

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever, arising from or in reliance upon the whole or any part of the contents of this circular.

Bursa Securities has not perused the contents of this Circular relating to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and Trading Nature.



**LAY HONG BERHAD**  
**Registration No. 198301011738 (107129-H)**  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE  
("PROPOSED SHAREHOLDERS' MANDATE")**

The resolution in relation to the proposal set out in this Circular will be tabled at the Thirty-Seventh Annual General Meeting ("**37th AGM**") of Lay Hong Berhad ("**LHB**" or the "**Company**") that will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd in Malaysia on **Tuesday, 28 September 2021** at **11.00 a.m.** or at any adjournment thereof. The Notice of AGM and the Form of Proxy set out in the 2021 Annual Report of the Company are issued with this Circular.

The Form of Proxy must be lodged at the Company's Registered Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 1120 or email to [ir.layhong@shareworks.com.my](mailto:ir.layhong@shareworks.com.my) in not less than forty-eight (48) hours before the time and date stipulated for the AGM as indicated below.

Last day, date and time for lodging the Form of Proxy : Sunday, 26 September 2021 at 11:00 a.m.

**This Circular is dated 30 July 2021**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
"AGM"	:	Annual General Meeting
"Audit Committee"	:	The Audit Committee of LHB
"Board"	:	Board of Directors of LHB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	Circular to Shareholders of LHB dated 30 July 2021 in relation to Proposed Renewal of Shareholders' Mandate for RRPTs
"LHB" or "the Company"	:	Lay Hong Berhad
"LHB Group" or "Group"	:	LHB and its subsidiary companies, collectively
"LHB Share(s)" or "Share(s)"	:	Ordinary share(s) of LHB
"Listing Requirements"	:	Main Market Listing Requirements of the Bursa Malaysia Securities Berhad
"LPD"	:	30 June 2021 being the latest practicable date prior to the printing of this circular
"Main Market"	:	Main Market of Bursa Securities
"Major Shareholder"	:	A person who has interest in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is :  a) equal or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or  b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company.  For the purpose for this definition, "interest in shares" shall have the meaning given in Section 8 of the Act.
"NA"	:	Net Assets

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**DEFINITIONS (Cont'd)**

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- "Person Connected" : In relation to a Director or major shareholder, means such person who falls under any one of the following categories: -
- a) a member of the Director's or major shareholder's family;
  - b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, major shareholder or a member of the Director's or major shareholder's family is the sole beneficiary;
  - c) a partner of the Director, major shareholder or partner of a person connected with that Director or major shareholder;
  - d) a person who is accustomed or under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of the Director or major shareholders;
  - e) a person in accordance with whose directions, instructions or wishes the Director or major shareholders is accustomed or is under an obligation, whether formal or informal, to act;
  - f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of the Director or major shareholders;
  - g) a body corporate or its Directors whose directions, instructions or wishes the Director or major shareholders is accustomed or under an obligations, whether formal or informal, to act;
  - h) a body corporate in which the Director, major shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting share in the body corporate; or
  - i) a body corporate which is a related corporation.
- "Proposed Renewal of Shareholders' Mandate" : Shareholders' approval for a general mandate in relation to Recurrent Related Party Transactions as set out in Section 2.4 herein.
- "Related Party(ies)" : A Director or major shareholder of LHB or persons connected with such Director or major shareholder as defined under Chapter 1 and 10 of the Listing Requirements.
- "Recurrent Related Party Transactions (RRPTs)" : Recurrent related party transactions undertaken/to be undertaken by the Company and its subsidiaries in the ordinary course of business and which are necessary for its day-to-day operations.



**LAY HONG BERHAD**  
**Registration No. 198301011738 (107129-H)**  
(Incorporated in Malaysia)

**Registered Office**  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)

30 July 2021

**Board of Directors**

Dato' Yap Hoong Chai	(Executive Chairman)
Dato' Yeap Weng Hong	(Executive Director)
Dato' Yap Chor How	(Executive Director)
Ng Kim Tian	(Executive Director)
Yeap Fock Hoong	(Non-Independent Non-Executive Director)
Gan Lian Peng	(Independent Non-Executive Director)
Lim Teck Seng	(Independent Non-Executive Director)
Tan Chee Hau	(Independent Non-Executive Director)
Tadaaki Ito	(Non-Independent Non-Executive Director)
Yasuhito Igarashi	(Alternate Director to Tadaaki Ito)

To: Shareholders of LHB

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

At the Company's 36th AGM held on 28 September 2020, LHB had obtained a mandate from its shareholders to enter into RRPTs with related parties. The shareholders' mandate shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming AGM of the Company to be held on a fully virtual basis on Tuesday, 28 September 2021 at 11.00 a.m., unless they are renewed at the AGM.

In connection thereto, on 7 July 2021, LHB announced that the Company proposes to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate at the AGM.

The purpose of this Circular is to provide you with the details of the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the AGM.

The Notice of the AGM together with the Form of Proxy are set out in the 2021 Annual Report of LHB, which is issued together with this Circular.

**YOU ARE ADVISED to read and carefully consider the contents of this circular together with the appendices contained herein, before voting on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.**

## **2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **2.1 Provisions under the Listing Requirements**

Paragraph 10.09(2) of the Listing Requirements stipulates that a listed issuer may seek a mandate from its shareholders for related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries subject to, inter-alia, the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholders mandate includes all information as may be prescribed by Bursa Securities.
- (d) in a meeting to obtain shareholders mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured shareholders mandate pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements will not apply with regard to transactions as detailed in Section 2.4 of this Circular.

The Company proposes to seek the Proposed Renewal of Shareholders' Mandate from its shareholders for the LHB Group to enter into RRPTs on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not detrimental to the minority shareholders.

### **2.2 Validity period of the Proposed Renewal of Shareholders' Mandate**

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders at the AGM, is subject to annual renewal and shall take effect and shall continue to be in force until: -

- (i) the conclusion of the next AGM following this AGM, at which the Proposed Renewal of Shareholders' Mandate is passed, at which it will lapse, unless by a resolution passed at next AGM, the authority is renewed; or
- (ii) next AGM of the Company or until the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

## 2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (Cont'd)

### 2.2 Validity period of the Proposed Renewal of Shareholders' Mandate (Cont'd)

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders at the AGM, is subject to annual renewal and shall take effect and shall continue to be in force until: - (Cont'd)

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

Approval from the shareholders will be sought thereafter for the shareholders' mandate at each subsequent AGM subject to satisfactory review by the Audit Committee of the Company of its continued application to the Recurrent Related Party Transactions.

### 2.3 PRINCIPAL ACTIVITIES OF LHB AND ITS SUBSIDIARIES

LHB is principally involved in integrated poultry farming.

The principal activities of its subsidiary Companies are as follows: -

Name of subsidiaries	Equity Interest as at 30 June 2021	Principal Activities
Hing Hong Sdn Bhd	100%	Breeder farm & hatchery
Eminent Farm Sdn Bhd	100%	Breeder farm, hatchery & broiler farm
Lay Hong Food Corporation Sdn Bhd ("LHFC")	100%	Processing and manufacturing of chicken related products
Lay Hong Liquid Egg Sdn Bhd	100%	Liquid egg production
Innobrid Sdn Bhd	100%	Broiler farm
G-mart Borneo Retail Sdn Bhd	70%	Retail supermarket
Innofarm (Klang) Sdn Bhd	70%	Layer farm
STF Agriculture Sdn Bhd ("STFA")	50%	Integrated livestock farming & chicken processing
Evergreen Organic Fertilisers Sdn Bhd	100%	Organic fertiliser production
Sri Tawau Farming Sdn Bhd ("STF")	50% plus one share	Investment holding
ST Food Sdn Bhd	50%	Trading
JT Trading Sdn Bhd	100%	Trading
Takaso SC (Thailand) Limited	100%	Food manufacturing
Lay Hong Development Sdn Bhd	100%	Dormant

## 2.4 PARTIES TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATES

The categories of RRPTs contemplated and the parties to the RRPTs pursuant to the Proposed Renewal of Shareholders' Mandates are as follows: -

### Existing mandate on RRPTs obtained at the last AGM

LHB/subsidiary of LHB involved in the RRPT	Transacting Related Party	Nature of Transactions	Interested Director/Major Shareholder/person connected to them	Estimated aggregate value disclosed in preceding year's circular to shareholders (RM'000)	Actual value from the date of the last AGM to 30 June 2021 <sup>(1)</sup> (RM'000)	Estimated aggregate value from date of this AGM to the next AGM <sup>(4)</sup> (RM'000)
<i>Seller</i>	<i>Buyer</i>			(RM'000)	(RM'000)	(RM'000)
LHFC	STFA	Sale of manufactured food	Dato' Yap Hoong Chai <sup>(2)</sup> Dato' Yeap Weng Hong <sup>(2)</sup> Yeap Fock Hoong <sup>(2)</sup> Dato' Yap Chor How <sup>(3)</sup>	60,000,000	41,966,913	60,000,000
<b>TOTAL</b>				60,000,000	41,966,913	<b>60,000,000</b>

### Notes: -

(1) 30 June 2021 being the latest practical date before the printing of this Circular.

(2) Dato' Yap Hoong Chai ("YHC"), Dato' Yeap Weng Hong ("YWH") and Yeap Fock Hoong ("YFH") who are all siblings are deemed interested by virtue of their shareholdings in Mackan Holding Sdn Bhd which holds the balance of the 50% equity interest in STF. STF owns 100.0% equity interest in STFA.

(3) Dato' Yap Chor How ("YCH"), who is the son of YHC and nephew of YWH and YFH is deemed interested by virtue of being a person connected to them.

(4) The estimated aggregate value from the date of this AGM to the next AGM is subject to change.

Details of the direct and indirect interests of the Directors and Major Shareholders and persons connected with them are indicated in Section 2.6.



## 2.5 OUTSTANDING AMOUNT DUE AND OWING UNDER THE RRPTs

As at LPD, there is no amount due and owing to LHB Group by its Related Parties under RRPTs which exceeded credit term. As such, the disclosures required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

## 2.6 DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

### INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDERS' INTERESTS AS AT 30 JUNE 2021

Interested Directors	Lay Hong Berhad			Sri Tawau Farming Sdn Bhd			
	Direct	%	Indirect	Direct	%	Indirect	%
YHC	9,384,700	1.42	216,979,660 <sup>(1)</sup>	-	-	500,001 <sup>(2)</sup>	50.00
YWH	4,072,000	0.62	-	-	-	500,001 <sup>(2)</sup>	50.00
YCH <sup>(3)</sup>	6,283,700	0.95	-	-	-	-	-
YFH	120,000	0.02	-	-	-	500,001 <sup>(2)</sup>	50.00
<b>Interested Major Shareholders</b>							
Innofarm Sdn Bhd <sup>(1)</sup>	189,553,800	28.71	-	-	-	-	-
Mackkan Holding Sdn Bhd <sup>(2)</sup>	-	-	-	500,001	50.00	-	-

**Notes: -**

(1) YHC is deemed interested in 27,425,860 shares held by spouse, children, siblings and spouse of sibling and 189,553,800 shares by virtue of Innofarm Sdn Bhd which holds 28.71% equity interest in LHB. YHC holds 84.90% interests in Innofarm Sdn Bhd.

(2) YHC, YWH, and YFH who are all siblings, are deemed interested by virtue of their shareholdings in Mackkan Holding Sdn Bhd which holds 50% equity interest in STF, which in turn holds 100.0% equity interest in STFA. YHC, YWH, and YFH hold 59.4%, 7.8% and 5.8% interests respectively in Mackkan Holding Sdn Bhd.

(3) YCH who is the son of YHC and nephew of YWH and YFH is deemed interested by virtual of being a person connected to YHC, YWH and YFH.

## **2.6 DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS (Cont'd)**

Save for the following, none of the Directors and Major Shareholders and persons connected to the Directors and/or Major Shareholders of LHB have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate: -

- (i) YHC holds 84.90% in Innofarm Sdn Bhd. Innofarm Sdn Bhd is an interested Major Shareholder of LHB by virtue of its 28.71% direct equity interest in LHB;
- (ii) YHC, who is the Group Executive Chairman of LHB and has indirect interest in the shares of Lay Hong Holdings Sdn Bhd and Sri Tawau Farming Sdn Bhd;
- (iii) YWH and YFH who are Directors of LHB and have indirect interest in the shares of Lay Hong Holdings Sdn Bhd and Sri Tawau Farming Sdn Bhd; and
- (iv) YCH is a Director of LHB and the son of YHC, nephew of YWH and YFH.

Accordingly, YHC, YWH, YFH and YCH who are the interested Directors in the Proposed Renewal of Shareholders' Mandate, have abstained and will continue to abstain from any Board deliberations on RRPT at the meetings of the Board of Directors of LHB. They will also abstain from voting in respect of their direct and/or indirect interests in LHB, on the resolution relating to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

Innofarm Sdn Bhd is the Major Shareholders of LHB, will also abstain from voting in respect of its direct shareholdings in LHB on the resolution relating to the Proposed Renewal of Shareholders' Mandate to be tabled at the AGM.

In addition, the interested Directors and Major Shareholders have undertaken that they shall ensure that persons connected to them will abstain from voting on the resolution relating to the Proposed Renewal of Shareholders' Mandate.

## **2.7 RATIONALE AND BENEFIT FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The RRPTs entered or to be entered into by the LHB Group are all in the ordinary course of business. These transactions are likely to occur with some degree of frequency and arise at any time from time to time. These transactions may be constrained by their time-sensitive nature and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPTs.

By obtaining the Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such anticipated RRPTs occur, would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the LHB Group or adversely affecting the business opportunities available to the LHB Group.

The RRPTs entered or to be entered into by the Group is intended to meet the business needs of the Group. The Group has long outstanding business relationships with the related parties and the close co-operation has reaped mutual benefits which are expected to be beneficial to the business of the Group.

## **2.8 EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the share capital, NA or earnings of the LHB Group.

## **2.9 CONDITIONS FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Mandate of Shareholders' Mandate is subject to the approval being obtained from the shareholders of LHB at an AGM to be convened.

Disclosure will be made in the Annual Report of the breakdown of the aggregate value of the RRPTs conducted during the financial year pursuant to the mandate given by the shareholders based on the following information: -

- a) the types of transaction made; and
- b) the names of the Related Parties involved in each type of the RRPTs made and their relationship with the Company.

LHB must immediately announce to Bursa Malaysia when the actual value of a RRPT entered into exceeds the estimated value of the RRPTs disclosed in this circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia in its announcement.

## **2.10 REVIEW PROCEDURES IN RELATION TO RRPTs**

The Board has in place an internal control system, which includes review of methods or procedures to ensure that such RRPTs are conducted at arm's length and are on normal commercial terms consistent with the Group's usual business practices and policies, as well as on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders while the Audit Committee has been tasked with the review and approval of such transactions.

LHB Group has established the following procedures and guidelines for the review and approval of RRPTs: -

- (i) A list of the related parties is established and circulated annually to the heads of each finance division within the Group, who shall monitor and ensure that all RRPTs to be entered into by the Group are reported and forwarded to the Audit Committee, who then ensures that the RRPTs are to be undertaken on an arm's length basis, on terms which are not more favourable to the related parties other than those generally available to the public and which are not detrimental to the minority shareholders.
- (ii) The Group is made aware of the requirements to monitor and shall put in place proper processes or systems to record and report on all RRPTs for compilation and reporting to the Audit Committee.
- (iii) Proper records are maintained at the Company and each of its subsidiaries to capture all RRPTs so that all RRPTs entered pursuant to the mandate will be adequately discussed.
- (iv) All RRPTs will be reviewed by the Audit Committee on a quarterly basis. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information from independent source(s).
- (v) The internal audit plan shall incorporate a review of RRPTs to ensure that all the relevant approvals for the RRPTs have been obtained.

## 2.10 REVIEW PROCEDURES IN RELATION TO RRPTs (Cont'd)

- (vi) The Audit Committee shall review, on an annual basis, the internal audit reports pertaining to the RRPTs to ascertain that the approved procedures and guidelines to monitor the RRPTs have been complied with.
- (vii) The Board and Audit Committee have overall responsibility for determining whether the procedures and guidelines on the RRPTs are appropriate and sufficient. An annual review of the RRPTs procedures and guidelines will be carried out by the Audit Committee.

During the annual review, if the Audit Committee is of the view that the RRPTs procedures and guidelines are no longer valid or adequate to ensure that the RRPTs are made on an arm's length basis on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders, the Audit Committee shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones.

- (viii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison to determine whether the price and terms offered to or by the related parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.
- (ix) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the pricing of any RRPTs entered into will be determined based on usual business practices and policies of the Group to ensure that the RRPTs are not detrimental to the Group.
- (x) In accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the RRPTs entered into during the financial year based on, amongst others, the following information: -
  - (a) the type of the RRPTs made; and
  - (b) the names of the related parties involved in each type of RRPTs made and their relationship with the Company; will be made in the Company's annual report for the financial year during which the shareholders' mandate are in force.
- (xi) Where any Director or a member of the Audit Committee has an interest (directly or indirectly) in any RRPTs, the Director must declare his/her interest in the RRPTs and abstain from participation in the decision making of the Board or Audit Committee on the RRPTs.
- (xii) Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Renewal of Shareholders' Mandate, the interested directors, major shareholders or persons connected with them must not vote on the resolution in respect of the RRPTs; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder or persons connected with them must not vote on the resolution approving the Proposed Renewal of Shareholders' Mandate.
- (xiii) An interested director or interested major shareholder must ensure that persons connected to them will abstain from voting on the resolution approving the Proposed Renewal of Shareholders' Mandate.

## **2.11 AUDIT COMMITTEE STATEMENT**

The Audit Committee has reviewed the procedures mentioned in Section 2.10 of this Circular and is satisfied that the review procedures are sufficient to ensure that transactions are made at arm's length and on normal commercial terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of our minority shareholders.

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track, and identify the Recurrent Related Party Transactions in a timely and orderly manner. The Audit Committee shall review these procedures and processes on an annual basis.

## **2.12 DIRECTORS' RECOMMENDATION**

The Board of Directors, except for YHC, YWH, YFH and YCH, after taking into consideration all facts contained in this Circular, is of the opinion that the RRPTs are in the best interest of the Group. Accordingly, the Board of Directors, except for YHC, YWH, YFH and YCH, who have abstained from expressing any recommendation in relation to the Proposed Renewal of Shareholders' Mandate, recommends that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

## **3. APPROVALS REQUIRED**

The Proposed Renewal of Shareholders' Mandate for renewal of and new mandate to permit the LHB Group to enter RRPTs are subject to the approval of the shareholders at the forthcoming AGM.

## **4. ANNUAL GENERAL MEETING**

An AGM, the notice of which is enclosed with the Annual Report of LHB for the financial year ended 31 March 2021, will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd in Malaysia on Tuesday, 28 September 2021 at 11.00 a.m. for the purpose of considering and if thought fit, passing the ordinary resolution set out in the Notice of AGM.

## **5. FURTHER INFORMATION**

Further information is set out in the Appendix.

Yours faithfully  
For and on behalf of the Board  
**LAY HONG BERHAD**

**GAN LIAN PENG**  
Audit Committee Chairman  
Independent Non-Executive Director

**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of LHB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

**2. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered into in the ordinary course of business), entered by LHB and its subsidiaries during the two (2) years immediately preceding the date of this circular except the disposal of land and acquisition of the remaining 50% shares in STF not owned by LHB as disclose in the annual report.

**3. MATERIAL LITIGATION**

LHB and its subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of LHB and its subsidiaries do not have any knowledge of any proceedings pending or threatened against LHB and/or its subsidiaries, or of any facts, likely to give rise to any other proceedings, which might adversely and materially effect the position or business or title to or possession of any of the properties of LHB or its subsidiaries as at the date of this Circular except those litigations disclose in the annual report.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of LHB at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) during normal business hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the AGM: -

- (i) the Constitution of LHB; and
- (ii) the audited consolidated financial statements of LHB for the financial years ended 31 March 2020 and 31 March 2021.