation No. 24 Year 2018 regarding Online Single Submission Service
Over-allotment Option	:	The over-allotment option granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers)
Over-allotment Option Providers	:	Collectively, CN Lau Holdings, Dato' Lau Eng Guang, TN Lau Holdings, Lau Joo Hong, Lau Joo Han, Lau Jui Peng, Lau Joo Heng, HNL&S and Clarinden Investments
Participating Financial Institution	:	A participating financial institution for the Electronic Share Application
PAT	:	Profit after taxation
PATAMI	:	Profit after taxation and minority interests
PBAC	:	Perfect Breeding and Aquatic Corporation

**DEFINITIONS** (Cont'd)

PBT	:	Profit before taxation
PB multiple	:	Price-to-book multiple
PCAPA	:	Price Control and Anti-Profitteering Act 2011 of Malaysia
PE multiple	:	Price-to-earnings multiple
Phil Malay	:	Phil Malay Poultry Breeders Inc
Pink Form Allocations	:	The allocation of 25,000,000 Issue Shares to Eligible Person pursuant to the Public Issue
Placement Agreement	:	The placement agreement to be entered into by our Company, the Selling Shareholders and Placement Managers in respect of such number of IPO Shares to be offered under the Institutional Offering
Placement Managers	:	Collectively, Maybank IB, Credit Suisse, RHB IB, AmIB and HLIB
Pre-IPO Exercise	:	Collectively, the Bonus Issue and the Share Split
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Price-controlled goods	:	Goods which the MDTCA is empowered under the PCAPA to determine maximum, minimum or fixed prices
Promoters	:	Collectively, Emerging Glory, Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong, Lau Joo Keat, Lau Joo Han, Lau Jui Peng, Lau Joo Heng and Lau Joo Hwa; and " <b>Promoter</b> " shall refer to any one or more of them
Principal Adviser	:	Maybank IB
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
PSA	:	Philippine Statistics Authority
Public Issue	:	Public issue of 250,000,000 Issue Shares by our Company
QL	:	QL Resources Berhad
QMS	:	Quality management system
QSR	:	Quick-service restaurants
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Regulation S	:	Regulation S under the U.S. Securities Act
Retail Offering	:	Offering of 98,000,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated to the following: <ul style="list-style-type: none"> <li>(i) 25,000,000 Issue Shares reserved for application by the Eligible Persons; and</li> <li>(ii) 73,000,000 Issue Shares for application by the Malaysian Public, via balloting</li> </ul>

**DEFINITIONS** (Cont'd)

Retail Price	: Initial price of RM1.10 per IPO Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.4.1 of this Prospectus
Retail Underwriting Agreement	: Retail underwriting agreement dated 12 April 2019 between our Company, the Selling Shareholders, the Managing Underwriter and the Joint Underwriters for the underwriting of our Issue Shares under the Retail Offering
RHB	: RHB Bank Berhad
RHB IB	: RHB Investment Bank Berhad
Rules of Bursa Depository	: The rules of Bursa Depository as issued under the SICDA
SC	: Securities Commission Malaysia
SDBA	: Street, Drainage and Building Act 1974 of Malaysia
Selling Shareholders	: Collectively, CN Lau Holdings, Dato' Lau Eng Guang, TN Lau Holdings, Lau Joo Hong, Lau Joo Han, Lau Jui Peng, Lau Joo Heng, HNL&S and Clarinden Investments
SFA	Singapore Food Agency
Share Lending Agreement	: The agreement to be entered into by the Over-allotment Option Providers and the Stabilising Manager under which the Over-allotment Option Providers will lend our Shares to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option
Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd
Share Split	: Share split involving the subdivision of our 1,230,131,992 Shares after the Bonus Issue into 3,400,000,000 Shares
SICDA	: Securities Industry (Central Depositories) Act, 1991
Singapore Competition Act	: Competition Act, Chapter 50B of Singapore
SLF	: Certificate of feasible function (Sertifikat Laik Fungsi) or such certificate by any other name issued by the relevant authority under the GR 36/2005 and any by-laws made under it or such relevant legislation applicable at the material time
Stabilising Manager	: Maybank IB
TBP	: Temporary building permit
Teo Seng Group	: Collectively, Teo Seng and its subsidiaries
Teratai Malaysia	: Teratai Agriculture Sdn Bhd
Thaifoods Group	: Thaifoods Group Public Company Limited
TM Licence Agreement	: Trademark licence agreement dated 1 August 2018 between LH Holdings and our Company

**DEFINITIONS** (Cont'd)

TN Lau Holdings	: TN Lau Holdings Sdn Bhd
UK	: United Kingdom
UKL/UPL	: Upaya Pengelolaan Lingkungan (Environmental Management Efforts)/ Upaya Pemantauan Lingkungan (Environmental Monitoring Efforts) of Indonesia
UN	: United Nations
USDA	: United States Department of Agriculture
US GAAP	: US Generally Accepted Accounting Principles
U.S. or United States	: United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. Securities Act	: United States Securities Act of 1933
VAT	: Value-added tax
VWAMP	: Volume-weighted average market price

**Currencies**

IDR	: Indonesian Rupiah, the lawful currency of the Republic of Indonesia
KHR	: Cambodian Riel, the lawful currency of Cambodia
PHP	: Philippine Peso, the lawful currency of Philippines
RM and sen	: Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD/S\$	: Singapore Dollar, the lawful currency of Singapore
USD/US\$	: United States Dollar, the lawful currency of the United States
VND	: Vietnam Dong, the lawful currency of Vietnam

**Subsidiaries**

A1FC	: Ayam A1 Food Corporation Sdn Bhd
A1FP	: Ayam A1 Food Processing Sdn Bhd
Advantage Valuations	: Advantage Valuations Sdn Bhd
Ayam Prima	: PT Ayam Prima Esa
Baker's Cottage Restaurant	: The Baker's Cottage Restaurant Sdn Bhd
Beaming Agrottrade	: Beaming Agrottrade Sdn Bhd
BH Fresh Food	: BH Fresh Food Pte Ltd
Bibit Indonesia	: PT Bibit Indonesia

**DEFINITIONS** (Cont'd)

B-Tech	:	B-Tech Aquaculture Sdn Bhd
Dragon Amity	:	Dragon Amity Pte Ltd
Emivest Feedmill (TG)	:	Emivest Feedmill (TG) Vietnam Limited Liability Company (Công Ty TNHH Emivest Feedmill (TG) Việt Nam)
Emivest Feedmill Vietnam	:	Emivest Feedmill Vietnam Company Ltd (Công Ty TNHH Emivest Feedmill Việt Nam)
ES Food	:	ES Food International Pte Ltd
Ex Treasures Farm Excel	:	Exclusive Treasures Sdn Bhd Farm Excel Distribution Sdn Bhd
FE Venture	:	F.E Venture Sdn Bhd
Great Egg	:	Great Egg Industries Sdn Bhd
Golden Egg	:	Golden Egg Sdn Bhd
Goldkist Breeding	:	Goldkist Breeding Farms Sdn Bhd
Heng Kai Hock	:	Heng Kai Hock Farm Sdn Bhd
Hup Heng Poultry	:	Hup Heng Poultry Industries Pte Ltd
Ideal Multifeed	:	Ideal Multifeed (Malaysia) Sdn Bhd
Jaco Nutrimix	:	Jaco Nutrimix Sdn Bhd
JB Kim	:	J.B. Kim Farm Sdn Bhd
Kayangan Runding	:	Kayangan Runding Sdn Bhd
Kendo Trading	:	Kendo Trading Pte Ltd
Laboratorios Reveex	:	Laboratorios Reveex (Asia) Sdn Bhd
Ladang Ternakan	:	Ladang Ternakan Maju Sdn Bhd
Laskar Fertiliser	:	Laskar Fertiliser Sdn Bhd
Lee Say	:	Lee Say Group Pte Ltd
Leong Ayamsatu	:	PT Leong Ayamsatu Primadona
Leong Hup Cambodia	:	Leong Hup (Cambodia) Limited
Leong Hup Distribution	:	Leong Hup Distribution Pte Ltd
Leong Hup Feedmill	:	Leong Hup Feedmill Sdn Bhd
Leong Hup Feedmill Vietnam	:	Leong Hup Feedmill Vietnam Limited Liability Company (Công Ty TNHH Leong Hup Feedmill Việt Nam)
Leong Hup Food	:	Leong Hup Food Pte Ltd (formerly known as KSB Distribution Pte Ltd)

**DEFINITIONS** (Cont'd)

LH Agrobusiness	: Leong Hup Agrobusiness Sdn Bhd
LH Agriculture	: Leong Hup Agriculture (Desaru) Sdn Bhd
LH Aquaculture	: Leong Hup Aquaculture Sdn Bhd
LH Broiler Farm	: Leong Hup Broiler Farm Sdn Bhd
LH Corporate Services	: Leong Hup Corporate Services Sdn Bhd
LH Feedmill Malaysia	: Leong Hup Feedmill Malaysia Sdn Bhd
Leong Hup GPS	: Leong Hup (G.P.S.) Farm Sdn Bhd
LH Malaysia	: Leong Hup (Malaysia) Sdn Bhd
LH Poultry Farm	: Leong Hup Poultry Farm Sdn Bhd
LH Poultry Farm (Sabah)	: Leong Hup Poultry Farm (Sabah) Sdn Bhd
LHPhi	: Leong Hup (Philippines), Inc
LH Ruminant	: Leong Hup Ruminant Farm Sdn Bhd
LHSg	: Leong Hup Singapore Pte Ltd
Liberal Energy	: Liberal Energy Sdn Bhd
LS Breeding	: Lee Say Breeding Farm Sdn Bhd
LS Food	: Lee Say Food Holdings Pte Ltd
Malindo Feedmill	: PT Malindo Feedmill Tbk
Malindo Food Delight	: PT Malindo Food Delight
Mantap Untung	: Mantap Untung Sdn Bhd
Mighty Farms	: Mighty Farms Sdn Bhd
Mitra Bebek	: PT Mitra Bebek Persada
My-Kando	: My-Kando Food Industries Sdn Bhd
New Soon Teng	: New Soon Teng Poultry Sdn Bhd
Pioneer Prosperity	: Pioneer Prosperity Sdn Bhd
Premium Egg	: Premium Egg Products Pte Ltd
Prestige Fortune	: Prestige Fortune Sdn Bhd
Prestige Fortune (S)	: Prestige Fortune (S) Pte Ltd
Prima Anjung	: Prima Anjung Sdn Bhd
Prima Fajar	: PT Prima Fajar

**DEFINITIONS** (Cont'd)

Quality Indonesia	:	PT Quality Indonesia
Rising Momentum	:	Rising Momentum Sdn Bhd
Ritma Premier	:	Ritma Premier Pte Ltd
Ritma Prestasi	:	Ritma Prestasi Sdn Bhd
Safa Gourmet	:	Safa Gourmet Food Pte Ltd
Soonly Food	:	Soonly Food Processing Industries Pte Ltd
Sri Medan Duck Farm	:	Sri Medan Duck Farm Sdn Bhd
Success Century	:	Success Century Sdn Bhd
Sweet Vista	:	Sweet Vista Sdn Bhd
Tasty Meat	:	Tasty Meat Products Pte Ltd
Teo Seng	:	Teo Seng Capital Berhad
Teo Seng Farming	:	Teo Seng Farming Sdn Bhd
Teo Seng Feedmill	:	Teo Seng Feedmill Sdn Bhd
Teo Seng Paper	:	Teo Seng Paper Products Sdn Bhd
Ternakan Emas	:	Ternakan Emas Sdn Bhd
United Global	:	United Global Resources Limited
Wang Xiang Shun	:	Wang Xiang Shun Food Industry Pte Ltd

**Associates**

Greatmammoth	:	Greatmammoth Properties Inc
Indahgrains	:	Indahgrains Logistics Sdn Bhd

**GLOSSARY OF TECHNICAL TERMS**

Broiler	:	Poultry that is bred and raised specifically for meat production
Broiler Farm	:	A farm where Broilers are bred and raised
Breeder	:	Poultry that is bred and raised specifically for breeding purposes
Breeder Farm	:	A farm where Breeder are bred and raised
Bulk Feed	:	Feed transferred to bulk bins
Chicken Production	:	The production of PS DOC, Broiler DOC and Broiler chicken, the slaughtering of Broiler chicken and further food processing
CHS	:	Closed-house system, a process of raising domesticated birds, which are bred and raised in a confined environment for the purpose of farming meat or eggs for food
Cost price index	:	A measure that examines the weighted average of prices of a group of consumer goods and services
DOC	:	Day old chick, which refers to a newly-hatched chick
DOD	:	Day old duckling, which refers to newly-hatched duck
Duck Production	:	The production of PS DOD, Broiler DOD and broiler ducks, the slaughtering of broiler ducks and further food processing
Egg Production	:	The production of Layer DOCs and table egg
FCR	:	Feed Conversion Ratio, which refers to the amount of feed required to produce one kg of weight
FPP	:	Food processing production
Free-range poultry farming	:	A method of farming husbandry where the animals, for at least part of the day, can roam freely outdoors, rather than being confined in an enclosure for 24 hours each day
GDP	:	Gross domestic product
GMP	:	Good Management Practice
GPS	:	Grandparent stock, which is a poultry bird, produced from the progeny of the pedigree stock, and is used for the production of PS
GPS DOC	:	Grandparent stock day old chick, which is a newly-hatched chick, produced from the progeny of the pedigree stock, and is used for the production of PS
Hatchery	:	An installation or building in which the hatching of poultry eggs is controlled for commercial purposes
H5N1	:	A type of influenza virus that causes a severe respiratory disease mainly in birds
Integrated poultry producer	:	Company involves in the entire value chain for the production of poultry, covering both poultry feed and poultry farming
Layer	:	Poultry that is bred and raised specifically for egg production



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

kg	:	Kilogram, a unit of a mass equal to 1,000 grams (2.205 pounds)
kW	:	Kilo watt, is a unit of energy
MT	:	Metric tonnes, a unit of a mass equal to 1,000 kg (2,205 pounds)
Pellet	:	A metal storage container that can hold 1,000 kg (or one metric ton) of frozen food;
Poultry feed	:	Production of feed for the purpose of poultry farming
Poultry farming	:	Process of raising livestock for the purpose of meat and eggs
Protectionist policy	:	An economic policy of restricting imports from other countries through methods such as tariffs on imported goods, import quotas, and a variety of other government regulations.
PPP	:	Purchasing power parity, which is an economic theory that assumes exchange rates between currencies are in equilibrium when their purchasing power is the same in each of the two countries
PS	:	Parent stock, which is a poultry bird, produced from the progeny of the GPS and is used for purpose of systematic breeding
PS DOC	:	Parent stock day old chick, which is a group of newly-hatched chicks, produced from the progeny of the GPS and is used for purpose of the reproduction of either Broiler or Layer
PS DOD	:	Parent stock day old duckling, which is a group of newly-hatched duckling, produced from the progeny of the GPS and is used for purpose of the reproduction of broiler ducks
RTC	:	Ready to cook, which refers to food that is processed and/or prepared to be ready to cook with minimal effort
RTE	:	Ready to eat, which refers to food that is in an edible form without requiring additional preparation
sq ft	:	Square feet, the area of a square whose sides measure exactly 1 feet
sq m	:	Square metre, the area of a square whose sides measure exactly 1 metre
Vertical integration	:	The combination in one firm of two or more stages of production normally operated by separate firms

**EXCHANGE RATES**

The exchange rates as set out below are applied in this Prospectus unless specified otherwise:

	FYE 31 December			FPE 31 October		As at LPD
	2015	2016	2017	2017	2018	
<b>RM to VND 1</b>						
Average rate	0.0001784	0.0001850	0.0001882	0.0001901	0.0001743	0.0001759
Closing rate	0.0001909	0.0001970	0.0001782	0.0001863	0.0001792	0.0001761
<b>RM to USD 1</b>						
Average rate	3.9343000	4.1457000	4.2786000	4.3209000	4.0116000	4.0813000
Closing rate	4.2935000	4.4860000	4.0475000	4.2310000	4.1840000	4.0850000
<b>RM to IDR 1</b>						
Average rate	0.0002923	0.0003109	0.0003193	0.0003232	0.0002821	0.0002897
Closing rate	0.0003115	0.0003330	0.0002980	0.0003120	0.0002750	0.0002870
<b>RM to SGD 1</b>						
Average rate	2.8538000	2.9965000	3.1122080	3.1288000	2.9817000	3.0231000
Closing rate	3.0395000	3.1006000	3.0293000	3.1077000	3.0208000	3.0142000
<b>RM to PHP 1</b>						
Average rate	0.0863000	0.0869000	0.0848800	0.0856000	0.0761000	0.0783000
Closing rate	0.0915000	0.0904000	0.0811830	0.0821000	0.0784000	0.0777210

**Note:**

*The average rate is used for the translation of income and expense items in the statement of comprehensive income in the consolidated financial statements of our Company, and the closing rate is used for the translation of assets and liabilities in the statement of financial position in the consolidated financial statements of our Company.*

## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

<b>Name</b>	<b>Designation</b>	<b>Nationality</b>	<b>Address</b>
Lau Chia Nguang	Non-Independent Executive Chairman/ President Commissioner of Malindo Feedmill	Malaysian	No. 28, Jalan Simpoh, Country Height, Damansara, 60000 Kuala Lumpur
Dato' Lau Eng Guang	Non-Independent Executive Director/ Group Business Strategist	Malaysian	12B, Bangsar Hill, No. 26, Jalan Medang Serai, Bukit Bandaraya, 59100 Kuala Lumpur
Tan Sri Lau Tuang Nguang	Non-Independent Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill	Malaysian	No. 6, Jalan Keranji 2, Off Jalan Kedondong, Ampang Hilir, 55000 Kuala Lumpur
Lau Joo Hong	Non-Independent Executive Director/ Chief Executive Officer of our Group's Vietnam operations	Malaysian	No. 50, Jalan Majidi, 84000 Muar, Johor
Lau Joo Han	Non-Independent Executive Director/ Chief Executive Officer of our Group's Malaysia operations	Malaysian	No. 31, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor
Lau Joo Keat	Non-Independent Executive Director/ Country Head of our Group's Indonesian operations	Malaysian	No. 10, Jalan SS1/15, Kampung Tunku, 47300 Petaling Jaya, Selangor
Benny Lim Jew Fong	Non-Independent Non-Executive Director	Singaporean	No. 472, 1/128B, Taman Kuchai Jaya, 58200 Kuala Lumpur
Datin Paduka Rashidah Binti Ramli	Independent Non-Executive Director	Malaysian	No. 11, Lorong Raja Uda 2, Kampung Baru, 50300 Kuala Lumpur
Mahani Binti Amat	Independent Non-Executive Director	Malaysian	A25-03 Suasana Sentral Loft, Jalan Stesen Sentral 5, 50470 Kuala Lumpur
Chu Nyet Kim	Independent Non-Executive Director	Malaysian	No. 9, Jalan PJS 9/1F, Bandar Sunway, 46150 Petaling Jaya, Selangor

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

<b>Name</b>	<b>Designation</b>	<b>Nationality</b>	<b>Address</b>
Goh Wen Ling	Independent Non-Executive Director	Malaysian	258-1, Klebang Kecil, 75200 Melaka
Low Han Kee	Senior Independent Non-Executive Director	Malaysian	A17-03A, Sunway Palazzio, 1, Jalan Sri Hartamas 3, 50480 Kuala Lumpur
Tay Tong Poh	Independent Non-Executive Director	Malaysian	No. 27 Hua Guan Avenue, Singapore 589123
Tee Yock Siong	Alternate Director to Benny Lim Jew Fong	Singaporean	No. 509, West Coast Drive, #12-295, Singapore 120509

**AUDIT AND RISK COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
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

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
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

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
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

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

**COMPANY SECRETARIES**

: Tan Lai Kai  
No. 45, Jalan Desa Resident 2,  
Levenue, Desa Parkcity,  
52200 Kuala Lumpur

Professional qualification: Malaysian Institute of Accountants  
("MIA")  
(MIA membership no.: MIA 41018)

Lum Sow Wai  
No. 20, Lorong Tiong Nam 3,  
Off Jalan Raja Laut,  
50250 Kuala Lumpur

Professional qualification: The Malaysian Institute of  
Chartered Secretaries and Administrators ("MAICSA")  
(MAICSA membership no.: MAICSA 7028519)

Lim Hooi Mooi  
No. 28, Jalan 20/7,  
46300 Petaling Jaya,  
Selangor

Professional qualification: MAICSA  
(MAICSA membership no.: MAICSA 0799764)

Rebecca Kong Say Tsui  
No. 26, Jalan Puteri 11/8,  
Bandar Puteri Puchong,  
47100 Puchong,  
Selangor

Professional qualification: MAICSA  
(MAICSA membership no.: MAICSA 7039304)

**REGISTERED OFFICE**

: Unit 30-01, Level 30, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur  
Tel. no.: +603 2783 9191

**HEAD/MANAGEMENT OFFICE**

: Lot 3.05, 3rd Floor,  
Wisma Westcourt,  
126, Jalan Kelang Lama,  
58000 Kuala Lumpur  
Tel. no.: +603 7980 8086 / +603 7980 3817  
Website: [www.leonghupinternational.com](http://www.leonghupinternational.com)  
E-mail: [info@lhhb.com](mailto:info@lhhb.com)

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

<b>SELLING SHAREHOLDERS</b>	:	CN Lau Holdings Sdn Bhd Ground Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur
		Dato' Lau Eng Guang 12B, Bangsar Hill, No. 26, Jalan Medang Serai, Bukit Bandaraya, 59100 Kuala Lumpur
		TN Lau Holdings Sdn Bhd Lot 2.05, 2 <sup>nd</sup> Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur
		Lau Joo Hong No. 50, Jalan Majidi, 84000 Muar, Johor
		Lau Joo Han No. 31, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor
		Lau Jui Peng No. 50, Jalan Majidi, 84000 Muar, Johor
		Lau Joo Heng No. 50, Jalan Majidi, 84000 Muar, Johor
		HN Lau & Sons Sdn Bhd Lot 2.08, 2 <sup>nd</sup> Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur
		Clarinden Investments Pte Ltd 8 Temasek Boulevard, #28-03, Suntec Tower Three, Singapore 038988 Tel. no.: +65 6238 2260

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

- AUDITORS AND REPORTING ACCOUNTANTS** : PricewaterhouseCoopers PLT  
(LLP0014401-LCA & AF1146)  
Chartered Accountants  
Level 10, 1 Sentral,  
Jalan Rakyat,  
Kuala Lumpur Sentral,  
P O Box10192,  
50706 Kuala Lumpur  
Tel. no.: +603 2173 1188  
Partner-in-charge: Shirley Goh  
  
Professional qualification: Member of Malaysian Institute of  
Certified Public Accountants and MIA  
(MIA membership no.: 4487)
- PRINCIPAL ADVISER AND MANAGING UNDERWRITER** : Maybank Investment Bank Berhad  
32<sup>nd</sup> Floor, Menara Maybank,  
100, Jalan Tun Perak,  
50050 Kuala Lumpur  
Tel. no.: +603 2059 1888
- JOINT GLOBAL COORDINATORS** : Credit Suisse Securities (Malaysia) Sdn Bhd  
(in alphabetical order) Suite 7.6, Level 7, Menara IMC,  
8 Jalan Sultan Ismail,  
50250 Kuala Lumpur  
Tel. no.: +603 2723 2020  
  
Credit Suisse (Singapore) Limited  
1 Raffles Link,  
#03/#04-01 South Lobby,  
Singapore 039393  
Tel. no.: +65 6212 2000  
  
Maybank Investment Bank Berhad  
32<sup>nd</sup> Floor, Menara Maybank,  
100, Jalan Tun Perak,  
50050 Kuala Lumpur  
Tel. no.: +603 2059 1888  
  
RHB Investment Bank Berhad  
Level 10, Tower One,  
RHB Centre,  
Jalan Tun Razak,  
50400 Kuala Lumpur  
Tel. no.: +603 9287 3888

## 1. CORPORATE DIRECTORY (Cont'd)

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### **JOINT BOOKRUNNERS** (in alphabetical order)

- : AmInvestment Bank Berhad,  
22<sup>nd</sup> Floor, Bangunan Ambank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel. no.: +603 2036 2633
- Credit Suisse Securities (Malaysia) Sdn Bhd  
Suite 7.6, Level 7, Menara IMC,  
8 Jalan Sultan Ismail,  
50250 Kuala Lumpur  
Tel. no.: +603 2723 2020
- Credit Suisse (Singapore) Limited  
1 Raffles Link,  
#03/#04-01 South Lobby,  
Singapore 039393  
Tel. no.: +65 6212 2000
- Hong Leong Investment Bank Berhad  
Level 28, Menara Hong Leong,  
No. 6, Jalan Damanlela,  
Bukit Damansara,  
50490 Kuala Lumpur, Malaysia  
Tel. no.: +603 2083 1800
- Maybank Investment Bank Berhad  
32<sup>nd</sup> Floor, Menara Maybank,  
100, Jalan Tun Perak,  
50050 Kuala Lumpur  
Tel. no.: +603 2059 1888
- RHB Investment Bank Berhad  
Level 10, Tower One,  
RHB Centre,  
Jalan Tun Razak,  
50400 Kuala Lumpur  
Tel. no.: +603 9287 3888

### **JOINT UNDERWRITERS** (in alphabetical order)

- : AmInvestment Bank Berhad,  
22<sup>nd</sup> Floor, Bangunan Ambank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel. no.: +603 2036 2633
- Hong Leong Investment Bank Berhad  
Level 28, Menara Hong Leong,  
No. 6, Jalan Damanlela, Bukit Damansara,  
50490 Kuala Lumpur  
Tel. no.: +603 2083 1800
- Kenanga Investment Bank Berhad  
Level 17, Kenanga Tower,  
237, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel. no.: +603 2172 2888
- Maybank Investment Bank Berhad  
32<sup>nd</sup> Floor, Menara Maybank,  
100, Jalan Tun Perak,  
50050 Kuala Lumpur  
Tel. no.: +603 2059 1888



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

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

**LEGAL ADVISERS**

: *To our Company as to Malaysian law*  
 Albar & Partners  
 Suite 14-3, Level 14,  
 Wisma UOA Damansara II,  
 No. 6 Changkat Semantan,  
 Damansara Heights, 50490 Kuala Lumpur  
 Tel. no.: +603 7890 3288

*To our Company as to Malaysian law*  
 Enlil Loo  
 M-2-9 Plaza Damas,  
 60 Jalan Sri Hartamas 1,  
 Sri Hartamas,  
 50480 Kuala Lumpur  
 Tel. no.: +603 6203 2381

*To our Company as to United States and English law*  
 Clifford Chance Pte Ltd  
 12 Marina Boulevard,  
 25<sup>th</sup> Floor, Tower 3,  
 Marina Bay Financial Centre,  
 Singapore 018982  
 Tel. no.: +65 6410 2288

**LEGAL ADVISERS**

*To the Joint Global Coordinators, Joint Bookrunners,  
 Managing Underwriter and Joint Underwriters as to  
 Malaysian law*  
 Kadir Andri & Partners  
 Level 10, Menara BRDB,  
 285 Jalan Maarof,  
 Bukit Bandaraya,  
 59000 Kuala Lumpur  
 Tel. no.: +603 2780 2888

*To the Joint Global Coordinators and Joint Bookrunners as  
 to United States law*  
 Baker & McKenzie Wong & Leow  
 8 Marina Boulevard,  
 #5-01 Marina Bay Financial Centre Tower 1,  
 Singapore 018981  
 Tel. no.: +65 6338 1888

**INDEPENDENT MARKET  
 RESEARCHER**

: Frost & Sullivan GIC Malaysia Sdn Bhd  
 Suite C-11-02, Block C,  
 Plaza Mont' Kiara,  
 2, Jalan Kiara,  
 Mont Kiara,  
 50480 Kuala Lumpur  
 Tel. no.: +603 6204 5800

Name of signing partner: Keith Lee Chung Fong  
*(See Section 8 of this Prospectus for the profile of the firm  
 and signing partner)*

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

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<b>SHARE REGISTRAR</b>	: Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur Tel. no.: 03-2783 9299
<b>ISSUING HOUSE</b>	: Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur Tel. no.: 03-2783 9299
<b>LISTING SOUGHT</b>	: Main Market of Bursa Securities

## 2. INTRODUCTION

### 2.1 APPROVALS AND CONDITIONS

The SC has, via its letters dated 6 December 2018, 9 April 2019 and 18 April 2019, approved our IPO and our Listing under Section 214(1) of the CMSA and LHI's resultant equity structure pursuant to the Listing under the equity requirement for public listed companies.

In the SC's letter dated 9 April 2019, the SC has also noted that the effect of our Listing on the equity structure of LHI is as follows:

	% based on our enlarged issued share capital after our IPO	
	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised <sup>(a)</sup>
<b>Bumiputera</b>		
- Malaysian public via balloting	1.00	1.00
- Bumiputera investors approved by MITI <sup>(b)</sup>	11.50	11.50
<b>Total Bumiputera<sup>(c)</sup></b>	<b>12.50</b>	<b>12.50</b>
Non-Bumiputera <sup>(d) (e)</sup>	77.61	79.54
<b>Total Malaysian</b>	<b>90.11</b>	<b>92.04</b>
Foreigners <sup>(e)</sup>	9.89	7.96
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

**Notes:**

- (a) Assuming that our Shares under the Over-allotment Option are fully subscribed by non-Bumiputera institutional investors and selected investors.
- (b) Comprise of government agencies and institutions, individuals, nominee companies and corporations.
- (c) Assuming all our Shares allocated to Bumiputera investors under the Retail Offering and to Bumiputera investors to be approved by MITI under the Institutional Offering are fully subscribed.
- (d) Assuming all the Eligible Persons who are allocated our Issue Shares under the Retail Offering are non-Bumiputera Malaysians as the actual subscribers cannot be determined at this juncture.
- (e) Assuming all our Shares allocated to institutional and selected investors under the Institutional Offering will be subscribed by non-Bumiputera Malaysian only as the amount allocated between the non-Bumiputera Malaysian investors and other foreigner investors can only be determined after the closing of applications for our IPO Shares.

## 2. INTRODUCTION (Cont'd)

The SC has, via its letter dated 6 September 2018 and 12 February 2019, approved the reliefs sought by us from having to comply with certain requirements under the Prospectus Guidelines. The details of the reliefs sought and the corresponding conditions imposed by the SC are as follows:

Reference	Details of relief granted	Condition imposed (if any)	Status of compliance
Paragraph 1.12(e), Chapter 1 of Part III and Paragraph 13.01(b)(v), Chapter 13 of Division 1, Part II	Relief from having to submit as part of the registration file and making available for inspection the audited financial statements of certain subsidiaries of our Group (where applicable) for the FYEs 31 December 2015, 2016 and/or 2017	-	N/A
Paragraph 1.12(e), Chapter 1 of Part III	Relief from having to submit as part of the registration file the audited financial statements of each individual subsidiary of our Group for the interim financial period.	-	N/A

The SC has also, via its letter dated 22 April 2019 approved a relief sought by us from having to comply with certain requirements under the Equity Guidelines. The details of the relief sought and the corresponding conditions imposed by the SC are as follows:

Reference	Details of relief granted	Condition imposed (if any)	Status of compliance
Paragraph 2 of Appendix 4	Relief allowing for the placement of IPO Shares to persons connected to certain placement agents	-	N/A

The BNM has, via its letters dated 11 January 2019 and 20 March 2019, granted approval to LHI in relation to remittance of the proceeds from the Public Issue towards investment activities outside Malaysia amounting RM167.0 million and the scheduled remittance of the proceeds from the Public Issue to the non-residents subsidiaries of LHI to be as follows:

Period	Amount (RM million)	
	Vietnam	Philippines
Second quarter of 2019	47.0	30.0
Third quarter of 2019	-	30.0
Fourth quarter of 2019	-	30.0
First quarter of 2020	-	30.0
	<b>47.0</b>	<b>120.0</b>

The MITI has, via its letters dated 8 October 2018 and 1 April 2019, stated that it has taken note and has no objection for us to implement our Listing.

Bursa Securities has, via its letter dated 11 April 2019, resolved to approve our Admission to the Official List of Bursa Securities and our Listing.

## 2. INTRODUCTION (Cont'd)

### 2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, our Shares held by Emerging Glory, Lau Joo Hong and Lau Joo Han as at the date of our Listing will be placed under moratorium. In this respect, our Shares that are subject to moratorium are set out below:

Name	After our IPO							
	Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	('000)		('000)		('000)		('000)	
Emerging Glory	1,927,201	52.80	-	-	1,927,201	52.80	-	-
Lau Joo Hong	30,041	0.82	<sup>(1)</sup> 1,927,201	52.80	24,840	0.68	<sup>(1)</sup> 1,927,201	52.80
Lau Joo Han	83,424	2.29	<sup>(2)</sup> 1,927,201	52.80	68,976	1.89	<sup>(2)</sup> 1,927,201	52.80

**Notes:**

(1) 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.

(2) Deemed interested by virtue of his shareholding in Emerging Glory pursuant to Section 8(4) of the Act.

Emerging Glory, Lau Joo Hong and Lau Joo Han have fully accepted the moratorium. They will not be permitted to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing under moratorium, for a six-month period from the date of our Listing.

The direct shareholders of Emerging Glory will not be permitted to sell, transfer or assign any part of their interest in Emerging Glory for a six-month period beginning from the date of our Listing.

The direct shareholders of CWL&S, being a direct shareholder of Emerging Glory, will not be permitted to sell, transfer or assign any part of their interest in CWL&S for a six-month period beginning from the date of our Listing.

The direct shareholders of HNL&S, being a direct shareholder of Emerging Glory, will not be permitted to sell, transfer or assign any part of their interest in HNL&S for a six-month period beginning from the date of our Listing.

The above restrictions do not apply:

- (a) in respect of LHI Shares that may be sold pursuant to the Over-allotment Option to be granted by the Promoters to the Stabilising Manager (on behalf of the Placement Manager(s)); and
- (b) to the transfer of LHI Shares by the Promoters as contemplated under the Share Lending Agreement, provided that the restriction will apply to the LHI Shares returned to the Selling Shareholders pursuant to the Share Lending Agreement.

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

### 3. PROSPECTUS SUMMARY

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

#### 3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO consists of the Institutional Offering and the Retail Offering, totaling up to 937,500,000 IPO Shares, representing up to approximately 25.68% of our enlarged issued share capital.

##### 3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 839,500,000 IPO Shares (comprising up to 687,500,000 Offer Shares and 152,000,000 Issue Shares), representing up to 23.00% of our enlarged issued share capital at the Institutional Price in the following manner:

- (i) 419,750,000 IPO Shares, representing 11.50% of the enlarged issued share capital to Bumiputera investors approved by the MITI; and
- (ii) up to 419,750,000 IPO Shares, representing up to 11.50% of our enlarged issued share capital to the following persons:
  - (a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and
  - (b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

##### 3.1.2 Retail Offering

The Retail Offering involves the offering of 98,000,000 Issue Shares, representing approximately 2.68% of our enlarged share capital, at the Retail Price in the following manner:

###### (i) Allocation to the Eligible Persons

25,000,000 Issue Shares, representing approximately 0.68% of our enlarged issued share capital, are reserved for application by the Eligible Persons.

###### (ii) Allocation via balloting to the Malaysian Public

73,000,000 Issue Shares, representing 2.00% of our enlarged issued share capital, are reserved for application by the Malaysian Public, of which 36,500,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

##### 3.1.3 Moratorium on our Shares

In accordance with the Equity Guidelines, Emerging Glory, Lau Joo Hong and Lau Joo Han will not be allowed to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing, for a period of six months from the date of our Listing. See Section 2.2 of this Prospectus for detailed information relating to moratorium on our Shares.

For detailed information relating to our IPO and moratorium on our Shares, see Sections 4.2 and 2.2 of this Prospectus, respectively.

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Act on 23 June 2014 as a private limited company under the name of Octagon Bliss Sdn Bhd. On 10 July 2014, our Company changed its name to Leong Hup International Sdn Bhd and was converted into a public company on 17 August 2018.

We are one of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia. We now operate in Malaysia, Singapore, Indonesia, Vietnam and the Philippines, all of which are attractive consumer markets with significant growth potential. Our operations consist of:

##### Feedmill Business

- Our Feedmill Business consists of formulation, production and sale of feed for a variety of livestock.
- As at 31 October 2018, we own and operate five feedmills in Malaysia, five feedmills in Indonesia and three feedmills in Vietnam, and our fourth feedmill in Dong Nai, Vietnam, has commenced operations in January 2019. Our total annual production capacity was 2,602,902 MT as at 31 October 2018.
- In the FYE 31 December 2017, we supplied a total of 1,963,370 MT of livestock feeds, approximately 55.8% of which we sold to third parties and approximately 44.2% of which we supplied internally to entities within our Group.
- Our Feedmill Business provides almost all of the livestock feeds required for our Livestock Businesses in Malaysia, Indonesia and Vietnam. We only purchase a small quantity of livestock feeds from third parties.
- In 2017, our market share was approximately 10.5% in Malaysia, 5.5% in Indonesia and 4.0% in Vietnam, by annual production of livestock feed.

##### Livestock Business

- Our Livestock Business has two principal business operations:
  - 1) Chicken Production: the production of PS DOCs, Broiler DOCs and Broiler chicken, the slaughtering of Broiler chicken and further food processing; and
  - 2) Egg Production: the production of Layer DOCs and table eggs
- We operate 241 farms and hatcheries as at 31 October 2018 spread across four countries (Malaysia, Indonesia, Vietnam and the Philippines) and six slaughtering plants spread across three countries (Malaysia, Indonesia and Singapore). We also use 656 contract farms to increase our capacity.
- We undertake processing activities, which comprise the slaughtering of poultry and food processing. We produce a number of different products under a number of brands, including "Ayam A1", "SunnyGold" and "Ciki Wiki".
- In the FYE 31 December 2017, we are the largest integrated poultry producers in Malaysia and one of the top three integrated poultry producers in Indonesia and Vietnam. We also had the largest market share of poultry slaughtered in Singapore in the FYE 31 December 2017.

The table below sets out details of certain operational data of our Group for the periods specified:

Operations	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Number of DOCs supplied (millions) <sup>(1)</sup>	452.5	464.0	488.0	422.3
Broiler chicken supplied (millions) <sup>(2)</sup>	103.2	102.3	107.0	102.3
Livestock feed supplied (MT) <sup>(3)</sup>	1,660,994	1,804,920	1,963,370	1,735,590
Eggs sold (millions) <sup>(4)</sup>	1,645.9	1,766.6	1,726.1	1,391.4

### 3. PROSPECTUS SUMMARY (Cont'd)

#### Notes:

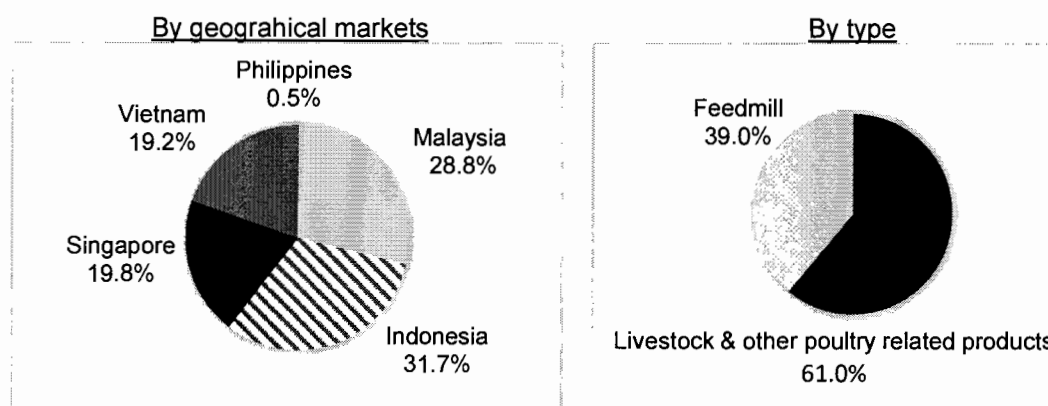
- (1) These figures reflect the total of PS DOCs, Broiler DOCs and Layer DOCs supplied internally and sold externally.
- (2) These figures reflect the total of Broiler chicken supplied internally and sold externally.
- (3) These figures reflect the total of livestock feed supplied internally and sold externally.
- (4) All eggs are sold to third parties.

#### Our business model

Our business model has been to establish livestock and feedmill operations in one market, starting with Malaysia throughout the 1980's, and then to expand into new markets by replicating those operations in these new markets.

When entering new markets, we first establish the livestock operations, either organically or through acquisitions, and we then establish the feedmill operations once our livestock operations are large enough to ensure that our feedmills run at least at financial break-even levels by meeting the demand from our own livestock operations.

#### Revenue from sales of goods (FYE 31 December 2017)\*



See Sections 6 and 7 of this Prospectus for further details on our history, group structure and business.

#### Note:

- \* Excludes other sources primarily comprising operating lease income from our coldstore facilities and income from services provided to third parties such as transportation fees of RM14.0 million

### 3.3 COMPETITIVE STRENGTHS

Our competitive strengths include the following:

#### (i) **Operating in fast-growing ASEAN consumer markets with rising poultry consumption**

We operate in attractive consumer markets in Southeast Asia with significant growth potential, whose development is driven by compelling macro-economic fundamentals. We expect per capita protein consumption to grow rapidly in the markets where we have presence as personal disposable income increases.

#### (ii) **A leading "pure-play" poultry producer, with strong economies of scale and a leading market share in most of our product segments**

We are a leading "pure-play" poultry producer. This gives us an advantage over smaller competitors in the sourcing of raw materials and the production and distribution of poultry and livestock feed, as evidenced by our ability to grow our business across different markets.



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

(iii) **Industry with significant barriers to entry, such as industry know-how and regulatory restrictions, providing us with a sustained competitive advantage**

Our size, experience and scalable platform are difficult for smaller competitors or new market entrants to replicate, and significant barriers to entry in the Southeast Asian poultry markets make it difficult for other poultry companies to penetrate these markets.

(iv) **Scalable platform of operations, providing enhanced value creation across geographies and segments**

The scalable nature of our operating platform, together with our experience in different markets, gives us a significant advantage when expanding our business within our existing markets and entering into new markets.

(v) **Fully integrated business model, providing operating flexibility, synergies and resilience through the economic cycle**

Our operations are fully integrated, in terms of both value chain and geographic spread across Southeast Asia, which provides us with a significant competitive advantage over other, non-integrated players in the industry with regard to operating flexibility and resilience. In addition, our vertical integration enables us to maintain complete control over our production process and product quality and to ensure traceability across the value chain. Our vertical integration also allows us to benefit from synergies and efficiencies across business segments.

(vi) **Robust historical financial growth, underpinned by strong track record and established brand**

We have established a strong track record of robust operational and financial growth. The LH Trademark and several of our other brands are leading regional brands with multiple industry awards over the last decade.

(vii) **Experienced senior management, supported by seasoned country managers and a prominent investor**

Some of the members of our Board of Directors have over 40 years of experience in the animal protein industry, giving them extensive know-how in operations, biology and genetics, and market mechanics in each country where we operate. Our Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill, Tan Sri Lau Tuang Nguang is currently a panel member of the National Agriculture Advisory Council under the MOA.

For detailed information on our competitive strengths, see Section 7.2 of this Prospectus.

### 3.4 FUTURE PLANS AND STRATEGIES

Our future plans and strategic initiatives include the following:

(i) **Consolidate and expand leadership position in Malaysia and Singapore by driving efficiencies and continuing to grow capacity**

We intend to build on our leading market positions in Malaysia and Singapore by continuing to expand our operations and strengthening our existing competitive advantages. We also intend to explore acquisitions of other poultry producers or feedmills on an opportunistic basis in order to remain at the forefront of the consolidation that we expect to take place in the industry.

### 3. PROSPECTUS SUMMARY (Cont'd)

**(ii) Increase use of our own Broiler farms in Malaysia, in order to control quality and increase efficiency, with a view to replicating this approach in Indonesia and Vietnam**

We intend to continue to reduce our reliance on contract farms in Malaysia by investing in increasing the capacity and efficiency of our own Broiler farm operations. We have allocated approximately RM40.7 million of the proceeds from the Public Issue for the expansion of our Broiler farms. Increase use of our own Broiler farms in Malaysia will allow us to have greater control over the quality of our products.

**(iii) Continue to grow our integrated business model in our newer markets, with a focus on expanding our upstream operations**

We intend to expand our upstream production capacities in our newer markets of Vietnam and the Philippines, in order to achieve greater scale and benefit from continuing growth in the market by undertaking the following projects:

- expanding our Dong Nai feedmill in Vietnam
- constructing an aquaculture feedmill plant in Vietnam; and
- expanding our Feedmill Business into the Philippines by building our first feedmill in that market.

For further details on the expansion plan, see Section 4.6.1 of this Prospectus.

**(iv) Invest in processes, technology, people and facilities to meet customer requirements while maintaining low-cost structure**

We intend to invest in processes, technology and people, as well as in our facilities, in order to address market demands and continue our strong cost management. We also intend to focus on innovation in the sales and marketing of valued-added, downstream products in order to adapt to evolving customer preferences and increase our revenue in the downstream segment as an additional growth driver.

For detailed information on our future plans and strategies, see Section 7.3 of this Prospectus.

### 3.5 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to RM275.0 million<sup>(1)</sup> in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Capital expenditure	Within 24 months	207,733	75.5
Working capital	Within 6 months	32,959	12.0
Defray fees and expenses for our IPO and Listing	Within 3 months	34,308	12.5
<b>Total</b>		<b>275,000</b>	<b>100.0</b>

**Note:**

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price of RM1.10 per IPO Share.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM756.3 million will accrue entirely to the Selling Shareholders.

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

For detailed information relating to the use of proceeds, see Section 4.6 of this Prospectus.

#### 3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and key senior management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Lau Chia Nguang	Non-Independent Executive Chairman
Dato' Lau Eng Guang	Non-Independent Executive Director
Tan Sri Lau Tuang Nguang	Non-Independent Executive Director
Lau Joo Hong	Non-Independent Executive Director
Lau Joo Han	Non-Independent Executive Director
Lau Joo Keat	Non-Independent Executive Director
Benny Lim Jew Fong	Non-Independent Non-Executive Director
Datin Paduka Rashidah Binti Ramli	Independent Non-Executive Director
Mahani Binti Amat	Independent Non-Executive Director
Chu Nyet Kim	Independent Non-Executive Director
Goh Wen Ling	Independent Non-Executive Director
Low Han Kee	Senior Independent Non-Executive Director
Tay Tong Poh	Independent Non-Executive Director
Tee Yock Siong	Alternate Director to Benny Lim Jew Fong
<b>Key senior management</b>	
Tan Sri Lau Tuang Nguang	Executive Director/ Group Chief Executive Officer / President Director of Malindo Feedmill
Lau Chia Nguang	Executive Chairman/ President Commissioner of Malindo Feedmill
Dato' Lau Eng Guang	Executive Director/ Group Business Strategist
Lau Joo Hong	Executive Director/ Chief Executive Officer of our Group's Vietnam operations
Lau Joo Han	Executive Director/ Chief Executive Officer of our Group's Malaysia operations
Lau Joo Keat	Executive Director/ Country Head of our Group's Indonesian operations
Lau Jui Peng	Group Breeder Chief Executive Officer
Lau Joo Heng	Chief Executive Officer of our Group's Philippines operations
Lau Joo Hwa	Chief Executive Officer of our Group's Singapore operations
Chew Eng Loke	Chief Financial Officer

For further information on our Directors and key senior management, see Section 9 of this Prospectus.

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality/ Country of incorporation	Before our IPO				After our IPO							
		Direct		Indirect		Direct		Indirect					
		No. of Shares ( <sup>'000</sup> )	% <sup>(1)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>				
<b>Promoters and substantial shareholders</b>													
Emerging Glory	Malaysia	1,927,201	56.68	-	-	1,927,201	52.80	1,927,201	52.80	-	-		
Lau Joo Hong	Malaysian	49,751	1.46	1,927,201 <sup>(3)</sup>	56.68	30,041	0.82	1,927,201 <sup>(3)</sup>	52.80	24,840	0.68	1,927,201 <sup>(3)</sup>	52.80
Lau Joo Han	Malaysian	138,174	4.06	1,927,201 <sup>(4)</sup>	56.68	83,424	2.29	1,927,201 <sup>(4)</sup>	52.80	68,976	1.89	1,927,201 <sup>(4)</sup>	52.80
Lau Jui Peng	Malaysian	44,211	1.30	1,927,201 <sup>(3)</sup>	56.68	26,691	0.73	1,927,201 <sup>(3)</sup>	52.80	22,068	0.60	1,927,201 <sup>(3)</sup>	52.80
Lau Joo Heng	Malaysian	44,211	1.30	1,927,201 <sup>(3)</sup>	56.68	26,691	0.73	1,927,201 <sup>(3)</sup>	52.80	22,068	0.60	1,927,201 <sup>(3)</sup>	52.80
<b>Promoters</b>													
Lau Chia Nguang	Malaysian	-	-	103,613 <sup>(5)</sup>	3.05	-	-	63,463 <sup>(5)</sup>	1.74	-	-	52,868 <sup>(5)</sup>	1.45
Dato' Lau Eng Guang	Malaysian	103,613	3.05	-	-	63,463	1.74	-	-	52,868	1.45	-	-
Tan Sri Lau Tuang Nguang	Malaysian	-	-	103,613 <sup>(6)</sup>	3.05	-	-	67,113 <sup>(6)</sup>	1.84	-	-	57,480 <sup>(6)</sup>	1.57
Lau Joo Keat	Malaysian	-	-	103,613 <sup>(7)</sup>	3.05	-	-	63,463 <sup>(7)</sup>	1.74	-	-	52,868 <sup>(7)</sup>	1.45
Lau Joo Hwa	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
<b>Substantial shareholders</b>													
Clarinden Investments	Singapore	782,000	23.00	-	-	360,950	9.89	-	-	290,638	7.96	-	-

## 3. PROSPECTUS SUMMARY (Cont'd)

Name	Nationality/ Country of incorporation	Before our IPO						After our IPO					
		Direct			Indirect			Direct			Indirect		
		No. of Shares ( <sup>'000</sup> )	% <sup>(1)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(1)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>	No. of Shares ( <sup>'000</sup> )	% <sup>(2)</sup>
Concordant Investments	Singapore	-	-	782,000 <sup>(8)</sup>	23.00	-	-	360,950 <sup>(8)</sup>	9.89	-	-	290,638 <sup>(8)</sup>	7.96
Affinity APF IV	Cayman Islands	-	-	782,000 <sup>(9)</sup>	23.00	-	-	360,950 <sup>(9)</sup>	9.89	-	-	290,638 <sup>(9)</sup>	7.96
Affinity APF IV2	Cayman Islands	-	-	782,000 <sup>(9)</sup>	23.00	-	-	360,950 <sup>(9)</sup>	9.89	-	-	290,638 <sup>(9)</sup>	7.96
CWL&S	Malaysia	-	-	1,927,201 <sup>(10)</sup>	56.68	-	-	1,927,201 <sup>(10)</sup>	52.80	-	-	1,927,201 <sup>(10)</sup>	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 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.

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

#### 3.8 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all of the information contained in this Prospectus, including all the risk factors, before deciding to invest in our Shares. Set out below are the key risks faced by us in our business operations:

- (i) In Malaysia, we are required to comply with land use conditions and we also require CCCs for the occupation of buildings or part thereof. As at the LPD, we have 137 farms and hatcheries in Malaysia and all of them do not have CCCs but we are taking the necessary steps to procure the requisite certifications or permits. Of the 137 farms and hatcheries, 54 farms and hatcheries have yet to convert their existing express condition to allow for poultry farming or hatchery, as the case maybe, of which:
  - (a) 11 farms are not able to change the express condition imposed on their land titles to allow for poultry farming; and
  - (b) the remaining 43 farms and hatcheries are pending the decision of the land authorities in respect of applications for change in express condition and at the same time, pursuing approvals for CCC/TBP, of which, we have further identified 14 farms and hatcheries located in the area where the surrounding lands neighbouring these farms have been zoned for residential/industrial use and/or in close proximity to either natural water sources and/or residential areas.

See Annexure B of this Prospectus for a summary of the status of compliance with land use pursuant to the express condition imposed on the land titles of our farms and hatcheries, and the status of the relevant applications for change in express condition as well as KM/KMT and CCC/TBP. Any adverse change in policies, guidelines or directions taken by the local councils and/or land authorities in exercising their discretion on matters requiring their approvals which we cannot anticipate and is beyond our control may result in our applications being rejected, our Group being subject to sanctions and/or our Group having to incur additional costs to replace the capacity of the affected farms following our unsuccessful applications, which may disrupt our business operations and in turn may have a material adverse effect on our financial condition, results of operations and prospects;

- (ii) We may not be able to obtain, renew or maintain our major licences, permits and approvals required to operate our business operations due to reasons beyond our control. See Annexure A of this Prospectus for further details on our major licences, permits and approvals;
- (iii) The selling prices of our products sold on the open market under our Livestock Business may be subject to wide fluctuations. The frequency and fluctuations in selling prices may vary from month to month and consequently, our quarterly financial results may be affected by such intra-period fluctuations. Additionally, any material or prolonged decrease in our selling prices could ultimately have a material adverse effect on our business, financial condition, results of operations and prospects; and
- (iv) Our success depends upon our Executive Directors and key senior management team and other key personnel, the loss of any of whom could disrupt our business operations. While we believe we offer attractive terms of employment, there can be no assurance that we will retain our Executive Directors and key senior management or that we will be able to attract, train or retain qualified personnel in the future.

For further details and the full list of our risk factors which should be carefully considered before investing in Company, see Section 5 of this Prospectus.

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.9 FINANCIAL HIGHLIGHTS

The following table set out the financial highlights of our consolidated results of operations for the 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
Revenue	4,714,566	5,257,390	5,501,364	4,568,075	4,690,295
Profit from operations	311,305	449,891	383,983	306,883	378,769
PBT	216,599	347,306	292,267	230,814	291,283
PAT attributable to the owners of the parent	109,805	182,475	192,573	159,730	174,278
<b>Other selected financial data:</b>					
Gross profit (RM'000)	775,001	1,053,456	912,556	747,270	828,751
Gross profit margin (%)	16.4	20.0	16.6	16.4	17.7
EBITDA (RM'000)	461,135	646,792	583,109	474,988	541,755
EBITDA margin (%)	9.8	12.3	10.6	10.4	11.6
PBT margin (%)	4.6	6.6	5.3	5.1	6.2
PAT margin (%)	3.5	5.1	4.5	4.4	4.7

For detailed financial information relating to our Group, see Section 12 of this Prospectus.

#### 3.10 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.

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.

#### 4. DETAILS OF OUR IPO

##### 4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

<b>Event</b>	<b>Time and/or date</b>
Opening of the Institutional Offering <sup>(1)</sup>	25 April 2019
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 25 April 2019
Closing of the Retail Offering	5:00 p.m., 3 May 2019
Closing of the Institutional Offering	3 May 2019
Price Determination Date	6 May 2019
Balloting of applications for our IPO Shares under the Retail Offering	7 May 2019
Allotment/Transfer of our IPO Shares to successful applicants	15 May 2019
Listing	16 May 2019

**Note:**

- (1) *Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of our IPO Shares by the Cornerstone Investors was entered into on 22 April 2019.*

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



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

### 4.2 PARTICULARS OF OUR IPO AND PLAN OF DISTRIBUTION

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.3 and 4.2.4 of this Prospectus, respectively.

Our IPO consists of the Institutional Offering and the Retail Offering, totaling up to 937,500,000 IPO Shares, representing up to approximately 25.68% of our enlarged issued share capital. For the avoidance of doubt, our IPO Shares offered under the Institutional Offering and the Retail Offering do not include our Shares under the Over-allotment Option.

#### 4.2.1 Institutional Offering

The Institutional Offering involves the offering of up to 839,500,000 IPO Shares (comprising up to 687,500,000 Offer Shares and 152,000,000 Issue Shares), representing up to 23.00% of our enlarged issued share capital at the Institutional Price in the following manner:

- (i) 419,750,000 IPO Shares, representing 11.50% of the enlarged issued share capital to Bumiputera investors approved by the MITI; and
- (ii) up to 419,750,000 IPO Shares, representing up to 11.50% of our enlarged issued share capital to the following persons:
  - (a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and
  - (b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

As part of the Institutional Offering, on 22 April 2019, our Company, the Cornerstone Investors, the Joint Global Coordinators and the Selling Shareholders, entered into the Master Cornerstone Placement Agreement whereby the Cornerstone Investors have agreed to acquire from the Selling Shareholders, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements, an aggregate of 419,676,500 IPO Shares, representing 11.50% of our enlarged issued share capital, at RM1.10 per IPO Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire 5.0% or more of our Company's enlarged issued share capital under the cornerstone placement agreements.

The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreements being entered into and not having been terminated pursuant to their respective terms.

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

##### 4.2.2 Retail Offering

The Retail Offering involves the offering of 98,000,000 Issue Shares, representing approximately 2.68% of our enlarged issued share capital, at the Retail Price in the following manner:

##### (i) Allocation to the Eligible Persons

25,000,000 Issue Shares, representing approximately 0.68% of our enlarged issued share capital, are reserved for application by the Eligible Persons in the following manner:

Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors <sup>(1)</sup>	6	3,000,000
Eligible employees of our Group <sup>(2)</sup>	1,000	10,000,000
Persons who have contributed to the success of our Group <sup>(3)</sup>	1,000	12,000,000
<b>Total</b>	<b>2,006</b>	<b>25,000,000</b>

##### Notes:

- (1) *The criteria for allocation to our Directors (save for our Directors who are also Selling Shareholders or are shareholders of Selling Shareholders, and representatives of Clarinden Investments, one of the Selling Shareholders) are based on their respective roles and responsibilities in our Company and they collectively be allocated a total of 3,000,000 Issue Shares as follows:*

Name	Designation	No. of Issue Shares allocated
<i>Datin Paduka Rashidah Binti Ramli</i>	<i>Independent Non-Executive Director</i>	<i>500,000</i>
<i>Mahani Binti Amat</i>	<i>Independent Non-Executive Director</i>	<i>500,000</i>
<i>Chu Nyet Kim</i>	<i>Independent Non-Executive Director</i>	<i>500,000</i>
<i>Goh Wen Ling</i>	<i>Independent Non-Executive Director</i>	<i>500,000</i>
<i>Low Han Kee</i>	<i>Senior Independent Non-Executive Director</i>	<i>500,000</i>
<i>Tay Tong Poh</i>	<i>Independent Non-Executive Director</i>	<i>500,000</i>
<b>Total</b>		<b>3,000,000</b>

- (2) *The basis and criteria for allocation to the eligible employees of our Group are based on, among others, their job grade and their past contribution to our Group.*

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

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(3) *The criteria for allocation to the persons who have contributed to the success of our Group are based on, among others, their length of business relationship with our Group and their contribution to the success of our Group.*

(ii) **Allocation via balloting to the Malaysian Public**

73,000,000 Issue Shares, representing 2.00% of our enlarged issued share capital, are reserved for application by the Malaysian Public, of which 36,500,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

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

In summary, our IPO Shares will be allocated, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.3 and 4.2.4 of this Prospectus, respectively, in the following manner:

Category	Offer for Sale			Public Issue			Total		
	No. of Shares	% of our enlarged share capital	No. of Shares	No. of Shares	% of our enlarged share capital	No. of Shares	% of our enlarged share capital	No. of Shares	% of our enlarged share capital
<b>Retail Offering:</b>									
Eligible Persons:									
- Directors	-	-	3,000,000	-	0.08	3,000,000	-	0.08	3,000,000
- Eligible employees of our Group	-	-	10,000,000	-	0.27	10,000,000	-	0.27	10,000,000
- Persons who have contributed to the success of our Group	-	-	12,000,000	-	0.33	12,000,000	-	0.33	12,000,000
Malaysian Public (via balloting):									
- Bumiputera	-	-	36,500,000	-	1.00	36,500,000	-	1.00	36,500,000
- Non-Bumiputera	-	-	36,500,000	-	1.00	36,500,000	-	1.00	36,500,000
<b>Sub-total</b>	-	-	98,000,000	-	2.68	98,000,000	-	2.68	98,000,000
<b>Institutional Offering:</b>									
- Bumiputera investors approved by the MITI	267,750,000	7.34	152,000,000	419,750,000	4.16	419,750,000	419,750,000	11.50	419,750,000
- Other Malaysian and foreign institutional and selected investors	419,750,000	11.50	-	-	-	419,750,000	-	11.50	419,750,000
<b>Sub-total</b>	687,500,000	18.84	152,000,000	839,500,000	4.16	839,500,000	839,500,000	23.00	839,500,000
<b>Total</b>	<b>687,500,000</b>	<b>18.84</b>	<b>250,000,000</b>	<b>937,500,000</b>	<b>6.85</b>	<b>937,500,000</b>	<b>937,500,000</b>	<b>25.68</b>	<b>937,500,000</b>

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.8 of this Prospectus.

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

##### 4.2.3 Clawback and reallocation

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

- (i) if our IPO Shares allocated to Bumiputera investors approved by the MITI are not fully taken up, our IPO Shares which are not taken up may be allocated to other Malaysian and foreign institutional and selected investors under the Institutional Offering;
- (ii) subject to item (i) above, if there is an over-subscription in the Retail Offering and an under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iii) if there is an over-subscription in the Institutional Offering and an under-subscription in the Retail Offering, our Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any IPO Shares not taken up by Eligible Persons ("**Excess IPO Shares**") will be made available for application by Eligible Persons who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

- (a) firstly, allocation on a pro-rata basis to Directors and eligible employees who have applied for the Excess IPO Shares based on the number of Excess IPO Shares applied for;
- (b) secondly, allocation of any surplus Excess IPO Shares not taken up by Eligible Persons on a pro-rata basis to persons who have contributed to the success of our Group based on the number of Excess IPO Shares applied for; and
- (c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess IPO Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept any Excess IPO Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess IPO Shares thereafter, such balance will be made available for application by the Malaysian Public under the Retail Offering, with any remaining IPO Shares to be underwritten by the Joint Underwriters, subject to the clawback and reallocation provisions.

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

##### 4.2.4 Over-allotment Option

The Over-allotment Option Providers may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Managers) and may appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at its absolute discretion, over-allot the Shares (on behalf of the Placement Managers) and subsequently, effect transactions to stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Over-allotment Option Providers at any time, within 30 days from the date of our Listing to purchase from the Over-allotment Option Providers up to an aggregate of 140,625,000 Shares at the Institutional Price for each IPO Share, representing up to 15.00% of the total number of IPO Shares offered, solely for purposes of covering over-allotments of our Shares (if any).

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the Placement Managers) enter into the Share Lending Agreement with the Over-allotment Option Providers to borrow up to an aggregate of 140,625,000 Shares to cover the over-allotments. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Over-allotment Option Providers through the purchase of our Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or deemed returned through the exercise of the Over-allotment Option by the Stabilising Manager or a combination of both. The exercise of the Over-allotment Option will not increase the total number of Shares issued and is not intended to constitute an offer for sale of our Shares by the Over-Allotment Providers under our IPO.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder.

The number of Shares that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 140,625,000 Shares, representing up to 15.00% of the total number of IPO Shares offered. However, there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earliest of (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 140,625,000 Shares, representing up to 15.00% of the total number of IPO Shares offered to undertake the stabilising action.

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

Neither our Company, the Over-allotment Option Providers nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, the Over-allotment Option Providers nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

##### 4.2.5 ESOS

In conjunction with our Listing, we established an ESOS which involves the granting of ESOS Options to our eligible Directors and our Group's employees.

The ESOS shall be administered by the ESOS committee to be appointed by our Board and governed by the By-Laws.

The salient features of the ESOS are as follows:

##### (i) **Maximum number of new LHI Shares available under the ESOS**

The total number of new LHI Shares which may be made available under the ESOS shall not exceed in aggregate 5.00% of our total number of issued shares (excluding treasury shares, if any) at any one time during the duration of the ESOS.

Upon our Listing, up to 36,500,000 ESOS Options may be made available to our eligible Directors and employees, representing 1.00% of our enlarged issued share capital upon Listing.

##### (ii) **Maximum allowable allotment and basis of allocation**

Subject to any adjustments which may be made under the By-Laws, the aggregate number of new LHI Shares which may be offered to our eligible Directors and our Group's employees shall be subject to the following:

- a) the aggregate number of new LHI Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS shall not exceed the maximum limit and the ESOS committee shall not be obliged in any way to offer an eligible Director or employee the ESOS Options for all the specified maximum number of Shares entitled to under the ESOS;
- b) any offer, allocation of ESOS Options under the ESOS and the related allotment of the Shares to any eligible Director, major shareholder or the chief executive officer of our Company and any person connected with them shall require prior approval of the shareholders of our Company in a general meeting, and they shall not vote on the resolution approving their respective offer, allocation and allotment;
- c) the eligible Directors and senior management shall not be allowed to participate in the deliberation or discussion of their respective allocation of ESOS Options and/or allocation of ESOS Options to persons connected with them under the ESOS;
- d) not more than ten percent (10.0%) of our Shares available under the ESOS shall be allocated to any eligible Director or employee, who, either singly or collectively through the persons connected with them, hold twenty percent (20.0%) or more of the number of issued share (excluding treasury shares, if any) of our Company;

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

- e) not more than fifty percent (50.0%) (or such other percentage as the relevant authorities may permit) of the ESOS Options available under the ESOS shall be allocated in aggregate to the eligible Directors and senior management; and
- f) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee shall be determined by the ESOS committee.

The basis of determining the aggregate number of new LHI Shares that may be offered to our eligible Directors and our Group's employees under the ESOS shall be at the sole and absolute discretion of the ESOS committee after taking into consideration, amongst others, the position, ranking, performance, seniority and length of service of our eligible Directors and our Group's employees and such other matters which the ESOS committee may in its sole and absolute discretion deem fit.

#### (iii) Duration of the ESOS

The ESOS shall be in force for a period of five (5) years commencing from the effective date and is renewable for a period of up to five (5) years or such shorter period immediately from the expiry of the first five (5) years.

#### (iv) Eligibility

An executive director or employee of any company within our Group which is not dormant, shall be eligible for participation in the ESOS if at the date of offer is made in writing by the ESOS committee to him/her ("**Offer Date**"), he/she:

- a) has attained eighteen (18) years of age;
- b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- c) must have been confirmed in service and have served at least six (6) months in the employment of our Group;
- d) where the employee or executive director is under an employment contract, the contract is for duration of at least one (1) year and shall have not expired within three (3) months from the Date of Offer; and
- e) has fulfilled any other criteria as may be imposed by the ESOS committee from time to time.

Provided always that the selection of any eligible director and/or employee for participation in the ESOS shall be at the sole and absolute discretion of the ESOS committee, and the decision of the ESOS committee shall be final and binding.

#### (v) Exercise price

The exercise price payable by our eligible directors and employees upon the exercise of their ESOS Options under the ESOS shall be:

- a) in respect of any offer which is made in conjunction with our Listing, the Final Retail Price of the Shares in our Company; and



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

- b) in respect of any offer which is made subsequent to our Listing, as determined by the ESOS committee and shall be based on the five (5)-day VWAMP of LHI Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is no more than ten percent (10.0%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

The exercise price as determined in the manner set out above shall be conclusive and binding on the Grantee.

#### (vi) Trust

A trust to be administered by the trustee for purposes of implementing the of implementing the ESOS ("**Trust**") has been established by us. The appointed trustee shall administer the Trust in accordance with the trust deed, and shall in particular, be responsible for the administration of the ESOS ("**Trustee**").

The Trustee shall open and maintain a trust account into which our Company and/or its subsidiaries shall inject monies for the purposes of the ESOS, in particular to enable the Trustee to use the same to subscribe for LHI shares and to pay for expenses in relation to the administration of the Trust in accordance with the By-Laws.

Upon the Trustee receiving a written instruction from the ESOS committee that a Grantee has elected to exercise his ESOS Option(s) pursuant to the By-Laws, the Trustee shall utilise the monies in the trust account to subscribe for such number of new LHI Shares in respect of which the written instruction is given. The Grantee would not be required to make any payment in respect of the ESOS Option(s) exercised as the funding of the exercise price is provided by our Company (via the Trustee) to the Trust.

Our Company shall allot and issue the said LHI Shares which will be placed into a CDS Account of the Trustee or its authorised nominee.

Subject to there being sufficient monies in the trust account, the Trustee or its authorised nominee shall be irrevocably authorised and instructed to assist with the sale and transfer of such number of LHI Shares in respect of which the instruction is given, and the proceeds from the sale of the LHI Shares shall be credited into the trust account.

The net gains from the sale of the said LHI Shares after deducting the exercise cost i.e. exercise price x number of LHI Shares (in respect of which the written instruction is given) and the related transaction costs, will be released to such Grantee. The balance of the proceeds, if any, will remain in the trust account and may be used by the Trustee towards subsequent subscription of shares and administration expenses.

We intend to offer up to 36,500,000 ESOS Options to our eligible directors and employees, who meet the eligibility criteria to participate in the ESOS as set out in the By-Laws in Annexure C of this Prospectus, subject to the discretion of the ESOS committee, representing 1.00% of our enlarged issued share capital upon Listing, assuming the 36,500,000 ESOS Options are fully exercised into 36,500,000 new LHI Shares. In compliance with item (v)(a) above, the exercise price for the said 36,500,000 ESOS Options shall be the Final Retail Price.

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

The following is the proposed specific allocation of the ESOS Options to our eligible Directors, key senior management and any person connected with them upon our Listing:

<u>Name</u>	<u>Designation</u>	<u>No. of ESOS Options allocated</u>
<b><u>Directors</u></b>		
Lau Chia Nguang	Executive Chairman/ President Commissioner of Malindo Feedmill	1,530,000
Dato' Lau Eng Guang	Executive Director/ Group Business Strategist	1,530,000
Tan Sri Lau Tuang Nguang	Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill	1,530,000
Lau Joo Hong	Executive Director/ Chief Executive Officer of our Group's Vietnam operations	1,350,000
Lau Joo Han	Executive Director/ Chief Executive Officer of our Group's Malaysia operations	1,275,000
Lau Joo Keat	Executive Director/ Country Head of our Group's Indonesia operations	1,275,000
<b><u>Key senior management</u></b>		
Lau Jui Peng	Group Breeder Chief Executive Officer	1,275,000
Lau Joo Heng	Chief Executive Officer of our Group's Philippines operations	1,200,000
Lau Joo Hwa	Chief Executive Officer of our Group's Singapore operations	1,275,000
Chew Eng Loke	Chief Financial Officer	875,000
<b><u>Persons connected to them</u></b>		
Lau Joo Kiang	General Manager, Operations (Indonesia operations)	263,000
Lau Joo Ping	Costing Manager (Malaysia operations)	13,000
Lau Joo Hau	General Manager, Operations (Vietnam operations)	282,000
<b><i>Total</i></b>		<b><u>13,673,000</u></b>

Any further offer, allocation or allotment under the ESOS to any of our eligible Directors, major shareholders and any person connected with them other than as stated above shall require the prior approval of the shareholders of our Company in a general meeting.

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

##### 4.2.6 Share capital

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

	No. of Shares	RM
After the Pre-IPO Exercise	3,400,000,000	1,230,131,992
To be issued under the Public Issue	250,000,000	275,000,000 <sup>(1)</sup>
<b>Enlarged number of issued shares and share capital upon Listing</b>	<b>3,650,000,000</b>	<b>1,505,131,992</b>

**Note:**

(1) Calculated based on the Retail Price of RM1.10 per IPO Share.

##### 4.2.7 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

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

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

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

At every general meeting of our Company, each of our shareholders will be entitled to vote in person, by proxy, or by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

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

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**4.2.8 Minimum subscription level**

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with the Listing. See Section 5.4.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

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

##### 4.3 SELLING SHAREHOLDERS

The Offer Shares to be offered by each Selling Shareholder and their respective shareholding in our Company before and after our IPO are as follows:

	Material relationship with our Group	Shareholding before our IPO		Offer For Sale		Shareholding after our IPO assuming the Over-allotment Option is not exercised		Over-allotment Option		Shareholding after our IPO assuming the Over-allotment Option is fully exercised	
		No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%
Clarinden Investments	Substantial shareholder	782,000,000	23.00	421,050,000	11.54	360,950,000	9.89	70,312,500	1.93	290,637,500	7.96
<b>Founding Family</b>											
CN Lau Holdings	- (3)	103,612,900	3.05	40,150,000	1.10	63,462,900	1.74	10,595,000	0.29	52,867,900	1.45
Dato' Lau Eng Guang	Director, key senior management and Promoter	103,612,900	3.05	40,150,000	1.10	63,462,900	1.74	10,595,000	0.29	52,867,900	1.45
TN Lau Holdings	- (4)	103,612,900	3.05	36,500,000	1.00	67,112,900	1.84	9,632,500	0.26	57,480,400	1.57
HNL&S	- (5)	103,612,900	3.05	40,150,000	1.10	63,462,900	1.74	10,595,000	0.29	52,867,900	1.45
Lau Joo Han	Director, key senior management, Promoter and substantial shareholder(6)	138,173,600	4.06	54,750,000	1.50	83,423,600	2.29	14,448,000	0.40	68,975,600	1.89
Lau Joo Hong	Director, key senior management, Promoter and substantial shareholder(7)	49,751,400	1.46	19,710,000	0.54	30,041,400	0.82	5,201,000	0.14	24,840,400	0.68
Lau Jui Peng	Key senior management, Promoter and substantial shareholder(7)	44,211,200	1.30	17,520,000	0.48	26,691,200	0.73	4,623,000	0.13	22,068,200	0.60
Lau Joo Heng	Key senior management, Promoter and substantial shareholder(7)	44,211,200	1.30	17,520,000	0.48	26,691,200	0.73	4,623,000	0.13	22,068,200	0.60
<b>Total</b>		<b>1,472,799,000</b>	<b>43.32</b>	<b>687,500,000</b>	<b>18.84</b>	<b>785,299,000</b>	<b>21.52</b>	<b>140,625,000</b>	<b>3.85</b>	<b>644,674,000</b>	<b>17.66</b>

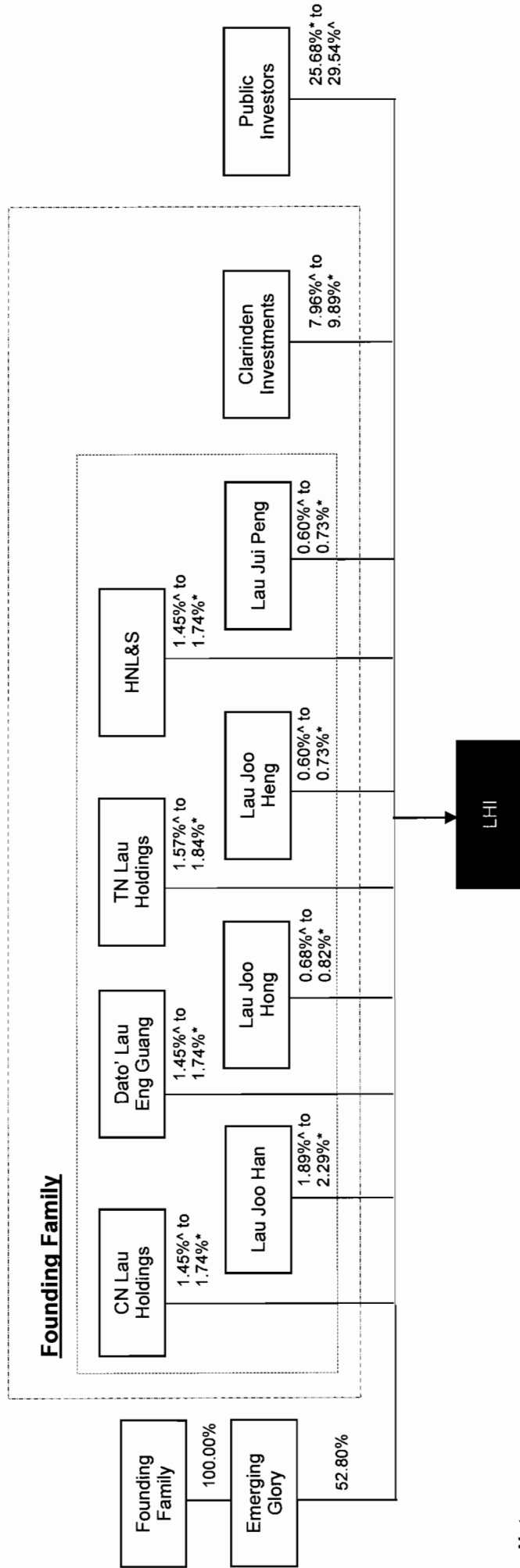
**4. DETAILS OF OUR IPO (Cont'd)****Notes:**

- (1) Based on LHI's issued share capital of 3,400,000,000 LHI Shares after the Pre-IPO Exercise.
- (2) Based on LHI's enlarged issued share capital of 3,650,000,000 LHI Shares upon Listing.
- (3) Lau Chia Nguang, our Director, key senior management and Promoter as well as Lau Joo Hwa, our key senior management are both directors and substantial shareholders of CN Lau Holdings.
- (4) Tan Sri Lau Tuang Nguang, our Director, key senior management and Promoter is a director and substantial shareholder of TN Lau Holdings.
- (5) Lau Joo Keat, our Director, key senior management and Promoter is a director and substantial shareholder of HNL&S.
- (6) Deemed interested by virtue of his shareholding in Emerging Glory pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of his interest in Emerging Glory through his interest held in CWL&S pursuant to Section 8(4) of the Act.

4. DETAILS OF OUR IPO (Cont'd)

Shareholding of the Selling Shareholders after the IPO

Selling Shareholders



**Notes:**

\* Assuming the Over-allotment Option is not exercised.

<sup>^</sup> Assuming the Over-allotment Option is fully exercised.

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

#### 4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

##### 4.4.1 Retail Price

The Retail Price of RM1.10 per IPO Share was determined and agreed upon between our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators, after taking into consideration the following factors:

- (i) PE multiple of approximately 20.8 times based on our Group's net EPS of 5.3 sen after taking into account our PATAMI of RM192.6 million for the FYE 31 December 2017 and our enlarged issued share capital of 3,650,000,000 Shares upon Listing;
- (ii) pro forma consolidated NA per Share attributable to ordinary equity holders of parent ("**NA per Share**") as at 31 October 2018 after our IPO of RM0.42 based on our enlarged issued share capital of 3,650,000,000 Shares upon Listing;
- (iii) our competitive strengths, as follows:
  - (a) we are operating in fast growing ASEAN consumer markets with rising poultry consumption;
  - (b) we are a leading "pure-play" poultry producer, with strong economies of scale and a leading market share in most of our product segments;
  - (c) the industry that we are operating in has significant barriers to entry which provide us with a sustained competitive advantage;
  - (d) we have scalable platform of operations that provide enhanced value creation across geographies and segments;
  - (e) our fully integrated business model allows us to provide operating flexibility, synergies and resilience through the economic cycle;
  - (f) we have a robust historical financial growth underpinned by strong track record and established brand; and
  - (g) we have a team of experienced senior management, supported by seasoned country managers and a prominent investor;
- (iv) our strategies and future plans which are to be achieved through:
  - (a) consolidation and expansion of our leadership position in Malaysia and Singapore by driving efficiencies and continuing to grow capacity;
  - (b) increase use of our own Broiler farms in Malaysia, in order to control quality and increase efficiency, with a view to replicate this approach in Indonesia and Vietnam;
  - (c) continuing to grow our integrated business model in our newer markets, with a focus on expanding our upstream operations; and
  - (d) investing in processes, technology, people and facilities to meet customer requirements while maintaining low-cost structure.
- (v) favourable outlook of the poultry industry with expected higher demand for poultry from consumers, boosted by growing preference towards healthier white meat, growing regional population and increasing food requirements, details of which are as described in Section 8 of this Prospectus; and



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

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- (vi) prevailing market conditions which include among others, market performance of key global indices and companies which are in businesses similar to ours listed on Bursa Securities as well as other exchanges, current market trends and investors' sentiments.

Based on our pro forma consolidated NA per Share as at 31 October 2018 after our IPO of RM0.42, our PB multiple is approximately 2.6 times, which falls within the range of other integrated poultry producers as set out in Section 6 of this Prospectus.

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date and will be the lower of:

- (a) the Retail Price of RM1.10 per IPO Share; or
- (b) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. Further details on the refund mechanism are set out in Section 4.4.3 of this Prospectus.

Prospective Retail Investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM1.10 per IPO Share.

The Final Retail Price and the Institutional Price are expected to be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

Applicants should also note that the vagaries of market forces and other uncertainties may affect the market price of our Shares after our Listing.

##### 4.4.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process commences on 25 April 2019 and will end on 3 May 2019. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators on the Price Determination Date.

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

##### 4.4.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form or by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via the Internet Share Application, within ten Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 15.9 of this Prospectus.

##### 4.4.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM4.0 billion.

**You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.**

#### 4.5 DILUTION

Dilution is the amount by which the price paid by retail, institutional and selected investors for our Shares exceeds our consolidated NA per share after our IPO. Our pro forma consolidated NA per Share as at 31 October 2018 was RM0.38, based on the total number of issued shares of 3,400,000,000 Shares after the Pre-IPO Exercise and before adjusting for our IPO.

After taking into account our enlarged number of issued Shares from the issuance of the 250,000,000 Issue Shares and after adjusting for the expenses relating to our IPO, our pro forma NA per Share as at 31 October 2018 would be RM0.42. This represents an immediate increase in NA per Share of RM0.04 to our existing shareholders and an immediate dilution in NA per Share of RM0.68 (representing 61.8%) of the Retail Price and the Institutional Price (assuming the Final Retail Price and the Institutional Price will equal the Retail Price), to the retail and institutional and selected investors.

The following table illustrates such dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	<u>RM</u>
Final Retail Price/ Institutional Price	1.10
Pro forma consolidated NA per Share as at 31 October 2018 after the Pre-IPO Exercise and before adjusting for our IPO	0.38
Pro forma consolidated NA per Share as at 31 October 2018, after adjusting for our IPO	0.42
Increase in NA per Share to our existing shareholders	0.04
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors	0.68
Dilution in pro forma consolidated NA per Share to retail/ institutional and selected investors as a percentage of the Retail Price/ Institutional Price	61.8%

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

##### 4.6 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to RM275.0 million<sup>(1)</sup> in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Capital expenditure	Within 24 months	207,733	75.5
Working capital	Within 6 months	32,959	12.0
Defray fees and expenses for our IPO and Listing	Within 3 months	34,308	12.5
<b>Total</b>		<b>275,000</b>	<b>100.00</b>

**Note:**

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price of RM1.10 per IPO Share.

##### 4.6.1 Capital expenditure

We intend to incur RM207.7 million for capital expenditure to facilitate the expected growth of our operations in Malaysia, Vietnam and Philippines so as to increase our visibility and presence in these countries. The breakdown of the capital expenditure allocation is as follows:

	<b>RM'000</b>
a) Malaysian operations	40,700
b) Vietnam operations	47,033
c) Philippines operations	120,000
<b>Total</b>	<b>207,733</b>

In the event that the above capital expenditure has been incurred before the receipt of the proceeds from the Public Issue, the IPO proceeds will be used to replenish any internally generated funds or repay bank borrowing drawn down for the purpose of the said capital expenditure.

##### (i) Malaysian operations

RM40.7 million of the proceeds from the Public Issue is to be allocated for expansion of our Broiler farms which will involve the construction of closed-house farms in existing Broiler farms in the following states:

- (i) Negeri Sembilan – seven closed-house farms;
- (ii) Melaka – two closed-house farms;
- (iii) Perak – 11 closed-house farms; and
- (iv) Johor – 12 closed-house farms.

Construction of these closed-house farms commenced in the first quarter of 2019 and is expected to complete by the fourth quarter of 2020 which will increase our production by 10.4 million Broilers per annum.

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

This expansion is expected to cost approximately RM86.8 million with RM40.7 million sourced from the Public Issue and the balance of RM46.1 million to be financed through borrowings and internally generated funds, the exact mix of which has not been determined at this time.

As at the LPD, approximately RM19.7 million has been incurred towards this project.

##### (ii) Vietnam operations

Approximately RM47.0 million of the proceeds from the Public Issue is to be allocated for the following projects for our Vietnam's operations:

	<b>RM'000</b>
<b>Feedmill Business</b>	
Expansion of Dong Nai feedmill plant (note 1)	7,690
Equipment and machineries for Dong Nai, Bau Bang and Tien Giang feedmill plants (note 2)	17,906
<b>Livestock Business</b>	
Expansion of existing Dong Nai farm and new layer farms in Southern Vietnam (note 3)	21,437
<b>Total</b>	<b>47,033</b>

##### Notes:

##### 1) Expansion of Dong Nai feedmill plant

This project will involve the following:

- (i) construction of one silo and a soybean meal ("SBM") flat warehouse discharging system which both will be used for storing raw materials on the existing land of Dong Nai feedmill plant. The estimated cost of this project is approximately RM5.1 million; and
- (ii) third pelleting line in the Dong Nai feedmill plant which will cost approximately RM2.6 million.

The silo expansion and construction of a SBM flat warehouse discharging system is expected to commence in the third quarter of 2020 and is expected to complete by the fourth quarter of 2020. The construction of the third pelleting line in the Dong Nai feedmill plant is expected to commence in third quarter of 2019 and is expected to complete by the fourth quarter of 2019.

The silo expansion and the SBM flat warehouse discharging system are expected to result in an additional 10,000 MT of grain storage capacity while the third pelleting line will provide our Group with additional capacity of approximately 142,500 MT per annum of livestock feeds.

As at the LPD, we have yet to prepare the design for the layout of the silo expansion and the warehouse discharging system. The estimated construction cost was arrived at after taking into consideration the construction cost of the Dong Nai feedmill.

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

As at the LPD, no amount has been incurred towards this project and the source of funding for this project will be entirely from the Public Issue proceeds.

##### 2) **Equipment and machinery for Dong Nai, Bau Bang and Tien Giang feedmill plants**

This project will involve the following:

- (i) construction of a spent grain drying facility, being a facility to dry grains, and centralise premix machineries in the Dong Nai feedmill plant where the estimated cost is approximately RM1.6 million and RM6.8 million, respectively. The construction of the spent grain drying facility has commenced in the first quarter of 2019 and is expected to complete by the third quarter of 2019. Meanwhile, the construction of the centralise premix machineries is expected to commence in the third quarter of 2020 and is expected to complete by the first quarter of 2021. The spent grain drying facility and centralise premix machineries will provide our Group with an additional capacity 13,200 MT per annum and 24,000 MT per annum, respectively;
- (ii) construction of animal medicine injection line in our medicine plant located at Bau Bang where the estimated cost is approximately RM4.9 million. This project is expected to commence in the first quarter of 2020 and is expected to complete by the third quarter of 2020. The new animal medicine injection line will provide our Group with 4,800 litres per annum of liquid medicines for animals; and
- (iii) installation of automatic bagging and robotic pelletiser in Bau Bang and Tien Giang feedmill plants respectively where the estimated cost is approximately RM4.6 million.

The source of funding for this project will be entirely from the Public Issue proceeds. As at the LPD, approximately RM0.9 million has been incurred towards this project.

##### 3) **Expansion of existing Dong Nai farm and new Layer farms in Southern Vietnam**

This project will involve the following:

- (i) construction of additional three PS closed-house farms and machinery in the existing Dong Nai farm where the estimated cost is approximately RM0.6 million and RM0.3 million, respectively. This project is expected to commence in the third quarter of 2019 and is expected to complete by the fourth quarter of 2019. The closed-house farms will provide our Group with an additional output of 2.7 million Broiler DOCs per annum; and

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

- (ii) installation and fitting of equipment in new Layer farms to be rented in Southern Vietnam, in particular in Binh Duong or Dong Nai provinces, where the estimated cost of installation and fittings for the new Layer farms is approximately RM20.5 million. This project is expected to commence in the first quarter of 2020 and is expected to complete by the fourth quarter of 2020. The farms will provide our Group with approximately 168.2 million eggs per annum.

As at the LPD, no amount has been incurred towards this project and the source of funding for this project will be entirely from the Public Issue proceeds.

#### (iii) Philippines operations

RM120.0 million of the proceeds from the Public Issue is to be allocated for the following projects for our Philippines' operations:

	<b>RM'000</b>
<b>Feedmill Business</b>	
New feedmill plant in Central Luzon (note 1)	59,245
<b>Livestock Business</b>	
New GPS farm in South Luzon (note 2)	6,409
New PS farm in Central Luzon (note 3)	19,206
New Broiler farm (note 4)	20,508
New hatchery in Central Luzon (note 5)	8,496
Purchase of a new ERP system for LHPHi (note 6)	6,136
<b>Total</b>	<b>120,000</b>

#### Notes:

##### 1) New feedmill plant

The first feedmill plant for our Philippines' operations will be constructed on an approximately 20 acres plot of industrial land in Central Luzon that will be rented by LHPHi from our associate, Greatmammoth.

The estimated construction cost of the feedmill plant is approximately RM59.2 million. Construction is expected to commence in the third quarter of 2019 and is expected to complete in the fourth quarter of 2020. The feedmill plant will include a silo, feedmill tower, warehouse, office and installation of feedmill machineries, pelleting system, flat storage transport equipment, laboratory equipment and other auxiliary equipment.

The estimated full capacity output of the new feedmill plant is 240,000 MT per annum.

This new feedmill is part of our Group's expansions plan as set out in Section 7.11 in this Prospectus.

As at the LPD, no amount has been incurred towards this project and the source of funding for this project will be entirely from the Public Issue proceeds.

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

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**2) New GPS farm**

We intend to build a new GPS farm which will consist of five closed poultry houses on an approximately 35 acres plot of agricultural land in South Luzon that will be rented by our Group from Greatmammoth through LHPHi.

The estimated construction cost of the closed-house farms is approximately RM6.4 million. Construction is expected to commence in the third quarter of 2019 and is expected to complete by the fourth quarter of 2020.

The estimated full capacity of this farm is 20,000 GPS DOCs per annum.

As at the LPD, no amount has been incurred towards this project and the source of funding for this project will be entirely from the Public Issue proceeds.

**3) New PS farm**

We intend to build a new PS farm which will consist of 12 closed poultry houses on an approximately 23 acres plot of agricultural land in Central Luzon that will be rented by our Group from Greatmammoth through LHPHi.

The estimated construction cost of the closed-house farms is approximately RM19.2 million. Construction is expected to commence in the third quarter of 2019 and is expected to complete by the third quarter of 2020.

The estimated full capacity of this farm is about 93,000 PS DOCs per annum.

As at the LPD, no amount has been incurred towards this project and the source of funding for this project will be entirely from the Public Issue proceeds.

**4) New Broiler farm**

We intend to build two new Broiler farms which will consist of 16 closed poultry houses on an approximately 38 acres plot of agricultural land in Central Luzon that will be rented by our Group from Greatmammoth through LHPHi.

The estimated construction cost of the closed-house farms is approximately RM20.5 million. Construction is expected to commence in the third quarter of 2019 and is expected complete by the third quarter of 2020.

The estimated full capacity of the new broiler farms is 3.36 million Broiler DOCs per annum.

As at the LPD, no amount has been incurred towards this project and the source of funding for this project will be entirely from the Public Issue proceeds.

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

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**5) New Hatchery**

We intend to build a new Hatchery building on an approximately five acres plot of agricultural land located in Barangay, San Juan, Municipality of Samal, Province of Bataan, Central Luzon that will be rented by our Group from Greatmammoth through LHPHi.

The estimated construction cost of the Hatchery building is approximately RM12.8 million. Construction has commenced in the fourth quarter of 2018 and is expected to complete by the third quarter of 2019.

The new Hatchery building with a built-up area of approximately 95,000 sq ft can house 30 incubators inside the building once it is completed. The estimated full capacity of the new Hatchery once the building is equipped with 30 incubators is approximately 48 million eggs per annum.

This project is expected to cost RM27.2 million with RM8.5 million sourced from the Public Issue with the balance of RM18.7 million to be financed through borrowings and internally generated funds, the specific allocation of which has not been determined at this time. As at the LPD, RM6.1 million has been incurred towards this project.

**6) Purchase of a new ERP system**

We are purchasing and installing a new ERP system for LHPHi's office where the purchase and installation commenced in the first quarter of 2019 and is expected to complete by the fourth quarter of 2019.

The purchase and installation of the new ERP system is expected to cost approximately RM6.4 million with RM6.1 million sourced from the Public Issue and the balance of RM0.3 million to be financed through internally generated funds. As at the LPD, RM0.5 million has been incurred towards this project.

**4.6.2 Working capital**

We will allocate approximately RM33.0 million from the Public Issue proceeds as working capital to finance the purchases of raw materials that we use in the production of livestock feeds. The raw materials are corn, soybean and SBM. For further information on these raw materials, see Section 7.5.1 of this Prospectus.



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

##### 4.6.3 Defray fees and expenses for our IPO and Listing

The estimated fees and expenses for our IPO and Listing to be borne by us are estimated to be RM34.3 million, comprising the following:

	<u>RM'000</u>
Professional fees	22,690
Fees payable to authorities	1,119
Brokerage, underwriting and placement fees	6,401
Other fees and expenses such as printing, advertising, travel and roadshow expenses	3,638
Miscellaneous expenses and contingencies	460
<b>Total</b>	<b><u>34,308</u></b>

In the event that the actual fees and expenses are higher than budgeted, the excess will be funded out of working capital. On the other hand, if the actual fee and expenses are lower than budgeted, the difference between the sums allocated and the actual fees and expenses will be used for working capital.

The actual proceeds accruing to our Group will depend on the Institutional Price and the Final Retail Price. If the actual proceeds are higher than budgeted above, the excess will be used for working capital. Conversely, if the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

Given the timing of the use of proceeds to be raised from our IPO may not be immediate and as part of our efficient capital management to maximise profit income, we intend to place the proceeds raised from the Public Issue or any balance (including accrued profit, if any) in the interest-bearing accounts with licensed financial institution(s) and/or in money-market deposit instruments/funds.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM756.3 million will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own professional fees and placement fees, as well as other fees and expenses for our IPO which is estimated to be approximately RM16.0 million.

#### 4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

##### 4.7.1 Brokerage fee

We will pay brokerage in respect of the Issue Shares under the Retail Offering at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Coordinators and Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

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

##### 4.7.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Managing Underwriters and Joint Underwriters have agreed to underwrite our IPO Shares under the Retail Offering for an underwriting commission of 1.5% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

##### 4.7.3 Placement fee

The Selling Shareholders for the Offer Shares and we for the Issue Shares will pay the Placement Managers a placement fee and selling commission of up to 1.5% (exclusive of applicable tax) and may pay the Placement Managers a discretionary fee of up to 0.5% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian and foreign institutional and selected investors in accordance with the terms of the Placement Agreement.

#### 4.8 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

##### 4.8.1 Underwriting

We and the Selling Shareholders have entered into the Retail Underwriting Agreement with the Managing Underwriter and the Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite 98,000,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.7.2 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

Unless waived by (i) the Managing Underwriter and (ii) two or more of the Joint Underwriters who have agreed to underwrite in aggregate more than 50.0% of our Issue Shares under the Retail Offering (collectively, the "**Majority Underwriters**"), the underwriting obligations of the Managing Underwriter and Joint Underwriters are subject to certain conditions precedent which must be satisfied by the closing date of the Retail Offering ("**Closing Date**") which in any case shall not be later than 3 May 2019 or such later date as consented in writing by the Majority Underwriters.

The Majority Underwriters may, on behalf of the Joint Underwriters, in such manner as the Majority Underwriter shall reasonably determine by notice in writing to us by the Majority Underwriters given at any time before the date of our Listing, terminate, cancel and withdraw their respective underwriting commitments if:

- (i) there is any breach by us and/or the Selling Shareholders of any of our or their representations or any of the warranties or undertakings set out in the Retail Underwriting Agreement in any respect; or
- (ii) without prejudice to Section 4.8.1(i) above, there is failure on our part and/or by the Selling Shareholders to perform any of our or their obligations set out in the Retail Underwriting Agreement which, in the opinion of the Majority Underwriters, would have or is likely to have a material adverse effect or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business on the following:

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

- (a) the condition (financial, business or operations), management, general affairs, business, assets, liquidity, liabilities, prospects, earnings, properties, stockholders' equity, results of operations or prospects of our Company and/or our Group taken as a whole; or
- (b) the ability of our Company or the Selling Shareholders to perform our or their obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the Placement Agreement, Share Lending Agreement or the Retail Underwriting Agreement; or
- (c) the ability of our Company and/or our Group to conduct its businesses and to own or lease our assets and properties as described in this Prospectus; or
- (d) our IPO;
- (“**Material Adverse Effect**”); or
- (iii) we and/or the Selling Shareholders withhold any information of a material nature from the Managing Underwriter and/or the Joint Underwriters, which would have or is likely to have a Material Adverse Effect; or
- (iv) there shall have occurred or happened any other event in which Material Adverse Effect having occurred or which in the opinion of the Majority Underwriters are likely to occur; or
- (v) the Closing Date does not occur by 3 May 2019, subject to such extension which may be agreed between us and the Majority Underwriters; or
- (vi) in the sole opinion of the Majority Underwriters, the occurrence of any of the following events:
- (a) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which would have or is likely to have a Material Adverse Effect or a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of our IPO Shares or a material adverse effect on our Listing or our IPO. For the avoidance of doubt, and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI Index (“**Index**”) is, at the close of normal trading on Bursa Securities, on any Market Day:
- on or after the date of the Retail Underwriting Agreement; and
  - prior to the Closing Date;
- lower than 85.0% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition; or

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

- (b) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court or authorities which has or is likely to have a Material Adverse Effect; or
- (c) any *force majeure* event which is any event or series of events beyond the reasonable control of the Managing Underwriter or any of the Joint Underwriters including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami, fire, lightning, tempest, accident, epidemics and/or earthquakes), acts of hijacking, commotion, terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, hostilities, invasion, incursion by armed force, sabotage, acts of war, diseases or epidemics (such diseases or epidemics to include but not be limited to avian flu), accidents, riot, uprising against constituted authority, disorder, rebellion, insurrection, revolt, military, any material disruptions in securities settlements, payment or clearance procedures in the U.S., Hong Kong, the United Kingdom, Vietnam, Malaysia, Indonesia, Cambodia, Philippines or Singapore or any general moratorium on banking activities in any of the aforementioned which has or is likely to have a Material Adverse Effect or which has or is likely to have the effect of making any material obligation of the Retail Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of our Shares under the Retail Offering that are underwritten; or
- (d) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities for a period exceeding three consecutive Market Days due to exceptional financial circumstances or otherwise; or
- (e) any government requisition or occurrence of any other nature whatsoever which would have or is likely to have a Material Adverse Effect; or
- (f) there shall have announced or carried into force any new law or regulation, directive, policy or ruling or change in law, regulation, directive, policy, ruling in any jurisdiction which in the opinion of the Majority Underwriters may prejudice the success of our IPO or our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer our Shares or making the Retail Underwriting Agreement incapable of being performed in accordance with its terms; or
- (g) the Institutional Offering and/or Retail Offering is stopped or delayed by us or any relevant authorities for any reason whatsoever (unless such delay has been approved by the Majority Underwriters); or
- (h) any commencement of legal proceedings or action against any member of our Group or any of their directors, which would have or is likely to have a Material Adverse Effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer the Shares; or
- (vii) our Listing does not take place by 31 May 2019 or such other extended date as may be agreed by the Majority Underwriters; or

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

- (viii) any of the resolutions or approvals as set out in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is likely to have a Material Adverse Effect; or
- (ix) in the event that our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Majority Underwriters (acting reasonably); or
- (x) if the SC or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it, in the opinion of the Majority Underwriter, impracticable to market our IPO or to enforce contracts to transfer our IPO Shares; or
- (xi) any material statement contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect; or
- (xii) any one of the Retail Underwriting Agreement, Placement Agreement, Share Lending Agreement, lock-up arrangement, Master Cornerstone Placement Agreement and the respective individual cornerstone placement agreements (a) having been terminated or rescinded in accordance with its terms thereof; (b) ceased to have any effect whatsoever, or (c) varied or supplemented upon terms and such variation or supplementation would have or is likely to have a Material Adverse Effect.

##### 4.8.2 Placement

We and the Selling Shareholders expect to enter into the Placement Agreement with the Placement Managers in relation to the placement of up to 839,500,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.3 and 4.2.4 of this Prospectus, respectively. We and the Selling Shareholders will be requested, on a several basis, to give various representations, warranties and undertakings, and to indemnify the Placement Managers against certain liabilities in connection with our IPO.

##### 4.8.3 Lock-up arrangement

- (i) We have agreed that, subject to offerings under the IPO and certain exceptions, we shall not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, to the extent applicable to us, for a period of six months from the date of the Listing, directly or indirectly:
  - (a) issue, allot, offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, the Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise; or

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

- (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise; or
  - (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities; or
  - (d) agree to do or announce any intention to do any of the above or an offering or sale of, any of the Shares or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof) with respect to any of the foregoing; or
  - (e) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any transactions described in paragraphs (a) to (d) above.
- (ii) All the Selling Shareholders save for Clarinden Investments have respectively agreed that, subject to the offerings under the IPO and certain exceptions, they shall not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, for a period of six months from the date of the Listing, directly or indirectly:
- (a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, the Shares) held or acquired by them up to and including the date of the Listing (collectively, the "**Relevant Shares**"), whether such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
  - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
  - (c) deposit any of the Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities;

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

- (d) agree to do or announce any intention to do any of the above or an offering or sale of, any of the Relevant Shares or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof) with respect to any of the foregoing; or
- (e) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Relevant Shares;
- (f) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any transactions described in paragraphs (a) to (e) above.

The restrictions in Sections 4.8.3 (i) and (ii) above do not apply to (1) the Shares granted under the ESOS; (2) the Shares that are sold pursuant to the IPO or pursuant to an over-allotment option granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Joint Global Coordinators and Joint Bookrunners); and (3) the transfer of Shares by the Over-allotment Option Providers pursuant to the Share Lending Agreement, provided that these lock-up restrictions shall apply to the Shares returned to the Over-allotment Option Providers pursuant to the Share Lending Agreement.

- (iii) Clarinden Investments has agreed that, subject to the offerings under the IPO and certain exceptions, they shall not without the prior written consent of the majority of the Joint Global Coordinators, for a period up to and including six months from the date of the Listing, directly or indirectly:
  - (a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, the Shares) held or acquired by them up to and including the date of the Listing ("**Relevant Shares**"), whether such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
  - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
  - (c) deposit any of the Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities;

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

- (d) agree to do or announce any intention to do any of the above or an offering or sale of, any of the Relevant Shares or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof) with respect to any of the foregoing; or
- (e) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Relevant Shares;
- (f) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any transactions described in paragraphs (a) to (e) above.

The restrictions above do not apply to (1) the Shares that are sold pursuant to the IPO or pursuant to an over-allotment option granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Joint Global Coordinators and Joint Bookrunners); and (2) the transfer of Shares by the Over-allotment Option Providers pursuant to the Share Lending Agreement, provided that these lock-up restrictions shall apply to the Shares returned to the Over-allotment Option Providers pursuant to the Share Lending Agreement.

#### 4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

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

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

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

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

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



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

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Trading of shares of companies listed on Bursa Securities is normally done in “board lots” of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a “ready” basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

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

## 5. RISK FACTORS

*An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.*

### 5.1 RISKS RELATING TO OUR BUSINESS

#### 5.1.1 We face uncertainty in respect of our applications to obtain requisite approvals for change in express condition and/or occupation of buildings

In Malaysia, we are required to comply with land use conditions and where the express condition imposed on the land title does not explicitly permit poultry farming or hatchery, we will require the approval of the land authorities for change in express condition. In addition, in Malaysia, CCCs are required for the occupation of buildings or part thereof. The issuance of a CCC is preceded by the issuance of a KM and a building plan approval. Where CCC is not able to be obtained, a KMT and a temporary building plan are to be applied for in order to obtain a TBP, in accordance with the directions of the local councils.

As at the LPD, we have 137 farms and hatcheries in Malaysia and all of them do not have CCCs. However, we are taking the necessary steps to procure the requisite certifications or permits. As at the LPD:

- (i) 83 farms and hatcheries have express conditions on the land titles which allows for poultry farming or hatchery, as the case may be, of which four farms have obtained a TBP and approvals for CCC/TBP are being pursued for the remaining 79 farms and hatcheries. Based on feedback from the relevant consultants appointed by us to submit the relevant applications for KM/KMT and CCC/TBP applications and/or local councils, we expect to obtain a TBP for all these farms and hatcheries if we are unable to obtain a CCC; and
- (ii) the remaining 54 farms and hatcheries have yet to convert their existing express condition to allow for poultry farming or hatchery, as the case may be, of which:
  - (a) 11 farms, comprising 9 broiler farms and 2 breeder farms, are not able to change the express condition imposed on their land titles to allow for poultry farming and accordingly, we are not submitting any KM/KMT and CCC/TBP applications for these farms; and
  - (b) the remaining 43 farms and hatcheries are pending the decision of the land authorities in respect of their applications for change in express condition and at the same time, pursuing approvals for CCC/TBP. These 43 farms and hatcheries contribute:
    - approximately 28.6% of the housing capacity of our farms in Malaysia and 13.1% of the housing capacity of our hatcheries in Malaysia as at the LPD; and
    - approximately 9.1% and 6.8% of our Group's revenue for the FYE 31 December 2017 and FPE 31 October 2018 respectively, based on, among others, the housing capacity of these farms as well as the average selling price per broiler or DOC (as the case may be).

## 5. RISK FACTORS (Cont'd)

Of the 43 farms and hatcheries where their applications for change in express condition are pending the decision of the land authorities, we have further identified 14 farms and hatcheries located in the area where the surrounding lands neighbouring these farms have been zoned for residential/ industrial use and/or in close proximity to either natural water sources and/or residential areas. Accordingly, the applications for change in express condition for these farms may not be successful. These 14 farms and hatcheries contribute:

- (i) approximately 8.4% of the housing capacity of our farms in Malaysia and 13.1% of the housing capacity of our hatcheries in Malaysia as at the LPD; and
- (ii) approximately 3.4% and 2.4% of our Group's revenue for the FYE 31 December 2017 and FPE 31 October 2018 respectively, based on, among others, the housing capacity of these farms as well as the average selling price per broiler or DOC (as the case may be),

which is not material to our Group.

A summary of the status of compliance with land use pursuant to express condition imposed on the land titles of our farms and hatcheries and the status of the relevant applications for change in express condition as well as KM/KMT and CCC/TBP are set out in Annexure B of this Prospectus.

For the 11 farms that we are not able to change the express condition imposed on their land titles to allow for poultry farming, we will replace the affected capacity of these 11 farms by increasing the capacity at our existing farms or by building a new farm on our existing land, which we estimate will cost us approximately RM58.0 million ("**Cost of Replacement**") to replace the affected capacity of our chicken and duck broiler farms by the first half of 2019 and breeder farms by the first half of 2020. For the remaining 126 farms and hatcheries that we own and operate, we estimate that the cost to obtain the KM/KMT and CCC/TBP, where applicable, including penalties and remedial works for those farms and hatcheries with KM applications that have been approved with conditions, will be approximately RM9.6 million ("**Cost of Compliance**"). The estimated total costs comprising the Cost of Compliance and the Cost of Replacement amount to approximately RM67.6 million, of which approximately RM67.3 million will be capitalised as property, plant and equipment. We estimate the depreciation amount to be approximately RM1.7 million per annum based on a depreciation rate ranging between 2.5% and 10%, depending on the applicable depreciation policy, with the balance to be expensed off. However, these costs to be incurred is not material to our Group.

For avoidance of doubt, the Cost of Compliance does not include the cost to carry out any remedial works for the 14 farms and hatcheries which we have further identified located in areas in conflict with poultry farming. If we are not able to obtain the requisite approvals for the change in express condition for these farms and hatcheries, we will also need to replace the affected capacity of these 14 farms and hatcheries by building new farms/hatcheries at new locations or increase the capacity at our existing farms which we estimate will cost us approximately RM113.4 million. The cost to be incurred is not material to our Group since it will be capitalised as property, plant and equipment and we estimate the depreciation amount to be approximately RM7.8 million per annum based on a depreciation rate ranging between 2.5% and 15%, depending on the applicable depreciation policy.

## 5. RISK FACTORS *(Cont'd)*

While we have not experienced any imposition of sanctions by the local councils to obtain certifications or permits in relation to the safety and fitness of buildings for occupation, we have made and/or will make the necessary applications:

- (i) for the change in or imposition of express condition on the land titles to permit poultry farming, where required; and
- (ii) to obtain the necessary approval, certification and/or permission for occupation of the building on our farms and facilities in accordance with the directions of the relevant local councils.

However, the granting of the requisite approvals governing the use of our farms and facilities are dependent on the discretion of the local councils and/or land authorities based on the implementation of their relevant policies and guidelines.

Any adverse change in such policies, guidelines or directions taken by the local councils and/or land authorities in exercising their discretion on matters requiring their approvals which we cannot anticipate and is beyond our control may result in:

- (i) our applications being rejected;
- (ii) our Group being subject to sanctions, details of which are set out in Sections 7.20.1(xiv) and 7.20.1(xv) of the Prospectus; and/or
- (iii) our Group having to incur additional costs to replace the capacity of the affected farms following our unsuccessful applications,

which may disrupt our business operations and in turn may have a material adverse effect on our financial condition, results of operations and prospects.

In addition, in Indonesia, a building owner must obtain an IMB to construct a building and GR 36/2005 stipulates that a building owner must obtain a SLF to occupy and utilise a building. To comply with the SLF requirement, as at the LPD, the Malindo Group has submitted SLF applications for 70 buildings, these being the material properties of the Malindo Group. Hutabarat Halim & Rekan, the Indonesian legal counsel to our Company, has confirmed that these 70 SLF applications are regarded by the relevant authorities as our rectification of any SLF non-compliance for the 70 buildings. See Annexure B of this Prospectus for further information relating to our SLF applications.

### **5.1.2 We may not be able to obtain, renew or maintain our major licences, permits and approvals required to operate our business operations due to reasons beyond our control**

We depend on certain licences, permits and approvals issued by various government authorities and regulatory agencies in the countries where we operate to conduct of our business. For details of our major licences, permits and approvals including the applicable authorities, expiration dates and status of compliance, see Annexure A of this Prospectus.

Our major licences, permits and approvals are generally subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the particular legislation and/or regulations governing the issuing authorities. Certain of these major licences and permits and approvals need to be renewed on a periodic basis or reassessed by the relevant regulatory authorities. For example, in Malaysia, we are required to maintain certain poultry farming licences issued by the state DVS pursuant to the respective state's Poultry Farming Enactment for the operation of our poultry farms. For details of sanctions which may be imposed by the relevant government authorities and regulatory agencies, see Section 7.20.1(i) of this Prospectus.

**5. RISK FACTORS (Cont'd)**

As at the LPD, save for the DVS licences which are pending renewal upon expiry of its term, four out of the 137 farms which we operate in Malaysia do not have a valid DVS licence. Should we need to replace the affected capacity of the farms that do not have a valid DVS licence by building new farms at new locations or by increasing the capacity at our existing farms, it may cost us approximately RM6.9 million to carry out the exercise over a period of three years. The said cost of approximately RM6.9 million will be capitalised as property, plant and equipment.

If we are unable to fulfil any new terms or conditions that may be imposed or if there is further development of residential properties in the vicinity of our farms, we may not be able to renew or obtain the major licences, permits and approvals required for our operations. Further, regulations of the issuing authorities may become more stringent from time to time. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant major licences, permits and approvals, financial penalties or cessation of our operations.

In addition, we are required to comply with environmental protection, health and safety laws and regulations. Some of these regulations govern the level of fees payable to government entities providing environmental protection services and the prescribed standards relating to the discharge of effluent, or liquid waste. The scale of our poultry operations leads to the production of a large quantity of poultry waste, requiring appropriate disposal. We sell a proportion of the poultry waste as manure and the remainder is disposed of in accordance with applicable environmental regulations. In the course of our operations, we may have unknowingly emitted pollutants or otherwise caused environmental damage or may have been in breach of applicable environmental laws and regulations. Even with careful and regular monitoring, such environmental issues may continue until they are brought to our attention. Any failure to comply with relevant environmental laws and regulations, depending on the type and severity of any violation, may cause us to be subject to, among other things, warnings from relevant authorities, imposition of fines and/or criminal liability, being ordered to close down our business operations and suspension of relevant permits. As a result, our reputation may be harmed and our business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, as laws and regulations are becoming increasingly more stringent worldwide (including environmental and competition laws and regulations), there can be no assurance that we will not be required to incur significant costs to comply with such laws and regulations in the future.

During the 12-month period prior to the date of this Prospectus, we have not faced any suspension, withdrawal or termination of relevant major licences, permits or approvals, financial penalties or cessation of our operations which have materially and adversely affected our business and results of operations.

Further, while we have not encountered any issues in renewing or obtaining any major licences, permits and approvals required to carry out our operations, there can be no assurance that we will be able to renew such major licences, permits and approvals in the future or that we will not be subject to suspension, withdrawal or termination of our major licences, permits and approvals, despite our best efforts to maintain high standards, and any such failure to secure renewal or obtain a major licence, permit or approval would adversely affect our financial condition, results of operations and prospects.

**5. RISK FACTORS (Cont'd)****5.1.3 Outbreaks of livestock diseases could have a material adverse effect on our business**

Outbreaks of livestock diseases at our poultry farms or facilities could significantly restrict our ability to conduct our operations. Avian Influenza is highly contagious among birds and can cause sickness or death of domesticated birds, including chickens, geese, ducks and turkeys. For example, the H5N1 strain of Avian Influenza had affected poultry flocks and other birds in several countries around the world, including the ASEAN region. In March 2013, there was an outbreak of the H7N9 strain of Avian Influenza in China, which spread to humans and resulted in patient deaths. Annual outbreaks in China have continued through 2018. There can be no assurance that the H7N9 strain of Avian Influenza would not spread to Southeast Asia.

During the 10-year period prior to the date of this Prospectus, we have not had any case of Avian Influenza within our farms or production facilities that (a) have had a material adverse effect on our financial position and results of operations, or (b) resulted in government intervention to shut down the farms or production facilities for quarantine inspection. However, notwithstanding the biosecurity measures we have in place, there can be no assurance that there will not be any outbreak of livestock disease in the future. See Section 7.5.2 of this Prospectus for details of the biosecurity measures we have in place.

Any future outbreak of a livestock disease could result in any of the following, all of which could have a material adverse effect on our business and financial condition:

- the governments of the jurisdictions where we operate may introduce requirements for us to destroy our flocks;
- the demand for eggs, Broiler chickens and the prices of DOCs and chicken products may decrease significantly;
- one or more of our farms or facilities may be placed under quarantine until the relevant authorities have determined the threat of disease spreading to be eliminated;
- the importation of GPS DOCs and PS DOCs from countries where an outbreak may have occurred into the countries where we operate may be prohibited; or
- the government of the jurisdictions where we operate may introduce restrictions on the movement and/or the sale of our unprocessed chicken products.

There may also be no compensation or insufficient compensation paid by the government.

Any outbreak of disease in the countries where we operate or in other countries, in particular neighbouring countries, even if there is no outbreak at our facilities, could create adverse publicity and any negative perception by potential customers, government authorities, lenders or general insurance providers could harm us through loss of customers, new regulations or livestock culling requirements, failure to obtain financing on favourable terms or at all, or loss of insurance coverage generally. Any of these consequences could have a material adverse effect on our business, financial condition, results of operations and prospects.

**5. RISK FACTORS (Cont'd)**

We currently purchase all our GPS DOCs from Cobb and Aviagen. Although, during the 10-year period prior to the date of this Prospectus, there are no cases of Avian Influenza or other livestock diseases which have affected Cobb's or Aviagen's ability to supply GPS DOCs to us, there can be no assurance that any such cases will not affect Cobb or Aviagen in the future. Outbreaks of Avian Influenza or other livestock diseases in the U.S. and Europe may result in the countries where we operate banning imports of GPS from affected territories. In the event of such outbreaks resulting in import bans, the cost of breeder flocks of similar quality imported from alternative sources could be higher than the cost of our current supplies. In addition, there can be no assurance that any such alternative supplies would be readily available to meet our requirements or at all. Any long-term interruption in supplies of breeder flocks could have a material adverse effect on our business, financial condition, results of operations and prospects.

**5.1.4 We may not be able to renew the TM Licence Agreement and the "LH" trademark may not be renewed**

Our LH Trademark is important to our brand building and sales and marketing efforts. As at the date of this Prospectus, the LH Trademark is owned by LH Holdings.

Pursuant to the TM Licence Agreement dated 1 August 2018, LH Holdings has granted us a licence for an annual royalty fee to use the LH Trademark worldwide for an initial period of 10 years commencing from the date of the TM Licence Agreement and renewable for successive periods of 10 years at our option, subject to mutual agreement as to the subsequent royalty fee for the renewed terms. See Section 7.22 of this Prospectus for further details on the TM Licence Agreement.

There can be no assurance that we will be able to renew the TM Licence Agreement at a commercially reasonable cost or at all, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The LH Trademark has only been registered in Malaysia and Vietnam. As such, if any third party uses the trademark or registers an identical or similar trademark in jurisdictions other than Malaysia and Vietnam, this may create barriers to entry for our Group in the future. Further, competitors may adopt trade or service names similar to ours notwithstanding that the LH Trademark has been registered. Unauthorised use of the LH Trademark or variants thereof may harm our reputation and we may need to litigate to protect the LH Trademark or to determine the validity and scope of the proprietary rights of others. If any of our intellectual property is infringed, challenged, revoked or we are unable to succeed in legal proceedings to enforce our intellectual property rights at a commercially reasonable cost or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

While the LH Trademark has been registered in Malaysia and Vietnam, such registration is only for a period of 10 years from 10 October 2012 to 10 October 2022, and a period of 10 years from 28 November 2014 to 28 November 2024, respectively. If LH Holdings is unable to renew the LH Trademark, our business, financial condition, results of operations and prospects could be materially and adversely affected.

## 5. RISK FACTORS (Cont'd)

### 5.1.5 Our success depends upon our Executive Directors and key senior management team and other key personnel, the loss of any of whom could disrupt our business operations

We believe that our future success is heavily dependent upon the continued service of our Executive Directors and key senior management team who have valuable experience in the business in which we operate and an important depth of understanding of the demands of our business and our customers' needs, particularly in the region where our key senior management are based. See Sections 9.2 and 9.3 of this Prospectus for information on our Executive Directors and key senior management.

While we believe we offer attractive terms of employment, there can be no assurance that we will retain our Executive Directors and key senior management or any other key personnel or that we will be able to attract, train or retain qualified personnel in the future. The loss of services of one or more of our Executive Directors or key senior management or any other key personnel may adversely affect the execution and implementation of our business strategies, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We do not carry key person life insurance in respect of any of our employees.

### 5.1.6 We may experience land disputes and may not be able to renew our leased lands. Our existing lands may also be subject to compulsory acquisition

We may in the future experience land disputes. Such land disputes may arise over land ownership or overlapping land usage (where an area of land that has been allocated by the government authorities to a party for a specific purpose (such as farming) overlaps other areas that have also been allocated by other government authorities to other parties for other purposes or reserved by the government for a specific purpose only).

Our land sites may also be compulsorily acquired by the respective governments of the countries where they are located, for, among other reasons, public use or due to public interest. In the event such land sites are compulsorily acquired and the NBV of the land sites to be compulsorily acquired is greater than the compensation paid in respect of the acquired lands, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Further, while most of our lands are owned by our Group, some of our land in Malaysia, Indonesia, Vietnam, Singapore and the Philippines are leased from the relevant land authorities or owners and we need to renew such leases prior to their expiration. While we have not encountered any difficulties in renewing our material leases, there can be no assurance that we will be able to renew all our material leases at commercially reasonable costs or at all, or that we will be able to obtain suitable leases at alternative sites, and any such failure to secure renewal or an alternative lease could materially and adversely affect our business, financial condition and results of operations.

### 5.1.7 We depend on a constant supply of genetics for our DOC breeding business

The quality of our livestock depends initially on the supply of genetics for our GPS. There are a limited number of suppliers of genetics in the market and we may not always be able to obtain the quality of genetics that we need, either on terms that are acceptable to us or at all.

We currently import all our Broiler GPS DOCs from Cobb and Aviagen. If either Cobb or Aviagen ceases to supply us with GPS DOCs for commercial reasons or because of an adverse event in their own businesses and we are not able to source an alternative supplier of GPS DOCs, either in a timely manner, on commercially acceptable terms or at all, it could impair our ability to continue the sale of PS DOCs at the same levels.



## 5. RISK FACTORS (Cont'd)

Any disruption to our relationship with genetics suppliers could disrupt our supply of GPS DOCs and our PS DOCs for breeding, affect our cost of supply and require development and adoption of new productivity guidelines and may have a material adverse effect on our business, financial condition, results of operations and prospects.

### 5.1.8 Our insurance coverage may be inadequate

Our insurance coverage may not adequately protect us from the risks associated with our business. We insure our principal assets against risk of physical loss or damage caused by accident, fire, civil disorder and natural disasters. However, we do not have coverage against losses arising from an outbreak of livestock disease as such insurance is not customary and is unavailable in the jurisdictions where we operate on commercially acceptable terms.

In addition, there can be no assurance that we will be able to continue to maintain our existing insurance coverage or obtain insurance policies on economically viable terms. If we were to suffer a loss that is not adequately covered by insurance, our business, financial condition, results of operations and prospects could be materially and adversely affected. See Section 7.15 of this Prospectus for further information on our insurance policies.

### 5.1.9 We are dependent on contract farmers

As at 31 October 2018, we have approximately 656 contract farms in Malaysia (which includes 1 farm located in Malaysia for our Singapore operations), Indonesia, the Philippines and Vietnam, which contributed approximately 10.1% of our revenue for the FPE 31 October 2018, of which 1.9% was contributed by Malaysia, 1.8% was contributed by Indonesia, 0.5% was contributed by Philippines and 5.9% was contributed by Vietnam. The contract farms bear the obligation to hold the licences and permits relating to the operations and assets of the farms. See Section 7.5.2 of this Prospectus for further information on our arrangements with the contract farmers.

We do not typically have long term contracts with them as they prefer the flexibility accorded by short-term contractual arrangements. There can no assurance that we will be able to renew such contracts when they expire or that the contract farmers will not terminate such contracts in favour of our competitors. Such termination or failure to renew such contracts could have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, while we encourage the contract farmers to implement our farm management techniques and follow our strict quality control measures, there can be no guarantee that these contract farmers will adhere to such standards.

Notwithstanding that (a) currently some of our contractual agreements with the contract farmers include provisions requiring the contract farmer to hold the relevant licences relating to the operations of the farms and permits in relation to the safety and fitness of buildings for occupation as well as to keep us indemnified against relevant costs incurred by us as a result of any breach of the provision, and (b) we will ensure that all contractual agreements entered into with contract farmers in the future contain such provisions, there can be no assurance that the contract farmers will hold, or continue to hold, the relevant licences and permits, or that they will comply, or continue to comply, with the conditions of the licences and permits they hold and any such failure could affect our reputation.

## 5. RISK FACTORS *(Cont'd)*

### 5.1.10 Our business is exposed to exchange rate fluctuations

We are exposed to exchange rate fluctuations, particularly SGD, USD and IDR. As our operations grow, we may from time to time be exposed to exchange rate fluctuations of other currencies such as PHP and VND.

Our revenues in the countries where we operate are largely denominated in RM, VND, IDR and SGD. The majority of our raw materials (such as corn and soybean meal) are linked to international commodity index prices which are in USD and exchange fluctuations in USD may have a significant impact on our financial condition and results of operations.

Further, dividends, if any, in respect of our Shares will be paid in RM. Exchange rate gains or losses will arise when the assets and liabilities of our foreign subsidiaries are translated into RM for financial reporting and repatriation purposes. If the functional currencies of our subsidiaries depreciate against the RM, this may materially and adversely affect our Group's reported financial results and dividends, if any, respectively.

We use forward foreign exchange contracts for our purchases denominated in USD for which firm commitments existed as at 31 October 2018. However, hedging transactions may not completely insulate us from risks associated with exchange rate fluctuations due to certain factors including the following:

- (a) the financial instruments used by us may not correspond completely or directly with the risk we intend to protect ourselves from;
- (b) the duration of the hedge may not match the duration of the related liability;
- (c) the counterparty of the financial instruments may not perform its obligations and its credit rating may be lowered accordingly, which could prejudice our ability to sell or transfer such financial instruments; and
- (d) the value of the derivative financial instruments used by us may be adjusted from time to time in accordance with applicable accounting policies to reflect changes in fair value, which may cause us to incur losses.

Hedging also typically involves costs, including transaction costs which may reduce overall profits. Any change in exchange rates that we are not protected from by our hedging strategy could have a material adverse effect on our business, financial condition, results of operations and prospects, which may impact our ability to pay and/or declare dividends. See Section 12 of this Prospectus for further details on the impact of changes in exchange rates on our financial condition and results of operations.

### 5.1.11 Exchange controls and policies may materially and adversely affect us

In Indonesia, the Bank of Indonesia issued a regulation, effective 31 March 2015, on the use of IDR for every payment transaction in the Indonesian territory. In addition, in Malaysia, effective 5 December 2016, BNM introduced a currency stabilising ruling requiring resident exporters to convert 75.0% of their export proceeds from foreign currencies into RM upon repatriating proceeds back to Malaysia, save and except that with effect from 17 August 2018, exporters are allowed to automatically sweep export proceeds into their Trade Foreign Currency Accounts maintained with onshore banks to meet up to six months' foreign currency obligations without the need to first convert proceeds into RM, upon exporters establishing their six months' foreign currency obligations with their respective onshore banks. These measures expose us to additional foreign exchange fluctuations and increasing conversion costs, both of which could materially and adversely affect our business, financial condition and results of operations.

## 5. RISK FACTORS (Cont'd)

There can be no assurance that the governments or central banks in the countries where we operate will not impose more restrictive or other foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to increased exposure of the relevant economy to potential risks and vulnerability of developments in the international markets. This may adversely affect our business, financial condition and results of operations, the value of our Shares and the ability of our shareholders to liquidate our Shares.

Central banks in the countries where we operate may intervene in the currency exchange markets in furtherance of their policies, either by selling local currency or by using their foreign currency reserves to purchase local currency. There can be no assurance that such currencies will not be subject to depreciation and continued volatility, or that the various governments will take additional action to stabilise, maintain or increase the value of their respective currencies, or that any of these actions, if taken, will be successful. Changes to the current exchange rate policies by any of the countries where we operate could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategies. Any of these consequences could have a material and adverse effect on our business, financial condition, results of operations and prospects.

### 5.1.12 We have been the subject of investigations by competition authorities in Indonesia and Singapore

We were investigated by competition authorities in Indonesia and Singapore and may be subject to further investigations in the future.

In the FYE 31 December 2016, in Indonesia, KPPU investigated Malindo Feedmill and 11 other companies in the farming business, where KPPU had alleged, among others, that we and these 11 other companies had conducted a cartel by jointly and prematurely cutting supply of PS chickens to increase the prices in the market. KPPU's decision was overturned by the Indonesia District Court of Jakarta Barat on 29 November 2017, where the court found that the cutting of supply of PS chickens was ordered by the Directorate General of Livestock and Animal Health under the Ministry of Agriculture in Indonesia to combat the oversupply of live birds in the market, which had adversely affected small chicken breeders. KPPU subsequently filed a cassation to the Supreme Court of the Republic of Indonesia to appeal against the decision of the Indonesia District Court of Jakarta Barat, but was subsequently rejected by the Supreme Court of the Republic of Indonesia on 15 May 2018.

On 8 March 2016, the CCCS issued a proposed infringement decision against 13 fresh chicken distributors, including the Affected Companies, for allegedly engaging in anti-competitive agreements to coordinate the amount and timing of price increases, and agreeing not to compete for each other's customers in the market for the supply of fresh chicken products in Singapore. Following further investigations conducted by the CCCS, the CCCS had on 12 September 2018 issued an infringement decision on the Affected Companies and imposed an aggregate financial penalty of SGD11,399,041 on the Affected Companies. On 12 November 2018, the Affected Companies lodged their Notice of Appeal with the Competition Appeal Board, and as at the LPD, the Affected Companies are in the process of preparing for an appeal hearing before the Competition Appeal Board. We have made provisions for this financial penalty with respect to the Affected Companies in our audited financial statements for the FYE 31 December 2017. See Section 14.6 of this Prospectus for further information on the matter above.

## 5. RISK FACTORS (Cont'd)

On 23 March 2018, the CCCS issued a notice to Lee Say requiring the production of specified documents and the provision of specified information under Section 63 of the Singapore Competition Act. The notice was issued on the basis that the CCCS had reasonable grounds for suspecting that Section 54 of the Singapore Competition Act may have been infringed by Lee Say. The CCCS has since ceased its investigation into the acquisition of Leong Hup Food, Soonly Food, Jordon and Safa Gourmet (through its subsidiaries Kendo Trading and ES Food) from Elite KSB Holdings Limited, which was completed on 31 October 2012, as informed by the CCCS via its letter issued to Lee Say on 14 November 2018.

As we continue to expand our business operations, there can be no assurance that we will not face similar investigations by competition authorities in countries where we operate which could materially and adversely affect our business reputation, public image, demand for our products, potential business opportunities, our financial condition, results of operations and prospects.

### 5.1.13 Our business strategies, including with regard to acquisitions and expansions, are subject to implementation risk

Our overall business strategies involve investments in new facilities to expand our upstream production capacity, entering into new markets and expanding our operations further in the countries where we operate. In 2015, we expanded our operations to the Philippines to capture the potential growth opportunities in that market. However, as the prospects of these initiatives are uncertain, there can be no assurance that we will be able to successfully execute our business strategies or that these business strategies will not prove more difficult or costly than we had originally anticipated. In addition, in conducting due diligence in connection with a potential acquisition of interests in existing businesses, we rely on resources available to us, including information provided by the target business and, where appropriate, third party investigations or reports. However, there can be no assurance that our due diligence would necessarily reveal all facts that may be relevant to our evaluation of such an opportunity.

Our strategic initiatives may expose us to a number of risks and challenges, including the following:

- new and expanded business activities may require higher capital expenditures and operating costs than initially planned or anticipated;
- new and expanded business activities may result in lower growth or profit than we currently anticipate with no assurance that these business activities will become profitable at the level that we anticipate or at all;
- new and expanded businesses may require substantial government subsidies to become profitable and these subsidies may be substantially reduced or entirely discontinued in the future;
- new and expanded businesses may require and be subject to various governmental and regulatory approvals, consents, reports and filings, which we may not be able to obtain or complete in a timely manner or at all;
- new and expanded businesses may require increased centralisation of our business operations, devotion of substantial amount of time by our management and may divert our management's attention and resources from our existing operations and business;
- we may fail to identify and enter into new business opportunities in a timely manner or we may be unable to obtain sufficient financing to pursue our growth strategies, placing us at a disadvantage compared to our competitors, particularly in overseas markets;

## 5. RISK FACTORS (Cont'd)

- we may face difficulties in effectively managing or executing our acquired assets, projects, associates or joint ventures in which we have, or will have, little or no control;
- we may need to hire or retrain greater numbers of skilled and qualified personnel than we had anticipated in order to supervise and undertake new and expanded business activities; and
- we may not be able to raise funds to implement our business strategies in a timely manner or on terms and conditions acceptable to us or at all.

For our business strategies in certain markets, particularly those outside Malaysia, we may depend on our partners to provide expertise and on relationships with local clients. Local political or economic conditions or a partner's financial condition may affect our business activities and may result in our dissolving relationships with these partners, which could materially and adversely affect our reputation in the markets where we operate or intend to operate.

For example, we intend to expand our Feedmill Business and Livestock Business in the Philippines by constructing a new feedmill plant as well as new farms and a new hatchery on the lands to be rented from Greatmammoth, as detailed in Section 4.6.1 of this Prospectus. However, as we only hold a 40.0% equity interest in Greatmammoth and the properties will be owned by Greatmammoth, there can be no assurance that Greatmammoth will:

- (a) have economic or business interest or goals that are aligned with ours;
- (b) take actions in accordance with our instructions/ requests or our policies; or
- (c) fulfil its obligations under the applicable agreements or arrangements or provide anticipated levels of support.

Our control over these assets and projects are generally subject to the terms of applicable agreements and arrangements, which may limit our ability to take certain actions that we would deem to be beneficial to our business and financial condition. If there is a dispute or disagreement with respect to certain corporate decisions, or if there is a failure in the collaboration under our joint venture, we may not be able to fully protect our interests in the assets and projects on lands that we do not wholly own.

In addition, we regularly review the profitability and growth potential of our existing and new businesses. As a consequence of these reviews, we may decide to exit from, reduce or limit our investments in these ventures. Systemic and other risks may cause these ventures to not achieve profitability to the extent originally anticipated and we may fail to recover investments or expenditures that we have incurred.

Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and prospects.

## 5. RISK FACTORS (Cont'd)

### 5.1.14 We may not continue to benefit from favourable government policies

We have benefited from government policies in certain jurisdictions where we operate such as Vietnam. Governments and local authorities have provided us with, among others, preferential tax treatments, subsidies and other assistance such as access to suitable sites for our operations and assisted with access to infrastructure required for such operations.

In Vietnam, we have been granted preferential tax treatments in respect of our feedmill plants, which expire after approximately six years from its first year of profit. Currently, we are enjoying the preferential tax treatments for our second feedmill plant since 2015, our third feedmill plant since 2016 and our medicine plant since 2018. With the preferential tax treatments, we are entitled to tax exemption of no more than two years and a 50% reduction of payable tax amounts of no more than four subsequent years. As at the LPD, we no longer enjoy the aforementioned preferential tax treatment for our first feedmill plant as such preferential tax treatment had expired in 2016. However, we have in 2018 secured certain additional preferential tax rate in respect of our first feedmill plant which allows us to enjoy a preferential tax of 15% until further changes from the local authority. There is no assurance that the such preferential tax rate will be valid for an indefinite period of time or will continue on the same terms. If these government policies change, our business, financial condition, results of operations and prospects may be materially and adversely affected.

### 5.1.15 Our fair value gains or losses on biological assets may fluctuate from period to period, are non-cash in nature and are derived from many assumptions and may materially and adversely affect our financial results.

Our livestock are measured at fair value less costs to sell. The fair value of livestock is determined using the discounted cash flow model and requires management estimates and judgments including the expected number of DOCs produced by each breeder, the expected salvage value of breeders and Layers, expected selling price of DOCs, table eggs and Broilers, mortality rate of livestock, livestock feed consumption rate and livestock feed costs and discount rate.

Any changes in the estimates would affect the fair value of our livestock. Upward adjustments do not generate any cash inflow for our operations. In addition, increases in interest rates globally or in the jurisdictions where we mainly operate may impact the discount rate used for deriving the present value of the biological assets, which in turn may negatively affect the fair value of our livestock. As a result, our fair value gains or losses on biological assets may fluctuate from period to period. For the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 and the FPE 31 October 2018, there were increases in the fair value of our biological assets of RM13.5 million, RM25.7 million, RM18.8 million and RM50.2 million, respectively. See Section 12.2.5(iii) of this Prospectus for further information on the fair value gains or losses on our biological assets.

### 5.1.16 We may require additional capital in the future in order to continue to grow our business which may not be available on terms acceptable to us or at all

Our ability to grow our business and maintain our market share in the industry in which we operate, through the expansion of our operations and production capabilities, is dependent on our ability to raise additional funds to implement our business strategies or to refinance our existing debt or for our working capital. There can be no assurance that such funds will be available on terms acceptable to us or at all. Additional debt financing may also increase our financing costs and reduce our profitability.

## 5. RISK FACTORS (Cont'd)

Our financing agreements may contain terms and conditions that may restrict our freedom to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for our indebtedness. If we are unable to raise additional funds on terms acceptable to us or at all as and when required, our business, financial condition, results of operations and prospects may be materially and adversely affected. Certain of our financing agreements also require the controlling shareholder and/or members of the Founding Family to maintain a certain percentage of equity interest in our Company. In the event that the controlling shareholder of our Company or, where applicable, members of the Founding Family cease to hold the prescribed percentage of equity interest in our Company, there may be a breach of the relevant facilities and we may be required to pay the loan amounts immediately.

### 5.1.17 The interests of our controlling shareholder may not be aligned with those of our shareholders

Following completion of our IPO, Emerging Glory will own approximately 52.80% of our Shares and Emerging Glory will continue to be our controlling shareholder. As our controlling shareholder, other than in respect of certain votes regarding matters in which it is an interested party and must abstain from voting under the Listing Requirements or matters that require the passing of a special resolution, Emerging Glory will be able to vote on matters such as the election of our Directors and influence the approval of all corporate matters or transactions requiring a shareholder resolution under the Act. Through Emerging Glory's ability to influence the election of our Directors, it will have control over matters concerning our Company determined at our Board level. Currently, our Executive Directors are representatives of Emerging Glory and have spent substantial part of their career working within our Group.

## 5.2 RISKS RELATING TO OUR INDUSTRY

### 5.2.1 Our feedmill business is dependent upon the price and availability of corn, soybean meal and other raw materials

Our feedmill operations are dependent upon the price and availability of the raw materials that we require for the production of our livestock feed. We do not grow our own corn, soybean meal or other raw materials and do not intend to do so in the near future.

The price and availability of corn, soybean meal and our other raw materials can therefore have a material effect on our cost of sales. The majority of our corn is imported from South America, save for our Indonesia operations where we have been using domestically produced corn since 2015, when the Indonesian government stopped issuing import permits for corn used in feedmills in order to encourage farmers in Indonesia to increase production of corn. This led to an increase in the price of corn in Indonesia, which 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. All our soybean meal requirements, which is the second largest component of our livestock feed, are met by imports.

## 5. RISK FACTORS (Cont'd)

Each of these raw materials that we use for the production of our livestock feed is a commodity that is priced according to local and international prices, which are subject to fluctuations resulting from, among others, weather, the size of harvests, transportation and storage costs, governmental agricultural policies and currency exchange rates. In addition, many of our suppliers are unwilling to enter into long-term supply contracts with us (due, in part, to uncertainty as to future prices and market conditions). Although we believe that our long-term relationships with our suppliers act as an incentive for them to sell their corn crops to us at market prices, there can be no assurance that this will continue in the future. In the event that one or all of our established suppliers were to cease supplying to us, our key raw materials may not be available at a price that is acceptable to us or at all. Although we aim to renew contracts as they expire, there can be no assurance that our suppliers will not seek more favourable terms from our competitors. Any inability to renew our contracts with our suppliers could have a material adverse effect on our business, financial condition, results of operations and prospects.

While we may periodically enter into forward purchase contracts to hedge our exposure and have generally been able to pass on cost increases to our customers, there can be no assurance that we will be able to continue doing so in the future. If we are unable to pass on cost increases to our customers and are unsuccessful in alternatively managing our exposure to the effects of raw material price fluctuations, our financial condition, results of operations and prospects could be materially and adversely affected.

### 5.2.2 We have been and could in future be subject to restrictive governmental measures, such as price or volume controls

We may from time to time be subject to restrictive governmental policies, such as price or volume controls on our raw materials and our products, in the jurisdictions where we operate.

In Malaysia, the PCAPA empowers the MDTCA to determine the maximum, minimum or fixed price for the manufacturing, producing, wholesaling or retaining of certain price-controlled goods. Under the Festive Season Price-Controlled Scheme implemented under the PCAPA, the MDTCA will identify and gazette certain essential festive season goods as price-controlled goods prior to each festive season. Such festive seasons comprise Hari Raya Puasa, Chinese New Year, Deepavali, Christmas, Pesta Kaamatan and Hari Gawai and the duration of the implementation of the Festive Season Price-Controlled Scheme depends on the festive season concerned. The most recent festive season price-controlled list was gazetted under the Price Control and Anti-profiteering (Determination of Maximum Price) Order 2019, effective for the period from 30 January 2019 to 8 February 2019 (being 10 days before, during and after Chinese New Year), and listed, among others, live broilers, whole chicken and table eggs (Grades A to C) as price-controlled goods.

In Indonesia, the Indonesian government sets an annual quota for the number of GPS DOCs that each poultry company, including us, may import annually. Further, in 2014, in an effort to support small holder broiler farmers, the Indonesian government urged large Indonesian poultry companies, including us, to limit their production volumes and cap the sales price for their DOCs. While these measures were only in place for a short period of time, they had the effect of temporarily reducing the market price of DOCs by approximately 30% to 40% during that time. Notwithstanding that these measures did not have a material adverse effect on our revenue or financial condition, the prolonged continuance of such restrictive measures could have a material adverse effect on our business, financial condition and results of operations. There can also be no assurance that the governments in the jurisdictions where we operate will not implement similar restrictive measures in the future.



## 5. RISK FACTORS (Cont'd)

There is also a risk that groups that protest against live imports or exports of livestock could become increasingly active and influence the relevant authorities to make changes to current regulations and impose more rigorous standards upon the operations of poultry businesses like ours. Protests against live imports or exports of livestock may also generate negative publicity about poultry companies in general, which could result in a reduction in the demand for and price of our products and have a material adverse effect on our business, financial condition, results of operations and prospects.

### 5.2.3 The selling prices of our products sold on the open market under our Livestock Business may be subject to wide fluctuations and may affect our financial results, including our quarterly financial results from time to time

The selling prices of our products sold on the open market under our Livestock Business, including our Broiler chickens and Broiler DOCs, have historically been subject to wide fluctuations due to changes in demand and supply conditions.

For example, in Malaysia which accounts for 39.5% and 29.5% of our EBITDA for FYE 31 December 2017 and FPE 31 October 2018 respectively, the historical reference prices\* of our Broiler chickens and Broiler DOCs in the past three financial years and up to the LPD are as follows:

**Note:**

\* The reference prices refer to the selling prices set by our Company before accounting for credit risks, volume discounts and/or other terms of transactions that may be negotiated with our customers.

	<b>Between 1 January 2015 to 31 March 2019</b>	
	<b>Highest daily reference price</b>	<b>Lowest daily reference price</b>
Broiler chicken (per kg)	RM6.10 (in July and August 2017)	RM2.40 (in November 2015)
Broiler DOC (per DOC)	RM2.50 (in July and August 2017)	RM0.70 (in November 2015)

The changes in demand and supply conditions are primarily due to the seasonal factors set out in Sections 7.12 and 12.2.11 of this Prospectus. Changes in demand and supply conditions or the occurrence of other factors beyond our control in the future may result in unusual movements in our selling prices or affect our selling prices negatively. However, when the selling price of Broiler chickens experiences a downward trend during a particular period, we may attempt to store our Broiler chickens as frozen products until the selling price of Broiler chickens recovers as a measure to minimise the potential effects such downward pricing trend may have on our overall results. Notwithstanding such measure, there can be no assurance that our efforts to minimise such potential effects will be successful or that our results, including our quarterly financial results, will not be affected.

The frequency and fluctuations in selling prices may vary from month to month and consequently, our quarterly financial results may also be affected by such intra-period fluctuations. Additionally, any material or prolonged decrease in our selling prices could ultimately have a material adverse effect on our business, financial condition, results of operations and prospects.

## 5. RISK FACTORS (Cont'd)

For illustration purposes, for every RM0.10 reduction in the selling prices of our Broiler chickens for a period of one month and assuming a supply of three thousand MT Broiler chickens to the open market at such lower selling price for the one month period, we estimate that the decline of our selling price will reduce our PBT by approximately RM0.3 million for that particular month.

See Section 12.2.2(ii) of this Prospectus for further details on prices of our products.

### 5.2.4 Changes in consumer preferences away from our products could materially and adversely affect us

Changes in consumer preferences away from poultry or negative publicity regarding human consumption of poultry may reduce worldwide demand for our poultry products. A reduction in the demand for poultry may in turn adversely affect demand for our livestock feed. Consumer preferences can change for many reasons including changes in nutritional standards, health advisories and general economic conditions. Similarly, sales of our livestock feed could be adversely affected by shifts in consumer preferences away from poultry.

### 5.2.5 We face significant competition in our businesses

We face competition from other producers in the markets where we sell our products, and large international producers may seek to penetrate these markets in the future. Key factors affecting our competitiveness include price, product quality, brand identification, breadth of product line, distribution reach and customer service.

As part of our integrated operations, we are able to bundle the sale of livestock feed, DOCs and medications and the re-purchase of Broiler chicken to offer an integrated package of services and products to our farming customers, including technical advice to optimise results, productivity and the competitive advantages of our customers. While our experience is that we gain a strategic advantage from the integrated services and products that we offer, we cannot guarantee that our integrated services and products will continue to appeal to present and future customers, who may move to new or existing competitors who are able to offer similar products and services more cheaply and individually, as and when required, rather than as part of an integrated operation.

Although, we are one of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia, we cannot guarantee that we will be able to continue to compete successfully with any or all of our competitors in the future. See Section 8 of this Prospectus for details on our competitive landscape. The poultry industry is still evolving technologically, particularly in relation to biotechnology improvements in breed selection. The right breed, adjusted to local conditions, can lead to significantly higher profits for farmers due to lower mortality, better growth rates and better feed-to-weight conversion ratios. We cannot guarantee that our competitors will not offer new poultry breeds in the future, for example, as a result of their research and development activities, that are genetically superior to our breeds and more appealing to customers.

As Malaysia and Indonesia are predominantly Muslim countries, it is important that poultry be slaughtered and maintained in a "halal" manner in accordance with religious requirements. Due to this and other factors including import restrictions in Indonesia, imports of poultry products into Indonesia and Malaysia have historically been relatively low. However, if (i) the import prohibition on chicken parts is repealed, or (ii) the regulation prohibiting chicken imports not certified as halal by the Indonesian Council of Religious Scholars or the Department of Islamic Development Malaysia is amended, imports would likely increase as more players enter the market. Such increased competition may then result in price reductions for our products and a loss of market share, greater volatility in our revenues, and damage to our reputation, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

## 5. RISK FACTORS *(Cont'd)*

### 5.2.6 **Rising operational costs could materially and adversely affect our business, financial condition, results of operations and prospects**

The emerging market economies where we operate may be especially susceptible to higher than usual levels of inflation as compared to developed economies. Such inflation rates may lead to unsustainable rising labour and utilities costs, without a corresponding increase in our productivity or revenues. In addition, energy prices have generally risen in the past three financial years, which has resulted in increased energy related costs for our operations. While we seek to manage our energy related costs through increased operational efficiencies and we believe that we are currently able to pass on increases and fluctuations in our operational costs to our customers through the price of our poultry products and livestock feed, there can be no assurance that we can continue to do so in the future.

In addition, a significant increase in labour costs in the jurisdictions where we operate could have a material adverse effect on our business. Laws and regulations which facilitate the forming of labour unions, combined with weak economic conditions, may result in labour unrest and activism. Such labour laws can increase the amount of severance, service and compensation payments payable to employees upon termination of employment and may contribute to rising operational costs and lower profit margins. If a substantial number of our personnel unionise, it may become difficult for us to maintain flexible labour policies and may increase our costs and have a material adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that rising labour and utilities costs may not have an increasingly adverse impact on our operational costs and materially and adversely affect our business, financial condition, results of operations and prospects.

### 5.2.7 **We are dependent on the availability of adequate labour in Malaysia and Singapore**

Our livestock business is labour intensive in nature. Poultry farming requires extensive manpower in the rearing of DOCs and chickens throughout their productive life cycle.

We have from time to time faced difficulties in recruiting Malaysian and Singaporean workers for our operations in Malaysia and Singapore, respectively, and have employed foreign workers as an alternative. As at 31 October 2018, about 50.5% of our employees in Malaysia are from foreign countries such as Indonesia, Nepal and Bangladesh and about 56.1% of our employees in Singapore are from foreign countries including Malaysia, China and Indonesia. Currently, we obtain work permits for all of our foreign workers and in order to obtain such permits, we are typically required to make applications to the Ministry of Home Affairs, Malaysia or, as the case may be, the Ministry of Manpower, Singapore and the relevant embassies of the countries of the foreign workers. Notwithstanding that we continuously seek to increase the level of automation in our operations to reduce labour dependency, if the policies on granting such work permits were to change in Malaysia, Singapore or the respective foreign countries of the foreign workers and if such changes result in a more difficult foreign worker hiring process, it may become more challenging for us to maintain sufficient workforce for our operations in Malaysia and Singapore.

Further, changes in immigration and labour policies by the Malaysian or Singapore government with regards to foreign workers may affect our ability to hire foreign workers at commercially reasonable costs or at all, which may have a material adverse impact on our business, results of operations, financial condition and prospects. For example, in Singapore, there is a maximum number of foreign workers that we are permitted to hire and a reduction in this quota could have a negative effect on our business and results of operations in Singapore.

**5. RISK FACTORS (Cont'd)****5.2.8 We are exposed to product safety and quality-related risks that may harm our business and reputation and subject us to product liability claims and regulatory action**

Product safety and quality is critical to our business and we rely heavily on our quality control systems to ensure the safety and quality of our products. See Sections 7.5.1 and 7.5.2 of this Prospectus for more details on our quality control systems. There can be no assurance however that failures in our quality control systems will not occur in the future. Such failures may occur due to technical malfunctions, including the instruments used to measure feed quality, chemical residue of feed and veterinary drug residue or through negligence or misconduct occurring during the production or operating process which results in product contamination. Our safety and quality inspection systems may not always be able to detect any such contamination or quality-related issues.

Contamination and quality-related issues may also result from residues introduced during the storage, handling and transportation phases. Any such contamination or quality related issues could cause us to suffer from monetary losses through product liability claims or penalties assessed by government agencies or result in damage to our reputation, which would in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

We could be adversely affected if consumers lose confidence in the safety and quality of the food supply chain. These concerns could cause consumers to avoid purchasing certain products from us, or to seek alternative sources of supply for their food needs, even if the basis for the concern is not valid or is outside of our control. Adverse publicity about these types of concerns, whether or not valid, could discourage consumers from buying our products and any lost confidence on the part of our customers would be difficult and costly to re-establish. Any product contamination involving our competitors could also impact the reputation of the industry as a whole and have a negative effect on our business.

**5.2.9 We have significant water requirements and any disruption to water sources or increase in water costs could increase our utilities costs and adversely affect our operations**

We require substantial water for our farms and operations. If water costs were to rise, or if water supplies or arrangements were disrupted, our profitability could decline.

We source more of our water requirements from state utilities and third party water supply or distribution companies, but there can be no assurance that we will be able to obtain a sufficient supply of water from these sources. In the event that our supply of or access to water is not available for any reason, our operations could be materially and adversely affected. We may also be forced to shut down or scale down our operations if the disruption in water supply continues or worsens and we cannot access water in sufficient amounts.

**5. RISK FACTORS (Cont'd)****5.3 RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE****5.3.1 Political, economic and social conditions in countries where we operate may adversely affect their economies, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects**

Our business, prospects, financial condition, results of operations and prospects may be adversely affected by political and social developments that are beyond our control. Such political and social uncertainties include, but are not limited to, the risks of frequent changes in government and government policy, internal conflict, nationalism, expropriation, methods of taxation and tax policy, unemployment trends and other matters that influence continued and stable business operations and consumer confidence and spending.

For example, in the last two decades, Indonesia has experienced a process of democratic change, resulting in political and social events that underscore the unpredictable nature of Indonesia's changing political landscape. These events have resulted in political instability as well as, at times, general social and civil unrest. There can be no assurance that social and civil disturbances will not occur in countries where we operate or that such social and civil disturbances will not directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Our business is also highly dependent on the performance of the economy and overall levels of business activity in the countries where we operate as it can affect the demand for our poultry, eggs or processed poultry products. Such factors include:

- (a) decreases in business, industrial, manufacturing or financial activities;
- (b) fluctuation of the respective local currencies against foreign currencies;
- (c) scarcity of credit or other financing, resulting in lower demand for products provided by companies in the respective country;
- (d) a prolonged period of inflation or increase in interest rates;
- (e) changes in the government's taxation policies;
- (f) political instability, terrorism or military conflict in the South East Asia region or globally;
- (g) other regulatory, political or economic developments; and
- (h) amount of foreign investment flowing into the respective country.

The factors above and other factors beyond our control could have a material adverse effect on our business, financial condition, results of operations and prospects.

## 5. RISK FACTORS (Cont'd)

### 5.3.2 The interpretation and application of laws and regulations in the jurisdictions where we operate involve uncertainty

We may be involved in legal proceedings and tax disputes arising from our operations from time to time. The courts or relevant authorities in the jurisdictions where we operate may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, we could face risks such as (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions where we operate may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to us by local lawyers or even previously by the relevant local authority itself. Furthermore, there may be limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to our contracts, joint operations, licences, licence applications or other arrangements.

While there are currently no specific instance of uncertainty in the interpretation and applications of laws and regulations that would materially affect our Group's business and financial position, there can be no assurance that there will be no unfavourable interpretation or application of the laws in the jurisdictions where we operate or that such interpretation or application will not adversely affect our contracts, joint operations, licences, licence applications or other legal or tax arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in the countries where we operate are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder our long-term planning efforts and may create uncertainties in our operating environment.

For example, in Vietnam, the legal and regulatory framework is not as developed as in other more mature economies. Furthermore, policy changes and interpretations of applicable laws can produce unexpected consequences which could have a material adverse effect on domestic business operators. Vietnam experienced severe hyperinflation and related economic difficulties in the 1980s resulting in the Vietnamese government adopting the "*doi moi*" comprehensive reform program in 1986. The laws and regulatory apparatus affecting the economy and regulating commercial and business activities have been developing since the "*doi moi*" policy and are in a relatively early stage of development. As Vietnam's legal system develops, it is expected that inconsistencies and uncertainties in laws and regulations will be addressed as new laws are interpreted and refined and older laws are repealed or updated. As such, it is difficult to predict when Vietnam's legal system will obtain the level of certainty and predictability applicable in other jurisdictions that have a legal system that is more developed. Furthermore, recognition and enforcement of legal rights through Vietnam courts, arbitration centres and administrative agencies in the event of dispute is uncertain.

**5. RISK FACTORS (Cont'd)****5.3.3 Labour laws in the countries where we conduct a significant portion of our business may affect our business, financial condition, results of operations and prospects**

As at 31 October 2018, we had 10,415 employees (including contract workers) on our payroll. We are subject to a number of stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment in the countries which we operate. If labour laws become more stringent or are more strictly enforced, it may become more difficult for us to maintain flexible human resource policies, discharge employees or downsize. For example, on 5 March 2018, the Ministry of Manpower in Singapore announced plans to enhance the Singapore Employment Act. The enhancements announced include, among others, additional protection on hours of work and overtime pay to workers and the expansion of the Singapore Employment Act to cover professionals, managers, executives and technicians. Workers covered under the Singapore Employment Act will enjoy core employee benefits including minimum days of annual leave, public holidays, sick and hospitalisation leave, and statutory protection against wrongful dismissal. The Employment (Amendment Act) 2018 was passed by the Singapore Parliament on 20 November 2018 to amend the Employment Act (Chapter 91) of Singapore with changes that took effect from 1 April 2019. Once the changes take effect, our costs of operations could increase and make it more difficult or costly for us to hire, maintain or terminate employees in Singapore, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, labour unrest and activism in the countries where we operate could disrupt our operations and financial condition, depress the stock prices of companies and the value of the affected country's currency relative to other currencies. Further, any national or regional inflation of wages will directly and indirectly increase operating costs and thus lead to a decrease in our profit margin. Such events could materially and adversely affect our business, financial condition, results of operations and prospects.

**5.3.4 Terrorist attacks and terrorist activities, and certain destabilising events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business**

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. In Indonesia, during the last several years and as recently as 13 May 2018, there have been various terrorist attacks directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners, which have killed and injured a number of people. There can be no assurance that further terrorist acts will not occur in the future. Any of the foregoing events including damage to our poultry farms or feedmill plants, infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy, interrupt parts of our business and materially and adversely affect our financial condition, results of operations and prospects.

## 5. RISK FACTORS (Cont'd)

### 5.3.5 We operate our business in countries with inherent risks relating to security, enforcement of obligations, fraud, bribery and corruption

We own and have investments in assets in emerging markets, thus we are exposed to inherent risks associated with security of staff or property, enforcement of obligations, fraud, bribery and corruption. In certain jurisdictions, fraud, bribery and corruption are more common than in others. While we maintain internal controls to minimise the occurrence of fraud, bribery and corruption, it may not be possible for us to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction where our employees, agents, subcontractors are located. We may therefore be subject to civil and criminal penalties and reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions where we operate could have a material adverse effect on our business, results of operations, financial condition and prospects.

### 5.3.6 Natural disasters and adverse weather in the countries where we operate could disrupt the economy of such countries and our business

Our operations, including our breeder farms, broiler farms, feedmills, transport and other logistics on which we are dependent may be adversely affected and severely disrupted by climatic or geophysical conditions. Natural disasters or adverse conditions may occur in those geographical areas in which we operate, including severe weather, tsunamis, cyclones, tropical storms, earthquakes, floods, volcanic eruptions, excessive rainfall and droughts as well as power outages or other events beyond our control. In recent years, several particularly destructive natural disasters have occurred in the countries where we operate. A significant earthquake or other geological disturbance or natural disaster in more populated cities and financial centres could severely disrupt that country's economy and undermine investor confidence and have a material adverse effect on our business, results of operations, financial condition and prospects.

### 5.3.7 We conduct a large portion of our operations in emerging and developing markets which may be more vulnerable to liquidity and credit risks and may be adversely affected by market downturns and economic slowdown

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in certain countries within the emerging markets such as Indonesia, Malaysia, Vietnam and the Philippines, where we operate, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by level of investor confidence in such markets as a whole and as such any factors that impact market confidence including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets. There can be no assurance that there will be continued funding for our entities within these markets or that such lack of funding will not directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Since the global economic crisis in 2008, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside of countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies could dampen foreign investment in and adversely affect the economies of these countries. Investments in emerging markets in which we are present and do business, may therefore subject to greater risks than in more developed markets, including in some cases significant legal, fiscal, economic and political risks.



## 5. RISK FACTORS (Cont'd)

### 5.3.8 We depend on timely access to supplies and equipment and on a reliable transportation and transmission infrastructure

We depend on reliable transportation and transmission infrastructure for the transmission of power and for transport of the substantial amounts of raw materials, fuel, water and other supplies and equipment needed to carry out our business operations. Our access to transmission and transportation infrastructure could be interrupted as a result of, among other things, political events that affect supplier relations or supply infrastructure, insufficient transportation infrastructure and other problems in transporting sufficient quantities of these supplies to our facilities, adverse weather conditions and act(s) of God, sabotage, government restrictions, economic sanctions against the governments of countries where suppliers are located or where supplies are to be received, industrial action, regional hostilities, adverse weather conditions and other hazards and force majeure events.

Certain of our operations are also located in countries where physical infrastructure may be less developed and less reliable than that of many developed nations. If our access to raw materials, supplies and equipment is affected, our business, results of operations, financial condition and cash flows could be materially and adversely affected.

## 5.4 RISKS RELATING TO OUR SHARES AND OUR LISTING

### 5.4.1 The offering of our Shares may not result in an active liquid market for our Shares

There can be no assurance as to the development of any market, or the liquidity of any market that may develop, for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. None of us, the Selling Shareholders, the Promoters, the Joint Global Coordinators, the Joint Bookrunners or the Placement Agent(s) have an obligation to make a market for our Shares.

Bursa Securities has granted its approval for the listing of, and quotation for, our enlarged issued share capital (including the IPO Shares) on the Main Market of Bursa Securities. It is expected that there will be an approximate 12-Market Day gap between the closing of the Retail Offering and trading of our Shares. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities markets, our industry or us during this period that would adversely affect the market price of our Shares when they begin trading. There can also be no assurance that we will be able to maintain our listing on the Main Market of Bursa Securities.

### 5.4.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, including the following:

- (a) general market, political and economic conditions;
- (b) trading liquidity of our Shares;
- (c) differences in our actual financial and operating results and those expected by investors and analysts;
- (d) changes in earnings estimates and recommendations by financial analysts;
- (e) changes in market valuations of listed shares in general or shares of companies comparable to ours;
- (f) perceived prospects of our business and the industry where we operate;
- (g) adverse media reports regarding us or our shareholders;

## 5. RISK FACTORS (Cont'd)

- (h) changes in government policy, legislation or regulation; and
- (i) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Institutional Price or the Final Retail Price. There can also be no assurance that the trading price of our Shares will reflect our operations and financial conditions, our prospects, the prospects of the industry we operate in, or the trading price of our listed subsidiaries.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that are often unrelated to the operating performance of these companies, including fluctuations as a result of developments in other emerging markets. There can be no assurance that the price and trading of our Shares will not be subject to fluctuations.

### 5.4.3 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 3,650,000,000 Shares, of which up to 937,500,000 Shares, representing 25.68% of our enlarged issued share capital, will be held by investors participating in our Listing, and not less than 64.43% will be held by the Promoters via their direct and indirect interests in our Company, assuming the Over-allotment Option is not exercised. Our Shares sold in our Listing will be tradable on the Main Market of Bursa Securities without restriction following the Listing. Our Shares may also be sold outside the United States, subject to the restrictions of Regulation S.

Notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares in connection with our financing activities or otherwise. In addition, the Promoters could dispose of some or all of our Shares that they hold after the moratorium period pursuant to their own investment objectives. If the Promoters sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

### 5.4.4 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- the Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement, or the Placement Managers' exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;
- our inability to meet the minimum public spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or
- the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

## 5. RISK FACTORS (Cont'd)

Where prior to the issuance and allotment of our IPO Shares:

- (a) the SC issues a stop order under Section 245(7)(a) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we or the Selling Shareholders shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC; or
- (b) our Listing is aborted, investors will not receive any IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order under Section 245(7)(b) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either (aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances or (bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

### 5.4.5 Our ability to pay dividends in the future will depend upon our future retained earnings, financial condition, cash flows, working capital requirements and covenants in favour of our creditors and we may be affected by our payment of dividends

We may choose to pay dividends out of cash generated from our operations after setting aside the necessary funds for capital expenditure and working capital and taking into account applicable restrictive covenants under our financing documents. Dividend payments are not guaranteed and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends. See Section 12.5 of this Prospectus for details of our dividend policy. There can be no assurance that we will be able to pay dividends or that our Board will declare dividends. There can also be no assurance that future dividends declared by our Board or any of our subsidiaries, joint ventures and associates, if any, will not differ materially from historical dividend levels.

## 5. RISK FACTORS (Cont'd)

We are a holding company and conduct substantially all of our operations through our subsidiaries, joint ventures and associates. Accordingly, dividends and other distributions received from our subsidiaries, joint ventures and associates are our principal source of income. We may also enter into financing agreements and certain of our subsidiaries, joint ventures and associates have entered into financing agreements, which could further limit our ability to pay dividends, and we may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected. In addition, certain of the facility agreements entered into by certain of our subsidiaries, joint ventures and associates contain certain negative and financial covenants. If these subsidiaries, joint ventures or associates are in breach of any of these covenants, it may affect our ability to pay dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

### 5.4.6 Forward-looking statements in this Prospectus may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may," "will," "would," "could," "believe," "expect," "anticipate," "intend," "estimate," "aim," "plan," "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and initiatives of the Government.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

## 6. INFORMATION ON OUR GROUP

### 6.1 OUR COMPANY

#### 6.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Act on 23 June 2014 as a private limited company under the name of Octagon Bliss Sdn Bhd. On 10 July 2014, our Company changed its name to Leong Hup International Sdn Bhd and was converted into a public company on 17 August 2018.

The history of our business can be traced back to the 1960s when the Founding Family reared Broiler chickens in their backyard in Muar, Johor. In 1972, they started their first breeder farm on Jalan Bakri, Muar, Johor until they established LH Poultry Farm in 1978 to take over and assume the Founding Family's poultry business. From the 1980s to 1990s, the family business expanded into broiler and breeder farms, feedmilling, slaughtering plants and food processing plants which led to the listings of the following companies:

- LH Holdings on the Main Board of KLSE on 29 October 1990;
- Emivest on the Second Board of the KLSE on 23 January 2002;
- Malindo Feedmill on the Jakarta Stock Exchange (now known as Indonesia Stock Exchange) on 10 February 2006; and
- Teo Seng on the Second Board of Bursa Securities on 29 October 2008.

Emivest's listing was subsequently transferred to the Main Board of KLSE on 14 November 2003, whereas Teo Seng's listing was subsequently migrated to the Main Market of Bursa Securities on 3 August 2009 as a result of the merged Main Board and Second Board of Bursa Securities to the new Main Market.

#### 6.1.2 Privatisation of LH Holdings and Emivest

On 18 November 2010, Emerging Glory made separate offers to LH Holdings and Emivest, as follows:

- (i) acquisition of the entire business and undertaking (including all the respective assets and liabilities) of LH Holdings for a total cash consideration of RM318,650,400 ("**LH Holdings Offer**"); and
- (ii) acquisition of the entire business and undertaking (including all the respective assets and liabilities) of Emivest for a total cash consideration of RM108,000,005 ("**Emivest Offer**").

The offer price pursuant to the LH Holdings Offer, which was equivalent to RM1.80 per ordinary share in LH Holdings ("**LH Holdings Shares**") ("**LH Holdings Offer Price**"), represented a premium of approximately RM0.11 (6.5%) to the closing market price of LH Holdings Shares of RM1.69 on 16 November 2010, being the last trading day prior to the date of announcement of the LH Holdings Offer and Emivest Offer ("**Last Trading Day**") and a premium ranging from RM0.15 (9.1%) to RM0.20 (12.5%) over the five (5)-day, one (1)-month and three (3)-month VWAP of LH Holdings Shares up to the Last Trading Day. As stated in the independent advice circular ("**IAC**") dated 27 December 2011 in relation to the LH Holdings Offer ("**LH Holdings IAC**"), LH Holdings Offer Price represented a PE multiple of 10.3 times, which is above the range of PE multiple of selected comparable companies as set out in the LH Holdings IAC of between 5.0 times to 8.6 times.

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

The offer price pursuant to the Emivest Offer, which was equivalent to RM0.90 per ordinary share in Emivest ("**Emivest Shares**") ("**Emivest Offer Price**"), represented a premium of approximately RM0.08 (9.8%) to the closing market price of Emivest Shares of RM0.82 on the Last Trading Day and a premium ranging from RM0.09 (11.1%) to RM0.12 (15.4%) over the five (5)-day, one (1)-month and three (3)-month VWAMP of Emivest Shares up to the Last Trading Day. As stated in the IAC dated 15 August 2011 in relation to the Emivest Offer ("**Emivest IAC**"), Emivest Offer Price represented a PE multiple of 5.5 times, which is below the range of PE multiple of selected comparable companies as set out in the Emivest IAC of between 8.8 times to 13.8 times. However, the PE multiple of 5.5 times was mostly above the historically trade PE multiple of Emivest Shares for the 12 months prior to Last Trading Day.

Upon completion of these acquisitions, (collectively, "**Privatisation Acquisitions**") on 10 April 2012, the entire business and undertaking of LH Holdings and Emivest (including all their respective assets and liabilities) were transferred to Emerging Glory. LH Holdings and Emivest were subsequently delisted from the Main Market of Bursa Securities on 27 April 2012.

The Privatisation Acquisitions were initiated by Emerging Glory because the share prices of both LH Holdings and Emivest were consistently trading below their respective NA. Since the Privatisation Acquisitions, our Group has had greater flexibility to pursue further opportunities, which included further expansions through acquisition of other poultry producers including Leong Hup Food.

Our Company is the investment vehicle used by Emerging Glory to facilitate the consolidation of businesses previously held by LH Holdings and Emivest following from the Privatisation Acquisitions together with the Founding Family's other main integrated poultry operations in Indonesia through Malindo Feedmill.

Subsequent to the Privatisation Acquisitions, the Founding Family's integrated poultry business and operations in the ASEAN region, namely, Malaysia, Indonesia, Singapore and Vietnam were consolidated under our Group.

On 9 September 2014, Clarinden Investments invested in 23.00% equity interest of our Company whilst Emerging Glory continues to hold the remaining 77.00% equity interest.

In 2015, we commenced our operations in the Philippines with the establishment of LHPHi. Our Group currently operates in Malaysia, Indonesia, Singapore, Vietnam and the Philippines.

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

### 6.1.3 Key developments since the Privatisation Acquisitions

Since the Privatisation Acquisitions, we have undertaken several initiatives, as follows:

#### (i) Consolidation of the poultry and feedmill businesses of the Founding Family

The business previously held under LH Holdings and Emivest, together with other main poultry and feedmill businesses of the Founding Family in the ASEAN region, namely:

- Teo Seng (which was previously an indirect subsidiary of LH Holdings); and
- Malindo Feedmill,

were consolidated under our Company in 2014. We commenced our operations in the Philippines with the establishment of LHPHi in 2015.

See Section 7.4 of this Prospectus for our key milestones.

#### (ii) Growth through acquisitions and additional investment

We have invested approximately RM1,236.1 million in acquisition and additional investments in our subsidiaries since the Privatisation Acquisitions. The majority of the acquisitions and additional investments primarily comprised the following:

- acquisition of 51.00% equity interest in Malindo Feedmill by Dragon Amity for RM595.5 million in the FYE 31 December 2014 to consolidate the main poultry and feedmill businesses of the Founding Family in Indonesia into our Company;
- subscription of 354,104,842 rights shares of Malindo Feedmill by Dragon Amity for IDR1,200 per share, for a total of IDR424.9 billion (equivalent to RM132.4 million) in the FYE 31 December 2015;
- acquisition of 100.00% equity interest in BH Fresh Food by Premium Egg, a subsidiary of Teo Seng for SGD9.8 million (equivalent to RM26.4 million) in the FYE 31 December 2015 to expand distribution of our products in Singapore;
- acquisition of the remaining 49.00% equity interest in Lee Say by LHSg for SGD112.7 million (equivalent to RM341.4 million) in the FYE 31 December 2017 to fully consolidate the financial results of Lee Say; and
- acquisition of the remaining 25.00% equity interest in ES Food by LHSg for SGD32.0 million (equivalent to RM104.4 million) in the FYE 31 December 2017 following our increasing emphasis on downstream processed food market, including ready-to-eat and ready-to-cook products, especially with the significant growth in processed food business as well as to fully consolidate the financial result of ES Food.

See Section 14.5 of this Prospectus for details of the abovementioned acquisitions in the FYEs 31 December 2015, 31 December 2016 and 31 December 2017.

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

### (iii) Investments in assets for operations

We have invested approximately RM2,010 million since the Privatisation Acquisitions up to FPE 31 October 2018, which primarily comprised the following:

- (a) RM484.4 million in assets for production of feeds;
- (b) RM592.6 million in assets for production of Broiler DOCs;
- (c) RM367.1 million in assets for rearing of Broiler chicken; and
- (d) RM242.5 million in assets for production of table eggs.

For the FYE 31 December 2010, being the last FYE when Emivest's financial information was publicly available, the production capacity of the feedmill business of Emivest was approximately 432,000 MT from five feedmills. For the FYE 31 December 2017, our production capacity of feed in Malaysia, Indonesia and Vietnam was approximately 2.70 million MT from 13 feedmills.

This represents an increase in production capacity of feed in Malaysia, Indonesia and Vietnam for the FYE 31 December 2017 of approximately 526.2% from Emivest's production capacity. The increase in production capacity is due to the expansion of existing feedmills (increasing production line) and construction of new feedmills.

For the FYE 31 March 2011, being the last FYE when LH Holdings's financial information was publicly available, the production output of the poultry business of LH Holdings was approximately:

- 130.4 million Broiler DOCs generated from 17 PS DOC farms;
- 47.1 million Broiler chickens generated from 171 Broiler chicken farms, of which 46 Broiler chicken farms were operated by LH Holdings whereas the remaining 125 were contract farms; and
- 653.0 million table eggs (via Teo Seng) generated from 19 Layer chicken farms.

For the FYE 31 December 2017, the production output of our poultry business was approximately:

- 456.1 million Broiler DOCs generated from 53 PS DOC farms;
- 99.1 million Broiler chickens generated from 875 Broiler chicken farms, of which 94 Broiler chicken farms were operated by LHI whereas the remaining 781 were contract farms in Malaysia, Indonesia, Vietnam and the Philippines; and
- 1,737.5 million table eggs generated from 191 Layer chicken farms (of which 28 Layer chicken farms were operated by LHI, 162 were contract farms in Vietnam and 1 contract farm in Malaysia).

This represents an increase of approximately 249.8%, 110.4% and 166.1% in Broiler DOCs, Broiler chickens and table eggs respectively. The increase in production output from our poultry business is due to an increase in farms and hatcheries in Malaysia, Indonesia and Vietnam.



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

## (iv) Transformation in terms of size of operations, geographical coverage and business segment

Our business has also undergone transformation in terms of size, geographical coverage and business segment from the time of the Privatisation Acquisitions. Our revenue by countries for the FYE 31 December 2017 and the revenue by countries of LH Holdings and Emivest for the last FYEs when LH Holdings's and Emivest's financial information was publicly available, being FYE 31 March 2011 and FYE 31 December 2010 respectively, are as follows:

	(A)	(B)	(A) + (B)	
	LH Holdings	Emivest	LH Holdings and Emivest	LHI
	FYE 31 March 2011	FYE 31 December 2010	For illustrative purposes only	FYE 31 December 2017
	RM million	RM million	RM million	RM million
Malaysia	1,023.9	511.5	1,535.4	1,580.9
Singapore	319.2	-	319.2	1,088.6
Indonesia	-	-	-	1,737.6
Vietnam	-	92.9	92.9	1,055.9
Others	2.7	-	2.7	(1)38.2
	<b>1,345.8</b>	<b>604.4</b>	<b>1,950.2</b>	<b>5,501.4</b>

**Note:**

- (1) This represents contribution from Philippines of RM24.2 million and revenue from other sources primarily comprising operating lease income from our coldstore facilities and income from services provided to third parties such as transportation fees of RM14.0 million.

Based on the table above:

- (a) contribution from Malaysia to our total revenue for the FYE 31 December 2017 increased by RM45.5 million or 3.0% from LH Holdings's and Emivest's combined revenue from Malaysia of RM1,535.4 million for the FYE 31 March 2011 and FYE 31 December 2010 respectively;
- (b) contribution from Singapore to our total revenue for the FYE 31 December 2017 increased by RM769.4 million or 241.0% from LH Holdings's revenue from Singapore of RM319.2 million for the FYE 31 March 2011;
- (c) contribution from Indonesia to our total revenue for the FYE 31 December 2017 was RM1,737.6 million, or 31.6% of our total revenue for the FYE 31 December 2017. This was contributed by Malindo Feedmill's operations. LH Holdings and Emivest did not have any operation in Indonesia;
- (d) contribution from Vietnam to our total revenue for the FYE 31 December 2017 increased by RM963.0 million or 1,036.6%, from Emivest's revenue from Vietnam of RM92.9 million in the FYE 31 December 2010; and
- (e) contribution from Philippines to our total revenue from Philippines for the FYE 31 December 2017 was RM24.2 million, or 0.4% of our total revenue for the FYE 31 December 2017. We started our operations in the Philippines in 2015 and commenced our first breeder farm operations in 2016.

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

We are no longer significantly dependent on the contribution from Malaysia to our revenue due to the growth in operations in our other core markets (i.e. Singapore, Indonesia and Vietnam). We expect to continue to invest and expand our operation in these countries. See Sections 4.6.1 and 12.2.9(v) of this Prospectus for details of our capital expenditure moving forward.

Our PATAMI for the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 and the PATAMI of LH Holdings and Emivest for the last FYEs when LH Holdings's and Emivest's financial information was publicly available, being FYE 31 March 2011 and FYE 31 December 2010 respectively, are as follows:

(A)	(B)	(A) + (B)			
<u>LH Holdings</u>	<u>Emivest</u>	<u>LH Holdings and Emivest</u>	<u>LHI</u>		
<u>FYE 31 March 2011</u>	<u>FYE 31 December 2010</u>	<u>For illustrative purposes only</u>	<u>FYE 31 December 2015</u>	<u>FYE 31 December 2016</u>	<u>FYE 31 December 2017</u>
<u>RM million</u>	<u>RM million</u>	<u>RM million</u>	<u>RM million</u>	<u>RM million</u>	<u>RM million</u>
47.9	21.9	69.8	109.8	182.5	192.6

Based on the table above, our PATAMI for the FYEs 31 December 2015, 31 December 2016 and 31 December 2017 were higher than the combined PATAMI of LH Holdings and Emivest, representing an increase of 57.3%, 161.5% and 175.9% in each of the respective FYEs.

The increase in our revenue and PATAMI were mainly due to:

- (a) acquisitions and additional investments in our subsidiaries since the Privatisation Acquisitions; and
- (b) increased investment in assets for operation which increased the production capacity of our feedmill business and production output of our poultry business,

further details as set out in Sections 6.1.3 (ii) and (iii) above.

Our business has transformed to solely focus on the entire value chain for the production of poultry, from the formulation and production of livestock feeds to downstream sales of poultry products. Our expertise in this industry allows us to replicate our successful business model in our incumbent markets and tailor it to fit the local environment and adapt our operations as market dynamics change. We have successfully executed this strategy in our entry into the poultry market in Vietnam in 2007, where we grew our operations to over RM1.0 billion in revenue for the FYE 31 December 2017. We intend to replicate this business model in growing our operations in the Philippines.

Notwithstanding, the business profile of our Group is different from LH Holdings and Emivest, in terms of size, scale, regional presence and growth drivers. We have also adopted a dividend policy which is set out in Section 12.5 of this Prospectus.

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

For illustrative purposes only, we have compared our PE multiple to the selected companies set out in the IMR Report as included in Section 8 of this Prospectus ("IMR Peers"). The key selection criteria for the IMR Peers are as follows:

- involve in the entire value chain for the production of poultry (with poultry farming contributing at least 50.0% to revenue);
- have presence in at least two countries of our key markets i.e. Malaysia, Singapore, Indonesia and Vietnam; and
- market capitalisation of at least USD600.0 million (equivalent to RM2,448.8 million).

Name of company	Country of listing	Principal activities	Market capitalisation (RM million)	Adjusted PE multiple <sup>(1)(3)</sup>	Adjusted PB multiple <sup>(2)(3)</sup>
			As at the LPD	As at the LPD	As at the LPD
<b>IMR Peers</b>					
QL	Malaysia	<ul style="list-style-type: none"> <li>Engages in the integrated poultry farming, marine products manufacturing, and oil palm activities in Malaysia, Indonesia, Vietnam, China, and Singapore</li> <li>Involved in deep-sea fishing and aquaculture farming activities; manufacture and sale of seafood-based consumer foods</li> </ul>	11,162	54.1	6.2
Japfa	Singapore	<ul style="list-style-type: none"> <li>Produces and sells dairy products, protein staples, and packaged food products internationally</li> <li>Operates an integrated network of farming, processing, and distribution facilities</li> </ul>	3,650	NM <sup>(4)</sup>	1.1
CP Foods	Thailand	<ul style="list-style-type: none"> <li>Engages in the agro-industrial and integrated food businesses in Thailand and internationally</li> <li>Produces and sells various animal feeds; and breeds and farms broilers, layers, ducks, swine, and fish</li> </ul>	28,213	11.5	1.4
Low				11.5	1.1
Average				32.8	2.9
High				54.1	6.2
LHI			4,015	20.8	2.6

Source: Company filings

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

### Notes:

- (1) Based on audited net EPS as disclosed in the latest available annual report of the companies.
- (2) Based on audited NA per share as disclosed in the latest available annual report of the companies.
- (3) The multiples of the non-Malaysian IMR Peers have been appropriately adjusted using the following relative factor as there are difference between the macroeconomic factors of those markets and the Malaysian market which include, but not limited to, interest rate, inflation, unemployment rate and gross domestic product:
- $$\text{Multiple of the company} \times \frac{\text{Multiple of the foreign market index}}{\text{Multiple of FTSE Bursa Malaysia KLCI Index}}$$
- The foreign market index used for Singapore and Thailand was Strait Times Index and SET Index respectively.
- (4) Not meaningful since the adjusted PE multiple of Japfa Ltd of 559.8 times is deemed an outlier due to extreme standard deviation from the mean.

Our PE multiple of 20.8 times falls within the range of PE multiple of the abovementioned selected companies of between 11.5 times and 54.1 times. Our PB multiple of 2.6 times falls within the range of PB multiple of the abovementioned selected companies of between 1.1 times and 6.2 times.

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

### 6.1.4 Pre-IPO Exercise

Our Company undertook the following prior to the IPO:

#### 6.1.4.1 Bonus Issue

The Bonus Issue was undertaken on a pro-rata basis to its existing shareholders, calculated based on their respective shareholdings in LHI to allow LHI to fully utilise the former share premium of LHI under Section 618(3)(c) of 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 Bonus Shares was wholly capitalised from the share premium of LHI, which stood at RM1,229,176,622 as at FPE 31 October 2018, at RM1.00 per Bonus Share which resulted in 1,229,176,622 Bonus Shares being issued.

The Bonus Issue was renounceable where 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 Emerging Glory's shareholding in LHI before the Bonus Issue, Emerging Glory was entitled to 946,465,999 Bonus Shares. However, Emerging Glory renounced 249,933,374 Bonus Shares proportionately to its shareholders, being the Founding Family members, which resulted in certain members of the Founding Family holding LHI Shares directly.

After the Bonus Issue, the total number of LHI Shares in issue increased by 1,229,176,622 LHI Shares from 955,370 LHI Shares to 1,230,131,992 LHI Shares and the shareholding structure of LHI before and after the Bonus Issue is as follows:

	Before the Bonus Issue		After the Bonus Issue	
	No. of LHI Shares	%	No. of LHI Shares	%
Emerging Glory	735,635	77.00	<sup>(1)</sup> 697,268,260	56.68
Founding Family	-	-	<sup>(1)(2)</sup> 249,933,374	20.32
	735,635	77.00	947,201,634	77.00
Clarinden Investments	219,735	23.00	282,930,358	23.00
<b>Total</b>	<b>955,370</b>	<b>100.00</b>	<b>1,230,131,992</b>	<b>100.00</b>

**Notes:**

- (1) Following the renunciation of 249,933,374 Bonus Shares by Emerging Glory to the Founding Family members.
- (2) The Founding Family members and their respective shareholdings in LHI after the Bonus Issue are as follows:

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

	Before the Bonus Issue		After the Bonus Issue	
	No. of LHI Shares	%	No. of LHI Shares	%
CN Lau Holdings <sup>(i)</sup>	-	-	37,487,507	3.05
Dato' Lau Eng Guang <sup>^ (ii)</sup>	-	-	37,487,507	3.05
TN Lau Holdings <sup>(iii)</sup>	-	-	37,487,507	3.05
HNL&S <sup>(iv)</sup>	-	-	37,487,507	3.05
Lau Joo Han <sup>^ (v)</sup>	-	-	49,991,674	4.06
Lau Joo Hong <sup>^ (vi)</sup>	-	-	18,000,202	1.46
Lau Jui Peng <sup>(vi)</sup>	-	-	15,995,735	1.30
Lau Joo Heng <sup>(vi)</sup>	-	-	15,995,735	1.30
<b>Total</b>	-	-	<b>249,933,374</b>	<b>20.32</b>

**Notes:**

- <sup>^</sup> Our Executive Director in LHI
- (i) Lau Chia Nguang, a director and substantial shareholder of Emerging Glory, had transferred his entitlement to LHI Shares pursuant to the Bonus Issue to CN Lau Holdings.
- (ii) Dato' Lau Eng Guang is a director and substantial shareholders of Emerging Glory.
- (iii) Tan Sri Lau Tuang Nguang, the director and substantial shareholder of Emerging Glory, had transferred his entitlement to LHI Shares pursuant to the Bonus Issue to TN Lau Holdings.
- (iv) HNL&S is a substantial shareholder of Emerging Glory.
- (v) Lau Joo Han is a substantial shareholder of Emerging Glory.
- (vi) Lau Joo Hong, Lau Jui Peng and Lau Joo Heng are brothers and substantial shareholders of CWL&S, which in turn is a substantial shareholder of Emerging Glory.

**6.1.4.2 Share Split**

Upon completion of the Bonus Issue, LHI undertook a subdivision of the LHI Shares in issue after the Bonus Issue of 1,230,131,992 LHI Shares into 3,400,000,000 LHI Shares.

The Share Split was undertaken to enhance the liquidity of LHI Shares at the time of the Listing.

After the Share Split, LHI has 3,400,000,000 LHI Shares in issue and the shareholding structure of LHI before and after the Share Split is as follows:

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

	After the Bonus Issue but before the Share Split		After the Share Split	
	No. of LHI Shares	%	No. of LHI Shares	%
Emerging Glory	697,268,260	56.68	1,927,201,000	56.68
Founding Family*	249,933,374	20.32	690,799,000	20.32
	947,201,634	77.00	2,618,000,000	77.00
Clarinden Investments	282,930,358	23.00	782,000,000	23.00
<b>Total</b>	<b>1,230,131,992</b>	<b>100.00</b>	<b>3,400,000,000</b>	<b>100.00</b>

**Note:**

\* The shareholdings of the Founding Family members following the completion of the Bonus Issue and Share Split are as follows:

	After the Bonus Issue but before the Share Split		After the Share Split	
	No. of LHI Shares	%	No. of LHI Shares	%
CN Lau Holdings	37,487,507	3.05	103,612,900	3.05
Dato' Lau Eng Guang	37,487,507	3.05	103,612,900	3.05
TN Lau Holdings	37,487,507	3.05	103,612,900	3.05
HNL&S	37,487,507	3.05	103,612,900	3.05
Lau Joo Han	49,991,674	4.06	138,173,600	4.06
Lau Joo Hong	18,000,202	1.46	49,751,400	1.46
Lau Jui Peng	15,995,735	1.30	44,211,200	1.30
Lau Joo Heng	15,995,735	1.30	44,211,200	1.30
<b>Total</b>	<b>249,933,374</b>	<b>20.32</b>	<b>690,799,000</b>	<b>20.32</b>

**6.1.5 Share capital**

Save for the issuance of new Shares pursuant to the Bonus Issue for a consideration of RM1,229,176,622, comprising 1,229,176,622 Shares and thereafter the subdivision of our Shares into 3,400,000,000 Shares, on 11 January 2019 and 18 January 2019 respectively, there is no change in our issued share capital for the past three years preceding the LPD.

## 6. INFORMATION ON OUR GROUP *(Cont'd)*

### 6.1.6 Listing of our Group

Our Board is of the view that our IPO will facilitate our expansion plans and raise proceeds for the repayment of our borrowings. Our prospects are supported by, but not limited to, the following growth drivers as set out in the IMR Report in Section 8 of this Prospectus:

- (a) growing preference towards healthier white meat, which includes poultry meat;
- (b) affordability of poultry meat and increase in price of substitute products. According to cost price index, chicken meat is estimated to be three to four times more affordable than beef in Indonesia, Malaysia, Singapore and Vietnam in 2017;
- (c) increase in food and beverage outlets and QSR penetration in our countries of operation;
- (d) growth of export market and growing demand for halal products at a global level;
- (e) chicken is the most widely accepted type of meat globally as most religious dietary requirements do not limit its consumption; and
- (f) regulatory support for industry advancement. For example, in 2014, ASEAN member countries established an industry standard aimed to prevent or minimise the risks of food safety in commercial poultry industry and facilitate harmonisation of poultry farming practices in the region.

We view these factors as indicators of long term growth opportunities and potential for our Group as they bode well for our strategies and future plans, as follows:

- (a) consolidate and expand our leadership position in Malaysia and Singapore by driving efficiencies and continuing to grow capacity;
- (b) increase use of own Broiler farms in Malaysia, in order to control quality and increase efficiency, with a view to replicating this approach in Indonesia and Vietnam;
- (c) continue to grow our integrated business model in our newer markets, with a focus on expanding our upstream operations; and
- (d) invest in processes, technology, people and facilities to meet our customer requirements while maintaining low-cost structure.

Our IPO is in line with our objective to cement our position as a regional integrated poultry producer, being one of the largest fully integrated poultry companies in Southeast Asia in 2017.

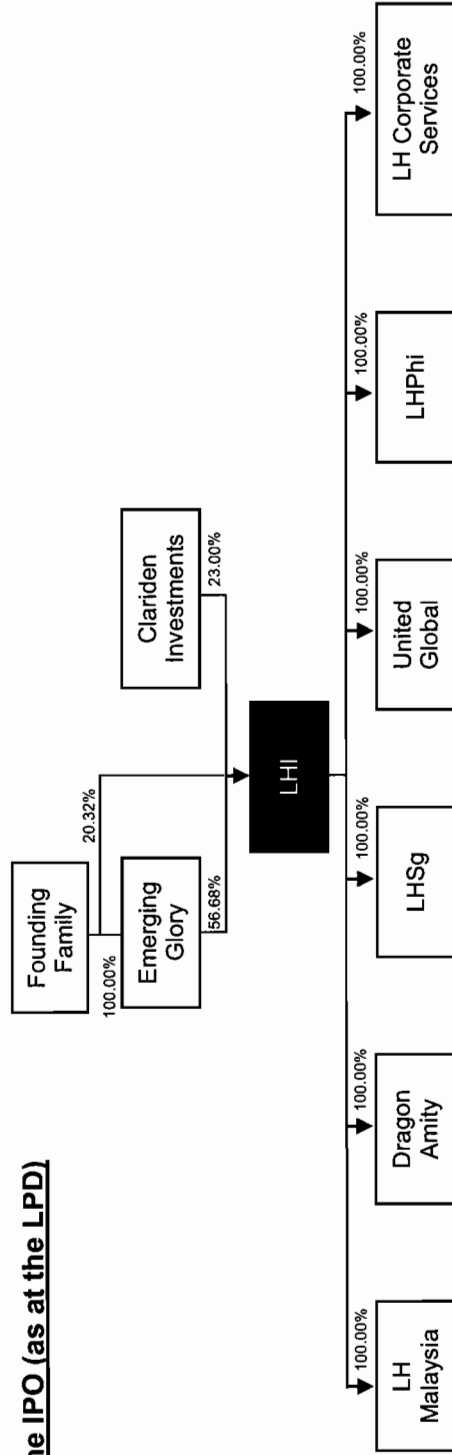


6. INFORMATION ON OUR GROUP (Cont'd)

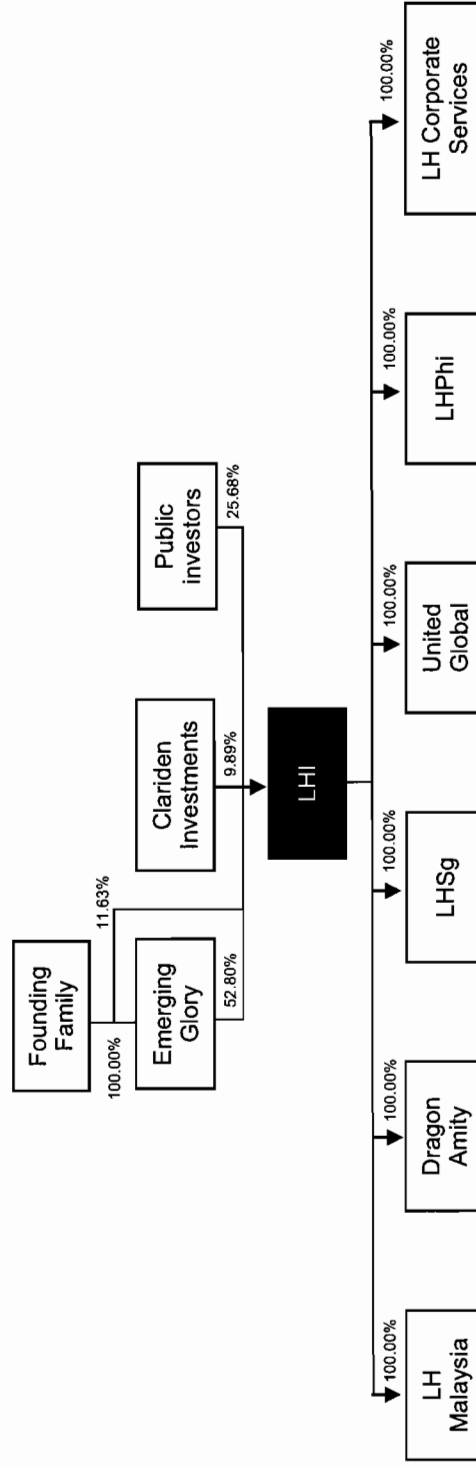
6.2 OUR GROUP STRUCTURE

Our group structure before and after our IPO are set out as below:

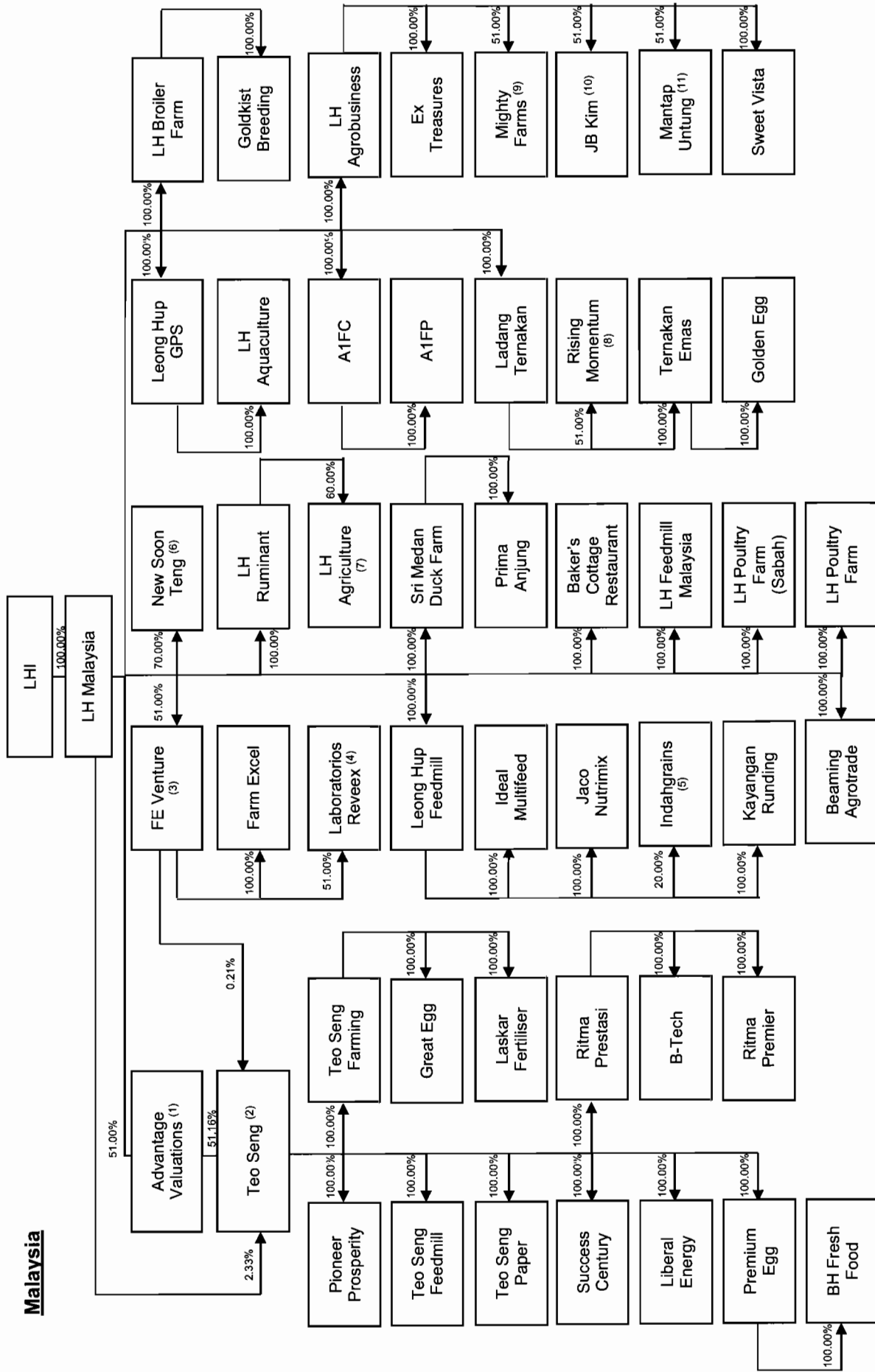
**Before the IPO (as at the LPD)**



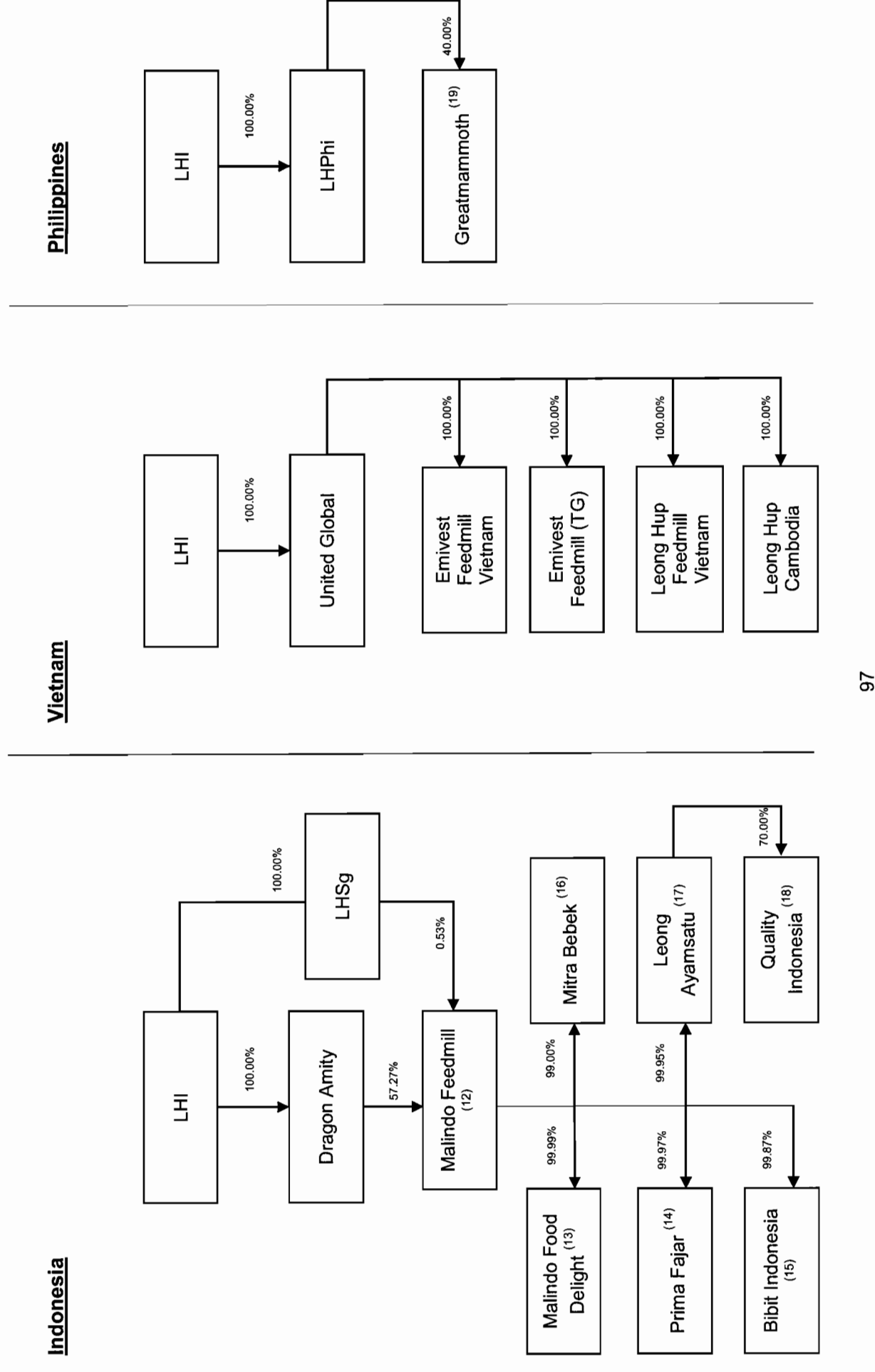
**After the IPO (assuming the Over-allotment Option is not exercised)**



6. INFORMATION ON OUR GROUP (Cont'd)

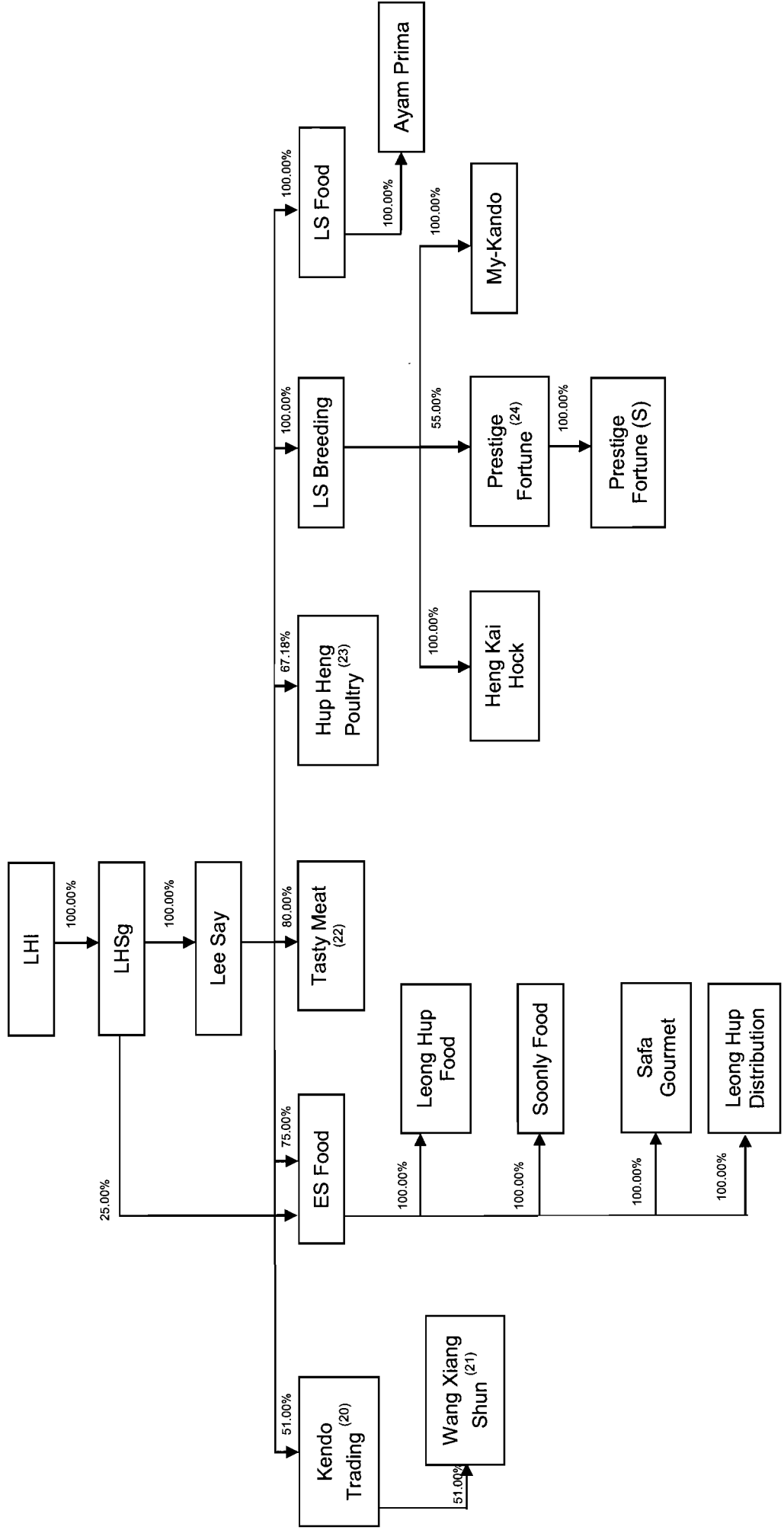


6. INFORMATION ON OUR GROUP (Cont'd)



6. INFORMATION ON OUR GROUP (Cont'd)

Singapore



**6. INFORMATION ON OUR GROUP (Cont'd)****Notes:**

- (1) *The remaining 49.00% equity interest in Advantage Valuations is held by Unigold Capital Sdn Bhd, the Estate of Dato' Lau Bong Wong, deceased, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang who are nominees of LH Malaysia have equity interest of less than 0.01% respectively.*
- (2) *The remaining 46.30% equity interest in Teo Seng is held by public investors, certain directors and persons connected to Teo Seng and persons connected to LHI.*
- (3) *The remaining 49.00% equity interest in FE Venture is held by Ong Gee Tiong, Tan Sri Lau Tuang Nguang and Dato' Lau Eng Guang who are nominees of LH Malaysia have shareholdings of less than 0.01% respectively.*
- (4) *The remaining 49.00% equity interest in Laboratorios Reveex is held by Carlos Cabanes Royo.*
- (5) *The remaining 80.00% equity interest in Indahgrains is held by Hoe Seng Chan Company Sdn Bhd, Sin Heng Chan Pte Ltd, Lay Hong Bhd, Nam Yong Huat Luen Seng Sdn Bhd, Thye Nam Loong Sdn Bhd, Q.L. Feedingsuffs Sdn Bhd, Charoen Pokphand Jaya Farm (M) Sdn Bhd, Tan Sri Dato' Wira Dr. Goh Teck Chai, Ban Seng Guan Sdn Bhd, North Port Bulk Services Sdn Bhd and Eng Holdings Sdn Bhd with shareholdings of 10.00%, 0.022%, 0.016%, 0.016%, 29.87%, 0.016%, 0.016%, 0.016%, 30.01% and 10.00% respectively.*
- (6) *The remaining 30.00% equity interest in New Soon Teng is held by Tan Bet Beng.*
- (7) *The remaining 40.00% equity interest in LH Agriculture is held by Bio Desaru Sdn Bhd.*
- (8) *The remaining 49.00% equity interest in Rising Momentum is held by Hao Tet Choy and Liew Keng Teck with shareholdings of 24.50% and 24.50% respectively. Tan Sri Lau Tuang Nguang, Lau Jui Peng and Lau Joo Han who are nominees of Ladang Ternakan have shareholdings of less than 0.01% respectively.*
- (9) *The remaining 49.00% equity interest in Mighty Farms is held by Wong Chee Seng, Soh Heng Tean and Lee Hong Yaw with shareholdings of 17.00%, 16.00% and 16.00% respectively. Tan Sri Lau Tuang Nguang, Lau Jui Peng and Lau Joo Han who are nominees of LH Agrobusiness have shareholdings of less than 0.01% respectively.*
- (10) *The remaining 49.00% equity interest in JB Kim is held by Low Kim Seng, Low Kim Tiong and Law Kim Kow with shareholdings of 17.00%, 16.00% and 16.00% respectively. Tan Sri Lau Tuang Nguang, Lau Jui Peng and Lau Joo Han who are nominees of LH Agrobusiness have shareholdings of less than 0.01% respectively.*
- (11) *The remaining 49.00% equity interest in Mantap Untung is held by Sha Jia Tat, Tan Sri Lau Tuang Nguang, Lau Jui Peng and Lau Joo Han who are nominees of LH Agrobusiness have shareholdings of less than 0.01% respectively.*
- (12) *The remaining 42.20% equity interest in Malindo Feedmill is held by public investors.*
- (13) *The remaining 0.01% equity interest in Malindo Food Delight is held by Susilawati Tamrin.*
- (14) *The remaining 0.03% equity interest in Prima Fajar is held by David Siow Ak Heong.*
- (15) *The remaining 0.13% equity interest in Bibit Indonesia is held by Lau Joo Kiang.*
- (16) *The remaining 1.00% equity interest in Mitra Bebek is held by Susilawati Tamrin.*

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

- (17) *The remaining 0.05% equity interest in Leong Ayamsatu is held by David Siow Ak Heong.*
- (18) *The remaining 30.00% equity interest in Quality Indonesia is held by Teoh Choon Khee.*
- (19) *The remaining 60.00% equity interest in Greatmammoth is held by Romel C. Villalobos, Bryan P Mariano, Alberto E. Eyaya, Anthony D.P. Carinaga, Christian D.G. Paris, Ferdinand C. Herrera, Marina C. Nuestro, Ma. Dulce G. Mallari with shareholdings of 7.50% respectively. LHPi holds 99,999 preferred shares and Lau Joo Heng holds 1 preferred share in Greatmammoth.*
- (20) *The remaining 49.00% equity interest in Kendo Trading is held by Lee Chai Soon.*
- (21) *The remaining 49.00% equity interest in Wang Xiang Shun is held by Lim Hock Mow.*
- (22) *The remaining 20.00% equity interest in Tasty Meat is held by Choo Joo Tong.*
- (23) *The remaining 32.82% equity interest in Hup Heng Poultry is held by Ma Chin Chew, Ma Seow Juen, Ma Chin Shun and Tan Koon Seng with shareholdings of 10.32%, 8.75%, 8.75% and 5.00% respectively.*
- (24) *The remaining 45.00% equity interest in Prestige Fortune is held by Wong Wai Meng, Quek Cheaw Kwang, Tan Koon Seng, Quek Chiaw Hong and Quek Soo Kheng with shareholdings of 20.00%, 12.00%, 5.00%, 4.00% and 4.00% respectively.*

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

### 6.3 OUR SUBSIDIARIES AND ASSOCIATES

Our subsidiaries and associates as at the LPD are as follows:

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
<b>Wholly-owned subsidiaries of LHI</b>				
Dragon Amity	6 November 2012 Singapore	SGD283,189,803	100.00	Investment holding
LH Corporate Services	9 September 2014 Malaysia	6,000,002	100.00	Management services provider
LH Malaysia	9 June 2014 Malaysia	313,087,002	100.00	Investment holding
LHPhi	30 July 2015 Philippines	PHP500,000,000	100.00	To engage in the raising, breeding, cross-breeding, fattening and pasturing of poultry and similar stocks
LHSg	16 August 2017 Singapore	SGD41,681,001	100.00	Investment holding
United Global	6 August 2009 Labuan	USD33,623,000	100.00	Investment holding and trading of materials
<b>Subsidiary of Dragon Amity</b>				
Malindo Feedmill	3 December 1997 Indonesia	IDR44,775,000,000	57.80 <sup>(1)</sup>	Investment holding, poultry feed industry and day old chicks farming
<b>Note:</b>				
<i>(1) 0.53% of which is through the effective equity interest held by LHSg.</i>				
<b>Subsidiaries of Malindo Feedmill</b>				
Bibit Indonesia	3 December 2001 Indonesia	IDR42,940,000,000	57.96	Broiler grandparent stock farming
Leong Ayamsatu	6 March 1996 Indonesia	IDR387,816,000,000	58.00	Day old chicks and broiler chicken farm
Malindo Food Delight	8 April 2011 Indonesia	IDR192,847,000,000	58.02	Processing and preserving of meat
Mitra Bebek	4 September 2017 Indonesia	IDR3,000,000,000	57.45	Duck farming
Prima Fajar	26 October 2007 Indonesia	IDR36,827,000,000	58.01	Trading and service and broiler chicken farm

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

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
<b>Subsidiary of Leong Ayamsatu</b>				
Quality Indonesia	21 February 2007 Indonesia	IDR913,000,000	40.48	Duck farming
<b>Subsidiaries of LH Malaysia</b>				
A1FC	1 August 1984 Malaysia	28,108,000	100.00	Processing and marketing of chicken and related products and investment holding
Advantage Valuations	12 April 2006 Malaysia	52,570	51.00	Investment holding
Beaming Agrotrade	28 January 2003 Malaysia	500,000	100.00	Trading of materials, warehousing operation and production of animal feed ingredients
FE Venture	27 February 1990 Malaysia	2,500,000	51.00	Trading in animal feeds and veterinary products and investment holding
Ladang Ternakan	16 January 1982 Malaysia	5,090,000	100.00	Contract farming, poultry farming and investment holding
Leong Hup Feedmill	28 November 1981 Malaysia	18,000,000	100.00	Manufacturing and marketing of animal feeds
Leong Hup GPS	30 November 1987 Malaysia	2,501,000	100.00	Broiler grandparent stock farming and investment holding
LH Agrobusiness	21 March 1989 Malaysia	360,137,390 (comprising 50,000,000 ordinary shares and 310,137,390 redeemable preference shares ("RPS"))	100.00	Trading of broiler chickens, day old chicks, poultry feeds, medicine and renting of farm buildings and investment holding
LH Broiler Farm	20 November 1985 Malaysia	4,000,000	100.00	Renting of its broiler farms and rearing broiler chicken for sales and investment holding
LH Feedmill Malaysia	27 September 1988 Malaysia	86,017,000 (comprising 6,800,000 ordinary shares and 79,217,000 RPS)	100.00	Manufacturing and marketing of animal feeds
LH Poultry Farm	15 July 1978 Malaysia	5,000,000	100.00	Breeding of layer and broiler chickens
LH Poultry Farm (Sabah)	10 April 2007 Malaysia	500,000	100.00	Poultry farming and related products
LH Ruminant	5 January 2007 Malaysia	500,000	100.00	Investment holding



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

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
New Soon Teng	10 October 2013 Malaysia	8,000,000	70.00	Rearing of colour birds
Sri Medan Duck Farm	5 April 1989 Malaysia	1,850,000	100.00	Duck breeder, sale of poultry, eggs and other related products
Baker's Cottage Restaurant	13 January 1995 Malaysia	100,000	100.00	Operating a restaurant dealing with food and beverages
<b>Subsidiary of A1FC</b>				
A1FP	7 August 1989 Malaysia	2,000,000	100.00	Processing chicken foodstuff such as meatball, nuggets, sausages, frankfurters and burgers
<b>Subsidiary of Advantage Valuations</b>				
Teo Seng	8 May 2006 Malaysia	60,001,654	28.43	Investment holding and provision of management services
<b>Subsidiaries of FE Venture</b>				
Farm Excel	23 September 1996 Malaysia	800,000	51.00	Trading of health and beauty products
Laboratorios Reveex	8 November 1996 Malaysia	470,000	26.01	Trading in veterinary products
<b>Subsidiary of Ladang Ternakan</b>				
Rising Momentum	9 November 2012 Malaysia	40,000	51.00	Rearing of broiler chicken for sales
Ternakan Emas	9 September 1994 Malaysia	2	100.00	Dormant
<b>Subsidiaries of LH Agrobusiness</b>				
Ex Treasures	18 October 2010 Malaysia	652,500	100.00	Rearing of broiler chicken for sales
JB Kim	11 May 1996 Malaysia	1,635,003	51.00	Rearing of broiler chicken for sales
Mantap Untung	27 September 2011 Malaysia	40,000	51.00	Rearing of broiler chicken for sales

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

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
Mighty Farms	18 October 2010 Malaysia	40,000	51.00	Rearing of broiler chicken for sales
Sweet Vista	21 October 2011 Malaysia	40,000	100.00	Rearing of broiler chicken for sales
<b>Subsidiary of LH Broiler Farm</b>				
Goldkist Breeding	14 January 1985 Malaysia	2,500,100	100.00	Rearing of broiler chicken for sales
<b>Subsidiaries of Leong Hup Feedmill</b>				
Kayangan Runding	9 March 1995 Malaysia	2	100.00	Property investment holding
Ideal Multifeed	31 December 1965 Malaysia	15,400,000	100.00	Manufacturing and marketing of animal feed
Jaco Nutrimix	31 July 2002 Malaysia	350,000	100.00	Manufacturing and marketing of feed additive premix and other related business
<b>Subsidiary of Leong Hup GPS</b>				
LH Aquaculture	14 October 1998 Malaysia	5,600,000	100.00	Operator of fish rearing
<b>Subsidiary of LH Ruminant</b>				
LH Agriculture	16 July 2010 Malaysia	1,000,000	60.00	Plantation - cultivation of fruits
<b>Subsidiary of Ternakan Emas</b>				
Golden Egg	13 June 1994 Malaysia	2	100.00	Dormant
<b>Subsidiary of Sri Medan Duck Farm</b>				
Prima Anjung	12 June 1995 Malaysia	34,615,000 (comprising 300,000 ordinary shares and 34,315,000 RPS)	100.00	Poultry farming, sale of poultry and related products and aquaculture
<b>Subsidiaries of Teo Seng</b>				
Liberal Energy	14 January 2010 Malaysia	3,000,000	28.43	General trading and generation of energy by establishment of bio gas plants - Dormant
Premium Egg	5 June 2003 Singapore	SGD500,000	28.43	Wholesaler importers, exporters of egg products
Pioneer Prosperity	26 May 2011 Malaysia	495,000	28.43	Dormant

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

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
Ritma Prestasi	24 September 2003 Malaysia	3,000,000	28.43	Distribution of pet food, medicine and other animal health related products
Success Century	10 June 1995 Malaysia	6,000,000	28.43	Poultry farming
Teo Seng Farming	22 December 1983 Malaysia	8,834,000	28.43	Poultry farming and investment holding
Teo Seng Feedmill	19 December 1998 Malaysia	3,000,000	28.43	Manufacturing and marketing of animal feeds
Teo Seng Paper	13 May 1994 Malaysia	7,000,000	28.43	Manufacturing and marketing of egg trays
<b>Subsidiary of Premium Egg</b>				
BH Fresh Food	17 August 2001 Singapore	SGD1,659,627	28.43	To carry on business of providing cold room services, and other investment holding including renting of factory space to derive rental income
<b>Subsidiaries of Ritma Prestasi</b>				
B-Tech	25 January 2010 Malaysia	2,200,000	28.43	Dormant
Ritma Premier	24 June 2016 Singapore	SGD100,000	28.43	Distribution of pet food, medicine and other animal health related products
<b>Subsidiaries of Teo Seng Farming</b>				
Great Egg	15 December 2006 Malaysia	250,004	28.43	Dormant
Laskar Fertiliser	11 April 2011 Malaysia	5,000,000	28.43	Waste management services, dealing in fertiliser, conduct research on the fertiliser and agricultural business process and to carry on the business of processing of value added products and farm produce
<b>Subsidiaries of LHSg</b>				
Lee Say	16 May 1977 Singapore	SGD1,180,500	100.00	Slaughtering, processing and sale of fresh and frozen poultry and investment holding
<b>Subsidiaries of Lee Say</b>				
ES Food	21 August 2012 Singapore	SGD46,504,229	100.00	Investment holding

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

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
Hup Heng Poultry	7 September 1990 Singapore	SGD2,000,000	67.18	Slaughtering of poultry, wholesale, processing and preserving of meat and meat product
Kendo Trading	1 June 1990 Singapore	SGD2,500,000	51.00	Slaughtering, processing and sale of fresh and frozen poultry products
LS Breeding	16 February 2004 Malaysia	40,000,000	100.00	Poultry farming and related products
LS Food	14 October 1999 Singapore	SGD100	100.00	Investment holding
Tasty Meat	28 September 1985 Singapore	SGD550,000	80.00	Manufacturer, importers, exporters, stores and packers of processed meats
<b>Subsidiaries of ES Food</b>				
Leong Hup Food	16 May 1991 Singapore	SGD750,000	100.00	General importers and distributor of chickens and other meat products
Leong Hup Distribution	7 November 1967 Singapore	SGD3,000,000	100.00	General trading of frozen food products and provision of warehousing activities
Safa Gourmet	30 April 2002 Singapore	SGD50,000	100.00	Halal meat processing, manufacturing, wholesale and retail
Soonly Food	6 July 1991 Singapore	SGD1,000,000	100.00	Slaughtering, processing and sale of fresh and frozen poultry
<b>Subsidiary of Kendo Trading</b>				
Wang Xiang Shun	31 August 2009 Singapore	SGD450,000	26.01	Production, processing and preserving of meat and meat products
<b>Subsidiary of LS Food</b>				
Ayam Prima	18 August 2004 Indonesia	IDR 3,881,700,000	100.00	In Liquidation
<b>Subsidiaries of LS Breeding</b>				
Heng Kai Hock	24 June 1992 Malaysia	14,500,000	100.00	Poultry farming and related products
My-Kando	27 July 2000 Malaysia	1,500,000	100.00	Poultry farming, rental of chicken coops and related activities

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

Name	Date and country of incorporation	Share capital RM (unless otherwise stated)	Our effective equity interest %	Principal activities
Prestige Fortune	16 March 1990 Malaysia	1,875,000	55.00	Poultry farming operations and the provision of consultancy services relating to poultry farming operations
<b>Subsidiary of Prestige Fortune</b>				
Prestige Fortune (S)	1 September 2011 Singapore	SGD200,000	55.00	Wholesale and distribution of poultry
<b>Subsidiaries of United Global</b>				
Emivest Feedmill (TG)	5 October 2012 Vietnam	VND256,144,360,000	100.00	Producing animal and poultry feed
Emivest Feedmill Vietnam	19 October 2009 Vietnam	VND318,674,500,000	100.00	Operating poultry hatcheries and breeder farms and producing animal poultry feed
Leong Hup Cambodia	18 March 2014 Cambodia	USD3,000	100.00	Trading of animal feed
Leong Hup Feedmill Vietnam	15 December 2014 Vietnam	VND196,338,800,000	100.00	Producing animal and poultry feed
<b>Associate company of Leong Hup Feedmill</b>				
Indahgrains	12 June 1996 Malaysia	6,000,000	20.00	Operating of warehouse and warehouse management
<b>Associate company of LHPHi</b>				
Greatmammoth	26 January 2016 Philippines	PHP250,000 (comprising PHP150,000 ordinary shares and PHP100,000 preferred shares)	40.00	Engaging in the business of acquiring by purchase, lease, 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

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

As at the LPD, our Company does not have any joint ventures.

The details of our material subsidiaries as at the LPD are as follows:

### 6.3.1 Our material subsidiaries

#### 6.3.1.1 Our material subsidiaries in Malaysia

##### (i) Advantage Valuations (Company No. 729867-V)

Advantage Valuations was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 12 April 2006 as a private limited company under its present name. Advantage Valuations is principally involved in investment holdings.

The principal place of business of Advantage Valuations is at Lot 2.10, 2nd Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur.

The issued share capital of Advantage Valuations is RM52,570 comprising 10,000 ordinary shares.

There has been no change in the issued share capital of Advantage Valuations for the past three years preceding the LPD.

As at the LPD, the shareholders of Advantage Valuations and their shareholdings in Advantage Valuations are set out below:

Shareholder	No. of ordinary shares	%
LH Malaysia	5,097	51.00
Unigold Capital Sdn Bhd	4,900	49.00
Tan Sri Lau Tuang Nguang*	1	-
Dato' Lau Eng Guang*	1	-
The Estate of Dato' Lau Bong Wong, deceased*	1	-

**Note:**

\* Shareholding of less than 0.01% (holding shares as nominees for LH Malaysia).

As at the LPD, the direct subsidiary of Advantage Valuations is Teo Seng, details of which is set out in Section 6.3.1.1(xviii) of this Prospectus. As at the LPD, Advantage Valuations does not have any associate or joint venture.

##### (ii) Ex Treasures (Company No. 918689-W)

Ex Treasures was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 18 October 2010 as a private limited company under its present name. Ex Treasures is principally involved in rearing of broiler chicken for sales.

The principal place of business of Ex Treasures is at Suite 3.10, 3<sup>rd</sup> Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan.

The issued share capital of Ex Treasures is RM652,500 comprising 652,500 ordinary shares.

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

There has been no change in the issued share capital of Ex Treasures for the past three years preceding the LPD.

Ex Treasures is a wholly-owned subsidiary of LH Agrobusiness which in turn is a wholly-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, Ex Treasures does not have any subsidiary, associate or joint venture.

### (iii) FE Venture (Company No. 194120-U)

FE Venture was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 27 February 1990 as a private limited company under its present name. FE Venture is principally involved in trading in animal feeds and veterinary products.

The principal place of business of FE Venture is at Lot 3 & 5, Jalan PJS 11/8, Bandar Sunway, 46150 Petaling Jaya, Selangor.

The issued share capital of FE Venture is RM2,500,000 comprising 2,500,000 ordinary shares.

There has been no change in the issued share capital of FE Venture for the past three years preceding the LPD.

As at the LPD, the shareholders of FE Venture and their shareholdings in FE Venture are set out below:

Shareholder	No. of ordinary shares	%
LH Malaysia	1,274,996	51.00
Ong Gee Tiong	1,225,000	49.00
Tan Sri Lau Tuang Nguang*	2	-
Dato' Lau Eng Guang*	2	-

**Note:**

\* Shareholding of less than 0.01% (holding shares as nominees for LH Malaysia).

As at the LPD, the direct subsidiaries of FE Venture are Farm Excel and Laboratorios Reveex. As at the LPD, FE Venture does not have any associate or joint venture.

### (iv) Heng Kai Hock (Company No. 243004-T)

Heng Kai Hock was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 24 June 1992 as a private limited company under its present name. Heng Kai Hock is principally involved in poultry farming and related products.

The principal place of business of Heng Kai Hock is at No. 37, Jalan Besi, Taman Sri Putri, 81300 Skudai, Johor.

The issued share capital of Heng Kai Hock is RM14,500,000 comprising 14,500,000 ordinary shares.

There has been no change in the issued share capital of Heng Kai Hock for the past three years preceding the LPD.

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

Heng Kai Hock is a wholly-owned subsidiary of LS Breeding which in turn is a wholly-owned subsidiary of Lee Say, which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, Heng Kai Hock does not have any subsidiary, associate or joint venture.

### (v) Ideal Multifeed (Company No. 6455-V)

Ideal Multifeed was incorporated in Malaysia under the Companies Ordinances 1940 to 1946 and is deemed registered under the Act on 31 December 1965 as a private limited company under the name of Ideal Multifeed (Malaysia) Limited. Ideal Multifeed (Malaysia) Limited changed its name to its present name on 15 April 1966. Ideal Multifeed is principally involved in manufacturing and marketing of animal feed.

The principal place of business of Ideal Multifeed is at 9578, Kawasan Perindustrian Tenggara Batu, 76400 Melaka.

The issued share capital of Ideal Multifeed is RM15,400,000 comprising 15,400,000 ordinary shares.

There has been no change in the issued share capital of Ideal Multifeed for the past three years preceding the LPD.

Ideal Multifeed is a wholly-owned subsidiary of Leong Hup Feedmill, which in turn is a wholly-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, Ideal Multifeed does not have any subsidiary, associate or joint venture.

### (vi) Jaco Nutrimix (Company No. 588146-X)

Jaco Nutrimix was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 31 July 2002 as a private limited company under the name of Jaco Industries Sdn Bhd. Jaco Industries Sdn Bhd changed its name to its present name on 15 December 2003. Jaco Nutrimix is principally involved in manufacturing and marketing of feed additive premix and other related business.

The principal place of business of Jaco Nutrimix is at Lot 13 (9569), Jalan PBR 1, Fasa 1, Kawasan Perindustrian Bukit Rambai, 75250 Melaka.

The issued share capital of Jaco Nutrimix is RM350,000 comprising 350,000 ordinary shares.

There has been no change in the issued share capital of Jaco Nutrimix for the past three years preceding the LPD.

Jaco Nutrimix is a wholly-owned subsidiary of Leong Hup Feedmill, which in turn is a wholly-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, Jaco Nutrimix does not have any subsidiary, associate or joint venture. Pursuant to our Group's internal consolidation exercise, the business of Jaco Nutrimix has transferred to LH Feedmill Malaysia and ceased its operations since January 2019.



**6. INFORMATION ON OUR GROUP (Cont'd)****(vii) JB Kim (Company No. 386948-A)**

JB Kim was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 11 May 1996 as a private limited company under its present name. JB Kim is principally involved in rearing of broiler chicken for sales.

The principal place of business of JB Kim is at No. 5 Jalan MCA, Kampung Machap, 86200 Simpang Rengam, Johor.

The issued share capital of JB Kim is RM1,635,003 comprising 1,635,003 ordinary shares.

There has been no change in the issued share capital of JB Kim for the past three years preceding the LPD.

As at the LPD, the shareholders of JB Kim and their shareholdings in JB Kim are set out below:

Shareholder	No. of ordinary shares	%
Low Kim Seng	277,951	17.00
Law Kim Kow	261,600	16.00
Low Kim Tiong	261,600	16.00
LH Agrobusiness	833,849	51.00
Tan Sri Lau Tuang Nguang*	1	-
Lau Jui Peng*	1	-
Lau Joo Han*	1	-

**Note:**

\* *Shareholding of less than 0.01% (holding shares as nominees for LH Agrobusiness).*

As at the LPD, JB Kim does not have any subsidiary, associate or joint venture.

**(viii) Laskar Fertiliser (Company No. 939951-U)**

Laskar Fertiliser was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 11 April 2011 as a private limited company under the name of Laskar Suria Sdn Bhd. Laskar Suria Sdn Bhd changed its name to Laskar Perikanan Sdn Bhd on 21 September 2011, and subsequently to its present name on 27 February 2012. Laskar Fertiliser is principally involved in the provision of waste management services, dealing in fertiliser, conducting research on the fertiliser and agricultural business process and to carry on the business of processing of value added products and farm produce.

The principal place of business of Laskar Fertiliser is at Lot PTD 25740 Batu 4, Jalan Air Hitam, Yong Peng, 83700 Johor.

The issued share capital of Laskar Fertiliser is RM5,000,000 comprising 5,000,000 ordinary shares.

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

Save as disclosed below, there has been no change in the issued share capital of Laskar Fertiliser for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
8 December 2016	3,000,000	Cash	RM5,000,000

Laskar Fertiliser is a wholly-owned subsidiary of Teo Seng Farming which in turn is a wholly-owned subsidiary of Teo Seng, which in turn is a 51.16%-owned subsidiary of Advantage Valuations, which in turn is a 51.00%-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, Laskar Fertiliser does not have any subsidiary, associate or joint venture.

### (ix) LH Agrobusiness (Company No. 180014-P)

LH Agrobusiness was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 21 March 1989 as a private limited company under the name of Leong Hup Contract Farming Sdn Bhd. Leong Hup Contract Farming Sdn Bhd changed its name to its present name on 27 November 2015. LH Agrobusiness is principally involved in trading of broiler chickens, day old chicks, poultry feeds, medicine and renting of farm buildings and investment holding.

The principal place of business of LH Agrobusiness is at Lot 3.01, 3<sup>rd</sup> Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan.

The issued share capital of LH Agrobusiness is RM360,137,390 comprising 50,000,000 ordinary shares and 31,013,739 RPS.

The salient terms of the RPS as set out in LH Agrobusiness's Memorandum and Articles of Association are as follow:

- Maturity date : None.
- Dividend : The holders of RPS shall receive out of profits of LH Agrobusiness a non-cumulative preferential dividend at a rate as may be determined by the Directors from time to time, in priority over the ordinary shares.
- Voting rights : The holders of the RPS are entitled to receive notice of and attend general meetings (either in person or by proxy who need not be a member of LH Agrobusiness) and shall be entitled, on a poll at any general meeting, to one vote for each RPS held provided always that the holders of the RPS will not have the right to vote at any general meetings of LH Agrobusiness except in the following circumstances:
- (a) upon any resolution which varies the rights attaching to the RPS;
  - (b) upon any resolution for any increase, decrease or variation in the issued share capital of LH Agrobusiness, whether by varying the amount, structure or value thereof or the rights attached thereto or any conversion of any of its share capital into stock or by consolidating, dividing or subdividing all or any of its shares or any class thereof; and

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

- (c) upon any resolution for the winding up of LH Agrobusiness.

In any of the aforesaid circumstances, the holders of the RPS will have one vote for each RPS held and may demand a poll at a general meeting of LH Agrobusiness on any resolutions on which the holder may vote.

**Repayment of Capital** : On the return of capital on the winding-up or liquidation of LH Agrobusiness, the holders of the RPS shall have the right to repayment, in priority to the holders of ordinary shares and all other classes of shares in LH Agrobusiness, of all capital paid up on the RPS and all preferential dividend remaining unpaid and thereafter, to participate rateably with the holders of all other classes of shares in the residue (if any) of such surplus assets as shall remain after paying off the capital paid up on all other classes of shares in LH Agrobusiness.

**Redemption** : (i) The power of redemption may be executed by the board of directors acting on behalf of LH Agrobusiness upon giving 14 days clear notice of the proposed redemption to the holders of the RPS.

Upon redemption of the RPS on the redemption date, all rights, benefits and entitlements accorded to the holders of the RPS, in respect of the RPS which have been redeemed, shall cease.

- (ii) LH Agrobusiness may redeem the RPS in whole or in part at any time after its issuance at a price to be determined by Directors.

Save as disclosed below, there has been no change in the issued share capital of LH Agrobusiness for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
31 May 2016	43,000,000	Cash	RM50,000,000

<u>Date of allotment</u>	<u>No. of RPS</u>	<u>Consideration</u>	<u>RPS</u>
12 April 2018	29,463,739	Otherwise than cash	RM294,637,390
4 October 2018	1,550,000	Otherwise than cash	RM310,137,390

None of the holders of RPS in LH Agrobusiness have redeemed their RPS respectively.

LH Agrobusiness is a wholly-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, the direct subsidiaries of LH Agrobusiness are Ex Treasures, JB Kim, Mantap Untung, Mighty Farms and Sweet Vista, details of which are set out in Sections 6.3.1.1(ii) and (vii) of this Prospectus, respectively. As at the LPD, LH Agrobusiness does not have any associate or joint venture.

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

### (x) LH Feedmill Malaysia (Company No. 174309-P)

LH Feedmill Malaysia was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 27 September 1988 as a private limited company under the name of Ayam A1 Chicken Shop Sdn Bhd. Ayam A1 Chicken Shop Sdn Bhd changed its name to its present name on 29 January 2018. LH Feedmill Malaysia is principally involved in manufacturing and marketing of animal feeds.

The principal place of business of LH Feedmill Malaysia is at Lot 13A, Jalan PBR 1, Fasa 1, Kawasan Perindustrian Bukit Rambai, 75250 Melaka.

The issued share capital of LH Feedmill Malaysia is RM86,017,000 comprising 6,800,000 ordinary shares and 7,921,700 RPS. The salient terms of the RPS as set out in LH Feedmill Malaysia's Memorandum and Articles of Association are as follow:

- Maturity date : None.
- Dividend : The holders of RPS shall receive out of profits of LH Feedmill Malaysia a non-cumulative preferential dividend at a rate as may be determined by the Directors from time to time, in priority over the ordinary shares.
- Voting rights : The holders of the RPS are entitled to receive notice of and attend general meetings (either in person or by proxy who need not be a member of LH Feedmill Malaysia) and shall be entitled, on a poll at any general meeting, to one vote for each RPS held provided always that the holders of the RPS will not have the right to vote at any general meetings of LH Feedmill Malaysia except in the following circumstances:
- (a) upon any resolution which varies the rights attaching to the RPS;
  - (b) upon any resolution for any increase, decrease or variation in the issued share capital of LH Feedmill Malaysia, whether by varying the amount, structure or value thereof or the rights attached thereto or any conversion of any of its share capital into stock or by consolidating, dividing or subdividing all or any of its shares or any class thereof; and
  - (c) upon any resolution for the winding up of LH Feedmill Malaysia.

In any of the aforesaid circumstances, the holders of the RPS will have one vote for each RPS held and may demand a poll at a general meeting of LH Feedmill Malaysia on any resolutions on which the holder may vote.

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

Repayment of Capital : On the return of capital on the winding-up or liquidation of LH Feedmill Malaysia, the holders of the RPS shall have the right to repayment, in priority to the holders of ordinary shares and all other classes of shares in LH Feedmill Malaysia, of all capital paid up on the RPS and all preferential dividend remaining unpaid and thereafter, to participate rateably with the holders of all other classes of shares in the residue (if any) of such surplus assets as shall remain after paying off the capital paid up on all other classes of shares in LH Feedmill Malaysia.

Redemption : (i) The power of redemption may be executed by the board of directors acting on behalf of LH Feedmill Malaysia upon giving 14 days clear notice of the proposed redemption to the holders of the RPS.

Upon redemption of the RPS on the redemption date, all rights, benefits and entitlements accorded to the holders of the RPS, in respect of the RPS which have been redeemed, shall cease.

(ii) LH Feedmill Malaysia may redeem the RPS in whole or in part at any time after its issuance at a price to be determined by Directors.

Save as disclosed below, there has been no change in the issued share capital of LH Feedmill Malaysia for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of RPS</u>	<u>Consideration</u>	<u>RPS</u>
17 July 2018	7,921,700	Otherwise than cash	RM79,217,000

None of the holders of RPS in LH Feedmill Malaysia have redeemed their RPS respectively.

LH Feedmill Malaysia is a wholly-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, LH Feedmill Malaysia does not have any subsidiary, associate or joint venture.

**(xi) LH Malaysia (Company No. 1096819-M)**

LH Malaysia was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 9 June 2014 as a private limited company under the name of Stratahub Sdn Bhd. Stratahub Sdn Bhd changed its name to its present name on 11 July 2014. LH Malaysia is principally involved in investment holding.

The principal place of business of LH Malaysia is at 2<sup>nd</sup> Floor, Wisma Westcourt, 126, Jalan Kelang Lama, 58000 Kuala Lumpur.

The issued share capital of LH Malaysia is RM313,087,002 comprising 313,089 ordinary shares.

There has been no change in the issued share capital of LH Malaysia for the past three years preceding the LPD.

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

LH Malaysia is our wholly-owned subsidiary. As at the LPD, the direct subsidiaries of LH Malaysia are A1FC, Advantage Valuations, Beaming Agrotrade, FE Venture, Leong Hup Feedmill, LH Agrobusiness, LH Broiler Farm, LH Feedmill Malaysia, Leong Hup GPS, LH Poultry Farm, LH Poultry Farm (Sabah), LH Ruminant, Ladang Ternakan, New Soon Teng, Sri Medan Duck Farm and Baker's Cottage Restaurant, details of which are set out in Sections 6.3.1.1(i), (iii), (ix), (x), and (xv), of this Prospectus, respectively. As at the LPD, LH Malaysia does not have any associate or joint venture.

### (xii) LH Aquaculture (Company No. 470234-D)

LH Aquaculture was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 14 October 1998 as a private limited company under the name of Highland Vista Sdn Bhd. Highland Vista Sdn Bhd changed its name to Ladang Tanaman Indah Sdn Bhd on 22 March 2000 and subsequently to its present name on 24 March 2009. LH Aquaculture is principally involved in operating of fish rearing.

The principal place of business of LH Aquaculture is at 203, Jalan Abdullah, 84000 Muar, Johor.

The issued share capital of LH Aquaculture is RM5,600,000 comprising 5,600,000 ordinary shares.

There has been no change in the issued share capital of LH Aquaculture for the past three years preceding the LPD.

LH Aquaculture is a wholly-owned subsidiary of Leong Hup GPS, which in turn is a wholly-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, LH Aquaculture does not have any subsidiary, associate or joint venture.

### (xiii) LS Breeding (Company No. 642462-H)

LS Breeding was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 16 February 2004 as a private limited company under the name of Pantas Reaksi Sdn Bhd. Pantas Reaksi Sdn Bhd changed its name to Lee Say Trading Sdn Bhd on 14 May 2004 and subsequently to its present name on 9 December 2009. LS Breeding is principally involved in poultry farming and related products.

The principal place of business of LS Breeding is at No 35 & 37, Jalan Besi, Taman Sri Putri, 81300 Skudai, Johor.

The issued share capital is RM40,000,000 comprising 40,000,000 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of LS Breeding for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
15 December 2016	30,000,000	Cash	RM40,000,000

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

LS Breeding is a wholly-owned subsidiary of Lee Say which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, the direct subsidiaries of LS Breeding are Heng Kai Hock, My-Kando and Prestige Fortune, details of which are set out in Sections 6.3.1.1(iv), (xiv) and (xvi) of this Prospectus, respectively. As at the LPD, LS Breeding does not have any associate or joint venture.

### (xiv) My-Kando (Company No. 521771-H)

My-Kando was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 27 July 2000 as a private limited company under its present name. My-Kando is principally involved in poultry farming, rental of chicken coops and related activities.

The principal place of business of My-Kando is at No. 37, Jalan Besi, Taman Sri Putri, 81300 Skudai, Johor.

The issued share capital of My-Kando is RM1,500,000 comprising 1,500,000 ordinary shares.

There has been no change in the issued share capital of My-Kando for the past three years preceding the LPD.

My-Kando is a wholly-owned subsidiary of LS Breeding which in turn is a wholly-owned subsidiary of Lee Say, which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, My-Kando does not have any subsidiary, associate or joint venture.

### (xv) New Soon Teng (Company No. 1065672-X)

New Soon Teng was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 10 October 2013 as a private limited company under the name of Morningfield Sdn Bhd. Morningfield Sdn Bhd changed its name to its present name on 19 June 2017. New Soon Teng is principally involved in rearing of colour birds.

The principal place of business of New Soon Teng is at Lot 4082, Batu 28 1/2, Mukim Pengkalan Raja, 81500 Pekan Nenas, Johor.

The issued share capital of New Soon Teng is RM8,000,000 comprising 8,000,000 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of New Soon Teng for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
29 December 2017	7,999,998	Cash	RM8,000,000

As at the LPD, the shareholders of New Soon Teng and their shareholdings in New Soon Teng are set out below:

<u>Shareholder</u>	<u>No. of ordinary shares</u>	<u>%</u>
LH Malaysia	5,600,000	70.00
Tan Bet Beng	2,400,000	30.00

As at the LPD, New Soon Teng does not have any subsidiary, associate or joint venture.

**6. INFORMATION ON OUR GROUP (Cont'd)****(xvi) Prestige Fortune (Company No. 195051-H)**

Prestige Fortune was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 16 March 1990 as a private limited company under its present name. Prestige Fortune is principally involved in poultry farming operations and the provision of consultancy services relating to poultry farming operations.

The principal place of business of Prestige Fortune is at No. 37, Jalan Besi, Taman Sri Putri, 81300 Skudai, Johor.

The issued share capital is RM1,875,000 comprising 1,875,000 ordinary shares.

There has been no change in the issued share capital of Prestige Fortune for the past three years preceding the LPD.

As at the LPD, the shareholders of Prestige Fortune and their shareholdings in Prestige Fortune are as follows:

Shareholder	No. of ordinary shares	%
LS Breeding	1,031,250	55.00
Wong Wai Meng	375,000	20.00
Quek Soo Kheng	75,000	4.00
Quek Cheaw Kwang	225,000	12.00
Quek Chiaw Hong	75,000	4.00
Tan Koon Seng	93,750	5.00

As at the LPD, the direct subsidiary of Prestige Fortune is Prestige Fortune (S), details of which is set out in Section 6.3.1.4(ix) of this Prospectus. As at the LPD, Prestige Fortune does not have any associate or joint venture.

**(xvii) Success Century (Company No. 346210-A)**

Success Century was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 10 June 1995 as a private limited company under the name of Motif Daya Sdn Bhd. Motif Daya Sdn Bhd changed its name to its present name on 8 February 2005. Success Century is principally involved in poultry farming.

The principal place of business of Success Century is at Lot PTD 25740 Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

The issued share capital of Success Century is RM6,000,000 comprising 6,000,000 ordinary shares.

There has been no change in the issued share capital of Success Century for the past three years preceding the LPD.

Success Century is a wholly-owned subsidiary of Teo Seng, which in turn is a 51.16%-owned subsidiary of Advantage Valuations, which in turn is a 51.00%-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary.

As at the LPD, Success Century does not have any subsidiary, associate or joint venture.



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

## (xviii) Teo Seng (Company No. 732762-T)

Teo Seng incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 8 May 2006 as a private limited company under the name of Teo Seng Capital Sdn Bhd. Teo Seng Capital Sdn Bhd was converted to a public company on 31 May 2006. Teo Seng is principally involved in investment holding and provision of management services.

The principal place of business of Teo Seng is at Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

The issued share capital of Teo Seng is RM60,001,654 comprising 300,001,225 ordinary shares (including treasury shares of 209,000).

Save as disclosed below, there has been no change in the issued share capital of Teo Seng for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
31 January 2017	Amalgamation of share premium account to share capital*		RM60,001,654

**Note:**

\* *In view of the Act which came into force on 31 January 2017 and the abolishment of the par value regime under the Act, the share capital value for the period after 31 January 2017 therefore represents the share capital value of Teo Seng, which includes any premium on such Shares.*

As at the LPD, the shareholders of Teo Seng and their shareholdings in Teo Seng are set out below:

<u>Shareholder</u>	<u>No. of ordinary shares*</u>	<u>%*</u>
Advantage Valuations	153,369,003	51.16
LH Malaysia	7,000,000	2.33
FE Venture	620,000	0.21
Public <sup>^</sup>	138,803,222	46.30

**Notes:**

\* *Based on issued share capital of 299,792,225, which excludes treasury shares of 209,000.*

<sup>^</sup> *Including certain directors and persons connected to Teo Seng and persons connected to LHI.*

As at the LPD, the direct subsidiaries of Teo Seng are Liberal Energy, Premium Egg, Pioneer Prosperity, Ritma Prestasi, Success Century, Teo Seng Farming, Teo Seng Feedmill and Teo Seng Paper, details of which are set out in Sections 6.3.1.1(xvii), (xix), (xx) and (xxi) of this Prospectus, respectively. As at the LPD, Teo Seng does not have any associate or joint venture.

**6. INFORMATION ON OUR GROUP (Cont'd)****(xix) Teo Seng Farming (Company No. 111937-P)**

Teo Seng Farming was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 22 December 1983 as a private limited company under its present name. Teo Seng Farming is principally engaged in the business of poultry farming and investment holding.

The principal place of business of Teo Seng Farming is at Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

The issued share capital of Teo Seng Farming is RM8,834,000 comprising 8,000,000 ordinary shares.

There has been no change in the issued share capital of Teo Seng Farming for the past three years preceding the LPD.

Teo Seng Farming is a wholly-owned subsidiary of Teo Seng, which in turn is a 51.16%-owned subsidiary of Advantage Valuations, which in turn is a 51.00%-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, the direct subsidiaries of Teo Seng Farming are Great Egg and Laskar Fertiliser, details of which is set out in Section 6.3.1.1(viii) of this Prospectus. As at the LPD, Teo Seng Farming does not have any associate or joint venture.

**(xx) Teo Seng Feedmill (Company No. 474189-H)**

Teo Seng Feedmill was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 19 December 1998 as a private limited company under the name of Best Swallow Sdn Bhd. Best Swallow Sdn Bhd changed its name to its present name on 9 March 2000. Teo Seng Feedmill is principally involved in manufacturing and marketing of animal feeds.

The principal place of business of Teo Seng Feedmill is at Lot PTD 25741, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

The issued share capital of Teo Seng Feedmill is RM3,000,000 comprising 3,000,000 ordinary shares.

There has been no change in the issued share capital of Teo Seng Feedmill for the past three years preceding the LPD.

Teo Seng Feedmill is a wholly-owned subsidiary of Teo Seng, which in turn is a 51.16%-owned subsidiary of Advantage Valuations, which in turn is a 51.00%-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, Teo Seng Feedmill does not have any subsidiary, associate or joint venture.

**(xxi) Teo Seng Paper (Company No. 299992-H)**

Teo Seng Paper was incorporated in Malaysia under the Companies Act, 1965 and is deemed registered under the Act on 13 May 1994 as a private limited company under the name of Barisan Data Sdn Bhd. Barisan Data Sdn Bhd changed its name to its present name on 21 July 1994. Teo Seng Paper is principally involved in manufacturing and marketing of egg trays.

The principal place of business of Teo Seng Paper is at Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

The issued share capital of Teo Seng Paper is RM7,000,000 comprising 7,000,000 ordinary shares.

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

Save as disclosed below, there has been no change in the issued share capital of Teo Seng Paper for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
8 December 2016	2,000,000	Cash	RM7,000,000

Teo Seng Paper is a wholly-owned subsidiary of Teo Seng, which in turn is a 51.16%-owned subsidiary of Advantage Valuations, which in turn is a 51.00%-owned subsidiary of LH Malaysia, which in turn is our wholly-owned subsidiary. As at the LPD, Teo Seng Paper does not have any subsidiary, associate or joint venture.

**(xxii) United Global (Registration No. LL07184)**

United Global was incorporated in Labuan under the Labuan Companies Act 1990 on 6 August 2009 as a private limited company under its present name. United Global is principally involved in investment holding and trading of materials.

The registered address of United Global is at Level 15(A1), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia.

The issued share capital of United Global is USD33,623,000 comprising 33,623,000 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of United Global for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
17 June 2016	10,250,000	Cash	USD33,623,000

United Global is our wholly-owned subsidiary. As at the LPD, the direct subsidiaries of United Global are Emivest Feedmill (TG), Emivest Feedmill Vietnam, Leong Hup Cambodia and Leong Hup Feedmill Vietnam, details of which are set out in Sections 6.3.1.3(i) and (ii) of this Prospectus, respectively. As at the LPD, United Global does not have any associate or joint venture.

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

### 6.3.1.2 Our material subsidiaries in Indonesia

#### (i) Bibit Indonesia (Company No. 8120000751236)

Bibit Indonesia was incorporated in the Republic of Indonesia under the Company Law No. 40 of 2007 on 3 December 2001 as a private limited company under its present name. Bibit Indonesia is principally involved in broiler grandparent stock farming.

The principal place of business of Bibit Indonesia is at Jl.RS. Fatmawati, No. 15, Komplek Golden Plaza Blok G No. 17-22, RT. 006/RW. 002, Kelurahan Gandaria Selatan, Kecamatan Cilandak, Kota Jakarta Selatan, DKI Jakarta.

The issued share capital of Bibit Indonesia is IDR42,940,000,000 comprising 42,940,000 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of Bibit Indonesia for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
20 July 2016	42,190,000	Cash	IDR42,940,000,000

As at the LPD, the shareholders of Bibit Indonesia and their shareholdings in Bibit Indonesia are set out below:

<u>Shareholder</u>	<u>No. of ordinary shares</u>	<u>%</u>
Malindo Feedmill	42,883,000	99.87
Lau Joo Kiang	57,000	0.13

As at the LPD, Bibit Indonesia does not have any subsidiary, associate or joint venture.

#### (ii) Malindo Feedmill (Company No. 8120001761284)

Malindo Feedmill was incorporated in the Republic of Indonesia under the Company Law No. 40 of 2007 on 3 December 1997 as a private limited company under the name of PT Gymtech Feedmill Indonesia. PT Gymtech Feedmill Indonesia changed its name into its present name on 4 July 2000. Malindo Feedmill was converted to a public company on 10 February 2006. Malindo Feedmill is principally involved in investment holding, poultry feed industry and day old chicks farming.

The principal place of business of Malindo Feedmill is at Jl.RS. Fatmawati, No. 15, Komplek Golden Plaza Blok G No. 17-22, RT. 006/RW. 002, Kelurahan Gandaria Selatan, Kecamatan Cilandak, Kota Jakarta Selatan, DKI Jakarta.

The issued share capital of Malindo Feedmill is IDR44,775,000,000 comprising 2,238,750,000 ordinary shares.

There has been no change in the issued share capital of Malindo Feedmill for the past three years preceding the LPD:

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

As at the LPD, the shareholders of Malindo Feedmill and their shareholdings in Malindo Feedmill are set out below:

<b>Shareholder</b>	<b>No. of ordinary shares</b>	<b>%</b>
Dragon Amity	1,282,143,142	57.27
LHSg	11,967,200	0.53
Public	944,639,658	42.20

As at the LPD, the direct subsidiaries of Malindo Feedmill are Bibit Indonesia, Leong Ayamsatu, Malindo Food Delight, Mitra Bebek and Prima Fajar, details of which are set out in Sections 6.3.1.2(i) and (iii) of this Prospectus, respectively. As at the LPD, Malindo Feedmill does not have any associate or joint venture.

**(iii) Malindo Food Delight (Company No. 8120000792232)**

Malindo Food Delight was incorporated in the Republic of Indonesia under the Company Law No. 40 of 2007 on 8 April 2011 as a private limited company under the name of Malindo Food Delight. Malindo Food Delight is principally involved in processing and preserving of meat.

The principal place of business of Malindo Food Delight is at Jl. RS. Fatmawati No. 39, Komplek Dutamas Blok A1 No. 30-32, RT. 006/RW. 007, Kelurahan Cipete Utara, Kecamatan Kebayoran Baru, Kota Jakarta Selatan, DKI Jakarta. The issued share capital of Malindo Food Delight is IDR192,847,000,000 comprising 192,847,000 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of Malindo Food Delight for the past three years preceding the LPD:

<b>Date of allotment</b>	<b>No. of ordinary shares</b>	<b>Consideration</b>	<b>Issued share capital</b>
29 June 2016	190,847,000	Cash	IDR192,847,000,000

As at the LPD, the shareholders of Malindo Food Delight and their shareholdings in Malindo Food Delight are set out below:

<b>Shareholder</b>	<b>No. of ordinary shares</b>	<b>%</b>
Malindo Feedmill	192,824,000	99.99
Susilawati Tamrin	23,000	0.01

As at the LPD, Malindo Food Delight does not have any subsidiary, associate or joint venture.

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

### 6.3.1.3 Our material subsidiaries in Vietnam

#### (i) Emivest Feedmill (TG) (Business Registration Certificate No. 1201418945)

Emivest Feedmill (TG) was incorporated in Vietnam under the laws of Vietnam on 5 October 2012 as a private limited company under its present name. Emivest Feedmill (TG) is principally involved in producing animal and poultry feed.

The principal place of business of Emivest Feedmill (TG) is at Lô AV-1,2,3,4,7 KCN Tân Hương, Xã Tân Hương, Huyện Châu Thành, Tỉnh Tiền Giang, Việt Nam.

The total investment of Emivest Feedmill (TG) is VND826,294,456,700 equivalent to USD38,711,893 and the charter capital is VND256,144,360,000 equivalent to USD11,879,000.

Save as disclosed below, there has been no change in the charter capital of Emivest Feedmill (TG) for the past three years preceding the LPD:

<u>Date of investment</u>	<u>Consideration</u>	<u>Charter capital</u>
20 June 2016	Otherwise than cash	VND256,144,360,000 equivalent to USD11,879,000*

**Note:**

\* As stated in the business registration certificate/investment registration certificate as the case may be.

Emivest Feedmill (TG) is a wholly-owned subsidiary of United Global, which in turn is our wholly-owned subsidiary. As at the LPD, Emivest Feedmill (TG) does not have any subsidiary, associate or joint venture.

#### (ii) Emivest Feedmill Vietnam (Business Registration Certificate No. 3701642642)

Emivest Feedmill Vietnam was incorporated in Vietnam under the laws of Vietnam on 19 October 2009 as a private limited company under its present name. Emivest Feedmill Vietnam is principally involved in operating poultry and breeder farms and producing animal and poultry feed.

The principal place of business of Emivest Feedmill Vietnam is at Lô A\_11A\_CN, Khu công nghiệp Bàu Bàng, Xã Lai Uyên, Huyện Bàu Bàng, Tỉnh Bình Dương, Việt Nam.

The total investment of Emivest Feedmill Vietnam is VND532,909,592,400 equivalent to USD27,107,758,44 and the charter capital is VND318,674,500,000 equivalent to USD14,700,000.

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

Save as disclosed below, there has been no change in the charter capital of Emivest Feedmill Vietnam for the past three years preceding the LPD:

<u>Date of investment</u>	<u>Consideration</u>	<u>Charter capital</u>
12 July 2016	Otherwise than cash	VND156,769,500,000 equivalent to USD7,100,000*
4 January 2017	Otherwise than cash	VND318,674,500,000 equivalent to USD14,700,000*

**Note:**

\* As stated in the business registration certificate/investment registration certificate as the case may be.

Emivest Feedmill Vietnam is a wholly-owned subsidiary of United Global, which in turn is our wholly-owned subsidiary. As at the LPD, Emivest Feedmill Vietnam does not have any subsidiary, associate or joint venture.

### 6.3.1.4 Our material subsidiaries in Singapore

(i) **Dragon Amity (Registration No. 201227333R)**

Dragon Amity was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 6 November 2012 as a private limited company under its present name. Dragon Amity is principally involved in investment holding.

The principal place of business of Dragon Amity is at 233 Pandan Loop, Singapore 128421.

The issued share capital is SGD283,189,803 comprising 283,189,803 ordinary shares.

There has been no change in the issued share capital of Dragon Amity for the past three years preceding the LPD.

Dragon Amity is our wholly-owned subsidiary. As at the LPD, the direct subsidiary of Dragon Amity is Malindo Feedmill, details of which is set out in Section 6.3.1.2(ii) of this Prospectus. As at the LPD, Dragon Amity does not have any associate or joint venture.

(ii) **ES Food (Registration No. 201220674G)**

ES Food was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 21 August 2012 as a private limited company under its present name. ES Food is an investment holding company.

The principal place of business of ES Food is at 18 Senoko Way, Woodlands East Industrial Estate, Singapore 758040.

The issued share capital is SGD46,504,229 comprising 49,375,933 ordinary shares.

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

Save as disclosed below, there has been no change in the issued share capital of ES Food for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
8 December 2016	14,999,900	Otherwise than cash	SGD12,128,296
21 November 2017	34,375,933	Otherwise than cash	SGD46,504,229

As at the LPD, the shareholders of ES Food and their shareholdings in ES Food are set out below:

<u>Shareholder</u>	<u>No. of ordinary shares</u>	<u>%</u>
Lee Say	37,022,236	75.00
LHSg	12,353,697	25.00

As at the LPD, the direct subsidiaries of ES Food are Leong Hup Distribution, Leong Hup Food, Soonly Food and Safa Gourmet, details of which are set out in Sections 6.3.1.4 (vi), (vii) and (x) of this Prospectus, respectively. As at the LPD, ES Food does not have any associate or joint venture.

**(iii) Hup Heng Poultry (Registration No.199004442Z)**

Hup Heng Poultry was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 7 September 1990 as a private limited company under its present name. Hup Heng Poultry is principally involved in slaughtering of poultry, wholesale, processing and preserving of meat.

The principal place of business of Hup Heng Poultry is at 30 Senoko Crescent, Singapore 758279.

The issued share capital is SGD2,000,000 comprising 2,000,000 ordinary shares.

There has been no change in the issued share capital of Hup Heng Poultry for the past three years preceding the LPD.

As at the LPD, the shareholders of Hup Heng Poultry and their shareholdings in Hup Heng Poultry are set out below:

<u>Shareholder</u>	<u>No. of ordinary shares</u>	<u>%</u>
Lee Say	1,343,530	67.18
Ma Seow Juen	175,000	8.75
Ma Chin Shun	175,000	8.75
Tan Koon Seng	100,000	5.00
Ma Chin Chew	206,470	10.32

As at the LPD, Hup Heng Poultry does not have any subsidiary, associate or joint venture.



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

### (iv) Kendo Trading (Registration No. 199002650G)

Kendo Trading was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 1 June 1990 as a private limited company under its present name. Kendo Trading is principally involved in slaughtering, processing and sale of fresh and frozen poultry products.

The principal place of business of Kendo Trading is at 233 Pandan Loop, Singapore 128421.

The issued share capital is SGD2,500,000 comprising 2,500,000 ordinary shares.

There has been no change in the issued share capital of Kendo Trading for the past three years preceding the LPD.

Kendo Trading is a 51.00%-owned subsidiary of Lee Say which in turn is a wholly owned subsidiary of LHSg, which in turn is our wholly owned subsidiary. As at the LPD, the direct subsidiary of Kendo Trading is Wang Xiang Shun. As at the LPD, Kendo Trading does not have any associate or joint venture.

### (v) Lee Say (Registration No. 197701029W)

Lee Say was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 16 May 1977 as a private limited company under the name of Lee Say Sugar Factory (Pte) Ltd. Lee Say Sugar Factory (Pte) Ltd changed its name to Lee Say Poultry Factory Pte Ltd on 26 April 1991, to Lee Say Sugar Factory (Pte) Ltd on 4 July 1991 and subsequently to its present name on 20 November 2009. Lee Say is principally involved in slaughtering, processing and sale of fresh and frozen poultry and investment holding

The principal place of business of Lee Say is at 18 Senoko Way, Woodlands East Industrial Estate, Singapore 758040.

The issued share capital is SGD1,180,500 comprising 1,180,500 ordinary shares.

There has been no change in the issued share capital of Lee Say for the past three years preceding the LPD.

Lee Say is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, the direct subsidiaries of Lee Say are LS Breeding, ES Food, Hup Heng Poultry, Kendo Trading, LS Food and Tasty Meat, details of which are set out in Section 6.3.1.1(xiii), Sections 6.3.1.4(ii), (iii), (iv) and (xi) of this Prospectus, respectively. As at the LPD, Lee Say does not have any associate or joint venture.

### (vi) Leong Hup Distribution (Registration No. 196700391C)

Leong Hup Distribution was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 7 November 1967 as a private limited company under the name of Tai Wee Company (Private) Limited. Tai Wee Company (Private) Limited changed its name to Leong Hup Distribution on 2 January 2018. Leong Hup Distribution is principally involved in general trading of frozen food products and provision of warehousing activities.

The principal place of business of Leong Hup Distribution is at 31 Fishery Port Road, Singapore 619741.

The issued share capital is SGD3,000,000 comprising 3,000,000 ordinary shares.

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

There has been no change in the issued share capital of Leong Hup Distribution for the past three years preceding the LPD.

Leong Hup Distribution is a wholly-owned subsidiary of ES Food which in turn is a 75.00%-owned subsidiary of Lee Say, which in turn is a wholly owned subsidiary of LHSg, which in turn is our wholly owned subsidiary. As at the LPD, Leong Hup Distribution does not have any subsidiary, associate or joint venture.

**(vii) Leong Hup Food (Registration No. 199102277N)**

Leong Hup Food was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 16 May 1991 as a private limited company under the name of KSB Holdings Pte Ltd and changed its name to KSB Distribution Pte Ltd on 20 March 1999 and subsequently changed to its present name on 31 July 2018. Leong Hup Food is principally involved in general import and distribution of chickens and other meat products.

The principal place of business of Leong Hup Food is at 4 Senoko Way, Senoko Industrial Estate, Singapore 758028.

The issued share capital is SGD750,000 comprising 750,000 ordinary shares.

There has been no change in the issued share capital of Leong Hup Food for the past three years preceding the LPD.

Leong Hup Food is a wholly-owned subsidiary of ES Food, which in turn is a 75.00%-owned subsidiary of Lee Say, which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, Leong Hup Food does not have any subsidiary, associate or joint venture.

**(viii) LHSg (Registration No. 201723332W)**

LHSg was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 16 August 2017 as a private limited company under its present name. LHSg is principally involved in investment holding.

The principal place of business of LHSg is at 6 Senoko Way, Senoko Industrial Estate, Singapore 758029.

The issued share capital of LHSg is SGD41,681,001 comprising 41,682 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of LHSg for the past three years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Issued share capital</u>
16 August 2017	1	Cash	SGD1
6 December 2017	36,800	Otherwise than cash	SGD36,800,001
8 March 2018	4,881	Otherwise than cash	SGD41,681,001

LHSg is our wholly-owned subsidiary. As at the LPD, the direct subsidiary of LHSg is Lee Say, details of which is set out in Section 6.3.1.4(v) of this Prospectus. As at the LPD, LHSg does not have any associate or joint venture.

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

### (ix) **Prestige Fortune (S) (Registration No. 201120654W)**

Prestige Fortune (S) was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 1 September 2011 as a private limited company under its present name. Prestige Fortune (S) is principally involved in wholesale and distribution of poultry.

The principal place of business of Prestige Fortune (S) is at 18 Senoko Way, Woodlands East Industrial Estate, Singapore 758040.

The issued share capital is SGD200,000 comprising 200,000 ordinary shares.

There has been no change in the issued share capital of Prestige Fortune (S) for the past three years preceding the LPD.

Prestige Fortune (S) is a wholly-owned subsidiary of Prestige Fortune which in turn is a 55.00%-owned subsidiary of LS Breeding, which in turn is a wholly-owned subsidiary of Lee Say, which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, Prestige Fortune (S) does not have any subsidiary, associate or joint venture.

### (x) **Soonly Food (Registration No. 199103305N)**

Soonly Food was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 6 July 1991 as a private limited company under its present name. Soonly Food is principally involved in slaughtering, processing and sale of fresh and frozen poultry.

The principal place of business of Soonly Food is at 4 Senoko Way, Senoko Industrial Estate, Singapore 758028.

The issued share capital is SGD1,000,000 comprising 1,000,000 ordinary shares.

There has been no change in the issued share capital of Soonly Food for the past three years preceding the LPD.

Soonly Food is a wholly-owned subsidiary of ES Food, which in turn is a 75.00%-owned subsidiary of Lee Say, which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, Soonly Food does not have any subsidiary, associate or joint venture.

### (xi) **Tasty Meat (Registration No. 198502058Z)**

Tasty Meat was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 28 September 1985 as a private limited company under its present name. Tasty Meat is principally involved in manufacturing, importing, exporting, storing and packing of processed meats.

The principal place of business of Tasty Meat is at 13 Tuas Bay Walk, Singapore 637759.

The issued share capital is SGD550,000 comprising 550,000 ordinary shares.

There has been no change in the issued share capital of Tasty Meat for the past three years preceding the LPD.

Tasty Meat is a 80.00%-owned subsidiary of Lee Say, which in turn is a wholly-owned subsidiary of LHSg, which in turn is our wholly-owned subsidiary. As at the LPD, the shareholders of Tasty Meat and their shareholdings in Tasty Meat are set out below:

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

<b>Shareholder</b>	<b>No. of ordinary shares</b>	<b>%</b>
Lee Say	440,000	80.00
Choo Joo Thong	110,000	20.00

As at the LPD, Tasty Meat does not have any subsidiary, associate or joint venture.

**6.3.1.5 Our material subsidiaries in Philippines****(i) LHPHi (Company No. CS201515154)**

LHPHi was incorporated in Philippines under the laws of the Republic of the Philippines on 30 July 2015 as a private limited company. LHPHi is principally involved in raising, breeding, cross-breeding, fattening and pasturing of poultry and similar stocks.

The principal place of business of LHPHi is at Penthouse-06 Landsdale Tower Condominium, 86 Mother Ignacia St, Quezon City.

The issued share capital is PHP500,000,000 comprising 500,000,000 ordinary shares.

Save as disclosed below, there has been no change in the issued share capital of LHPHi for the past three years preceding the LPD:

<b>Date of allotment</b>	<b>No. of ordinary shares</b>	<b>Consideration</b>	<b>Issued share capital</b>
1 March 2017	81,000,000	Cash	PHP90,000,000
17 August 2018	410,000,000	Cash	PHP500,000,000

LHPHi is our wholly-owned subsidiary. As at the LPD, the direct associate of LHPHi is Greatmammoth.

As at the date of the LPD, save for the outstanding 49,998,775 Teo Seng warrants, our Group does not have any other outstanding warrants, options, convertible securities or uncalled capital.

None of our Shares and shares capital in our material subsidiaries were issued and allotted at a discount or have any special terms. Our issued Shares and the issued shares of our material subsidiaries are fully paid-up.

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

During the last financial year up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' securities.

## 7. BUSINESS OVERVIEW

### 7.1 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. For the FPE 31 October 2018, we produced 414.4 million DOCs, 1.1 billion eggs and 1.8 million MT of feed.

Our markets have significant potential for growth, with forecast GDP growth of between 4.5% (for Singapore) and 9.7% (for Vietnam) from 2018 to 2021 and a rapidly growing, young middle class. Consumption of poultry meat in our markets is low compared to more developed markets, with 13.0 kg per person in Indonesia in 2018, compared to 49.8 kg in the United States. Based on rising levels of disposable income in our markets and the relative affordability and religious neutrality of poultry meat, we believe that poultry consumption in our markets will continue to rise. See Section 7.2.1 of this Prospectus for further details on rising poultry consumption.

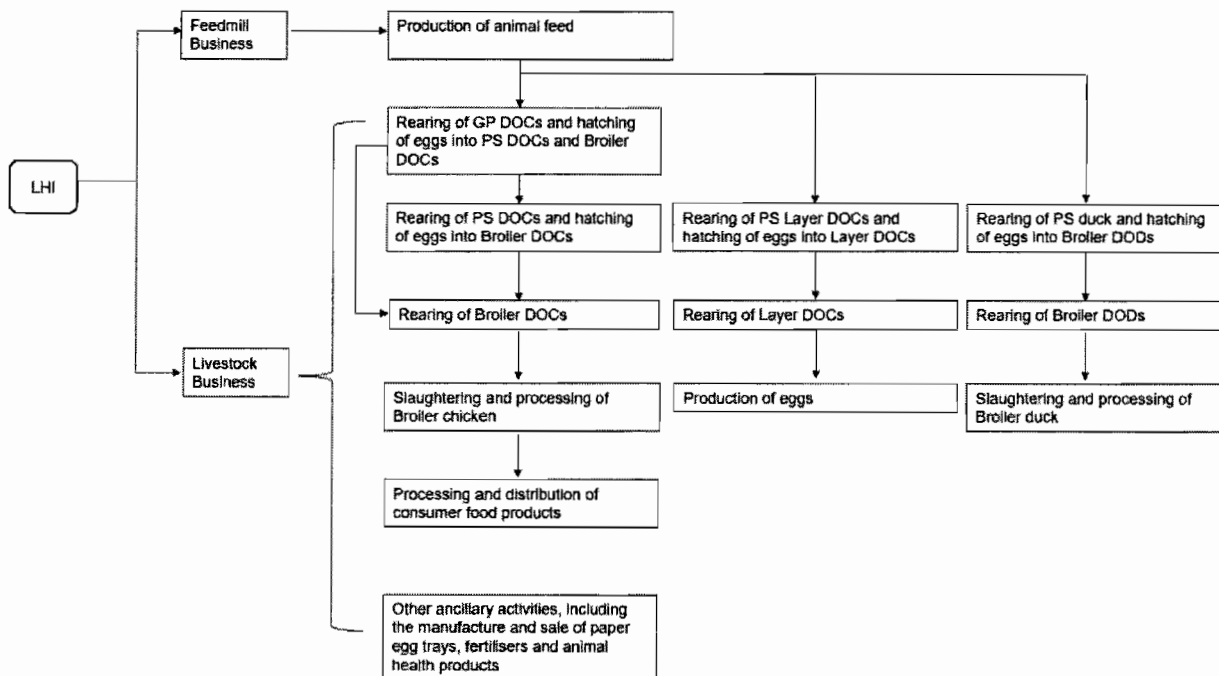
We are fully integrated across the entire poultry value chain. Our operations consist of:

- (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.

We currently conduct our Feedmill Business in Malaysia, Indonesia and Vietnam and our Livestock Business in all five countries where we operate.

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

The following chart illustrates the fully integrated value chain of our operations. See Section 7.5 of this Prospectus for further details of our operations.

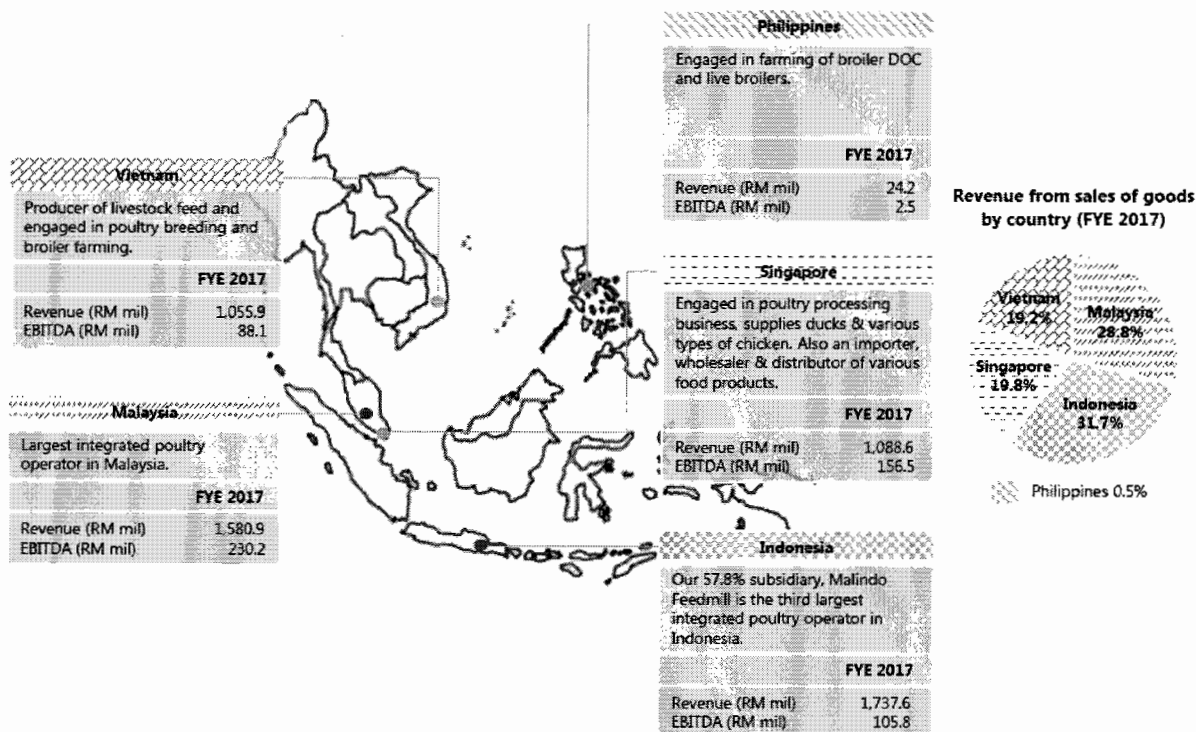


Our business model has been to establish livestock and feedmill operations in one market, starting with Malaysia throughout the 1980's, and then to expand into new markets by replicating those operations in these new markets. When entering new markets, we first establish livestock operations, either organically or through acquisitions, and we then establish feedmill operations once our livestock operations are large enough to ensure that our feedmills run at least at financial break-even levels by meeting the demand from our own livestock operations.

In Malaysia, our listed subsidiary, Teo Seng, is the only subsidiary within our Group that is involved in the business of table eggs production. For as long as Teo Seng remains as our subsidiary and also remains listed on the Main Market of Bursa Securities, we have no intention to venture into the business of table eggs production, other than through the Teo Seng Group, in the markets where the Teo Seng Group has presence.

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

The following map shows the countries where we currently operate and our business activities in each of these countries:



We supply:

- livestock feed externally to distributors, farmers and wholesale agents, as well as internally to entities within our Group;
- PS DOCs and Broiler DOCs externally to farmers and/or distributors, as well as internally to entities within our Group;
- live poultry to wet markets; and
- fresh eggs and processed poultry to supermarkets and QSRs.

The table below sets out certain operational data of our Group for the financial years/period indicated:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Number of DOCs supplied (millions) <sup>(1)</sup> .....	452.5	464.0	488.0	422.3
Broiler chicken supplied (millions) <sup>(2)</sup> .....	103.2	102.3	107.0	102.3
Livestock feed supplied (MT) <sup>(3)</sup> ..	1,660,994	1,804,920	1,963,370	1,735,590
Eggs sold (millions) <sup>(4)</sup> .....	1,645.9	1,766.6	1,726.1	1,391.4

**Notes:**

- (1) These figures reflect the total of PS DOCs, Broiler DOCs and Layer DOCs supplied internally and sold externally.
- (2) These figures reflect the total of Broiler chicken supplied internally and sold externally.
- (3) These figures reflect the total of livestock feed supplied internally and sold externally.
- (4) All eggs are sold to third parties.

## 7. BUSINESS OVERVIEW (Cont'd)

The table below sets out details of the contributions of our Feedmill Business and our Livestock Business to our 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	%
<b>Revenue from sales of goods</b>										
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
<b>Revenue from other sources</b>										
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	*
<b>Total</b>	<b>4,714,566</b>	<b>100.0</b>	<b>5,257,390</b>	<b>100.0</b>	<b>5,501,364</b>	<b>100.0</b>	<b>4,568,075</b>	<b>100.0</b>	<b>4,690,295</b>	<b>100.0</b>

**Note:**

\* *Negligible*

From the FYE 31 December 2015 to FYE 31 December 2017, our revenue grew at a CAGR of 8.0%, with revenue from our Feedmill Business growing at a CAGR of 12.4% and revenue from our Livestock Business growing at a CAGR of 5.8%.

### 7.2 Competitive strengths

Our competitive strengths are as follows:

#### 7.2.1 Operating in fast-growing ASEAN consumer markets with rising poultry consumption

We operate in attractive consumer markets in Southeast Asia with significant growth potential, whose development is driven by compelling macro-economic fundamentals. These fundamentals include a large, young and growing population; increasing affluence and disposable income, in particular in an expanding middle class; and significant growth potential in the consumption of proteins, especially poultry.

The total population in ASEAN is over 650.5 million people in 2018 and is expected to grow to over 673.5 million people by the end of 2021. With regard to the five countries where we operate, their total population will grow from over 505.0 million people currently to almost 525.9 million people by the end of 2021, with the population of the Philippines growing at a CAGR of 2.0%, Malaysia and Indonesia by 1.3% each, Vietnam by 1.0% and Singapore by 0.9%, during this period. The average age in these countries, meanwhile, ranges from 23.7 years in the Philippines to 34.9 years in Singapore, compared to 43.2 years in the EU and 47.7 years in Japan. These strong macro-economic dynamics drive robust growth in disposable incomes and private consumption across these markets. The forecast CAGR for GDP for the period from 2018 to 2021 is 7.5% for Malaysia, 9.7% for Vietnam, 8.4% for the Philippines, 7.8% for Indonesia and 4.5% for Singapore, compared to 4.1% for the United States and 3.6% for the EU. Growth in disposable income in the markets where we have presence contributes to higher discretionary buying power, particularly in the lower segment of the middle-income bracket, and we expect these brackets to have the biggest impact on growth in poultry consumption in our markets. The forecast CAGR for per capita disposable income from 2018 to 2021 is 5.3% for Malaysia, 3.5% for Indonesia, 4.8% for Vietnam, 2.1% for Singapore and 3.5% for the Philippines. See Section 8 of this Prospectus for further details on the macroeconomic overview of the ASEAN consumer market.



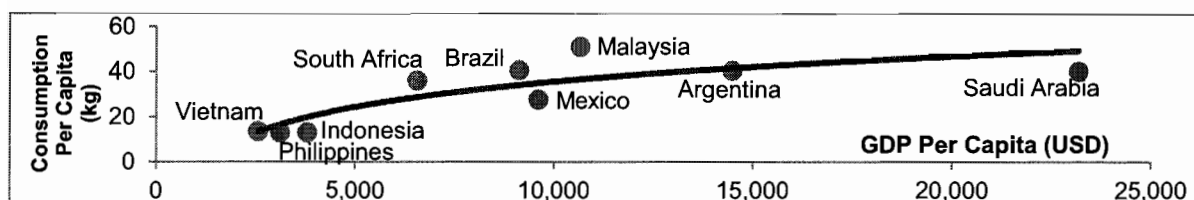
**7. BUSINESS OVERVIEW (Cont'd)**

The growing affluence (from a low base) of the consumer groups in the middle- and lower-income brackets is expected to drive an increase in protein food consumption in Southeast Asia. For example, the contribution of protein to average daily energy intake per capita increased from 11.5% in 2011 to 11.7% in 2016 in Indonesia and from 14.3% in 2003 to 15.2% in 2014 in Malaysia. Per capita protein consumption is currently low in the markets where we operate, compared to other, more developed markets around the world. In 2018, estimated poultry meat consumption was 13.0 kg per person in Indonesia, 12.8 kg per person in the Philippines and 13.5 kg per person in Vietnam, compared to 49.8 kg per person in the United States. Poultry consumption in Malaysia in 2018 was higher than in our other Southeast Asian markets, at an estimated 51.0 kg per person, mainly as a result of religious practices prohibiting the consumption of swine, historical cultural preferences for poultry and high levels (in absolute terms) of GDP and personal disposable income compared to Indonesia (the market that is most comparable to Malaysia in terms of religious preferences). Nonetheless, the forecast CAGR for poultry meat consumption in Malaysia is 3.1% from 2018 to 2021. Similarly, in 2018, estimated total meat consumption was 29.7 kg per capita in our countries of operations, compared to 101.3 kg in the United States and 69.5 kg in the EU. See Section 8 of this Prospectus for further details on consumption of meat in consumer groups globally.

There is a strong positive correlation between the level of a country's economic development, in particular its levels of per capita disposable income, and the consumption of protein in that country. For example, in Vietnam, per capita disposable income grew at a CAGR of 5.2% from 2012 to 2018, while per capita consumption of poultry meat grew from 12.2 kg in 2012 to 13.5 kg in 2018. See Section 8 of this Prospectus for further details on the increase in consumption of poultry meat. As a result, we expect per capita protein consumption to grow rapidly in the markets where we have presence as personal disposable income increases.

The following chart illustrates the trend of increasing poultry meat consumption with increasing levels of GDP per capita across selected countries:

**Consumption of Poultry Meat vs. GDP Per Capita in Selected Countries, 2018 Estimates**



Source: OECD; UN; Frost & Sullivan Estimates

Poultry is the preferred animal-based protein with Southeast Asian consumers, given its relative affordability and quality, its religious neutrality and the increasing penetration and popularity of QSRs. The affordability and quality of poultry meat are driven largely by the sophisticated genetics involved in rearing poultry, and by sophisticated breeding and farming practices. It is comparatively cheap and efficient to produce high-quality poultry in Southeast Asia, as compared to other types of animal-based proteins. Frost & Sullivan estimates that chicken is three to four times more affordable than beef in Indonesia, Malaysia, Singapore and Vietnam, based on cost price index. See Section 8 of this Prospectus for further details on the demand drivers in the poultry industry. Poultry has a lower FCR than swine and beef, and constant improvements in the quality of livestock feed contribute to further improvements in productivity and therefore, affordability.

## 7. BUSINESS OVERVIEW (Cont'd)

Poultry is also the only animal-based protein that is neutral in terms of religion. This is particularly important in our two largest markets, Indonesia and Malaysia, which have large Muslim populations that generally do not consume swine (which is the second-cheapest form of protein after chicken). We believe that with a combined Muslim population of 227.3 million people as of 2010 (and forecast of 289.6 million people by 2050), these two countries alone present a significant opportunity for increased poultry consumption.

In addition, QSRs that focus on poultry are gaining in popularity across the region and are offering a wide variety of chicken dishes to consumers, and we believe that the growth in disposable income and changes in lifestyle for young working adults will drive the opening of more QSR outlets in our markets, including large international restaurant chains such as KFC, Nando's and McDonald's. For example, McDonald's announced in December 2017 that it plans to grow its network in Malaysia by an additional 450 restaurants by 2025, and KFC announced in October 2018 that it plans to add 24 new outlets in 2019 following the opening of 23 outlets in 2018 in Malaysia. We expect the growth of these restaurant chains to continue to contribute to rising demand for poultry products in our markets.

### 7.2.2 A leading "pure-play" poultry producer, with strong economies of scale and a leading market share in most of our product segments

We are a pure-play poultry producer, with a singular focus on the production of poultry and with sufficient size to achieve meaningful economies of scale in our production processes and raw material procurement. Our focus solely on poultry production has allowed us to build up significant expertise along the entire value chain of this particular industry from the formulation and production of livestock feed to downstream sales of poultry products. We believe that the poultry industry in Southeast Asia has strong growth potential, aided by the shorter life-cycle of poultry compared to beef and swine. Chicken has a shorter slaughter age than beef and swine, with five to seven weeks for chicken, compared to 18 months for cattle and five to six months for swine, which allows for quicker adjustments to market fluctuations of supply and demand.

We are the largest integrated poultry producer in Malaysia and among the top three integrated poultry producers in Indonesia and Vietnam in 2017. See Section 8 of this Prospectus for further details on the competitive landscape in which we operate. Our goal is to be the market leader in the production of livestock and other poultry related products and livestock feed. With an annual production in 2017 of 495.6 million DOCs, 99.1 million of Broiler chicken, almost 2.0 million MT of livestock feed and over 1.7 billion eggs, we have a scale that gives us an advantage over smaller competitors in the sourcing of raw materials and the production and distribution of poultry and livestock feed, as evidenced by our ability to grow our business across different markets. We established our Livestock Business and Feedmill Business in Malaysia and have a proven track record of successfully replicating our systems and best practices in other new markets, such as Indonesia and Vietnam, to gain significant market share.

In addition, we continually invest in our production infrastructure in order to maximise efficiencies and to ensure that our facilities conform to the highest global standards. Over the last three years, we have invested substantial capital expenditures on the maintenance and improvement of our facilities across all stages of the production value chain, including new lines in our existing feedmills, the construction of new feedmills (in Vietnam), the expansion of our farms and the continuous conversion of open-house to closed-house farms. See Section 12 of this Prospectus for further information on our capital expenditures. The construction and operation of large feedmills in particular require significant capital investments and working capital, and we have strong operating cash flows and relationships with banks that enable us to continue making these investments.

## 7. BUSINESS OVERVIEW (Cont'd)

We believe that our significant size and scale position us well to benefit from the consolidation that we expect to take place in the Asian poultry industry in the coming years, both by taking additional market share when smaller industry participants disappear and through potential acquisitions on an opportunistic basis. For further details on our strategies, see Section 7.3 of this Prospectus.

### 7.2.3 Industry with significant barriers to entry, such as industry know-how and regulatory restrictions, providing us with a sustained competitive advantage

Our size, experience and scalable platform are difficult for smaller competitors or new market entrants to replicate, and significant barriers to entry in the Southeast Asian poultry markets make it difficult for other poultry companies to penetrate these markets. With more than 40 years of experience in poultry production, across the entire value chain, we have built up substantial institutional knowledge and expertise in all phases of the poultry industry. We are able to manage all aspects of poultry production, from sourcing the right genetics, to continually improving livestock feed formulation and production, to quality control and production of DOCs and Broilers, to relationships with contract farmers and customers. Land ownership for foreign entities is highly regulated and restrictive in some of the countries where we operate, and we have significant expertise in the acquisition and ownership of suitable locations for our farms, hatcheries and feedmills in all of our markets, including access to and management of water resources. It would take significant amount of time, manpower and capital to replicate our expertise in all phases of the poultry value chain and in the various markets where we operate.

In addition, there are strict quality and compliance standards in the countries where we operate, and many QSRs and supermarkets have exacting quality control standards that can be difficult for new market entrants to meet. Our facilities are certified according to international standards, such as ISO FSMS, HACCP and Food Safety Partners, and our poultry meat has the requisite Halal certification wherever required, which is a key element in markets such as Malaysia and Indonesia.

In the countries where we operate, our operations are subject to regulatory restrictions and requirements that can be onerous and voluminous and affect all aspects of our business. This includes the import of raw materials such as corn, state influence on pricing and supply of DOCs, certification requirements for farm and slaughterhouse operations, land ownership, and other licensing requirements that can be cumbersome and that require expertise and experience to manage successfully.

Because of our size, reputation and track record (in particular in matters such as biosecurity and product quality), we also have access to high-quality genetics companies, such as Cobb and Aviagen, and have built up strong relationships with them. These global genetics companies generally work with the largest farms in each geographical area who then distribute the genetic profile to smaller farms. Our access to quality genetics brings with it several advantages, including the creation of hybrid chicken species that grow larger in size, grow faster and lay eggs with better colour and strength and improved chemical composition, compared to chicken with inferior genetics. Poultry with higher-quality genetics also have higher nutrient absorption than other poultry, which means that we also benefit from better FCRs, especially when we are able to combine strong genetics with our experience in livestock feed production and the dynamic optimisation of livestock feed composition as genetics evolve.

## 7. BUSINESS OVERVIEW (Cont'd)

The quality of our DOCs and our poultry meat is significantly influenced by the quality and consistency of the livestock feed that we use, and we have extensive experience and expertise in developing and producing high quality livestock feed and improving our livestock feed over time as our farming operations have grown. One of the most important benefits of our vertical integration is the internal demand for our livestock feed that comes from our Livestock Business and supports the performance of our Feedmill Business. This integration also facilitates our iterative product development efforts and capabilities where we rely on real-time feedback from our downstream livestock operations to continuously improve the quality of our livestock feed. We are able to identify problems arising from our livestock feed products early, and to adjust our livestock feed formulas and production processes accordingly.

### 7.2.4 Scalable platform of operations, providing enhanced value creation across geographies and segments

We are well diversified geographically, with operations in five different countries in Southeast Asia, which provides us with strong resilience and risk mitigation and opportunities for scalable growth. We are the only poultry producer with a presence in these five countries which are the key poultry markets in Southeast Asia. As at 31 October 2018, our network of facilities consists of 241 operated and 656 contracted farms and hatcheries in four countries and 13 feedmills in three countries. Additionally, our fourth feedmill in Dong Nai, Vietnam, has commenced operations in January 2019. This balanced geographic spread makes our operations less susceptible to and more resilient against country-specific risks, such as domestic competition, regulatory risk, price volatility or under-performance by any particular market. In addition, within each country, we seek to locate our feedmills, farms and processing facilities conveniently to transportation hubs, our own downstream facilities and the operations of our customers, to help maintain consistent product quality and freshness, but sufficiently spread across different physical regions to help us hedge against location-specific risks, in particular pandemics and other livestock diseases and fire hazards. Our geographic spread also provides us with an attractive proxy to broad consumer demand growth across Southeast Asia. Our presence in five different countries has also provided us with geographical diversification in revenue streams and helped us to achieve stable margins across our Group. For example, in 2017, while poultry prices came under pressure in Indonesia, our revenue increased from 2016.

We have vast experience in running livestock and feedmill operations in Malaysia and across our other markets, and we are able to leverage on this experience in one market as we expand our business in or into other markets. We have the proven ability to transfer and replicate our successful business model into these markets and then tailor it to fit the local environment and adapt our operations as market dynamics change. For example, when we faced a shortage of imported corn in Indonesia, we adjusted our livestock feed production to use a higher percentage of other raw materials with similar nutritional value. We will be able to leverage on this experience in other markets should similar situations occur. Similarly, as developing markets such as Indonesia and Vietnam grow, and their poultry markets become more organised, we are able to bring our experience in the poultry industry in Malaysia to those markets. We have adapted to country-specific dynamics to create value in each of our markets. In Indonesia and Vietnam, for example, which have very large and challenging geographies, we have created extensive networks of dealers who distribute our feeds to our customers and provide after-sale customer service and medical or veterinary advice to farmers. Similarly, in Malaysia and Singapore, we have integrated our farms operations with downstream activities so that we are able to deliver value-added poultry products that meet our customers' specifications, such as chicken that is pre-marinated pursuant to a specific recipe, and to leverage on our distribution network and trading relationships to address customer requirements for the delivery of imported meat such as beef and lamb.

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

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We believe that the scalable nature of our operating platform, together with our experience in different markets, gives us a significant advantage when expanding our business within our existing markets and entering into new markets. What we have learned in our incumbent markets helps us replicate our industrialised approach to farming and livestock feed production across Southeast Asia, providing us with a cost-effective model for continued growth. We have successfully executed this strategy in our entry into the poultry market in Vietnam, where we grew our operations from nothing to generating over RM1.0 billion in revenue in less than 10 years, and we are now doing the same in growing our operations in the Philippines and in selling our products in Cambodia. With regard to our Feedmill Business, our strategy is to set up feedmill operations in a country only when our Livestock Business is large enough to take up a sufficient percentage of our feedmills' output to ensure that our feedmill operations will run at least at financial break-even levels. This approach allows us to run our feedmills profitably and scale up our livestock feed operations rapidly. As an example, our newest feedmills in Vietnam were able to contribute positively to our financial results within one year of commencing operations.

### **7.2.5 Fully integrated business model, providing operating flexibility, synergies and resilience through the economic cycle**

Our operations are fully integrated, in terms of both value chain and geographic spread across Southeast Asia, which provides us with a significant competitive advantage over other, non-integrated players in the industry with regard to operating flexibility and resilience. We source our genetics directly from leading providers, such as Cobb and Aviagen, and we formulate and produce our own livestock feed for our poultry. Our presence across the entire poultry production value chain gives us the optionality of selling DOCs at any stage in the production process if the market price is right or we expect prices to decline or of further processing them, to the Broiler stage, if we think that this value addition will be compensated by Broiler market prices. This flexibility helps us counter volatilities in product and raw material prices and improve or stabilise our profitability, in a commoditised industry where producers are generally price takers and exposed to constant market price fluctuations. In the last several years, we have increased the number of our own Broiler farms and reduced our use of contract farms, which increases our flexibility in terms of determining the quantum of birds on our farms, in response to current market conditions. We have leveraged this flexibility in our business model in our international expansion, as we have successfully built our operations in new countries by systematically expanding our vertical integration, starting with our Livestock Business and then following with livestock feed production once livestock production reaches critical scale.

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

In addition, our vertical integration enables us to maintain complete control over our production process and product quality and to ensure traceability across the value chain. In our more established markets, in particular Malaysia, we sell most of our livestock feed internally, as we build up our Livestock Business. We receive real-time feedback from our downstream businesses about the quality and performance of our livestock feed, and we are able to customise livestock feed formulations to suit the age and type of our poultry. This enables us to continuously optimise operations at every stage of the production process and helps us to maintain the highest quality at all parts of the value chain. It also helps us to ensure greater food security and traceability, which is an increasingly important issue in Asia and a key driver for premium pricing in the protein industry, as consumers become more aware of health and safety concerns involving food. Because of our operational expertise, we also tend to keep poultry below a certain grade in-house, as we are in the best position to rear them appropriately and ultimately deliver superior quality Broilers to customers. Furthermore, our consistency of practices and sourcing has enabled us to maintain and control the same quality across our different markets in Southeast Asia and to fulfil demands for customers that require supply of DOCs throughout the region. We believe that this superior quality, along with consistency in quality and reliability in supply, has helped build the strong reputation of our brand, allows us to drive premium prices for our livestock and provides us with a degree of resilience against downward price fluctuations, rather than only being a passive price-taker. As a result, we have successfully established long-standing relationships with several high-profile customers in the region, such as Cold Storage and Nando's in Singapore.

Our vertical integration also allows us to benefit from synergies and efficiencies across business segments. We are able to benefit from bundling various products and services, such as selling livestock feed or vitamins and other services (such as vaccinations) along with our DOCs, which provides us with more opportunities for revenue-generation with existing customers. Our Feedmill Business, which contributed 38.9% of our consolidated revenue in the FYE 31 December 2017, also has more stable margins than livestock, which helps stabilise our financial results across our Group. Our scale and integrated business model also helps us control our cost base and makes us financially one of the best-performing integrated poultry companies in Southeast Asia. As one of the largest poultry players in the region, we are able to benefit from collective sourcing for our various segments and geographies, which enables us to negotiate better prices when sourcing raw materials than we otherwise would. In addition, other than with regard to the distribution of our products, we benefit from cutting out middle men at every step of our integrated value chain, which means we can capture profit margin at every stage of the poultry production process.

Our increased use of own Broiler farms rather than contract farms has also resulted in higher farm efficiency, as we are able to run our farms better than most of our contract farmers, who are smaller and less experienced than we are. It also helps us mitigate price volatility, as we are able to guarantee delivery of large volumes of poultry at fixed prices to large customers. Our integrated "Farm-to-Plate" business model allows us to effectively manage quality while optimising our cost efficiencies across the value chain. As a result, we believe that our profit margins are higher and more stable compared to those of poultry companies that are smaller or not fully integrated. See Section 8 of this Prospectus for the advantage of vertical integration. As we consider expansion opportunities in new markets, our know-how gives us a better understanding of the risks and opportunities involved in each stage of the value chain, meaning that we are better able to target the correct timing for our entry into each new market accordingly.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2.6 Robust historical financial growth, underpinned by strong track record and established brand

We have been operating in Malaysia since 1978, and the LH Trademark and several of our other brands are leading regional brands with multiple industry awards over the last decade. These awards are a testament to our reputation for selling top-quality livestock and top-quality livestock feed through our brands. We have a long track-record of supplying many of Malaysia's, Singapore's and Indonesia's major retailers, QSR operators, food service distributors and wholesalers with poultry products, and we have many long-term customer relationships. With regard to our Feedmill Business, our Indonesia operations under Malindo Feedmill have in recent years won awards from the likes of Forbes Indonesia. With regard to our Livestock Business, our customers include supermarkets, wholesalers and QSRS such as Econsave in Malaysia; Cold Storage, KFC, Nando's and Jollibee in Singapore; and Carrefour and Aerofood ACS in Indonesia. See Section 7.25 of this Prospectus for the list of awards.

We have established a strong track record of robust operational and financial growth. From the FYE 31 December 2015 to FYE 31 December 2017, we have grown our operations as follows:

- the number of DOCs supplied has increased from 452.5 million per annum to 488.0 million per annum;
- the number of Broiler chickens supplied has increased from 103.2 million per annum to 107.0 million per annum;
- the number of eggs supplied has increased from 1.6 billion per annum to over 1.7 billion per annum; and
- the amount of livestock feed supplied has increased from 1.7 million MT per annum to almost 2.0 million MT per annum.

We are one of a limited number of companies in Southeast Asia that source GPS from Cobb and Aviagen, who provide highly disease-resistant genetics, and we apply modern breeding and Broiler farm practices, such as closed-house farms and an "all-in, all-out" approach on many of our farms. We have improved our FCR by roughly 9% in the last 10 years. From the FYE 31 December 2015 to FYE 31 December 2017, our revenue has grown from RM4.7 billion to RM5.5 billion, while our net profit has grown from RM166.0 million to RM247.4 million. We derived 38.9% of our consolidated revenue from operations in the FYE 31 December 2017 from our Feedmill Business, which has historically seen low volatility in margins. Our proposed capital expenditure, to be partly funded by the proceeds from the Public Issue, will help us ensure that we have a well-invested asset base to support our continued growth and cash flow generation. See Section 4.6 of this Prospectus for details relating to the use of proceeds.

### 7.2.7 Experienced senior management, supported by seasoned country managers and a prominent investor

Some of the members of our Board of Directors have over 40 years of experience in the animal protein industry, giving them extensive know-how in operations, biology and genetics, and market mechanics in each country where we operate. Our Executive Director/ Group Chief Executive Officer/ President Director of Malindo Feedmill, Tan Sri Lau Tuang Nguang is currently a panel member of the National Agriculture Advisory Council under the MOA.

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

Our Board sets the strategic direction of our Group and guides our country Chief Executive Officers, each of whom has between 15 and 20 years of industry experience and drives the strategy of our operations in each country. Our country Chief Executive Officers, in turn, are supported by operational managers with extensive experience in the day-to-day operations of farms, feedmills, food processing plants and all other aspects of our business in each of our markets. Our operational segment managers have developed modern practices for each of their parts of the business over the years, and they share these competencies across the various Group markets and divisions.

Our management team has driven a strong track record of growth, both organically and through timely acquisitions and is well positioned to steer our Company through our long-term growth plans. The professional know-how of our senior and middle-management teams includes back-end operations such as veterinary medication, pandemic management and livestock feed formulation, as well as consumer-facing elements such as an understanding of regional preferences and consumer behaviour and customer relation management. This operational expertise (coupled with the security of access to high-end genetics) gives us a competitive advantage in our markets. We built our corporate identity around an industrialised approach to farming and poultry operations, and the strength and consistency of this culture facilitates collaboration across business segments, as we apply our processes and policies across our different markets. With this approach, the members of our core management team led our Company through the 1997-98 Asian economic crises, the 2004-2005 Avian Influenza epidemic and the 2008 global financial crisis.

Furthermore, our Group has benefited from the support of a prominent institutional investor in Affinity EPS. Collectively, Affinity EPS and its other branch offices are one of the largest private equity firms in Asia, with over US\$15 billion in aggregate transaction value. Affinity EPS' presence as a key stakeholder has enhanced our Group's profile as a successful player in the integrated poultry market in Southeast Asia.

### **7.3 Future plans and strategies**

We intend to pursue the following strategic initiatives:

#### **7.3.1 Consolidate and expand leadership position in Malaysia and Singapore by driving efficiencies and continuing to grow capacity**

We intend to build on our leading market positions in Malaysia and Singapore by continuing to expand our operations and strengthening our existing competitive advantages.

Malaysia and Singapore are the two most developed markets in which we operate and those where we have the longest operating history. We have established strong leadership positions in each of the feedmill and livestock segments in these markets, and our operations in Malaysia and Singapore, which have contributed about half of our consolidated revenue in the past three years, provide the stability and generate the cash to enable us to expand into new markets and new segments. Within these developed markets, we intend to grow our operations by driving efficiencies, continually improving our processes and adding capacity where possible.



## 7. BUSINESS OVERVIEW (Cont'd)

We intend to leverage on our existing expertise and experience in the construction and operation of large-scale feedmills and poultry farms to continuously improve feedmill efficiencies and farm design and to install modern equipment to reduce labour and other costs. Our track record shows that our industrialised approach to farming makes our business more easily scalable and also facilitates the replication of our business across geographies. We are continuously studying the improvement of our processes and the feasibility of automation in our feedmills and on our farms, and we intend to focus on continuing automation and efficiency improvements in our feedmills in Malaysia, in order to continue to increase our market presence and the scale of our operations. In the short term, we will focus on driving the efficiency and utilisation of our feedmills, including through such initiatives as a computerised weighing system, which has helped us reduce headcount. In the longer term, if and when we reach full capacity, we may also consider adding additional feedmills in strategic locations in Malaysia. Similarly, for our existing farms, we plan to continue replacing remaining open-house farms with closed-house farms, which helps manage headcount and costs, and to improve the efficiency and output of our existing farms through automated systems, such as for environment control. We also expect to buy smaller farms to grow our market share.

In addition, we intend to continue to integrate our downstream food processing operations between Malaysia and Singapore. We expect the QSR market in both Malaysia and Singapore will continue to grow, and we believe that there will be opportunities to market more value-added downstream products, in particular in Singapore. We believe that continued integration and downstream expansion in our developed markets will position us to be able to adapt to changes in the market more quickly and continue to reduce costs and achieve economies of scale.

We also intend to explore acquisitions of other poultry producers or feedmills on an opportunistic basis in order to remain at the forefront of the consolidation that we expect to take place in the industry. As at the LPD, we have not identified any specific acquisition targets. The global poultry industry has undergone consolidation in the past decade, and there were about 100 mergers and acquisitions in the poultry, swine and livestock feed industries in each of 2016 and 2017. In mature markets, such as Malaysia, the share of small-scale farming is shrinking, and we believe that this trend will continue and that the number of small farms will decrease, while larger farms that are able to adopt intensive production systems, capture economies of scale and increase the number of chickens per farm will continue to grow. See Section 8 of this Prospectus for further information relating to industry consolidation. Given our size, our facilities and our scalable platform, we believe that this trend provides us with an opportunity to expand our downstream activities either by taking additional market share organically or through acquisitions on an opportunistic basis.

### **7.3.2 Increase use of our own Broiler farms in Malaysia, in order to control quality and increase efficiency, with a view to replicating this approach in Indonesia and Vietnam**

We intend to continue to reduce our reliance on contract farms in Malaysia by investing in increasing the capacity and efficiency of our own Broiler farm operations. We have allocated approximately RM40.7 million of the proceeds from the Public Issue for the expansion of our Livestock Business in Malaysia, in particular for expansion of our Broiler farms. We have already reduced the number of our contract farms for Broilers in Malaysia to 18 as at 31 October 2018, and while we intend to keep at least some contract farms, we expect their relative importance to decrease further as we expand our Broiler farm business with our own farms.

## 7. BUSINESS OVERVIEW (Cont'd)

Using our own Broiler farms provides us with greater control over the entire poultry value chain and increases our flexibility in terms of numbers of chickens produced and how and when we sell the chickens to third parties. It also gives us greater control over the quality of our Broiler chickens, because we do not depend on the operations of a contract farmer for the quality of our product. Our own farms tend to be significantly larger and better equipped (such as with closed-houses rather than open-houses) than contract farms, which reduces mortality rates and increases quality and efficiency. We also expect that using our own farms will allow us to capture additional market share in the Broiler farming segment. We also intend to capture more of the margins along the entire value chain of chicken production by reducing our reliance on third-party contract farms. Furthermore, we also intend to increase our sales of livestock feed to customers who already purchase our Broiler DOCs.

In the longer term, and when the markets are ready, we intend to replicate this approach in Vietnam and Indonesia. Initially, when we enter into or expand in a new market, we rely on contract farms because they require significantly less capital expenditure and less time to begin or grow operations. However, as these markets and our operations mature, we expect that we will follow our experience in Malaysia and expand increasingly by building and operating our own farms.

### 7.3.3 Continue to grow our integrated business model in our newer markets, with a focus on expanding our upstream operations

We intend to expand our upstream production capacities in our newer markets of Vietnam and the Philippines, in order to achieve greater scale and benefit from continuing growth in the market by undertaking the following projects:

- expanding our Dong Nai feedmill in Vietnam (which has commenced operations in January 2019), with an annual production capacity of 285,120 MT. The expansion of this feedmill will therefore increase our annual production capacity in Vietnam from 1,069,200 MT per annum in 2018 to 1,496,880 MT per annum in 2020;
- constructing an aquaculture feedmill plant in Vietnam (which is expected to commence production in the first quarter of 2021), which will have an estimated annual production capacity of 77,760 MT upon completion; and
- expanding our Feedmill Business into the Philippines by building our first feedmill in that market, with an initial annual production capacity of 144,000 MT, with scope to subsequently upgrade annual production capacity to 240,000 MT.

For further details on the expansion plan, see Sections 4.6.1 and 7.11 of this Prospectus.

With capabilities across the entire value chain and a scalable platform in Southeast Asia, we are well positioned to capture market growth. We intend to expand our operations further in our newer markets, through the continued replication of our successful and scalable business model and with the support of our existing operations in Malaysia and Singapore. We expect the adaptability and experience of our management team in dealing with the intricacies and complexities of different types of developed and developing markets to benefit us in implementing these growth plans.

## 7. BUSINESS OVERVIEW (Cont'd)

In expanding our presence in Vietnam and the Philippines, we intend to apply the best practices of our existing operations to our growth plans. In Vietnam, for example, we intend to expand our operations through the upstream business, as a large portion of economic activity in Vietnam involves household or backyard farming, which generates demand for products such as livestock feed and DOCs, which are more capital-intensive and involve higher technical complexities than small farmers can manage. We intend to identify large, populous sub-markets in Vietnam for additional livestock feed operations in order to continue to build scale, both in our Feedmill Business and in the production of DOCs.

In new markets, such as the Philippines and, potentially, Cambodia, we plan to increase our vertical integration in a systematic manner, in line with our approach of deciding upon entry points that are suitable to the economic configuration of each market. For example, in the Philippines, we entered the market with poultry production and intend to ramp up our livestock feed production gradually in the near term. In Cambodia, we are exploring the market through livestock imports and may enter production there in the future if and when we see sufficient demand from local customers.

### 7.3.4 Invest in processes, technology, people and facilities to meet customer requirements while maintaining low-cost structure

We intend to invest in processes, technology and people, as well as in our facilities, in order to address market demands and continue our strong cost management. We also intend to focus on innovation in the sales and marketing of valued-added, downstream products in order to adapt to evolving customer preferences and increase our revenue in the downstream segment as an additional growth driver.

We seek to enhance our operational efficiency by incorporating new technologies in our operations. For example, to increase the efficiency of feedmill bagging, we are currently implementing automation in our Dong Nai feedmill in Vietnam through the incorporation of a robotic arm in the production line, which was completed in December 2018. The Dong Nai feedmill has commenced operations in January 2019, and it is our first feedmill in Vietnam to incorporate a robotic arm. The total cost of the Dong Nai feedmill is approximately US\$20.3 million. We have also begun to implement farmhouse information technology systems in Malaysia that enable us to monitor our livestock nearly in real time. We weigh the cages containing mature Broiler birds and can monitor the results online and through mobile applications. The information is then fed directly into our databases, and we can use it to schedule more efficient delivery to customers and to issue delivery notes more efficiently. If this system proves successful in Malaysia, we intend to replicate it in our other markets, and we believe our learning process in Malaysia will facilitate this adoption. We also expect to increase automation throughout all parts of our value chain, in order to reduce our dependence on expensive or scarce labour. In these automation initiatives, we receive support from and collaborate with suppliers of equipment and technology. Our goal with these efforts is to help us maintain our low cost base and our strong market position in Southeast Asia.

In addition, we also intend to invest in our workforce, through intensified training initiatives and through building the relevant work-related infrastructure to increase labour productivity. We intend to continue to recruit and train the best talent in the market, in order to ensure a strong workforce and our competitiveness in the market. When entering new markets, we generally locate some senior management who have gained relevant experience in our established markets into those new markets, but we also actively source talent from the current leading local competitors in order to gain additional market-based expertise and leverage on local operational expertise, both for operating staff and professional workers and for middle and senior management. We plan to continue to recruit actively from local and regional universities and agricultural institutions and to work closely with them in setting up training and recruiting programs.

## 7. BUSINESS OVERVIEW (Cont'd)

We have established key performance indicators for our employees, including work efficiency, teamwork spirit, professional knowledge and other key areas, and we conduct periodic review of these areas in order to manage and improve our talent pool.

Furthermore, we also intend to invest in information technology, such as our ERP systems and invoicing systems, as well as to enhance the efficiency of our operations. We intend to use approximately RM6.1 million of the proceeds from the Public Issue to partially fund the purchase and installation of an ERP system in our offices in the Philippines.

### 7.4 Our key milestones

The following table highlights our key milestones:

Year	Key milestone
1960s	The Founding Family commenced Broiler chicken rearing on a "backyard" farming basis in Muar, Johor
1972	Established our first breeder farm in Muar, Johor
1978	Established LH Poultry Farm to take over and assume the Founding Family's poultry business
1984	Established Bintang Lapan Sdn Bhd (now known as A1FC) for our processing plant operations
1985	Established LH Broiler Farm as a result of further expansion and integration, and for specialising in the rearing of Broiler chicken
1988	Established our first GPS farm in Jementah, Johor
1990	LH Holdings listed on the Main Board of the KLSE
1991	Commenced production at our first Malaysian feedmill plant, with an annual production capacity of 138,000 MT
1994	Acquired 51.00% equity interest in Teo Seng Farming, marking our venture into egg production
1995	Acquired 51.00% equity interest in Lee Say, which owned a processing plant in Singapore
1996	Commenced our first venture in Indonesia through the incorporation of Leong Ayamsatu
1997	Established PT Gymtech Feedmill Indonesia (now known as Malindo Feedmill)
1998	Launched our own premium egg brand, "Happy Egg"
2000	Acquired our first feedmill in Indonesia, with an annual production capacity of 150,000 MT
2001	Acquired our first PS farm in Indonesia, with an annual production capacity of 50.0 million Broiler DOCs
2002	Listing of Emivest on Second Board of the KLSE

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

<b>Year</b>	<b>Key milestone</b>
2006	Listing of Malindo Feedmill on Jakarta Stock Exchange (now known as Indonesia Stock Exchange)  Commenced our GPS farm operations in Indonesia  Acquired 51.00% equity interest in Kendo Trading, which owned a duck processing plant in Singapore
2007	Commenced our first breeder farm venture in Vietnam
2008	Listing of Teo Seng on the Second Board of Bursa Securities (now known as the Main Market of Bursa Securities following the merger of the Main Board and Second Board of Bursa Securities)
2009	Commenced our operation in manufacturing and marketing of vitamin and mineral premixes for supply to the feedmill industry, with an annual production capacity of over 6,000 MT
2011	Commenced production at our first Vietnam feedmill plant
2013	Established our food processing business in Indonesia
2015	Established our first venture in the Philippines
2016	Commenced our first breeder farm operations in the Philippines
2017	Acquired the remaining 49.00% equity interest from the minority shareholders of Lee Say, via LHSg  Commenced operations at our first hatchery in the Philippines with an annual hatching capacity of 12.0 million Broiler DOCs  Commenced production of animal medicines and vitamins in our Binh Duong plant in Vietnam
2019	Completed construction and commenced operations of our fully automated cold-storage facility in Singapore

**7.5 Our operations**

Our operations consist of:

- (i) our Feedmill Business, which comprises the formulation, production and sale of feed for a variety of livestock; and
- (ii) our Livestock Business, which comprises the rearing of GPS DOCs, PS DOCs and Broiler DOCs for internal use and external sale, the sale of Broiler chicken, the production of a fresh range of eggs from Layer chickens, the sale of Broiler duck and the distribution of fresh and processed consumer food products.

As at the LPD, we do not have any new significant products or services that we plan to introduce.

## 7. BUSINESS OVERVIEW (Cont'd)

For our Feedmill Business, as at 31 October 2018 we own and operate 13 feedmills spread across three countries with total production capacity of 2,602,902 MT. We have since added an additional feedmill line to our Westport feedmill in Malaysia in November 2018, and our fourth feedmill in Dong Nai, Vietnam has commenced operations in January 2019. For our Livestock Business, we operate 241 farms and hatcheries spread across four countries and six slaughtering plants spread across three countries. We also use 656 contract farms across four countries to establish and grow our presence in the countries. We also distribute fresh and processed consumer food products in Malaysia, Indonesia and Singapore.

### 7.5.1 Feedmill Business

#### *Introduction*

We are the largest integrated producer of livestock feed in Malaysia and the third-largest in Indonesia and Vietnam, by annual production output in 2017. In 2017, our market share was approximately 10.5% in Malaysia, 5.5% in Indonesia and 4.0% in Vietnam, by annual production of livestock feed. See Section 8 of this Prospectus.

We produce feed for GPS, PS, Broiler chicken, Layer chicken, Broiler duck, swine, quail, aquatic animals and certain domestic pets. Our livestock feed has high nutritional value, tailored to the type of livestock and rearing stage. For example, chicks will consume feed in mashed or crumbled form while more mature chicken will consume feed in pellet form. The raw materials we use for livestock feed production are subject to stringent quality control testing. We also continuously adjust our livestock feed formulations to maximise nutritional value, improve livestock feed efficiency, performance and optimise cost.

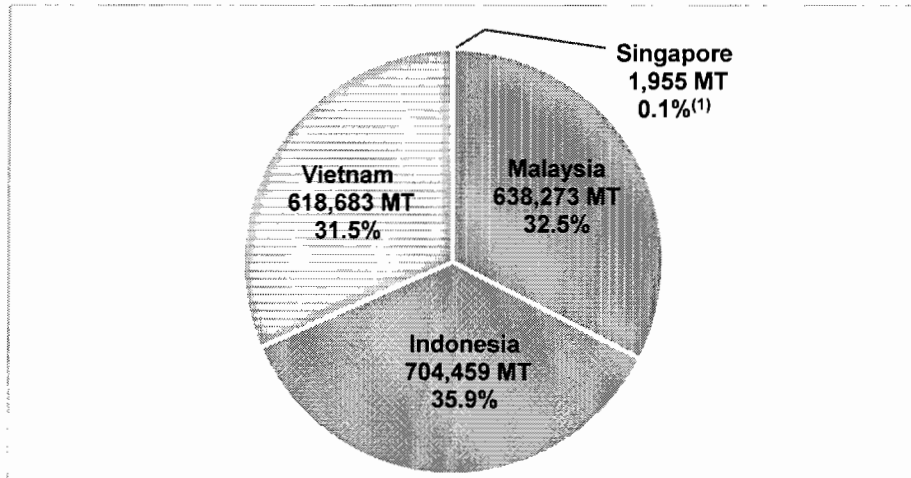
The key brand name we use in Malaysia and Vietnam is "Leong Hup", and the key brand name we use in Indonesia is "Malindo". Other livestock feed brands that we market are "Gymtech" in Vietnam, "Emivest" in Vietnam and "A88" in Indonesia.

As at 31 October 2018, we own and operate five feedmills in Malaysia, five feedmills in Indonesia and three feedmills in Vietnam, and our fourth feedmill in Dong Nai, Vietnam, has commenced operations in January 2019. Our feedmills are strategically located across Malaysia, Indonesia and Vietnam with transportation links to ports and poultry farming areas, thereby increasing efficiency and reducing our transportation costs.

Our Feedmill Business provides almost all of the livestock feed required for our Livestock Businesses in Malaysia, Indonesia and Vietnam. We only purchase a small quantity of livestock feed from third parties. We operate our Indonesia Feedmill Business through Malindo Feedmill, a public company listed on the Indonesia Stock Exchange since 10 February 2006. As at the LPD, we hold an indirect 57.80% interest in Malindo Feedmill through our wholly-owned subsidiaries, being Dragon Amity and LHSg.

In the FYE 31 December 2017, we supplied a total of 1,963,370 MT of livestock feed, approximately 55.8% of which we sold to third parties and approximately 44.2% of which we sold internally to entities within our Group. In Malaysia, all of our third-party sales of livestock feed went to integrated producers of poultry and to distributors and farmers, while in Indonesia and Vietnam, all of our third-party sales of livestock feed went to distributors and farmers. In the FYE 31 December 2017, we sold all of our livestock feed in the same country where we produced it, except in Vietnam, where we exported less than 1.0% of our livestock feed sales into Cambodia. The following chart shows the breakdown of our livestock feed sales volume in each of Malaysia, Indonesia and Vietnam and the percentage these sales volumes represent as a proportion of total livestock feed sales volume in the FYE 31 December 2017:

## 7. BUSINESS OVERVIEW (Cont'd)



**Note:**

- (1) 1,955 MT of livestock feed was purchased and on-sold by our Malaysian companies which are subsidiaries of LHSg

The table below sets out details of the livestock feed sales (both internally and externally) by countries, for the financial years/period indicated:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
	MT	MT	MT	MT
Malaysia	543,659	596,578	638,273	548,849
Indonesia	643,620	642,183	704,459	631,365
Vietnam	460,951	561,627	618,683	552,202
Singapore <sup>(1)</sup>	12,764	4,532	1,955	3,174
<b>Total</b>	<b>1,660,994</b>	<b>1,804,920</b>	<b>1,963,370</b>	<b>1,735,590</b>

**Note:**

- (1) We do not produce livestock feed in Singapore, but our Malaysian companies, which are subsidiaries of LHSg, purchases a small quantity of livestock feed from both our Malaysia Feedmill Business and/or from external third parties, which we subsequently on-sell.

The table below sets out the percentage of livestock feed sold to external third parties, for the financial years/periods indicated:

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
	%	%	%	%
Malaysia	20.0	22.4	22.7	20.7
Indonesia	68.0	70.0	73.0	74.0
Vietnam	56.9	67.1	70.2	73.0
Singapore	100.0	100.0	100.0	99.0
<b>LHI Group<sup>(1)</sup></b>	<b>49.5</b>	<b>53.4</b>	<b>55.8</b>	<b>56.9</b>

**Note:**

- (1) Being total livestock feed sold to external third parties over our Group's total livestock feed sales (both internally and externally).

## 7. BUSINESS OVERVIEW (Cont'd)

### Raw Materials

The primary raw materials we use in the production of livestock feed are corn and soybean meal. We use mostly imported corn from South America, except in Indonesia, where we use domestically produced corn. We import all of our soybean meal from South America. Each of our raw materials is a commodity that is priced according to local and international prices, and therefore is subject to fluctuations. See Section 12 of this Prospectus for details on how the price and availability of raw materials have impacted our business and financial condition.

Whether we import raw materials or source them locally depends on (a) whether we can obtain the requisite import permits, (b) the market price of the raw material, and (c) the quality of the raw materials available both locally and abroad.

The following tables set out details on the key raw materials that we use in the production of livestock feed for the financial years/period indicated:

	Quantity Purchased (MT)			
	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Corn	823,265	743,718	765,029	756,657
Soybean meal	368,453	404,534	418,821	396,576
Others	59,352	345,071	374,256	279,893

### Manufacturing Process

Our quality control team inspects and analyses incoming raw materials and ingredients and rejects those that fail the inspection. For those that pass, we weigh them and then store them in our warehouses or silos. All silos are equipped with a blower fan ventilation system to prevent spoilage and extend the period for which the raw materials can be stored.

We then grind the raw materials to reduce their size, while we send fine powder materials directly to the batching lines. Small usage items such as vitamins and mineral pre-mixes are sent to the 'pre-mix' department, where they are weighed and combined with other materials to increase their homogeneity.

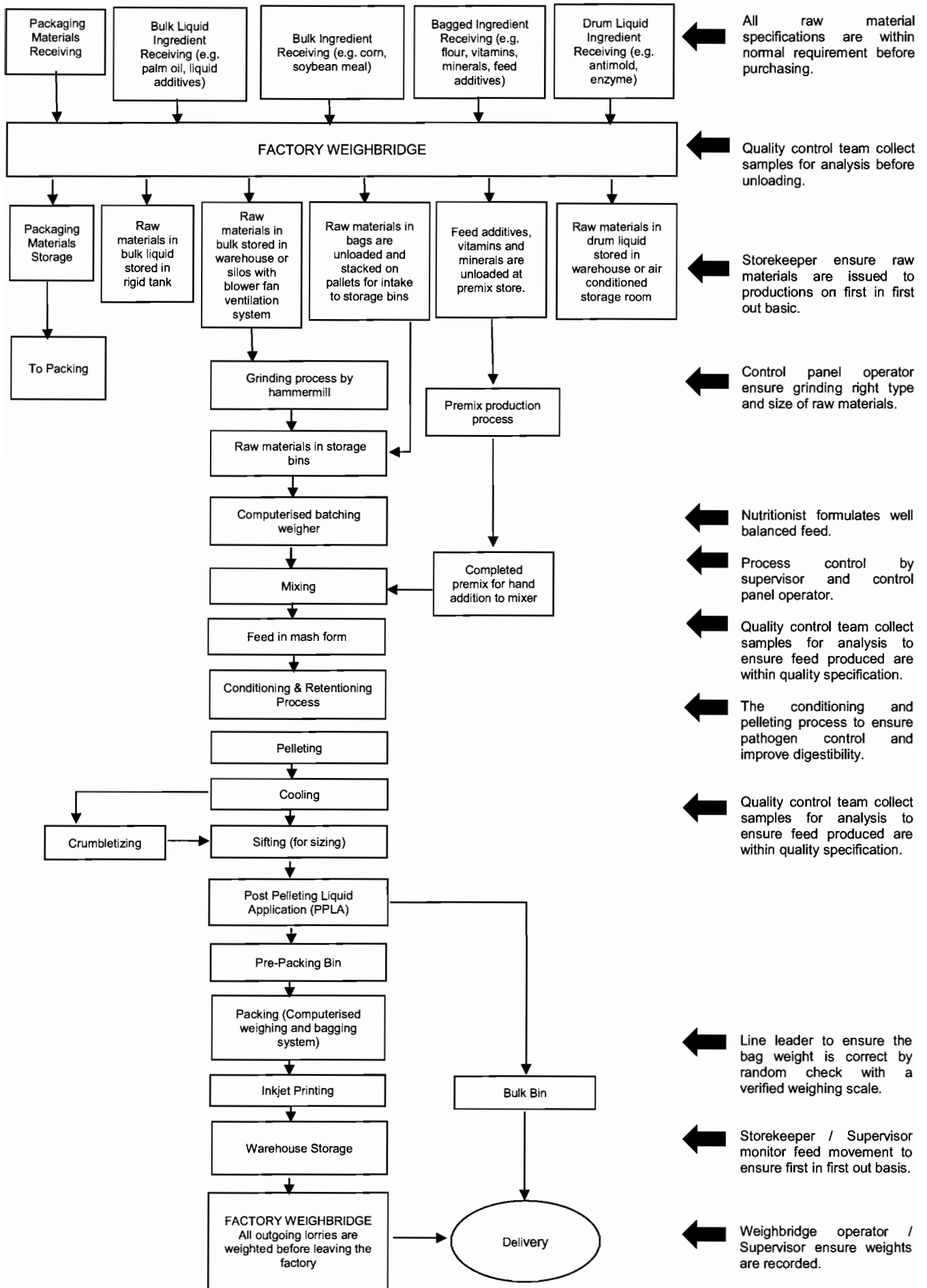
We use automated computerised batching software, such as Bühler Holding AG and its group of companies' ("**Bühler Group**") WinCos and Muyang Co.'s MYCOS, to weigh raw materials prior to mixing. Once the raw materials have been mixed, the mashed feed undergoes a conditioning and pelleting process, which seeks to eliminate pathogens and improve the digestibility of the livestock. We then cool the pelleted livestock feed to room temperature for packing and storage before delivery. Alternatively, we grind the pelleted livestock feed that will be used for young poultry to reduce size.

Once cooled, we send livestock feed to packing bins or bulk bins. The livestock feed sent to packing bins is bagged in 25kg or 50kg bags (depending on the jurisdiction) and stored in our warehouses, pending delivery to customers. We transfer the livestock feed sent to bulk bins to bulk tankers, which (depending on the jurisdiction) may be owned by ourselves, by our customers or by third-party logistics companies hired by the customers.

The following chart sets out the typical manufacturing process for our livestock feed operations:



7. BUSINESS OVERVIEW (Cont'd)



## 7. BUSINESS OVERVIEW (Cont'd)

### Capacity and Utilisation Rates

The following table below sets out details of our production capacity, actual production and utilisation rates of our feedmills for the financial periods indicated. Production capacity is calculated based on the cumulative nameplate capacity of the machinery located at the feedmill, assuming 22 operational hours per day, an efficiency ratio ranging between 80.0% and 90.0% (based on the range of products produced at the feedmill in question) and deductions for scheduled maintenance. Utilisation rates are calculated as actual production divided by production capacity.

Production Capacity (MT) / Actual Production (MT) / Utilisation Rates (%) for the												
Jurisdiction	FYE 31 December						FPE 31 October					
	2015			2016			2017			2018		
	Production Capacity (MT)	Actual Production (MT)	%	Production Capacity (MT)	Actual Production (MT)	%	Production Capacity (MT)	Actual Production (MT)	%	Production Capacity (MT)	Actual Production (MT)	%
Malaysia	701,544	546,276	77.9	701,544	600,564	85.6	701,544	642,233	91.5	735,102	551,929	75.1
Indonesia	1,129,920	653,376	57.8	1,172,160	649,961	55.4	1,172,160	712,194	60.8	976,800	641,157	65.6
Vietnam	498,960	464,413	93.1	653,400	563,436	86.2	831,600	627,255	75.4	891,000	564,533	63.4
<b>Total</b>	<b>2,330,424</b>	<b>1,664,065</b>	<b>71.4</b>	<b>2,527,104</b>	<b>1,813,961</b>	<b>71.8</b>	<b>2,705,304</b>	<b>1,981,682</b>	<b>73.3</b>	<b>2,602,902</b>	<b>1,757,619</b>	<b>67.5</b>

Our utilisation rates in Indonesia have historically been lower than those in Malaysia and Vietnam. This is primarily due to (i) the logistical difficulties of transporting livestock feed in Indonesia due to its archipelagos, which means that each feedmill only produces livestock feed to serve customers within a limited range and the feedmills run at a utilisation appropriate for the demand within their respective ranges, and (ii) the two feedmills that were built in Indonesia during the years of 2013 and 2015 respectively, which run at lower utilisation rates than the pre-existing feedmills.

In addition, the utilisation rates in Malaysia and Vietnam decreased for the FPE 31 October 2018 due to a substantial increase in production capacity as compared to the FYE 31 December 2017.

### Quality Control

Quality control is of fundamental importance to the continuing operation of our Feedmill Business. The following quality control processes are in place throughout our Feedmill Business:

- seven of our feedmills have received ISO QMS and six of our feedmills have received ISO FSMS. Our nutrition plant in Malaysia has received HACCP accreditation;
- we purchase raw materials and other ingredients from qualified suppliers whom we have approved. Before a supplier is approved, we evaluate them based on a number of criteria including reputation, recommendations from others, price and quality. If a supplier that has been approved provides raw materials/ingredients which do not meet the requisite specifications, we will notify them and give them the opportunity to improve their product quality, safety and/or services. If they fail to do so, they will be removed from our list of qualified suppliers;
- we test the physical and chemical aspects of all raw materials upon arrival at our feedmills against an internal standardised checklist to ensure that the raw materials meet the relevant quality thresholds. We conduct analysis of raw materials using state of the art equipment for timely and accurate results;
- we keep all raw materials which meet the quality thresholds in a tightly controlled and closely monitored storage unit in accordance with stringent quality control programs and quality assurance systems to maintain their quality, while we manage rejected raw materials in accordance with the standard operating procedure approved for ISO QMS/HAACP accreditation;

## 7. BUSINESS OVERVIEW (Cont'd)

- each feedmill has a modern laboratory where we can analyse and test livestock feed produced for key quality parameters including moisture, bacteria, protein, calcium, salt and toxin levels. We also have a dedicated nutritionist to ascertain whether the livestock feed is of the requisite quality. We analyse and test samples of livestock feed at the intermediate stage of the production process and following production of the livestock feed. This is mandatory before our quality control team approves any livestock feed for sale; and
- we store samples of all livestock feed produced and record them to ensure high product quality in compliance with specifications and for traceability purposes. Therefore, if our livestock do not achieve the desired growth rates following the consumption of our livestock feed, we will be able to readily identify the specific batch of livestock feed.

### **Packaging and Delivery**

We seek to minimise the time for which we hold the livestock feed we produce so that the livestock feed that our customers receive will be as fresh as possible.

In Malaysia and Indonesia, we either package livestock feed into 50kg bags or transfer it into bulk bins with capacities ranging from 8 MT to 24 MT. In Vietnam, we either package livestock feed into 25kg bags or transfer it into 8 MT bulk bins. Livestock feed packaged into bags is known as "Bagged Feed" and livestock feed transferred to bulk bins is known as "Bulk Feed".

In Malaysia, once produced, we store the livestock feed for no more than seven days. We use a semi-automated bagging system to package the Bagged Feed, which we store in our warehouse, and which we then deliver to customers using our trucks. All Bulk Feed is delivered by third-party bulk tankers hired by our customers.

In Indonesia, once produced, we store the livestock feed for an average of five days. We use a semi-automated bagging system to package the Bagged Feed, which we store in our warehouse. For livestock feed sold externally, customers will either send their own trucks or bulk tankers to pick up the livestock feed, or request that we arrange for third party logistics companies to deliver the livestock feed to them (at the customers' cost). For livestock feed supplied to our own farms, we deliver the livestock feed using the three bulk tankers that we own.

In Vietnam, once produced, we store the livestock feed for an average of five days. In all of our feedmills we use a combination of automated machines and manpower to pack the Bagged Feed. Our newest feedmill is however designed to be fully automated, with one person present to monitor the packaging process. Livestock feed are delivered by third party logistics companies to our customers.

### **7.5.2 Livestock Business**

#### **Introduction**

Our Livestock Business is vertically integrated and, in combination with our Feedmill Business, covers the entire poultry value chain. Our operations began in Malaysia, where our headquarters remain, and we have expanded across Southeast Asia, replicating our vertically integrated business model in Indonesia, Vietnam and the Philippines. Our core underlying strategy of upstream expansion pervades across all geographies where we operate, but our operations in each country are afforded the flexibility to identify market opportunities and tailor business strategies in accordance with the maturity and unique features of the individual market. Therefore, while strategy is formulated at a group level, decisions regarding the optimum implementation of that strategy occur at a country level. Although we have certain targets regarding (i) internal use and external sales, and (ii) the jurisdictions to which we make external sales, this is subject to fluctuations in market demand and the prevailing social, economic and political conditions in the jurisdictions where we operate and sell to.

## 7. BUSINESS OVERVIEW (Cont'd)

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In accordance with this underlying strategy, when we enter into new markets, we generally do so through our Livestock Business rather than our Feedmill Business.

Using livestock feed produced by our Feedmill Business for the operations of our Livestock Business enables us to ensure that the quality of the livestock feed consumed by our poultry is maintained, providing a substantial degree of confidence in terms of the nutrition, growth and health of our poultry.

In our Livestock Business, we operate 241 farms and hatcheries as at 31 October 2018, including:

- 10 farms for housing GPS DOCs;
- 53 farms for housing PS DOCs;
- 101 farms for housing Broiler DOCs and Broiler chickens;
- six farms for housing Layer DOCs;
- 29 farms for housing Layer chickens;
- 30 hatcheries for the hatching of eggs; and
- 12 farms for housing PS DODs and Broiler ducks.

We also undertake processing activities, which comprise the slaughtering of poultry and food processing. We operate four facilities at which both the slaughtering of poultry and the processing of food occurs, two facilities at which only slaughtering of poultry occurs and two facilities at which only the processing of food occurs.

We also engage contract farmers for the rearing of Broiler DOCs/DODs/Layer DOCs into Broiler chickens/Broiler ducks/Layer chickens. As at 31 October 2018, we utilise 656 contract farms for the housing of livestock, 589 of which house Broiler chickens, 38 of which house Layer chickens and 29 of which house Broiler ducks. Under the contract farming arrangement, we supply contract farms with Broiler DOCs/DODs/Layer DOCs and livestock feed, in addition to (depending on the specific arrangement) materials, supplements, medicines, vaccines, technical advice and veterinary support throughout the lifecycle of the Broiler chickens/Broiler ducks/Layer chickens. The contract farm will then transfer back to us the Broiler chicken, Broiler duck or Layer Chicken upon reaching a specified age and weight.

In Malaysia, we sell the Broiler DOCs and Layer DOCs to the contract farms and then repurchase fully reared Broiler chicken and Layer chicken from the contract farms at a pre-agreed price. In Indonesia, Vietnam and the Philippines, we do not sell the livestock to the contract farms. Instead, we pay the contract farms a fee for rearing the Broiler DOCs, DODs and Layer DOCs on our behalf.

We recruit contract farmers who meet our specifications to increase the scope of our operations. We have in the past recruited farmers who operate open-house and closed-house contract farms, but we now only recruit closed-house contract farms and the majority of our contract farmers operate closed-house farms.

We have stopped using colistin antibiotics in our Livestock Business in Malaysia since the end of November 2018, pursuant to the ban on the use of colistin antibiotics by the Malaysian government effective 1 January 2019. The use of colistin antibiotic, which is commonly used by livestock farmers, is replaced with probiotics and organic acids.

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

The table below sets out details of the farms and slaughtering plants we operate and the number of contract farmers we engage:

Livestock Business	As at 31 October 2018, total number of									Slaughtering plants
	Farms and hatcheries								Total farms & hatcheries	
	GPS DOC farms	PS DOC farms	Broiler chicken farms	Layer DOC farms	Layer chicken farms	PS DOD and Broiler duck farms	Hatcheries	Contract farms		
Malaysia <sup>(1)</sup>	6	19	44	3	25 <sup>(1)</sup>	11	8	19 <sup>(2)</sup>	135	1
Indonesia	4	24	29	2	1	1	18	326 <sup>(3)</sup>	405	1
Vietnam	-	4	-	1	3	-	1	303 <sup>(4)</sup>	312	-
Singapore <sup>(5)</sup>	-	4	26 <sup>(6)</sup>	-	-	-	2	1 <sup>(7)</sup>	33	4
Philippines	-	2	2	-	-	-	1	7 <sup>(8)</sup>	12	-
<b>Total</b>	<b>10</b>	<b>53</b>	<b>101</b>	<b>6</b>	<b>29</b>	<b>12</b>	<b>30</b>	<b>656</b>	<b>897</b>	<b>6<sup>(9)</sup></b>

A total of 241 farms and hatcheries operated by the our Group

**Notes:**

- (1) All of the Malaysia Livestock Business' Layer chicken farms are owned and operated by the Teo Seng Group.
- (2) Of the 19 contract farms, 18 house Broiler chicken and 1 houses Layer chicken.
- (3) Of the 326 contract farms, 297 house Broiler chicken and 29 house Broiler duck.
- (4) Of the 303 contract farms, 266 house Broiler chicken and 37 house Layer chicken.
- (5) All of the Singapore Livestock Business' farms and hatcheries are located in Malaysia. All of the Singapore Livestock Business' slaughtering plants are located in Singapore.
- (6) Includes the 11 coloured birds farms operated by us on land and buildings that we do not own.
- (7) The Singapore Livestock Business' single contract farm houses Broiler chicken.
- (8) Of the 7 contract farms, all 7 house Broiler chicken.
- (9) The breakdown of the 6 slaughtering plants is as follows:

Livestock Business	Slaughtering plants	
	Broiler chicken	Broiler duck
Malaysia	1	-
Indonesia	-	1
Singapore	3	1
<b>Total</b>	<b>4</b>	<b>2</b>

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

	FYE 31 December			FPE 31 October
	2015	2016	2017	2018
Number of DOCs supplied (millions) <sup>(1)</sup> .....	452.5	464.0	488.0	422.3
Broiler chicken supplied (millions) <sup>(2)</sup> .....	103.2	102.3	107.0	102.3
Eggs sold (millions) <sup>(3)</sup> .....	1,645.9	1,766.6	1,726.1	1,391.4

**Notes:**

- (1) These figures reflect the total of PS DOCs, Broiler DOCs and Layer DOCs supplied internally and sold externally.
- (2) These figures reflect the total of Broiler chicken supplied internally and sold externally.
- (3) All eggs are sold to third parties.

## 7. BUSINESS OVERVIEW (Cont'd)

In addition, we also produce and sell processed food. For further detail, please see paragraph (1)(G) (*Food Processing Production*) of the operational structure set out below.

The two principal business operations within our Livestock Business are Chicken Production and Egg Production. Chicken production consists of the production of PS DOCs, Broiler DOCs and Broiler chicken, the slaughtering of Broiler chicken and further food processing. Egg Production consists of the production of Layer DOCs and table eggs. In some countries, we also operate other businesses, as described below.

### (1) Chicken Production

#### *A. Purchase of GPS*

We purchase our GPS DOCs exclusively from Europe. We purchase "Ross" GPS DOCs from Aviagen and "Cobb" GPS DOCs from Cobb. We purchase two different breeds of GPS DOCs so that we are not reliant on a single breed. On average, we purchase approximately 11,000 GPS DOCs per month.

#### *B. Rearing and Breeding of GPS*

We purchase GPS DOCs in batches of two genetic lines. GPS DOCs are transported to our GPS farms on the day they hatch. Upon arrival, we sort the GPS DOCs according to genetic lines to avoid problems associated with in-breeding. The GPS DOCs grow for approximately 24 weeks (including three weeks of brooding) and lay eggs for approximately 42 weeks. The eggs take three weeks to hatch. Based on Aviagen and Cobb standards, each Ross GPS produces, on average, 61 DOCs and each Cobb GPS produces, on average, 50 DOCs.

Once the GPS have finished laying eggs, we either transfer them to our slaughtering plants or sell them to third-party slaughtering plant operators.

#### *C. Selection of PS DOCs*

We assess each DOC to ascertain whether it meets the requisite standard to be used for breeding purposes. If so, the DOC is classified as a PS DOC (see (D) below). If not, the DOC is classified as a Broiler DOC (see (E) below). This assessment involves the consideration of the genetics of the DOC. For the FPE 31 October 2018, approximately 48.0% to 52.0% of DOCs were classified as PS DOCs.

#### *D. PS DOCs*

Following classification, we transport the PS DOCs to our designated PS DOC farms. The PS DOCs grow for approximately 24 weeks, lay eggs for approximately 42 weeks, and the eggs then take three weeks to hatch. Based on Aviagen and Cobb standards, each Cobb PS on average produces 147 DOCs and each Ross PS on average produces 152 DOCs. These DOCs are all classified as Broiler DOCs (see (E) below).

Once the PS have finished laying eggs, we either transfer them to the slaughtering plants that we operate or sell them to third party slaughtering plant operators.

#### *E. Broiler DOCs*

Our Broiler DOCs are either (i) DOCs hatched from GPS that have been classified as Broiler DOCs ((C) above), or (ii) DOCs hatched from PS ((D) above). In the FPE 31 October 2018, we sold approximately 59.0% of the Broiler DOCs we produce to third parties, and retained the remaining 41.0% for rearing.

## 7. BUSINESS OVERVIEW (Cont'd)

We transport the Broiler DOCs which we retain to our Broiler chicken farms and to contract farms, where they are reared. The FCR for our Livestock Business for Broiler DOCs is approximately 1.6 to 1.7 per Broiler DOC. The Broiler DOCs typically achieve maturity in five to seven weeks, following which we either transport the Broiler chickens to wholesalers, wet market traders or the slaughtering plants we own or rent, or we sell them to third-party slaughtering plants.

### *F. Slaughter*

Upon arrival at the slaughtering plants, the Broiler chickens are either slaughtered by trained Muslim slaughterers (if they have been designated as halal) or slaughtered by a machine (if they have not been designated as halal). The Broiler chickens then undergo the scalding process, during which we immerse them in hot water to facilitate the removal of feathers. Once we have de-feathered them, they undergo the evisceration process to remove the internal organs. We then chill the Broiler chickens in the 'spin chilling' tank to eliminate any pathogens and maintain freshness. Following chilling, the Broiler chicken either undergoes food processing production (see (G) below) or packaging and distribution (see (H) below).

### *G. FPP*

We separate the chicken based on weight and quality, before apportioning the chicken either as meat to be used for RTC products, RTE products or for further food processing. For RTC and RTE products we either package the chicken whole or portion and debone the chicken. If we have earmarked chicken for a particular customer, it may undergo a value-add process we have agreed with the relevant customer, such as marinating, smoking and injecting. We produce a number of different products under a number of brands, including:

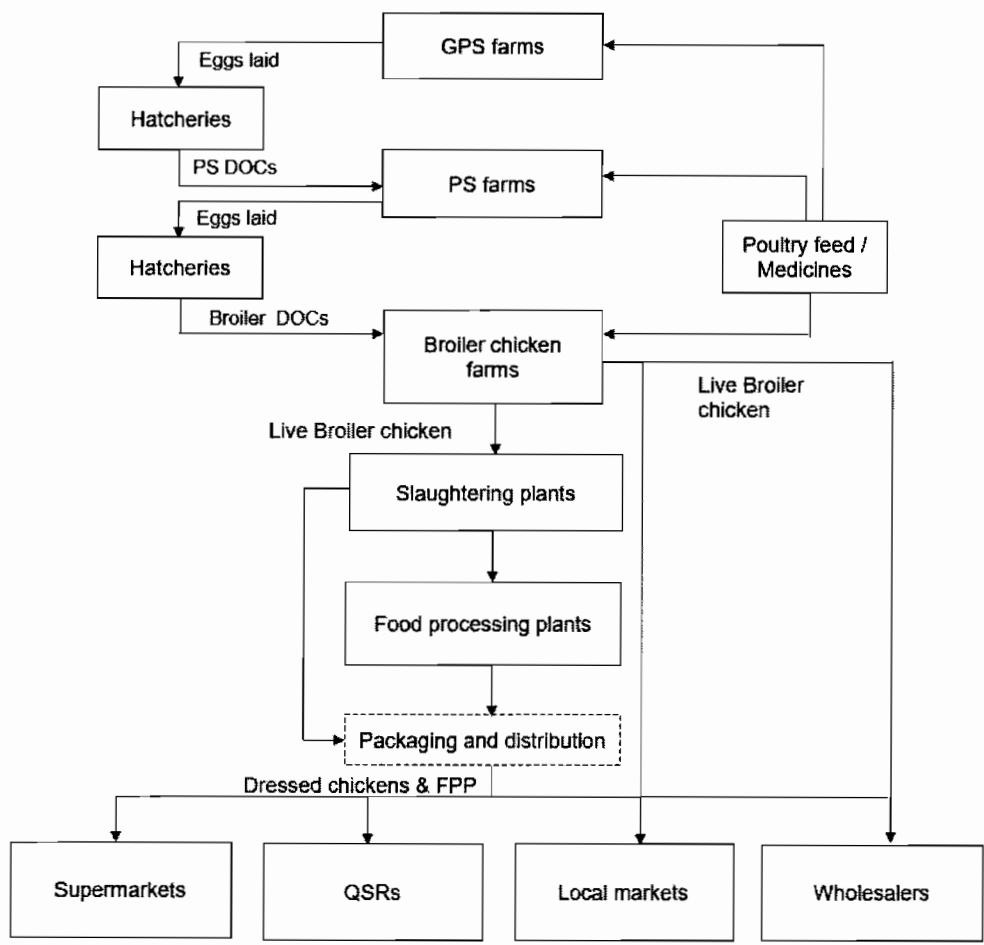
- Ayam A1: chicken nuggets, chicken drumsticks, chicken fingers, chicken patties and chicken frankfurters;
- SunnyGold: chicken nuggets, chicken karaage, chicken tempura, chicken sticks, chicken wings and chicken sausage; and
- Ciki Wiki: chicken nuggets, chicken sticks and chicken sausage.

### *H. Packaging and Distribution*

Following (F) or (G), as applicable, we package the slaughtered chicken or FPP product using our own standard packaging according to weight or customers' requirements. Following packaging, we distribute the packaged slaughtered chicken or FPP product to our customers, which includes supermarkets, wholesalers, QSRs, agents and local markets, by refrigerated truck.

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

The following chart details the operational structure of Chicken Production:



(2) Egg Production

*A. PS Layers*

We purchase 100.0% of our PS Layer DOCs, of the "Hisex" breed, from Institut de Selection Animale B.V. ("**Hendrix Genetics**"), a company located in the Netherlands.

We house the PS Layer DOCs in our Layer DOC farms. They grow over approximately 20 weeks to become PS Layers. The PS Layers will then lay eggs for approximately 50 weeks. The eggs take three weeks to hatch.

Once the PS Layers have finished laying eggs we sell them to downstream slaughtering plant operators.

*B. Layer DOCs*

Following hatching, we either sell the Layer DOCs we produce to third parties or we retain and rear them internally. We sell approximately 84.7% of the Layer DOCs sold, to third parties each month.

Of the Layer DOCs that we retain, they grow for approximately 16 weeks to become Layer chickens, before we transport them to one of our Layer chicken farms, where they lay eggs for approximately 58 weeks. Each Layer chicken produces an average of six eggs per week.

Once the Layer chickens have finished laying eggs we sell them to downstream slaughtering plant operators.



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

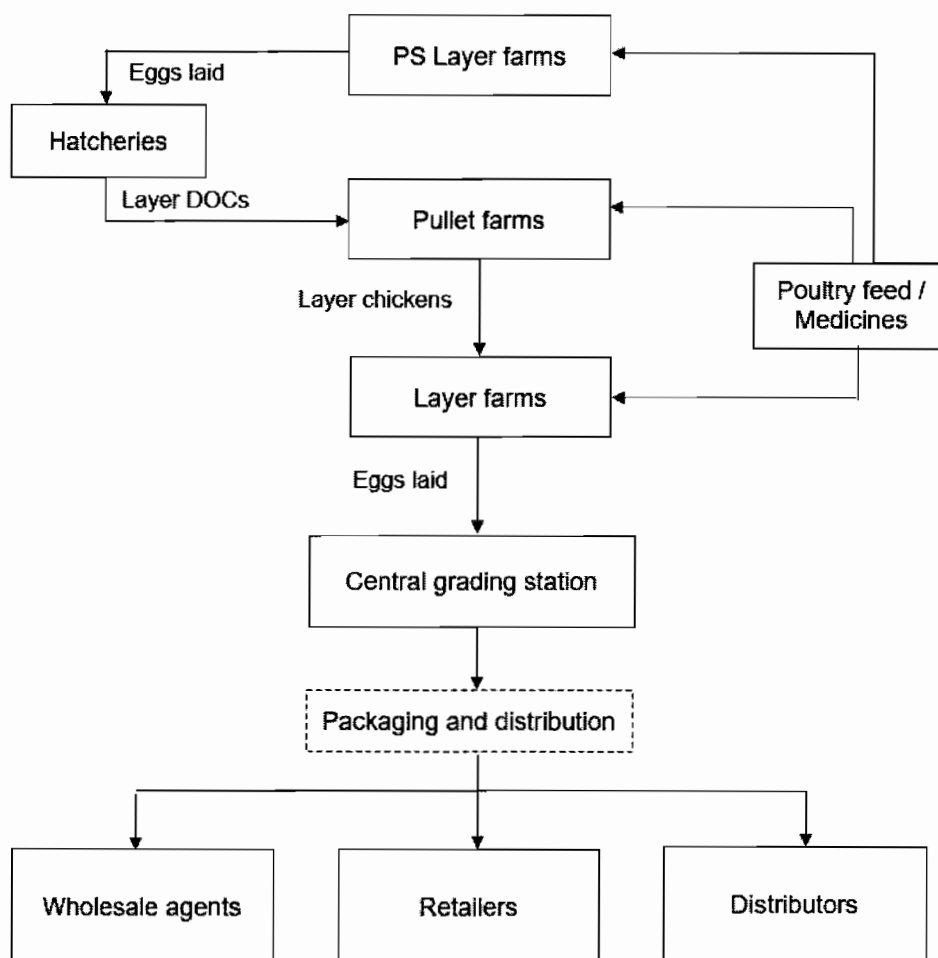
*C. Sorting*

We collect eggs on a daily basis from our farms and our contract farms. Once collected, we transport the eggs to our central grading station, where they are sorted, graded and packaged based on size and colour. We then sell the eggs to third parties including wholesale agents, retailers and distributors.

*D. Packaging*

We produce our own egg trays in all jurisdictions other than Indonesia, where all our egg trays are purchased from a third-party.

The following table details the operational structure of Egg Production:



***Jurisdictional Specifics***

Malaysia

*(1) Chicken Production*

We are the largest integrated poultry producer in Malaysia by annual sales of DOCs in 2017. See Section 8 of this Prospectus. We have over 40 years of experience in poultry production.

## 7. BUSINESS OVERVIEW (Cont'd)

As at 31 October 2018, we operate six GPS DOC farms, 19 PS DOC farms and 44 Broiler chicken farms in Malaysia. We also utilise 18 contract farms in Malaysia for housing Broiler chicken. We have the following housing capacity:

- 126,000 GPS DOC;
- 1,943,770 PS DOC; and
- 10,378,000 Broiler chickens (1,270,000 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:

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 .....	3,515,396	156,078,350	45,402,469	3,242,745	139,352,300	39,581,974
Number supplied annually or for the period <sup>(1)(2)</sup> ...	3,236,397 <sup>(3)</sup>	155,134,977	56,854,885 <sup>(4)</sup>	3,004,876 <sup>(5)</sup>	152,999,016	50,140,793 <sup>(4)</sup>

### Notes:

- (1) Sales of PS DOCs are to third parties in Malaysia, Vietnam, Bangladesh, Nepal and Myanmar. All sales of Broiler DOCs are to third parties in Malaysia and all sales of Broiler chicken are to third parties in Malaysia and Singapore.
- (2) Where applicable, number supplied is lower than number produced due to the timing of the sale of stock.
- (3) Includes approximately 30,000 PS DOCs supplied to our Vietnam Livestock Business.
- (4) Number supplied is higher than number produced as these supply figures including Broiler chicken purchased and on-sold by the Company.
- (5) Includes approximately 67,000 PS DOCs supplied to our Vietnam Livestock Business.

As at 31 December 2017, we had a domestic market share of 27.1% by annual supply of DOCs. See Section 8 of this Prospectus.

As at 31 October 2018, of the Broiler chicken we produce in Malaysia, we slaughter approximately 3.0% in the slaughtering plant that we operate in Malaysia, transport approximately 24.0% to Singapore for slaughtering and sell the remainder to wholesalers, wet market traders and third-party slaughtering plants. All the Broiler chicken we slaughter in Malaysia is halal.

With regard to our food processing operations in Malaysia, we market branded products including "SunnyGold" and "Ayam A1". We sell our products to supermarkets such as Econsave, as well as distributors.