

RHB Investment Bank Berhad 1963-P (A Participating Organisation of Bursa Malaysia Securities Berhad) Level 12, Tower 3, RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur, Malaysia TEL +603 9287 3888 FAX +603 9287 2233/3355/4770

24 September 2014

The Board of Directors Lay Hong Berhad
No. 9, Jalan Bayu Tinggi 2A/KS6 Taipan 2
Batu Unjur
41200, Klang
Selangor

Acknowledgement Copy

Dear Sirs,

NOTICE OF CONDITIONAL VOLUNTARY TAKE-OVER OFFER ("NOTICE")

1. INTRODUCTION

- On behalf of QL Resources Berhad ("QL" or "Offeror"), RHB Investment Bank Berhad ("RHB Investment Bank") wishes to inform you of the Offeror's intention to undertake a conditional voluntary take-over offer to acquire all the ordinary shares of RM1.00 each in Lay Hong Berhad ("LHB") ("LHB Shares") other than those already held by the Offeror ("Offer Shares") at a cash offer price of RM3.50 per Offer Share ("Offer Price") ("Offer").
- As at the date of this Notice, the Offeror holds 13,417,700 LHB Shares, representing approximately 26.81% of the issued and paid-up share capital of LHB.
- 1.3 For the purpose of this Offer, the Offeror is not acting in-concert with any other persons pursuant to Section 216 of the Capital Markets and Services Act 2007 ("CMSA").

2. THE OFFER

- 2.1 We, on behalf of the Offeror, hereby serve this Notice on the Board of Directors of LHB.
- The Offer is being made to each of the holders of the Offer Shares ("Holders") equally and in respect of all of their Offer Shares, upon the terms and subject to the conditions set out in Section 4 of this Notice.
- 2.3 Holders who wish to accept the Offer should refer to the procedures for acceptance which will be detailed in the document outlining the Offer ("Offer Document"), together with the accompanying Form of Acceptance and Transfer, to be despatched in due course, subject to the consent of the Securities Commission Malaysia ("SC").
- 2.4 LHB has an existing executive share option scheme ("ESOS") expiring on 10 November 2015. This Offer is also extended to the holders of the outstanding ESOS options provided that the outstanding ESOS options are exercised into LHB Shares prior to the closing of this Offer.



INFORMATION ON THE OFFEROR

The Offeror was incorporated in Malaysia on 25 April 1997 under the Companies Act, 1965 ("Act") as a public limited company. The Offeror was listed on 30 March 2000 on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") and transferred to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (formerly known as the Main Board of KLSE) on 22 January 2002.

The Offeror and its subsidiaries have three principal activities; Integrated Livestock Farming which includes poultry farming and feed raw material distribution; Marine Products Manufacturing which includes deep sea fishing, surimi, surimi-based products and fishmeal production; and Palm Oil Activities which includes crude palm oil milling, plantations and biomass clean energy.

As at the date of this Notice, the Offeror has an authorised share capital of RM500,000,000 comprising 2,000,000,000 ordinary shares of RM0.25 each, of which RM312,007,357.50 comprising 1,248,029,430 ordinary shares have been issued and fully paid-up.

As at the date of this Notice, the directors of the Offeror are YM Tengku Dato' Zainal Rashid bin Tengku Mahmood, Chia Song Kun, Chia Seong Pow, Chia Seong Fatt, Chia Song Kooi, Chia Song Swa, Chia Mak Hooi, Cheah Juw Teck, Chieng Ing Huong, Eddy and Tan Bun Poo, Robert.

The substantial shareholders of the Offeror based on its register of substantial shareholders as at the date of this Notice are as follows:-

	Direct		Indirec	t ellist
Name	No. of shares held	%	No. of shares held	%
CBG Holdings Sdn Bhd	533,197,172	42.72	-	-
Farsathy Holdings Sdn Bhd	153,079,160	12.27	-	_

4. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, unless otherwise directed or permitted to be varied by the SC, are as follows:-

4.1 Consideration for the Offer

Holders who accept the Offer shall be paid RM3.50 in cash for each Offer Share, in accordance with the terms to be set out in the Offer Document.

Notwithstanding the above, if LHB makes or pays any dividend and/or other distributions of any nature whatsoever on or after the date of this Notice but prior to the closing of the Offer and the Holder is entitled to retain such dividend and/or other distributions, the cash consideration for each Offer Share shall be reduced by the quantum of the net dividend and/or other distributions per LHB Share which such Holder is entitled to retain.



The Board of LHB had on 26 August 2014 announced the book closure date for the final dividend of 5 sen per share in respect of financial year ended 31 March 2014 ("**Dividend**"). For the avoidance of doubt, the Dividend will be adjusted against the Offer Price of RM3.50 per Offer Share.

Holders may accept the Offer in respect of all or part of their Offer Shares. They may not accept the Offer in excess of their respective holdings of the Offer Shares. Fractions of a sen will not be paid to the Holders who accept the Offer ("Accepting Holder(s)") and entitlements to the cash payment will be rounded down to the nearest whole sen.

The Offer Price represents a premium to the following volume-weighted average prices ("VWAP") of LHB Shares up to and including 23 September 2014, being the last full trading day prior to the date of the Notice:-

	Share price	Premium	
	(RM)	(RM)	(%)
5-day VWAP of LHB Shares up to and including 23 September 2014	2.52	0.98	38.89%
1-month VWAP of LHB Shares up to and including 23 September 2014	. 2.44	1.06	43.44%
3-month VWAP of LHB Shares up to and including 23 September 2014	2.44	1.06	43.44%
6-month VWAP of LHB Shares up to and including 23 September 2014	2.12	1.38	65.09%
12-month VWAP of LHB Shares up to and including 23 September 2014	1.83	1.67	91.26%

(Source: Bloomberg)

4.2 Date of the Offer

Pursuant to the provisions of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code"), unless otherwise directed or permitted by the SC to defer in doing so, the Offer will be made by the posting of the Offer Document which will not be later than twenty-one (21) days from the date of this Notice ("Posting Date"). An application for an extension of time to despatch the Offer Document will be made to the SC if the posting of the Offer Document is expected to be deferred beyond the requisite twenty-one (21) days.



4.3 Conditions of the Offer

The Offer is conditional upon the Offeror having received before the closing of the Offer, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn), in respect of the Offer Shares, which would result in the Offeror, together with such LHB Shares that are already acquired, held or entitled to be acquired or held by the Offeror, if any, more than 50% of the voting shares or voting rights of LHB ("50% Acceptance Condition"). The 50% Acceptance Condition shall be fulfilled on or before 5.00 p.m. (Malaysia time) on the Closing Date (as defined under Section 4.6 (a) of this Notice), failing which the Offer shall lapse and the Offer will cease to be capable of further acceptances and all acceptances shall be returned to the Accepting Holders and the Offeror will thereafter cease to be bound by any such prior acceptance of the Offer.

The Offer is conditional upon approvals being obtained from the following parties:-

- (a) the SC consenting to the issuance of the Offer Document; and
- (b) any other relevant regulatory authority or parties, if required;

(collectively known as the "Approval Conditions")

failing which the Offer shall lapse and all acceptances shall be returned to the Holders who have accepted the Offer.

The day when the Approval Conditions are obtained shall be referred to as the "Unconditional Date".

4.4 Despatch of the Offer Document

Unless otherwise directed or permitted by the SC to defer in doing so, the Offer will be made by the posting of the Offer Document within twenty-one (21) days from the date of this Notice, or any extended time period as may be approved by the SC. An application for an extension of time will be made to the SC, if the posting of the Offer Document is expected to be deferred beyond the requisite twenty-one (21) days.

Subject to Section 4.12(a) of this Notice, the Offeror will post the Offer Document to the Board of Directors of LHB and all the Holders whose names appear on the Record of Depositors of LHB as at the latest practicable date prior to the Posting Date.

4.5 Warranties

The Offeror will acquire the Offer Shares based on the acceptance by a Holder in accordance with the terms and conditions set out in the Offer Document. Such acceptance will be deemed to constitute an irrevocable and unconditional warranty by the Accepting Holder that the Offer Shares to which such acceptances relate are sold:-

(a) free from any moratorium, claims, charges, liens, pledges, encumbrances, options, right of pre-emption, third party rights and equities from the date of the valid acceptance; and



(b) with all rights, benefits and entitlements attached including the rights to all dividends and/or distributions declared, paid or made on or after the date of this Notice, subject to the adjustments referred to in Section 4.1 of this Notice.

4.6 Duration of the Offer

(a) Original duration

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) for a period of at least twenty-one (21) days after the Posting Date or such later date(s) as we may announce on behalf of the Offeror ("Closing Date"), unless the Offeror withdraws the Offer with the SC's written approval and in such event, every person shall be released from any obligation incurred under the Offer.

(b) Revision of the Offer

If the Offer is revised after the Posting Date, it will remain open for acceptances for a period of at least fourteen (14) days from the date of posting of the written notification of the revision to the Holders. Where any of the terms of the Offer are revised, Holders who have previously accepted the Offer shall also be entitled to receive the revised consideration that is to be paid or provided for the acceptance of the Offer.

The Offeror shall not revise the Offer after the forty-sixth (46th) day from the Posting Date.

(c) Closing of the Offer

- (i) If the Unconditional Date falls on any day **ON** or **BEFORE** the forty-sixth (46th) day from the Posting Date, the Offer will remain open for acceptances for at least fourteen (14) days from the Unconditional Date, which, in any event shall not be later than the sixtieth (60th) day from the Posting Date.
- (ii) If the Unconditional Date falls on any day AFTER the forty-sixth (46th) day from the Posting Date, the Offer shall remain open for acceptances for not less than fourteen (14) days from the Unconditional Date, which, in any event, shall not be later than the seventy-fourth (74th) day from the Posting Date.

Without prejudice to the above, the Offeror shall give not less than fourteen (14) days' notice in writing to the Holders before the closing of the Offer.

(d) Extension of the Offer

Any extension of the date and time for acceptance of the Offer by the Offeror will be announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the Closing Date. Such announcement will state the next expiry date of the Offer. Notices of such extension will be posted to the Holders accordingly.



4.7 Rights of withdrawal by an Accepting Holder

- (a) All acceptances of the Offer by an Accepting Holder SHALL BE IRREVOCABLE. However, an Accepting Holder is entitled to withdraw his or its acceptance in the following circumstances:
 - (i) If the Offeror fails to comply with any of the requirements set out in Section 4.10(a) below by 5.00 p.m. at the close of trading of Bursa Securities on the market day following the day on which the Offer closes, becomes or is declared unconditional, revised or extended ("Relevant Day"), the Accepting Holder is entitled to withdraw his or its acceptance immediately thereafter; or
 - (ii) if the Offer is extended, the Accepting Holder is entitled to withdraw his or its acceptance twenty-one (21) days after the first Closing Date unless prior to such withdrawal, the Offer has become or is declared unconditional as to acceptances.
- (b) Notwithstanding paragraph (a) above, the SC may terminate the right of withdrawal of an acceptance under paragraph (a)(i) above if:
 - (i) the Offeror has complied with the requirements set out in Section 4.10 below within eight (8) days from the Relevant Day provided that the expiry of the eight (8) day period from the Relevant Day shall not fall after the sixtieth (60th) day from the Posting Date; and
 - (ii) the Offeror has confirmed in a statement by way of press notice and announced via Bursa Securities' Listing Information Network (also known as Bursa LINK) that the Offer is still unconditional as to acceptances.
- (c) However, if any Accepting Holder has already withdrawn his or its acceptance under paragraph (a) above, his or its rights shall not be prejudiced by the termination of the right of withdrawal by the SC.

4.8 Withdrawal of the Offer by the Offeror

The Offeror may only withdraw the Offer with the prior written approval of the SC.

4.9 Method of settlement

(a) Other than the Offeror's rights to reduce the cash consideration for the Offer Shares as set out in Section 4.1 above, and except with the consent of the SC, which would only be granted in certain circumstances in which all Holders are to be treated similarly, settlement of the consideration will be implemented in full, in accordance with the terms of the Offer Document, without regard to any lien, right of set-off, counter claim or other analogous rights to which the Offeror may be entitled against the Accepting Holder. This, however, is without prejudice to the Offeror's rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of the warranties as set out in Section 4.5 above.



- (b) The settlement of the cash consideration for the Offer Shares shall be made based on the following manner:-
 - (i) where the valid acceptance is received during the period when the Offer is still conditional, settlement shall be within ten (10) days from the date the Offer becomes unconditional; or
 - (ii) where the valid acceptance is received during the period when the Offer has become or has been declared unconditional, settlement shall be within ten (10) days from the date of valid acceptance;

and effected via any one of the following methods:-

- (i) for accepting Holders who have not registered for the electronic cash payment system operated and maintained by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") ("eCash Payment"), remittance will be made in the form of cheques, banker's drafts and/or cashier's orders which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as the Accepting Holders may direct) at the Accepting Holders' registered Malaysian addresses last maintained with Bursa Depository at their own risks; or
- (ii) for Accepting Holders who have registered for the eCash Payment, the cash consideration will be paid directly to the respective Accepting Holders' bank accounts which have been duly registered with Bursa Depository under the eCash Payment facility.
- (c) Any Holder(s) (including without limitation, custodians, nominees and trustees) who are citizens or nationals of, or residents in, or have registered addresses in jurisdictions outside Malaysia, or incorporated or registered with, or approved by any authority outside Malaysia or non-residents within the definition of the Exchange Control of Malaysia Notices issued by Bank Negara Malaysia ("Non-resident Holders") are advised that settlement for acceptances of the Offer will be made in Ringgit Malaysia. Non-resident Holders who wish to convert the Offer Price received into foreign currency for repatriation may do so on their own after payment of the appropriate fee and/or charges as levied by the respective financial institutions.

4.10 Announcement of acceptances

- (a) The Offeror shall inform the SC in writing and announce via Bursa LINK before 9.00 a.m. on the Relevant Day of the following:
 - the position of the Offer, that is, as to whether the Offer is closed, becomes or is declared unconditional as to acceptances, revised or extended; and
 - (ii) the total number of Offer Shares:
 - (a) for which acceptances of the Offer have been received after the Posting Date;
 - (b) held by the Offeror as at the Posting Date;



- (c) agreed to be acquired by the Offeror during the Offer Period but after the Posting Date, and specifying the percentage of LHB Shares represented by these figures; and
- (d) acquired by the Offeror after the Posting Date and specifying the percentage of the LHB Shares represented by these figures.
- (b) In computing the acceptances of Offer Shares for announcement purposes, the Offeror may include or exclude acceptances which are not in order in all respects or which are subject to verification.
- (c) References to the making of an announcement or the giving of notice by the Offeror include the following:
 - (i) release of an announcement by us, the Offeror, or the Offeror's advertising agent(s) to the press; and/or
 - (ii) delivery of, or transmission by telex, facsimile or Bursa LINK of an announcement to Bursa Securities.
- (d) An announcement made otherwise than to Bursa Securities shall be notified simultaneously to Bursa Securities, if applicable.

4.11 Purchases in the open market

Should the Offeror purchase or agree to purchase any of the Offer Shares during the offer period at a consideration that is higher than the Offer Price, the Offeror shall increase the consideration of the Offer to be not less than the highest price (excluding stamp duty and commission) of the Offer Shares paid or agreed to be paid by the Offeror during the offer period.

4.12 General

(a) All communications, notices, documents and payments to be delivered or sent to the Holders or their designated agents will be despatched by ordinary mail to the Holder's registered Malaysian address last maintained with Bursa Depository at their own risk. Non-resident Holders with no registered Malaysian addresses maintained with Bursa Depository who wish to receive communications, notices and documents in relation to the Offer should ensure that they have their foreign mailing addresses changed to a registered Malaysian address. In any event, the Offer Document shall be made available on the website of Bursa Securities at www.bursamalaysia.com upon issuance.

Unless the contrary is proved, the delivery of the communication, notice, document or payment shall be presumed to be effected by properly addressing, prepaying and posting by ordinary mail the communication, notice, document or payment and it shall be presumed it has been effected at the time when the communication, notice, document or payment would have been delivered in the ordinary course of the mail.



- (b) The Offer and all acceptances received pursuant to the Offer will be construed under and governed by Malaysian laws. The courts of Malaysia will have exclusive jurisdiction in respect of any proceedings brought in relation to the Offer.
- (c) The Form of Acceptance and Transfer accompanying the Offer Document contains the following:-
 - (i) provisions for the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or its appointed nominees (if any);
 - (ii) instructions to complete the Form of Acceptance and Transfer, and
 - (iii) other matters incidental to the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or its appointed nominees (if any).

No acknowledgement of receipt of the Form of Acceptance and Transfer will be issued.

- (d) All costs and expenses of or incidental to the preparation and posting of the Offer Document (other than professional fees and other costs relating to the Offer incurred by LHB) will be borne by the Offeror. Malaysian stamp duty and Malaysian transfer fee, if any, resulting from acceptances of the Offer will be borne by the Offeror. Accepting Holders will, however, bear all costs and expenses incidental to the acceptance of the Offer such as postage fee, if any. For the avoidance of doubt, the payment of any transfer fees, taxes, duties, costs, expenses or other requisite payments due in a jurisdiction outside Malaysia or the payment of any levy for the repatriation of capital or income tax shall not be borne by the Offeror.
- (e) The accidental omission to despatch the Offer Document and the Form of Acceptance and Transfer to any Holder shall not invalidate the Offer in any way.
- (f) Holders may accept the Offer made to them in respect of all or part of their Offer Shares. The acceptances received from the Holders shall not exceed its/his/her total holding of the Offer Shares, failing which the Offeror has the right to treat such acceptances as invalid.

5. LISTING STATUS OF LHB AND COMPULSORY ACQUISITION

5.1 Listing Status

Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") provides that a listed issuer must ensure that at least 25% of its listed shares are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.



A listed issuer who fails to maintain the required shareholding spread may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where no extension of time is granted by Bursa Securities, Bursa Securities may take any action or impose any penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and suspend trading in the securities of the listed issuer pursuant to Paragraphs 16.02 and 16.19 of the Listing Requirements.

In the case of a take-over offer upon 90% or more of the listed shares of the said listed issuer are held by a shareholder either individually or jointly with associates of the said shareholder, and the listed issuer announcing that the offeror does not intend to maintain the listed issuer's listing status, Bursa Securities shall suspend trading of the securities of the listed issuer upon expiry of five (5) market days from the date of immediate announcement by the listed issuer.

The Offeror does not intend to maintain the listing status of LHB on the Main Market of Bursa Securities. Pursuant thereto, the Offeror does not have any intention to undertake any steps to address the shortfall in the public shareholding spread requirement of LHB. The Offeror will procure LHB to take the necessary procedures to withdraw its listing status from the Official List in accordance with the Listing Requirements. Following such de-listing, LHB Shares will no longer be traded on the Main Market of Bursa Securities.

5.2 Compulsory acquisition

Section 222 of the CMSA provides that subject to Section 224, where a take-over offer by an offeror to acquire all the shares or all the shares in any particular class in an offeree has, within four (4) months after the making of the take-over offer, been accepted by the holders of not less than nine-tenths in the nominal value of those shares or of the shares of that class (excluding shares already held at the date of the take-over offer by the offeror or persons acting in-concert with the offeror), the offeror may, at any time within two (2) months from the date the nine-tenths in the nominal value of those shares have been achieved, give notice in the manner prescribed under the Code to any dissenting shareholder that it desires to acquire his shares together with a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

In the event the Offeror is able to obtain acceptances amounting to no less than nine-tenths (9/10) in the nominal value of the Offer Shares (excluding shares already held by the Offeror and persons acting in-concert with Offeror at the date of the Offer), the Offeror intends to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from the Holders who have not accepted the Offer ("Dissenting Shareholders").

In addition, in the event that the Offeror receives acceptances from the Holders which resulting in the Offeror holding not less than nine-tenths (9/10) in the nominal value of the existing issued and paid-up share capital of LHB (including LHB Shares held by the Offeror and persons acting in-concert with the Offeror) on or before the Closing Date, a Dissenting Shareholder may exercise his rights in accordance with Section 223 of the CMSA by serving a notice to require the Offeror to acquire his LHB Shares on the same terms as set out in the Offer Document or such other terms as may be agreed.



Notwithstanding the above, pursuant to Section 224 of the CMSA where a notice is given under Section 222 of the CMSA, the court may, on application made by the Dissenting Shareholders within one (1) month from the date on which the notice was given by the Offeror, order that the Offeror shall not be entitled and shall not be bound to acquire the Offer Shares of any Dissenting Shareholder or specify terms of acquisition that are different from the terms of the Offer.

6. FINANCIAL RESOURCES OF THE OFFEROR

The Offeror confirms the Offer will not fail due to insufficient financial capability of the Offeror and that every Accepting Holder will be paid in full by cash.

Pursuant to Section 28 and Practice Note 28 of the Code, RHB Investment Bank, being the Principal Adviser to the Offeror in relation to the Offer, is satisfied that the Offeror has available funds for the Offer, and therefore, the Offer will not fail due to insufficient financial capability of the Offeror and every Accepting Holder will be paid in full by cash.

7. DISCLOSURE OF INTERESTS IN LHB

In accordance with Sections 11(9)(d) and (e) of the Code, the Offeror hereby discloses the following:-

(a) as at the date of this Notice, the direct and/or indirect interest of the Offeror is as follows:-

	Direct No. of LHB Shares	%	Indirect No. of LHB Shares	
QL	13,417,700	26.81	-	-

- (b) as at the date of this Notice, the Offeror has not received any irrevocable undertakings from any Holder to accept the Offer;
- (c) as at the date of this Notice, the Offeror has not entered into or been granted with any option to acquire additional Offer Shares; and
- (d) as at the date of this Notice, there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror with any Holder.

8. RESPONSIBILITY STATEMENT

The Board of Directors of the Offeror has seen and approved the issuance of this Notice. The Board of Directors have taken all reasonable care to ensure that the facts and the opinions expressed in this Notice are, to the best of their knowledge and belief, fair and accurate and that no material facts have been omitted which will make any statement herein false or misleading. The Directors collectively and individually accept full responsibility for the contents of this Notice.





9. PUBLIC RELEASE

In accordance with the provisions of the Code, copies of this Notice will be released to the press and forwarded to the SC and Bursa Securities for public release.

Further details of the Offer will be set out in the Offer Document, which will be despatched to the Holders in due course.

We would be grateful if you could acknowledge receipt by signing and returning to us the duplicate copy of this Notice.

Yours faithfully, For and behalf of

RHB INVESTMENT BANK BERHAD

JAIMIÉ SIA

Executive Director

Head, Group Investment Banking

TOMMY HAIR

Director

Co-Head, Corporate Finance

c.c QL Resources Berhad (Attention: Dr. Chia Song Kun)



TO: RHB INVESTMENT BANK BERHAD

We, Lay Hong Berhad, hereby acknowledge receipt of this Notice of Conditional Voluntary Take-Over Offer by RHB Investment Bank Berhad on behalf of QL Resources Berhad dated 24 September 2014.

uthorised Signatory

YEAP WENG MONEG

19/2014,

Executive Director
Designation

Date