

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (Bursa Securities) did not peruse Part A of this Circular in respect of the Proposed Authority Share Buy-Back as it is an exempted circular pursuant to Practice Note No. 18 of the Main Market Listing Requirements of Bursa Securities.

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LEONG HUP HOLDINGS BERHAD

(Company No.: 51316-D)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO**

PART A

PROPOSED AUTHORITY FOR SHARE BUY-BACK

PART B

**PROPOSED SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTION
OF A REVENUE OR TRADING NATURE**

The ordinary resolutions in respect of the above proposals will be tabled as Special Business at the Twenty-Ninth Annual General Meeting ("29th AGM") of the Company to be held at Conference Room, Ground Floor, Streetview Hotel, 11 & 13, Jalan Ali, 84000 Muar, Johor Darul Takzim **on Monday, 28 September 2009 at 11.30 a.m.** The Notice of 29th AGM together with the Form of Proxy are set out in the Annual Report 2009. Shareholders are advised to refer to the Notice of the 29th AGM and the Form of Proxy.

The Form of Proxy must be lodged at the Registered Office of the Company at 201-203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim not less than forty eight (48) hours before the time of the 29th AGM. The last day and time for lodging the Form of Proxy is **26 September 2009 at 11.30 a.m.**

This Circular is dated 4 September 2009

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following terms and expressions shall have the following meanings:-

- ACT** – Companies Act 1965, as amended from time to time and any reenactment thereof
- AGM** – Annual General Meeting
- Audit Committee** – The Audit Committee of LHH
- Board** – The Board of Directors of LHH
- Bursa Securities** – Bursa Malaysia Securities Berhad (635998-W)
- Code or the Code** – Malaysia Code on Take-Overs and Mergers 1998
- CWL** – CW Lau & Sons Sdn Bhd (355137-H)
- CWLS** – CW Lau & Sons Sdn Bhd (355137-H) , Lau Joo Hong, Lau Jui Peng and Lau Joo Heng collectively
- Director** – Shall have the meaning given in Section 4 of the Companies Act, 1965 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or a subsidiary of its holding company or a chief executive officer of the listed issuer, its subsidiary or holding company.
- EPS** – Earnings per share
- Lau Brothers** – Mr Lau Chun Yuen, the late of Datuk Lau Chong Wang, Dato' Lau Bong Wong, Mr Lau Chia Nguang, Datuk Lau Chir Nguan, Dato' Lau Eng Guang, Mr Lau Hai Nguan and Tan Sri Lau Tuang Nguang collectively
- LHH or Company** – Leong Hup Holdings Berhad (51316-D)
- LHH Group or Group** – LHH and its subsidiaries collectively
- Listing Requirements** – The main market listing requirements of the Bursa Securities
- Major Shareholder** – A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-
- a) equal to 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 of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act, 1965 and a Major Shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company (or any other company which is its subsidiary or holding company).

DEFINITIONS

| | |
|---------------------------------------|---|
| Market Day | – A day on which the stock market of Bursa Securities is open for trading in securities |
| NA | – Net assets |
| NTA | – Net tangible assets |
| Percentage Ratio | – The percentage ratios as defined in paragraph 10.02 of the Listing Requirement |
| Person Connected | <p>In relation to a director or a major shareholder, means such person who falls under any one of the following categories:-</p> <ol style="list-style-type: none">a member of the directors or major shareholder's family who falls within any of the following categories: (i) spouse; (ii) parent; (iii) child including an adopted child and stepchild; (iv) brother and sister; and (v) spouse of the person referred to in subparagraph (iii) and (iv) above.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;a partners of the director, major shareholder or a partner of a person connected with that director or major shareholder;a person who is accustomed or under an obligation, whether for formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;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 shareholder;a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether for mal or informal, to act;a body corporate in which the director, major shareholder and/or person connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; ora body corporate which is a related corporation. |
| Proposed Shareholders' Mandate | – The proposed shareholders' mandate for recurrent Related Party Transaction of a revenue or trading nature |
| Proposed Share Buy-Back | – A proposal of the Company to grant the Directors a general mandate to exercise the authority to carry out a share buy-back of its own Shares of up to a maximum of 10% of the issued and paid-up share capital |
| Purchased Shares | – Share(s) to be purchased by the Company pursuant to the Proposed Share Buy-Back |
| Related Party | – A Director, Major Shareholder or person connected with such Director or Major Shareholder |

DEFINITIONS

- Related Party Transaction** – A transaction entered into by the Group which involves the interest, direct or indirect, of a Related Party
- RM and sen** – Ringgit Malaysia and sen respectively
- SC** – Securities Commission
- Shares** – Ordinary shares of RM1.00 each in LHH
- Spouses of Lau Brothers** – Datin Heng Ah Pee, Datin Chua Ah Nia @ Chua Kah Nui, Madam Goh Cha Boh @ Goh Hui Siang, Datin Tan Chay Hoon, Datin Goh Kim Kooi, Madam Lai Chong Koo and Puan Sri Wong Kee Choo collectively
- Treasury Shares** – Purchased Shares which are or will be retained as treasury shares by the Company (as defined in Section 67A of the Act)
- WAMP** – Weighted average market price

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PART B

LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE CONTAINING :-

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APPENDIX 1 – FURTHER INFORMATION

PART A

PROPOSED AUTHORITY FOR SHARE BUY-BACK



LEONG HUP HOLDINGS BERHAD

(Company No. 51316-D)
Incorporated in Malaysia

REGISTERED OFFICE

201-203, Jalan Abdullah,
84000 Muar,
Johor Darul Takzim.

Date: 4 September 2009

The Board of Directors

Dato' Lau Bong Wong (*Non-Executive Chairman*)

Dato' Lau Eng Guang (*Executive Director*)

Tan Sri Lau Tuang Nguang (*Executive Director*)

Lau Joo Hong (*Non-Executive Director*)

Lim Meng Bin (*Executive Director*)

Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohamad Ali (*Independent Non-Executive Director*)

Major General (Rtd) Datuk Haji Esa Bin Ahmad (*Independent Non-Executive Director*)

Koh Kim Chui (*Independent Non-Executive Director*)

To: The Shareholders of Leong Hup Holdings Berhad

Dear Sir/Madam

PROPOSED AUTHORITY FOR SHARE BUY-BACK

1. INTRODUCTION

On 30 July 2009, the Board of Directors had announced that the Company proposes to undertake the proposed purchase of its own shares on Bursa Securities of up to ten percent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back").

The purpose of this Circular is to provide you with information on the Proposed Share Buy-Back, to set out the views of your Board and to seek your approval for the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Twenty-Ninth Annual General Meeting ("29th AGM") of the Company, to be held on 28 September 2009. The Notice of 29th AGM together with the Form of Proxy is set out in the Annual Report 2009.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AT THE FORTHCOMING 29TH AGM

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board is proposing to seek a mandate from the shareholders of LHH for the Company to purchase and/or hold in aggregate up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time through Bursa Securities. The Proposed Share Buy-Back is subject to compliance with Section 67A of the Act and any prevailing laws and regulations issued by the relevant authorities.

As at 10 August 2009 the issued and paid-up share capital of the Company stood at RM166,725,000 comprising 166,725,000 LHH Shares. Hence, up to 16,672,500 Shares may be purchased by the Company pursuant to the Proposed Share Buy-Back.

The shareholders' mandate for the Proposed Share Buy-Back will be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back at a forthcoming 29th AGM until:

- (i) the conclusion of the next AGM of the Company, unless renewed by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

whichever occurs first.

2.1 Maximum amount of funds to be allocated and the source of funds

Pursuant to the Listing Requirements, the Proposed Share Buy-Back must be made wholly out of retained profits and/or the share premium account of the Company. Therefore the Board proposes that the maximum amount of funds to be utilized for the Proposed Share Buy-Back shall not exceed the retained profits and/or share premium account of the Company. As at 31 March 2009, the audited retained profits and share premium account of the Company was amounted to RM64,551,410 and RM25,049,594 respectively.

The funding of the Proposed Share Buy-Back will be from internally generated funds and/or borrowings. The amount of internally generated funds and/or external borrowings to be utilized will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Shares to be purchased and other relevant cost factors. The actual number of LHH Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits, share premium account and financial resources available to the Company.

In the event the Company purchases and holds its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cashflow of the Company.

2.2 Treatment of Shares purchased

In accordance with Section 67A (3A) of the Act, the Company would be able to deal with any LHH Shares so purchased by the Company in the following manner:

- (i) the Shares so purchased could be cancelled; or
- (ii) the Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company, which then may be applied as a reduction of the retained profits or the share premium account of the Company, and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) the Shares so purchased could in part be retained as treasury shares and in part be cancelled.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

If such Purchased Shares were held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise would be suspended and the treasury shares would not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

2.3 Purchase/Resale price

Pursuant to the Listing Requirements, the purchase price of the Shares cannot be more than fifteen per centum (15%) above the WAMP of LHH Shares for the five (5) Market Days immediately preceding the date of any purchase(s). In the case of a resale of treasury shares, the treasury shares may be resold on Bursa Securities at a price, which is:

- (i) not less than the WAMP of the LHH Shares for the five (5) Market Days immediately prior to the resale; or
- (ii) at a discount of not more than five per centum (5%) to the WAMP of the LHH Shares for the five (5) Market Days immediately prior to the resale provided that:
 - (a) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (b) the resale price is not less than the cost of purchase of the LHH Shares being resold.

2.4 Public shareholding spread of LHH

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under paragraph 8.02 (1) of the Listing Requirements.

As at 10 August 2009, the public shareholding spread of the Company based on the issued and paid-up share capital of 166,725,000 Shares was 47.647%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

2.5 Implication of the Code

The Company does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation on the substantial shareholders and/or person acting in concert with them to undertake a mandatory general offer pursuant to the Code.

Based on the shareholdings of substantial shareholders of the Company as at 10 August 2009, LHM holds 47.47% of the voting shares of LHH, which is more than 33% but less than 50% voting shares in LHH. Assuming the Proposed Share Buy-Back is implemented in full within a period of 6 months, LHM voting shares in LHH will increase by more than 2%. Accordingly, there is obligation for LHM and its persons acting in concert, to undertake a mandatory offer for the remaining Shares not already owned by them.

However, under the Practice Note 2.9.10 of the Code, holders of voting shares may apply for an exemption from undertaking a mandatory offer obligation arising from the purchase of a company's own shares. In this regard, LHM and its parties acting in concert shall apply for the said waiver if the obligation is expected to be triggered as a result of the Proposed Share Buy-Back.

2.6 Purchase of its own shares in the preceding twelve (12) months

The Company has not made any purchase of its own Shares in the previous twelve (12) months preceding the date of this Circular. As such, the Company does not have any treasury shares and has not resold, cancelled and/or distributed any treasury shares as dividends in the same period.

3. RATIONALE

The Proposed Share Buy-Back will enable the Company to utilize its surplus financial resources to purchase its own Shares from Bursa Securities. It may stabilise the supply and demand of its Shares traded on Bursa Securities, thereby supporting its fundamental value.

The Proposed Share Buy-Back, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in LHH due to the increase in the Company's EPS.

The Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

4.1 Potential advantages

The potential advantages of the Proposed Share Buy-Back are as follows:

- (i) the Proposed Share Buy-Back will allow the Company to utilize its financial resources where there are no immediate use, to purchase LHH Shares. If the LHH Shares purchased are subsequently cancelled, this may strengthen the consolidated EPS of the Group;
- (ii) the Proposed Share Buy-Back may also stabilise the supply and demand of LHH Shares traded on Bursa Securities and reduce the volatility of LHH Share prices. The stability of LHH Share prices is important to maintain investors' confidence to facilitate future fund raising exercises of the Company via the equity market;
- (iii) the Proposed Share Buy-Back will provide the Company opportunities for potential gains if the purchased LHH Shares which are retained as treasury shares are resold at prices higher than the purchase prices; and
- (iv) in the event the treasury shares are distributed as share dividends, it will serve to reward the shareholders of LHH.

4.2 Potential disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (i) the Proposed Share Buy-Back, if implemented, will reduce the financial resources of the Company. However, the financial resources of the Group may recover or increase if the Purchased shares held are resold as treasury shares in the market;
- (ii) the cashflow of the Company may be affected if the Company decides to utilize bank borrowings to finance the Proposed Share Buy-Back;
- (iii) the funds allocated for the Proposed Share Buy-Back could be used for other better investment opportunities which may emerge in the future; and
- (iv) as the funds to be allocated for the Proposed Share Buy-Back must be made wholly out of the Company's retained profits and share premium accounts, the amount available from these accounts for distribution of dividends to shareholders of the Company may decrease accordingly.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

5. SHARE PRICES

The highest and lowest traded prices of LHH Shares on Bursa Securities for the past twelve (12) months from July 2008 to August 2009 are as follows:

| | High RM | Low RM |
|--------------------|--------------------|-------------------|
| 2008 | | |
| July | 1.09 | 0.985 |
| August | 1.04 | 0.99 |
| September | 1.03 | 0.91 |
| October | 1.00 | 0.78 |
| November | 0.995 | 0.80 |
| December | 0.89 | 0.80 |
| <u>2009</u> | | |
| January | 0.86 | 0.785 |
| February | 1.00 | 0.80 |
| March | 1.00 | 0.71 |
| April | 0.94 | 0.78 |
| May | 1.00 | 0.88 |
| June | 1.27 | 0.86 |
| July | 1.08 | 0.92 |
| August | 1.14 | 0.98 |

(Source: NextView)

The last traded price of LHH Share on Bursa Securities on 29 July 2009, being the last day of trading prior to the announcement of the Proposed Share Buy-Back was RM1.05 (which was last transacted on 29 July 2009).

The last traded price of LHH Share on Bursa Securities on 28 August 2009, being the latest practicable date prior to the printing of this Circular was RM1.07.

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

6.1 Issued and paid-up share capital

The effects of the Proposed Share Buy-Back on the share capital of LHH will depend on the intention of the Board with regards to the treatment of the purchased LHH Shares. If the purchased LHH Shares are cancelled, it will result in a reduction on the total issued and paid-up share capital of the Company as shown in the table below.

Conversely, if the purchased LHH Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of LHH. Nevertheless, certain rights attached to the LHH Shares will be suspended while they are held as treasury shares.

| | No. of Shares | RM |
|---|----------------------|--------------------|
| Issued and paid-up share capital as at 10 August 2009 | 166,725,000 | 166,725,000 |
| Assuming all the Shares purchased pursuant to the Proposed Share Buy-Back are fully cancelled | (16,672,500) | (16,672,500) |
| Resultant issue and paid-up share capital | 150,052,500 | 150,052,500 |

6.2 Earnings

The effects of the Proposed Share Buy-Back on the consolidated earnings of LHH would depend on the purchase prices of the Shares, the effective cost of funding, the number of Shares purchased or any loss in interest income. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back will, generally, all else being equal, have a positive impact on the consolidated EPS of the Group.

Assuming that any Shares so purchased are retained as treasury shares and resold, the effects on the consolidated earnings of LHH will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the LHH Shares so purchased are cancelled, the consolidated EPS of the Group will increase provided the income foregone and interest expense incurred on these LHH Shares is less than the consolidated EPS prior to such purchase.

6.3 NA

The consolidated NA of the Company may increase or decrease depending on the number of Shares purchased, the purchase prices of the Shares, the effective cost of funding and the treatment of the Shares purchased.

The Proposed Share Buy-Back will reduce the NA per Share when the purchase price exceeds the NA per Share at the time of purchase. On the contrary, the NA per Share will increase when the purchase price is less than the NA per Share at the time of purchase.

6.4 Substantial shareholders' and Directors' shareholdings

6.4.1 Substantial shareholders' shareholdings

The proforma effect of the Proposed Share Buy-Back on the substantial shareholders' shareholdings (holding 5% or more in the share capital) in LHH is as set out below:

| | As at 10 August 2009 | | | | After the Proposed Share Buy-Back [^] | | | |
|------------------------------|----------------------|----------------|---------------------------|----------------|--|----------------|---------------------------|----------------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No of Shares | % [@] | No of Shares | % [@] | No of Shares | % [*] | No of Shares | % [*] |
| Leong Hup Management Sdn Bhd | 79,145,566 | 47.47 | - | - | 79,145,566 | 52.74 | - | - |
| CW Lau & Sons Sdn Bhd | - | - | 79,145,566 ⁽¹⁾ | 47.47 | - | - | 79,145,566 ⁽¹⁾ | 52.74 |
| Lau Joo Hong | 309,966 | 0.19 | 79,145,566 ⁽²⁾ | 47.47 | 309,966 | 0.21 | 79,145,566 ⁽²⁾ | 52.74 |
| Lau Jui Peng | 330,700 | 0.20 | 79,145,566 ⁽²⁾ | 47.47 | 330,700 | 0.22 | 79,145,566 ⁽²⁾ | 52.74 |
| Lau Joo Heng | 309,700 | 0.19 | 79,145,566 ⁽²⁾ | 47.47 | 309,700 | 0.21 | 79,145,566 ⁽²⁾ | 52.74 |

Notes:

[^] Assuming the Proposed Share Buy-Back is implemented in full, i.e. up to 10% of the issued and paid-up share capital of the Company, the purchased Shares are held as treasury shares and that the Directors and the substantial shareholders' shareholdings in LHH remain unchanged.

[@] Calculated based on the total number of Shares in issue comprising 166,725,000 LHH Shares.

^{*} Calculated based on the total number of Shares in issue net of 16,672,500 LHH Shares assumed to be held as treasury shares.

(1) Deemed interested by virtue of its interest in LHM pursuant to Section 6A(4) of the Act.

(2) Deemed interested by virtue of their interest in CWL pursuant to Section 6A(4) of the Act.

6.4.2 Directors' shareholdings

The proforma effect of the Proposed Share Buy-Back on the Directors' shareholders shareholdings in LHH are as set out below:

| | As at 10 August 2009 | | | | After the Proposed Share Buy-Back [^] | | | |
|--------------------------|----------------------|----------------|---------------------------|----------------|--|----------------|---------------------------|----------------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No of Shares | % [@] | No of Shares | % [@] | No of Shares | % [*] | No of Shares | % [*] |
| Dato' Lau Bong Wong | - | - | 155,000 ⁽¹⁾ | 0.09 | - | - | 155,000 ⁽¹⁾ | 0.10 |
| Dato' Lau Eng Guang | 2,007,800 | 1.20 | 2,526,400 ⁽¹⁾ | 1.52 | 2,007,800 | 1.34 | 2,526,400 ⁽¹⁾ | 1.68 |
| Tan Sri Lau Tuang Nguang | 13,000 | 0.01 | 178,000 ⁽¹⁾ | 0.11 | 13,000 | 0.01 | 178,000 ⁽¹⁾ | 0.12 |
| Lau Joo Hong | 309,966 | 0.19 | 79,145,566 ⁽²⁾ | 47.47 | 309,966 | 0.21 | 79,145,566 ⁽²⁾ | 52.74 |
| Koh Kim Chui | 5,000 | # | - | - | # | - | - | - |

Notes:

[^] Assuming the Proposed Share Buy-Back is implemented in full, i.e. up to 10% of the issued and paid-up share capital of the Company, the Purchased Shares are held as treasury shares and that the LHH Shares are purchased from parties other than the Directors and the substantial shareholders of LHH.

[@] Calculated based on the total number of Shares in issue comprising 166,725,000 LHH Shares.

^{*} Calculated based on the total number of Shares in issue net of 16,672,500 LHH Shares assumed to be held as treasury shares.

Negligible

⁽¹⁾ Deemed interested by virtue of his indirect equity interest in LHH via his respective spouse and/or children.

⁽²⁾ Deemed interested by virtue of his interest in CWL pursuant to Section 6A(4) of the Act.

6.5 Dividend

As the Proposed Share Buy-Back must be made wholly out of the Company's retained profits and share premium accounts, the Proposed Share Buy-Back will reduce the amount available from these accounts for distribution of dividends to shareholders of the Company accordingly. Barring any unforeseen circumstances, the Proposed Share Buy-Back is not expected to have any material impact on the policy of the Board in recommending dividends for the financial year ending 31 March 2010, which would depend on, amongst others, the profitability, cashflow, position and financing requirements of the LHH Group. On the other hand, the purchased LHH Shares may be distributed as dividends to the shareholders of the Company, the Board so decides.

6.6 Working capital

The Proposed Share Buy-Back will reduce the working capital of the LHH Group, the quantum of which will depend on the purchase prices of the LHH Shares and the number of LHH Shares so purchased. However, the Board believes that the Proposed Share Buy-Back will not have any material effect on the working capital of the Group.

7. CONDITIONS AND APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to the approvals of the shareholders of LHH at the forthcoming 29th AGM and any other relevant authorities, if required.

8. INTERESTED DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings of the Directors and substantial shareholders of LHH as a result of the decrease in the issued and paid-up share capital after the Proposed Share Buy-Back, none of the Directors and/or substantial shareholders and/or person(s) connected to them, has any interest, directly or indirectly, in the Proposed Share Buy-Back and the subsequent resale of treasury shares, if any.

9. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Share Buy-Back is of the opinion that the terms and conditions of the Proposed Share Buy-Back are fair and reasonable and in the Company's best interest. As such, the Board recommends that the shareholders of LHH vote in favour of the resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming 29th AGM.

10. ANNUAL GENERAL MEEETING

The Notice convening the 29th AGM to vote on the resolution is set out in the Annual Report 2009. The 29th AGM will be held at Conference Room, Ground Floor, Streetview Hotel, 11 & 13, Jalan Ali, 84000 Muar, Johor Darul Takzim on Monday, 28 September 2009 at 11.30 a.m. for the purpose of considering and if thought fit, passing the resolution pertaining to the Proposed Share Buy-Back at the 29th AGM.

If you are unable to attend and vote in person at the 29th AGM, you should complete and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Registered Office of at 201-203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim not later than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

The completion and return of the Form of Proxy will not preclude you from attending and voting at the 29th AGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

11. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I for further information.

Yours faithfully
For and on behalf of the Board
LEONG HUP HOLDINGS BERHAD

DATO' LAU ENG GUANG
Executive Director

PART B

**PROPOSED SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTION
OF A REVENUE OR TRADING NATURE**



LEONG HUP HOLDINGS BERHAD

(Company No. 51316-D)
Incorporated in Malaysia

REGISTERED OFFICE
201-203, Jalan Abdullah,
84000 Muar,
Johor Darul Takzim.

Date: 4 September 2009

The Board of Directors

Dato' Lau Bong Wong (*Non-Executive Chairman*)

Dato' Lau Eng Guang (*Executive Director*)

Tan Sri Lau Tuang Nguang (*Executive Director*)

Lau Joo Hong (*Non-Executive Director*)

Lim Meng Bin (*Executive Director*)

Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohamad Ali (*Independent Non-Executive Director*)

Major General (Rtd) Datuk Haji Esa Bin Ahmad (*Independent Non-Executive Director*)

Koh Kim Chui (*Independent Non-Executive Director*)

To: The Shareholders of Leong Hup Holdings Berhad

Dear Sir/Madam

LEONG HUP HOLDINGS BERHAD (“LHH”/ “the Company”)

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

During the Company's Annual General Meeting (“AGM”) held on 21 September 2008, the Company had obtained the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of revenue or trading nature which are necessary for its day to day operations and are in the ordinary course of business of the Group (“RRPT”). The said shareholders' mandate shall lapse at the conclusion of the forthcoming 29th AGM to be held on 28 September 2009.

On 30 July 2009, the Board announced to Bursa Securities that the Company is proposing to seek the approval of shareholders for the Proposed Shareholders' Mandate which is effective from the forthcoming 29th AGM to the next AGM.

The purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate and to seek your approval for the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 29th AGM.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE PROPOSED RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

The principal activities of the Company at present are investment holding and the provision of management/secretarial services. The principal activities of the subsidiaries are as follows:-

| Name of Company | Effective Percentage of Ownership | Principal Activities |
|--|--|--|
| <u>Direct subsidiary companies</u> | | |
| Leong Hup Poultry Farm Sdn. Berhad | 100.00% | Breeding of layer and broiler day old chicks |
| Leong Hup Broiler Farm Sdn. Bhd. ("LHBF") | 100.00% | Renting of broiler farms and rearing broiler chickens for sale |
| Ayam A1 Food Corporation Sdn. Bhd. ("AFIC") | 100.00% | Processing and marketing of fresh chickens |
| Ayam A1 Chicken Shop Sdn. Bhd. | 100.00% | Selling fresh and roasted chickens and related products through retail outlets |
| Leong Hup (G.P.S.) Farm Sdn. Bhd. ("LHGPS") | 100.00% | Rearing of broiler grandparent stock and breeding of broiler parent stock day old chicks |
| Leong Hup Contract Farming Sdn. Bhd. ("LHCF") | 100.00% | Contract farming and trading of broiler chickens, day old chickens, poultry feed, medicine and renting of farm buildings |
| The Baker's Cottage Sdn. Bhd. ("TBC") | 100.00% | Manufacturing, trading and distribution of food products |
| Pangkal Budiman Sdn. Bhd. | 90.10% | Oil palm plantation and property development |
| Advantage Valuations Sdn. Bhd ("AVSB") | 51.15% | Investment holdings |
| F. E Venture Sdn. Bhd. ("FEV") | 51.00% | Trading of veterinary products |
| Lee Say Sugar Factory (Pte) Ltd ("LSSF") (Incorporated in Singapore) | 51.00% | Processing and marketing of fresh and frozen of poultry products |
| Budaya Zaman Sdn. Bhd. | 100.00% | Dormant |
| Pedoman Ikhlas Sdn. Bhd. | 100.00% | Dormant |
| Aneka Flora Sdn. Bhd. | 100.00% | Dormant |
| <u>Indirect subsidiary companies</u> | | |
| <i>Held through AFIC</i> | | |
| Ayam A1 Food Processing Sdn. Bhd. | 100.00% | Further processing chicken foodstuff |
| <i>Held through LHBF</i> | | |
| Goldkist Breeding Farms Sdn. Bhd | 100.00% | Poultry farming |
| <i>Held through LHGPS</i> | | |
| Leong Hup Aquaculture Sdn Bhd | 100.00% | Operator of fish rearing |

| Name of Company | Effective Percentage of Ownership | Principal Activities |
|---|--|--|
| <i>Held through LHCF</i> J.B. Kim Farm Sdn. Bhd. | 51.00% | Rearing of broiler chicken |
| <i>Held through TBC</i> B C Confectionery Sdn. Bhd. | 100.00% | Retailing of confectionery food products |
| The Baker's Cottage Restaurant Sdn. Bhd. | 100.00% | Restaurant dealing with food and beverages |
| <i>Held through FEV</i> F.E.Venture (AP) Sdn. Bhd. | 51.00% | Trading in health and beauty products |
| Laboratorios Reveex (Asia) Sdn. Bhd. | 26.01% | Trading in veterinary products |
| <i>Held through AVS, LSSF, KTPL & FEV</i> Teo Seng Capital Berhad ("TSC") | 38.78% | * Investment holding |
| <i>Held through TSC</i> Teo Seng Farming Sdn. Bhd. | 38.53% | Poultry farming and investment holdings |
| Teo Seng Paper Products Sdn. Bhd. | 38.53% | Manufacturing and trading of egg trays |
| Ritma Prestasi Sdn. Bhd. | 38.53% | Distributor for animal health products |
| Teo Seng Feedmill Sdn. Bhd. | 38.53% | Manufacturing and marketing of animal feeds |
| Success Century Sdn. Bhd. | 38.53% | Poultry Farming |
| <i>Held through LSSF</i> Lee Say Poultry Industrial (A sole proprietorship in Singapore) | 51.00% | Processing, marketing and selling of fresh and frozen poultry products |
| Saudi Food Manufacturing Enterprise (A sole proprietorship in Singapore) | 51.00% | Marketing and selling of fresh and frozen poultry products |
| Tasty Meat Products Pte. Ltd. (Incorporated in Singapore) | 40.80% | Manufacture and sale of finger food |
| One N One Investment Pte. Ltd. (Incorporated in Singapore) | 51.00% | Dormant |
| Lee Say Food Holdings Pte Ltd (Incorporated in Singapore) | 51.00% | Investment Holdings |
| Kendo Trading Pte Ltd ("KTPL") (Incorporated in Singapore) | 26.01% | Processing, marketing and selling of fresh and frozen duck products |
| Lee Say Trading Sdn. Bhd. | 51.00% | Dormant |
| P.T. Ayam Prima Esa (Incorporated in Indonesia) | 51.00% | Processing of and marketing of fresh chickens |

* inclusive direct interest of 1.89%

There are various transactions of trading or revenue nature which are necessary for the day-to-day operations of the companies in the Group being transacted between the companies in the Group and the classes of Related Party in the ordinary course of business.

Paragraph 10.09 of the Listing Requirements, allows a listed issuer to seek a mandate from its shareholders for Related Party Transaction involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business, subject to the following:-

- a) the transactions are in the ordinary course of business and are on terms no 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 subparagraph (1) above.
- c) the listed issuer's circular to shareholders for the shareholders mandate include the information as may be prescribed by the Bursa Securities. The draft circular must be submitted to the Bursa Securities together with a checklist showing compliance with such information.
- d) in a meeting to obtain shareholders mandate, the interested Directors, Major Shareholder and interested persons connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions.
- e) the listed issuer immediately announcement to the when the actual value of a Recurrent Related Party Transaction entered by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the in its announcement.

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

2.1 Nature of the Related Party Transaction

The nature of the Related Party Transaction contemplated under the Proposed Shareholders' Mandate shall include such transaction, but are not limited to those described below:-

- i) sale and purchase of raw materials to/from Related Party;
- ii) sale and purchase of materials relating to the poultry and food industry to/from Related Party;
- iii) sale and purchase of chicken products to/from Related Party;
- iv) purchase of ducks from Related Party;
- v) purchase of packing materials from Related Party;
- vi) sale of eggs, egg trays and veterinary products;
- vii) provision of management services;
- viii) transportation services and rental charges/machinery.

The above transactions are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group.

2.2 Classes of Related Party

The Proposed Shareholders' Mandate by the Group will cover the following classes of Related Party:-

| No | Related Party | Types of transaction | Interested director, major shareholder and person connected | Actual value of the transactions from 21/9/2008 to 10/08/2009 (RM) | Estimated value of the transactions from 21/9/2008 to 28/09/2009 (RM) | Estimated value of the transactions from the 28/9/2009 to next AGM (RM) |
|--------------------------|--|--|---|--|---|---|
| A. EXISTING RRPTS | | | | | | |
| 1 | Pengangkutan Mekar Sdn Bhd ("PMSB") ¹ (Provider) | -Transportation services -Maintenance services | - Lau Brothers & spouses | 6,735,402 | 9,158,840 | 9,128,000 |
| | PMSB (Buyer) | -Sale of fresh chickens & further processing products -Sales of veterinary goods | | | | |
| | PMSB (Seller) | - Purchase of chicken related products | | | | |
| | PMSB (Client) | -Rental charges ^a -Lorry rental charges* | | | | |
| 2 | Emivest Berhad ("Emivest") and its subsidiaries ("Emivest Group") ² (Seller) | -Purchase of chicken feeds -Purchase of raw material -Purchase of ducks -Purchase of packing material & others -Purchase of fish & other aqua products -Purchase of Medicine | - Lau Brothers & spouses - LHM - CWLS | 332,918,848 | 588,250,200 | 585,000,000 |
| | Emivest Group (Client) | -Laboratory services -Transportation services | | | | |
| | Emivest Group (Buyer) | -Sale of veterinary products -Sale of egg trays -Sale of raw materials -Sale of medicines -Sale of day old chicks -Sale of hatching eggs -Sale of parent stock day old chicks -Sale of fresh chickens & further processing products | | | | |
| | Emivest Group (Client) | -Rental charges ^b | | | | |
| | Emivest Group (Provider) | - Machinery rental charges** - Transportations services | | | | |
| | | | | | | |
| 3 | Astaka Shopping Centre (Muar) Sdn Bhd ("Astaka") ³ (Provider) | -Rental Charges ^c | - Lau Brothers & spouses - LHM - CWLS | 2,205,614 | 3,617,692 | 4,863,000 |
| | Astaka Group (Buyer) | -Sale of cull eggs -Sale of fresh chickens & further processing products | | | | |
| 4 | Leong Hup Pedagang Sayur ("PS") ⁴ (Seller) | -Purchase of vegetables and sundry goods for farm staff and workers | - Lau Brothers & spouses | 177,356 | 300,000 | 450,000 |

| No | Related Party | Types of transaction | Interested director, major shareholder and person connected | Actual value of the transactions from 21/9/2008 to 10/08/2009 (RM) | Estimated value of the transactions from 21/9/2008 to 28/09/2009 (RM) | Estimated value of the transactions from the 28/9/2009 - to next AGM (RM) |
|----|---|---|--|--|---|---|
| 5 | Kylen Enterprise Sdn Bhd ("Kylen") ⁵ (Buyer) | -Sale of eggs -Sale of veterinary products -Sale of day old chicks , feed and medicines | - Major General (Rtd) Datuk Haji Esa Bin Ahmndad - Dr' Aidawani Binti Abd Latif | 27,935,450 | 56,952,000 | 44,034,000 |
| | Kylen (Client) | -Rental Charges ^d | | | | |
| 6 | Teratai Agriculture Sdn Bhd ("TASB") ⁶ (Buyer) | -Sale of veterinary products -Sale of medicines -Sale of chicken & further processing products | - Lau Brothers & spouses - LHM - CWLS | 965,169 | 1,649,560 | 1,719,000 |
| | TASB (Client) | -Rental charges ^e -Laboratory services | | | | |
| 7 | Sri Menawan Sdn Bhd ("SMSB") ⁷ (Provider) | -Rental Charges ^f | - Lau Brothers & spouses - LHM -CWLS | 163,670 | 184,404 | 223,000 |
| | SMSB (Buyer) | -Sale of chicken & further processing products | | | | |
| 8 | A'Famosa Resort Hotel Sdn Bhd ("AFRH") ⁸ (Buyer) | -Sale of chickens & further processing products | - Lau Brothers & spouses | - | 50,000 | 50,000 |
| 9 | Greenlane Plantations Sdn Bhd ("GPSB") ⁹ (Seller) | -Purchase of plantation trees | - Lau Brothers & spouses - LHM - CWLS | - | 95,000 | 25,000 |
| | GPSB (Provider) | -Transportation services | | | | |
| 10 | A' Famosa Water Theme Park Sdn Bhd ("AFWTP") ¹⁰ (Buyer) | -Sale of chickens & further processing products | - Lau Brothers & spouses | - | 50,000 | 50,000 |
| 11 | Goh Cha Boh @ Goh Hui Siang ¹¹ (Provider) | -Rental charges ^g | - Lau Brothers & spouses | 148,500 | 162,000 | 162,000 |
| 12 | Leong Hup Corporation Sdn Bhd ("LHC") ¹² (Provider) | -Rental charges ^h | - Lau Brothers & spouses - LHM - CWLS | 144,105 | 206,426 | 163,000 |
| 13 | Poly-Yarn Industries Sdn Bhd ("PYI") ¹³ (seller) | -Purchase of plastic bags material & others | - Lau Brothers & spouses - LHM - CWLS | 1,300 | 20,000 | 126,000 |
| 14 | Ladang Ternakan Maju Sdn Bhd ("LTM") ¹⁴ and its subsidiaries("LTM Group") (Buyer) | -Sale of day old chicks -Sale of veterinary products -Sale of hatching eggs -Sale of parent stocks -Sale of egg trays | - Lau Brothers & spouses | 12,963,596 | 17,087,200 | 24,926,000 |
| | LTM Group (Seller) | -Purchase of day old chicks -Purchase of feeds & medicine -Purchase of broiler chickens -Purchase of parent stocks | | | | |
| | LTM Group (Client) | -Rental charges ⁱ | | | | |

| No | Related Party | Types of transaction | Interested director, major shareholder and person connected | Actual value of the transactions from 21/9/2008 to 10/08/2009 (RM) | Estimated value of the transactions from 21/9/2008 to 28/09/2009 (RM) | Estimated value of the transactions from the 28/9/2009 - to next AGM (RM) |
|---------------------|---|---|---|--|---|---|
| 15 | Datin Goh Kim Kooi ¹⁵ (Provider) | - Rental charges ^j | - Lau Brothers & spouses | 88,000 | 96,000 | 96,000 |
| 16 | Mujur Cekap Sdn Bhd ("Mujur") ¹⁶ (Provider) | - Transportation services | - Na Hap Cheang - Nam Yok San - Na Yok Chee - Nam Hiok Yong - Nam Hiok Yok - NamHiok Joo ("Nam Brothers") | 1,947,093 | 3,200,000 | 3,108,000 |
| 17 | Gan, Lau & Associates ("GLA") ¹⁷ (Provider) | - Legal advisory | - Lau Brothers & spouses -Lau Meng Hong | 240,438 | 509,440 | 486,000 |
| | GLA (Client) | -Rental charges ^k | | | | |
| 18 | Tre-Van Mark Sdn Bhd ("TVM") ¹⁸ (Provider) | -Printing services -Advertising services | - Lau Brothers & spouses - Lau Geok Jade | 90,945 | 220,000 | 220,000 |
| 19 | Agensi Pekerjaan Inmaco Sdn Bhd ("Inmaco") ¹⁹ (Provider) | -Supply of foreign workers -Agent fee -Management fee for foreign workers | - Lau Brothers & spouses | 126,482 | 165,000 | 495,000 |
| 20 | Safari Bird Park & Wonderland Sdn Bhd ("SBPW") ²⁰ (Buyer) | -Sale of chicken & further processing products -Sale of veterinary goods | - Lau Brothers & spouses | 29,553 | 95,464 | 93,000 |
| | SBPW (Client) | -Rental Charges ^l | | | | |
| 21 | Merju Unggul Sdn Bhd ("Merju") ²¹ (Client) | -Rental Charges ^m (Terminated) | - Lau Brothers & spouses - LHM | 2,351 | 31,028 | - |
| 22 | Emerging Success Sdn Bhd ("ESSB") ²² (Client) | -Rental Charges ⁿ (Terminated) | - Lau Brothers & spouses - LHM | 6,284 | 59,567 | - |
| 23 | Kemajuan Mariwan Sdn Bhd ("KMSB") ²³ (Buyer) | -Sale of chicken & further processing products | - Lau Brothers & spouses | 156 | 25,000 | 25,000 |
| 24 | Kalim Sdn Bhd ("Kalim") ²⁴ (Buyer) | -Sale of chicken & further processing products | - Lau Brothers & spouses | 22,077 | 50,000 | 50,000 |
| 25 | Hornbill Restoran & Kafe Sdn Bhd ("Hornbill") ²⁵ (Buyer) | -Sale of chicken & further processing products | - Lau Brothers & spouses | 61,938 | 100,000 | 150,000 |
| B. NEW RRPTs | | | | | | |
| 26 | Rangkai Megah Sdn Bhd ("RMSB") ²¹ (Client) | -Rental Charges ^o | - Lau Brothers & spouses | - | - | 30,000 |
| 27 | Sungguh Abadi Sdn Bhd ("SASB") ²² (Client) | -Rental Charges ^p | - Lau Brothers & spouses | - | - | 176,000 |
| | SASB (Provider) | -Security Guards for parking lots | | | | |
| 28 | Fokus Bonanza Sdn Bhd ("Fokus") ²¹ (Client) | -Rental Charges ^r | - Lau Brothers & spouses - LHM - CWLS | - | - | 24,000 |
| 29 | Ikatan Kayangan Sdn Bhd("Ikatan") ²¹ (Client) | -Rental Charges ^s | -Lau Brothers & spouses | - | - | 38,000 |

| No | Related Party | Types of transaction | Interested director, major shareholder and person connected | Actual value of the transactions from 21/9/2008 to 10/08/2009 (RM) | Estimated value of the transactions from 21/9/2008 to 28/09/2009 (RM) | Estimated value of the transactions from the 28/9/2009 - to next AGM (RM) |
|----|---|---|---|--|---|---|
| 30 | Teo Seng Capital Berhad ("TSC") and its Subsidiaries ("TSC Group") ²⁰ (Seller) | -Purchase of egg tray & chicken box -Purchase of eggs | - Lau Brothers & spouses - LHM - CWLS | - | - | 10,655,000 |
| | TSC Group (Buyer) | -Sale of layer day old chicks -Sale of veterinary products | | | | |
| | TSC (Client) | - Laboratory services for sample testing of feed and chickens | | | | |
| 31 | Oracle Venture Sdn Bhd ("Oracle") (Provider) | -Management fees for safe-keeping of original legal, bank and land titles documents | - Lau Brothers & spouses - Low Wei Heng | - | - | 61,000 |
| 32 | PT Malindo Feedmill ("PTM") (Buyer) | -Sale of veterinary products | - Lau Brothers & spouses - LHM - CWLS | - | - | 50,000 |

Note:

[#] Due to taking consideration of fluctuation in pricing and inflation rate, the estimated transaction values are based on the information available at the point of estimation plus additional of 10%. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosures will be made in the Year 2010 Annual Report of the Company of the actual aggregate value of transactions contemplated pursuant to the Proposed Renewal Shareholders' Mandate during the financial year.

Explanatory Notes/Principal Activities and Nature of Interest of Related Parties

- ¹ The principal activity of PMSB is providing transportation services. PMSB is a related party by virtue of the shareholdings of Mr Lau Hai Nguan and Tan Sri Lau Tuang Nguang, directors of LHH Group. Mr Lai Hai Nguan and Tan Sri Lau Tuang Nguang collectively hold 19% of the issued and paid-up capital of PMSB. They are person connected to Dato' Lau Bong Wong and Dato' Lau Eng Guang.
- ² Emivest Berhad is principally an investment holding company. The principal activities of Emivest Group are that of manufacturing and marketing of animal feeds, duck breeder, sale of poultry and eggs. The Emivest Group comprises of Emivest Berhad, Gymtech Feedmill (Malacca) Sdn. Bhd. ("GFM"), Beaming Agrotrade Sdn. Bhd., Emivest Vietnam Limited, Sri Medan Duck Farm Sdn. Bhd, Kayangan Runding Sdn. Bhd, Ideal Multifeed (Malaysia) Sdn. Bhd., Prima Anjung Sdn Bhd and Jaco Nutrimix Sdn Bhd. It is a related party by virtue of its major shareholder, Mega Perfect (M) Sdn. Bhd. ("MP"), a company controlled by family members of Lau Brothers and CWL, holds 33.07% of the issued and paid-up capital of Emivest Bhd.
- ³ The principal activity of Astaka Group is an operator of departmental stores. Astaka is 100% owned subsidiary of Xing Ji Food Products Sdn Bhd ("Xing Ji"). Xing Ji is 100% owned subsidiary of LHM and LHM is controlled by family members of Lau Brothers and CWL.
- ⁴ The principal activity of PS is wholesaler of vegetables. PS is a related party as it is controlled by Mr Lau Chia Nguang, person connected to Dato' Lau Bong Wong, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang.
- ⁵ The principal activities of Kylen are slaughtering and selling of chickens. Kylen is a related party by virtue of Major General (Rtd) Datuk Haji Esa Bin Ahmad, a director of LHH holdings 14% of the issued and paid-up capital of Kylen and Dr' Aidawani Binti Abd Latif, a director of Ritma Prestasi Sdn Bhd, indirect subsidiary of LHH, holds 30% of the issued and paid-up capital of Kylen.
- ⁶ The principal activities of TASB are breeding and supplying a variety of animals. TASB is a related party as it is a 100% controlled company by Spouses of Lau Brothers.
- ⁷ SMSB is a property investment company. SMSB is a related party as it is a company controlled by Spouses of Lau Brothers.
- ⁸ The principal activity of AFRH is operator of hotel. AFRH is a related party by virtue of Datuk Lau Chir Nguan having 40% of the issue and paid-up capital of AFRH.
- ⁹ The principal activity of GPSB is selling of fresh fruits bunches and cultivating of oil palm trees. GPSB is

a related party as it is a 100% controlled company by CWL and Lau Brothers.

10 The principal activity of AFWTP is an operator of theme park. AFWTP is a related party by virtue of Datuk Lau Chir Nguan having 40% of the issued and paid up capital of AFWTP.

11 Madam Goh Cha Boh @ Goh Hui Siang is Lau Brothers' sister-in-law.

12 The principal activity of LHC is that of investment holdings. It is a company controlled by Lau Brothers and CWL.

13 The principal activity of PYI is manufacturing of plastic articles and products. PYI is a company where 96.33% interest was collectively controlled by LHM and LHC. Dato' Lau Bong Wong and his nephew, Mr. Lau Joo Heng are directors of PYI.

14 LTM is engaged in poultry, contract farming and investment holdings. LTM Group is a related party by virtue of Tan Sri Lau Tuang Nguang having 18% interest in LTM.

15 Datin Goh Kim Kooi is Lau Brothers' sister-in-law.

16 The principal activity of Mujur is providing transportation services. Mujur is a related party by virtue of Madam Teo Sik Good holding 66.63% equity interest in the said company and she is also the director of Mujur and spouse of Mr Nam Yok San, director of Teo Seng Capital Berhad . She is also a person connected to Mr Na Hap Cheng, Na Yok Chee, Nam Hiok Yong, Nam Hiok Yok and Nam Hiok Joo, directors and shareholders of TSC Group

17 The principal activity of GLA is providing of legal services. GLA is a related party by virtue of Ms Lau Meng Hong, a partner of GLA who is daughter of Dato' Lau Bong Wong.

18 The principal activity of TVM is providing of printing services. TVM is a related party by virtue of Ms Lau Geok Jade, a shareholder of TVM who is daughter of Dato' Lau Eng Guang.

19 The principal activity of Inmaco is an agency for employment, insurance and others. Inmaco is a related party by virtue of Mr Lau Hai Nguan, having 30% interest in Inmaco.

20 The principal activity of SBPW is managing and operating of bird park. SBPW is a related party by virtue of Dato' Lau Eng Guang and his spouse, Datin Goh Kim Kooi collectively hold 80.65% of the issued and paid-up capital in SBPW.

21 The principal activity of Merju is a car park operator and property developer. Merju is a related party by virtue of Datin Goh Kim Kooi, spouse of Dato' Lau Eng Guang having 99.99% of the issued and paid-up capital of Merju.

22 The principal activity of ESSB is managing and operating of car parks. ESSB is a related party by virtue of Datin Chua Ah Nia @ Chua Kah Nui, spouse of Dato' Lau Bong Wong having 49% of the issued and paid-up capital in ESSB.

23 The principal activity of KMSB is a hotel proprietor. KMSB is a related party by virtue of Mr Lau Hai Nguan having 50% interest in KMSB.

24 The principal activity of Kalim is managing and operating of recreation club. Kalim is a related party by virtue of Dato' Lau Eng Guang having 80% interest in Kalim.

25 The principal activity of Hornbill is a restaurant operator. Hornbill is a related party as it is a 100% controlled company by family members of Dato' Lau Eng Guang.

26 The principal activity of RMSB is managing and operating of car parks. RMSB is a related party by virtue of Datin Goh Kim Kooi, spouse of Dato' Lau Eng Guang having 45.00% of the issued and paid-up capital of RMSB.

27 The principal activity of SASB is managing and operating of car parks. SASB is a related party by virtue of family members of Dato' Lau Eng Guang, collectively hold 72.50% of the issued and paid-up capital in SASB.

28 The principal activity of Fokus is an oil palm plantation developer. Fokus is a related party as it is a 71% controlled company by family members of Lau Brothers and CWL.

29 The principal activity of Ikatan is an oil palm plantation developer. Ikatan is a related party as it is a 70% controlled company by family members of Lau Brothers and CWL.

30 TSC is principally an investment holding company. The principal activities of TSC Group are that of manufacturing and marketing of paper eggs and animal feeds, poultry farming and distribution of pet food, medicine and other related products. TSC Group comprises of Teo Seng Farming Sdn Bhd, Teo Seng Paper Products Sdn Bhd, Teo Seng Feedmill Sdn. Bhd., Ritma Presati Sdn Bhd and Success Century Sdn Bhd. It is a related party by virtue of Lau Brothers and/or spouses and/or its family members collectively hold 2.0% in TSC.

31 The principal activity of Oracle is to provide management services. Oracle is a related party by virtue of Mr Low Wei Heng, son-in-law of Dato' Lau Bong Wong being the director and having 50% shareholdings in Oracle.

32 The principal activities of PTMF is manufacturing of animal feeds and poultry farming. PTMF is a related party as it is a company 76.60% controlled by Lau Brothers.

Except as disclosed in Section 3, none of Related Party has any shareholdings in LHH.

Dato' Lau Bong Wong, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang are directors of LHH and they are brothers to Mr Lau Chia Nguang, Datuk Lau Chir Nguan and Mr Lau Hai Nguan. Mr Lau Joo Hong, director of LHH is a nephew of Lau Brothers.

The Lau Brothers and/or their spouses and/or its family members , CWLS collectively controlled 100% interest in LHC, LHM, MP, TASB and SMSB.

LHM is a Major Shareholder of LHH and indirect Major Shareholder of Emivest. As at 10 August 2009, it holds direct interest of 47.47% of the issued and paid-up capital in LHH and indirect interest of 20% and 74.12% of the issued and paid-up capital in Emivest and TSC through LHH.

CWL is a 20% Major Shareholder of LHM and indirect Major Shareholder of LHH, Emivest and TSC through LHM. It is a company 100% controlled by Mr Lau Joo Hong, Mr Lau Jui Peng and Mr Lau Joo Heng. Mr Lau Jui Hong, Mr Lau Jui Peng and Mr Lau Joo Heng are siblings.

Datin Heng Ah Pee, spouse of the late of Datuk Lau Chong Wang is a parent of Mr Lau Joo Hong, Mr Lau Jui Peng and Mr Lau Joo Heng, is a Major Shareholder of TASB, SMSB and a Director of SMSB. Datin Heng Ah Pee is the sister -in -law of Lau Brothers.

Dato' Lau Bong Wong is the Chairman of LHH and also Chairman and Managing Director of Emivest. He sits on the Board of TASB, Fokus, Ikatan and several subsidiaries of LHH and Emivest. Dato' Lau is also the Major Shareholder of LHC and a shareholder of GPSB.

Datin Chua Ah Nia @ Chua Kah Nui, spouse of Dato' Lau Bong Wong is a shareholder of LHH and major shareholder of LHM, TASB and SMSB.

Mr Lau Chia Nguang sit on the Board of several subsidiaries of LHH, a Major Shareholder of LHC and a shareholder of GPSB. He is also the sole proprietor of PS.

Madam Goh Cha Boh @ Goh Hui Siang, spouse of Mr Lau Chia Nguang is a Major Shareholder of LHM, TASB, SMSB and a shareholder of LHH. She is a director of MP.

Datuk Lau Chir Nguan is a director and Major Shareholder of ARFH. He also sits on the Board of AFRH, AFWTP and Kayangan Runding Sdn. Bhd., a 100% owned subsidiary of GFM. He is a Major Shareholder of LHC, AFWTP and a shareholder of GPSB.

Datin Tan Chay Hoon, spouse of Datuk Lau Chir Nguan is a Major Shareholder of LHM, TASB, SMSB and a Director of SMSB.

Dato' Lau Eng Guang is an Executive Director and a Shareholder of LHH. He is a Major Shareholder of LHC and SBPW. He also sits on the Board of Emivest, LHM, Astaka, KASB, SBPW, Ikatan and LHPF and a shareholder of GPSB.

Datin Goh Kim Kooi, spouse of Dato' Lau Eng Guang is a Major Shareholder of LHM, TASB, SMSB, SBPW, SMSB, Hornbill and a shareholder of LHH. She is a director of SMSB, MP and RMSB.

Mr Lau Hai Nguan is a director of LHM, LHC, PMSB, Astaka, TASB, GPSB and several subsidiaries of LHH. He is a Major Shareholder of PMSB, LHC, Inmaco and KMSB and shareholder of GPSB.

Madam Lai Chong Koo, spouse of Mr Lau Hai Nguan is a Major Shareholder of LHM, TASB, SMSB and a Director of SMSB and MP.

Tan Sri Lau Tuang Nguang is an Executive Director of LHH and also sits on the board of PMSB, LTM, Ikatan, Fokus and several subsidiaries of LHH. Tan Sri Lau is a Major Shareholder of PMSB, LTM and a shareholder of LHH, Ikatan and GPSB.

Puan Sri Wong Kee Choo, spouse of Tan Sri Lau Tuang Nguang is a Major Shareholder of LHM, TASB, SMSB and a shareholder of LHH. She is a Director of SMSB.

Lau Joo Hong is a director and Major Shareholder of CWL and a shareholder and indirect major shareholder of LHH, Emivest and TSC. He sits on the board of Astaka and several subsidiaries of Emivest. He is the nephew of Lau Brothers.

Lau Jui Peng is a director and Major Shareholder of CWL and a shareholder and indirect major shareholder of LHH, Emivest and TSC. He sits on the board of several subsidiaries of LHH and Emivest. He is the nephew of Lau Brothers.

Lau Joo Heng is a director and Major Shareholder of CWL and a shareholder and indirect major shareholder of LHH, Emivest and TSC. He is the nephew of Lau Brothers.

***Lorry rental charges**

- a) Lorry permit rental- yearly tenure of RM150 per month
- b) Lorry rental- 3 years tenure with rental of RM1,900 per month

**** Machinery rental charges**

3 years tenure with rental of RM12,000 per month

Rental Charges

| | <u>Location</u> | <u>Size</u> | <u>Age of Building</u> | <u>Tenure of Agreement</u> | <u>Current Rental Payment</u> |
|---|---|----------------|------------------------|----------------------------|-------------------------------|
| a | 3 rd Floor 201, Jalan Abdullah 84000 Muar, Johor (Sub-lease) | ~2,200 sq ft | 17 years | 3 years subject to renewal | RM2,200 per month |
| b | Lot 3912 Mk of Cha'ah XVLL Yong Peng, Batu Pahat Johor | ~2.35 hectares | 8 years | yearly subject to renewal | RM1,800 per month |
| | PT 1607 HS(M) 125 Mk Machap, Kluang Johor | ~2.36 hectares | 8 years | yearly subject to renewal | RM1,879 per month |
| c | Tingkat Atas Pasar Awam, Jln Salleh 84000 Muar, Johor | ~832 sq ft | 18 years | yearly subject to renewal | RM2,391 per month |
| | Tingkat Atas Pasar Awam, Jln Salleh 84000 Muar, Johor | ~36sqft | 18 years | yearly subject to renewal | RM800 per month |
| d | CT 6760 Lot 4125 CT 6761 Lot 4126 Mukim of Ratau Negeri Sembilan | ~19A 1R 14P | 19 years | yearly subject to renewal | RM6,642 per month |
| e | Ground Floor 201, Jalan Abdullah 84000 Muar, Johor (Sub-lease) | ~714 sq ft | 17 years | 3 years subject to renewal | RM3,300 per month |
| f | Ground Floor – 4 th Floor 201-202, Jalan Abdullah 84000 Muar, Johor. | ~14,080 sq ft | 17 years | 2 years subject to renewal | RM13,970 per month |

| | <u>Location</u> | <u>Size</u> | <u>Age of Building</u> | <u>Tenure of Agreement</u> | <u>Current Rental Payment</u> |
|--------------|--|----------------|------------------------|----------------------------|---|
| | 29, Jalan Bentayan 84000 Muar Johor | ~ 4,805 sqft | 20 years | yearly subject to renewal | } } } } RM2,000 } per month }} |
| | 60, Jalan Sisi 84000 Muar Johor | ~ 449 sq ft | 20 years | yearly subject to renewal | } } } |
| ^g | 7, Ground Floor Jln 54, Tmn Desa Jaya, Kepong 52100 K.L. | ~ 1,200 sq ft | 16 years | 3 years subject to renewal | } } RM13,500 } per month } |
| | 26-B, Jln SS 6/3, Kelana Jaya 47301 Petaling Jaya | ~1,500 sq ft | 20 years | 2 years subject to renewal | } } |
| ^h | Ground Floor 208 & 209, Jalan Abdullah 84000 Muar, Johor | ~714 sq ft | 16 years | 3 years subject to renewal | RM3,000 per month |
| | Lot 4209, Mk of Bakariah District of Muar, Johor | ~ 33,820 sq ft | 14-20 years | 3 years subject to renewal | RM6,775 per month |
| | Lot 4209, Mk of Bakariah District of Muar, Johor | ~10,680 sq ft | 14-20 years | 3 years subject to renewal | RM1,500 per month |
| | Lot 2.08 , 126-8, Jalan Kelang Lama, Wisma Westcourt Kuala Lumpur | ~1,002 sqft | 21 years | 2 year subject to renewal | RM2,305 per month |
| ⁱ | 2 ½ storey shop HS(D) Ka 3194-3196 Mk of Hulu Kinta, Ipoh | ~4,570 sq ft | 12 years | Yearly subject to renewal | RM600 per month |
| ^J | 299-22-P1, Menara Bangsar Jalan Maarof, 59000 Kuala Lumpur | ~1,100 sqft | 9 years | Yearly subject to renewal | RM8,000 per month |
| ^K | Lot 110 & 111 126-8, Jalan Kelang Lama Wisma Westcourt Kuala Lumpur | ~2.044 sqft | 21 years | 3 years subject to renewal | RM2,800 per month |
| ^l | Lot 402 & 503 126-8, Jalan Kelang Lama Wisma Westcourt Kuala Lumpur | ~1,874 sqft | 21 years | 3 years subject to renewal | RM2,687 per month |
| ^M | Lot 109, 126-8, Jalan Kelang Lama, Wisma Westcourt Kuala Lumpur | ~1,022 sqft | 21 years | 2 years subject to renewal | RM2,351 per month |
| ^N | Lot 101 & 102 126-8, Jalan Kelang Lama Wisma Westcourt Kuala Lumpur | ~1,962 sqft | 21 years | 2 years subject to renewal | RM4,513 per month |
| ^O | Lot 109, 126-8, Jalan Kelang Lama, Wisma Westcourt Kuala Lumpur | ~1,022 sqft | 21 years | 3 years subject to renewal | RM2,351 per month |
| ^P | Lot 101 & 102 126-8, Jalan Kelang Lama Wisma Westcourt Kuala Lumpur | ~2,732 sqft | 21 years | 3 years subject to renewal | RM6,284 per month |
| ^R | Lot 303, 126-8, Jalan Kelang Lama, Wisma Westcourt Kuala Lumpur | ~773.02 sqft | 21 years | 3 years subject to renewal | RM1,933 per month |
| ^S | Lot 205, 126-8, Jalan Kelang Lama, Wisma Westcourt Kuala Lumpur | ~1,255 sqft | 21 years | 3 years subject to renewal | RM3,138 per month |

2.3 Rationale

The Related Party Transaction entered or to be entered into by the Group is in the ordinary course of business. They are recurrent transactions of revenue or trading nature, which are likely to occur with some degree of frequency and which may arise at any time and from time to time. These transactions may be constrained by their time-sensitive and confidential nature, and it may be impracticable to seek shareholders' approval on a case-by-case basis before entering into such transactions. As such, the Board is seeking the shareholders' mandate pursuant to paragraph 10.09 of the Listing Requirements for the transactions described in Section 2.1 above to allow the Group to enter into such recurrent Related Party Transaction on terms which are not more favourable to the Related Party than those generally available to the public and not to the detriment of the minority shareholders of LHH.

By obtaining the Proposed Shareholders' Mandate and 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 recurrent Related Party Transaction 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 Group or adversely affecting the business opportunities available to the Group.

2.4 Benefits

The Related Party Transaction are carried out in the ordinary course of business on arm's length and on normal commercial terms which are not prejudicial to minority interest. The Related Party Transactions entered or to be entered into are intended to meet the business needs of the Group at the best possible terms. The Group has long-standing business relationships with the Related Party and the close co-operation has yielded mutual benefits which are expected to continue to be beneficial to the businesses of the Group.

2.5 Guidelines and Review Procedures

Group has internal control systems to ensure that the Related Party Transaction are undertaken on an arm's length and on normal commercial terms consistent with Group's usual business practices and policies, which are not more favourable to the Related Party than those normally available to the public and are not to the detriment of the minority shareholders. These include that Related Party Transaction entered or proposed to be entered into will always take into account the pricing, level of service, quality of service and material or goods and on competitive pricing in the open market.

A record is maintained by the Group of all Related Party Transaction which would be entered into pursuant to the Proposed Shareholders' Mandate and the basis upon which they are entered into, including the quotations obtained to support such basis.

The annual internal audit plan shall incorporate a review of all Related Party Transaction entered into pursuant to the Proposed Shareholders' Mandate. The Audit Committee shall review the internal audit reports to ascertain that the Related Party Transaction is conducted according to the guidelines and procedures that were adopted. If the Audit Committee is of the view that the guidelines and procedures are insufficient, it will take action as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature do meet such objectives and in such cases the Company will revert to the shareholders for a fresh mandate for dealing with such Related Party. If a member of the Audit Committee has an interest, whether direct or indirect, in a transaction to be reviewed by the Audit Committee, he will abstain from all deliberations and decision-making in the Audit Committee in respect of such transaction.

At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the LHH Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the Recurrent Related Party Transaction is not detrimental to LHH Group.

The guidelines for the relevant approving authority practiced by the LHH Group in relation to Recurrent Related Party Transactions are as follows:-

- (i) transactions below RM500,000 each in value, will be reviewed and approved by the Executive Director or such other senior executive(s) (not being a person connected to the Related Party) designated by the Audit Committee from time to time for such purpose and tabled for review by the Audit Committee on a quarterly basis.
- (ii) transactions equal to or exceeding RM500,000 each in value will be reviewed and approved by the Audit Committee.
- (iii) The Executive Director or other senior executives(s) designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

2.6 Statement by Audit Committee

The Audit Committee of (with the exception of Major General (Rtd) Datuk Haji Esa Bin Ahmad who is deemed interested party, had and will continue to abstain from making any recommendations) has reviewed the terms of the Proposed Shareholders' Mandate, and is satisfied that the review procedures for Related Party Transaction, as well the annual reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that such transactions will be carried out at arm's length, on normal commercial terms which are not prejudicial to the interests of the shareholders of the Company, on terms not more favourable to the Related Party than those generally available to the public and on terms not to the detriment of minority shareholders.

If, during its annual reviews, the Audit Committee is of the view that such guidelines and procedures are no longer appropriate or adequate to ensure that Related Party Transactions will be carried out on normal commercial terms or will be prejudicial to the interests of shareholders, the Company will seek a fresh mandate from shareholders based on new guidelines and procedures.

2.7 Condition to the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming 29th AGM to be convened.

3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors and/or Major Shareholders of and persons connected with them are interested in the Proposed Shareholders' Mandate.

The direct and indirect shareholdings of the interested Directors, Major Shareholders and persons connected with them in the issued and paid up share capital of the Company as at 10 August 2009 are as follows:-

| | Direct | | Indirect | |
|---|---------------|-------|---------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Interested Directors | | | | |
| Dato' Lau Bong Wong | - | - | 155,000 ⁽¹⁾ | 0.09 |
| Dato' Lau Eng Guang | 2,007,800 | 1.20 | 2,526,400 ⁽¹⁾ | 1.52 |
| Tan Sri Lau Tuang Nguang | 13,000 | 0.01 | 178,000 ⁽¹⁾ | 0.11 |
| Lau Joo Hong | 309,966 | 0.19 | 79,145,566 ⁽³⁾ | 47.47 |
| Major General (Rtd) Datuk Haji Esa Bin Ahamad | - | - | - | - |
| | Direct | | Indirect | |
| Interested Major Shareholders | No. of Shares | % | No. of Shares | % |
| Leong Hup Management Sdn. Bhd ("LHM") | 79,145,566 | 47.47 | - | - |
| CW Lau & Sons Sdn Bhd | - | - | 79,145,566 ⁽²⁾ | 47.47 |
| Lau Joo Hong | 309,966 | 0.19 | 79,145,566 ⁽³⁾ | 47.47 |
| Lau Jui Peng | 330,700 | 0.20 | 79,145,566 ⁽³⁾ | 47.47 |
| Lau Joo Heng | 309,700 | 0.19 | 79,145,566 ⁽³⁾ | 47.47 |
| | Direct | | Indirect | |

| <i>Person Connected with Directors and Major Shareholders</i> | No. of Shares | % | No. of Shares | % |
|---|----------------------|------------|----------------------|----------|
| Lau Chia Nguang | 332 | Negligible | - | - |
| Goh Cha Boh @ Goh Hui Siang | 131,333 | 0.08 | - | - |
| Datin Goh Kim Kooi | 2,220,600 | 1.47 | - | - |
| Puan Sri Wong Kee Choo | 178,000 | 0.11 | - | - |
| TASB | 50,000 | 0.03 | - | - |
| Kylen | 142,100 | 0.08 | - | - |

Notes:-

- (1) Deemed interested by virtue of his indirect equity interest in LHH via his respective shareholdings spouse and/or children.
- (2) Deemed interested by virtue of its interest in LHM pursuant to Section 6A(4) of the Act.
- (3) Deemed interested by virtue of their interest in CWL pursuant to Section 6A(4) of the Act.

In view of the interests of Dato' Lau Bong Wong, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong and Major General (Rtd) Datuk Haji Esa Bin Ahmad in this proposal as disclosed in Clause 2.2 above, they have abstained and will continue to abstain from all deliberations and voting on the Proposed Shareholders' Mandate at Board Meeting of . They will also abstain from voting in respect of their direct and/or indirect shareholdings at the 29th AGM of on the resolution pertaining to the Proposed Shareholders' Mandate.

The interested Major Shareholders will abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the 29th AGM in respect of their direct and/or indirect shareholdings.

The interested Directors and interested Major Shareholders has undertaken to ensure that persons connected with them will abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the 29th AGM in respect of their direct and/or indirect shareholdings.

4. DIRECTORS' RECOMMENDATION

The Board (with the exception of Dato' Lau Bong Wong, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Hong and Major General (Rtd) Datuk Haji Esa Bin Ahmad who abstained from deliberation and recommendation in respect of the Proposed Shareholders' Mandate) is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company. Therefore, the remaining members of your Board recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the 29th AGM.

5. ANNUAL GENERAL MEETING

The Notice convening the 29th AGM to vote on the resolution is set out in the Annual Report 2009. The 29th AGM will be held at Conference Room, Ground Floor, Streeview Hotel, 11 & 13, Jalan Ali, 84000 Muar, Johor Darul Takzim on Mandy, 28September 2009 at 11.30 a.m. for the purpose of considering and if thought fit, passing the resolution pertaining to the Proposed Shareholders' Mandate at the 29th AGM.

If you are unable to attend and vote in person at the 29th AGM, you should complete and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Registered Office of at 201-203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim not later than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

The completion and return of the Form of Proxy will not preclude you from attending and voting at the 29th AGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

6. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board
LEONG HUP HOLDINGS BERHAD

LIM MENG BIN
Executive Director

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

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

2. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

There are no material litigations, claims and arbitrations involving LHH Group, including those pending or threatened against LHH Group.

3. MATERIAL CONTRACTS

Save as disclosed below, the LHH Group has not entered into any material contracts, not being contracts entered into within the ordinary course of business, within the two (2) years preceding the date of this Circular:

- (i) Forty four (44) separate sale and purchase agreements dated 4 December 2007 (as amended by a supplemental sale and purchase agreement dated 4 February 2008) entered into between LHH and Leong Hup Management Sdn Bhd in relation to the proposed acquisition by LHH of forty five (45) shop offices and apartment units within a building known as Wisma Westcourt together with 88 car part bays, located at No.126, Jalan Kelang Lama, 58000 Kuala Lumpur held under Master Title GM 1448 Lot No.362, Section 99, Mukim of Kuala Lumpur, District of Wilayah Persekutuan, from Leong Hup Management Sdn Bhd for a total cash consideration of RM18,000,000.
- (ii) Two (2) separate sale and purchase agreements dated 4 December 2007 entered into between Leong Hup Poultry Farm Sdn Bhd ("LHPF"), a wholly owned subsidiary of LHH and Sri Medan Duck Farm Sdn Bhd in relation to the proposed disposal by LHPF of two (2) pieces of leasehold land held under Title Nos. Pajakan Negeri 214558 & 214559, Lot Nos. 213093 & 213094 in the Mukim of Sungai Raya, District of Kinta, State of Perak Darul Ridzuan to Sri Medan Duck Farm Sdn Bhd for a total cash consideration of RM6,000,000.
- (iii) Two (2) separate sale and purchase agreements dated 4 April 2008 entered into between MIDF Property Berhad and Ayam A1 Food Processing Sdn Bhd, ("AAFP"), a wholly owned subsidiary of LHH in relation to the purchase by AAFP of two (2) pieces of land held under HS (D) 5822 & 5823, No. PT 1770 & 1771 respectively in the Mukim of Pedas, District of Rembau, State of Negeri Sembilan for a total consideration of RM3,637,508.
- (iv) Three (3) separate sale and purchase agreements dated 11 April 2008 and one (1) sale and purchase agreement dated 2 March 2008 entered into between LHH and Gabung Wajib Sdn Bhd in relation to the purchase by LHH of three (3) units of office lots at level 1 of the Saville Retail and Office Suites and one residential unit at level 25 of the Saville Residence to be constructed on a piece of land held under H.S (D) No. 1125597 P.T.No. 8, Seksyen 99 in Bandar Kuala Lumpur, District of Kuala Lumpur for a total consideration of RM4,557,180.
- (v) Two (2) separate sale and purchase agreements, both dated 12 June 2008, whereby Ritma Prestasi Sdn Bhd ("Ritma") agreed to acquire from F.E Venture Sdn Bhd, all that pieces of land held under HS(D) 179532 PT No 231 and HS(D) 179533 PT No 232, Pekan Desa Puchong, District of Petaling, Selangor Darul Ehsan, together with 1 ½-storey semi-detached office cum factory erected on each piece of land, for an aggregate cash consideration of RM2,550,000.

- (vi) Share acquisition agreement dated 18 June 2008 between Teo Seng Capital Berhad (“TSC”) and Teo Seng Farming Sdn Bhd (“TSF”) for the acquisition by TSC of the entire issued and paid-up share capital of Teo Seng Feedmill Sdn Bhd, Teo Seng Paper Products Sdn Bhd and Ritma for a purchase consideration of RM12,746,500 to be accounted for as an amount owing in the books of TSC.
- (vii) Underwriting agreement dated 5 September 2008 between TSC and HwangDBS for the underwriting of up to 31,110,000 new TSC shares at an issue price of RM0.45 each pursuant to the public issue in conjunction with the listing of TSC on Bursa Securities. Underwriting commission is payable at the rate of up to 1.50% of the issue price of RM0.45 per TSC share. TSC was listed on the Second Board of Bursa Securities on 29 October 2008.
- (viii) Conditional share acquisition agreement dated 13 January 2009 entered into between LHH and CW Lau & Sons Sdn Bhd, Dato’ Lau Bong Wong, Lau Joo Han, CN Lau & Sons Sdn Bhd, LCN & Family Sdn Bhd, Dato’ Lau Eng Guang, Lau Joo Yong, HN Lau & Sons Sdn Bhd and LTN Resources Sdn Bhd (“the Vendors”) for the acquisition of 1,226,753 Alam Muhibah Sdn Bhd (“AMSB”) shares representing approximately 35% of the Enlarged Share Capital AMSB for a cash consideration of RM33,900,000.
- (ix) Call option agreement dated 13 January 2009 entered into between LHH and CW Lau & Sons Sdn Bhd, Dato’ Lau Bong Wong, Lau Joo Han, CN Lau & Sons Sdn Bhd, LCN & Family Sdn Bhd, Dato’ Lau Eng Guang, Lau Joo Yong, HN Lau & Sons Sdn Bhd and LTN Resources Sdn Bhd (“the Grantors”) whereby the Grantors granted a call option to LHH to acquire up to 744,813 AMSB Shares representing approximately 21.25% of the Enlarged Share Capital AMSB.
- (x) Shareholders agreement dated 13 January 2009 entered into between LHH with CW Lau & Sons Sdn Bhd, Dato’ Lau Bong Wong, Lau Joo Han, CN Lau & Sons Sdn Bhd, LCN & Family Sdn Bhd, Dato’ Lau Eng Guang, Lau Joo Yong, HN Lau & Sons Sdn Bhd and LTN Resources Sdn Bhd (“the Existing Shareholders”) to regulate their relationships as shareholders of AMSB upon completion of the Proposed AMSB Acquisition.
- (xi) Sale and purchase agreement dated entered into between Leong Hup Poultry Farm Sdn Bhd and Soonly Poultry Farm Sdn Bhd (“the Vendor”) for acquisition of properties held under GM135-GM138 Lots 2677, 2680, 2682, 2683 GM237 Lot 3642 and GM238 Lot 3643, all in Mukim of Senai-Kulai, Kulai, Johor together with all the chicken farms houses erected thereon and inclusive of all existing fixtures and fittings and inventories therein for a total consideration of RM11,500,000-00.
- (xii) Share sale agreement dated 28 August 2009 entered into between Lee Say Trading Sdn Bhd (“LST”) and Heng Kai Hock and Lim Nancy (“the Vendors”) for acquisition of entire issued and paid-up capital consisting of 1,050,000 ordinary shares of Heng Kai Hock Farm Sdn Bhd (“HKFSB”) for a total consideration of RM2,454,400-00. The acquisition is subject to advances by LST to HKFSB for the settlement of current liabilities of RM11,383,875-83.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of at 201-203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim during normal office hour from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of the AGM:-

- i) Memorandum and Articles of Association of ;
- ii) Audited Accounts of the financial year ended 31 March 2008;
- iii) Audited Accounts of the financial year ended 31 March 2009;
- iv) Unaudited results for the period ended 30 June 2009; and
- v) Material contracts referred to in Section 3 above.