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

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CAB CAKARAN CORPORATION BERHAD

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION BY CAB CAKARAN CORPORATION BERHAD ("CAB" OR THE "COMPANY") OF A 51% EQUITY INTEREST IN BENARLAB SDN BHD FOR A PURCHASE CONSIDERATION OF RM3,300,000, WHICH WILL BE SATISFIED ENTIRELY VIA THE ISSUANCE OF 7,500,000 NEW ORDINARY SHARES IN CAB ("CAB SHARE(S)") ("CONSIDERATION SHARE(S)") AT THE ISSUE PRICE OF RM0.44 PER CONSIDERATION SHARE ("PROPOSED ACQUISITION")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



UOB Kay Hian Securities (M) Sdn Bhd

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") is scheduled to be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> on Thursday, 30 September 2021 at 10.30 a.m., or any adjournment thereof. The Notice of EGM together with the Proxy Form is enclosed in this Circular.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the Proxy Form must be lodged at the Company's Registered Office at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia, or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 28 September 2021 at 10.30 a.m.

Date and time of the EGM : Thursday, 30 September 2021 at 10.30 a.m.

This Circular is dated 13 September 2021

DEFINITIONS

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

Act	:	The Companies Act 2016
AGM	:	The annual general meeting of CAB
Benarlab	:	Benarlab Sdn Bhd [Registration No. 201601014625 (1185556-U)]
Board	:	The Board of Directors of CAB
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
CAB or the Company or Purchaser	:	Cab Cakaran Corporation Berhad [Registration No. 200201015998 (583661-W)]
CAB Group or the Group	:	CAB and its subsidiaries, collectively
CAB Share(s) or Share(s)	:	Ordinary share(s) of CAB
CAGR	:	Compound annual growth rate
Circular	:	This circular dated 13 September 2021
CMSA	:	Capital Markets and Services Act 2007
Consideration Share(s)	:	7,500,000 new CAB Shares to be issued by CAB to the Vendors pursuant to the Proposed Acquisition
Director(s)	:	The director(s) of CAB and shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon:- i. a director of CAB or its subsidiaries; and ii. a chief executive of CAB or its subsidiaries
EGM	:	The forthcoming extraordinary general meeting of CAB
EPS	:	Earnings per share
EV/ EBITDA	:	Enterprise value to earnings before interest, taxes, depreciation and amortisation
FPE	:	Financial period ended/ ending
FYE	:	Financial year ended/ ending
Issue Price	:	Issue price of RM0.44 per Consideration Share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	3 September 2021, being the latest practicable date prior to the printing and despatch of this Circular

DEFINITIONS (CONT'D)

LTD	:	15 July 2021, being the last trading day prior to the date of SSA
Market Day(s)	:	Any day from Mondays to Fridays (inclusive of both days), which is not a public holiday and on which Bursa Securities is open for trading of securities
Maximum Scenario	:	Assuming all treasury shares are resold at cost in the open market prior to the implementation of the Proposed Acquisition
Minimum Scenario	:	Assuming all treasury shares are retained prior to the implementation of the Proposed Acquisition
NA	:	Net assets attributable to the owners of the company
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE	:	Price-to-earnings
Proposed Acquisition	:	Proposed acquisition by CAB of a 51% equity interest in Benarlab for the Purchase Consideration, which will be satisfied entirely via the issuance of the Consideration Shares at the Issue Price
Purchase Consideration	:	RM3,300,000 for the Sale Shares
RM and sen	:	Ringgit Malaysia and sen, respectively
Sale Shares	:	1,273,980 ordinary shares in Benarlab, representing 51% equity interest to be acquired by CAB pursuant to the Proposed Acquisition
SSA	:	Conditional share sale agreement dated 16 July 2021 entered into between CAB and the Vendors pertaining to the Proposed Acquisition
UOBKH or the Adviser	:	UOB Kay Hian Securities (M) Sdn Bhd
Vendors	:	Tan Wen Lee and Aman Tan Ho Peng, collectively
VWAP	:	Volume weighted average market price

All references to "**we**" or "**us**" "**our**" and "**ourselves**" are made to CAB, and where the context requires, shall include our subsidiaries.

All references to "**you**" or "**your(s)**" in this Circular are made to our shareholders, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Acquisition. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Acquisition before voting at the EGM.

Key information	Description	Reference to Circular
Summary	Proposed acquisition by CAB of a 51% equity interest in Benarlab for the purchase consideration of RM3,300,000, which will be satisfied entirely via the issuance of 7,500,000 new CAB Shares at the issue price of RM0.44 each	Section 2
Mode of settlement	The Purchase Consideration shall be satisfied entirely via issuance and allotment of the Consideration Shares at the Issue Price within 14 business days from the Date of Confirmation as Shareholder (as defined herein)	Section 2.4
Rationale and justifications	<ul style="list-style-type: none"> i. CAB Group may derive synergies with Benarlab via supply chain integration to complement its integrated poultry value chain ii. CAB Group may collaborate with Benarlab to develop animal health and biosecurity programs, as well as optimum feed formulations for its livestock iii. CAB Group may benefit from consolidating the results of Benarlab moving forward to enhance its asset and earnings base 	Section 3
Risk factors	<ul style="list-style-type: none"> i. Acquisition risk <p>The Proposed Acquisition is expected to contribute positively to the enlarged CAB Group. However, there is no assurance that the anticipated benefits will be realized after the completion of the Proposed Acquisition</p> ii. Completion risk <p>The completion of the Proposed Acquisition is subject to the fulfillment of the conditions precedent and the approval from shareholders being obtained. In the event any of the above is not fulfilled, the Proposed Acquisition will not be completed</p> 	Section 5
Interested parties	None of the Directors, major shareholders, chief executive of CAB, and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition	Section 9
Approvals required	<p>The Proposed Acquisition is subject to the following approvals being obtained:-</p> <ul style="list-style-type: none"> i. Bursa Securities for the listing of the Consideration Shares, which was obtained on 23 August 2021; ii. The shareholders of CAB at the EGM; and iii. Any other relevant authorities and/ or parties, if required <p>The Proposed Acquisition is not conditional upon any other proposal undertaken or to be undertaken by the Company</p>	Section 8
Board's recommendation	The Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Acquisition at the EGM	Section 12



CAB CAKARAN CORPORATION BERHAD

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

Registered Office

Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Malaysia

13 September 2021

Board of Directors

Chuah Ah Bee (*Executive Chairman*)
Chuah Hoon Phong (*Group Managing Director*)
Chan Kim Keow (*Executive Director*)
Chew Chee Khong (*Executive Director*)
Loo Choo Gee (*Executive Director*)
Haji Ahmad Fazil Bin Haji Hashim (*Senior Independent Non-Executive Director*)
Goh Choon Aik (*Independent Non-Executive Director*)
Lim Ghim Chai (*Independent Non-Executive Director*)
Wijanti Tjendera (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 16 July 2021, UOBKH had, on behalf of the Board, announced the proposed acquisition by CAB of a 51% equity interest in Benarlab for a purchase consideration of RM3,300,000, which will be satisfied entirely via the issuance of 7,500,000 new CAB Shares at the issue price of RM0.44 each.

Subsequently on 24 August 2021, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 23 August 2021, resolved to approve the listing of the Consideration Shares on the Main Market of Bursa Securities, subject to the terms and conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 51% equity interest in Benarlab, free from all encumbrances and with all attached or accrued rights as at the completion date of SSA for the Purchase Consideration.

Upon completion of the Proposed Acquisition, Benarlab will become a 51%-owned subsidiary of CAB. For clarification purpose, the Company has no further plans to acquire the remaining 49% equity interest at this juncture, as it is the Board's intention to continue leverage on the skillset and experience of the Vendors to run the business moving forward. Hence, the remaining unacquired portion serves as incentive to retain the loyalty of the Vendors, and to align their (management) interest with that of CAB (shareholders) in the future development of Benarlab.

Salient terms of the SSA are set out in Appendix II of this Circular.

2.1 Information on Benarlab

Benarlab was incorporated in Malaysia on 28 April 2016 under the Act, and has commenced operations in the same year. As at the LPD, the issued share capital of Benarlab is RM2,498,000 comprising 2,498,000 ordinary shares and it does not have any convertible securities.

Benarlab is principally a wholesaler and a distributor of animal health and nutrition products in Malaysia, and does not have any foreign presence at this juncture. The company's revenue is wholly derived from its trading segment, which focuses mainly on the distribution of vaccines, feed additives, veterinary pharmaceuticals and nutraceutical products cater for the poultry and swine subsectors. Notwithstanding the above, the company is looking to explore prospective markets such as ruminants (e.g. domestic cattle, goats and dairy products) and aquaculture (cultivation of aquatic organism such as fish, shellfish and algae) subsectors as part of its business expansion. Together with the poultry and swine subsectors, ruminants and aquaculture are also part of the major subsectors within the livestock industry. The management of Benarlab anticipates growth in the overall livestock industry due to greater consumption of livestock products in concurrence with the growing Malaysian population.

To complement its trading segment, Benarlab coordinates with laboratories to provide a range of value-added services, such as serological tests, molecular tests and other diagnostic lab services, as well as consulting services in the areas of farming and animal health for its customers across Malaysia. For shareholders information:-

Serological tests	: Designed to detect presence of antibodies in the serum (blood) of animals
Molecular tests	: Designed to detect genetic codes of animals, microorganisms and viruses
Antibiotic sensitivity tests	: Designed to detect microorganisms' sensitivity against antibiotics
Mycotoxin tests	: Designed to detect presence of mycotoxins (a form of toxic compounds) in raw materials (i.e. corn and soybean) or finished animal feeds

The most common value-added service offered by Benarlab is the health monitoring program, which includes surveillance on a regular or ad hoc basis, to determine the health, well-being and nutritional status of livestock, as well as to evaluate the efficacy of vaccines on disease control and prevention. The abovementioned diagnostic tests are often conducted on a monthly or semi-annual basis, for early detection purpose and preventing the transmission of diseases within the herd to minimise the overall impact on customers' operations.

Besides marketing and selling products under the 'Benarlab' brand, the company also procures from other locally-based merchants to diversify the product range offered to customers. Benarlab currently outsources its manufacturing to Original Equipment Manufacturers (OEM) in Malaysia (i.e. feed additive and vitamin manufacturers) for the production of its in-house products based on its own research formula. For the past 2 financial years up to the FYE 30 September 2020, Benarlab's sales were predominantly generated from the distributorship of third-party products, which had contributed about 96%-98% of total revenue. The remaining 2%-4% were derived from the sales of in-house products.

Benarlab had first launched its in-house brand in 2017. It is the management's intention to accumulate experience and knowledge in the animal health and nutrition sector prior to launching of its own products. Accordingly, the in-house business is currently at start-up stage, whereby the management is still conducting market/ customer analysis, researching optimum nutrient formula and conceptualising products to progressively expand its in-house offerings.

As at the LPD, Benarlab holds 3 distributorships, none of which is exclusive, from third party suppliers to distribute the products of these manufacturers in Malaysia, with details as follows:-

Suppliers	Types of products	Length of relationship year
MSD Animal Health (a veterinary pharmaceutical manufacturer from the United States)	Poultry and swine vaccines	1.5
Provimi (an animal feeds and nutrition manufacturer from the United States)	Feed additives and water soluble vitamins	<1
Zamira (an animal feeds and nutrition manufacturer from Australia)	Feed additives and probiotics	<1

In general, Benarlab's sales are conducted through purchase orders placed by customers on a transactional basis. The company presently serves customers that are predominantly based in Malaysia, mainly livestock producers such as poultry integrators, breeders, broilers, egg hatcheries and farm operators. The table below sets out the top five major customers of Benarlab for the FYE 30 September 2020:-

Customers	Length of relationship year
CAB Group	4
TS Goh Enterprise & Huwe Enterprise	2
Lay Farming	1
Ho Soon Poultry Sdn Bhd	2
Cargill Feed Sdn Bhd	2

For the past 3 financial years up to the FYE 30 September 2020, the aggregate revenue contributed by CAB Group accounted for approximately 86.14%, 64.46% and 51.87% of Benarlab's total revenue; whilst the estimated gross profit contributed by CAB Group accounted for approximately 80.91%, 56.23% and 46.88% of Benarlab's total gross profit. Notwithstanding that, Benarlab has been seeking to expand or diversify its customer base and product offerings which can cater to various markets including its current principal markets (i.e. poultry and swine subsectors) as well as new markets (i.e. ruminant and aquaculture subsectors).

Benarlab currently operates an office in Malaysia, with details as follows:-

Location	Description	Tenure	built-up area sq m	Audited net book value as at 30 September 2020 RM'000
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List of property rented

9, Jalan SS 18/6, 47500 Subang Jaya, Selangor	Commercial property use for office and warehouse	Leasehold (expiring on 01.02.2023)	162	Not applicable as CAB is not privy of the audited net book value
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At this juncture, the company has no plans to acquire its own office space. The management intends to continue the tenancy for the shop office as long as the owner is able to renew the lease expiring on 1 February 2023. Should the need arises, Benarlab will start looking-out for potential premises on commercially viable prices, subject to the terms of the tenancy agreement being and fair and reasonable.

As at the LPD, the directors and shareholders of Benarlab together with their respective shareholdings in Benarlab are as follows:-

Name	Role	Nationality	Direct interest		Indirect interest	
			No. of shares	%	No. of shares	%
Tan Wen Lee	Director/ shareholder	Malaysian	1,249,000	50.0	-	-
Aman Tan Ho Peng	Director/ shareholder	Malaysian	1,249,000	50.0	-	-

As at the LPD, Benarlab does not have any subsidiary nor associate company.

A summary of the financial information of Benarlab for the past 3 financial years up to the FYE 30 September 2020 is as follows:-

	<----- FYE 30 September ----->		
	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	4,593	11,884	20,115
PAT	446	1,430	2,395
PAT margin (%)	9.71	12.0	11.9
Shareholders' funds/ NA	2,553	4,481	6,876
Total borrowings	-	-	1,502
No. of shares in issue ('000)	2,000	2,498	2,498
NA per share (RM)	1.28	1.79	2.75
Gearing ratio (times)	-	-	0.22
Current ratio (times)	4.40	2.67	3.25

Based on the past 3 financial years up to the FYE 30 September 2020, Benarlab recorded revenue of RM4.59 million, RM11.88 million and RM20.12 million, respectively. During the same financial years under review, Benarlab recorded PAT of RM0.45 million, RM1.43 million and RM2.40 million, respectively.

Although the COVID-19 pandemic has severely affected the Malaysian economy and local businesses, Benarlab was still able to continue with its operations during the MCO period due to it being an upstream player in the food supply industry, which is considered essential service by the local Government. Generally for the FYE 30 September 2020, Benarlab had encountered higher demands for its animal healthcare products, mainly driven by customers' efforts to minimise the impact of animal diseases on their operations especially in times of COVID-19 pandemic.

Please refer to Appendix I of this Circular for further details on Benarlab.

2.2 Basis and justification of arriving at the Purchase Consideration

The purchase consideration of RM3,300,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following factors:-

- i. the Proposed Acquisition represents a PE multiple of 2.70 times, derived based on the audited PAT of Benarlab of approximately RM2.40 million for the latest FYE 30 September 2020, which yields a valuation of approximately RM6.47 million for 100% equity interest in Benarlab;
- ii. the historical financial track record of Benarlab for the past 3 financial years as set out above in Section 2.1 of this Circular. The Board takes cognizance that, over the past 3 financial years up to the FYE 30 September 2020, Benarlab had recorded an upward trend in revenue and PAT, which translates into CAGR of 63.61% in revenue and 75.12% in PAT. Further, Benarlab had recorded a steady PAT margin at 9.71% (FYE 2018), 12.0% (FYE 2019) and 11.9% (FYE 2020), and is also in a net cash position over the same financial years under review; and
- iii. the rationale and potential benefits to be accrued to the enlarged CAB Group through the Proposed Acquisition including amongst others, deriving synergies with Benarlab via supply chain integration and complementing the Group's integrated poultry value chain, further information on which are set out in Section 3 of this Circular.

For the purpose of justifying the reasonableness of the Purchase Consideration, reference was made to the earnings-based multiples of the comparable companies listed in Malaysia which carry similar principal activities to that of Benarlab. In ascribing the earnings-based multiples as suitable method, the Board has adopted P/E multiple (as primary method) and EV/EBITDA multiple (as counter-check method) as the most appropriate reference to evaluate the Purchase Consideration in view of the following considerations:-

- i. P/E multiple is commonly used to estimate the value of the business, even more so for profit-making companies. For information purpose, Benarlab has been operating profitably and has been in the same business operations for the past 3 financial years up to latest FYE 30 September 2020; and
- ii. EV/EBITDA multiple is capital structure-neutral and therefore, will not be affected by changes and dissimilarities in capital structure such as different leverage level and borrowing costs, whilst comparing the selected comparable companies with varying market capitalisation. It is also not affected by differences in accounting of depreciation and amortisation, which can be computed at different rates over time.

The general description and computation of P/E and EV/EBITDA multiples are as follows:-

Valuation multiple	General description
P/E	<p>P/E multiple is the measure of the market price of the company's shares relative to its annual net income of the company per share, and is computed as follows:-</p> $\frac{\text{Market price}}{\text{EPS}}$

Valuation multiple	General description
EV/EBITDA	<p>EV/EBITDA multiple illustrates the market value of a company's business relative to its historical pre-tax operational cash flow performance, without having regard to the company's capital structure, and is computed as follows:-</p> $\frac{EV}{EBITDA}$ <p>Where:-</p> <p><i>EV</i> : market value of common stock (market capitalization) (+) market value of preferred stock (+) market value of debt (+) non-controlling interest (-) cash and cash equivalent</p> <p><i>EBITDA</i> : recurring earnings from continuing operations (+) interest (+) taxes (+) depreciation (+) amortization</p>

Purely for shareholders' information, the asset-based method of valuation (i.e. price-to-book multiple) was not adopted by the Board for purpose of evaluation of the Purchase Consideration in view that Benarlab is not an asset-based company, and therefore such method would not accurately reflect the value of Benarlab.

In respect of the comparable company analysis as set out in the ensuing page, please take note that there is no one comparable company that may be identical to Benarlab in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, risk profile, future prospects and other criteria. However, the list of comparable companies was mainly selected as their principal activities are similar to Benarlab's principal activities by virtue of their involvement, to an extent, in the provision of distribution of animal health products.

Generally, shares of private companies are not freely tradable as compared to public listed companies. In evaluating the reasonableness of the P/E and EV/EBITDA multiples, the Board had adjusted the multiples downward by an illiquid discount of 25% as depicted in the book titled 'Investment Valuation: Tools and Techniques for Determining the Value of Any Asset'. In his publication, Professor Aswath Damodaran had discussed on the rule of thumb approach to apply an illiquidity discount on private firm valuations, which often ranges from 20% to 30% (Source: <http://pages.stern.nyu.edu/~adamodar/pdfiles/country/illiquidity.pdf>).

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Table: The valuation statistics of the comparable companies using P/E and EV/EBITDA multiples

Companies	Latest audited FYE	Principal activities	Market capitalization as at the LTD RM ¹ Million	P/E times	Adjusted P/E ¹ times	EV/EBITDA times	Adjusted EV/EBITDA ¹ times
Peterlabs Berhad	31-Dec-20	<ul style="list-style-type: none"> Manufacturing, distribution and trading of animal health and nutrition products 	64.68	16.63	12.47	5.93	4.45
Rhone Ma Holdings Berhad	31-Dec-20	<ul style="list-style-type: none"> Manufacturing, distribution and trading of animal health and nutrition products Provision of animal health services 	133.57	18.34	13.76	10.33	7.75
Yenher Berhad	31-Dec-20	<ul style="list-style-type: none"> Manufacturing, distribution and trading of animal health and nutrition products 	270.00	12.06	9.05	7.85	5.88
Benarlab (included herein for comparison purpose)							
			High	13.76	13.76		7.75
			Low	9.05	9.05		4.45
			Average	11.76	11.76		6.03
				2.70 ²	2.70 ²		1.91 ³

(Source: Bloomberg, prospectus and latest available annual report of the respective companies as at the LTD)

Notes:-

¹ The adjusted P/E and EV/EBITDA multiples are arrived at after accounting for a 25% discount to reflect the relatively illiquid nature of Benarlab shares due to the non-listed status and lack of marketability of Benarlab shares as compared to the comparable companies which are listed in Malaysia. The said discount is used as the best available approximation adopted in reference to the minimum public shareholding spread requirement pursuant to the Listing Requirements, which stipulates that a Malaysian listed issuer must ensure that at least 25% of listed shares are in the hands of public shareholders

² Computed based on the Purchase Consideration, which in turn translates into 100% valuation interest in Benarlab of RM6.47 million over the latest audited PAT of RM2.40 million for the FYE 30 September 2020

³ Computed based on the Purchase Consideration, which in turn translates into EV of RM6.18 million over the EBITDA of RM3.23 million

Based on the above table:-

- the implied P/E multiple of Benarlab of 2.70 times is below the average adjusted P/E multiple of 11.76 times, and is below the range of adjusted P/E multiples of the comparable companies from 9.05 times to 13.76 times; and
- the implied EV/EBITDA multiple of Benarlab of 1.91 times is below the average adjusted EV/EBITDA multiple of 6.03 times, and is below the range of adjusted EV/EBITDA multiples of the comparable companies from 4.45 times to 7.75 times.

Premised on the above assessment, the Board deemed the Purchase Consideration reasonable after taking into consideration the valuation statistics of the comparable companies, as well as the rationale for the Proposed Acquisition and prospects of the enlarged CAB Group as set out in Sections 3 and 4.4 of this Circular respectively.

2.3 Basis and justification of arriving at the Issue Price

The issue price of RM0.44 per Consideration Share was determined and arrived at between the Purchaser and Vendors based on reference to the 5-day VWAP of CAB Shares of RM0.44 up to and including the LTD.

Further, the Board is of the view that the Issue Price is justifiable after taking into consideration the prevailing market prices of CAB Shares for the past 12 months up to the LTD:-

Price/ VWAPs up to and including the LTD	Share price RM	Discount RM	%
Last transacted price of CAB Shares	0.44	-	-
5-day VWAP of CAB Shares	0.44	-	-
1-month VWAP of CAB Shares	0.47	0.03	6.38
3-month VWAP of CAB Shares	0.49	0.05	10.20
6-month VWAP of CAB Shares	0.48	0.04	8.33
12-month VWAP of CAB Shares	0.47	0.03	6.38

(Source: Bloomberg)

Based on the above, the Issue Price is on par with the last transacted price of CAB Shares as at the LTD and the 5-day VWAP of CAB Shares up to and including the LTD. It also represents a discount ranging from 6.38% to 10.20% to the 1-month VWAP, 3-month VWAP, 6-month VWAP and 12-month VWAP of CAB Shares up to and including the LTD.

For shareholders' information, the Issue Price represents a PE multiple of approximately 107 times to the latest audited EPS of CAB of RM0.0041 for the FYE 30 September 2020, which is (a) higher than the PE multiple of 2.70 times accorded to the Purchase Consideration and (b) higher than the comparable companies' adjusted PE multiples ranging from 9.05 times to 13.76 times (as set out in the Table under Section 2.2 of this Circular). In essence, CAB is issuing the Consideration Shares at a higher premium to the Vendors as compared to the acquisition of the Sale Shares and the adjusted PE multiples of the comparable companies. As such, the Board deemed the Issue Price as reasonable and is not detrimental to the interest of existing shareholders.

In addition, the settlement of the Purchase Consideration via the issuance of the Consideration Shares will enable the Group to enhance its asset base without entirely relying on internally generated funds and/ or bank borrowings, and at the same time allows the Group to conserve its cash flow position.

2.4 Mode of settlement

The table below sets out the shareholdings of the Vendors and CAB in Benarlab before and after the completion of the Proposed Acquisition:-

Name	Before the Proposed Acquisition		No. Sale Shares to be acquired	After the Proposed Acquisition	
	No. of shares	%		No. of shares	%
Tan Wen Lee	1,249,000	50.00	636,990	612,010	24.50
Aman Tan Ho Peng	1,249,000	50.00	636,990	612,010	24.50
CAB	-	-	-	1,273,980	51.00

The Purchase Consideration shall be satisfied entirely via issuance and allotment of 7,500,000 Consideration Shares at the Issue Price within 14 business days from the Date of Confirmation as Shareholder* to the Vendors in the following manner:-

Name	No. of Consideration Shares to be issued
Tan Wen Lee	3,750,000
Aman Tan Ho Peng	3,750,000

Note:-

* **"Date of Confirmation as Shareholder"** refers to the date on when the Purchaser's solicitors receive a written confirmation from the company secretary of Benarlab, entailing amongst others, board's resolution approving the transfer of Sale Shares from the Vendors to the Purchaser and the original share certificate of Sale Shares to the Purchaser

2.5 Background information on the Vendors

- i. **Aman Tan Ho Peng**, a Malaysian aged 32, has accumulated over 4 years of experience in the livestock industry, mainly in the animal health and nutrition sector. In 2012, he graduated from the University of South Australia with a Bachelor of Pharmacy. After graduation, Mr Aman had worked as a pharmacist for hospitals and community pharmacies in Melbourne for four years before moving back to Malaysia in 2016. In the same year, he had commenced his career with Benarlab as a Technical Sales Executive and was subsequently promoted to Managing Director in 2020. Mr Aman is mainly responsible for spearheading the company's sales and marketing activities, technical and research development, as well as overseeing the overall management of Benarlab.

As at the LPD, he does not hold any shares in CAB.

- ii. **Tan Wen Lee**, a Malaysian aged 28, has accumulated over 4 years of experience in the livestock industry, mainly in the animal health and nutrition sector. In 2015, she graduated from Monash University, Australia with a Bachelor of Business and Commerce, major in Accounting and Finance. After graduation, Ms Tan had started her career with Benarlab as an Admin cum Finance Executive and was subsequently promoted to Executive Director in 2020. She is mainly responsible for managing the company's corporate affairs, such as financial activities, resource allocation, corporate governance and day-to-day operations.

As at the LPD, she holds 2,619,462 CAB Shares, representing approximately 0.38% equity interest in the Company.

For clarity purpose, both Aman Tan Ho Peng and Tan Wen Lee are siblings. Benarlab was co-founded by Tan Wen Lee and her father, namely Tan Chin Tee, on 28 April 2016 in the equity arrangement set out below:-

Name	Date of investment	No. of ordinary shares	Cost of investment RM
Tan Wen Lee	28-Apr-16	1	1.00
Tan Chin Tee	28-Apr-16	1	1.00

Subsequently, Aman Tan Ho Peng had fully acquired the equity interest of his father in Benarlab, for a purchase consideration of RM1.00 upon joining the company on 5 May 2017.

2.6 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SSA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by CAB Group arising from the Proposed Acquisition.

2.7 Additional financial commitment required

Upon completion of the Proposed Acquisition, there are no additional financial commitments to be incurred by CAB Group to put the business of Benarlab on-stream. Benarlab is already an on-going business entity with an established historical profit track record as set out in Section 2.1 of this Circular. Based on the latest financial statements of Benarlab for the FYE 30 September 2020, Benarlab has recorded a PAT of approximately RM2.40 million and is in a net cash position.

2.8 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank equally in all respects with each other and with the existing CAB Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotment and/ or other distributions where the entitlement date precedes the relevant date of allotment and issuance of the Consideration Shares.

2.9 Listing and quotation for the Consideration Shares

The approval has been obtained from Bursa Securities vide its letter dated 23 August 2021, for the listing of the Consideration Shares on the Main Market of Bursa Securities.

3. RATIONALE AND JUSTIFICATIONS

As an integrated poultry producer in Malaysia, CAB Group is principally involved in both the upstream and downstream operations within the livestock industry, ranging from the trading of poultry feeds and other farm consumables, breeding and farming of broiler chicken, manufacturing and distribution of meat based food products to the operation of supermarkets and fast food franchising business.

The Proposed Acquisition entails the acquisition of 51% equity interest in Benarlab, which is principally a distributor in the sale of animal health and nutrition products. Benarlab's trading segment focuses mainly on the distribution of vaccines, feed additives, veterinary pharmaceuticals and nutraceutical products cater for the poultry and swine subsectors. Further, to complement its trading segment, Benarlab coordinates with laboratories to provide diagnostic lab services, as well as consulting services in the areas of farming and animal health for its customers across Malaysia.

Upon completion of the Proposed Acquisition, the Group may derive synergies with Benarlab via supply chain integration to create cohesion and to complement CAB Group's integrated poultry value chain, by way of having greater control and flexibility over the quality and supply of poultry and livestock feed for its poultry business. The enlarged Group may encounter lower logistic costs and lesser delivery time to ensure an uninterrupted flow of animal health and nutrition supplies across CAB Group's poultry farms, as well as better inventory management to prevent shortages or overstocking of animal health and nutrition products in its warehouses.

On the other hand, in view of CAB Group currently operates its poultry farms across the Peninsular Malaysia, Benarlab is able to leverage on the Group's extensive distributional channels to deliver animal health and nutrition products to its customers, which are also predominately based in West Malaysia. As a result, the enlarged Group may stand to benefit from lower logistics and transportation costs incurred from the sharing in distribution channels.

The Proposed Acquisition is also undertaken in conjunction with the Board's emphasis on animal health as one of the key factors that contribute towards the Group's food commodities, and to ensure sustainable food production moving forward. CAB Group is looking forward to collaborate with Benarlab to develop and/ or customise animal health and biosecurity programs, as well as to create optimum feed formulations to improve its livestock health and performance.

The Board takes cognisance that, over the past 3 financial years up to the FYE 30 September 2020, Benarlab had recorded an upward trend in revenue and PAT, which translates into CAGR of 63.61% and 75.12% respectively. It had also recorded a steady PAT margin at 9.71% (FYE 2018), 12.0% (FYE 2019) and 11.9% (FYE 2020) respectively, and is also in a net cash position over the same financial years under review. Premised on the historical financial results of Benarlab, CAB Group may stand to benefit from enhancing its asset and earnings base through having able to consolidate the results of Benarlab moving forward.

In addition, the settlement of the Purchase Consideration via the issuance of the Consideration Shares will enable the Group to enhance its asset base without entirely relying on internally generated funds and/ or bank borrowings, and at the same time allows the Group to conserve its cash flow position.

Barring any unforeseen circumstances and based on the above, the Proposed Acquisition is expected to contribute positively to the enlarged Group's future earnings.

4. INDUSTRY OVERVIEW, OUTLOOK, AND FUTURE PROSPECTS OF THE ENLARGED CAB GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full MCO (FMCO). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2021, Bank Negara Malaysia)

The Malaysian economy experienced the full impact of the COVID-19 pandemic in the second quarter of 2020, with the real GDP contracting by 17.1%. The contraction was mainly attributed to the imposition of the MCO to contain the outbreak. Though affecting all sectors in the economy, the move was necessary to flatten the COVID-19 curve and save lives. Hence, the Government has announced several stimulus packages totalling RM305 billion to support both households and businesses.

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's GDP is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. With the bold and swift measures undertaken Malaysia has been recognised as one of the most successful countries in managing the socio-economic impact of the pandemic.

Domestic demand is expected to contract by 3% in 2020, with private and public sectors' spending declining by 3.2% and 2.1%, respectively. In the first half of 2020, domestic demand declined significantly by 7.7%, amid restricted movements to contain the COVID-19 pandemic. Nevertheless, the announcement of various stimulus packages and the gradual resumption of economic activities are expected to restore business and consumer confidence in the second half of the year. Hence, domestic demand is anticipated to turnaround to 1.5% during the period and expand further by 6.9% in 2021.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

4.2 Overview and outlook of the poultry and livestock industry

Agriculture sector dipped 1.5 per cent as compared to a marginal growth of 0.2 per cent in the first quarter of 2021. The decrease was mainly influenced by the decline in oil palm (-10.9%) sub-sector. Meanwhile, the other agriculture and livestock sub-sectors expanded further at 6.0 per cent and 6.3 per cent respectively.

(Source: Malaysia Economic Performance Second Quarter 2021, Department of Statistics Malaysia)

The agriculture sector contracted by 3.9% in the first half of 2020 due to lower growth of oil palm and rubber subsectors following supply disruptions. The oil palm subsector was affected even before the pandemic, attributed to dry weather and cutbacks in fertilisers by smallholders in 2019. The rubber subsector also declined due to unfavourable weather and low rubber prices. The agriculture sector was further affected by the MCO, which led to lower production across most of the subsectors.

The livestock subsector is estimated to expand 4.0% in 2020 and 5.7% in 2021 in line with the various Government's initiatives in modernising the agro-food subsector. This include integration of agriculture technologies such as agro-robotic, sensor, precision farming, drones, agriculture data development and Internet of Things (IoT) applications. In addition, the Government's efforts to increase domestic food production in ensuring food security are expected to continue to sustain the growth of the subsector.

(Source: Macroeconomic Outlook, Economic Outlook 2021, Ministry of Finance Malaysia)

Malaysian farmers were able to produce circa 98% of the national demand for poultry meat and 115% of the national demand for chicken eggs. As such, circa 9% of chicken meat and circa 7% of eggs produced are exported, giving farmers an additional sales channel. Majority of the exports are directed to Singapore.

(Source: Article release entitled "Understanding the intrigue of the Malaysian poultry industry" dated 7 April 2021, Focus Malaysia)

4.3 Impact of COVID-19 outbreak

CAB Group

The recent ongoing COVID-19 outbreak, which has led to the implementation of national lockdown policies in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual. The COVID-19 pandemic has affected CAB Group operationally and financially due to the MCO that has been enforced by the Government.

For shareholders' information, CAB Group's businesses were permitted to operate by the Ministry of International Trade and Industry (MITI) since the first MCO which took effect from 18 March 2020 ("**First MCO**"), in view of it being an integrated poultry producer in the food supply industry, which is considered essential service by the local Government. However, to mitigate the potential impact of COVID-19 on the Group's operations, the Board had ensured compliance with the workplace guidelines issued by Government Authorities, such as a rotation of teams to work from home on a weekly basis, practice of social distancing and mandatory mask policy.

On 16 June 2021, the Group announced that one of its factory had received a notice dated 11 June 2021 from the Ministry of Health of Malaysia (MOH), to temporarily suspend its operation from 11 June 2021 onwards due to the confirmed COVID-19 cases. The said factory had gradually resumed operation on 28 June 2021 after the deep cleaning and disinfecting of the factory premises, including hostels for foreign workers. Notwithstanding that, the Board did not foresee any material impact arising from the temporary cessation, as the shortage of live birds were compensated by other factories. CAB Group had incurred total costs of approximately RM1.40 million as at the LPD, to comply with the SOPs imposed by the Malaysian Government.

As set out in Section 4.4 of this Circular, the integrated poultry division has not been spared from the decline in bulk demand, which is in conjunction with the downturn in the hospitality and tourism sectors, school closure and prohibition of mass gathering. On the other hand, the performance of the supermarket division has showed improvement mainly due to higher demand for food stuff and grocery items arising from the new working-from-home norm. Further, the COVID-19 pandemic has also disrupted the global supply chain, which consequently affected the prices of commodities (i.e. live birds, poultry and livestock feed) within the livestock industry.

Moving forward, CAB Group expects to continuously face some challenges as a result from the implementation of the local Government's new rules and requirements arising from the COVID-19 pandemic situation. Nevertheless, the Board endeavours to limit the impact of such risks through reducing the production of chicks and broilers to be in tandem with the lower demand, and increasing processed chicken inventory to cushion against unwarranted losses from selling live birds below cost. The Board is also of the view that the private placement as set out in Section 11(ii) of this Circular is an appropriate avenue for the Group to raise necessary funding expeditiously to finance its working capital requirements, and ensure the Group has sufficient cash reserves to weather any operational headwinds in the short-term.

Premised on the above, the Board is confident that the Group will continue to be resilient towards the challenges posed by the COVID-19 pandemic.

Benarlab

Although the COVID-19 pandemic has severely affected the Malaysian economy and local businesses, Benarlab was still able to continue with its operations since the First MCO due to it being an upstream player in the food supply industry, which is considered essential service by the local Government. However, to mitigate the potential impact of COVID-19 on its operations, the management of Benarlab had imposed a limited operating capacity of not more than 50% to 60% of employees shall be physically present in office at any given time, while the remaining office-based employees had worked from home. For shareholders' information, Benarlab had incurred total costs of approximately RM5,000 as at the LPD, to comply with the SOPs imposed by the Malaysian Government.

As set out in Section 2.1 of this Circular, Benarlab had recorded high growth in revenue and PAT for the FYE 30 September 2020, predominately due to the launch and distribution of swine vaccines, buoyed by demand for its protective efficacy against diseases. Further, the company has also increased its inventory levels to minimise possible disruptions to its supply chain amid the COVID-19 pandemic.

Although Benarlab has not experienced material disruptions to its supply chain as of the LPD, there can be no assurance that a prolonged COVID-19 pandemic coupled with the new restriction orders implemented by the local Government, may adversely impact Benarlab's business performance moving forward.

4.4 Prospects of Benarlab and the enlarged CAB Group

As an integrated poultry producer in Malaysia, CAB Group is principally involved in both the upstream and downstream operations within the livestock industry, ranging from the trading of poultry feeds and other farm consumables, breeding and farming of broiler chicken, manufacturing and distribution of meat based food products to the operation of supermarkets and fast food franchising business. A summary of the Group's revenue and PAT performance for the past 3 financial years up to the FYE 30 September 2020 is set out below:-

	<-----Audited FYE 30 September----->		
	2018	2019	2020
	RM'000	RM'000	RM'000
Revenue	1,750,458	1,752,186	1,680,488
PBT/ LBT	36,593	14,791	(3,638)
PAT attributable to owners of the Company	24,546	12,160	2,760

The Group's financial performance over the financial years under review had mainly relied on its integrated poultry division, particularly in the trading of broiler chicken, manufacturing and distribution of meat based products to drive the business of this division. Nevertheless, based on the latest audited consolidated financial statements of CAB Group for the FYE 30 September 2020, the integrated poultry division had recorded lower revenue and segmental profit of approximately RM1.56 billion (2019: RM1.64 billion) and RM31.53 million (2019: RM34.17 million) respectively. On the other hand, the Group's supermarket division had recorded higher revenue and segmental profit of approximately RM135.82 million (2019: RM125.88 million) and RM2.32 million (2019: loss of RM0.73 million) respectively.

The change in consumer behavior (increased demand for fresh and processed food items) arising from the COVID-19 pandemic and nationwide lockdown imposed by the local Government, had contributed to the recent improvement in the supermarket division, whilst the integrated poultry division had suffered from lower sales of live birds as a consequence of low price of broiler during the latest financial year under review.

Weighing on the significance of animal health in current economic environment and the effort to improve the performance of the integrated poultry division, the Group seeks to leverage on Benarlab's network and expertise as a distributor of animal health and nutrition products to potentially scale higher business and revenue growth for its existing trading business of poultry feeds and other farm consumables. Premised on the historical financial results of Benarlab as disclosed in Section 2.1 of this Circular, and its future plans to develop new products under its in-house brand, the Board is cautiously optimistic that the future earnings of Benarlab may contribute positively to the financial performance of CAB Group moving forward.

Further, the Group may stand to derive business synergy with Benarlab from the Proposed Acquisition, by way of having greater control over the quality, supply and prices of poultry and livestock feed, which constitutes a substantial portion of the cost of broiler production. As a result, this may subsequently help cushion CAB Group from the fluctuation and volatility in poultry and livestock feed prices, and to also reduce logistic costs and delivery time of transporting animal health and nutrition products to the Group's poultry farms located across the Peninsular Malaysia.

Moving forward, Benarlab plans to continue develop and/ or introduce new animal health and nutrition products under its in-house brand, which will strengthen its product portfolio to meet the changing demands of the livestock industry. Upon completion of the Proposed Acquisition, the Board intends to continue with the existing operations and business directions of Benarlab together with the Vendors. In view that Benarlab is already an on-going business entity, the Board does not foresee any additional financial resources to be committed towards the business of Benarlab over the next 12 months from the completion of the Proposed Acquisition.

In the long-run, there may be potential product development to be conceptualised between both parties to improve CAB Group's livestock health and performance. However, the additional financial resources required to realise such plan cannot be ascertained at this juncture, as it is subject to the research and development costs to be incurred at the material time of utilisation, as well as the enlarged Group's future operational requirements and financial standing.

Barring any unforeseen circumstances, the Board, after having considered the abovementioned prospects, is optimistic that the Proposed Acquisition will be able to facilitate the long term growth potential as well as potentially improve the financial performance of CAB Group moving forward.

5. RISK FACTORS

The Board does not foresee any material risk pursuant to the Proposed Acquisition except for the inherent risk factors associated with the distribution of animal health and nutrition products, of which CAB Group is already involved and would already be addressed as part of its ordinary course of business. Notwithstanding that, the potential risks that may have an impact on CAB Group pursuant to the Proposed Acquisition, which may not be exhaustive, are set out below:-

5.1 Acquisition risk

The various synergistic benefits to be realized from the Proposed Acquisition are dependent upon the successful integration of Benarlab into the enlarged CAB Group. The Proposed Acquisition is expected to contribute positively to the future performance of the enlarged CAB Group. However, there is no assurance that the anticipated benefits will be realized after the completion of the Proposed Acquisition, and that the enlarged CAB Group will be able to generate sufficient revenue to offset the associated costs arising from the Proposed Acquisition.

Notwithstanding the foregoing, CAB will constantly monitor the progress and performance of Benarlab and to leverage on its management expertise to properly manage the operations of Benarlab. Additionally, the Board will continue to exercise due care and take appropriate measures such as, amongst others, identify and evaluate the risk in planning the successful integration of Benarlab with its existing business operations.

5.2 Completion risk

The completion of the Proposed Acquisition is subject to the fulfillment of the conditions precedent as disclosed in Section 1, Appendix II of this Circular, and the the approval from shareholders being obtained. In the event any of the above are not fulfilled, the Proposed Acquisition may not proceed to completion, which may result in the failure of CAB Group to achieve the objectives and benefits of the Proposed Acquisition.

Notwithstanding that, the Board and the management of CAB shall use their best endeavours to ensure every effort is taken to procure all necessary approvals to satisfy the conditions precedent within the stipulated timeframe.

6. FINANCIAL EFFECTS

6.1 Issued share capital

The pro forma effects of the Proposed Acquisition on the issued share capital of CAB are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	690,508,742	140,679,293	690,508,742	140,679,293
Less: Treasury shares	(545,500)	-	-	-
	689,963,242	140,679,293	690,508,742	140,679,293
Issuance of Consideration Shares	7,500,000	3,300,000 ^{*1}	7,500,000	3,300,000 ^{*1}
Enlarged issued share capital	697,463,242	143,979,293	698,008,742	143,979,293

Note:-

^{*1} Computed based on the Issue Price of RM0.44 per Consideration Share

6.2 NA per Share and gearing

Based on the latest audited consolidated financial statements of the Group as at 30 September 2020, the pro forma effects of the Proposed Acquisition on the consolidated NA per Share and gearing of CAB Group are as follows:-

Minimum Scenario

	Audited as at 30 September 2020 RM'000	After the Proposed Acquisition RM'000
Share capital	140,679	143,979
Treasury shares	(69)	(69)
Reserves	1,231	1,231
Retained earnings	318,519	318,219 ^{*1}
Shareholders' fund/ NA	460,360	463,360
No. of Shares ('000)	689,963 [*]	697,463 [*]
NA per Share (RM)	0.67	0.66
Total borrowings (RM'000)	525,390	526,892 ^{*2}
Gearing (times)	1.14	1.14

Maximum Scenario

	Audited as at 30 September 2020 RM'000	I Assuming the resale of treasury shares RM'000	II After I and the Proposed Acquisition RM'000
Share capital	140,679	140,679	143,979
Treasury shares	(69)	-	-
Reserves	1,231	1,231	1,231
Retained earnings	318,519	318,519	318,219 ^{*1}
Shareholders' fund/ NA	460,360	460,429	463,429
No. of Shares	689,963 [*]	690,509	698,009
NA per Share (RM)	0.67	0.67	0.66
Total borrowings (RM'000)	525,390	525,390	526,892 ^{*2}
Gearing (times)	1.14	1.14	1.14

Notes:-

* *Excluding treasury shares*

*1 *After deducting estimated expenses of RM300,000*

*2 *After consolidating the total bank borrowings of Benarlab of approximately RM1.50 million based on its latest audited financial statements for the FYE 30 September 2020*

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6.3 Substantial shareholding structure

The effects of the Proposed Acquisition on the substantial shareholders' shareholdings are as follows:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD			After the Proposed Acquisition		
	<-----Direct-----> No. of Shares	<-----Indirect-----> %*	No. of Shares	<-----Direct-----> No. of Shares	<-----Indirect-----> %*	<-----Indirect-----> %
Chuah Ah Bee	192,578,564	27.91	25,809,375 ^{*1}	192,578,564	27.61	25,809,375 ^{*1}
Chan Kim Keow	97,106,248	14.07	25,809,375 ^{*1}	97,106,248	13.92	25,809,375 ^{*1}
Plant Wealth Holdings Limited	106,595,625	15.45	-	106,595,625	15.28	-
KMP Investments Pte Ltd	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
KMP Private Ltd	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Mariton International Limited	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Anthoni Salim	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Tan Hang Huat	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Vendors	2,619,462	0.38	-	10,119,462	1.45	-

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD			Assuming the resale of treasury shares		
	<-----Direct-----> No. of Shares	<-----Indirect-----> %*	No. of Shares	<-----Direct-----> No. of Shares	<-----Indirect-----> %	<-----Indirect-----> %
Chuah Ah Bee	192,578,564	27.91	25,809,375 ^{*1}	192,578,564	27.89	25,809,375 ^{*1}
Chan Kim Keow	97,106,248	14.07	25,809,375 ^{*1}	97,106,248	14.06	25,809,375 ^{*1}
Plant Wealth Holdings Limited	106,595,625	15.45	-	106,595,625	15.44	-
KMP Investments Pte Ltd	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
KMP Private Ltd	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Mariton International Limited	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Anthoni Salim	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Tan Hang Huat	-	-	106,595,625 ^{*2}	-	-	106,595,625 ^{*2}
Vendors	2,619,462	0.38	-	2,619,462	0.38	-

Maximum Scenario (Cont'd)

Substantial shareholders	II After I and the Proposed Acquisition			
	<-----Direct----->	%	<-----Indirect----->	%
	No. of Shares		No. of Shares	
Chuah Ah Bee	192,578,564	27.59	25,809,375 ^{*1}	3.70
Chan Kim Keow	97,106,248	13.91	25,809,375 ^{*1}	3.70
Plant Wealth Holdings Limited	106,595,625	15.27	-	-
KMP Investments Pte Ltd	-	-	106,595,625 ^{*2}	15.27
KMP Private Ltd	-	-	106,595,625 ^{*2}	15.27
Mariton International Limited	-	-	106,595,625 ^{*2}	15.27
Anthoni Salim	-	-	106,595,625 ^{*2}	15.27
Tan Hang Huat	-	-	106,595,625 ^{*2}	15.27
Vendors	10,119,462	1.45	-	-

Notes:-

* Excluding treasury shares

^{*1} Deemed interest by virtue of the interest held by his/ her children pursuant to Section 59(1)(c) of the Act

^{*2} Deemed interest by virtue of the interest held through Plant Wealth Holdings Limited pursuant to Section 8 of the Act

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6.4 Earnings and EPS

Purely for illustration purpose, assuming that the Proposed Acquisition had been completed on 1 October 2019, being the beginning of the latest audited FYE 30 September 2020 of CAB, the pro forma effects of the Proposed Acquisition on the earnings and EPS of CAB Group are as follows:-

	Audited FYE 30 September 2020 RM'000	After the Proposed Acquisition RM'000
PAT attributable to owners of the Company	2,760	2,760
Add: 51% PAT contribution from Benarlab	-	1,222 ^{*1}
Less: Estimated expenses	-	(300)
Total PAT	2,760	3,682
Weighted average no. of Shares in issue ('000)	680,323	687,823
EPS (sen)	0.41	0.54

Note:-

^{*1} After accounting for the audited PAT of Benarlab of approximately RM2.40 million for the FYE 30 September 2020 and adjusting for the 51% equity interest in Benarlab to be acquired by CAB pursuant to the Proposed Acquisition

Barring any unforeseen circumstance, the Proposed Acquisition, which is expected to be completed by the fourth quarter of 2021, may contribute positively to the consolidated earnings of CAB Group for the future financial years.

6.5 Convertible securities

As at the LPD, CAB does not have any existing convertible securities.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of CAB Shares for the past 12 months from the date of this Circular as traded on Bursa Securities from September 2020 to August 2021 are as follows:-

	High RM	Low RM
2020		
September	0.420	0.330
October	0.370	0.320
November	0.450	0.320
December	0.565	0.390
2021		
January	0.560	0.435
February	0.485	0.425
March	0.465	0.420
April	0.445	0.405
May	0.530	0.415
June	0.530	0.465
July	0.490	0.435
August	0.485	0.450

	High RM	Low RM
Last transacted market price on the LTD		RM0.435
Last transacted market price on the LPD		RM0.465

(Source: Bloomberg)

8. APPROVALS REQUIRED/ OBTAINED

The Proposed Acquisition is subject to the following approvals being obtained:-

- i. Bursa Securities, for which the approval was obtained vide its letter dated 23 August 2021, for the listing of the Consideration Shares on the Main Market of Bursa Securities, subject to the following conditions:-
 1. CAB and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;
 2. CAB is required to furnish Bursa Securities with a certified true copy of the resolution passed by its shareholders at a general meeting for the Proposed Acquisition;
 3. CAB and UOBKH are required to inform Bursa Securities upon the completion of the Proposed Acquisition; and
 4. CAB is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed;
- ii. The shareholders of CAB at the EGM. For shareholders' information, the highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 44%, calculated based on the net profits of Benarlab for the FYE 30 September 2020 attributable to CAB based on its 51% equity interest in Benarlab, against the net profits attributable to the owners of CAB for the FYE 30 September 2020; and
- iii. Any other relevant authority, if required.

The Proposed Acquisition is not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of CAB and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Board expects the Proposed Acquisition to be completed by the fourth quarter of 2021. The tentative timetable in relation to the Proposed Acquisition is as follows:-

Date/ Timeframe	Events
30 September 2021	<ul style="list-style-type: none">• Convening of EGM
End October 2021	<ul style="list-style-type: none">• Listing of the Consideration Shares• Completion of the Proposed Acquisition

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

i. On 1 November 2017, CABINDO Poultry Sdn Bhd ("**CABINDO**"), a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement ("**JVA**") with PT Ternak Ayam Terpadu Indonesia ("**PT**"), to form several Joint Venture Companies ("**JV Companies**") for the production of halal poultry products for the Indonesia's consumers. The JVA does not stipulate any terms on the investment amount that are required from CABINDO and PT (collectively referred to as the "**JVA Parties**") and instead, the JVA requires the JVA Parties to facilitate their application to the Badan Koordinasi Penanaman Modal, Indonesia for the incorporation of the JV Companies. As at the LPD, the implementation of the JVA has been deferred until such time that the overall COVID-19 situation is deemed safe.

ii. On 16 July 2021, UOBKH had, on behalf of the Board, announced that the Company had proposed to undertake a private placement of up to 10% of the total number of issued CAB Shares. For avoidance of doubt, the Company had at its AGM convened on 25 March 2021, obtained the approval from the shareholders, whereby the Board had been authorised to issue and allot new CAB Shares pursuant to Sections 75 and 76 of the Act.

Subsequently on 23 August 2021, UOBKH had, on behalf of the Board, announced that Bursa Securities had on even date, resolved to approve the listing and quotation for up to 69,800,874 placement shares to be issued pursuant to the private placement of which the implementation is still pending. As at the LPD, no placement shares have been issued pursuant to the private placement.

Save for the above and the Proposed Acquisition (which is the subject matter of this Circular), the Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the terms of the SSA, rationale and justifications, as well as the financial effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition at the EGM.

13. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> on Thursday, 30 September 2021 at 10.30 a.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Acquisition.

If you are unable to attend, participate, speak and vote at the EGM, you may appoint a proxy or proxies to attend, participate, speak and vote on their behalf. In such event, the Proxy Form must be lodged at the Company's Registered Office at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia, or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof.

14. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
CAB CAKARAN CORPORATION BERHAD

CHUAH AH BEE
Executive Chairman

1. INCORPORATION AND BUSINESS ACTIVITIES

Benarlab was incorporated in Malaysia on 28 April 2016 under the Act, and has commenced operations in the same year. As at the LPD, the issued share capital of Benarlab is RM2,498,000 comprising 2,498,000 ordinary shares and it does not have any convertible securities.

Benarlab is principally a wholesaler and a distributor of animal health and nutrition products in Malaysia, and does not have any foreign presence at this juncture. The company's revenue is wholly derived from its trading segment, which focuses mainly on the distribution of vaccines, feed additives, veterinary pharmaceuticals and nutraceutical products cater for the poultry and swine subsectors. Notwithstanding the above, the company is looking to explore prospective markets such as ruminants (e.g. domestic cattle, goats and dairy products) and aquaculture (cultivation of aquatic organism such as fish, shellfish and algae) subsectors as part of its business expansion. Together with the poultry and swine subsectors, ruminants and aquaculture are also part of the major subsectors within the livestock industry. The management of Benarlab anticipates growth in the overall livestock industry due to greater consumption of livestock products in concurrence with the growing Malaysian population.

To complement its trading segment, Benarlab coordinates with laboratories to provide a range of value-added services, such as serological tests, molecular tests and other diagnostic lab services, as well as consulting services in the areas of farming and animal health for its customers across Malaysia. For shareholders information:-

Serological tests	: Designed to detect presence of antibodies in the serum (blood) of animals
Molecular tests	: Designed to detect genetic codes of animals, microorganisms and viruses
Antibiotic sensitivity tests	: Designed to detect microorganisms' sensitivity against antibiotics
Mycotoxin tests	: Designed to detect presence of mycotoxins (a form of toxic compounds) in raw materials (i.e. corn and soybean) or finished animal feeds

The most common value-added service offered by Benarlab is the health monitoring program, which includes surveillance on a regular or ad hoc basis, to determine the health, well-being and nutritional status of livestock, as well as to evaluate the efficacy of vaccines on disease control and prevention. The abovementioned diagnostic tests are often conducted on a monthly or semi-annual basis, for early detection purpose and preventing the transmission of diseases within the herd to minimise the overall impact on customers' operations.

Besides marketing and selling products under the 'Benarlab' brand, the company also procures from other locally-based merchants to diversify the product range offered to customers. Benarlab currently outsources its manufacturing to Original Equipment Manufacturers (OEM) in Malaysia (i.e. feed additive and vitamin manufacturers) for the production of its in-house products based on its own research formula. For the past 2 financial years up to the FYE 30 September 2020, Benarlab's sales were predominantly generated from the distributorship of third-party products, which had contributed about 96%-98% of total revenue. The remaining 2%-4% were derived from the sales of in-house products.

Benarlab had first launched its in-house brand in 2017. It is the management's intention to accumulate experience and knowledge in the animal health and nutrition sector prior to launching of its own products. Accordingly, the in-house business is currently at start-up stage, whereby the management is still conducting market/ customer analysis, researching optimum nutrient formula and conceptualising products to progressively expand its in-house offerings.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

As at the LPD, Benarlab holds 3 distributorships, none of which is exclusive, from third party suppliers to distribute the products of these manufacturers in Malaysia, with details as follows:-

Suppliers	Types of products	Length of relationship year
MSD Animal Health (a veterinary pharmaceutical manufacturer from the United States)	Poultry and swine vaccines	1.5
Provimi (an animal feeds and nutrition manufacturer from the United States)	Feed additives and water soluble vitamins	<1
Zamira (an animal feeds and nutrition manufacturer from Australia)	Feed additives and probiotics	<1

In general, Benarlab's sales are conducted through purchase orders placed by customers on a transactional basis. The company presently serves customers that are predominantly based in Malaysia, mainly livestock producers such as poultry integrators, breeders, broilers, egg hatcheries and farm operators. The table below sets out the top five major customers of Benarlab for the FYE 30 September 2020:-

Customers	Length of relationship year
CAB Group	4
TS Goh Enterprise & Huwe Enterprise	2
Lay Farming	1
Ho Soon Poultry Sdn Bhd	2
Cargill Feed Sdn Bhd	2

For the past 3 financial years up to the FYE 30 September 2020, the aggregate revenue contributed by CAB Group accounted for approximately 86.14%, 64.46% and 51.87% of Benarlab's total revenue; whilst the estimated gross profit contributed by CAB Group accounted for approximately 80.91%, 56.23% and 46.88% of Benarlab's total gross profit. Notwithstanding that, Benarlab has been seeking to expand or diversify its customer base and product offerings which can cater to various markets including its current principal markets (i.e. poultry and swine subsectors) as well as new markets (i.e. ruminant and aquaculture subsectors).

Benarlab currently operates an office in Malaysia, with details as follows:-

Location	Description	Tenure	built-up area sq m	Audited net book value as at 30 September 2020 RM'000
List of property rented				
9, Jalan SS 18/6, 47500 Subang Jaya, Selangor	Commercial property use for office and warehouse	Leasehold (expiring on 01.02.2023)	162	Not applicable as CAB is not privy of the audited net book value

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

At this juncture, the company has no plans to acquire its own office space. The management intends to continue the tenancy for the shop office as long as the owner is able to renew the lease expiring on 1 February 2023. Should the need arises, Benarlab will start looking-out for potential premises on commercially viable prices, subject to the terms of the tenancy agreement being and fair and reasonable.

2. SHARE CAPITAL AND CONVERTIBLE SECURITIES

As at the LPD, the issued share capital of Benarlab is RM2,498,000 comprising 2,498,000 ordinary shares and it does not have any convertible securities.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the directors and shareholders of Benarlab together with their respective shareholdings in Benarlab are as follows:-

Name	Role	Nationality	Direct interest		Indirect interest	
			No. of shares	%	No. of shares	%
Tan Wen Lee	Director/ shareholder	Malaysian	1,249,000	50.0	-	-
Aman Tan Ho Peng	Director/ shareholder	Malaysian	1,249,000	50.0	-	-

4. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, Benarlab does not have any subsidiary nor associate company.

5. MATERIAL CONTRACTS

Save for the SSA, Benarlab has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Benarlab is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Benarlab is not aware and have no knowledge of any proceedings pending or threatened against Benarlab, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Benarlab.

7. MATERIAL COMMITMENTS

As at the LPD, the board of directors of Benarlab is not aware of any material commitments incurred or known to be incurred by Benarlab which, upon becoming enforceable, may have a material impact on the financial results/ position of Benarlab.

8. CONTINGENT LIABILITIES

As at the LPD, the board of directors of Benarlab is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of Benarlab.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

9. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of Benarlab for the past 3 financial years up to the FYE 30 September 2020 is as follows:-

	<----- FYE 30 September ----->		
	2018	2019	2020
	RM'000	RM'000	RM'000
Revenue	4,593	11,884	20,115
Gross profit	853	2,599	4,946
PBT	548	1,847	3,133
PAT	446	1,430	2,395
PAT margin (%)	9.71	12.0	11.9
Share capital	2,000	2,498	2,498
Shareholders' funds/ NA	2,553	4,481	6,876
Cash and cash equivalents	613	842	1,794
Total borrowings	-	-	1,502
No. of shares in issue ('000)	2,000	2,498	2,498
EPS (sen)	22.3	57.2	95.9
NA per share (RM)	1.28	1.79	2.75
Gearing ratio (times)	-	-	0.22
Current ratio (times)	4.40	2.67	3.25
Cash flow from/ (used in) operating activities	(677)	(341)	(483)

For the past 3 financial years up to the FYE 30 September 2020:-

- there were no exceptional or extraordinary item;
- there were no accounting policies adopted by Benarlab that are peculiar to Benarlab due to the nature of its business of the industry it operates in; and
- there was no audit qualification for the financial statements of Benarlab.

Commentary on past performance:-**FYE 30 September 2018**

For the FYE 30 September 2018, Benarlab recorded a revenue of RM4.59 million, which represents an increase of RM2.97 million or 183.33% as compared to the preceding financial year of RM1.62 million, mainly due to the launch and distribution of upgraded poultry vaccines which are more popular and marketable among poultry breeders and broilers for its enhanced protective efficacy against diseases.

For the FYE 30 September 2018, Benarlab recorded a PAT of RM0.45 million, which represents an increase of RM0.36 million or 400.00% as compared to the preceding financial year of RM0.09 million. The increase is mainly in tandem with the higher gross profit, and offset mainly by the incremental cost incurred in administrative, selling and general expenses, on a year-on-year basis.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

FYE 30 September 2019

For the FYE 30 September 2019, Benarlab recorded a revenue of RM11.88 million, which represents an increase of RM7.29 million or 158.82% as compared to the preceding financial year of RM4.59 million, mainly due to the expansion of product line to include a range of water-soluble farm animal products, coupled with the enlarged sales team to increase the company's presence in the Central and Southern Regions.

For the FYE 30 September 2019, Benarlab recorded a PAT of RM1.43 million, which represents an increase of RM0.98 million or 217.78% as compared to the preceding financial year of RM0.45 million. The increase is mainly in tandem with the higher gross profit, and offset mainly by the incremental cost incurred in administrative, selling and general expenses, on a year-on-year basis.

FYE 30 September 2020

For the FYE 30 September 2020, Benarlab recorded a revenue of RM20.12 million, which represents an increase of RM8.24 million or 69.4% as compared to the preceding financial year of RM11.88 million, mainly due to the launch and distribution of swine vaccines which had provided Benarlab an avenue to penetrate the swine subsector. The company was subsequently able to attract new customers and increase its market share within the livestock industry.

For the FYE 30 September 2020, Benarlab recorded a PAT of RM2.40 million, which represents an increase of RM0.97 million or 67.8% as compared to the preceding financial year of RM1.43 million. The increase is mainly in tandem with the higher gross profit, and offset mainly by the incremental cost incurred in administrative, selling and general expenses, on a year-on-year basis.

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APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

**10. AUDITED FINANCIAL STATEMENTS OF BENARLAB FOR THE FYE 30 SEPTEMBER 2020
TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT**

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

30 SEPTEMBER 2020

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BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS	: Tan Wen Lee Aman Tan Ho Peng
SECRETARY	: Tan Moy Eng
AUDITORS	: Liang & Co. (AF 0360) Chartered Accountants
REGISTERED OFFICE	: No.18, Level 2, Jalan Perai Jaya 1, Bandar Perai Jaya, 13700 Perai, Pulau Pinang.
BANKERS	: Affin Bank Berhad Malayan Banking Berhad Public Islamic Bank Berhad
PRINCIPAL PLACE OF BUSINESS	: No.18, Jalan TPP 6/4 Taman Perindustrian Puchong, 47100 Puchong, Selangor Darul Ehsan.

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 30 September 2020.

PRINCIPAL ACTIVITY

The Company carries on business as wholesaler of animal feed nutrition, supplements and feed additives for poultry.

There has been no significant change in the nature of this activity during the financial year.

RESULTS

	RM
Net profit for the year	<u>2,395,348</u>

DIVIDENDS

No dividend has been paid, proposed or declared since the end of the previous financial year.

The directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year.

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the Company did not issue out any share or debenture.

DIRECTORS OF THE COMPANY

The directors who served from the beginning of the financial year until the date of this report are as follows:-

Aman Tan Ho Peng
Tan Wen Lee

Company No : 201601014625 (1185556-U)

DIRECTORS' BENEFIT

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Details of the Directors' remuneration are set out in Note 13 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the shareholdings of those who were directors at year end are as follows :-

<u>Name of Directors</u>	Number of ordinary shares		
	<u>Balance at 01.10.2019</u>	<u>Bought/(Sold)</u>	<u>Balance at 30.09.2020</u>
Tan Wen Lee	1,249,000	0	1,249,000
Aman Tan Ho Peng	1,249,000	0	1,249,000

Other than as disclosed above, the directors in office at the end of the financial year did not hold any other interests in shares in or debentures of the Company.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statement of comprehensive income and statement of financial position were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no bad and doubtful debts were necessary to be written off and provided.
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

Company No : 201601014625 (1185556-U)

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render it necessary to write off or provide for any debts in respect of the amounts of the Company.
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than significant event as disclosed in Note 17 to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 13 to the financial statements.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

Company No : 201601014625 (1185556-U)

AUDITORS

The retiring Auditors, Liang & Co. have indicated their willingness to accept re-appointment.

For and on behalf of the board,



AMAN TAN HO PENG
DIRECTOR

TAN WEN LEE
DIRECTOR

Peraí

Dated : 02 December 2020

Liang & Co. (No. AF 0360)
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

to the members of

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated In Malaysia)

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Benarlab Sdn. Bhd., which comprise the statement of financial position as at 30 September 2020 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

2870, Jalan Baru, Bandar Perai Jaya, 13600 Perai.
Tel : 04-3907599 / 3987599 Fax : 04-3986599

Liang & Co. (No. AF 0360)

Company No : 201601014625 (1185556-U)

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

2870, Jalan Baru, Bandar Perai Jaya, 13600 Perai.
Tel : 04-3907599 / 3987599 Fax : 04-3986599

Liang & Co. (No. AF 0360)

Company No : 201601014625 (1185556-U)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

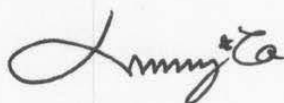
2870, Jalan Baru, Bandar Perai Jaya, 13600 Perai.
Tel : 04-3907599 / 3987599 Fax : 04-3986599

Liang & Co. (No. AF 0360)

Company No : 201601014625 (1185556-U)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



LIANG & CO.
AF 0360
Chartered Accountants

Perai

Dated : 02 December 2020



LEONG JINQ YNG
NO. 03225/04/2022 J
Chartered Accountant

2870, Jalan Baru, Bandar Perai Jaya, 13600 Perai.
Tel : 04-3907599 / 3987599 Fax : 04-3986599

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	NOTE	2020 RM	2019 RM
NON-CURRENT ASSETS			
Plant and equipment	4	237,141	247,560
CURRENT ASSETS			
Inventories	5	1,760,466	1,042,956
Trade receivables		7,683,551	4,922,718
Sundry deposits and prepayment		470	1,316
Money market deposit		1,080,000	400,000
Cash and bank balances		714,358	441,641
Total current assets		11,238,845	6,808,631
TOTAL ASSETS		11,475,986	7,056,191
EQUITY			
Share capital	6	2,498,000	2,498,000
Retained profits		4,378,232	1,982,884
Total equity		6,876,232	4,480,884
NON-CURRENT LIABILITIES			
Term loans	7	1,113,258	0
Deferred tax liability	8	30,427	25,900
Total non-current liabilities		1,143,685	25,900
CURRENT LIABILITIES			
Trade payables		2,248,858	1,438,136
Other payables and accruals	9	232,186	703,827
Amount owing to directors	10	302,000	302,000
Bank borrowings	11	388,274	0
Provision for taxation		284,751	105,444
Total current liabilities		3,456,069	2,549,407
Total liabilities		4,599,754	2,575,307
TOTAL EQUITY AND LIABILITIES		11,475,986	7,056,191

The accompanying notes form an integral part of these financial statements.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	NOTE	2020 RM	2019 RM
Revenue	12	20,114,555	11,883,820
Cost of goods sold		(15,168,062)	(9,284,576)
Gross profit		4,946,493	2,599,244
Other income		26,446	4,210
Administrative, selling and general expenses		(1,808,078)	(756,630)
Finance cost		(32,224)	(49)
Profit before taxation	13	3,132,637	1,846,775
Taxation	14	(737,289)	(416,506)
Net profit for the year		2,395,348	1,430,269

The accompanying notes form an integral part of these financial statements.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital RM	Retained profits RM	Total RM
At 1 Octoberber 2018	2,000,000	552,615	2,552,615
Issued during the year	498,000	0	498,000
Net profit for the year	0	1,430,269	1,430,269
At 30 September 2019	<u>2,498,000</u>	<u>1,982,884</u>	<u>4,480,884</u>
Net profit for the year	0	2,395,348	2,395,348
At 30 September 2020	<u><u>2,498,000</u></u>	<u><u>4,378,232</u></u>	<u><u>6,876,232</u></u>

The accompanying notes form an integral part of these financial statements.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from receivables	17,353,722	9,114,699
Receipts from other income	14,400	200
Payments to payables	(14,990,794)	(9,065,982)
Payments to operating expenses	(2,293,575)	(75,274)
Cash absorbed in operations	83,753	(26,357)
Interest paid	(12,995)	0
Income tax paid	(553,455)	(315,133)
Net Cash used in operating activities	(482,697)	(341,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed deposit interest received	0	559
Interest received	12,046	3,451
Purchase of plant and equipment	(59,262)	(133,392)
Net Cash used in investing activities	(47,216)	(129,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	0	498,000
Advance from directors	0	202,082
Term loans obtained	1,200,000	0
Repayment of term loans	13,532	0
Interest paid on term loans	(18,902)	0
Net increase in banker's acceptance	288,000	0
Net Cash provided by financing activities	1,482,630	700,082
Net increase in cash and cash equivalents	952,717	229,210
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	841,641	612,531
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,794,358	841,741
CASH AND CASH EQUIVALENTS COMPRISE :-		
Cash and bank balances	714,358	441,641
Money market deposit	1,080,000	400,000
	1,794,358	841,641

The accompanying notes form an integral part of these financial statements.

BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2020

1. CORPORATE INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No.18, Level 2, Jalan Perai Jaya 1, Bandar Perai Jaya, 13700 Perai, Pulau Pinang.

The principal place of business is located at No.18, Jalan TPP 6/4, Taman Perindustrian Puchong, 47100 Puchong, Sengor Darul Ehsan.

The Company carries on business as wholesaler of animal feed nutrition, supplements and feed additives for poultry.

There has been no significant change in the nature of this activity during the current financial year.

The financial statements of the Company are presented in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 02 December 2020.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements as set out in Note 3 to the financial statements.

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 3.1 on depreciation of plant and equipment.

Company No : 201601014625 (1185556-U)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Plant and equipment

Plant and equipment are initially stated at cost. The cost of an item of plant and equipment initially recognised comprises its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by directors.

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on plant and equipment is computed on a straight line basis over their expected useful lives.

Air conditioner	20%
Computer system and equipment	20%
Motor vehicles	20%
Electrical equipments	20%
Forklift	10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, if there is an indication of a significant change since the last reporting date.

At each reporting date, the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on weighted average basis. Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition.

3.3 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets may be impaired. If such indication exists, the asset is tested for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating unit ("CGU")). The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use. An impairment loss is recognised when the carrying amount of the asset (CGU) exceeds its recoverable amount.

The impairment loss is recognised to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

Company No : 201601014625 (1185556-U)

3.4 Financial instruments

a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

b) Derecognition of financial instruments

A financial asset is derecognised when, and only when the contractual rights to receive the cash flows from the financial asset expires, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of the financial asset or no continuing involvement in the control of the financial asset transferred. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when the contractual obligation under the liability is extinguished (i.e. when the obligation specified in the contract is discharged, is cancelled or expires). When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

c) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies all its financial assets into as financial assets at amortised cost.

After initial recognition, debt instruments are subsequently measured at amortised cost using the effective interest method. All the financial assets measured at amortised cost are subject to review for impairment in accordance with 3.4(g).

d) Subsequent measurement of financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

e) Fair value measurement of financial instruments

The fair value of financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

f) Recognition of gains and losses

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

Company No : 201601014625 (1185556-U)

g) Subsequent measurement - Impairment of financial assets

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Evidences of trigger loss events include: (i) significant financial difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it has become probable that the debtor will enter bankruptcy or other financial reorganisation; (iv) the disappearance of an active market for that financial asset because of financial difficulties; or (v) any observable market data indicating that there is may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

3.5 Trade and other receivables

Trade and other receivables are recognised in initially at the transaction price. They are subsequently measured at the undiscounted amount of cash expected to be received, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not able to collect all amounts due according to the original terms of the receivables.

Impairment loss is the difference between the carrying amount of the receivables and the present value of estimated cash flows discounted at the receivables' original effective interest rate and is recognised in profit or loss.

3.6 Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are held to meet short term cash commitments instead of for investment or other purposes. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and money market deposit.

3.7 Share Capital

a) Classification

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Company No : 201601014625 (1185556-U)

b) Dividend distribution

Dividend distribution to the Company's shareholders is recognised directly in equity and as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.8 Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at the undiscounted amount of cash expected to be paid.

3.9 Current and deferred taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided on all taxable temporary differences. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets (including tax benefit from reinvestment allowance) are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.10 Revenue recognition

- (a) Sales of goods are recognised upon delivery and customer acceptance.
- (b) Interest income is recognised using the effective interest method.

3.11 Employee benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

Company No : 201601014625 (1185556-U)

a) Short-term employee benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

b) Post-employment benefits – defined contribution plans

The Company makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

4. PLANT AND EQUIPMENT

2020 Cost	Balance At 01.10.2019 RM	Addition RM	Disposal RM	Balance At 30.09.2020 RM
Air conditioner	6,744	0	0	6,744
Computer system and equipment	21,347	15,576	0	36,923
Motor vehicles	292,072	0	0	292,072
Electrical equipments	15,798	6,686	0	22,484
Forklift	0	37,000	0	37,000
	<u>335,961</u>	<u>59,262</u>	<u>0</u>	<u>395,223</u>

**Accumulated
Depreciation**

Air conditioner	2,243	1,349	0	3,592
Computer system and equipment	5,893	5,882	0	11,775
Motor vehicles	78,999	58,415	0	137,414
Electrical equipments	1,266	3,727	0	4,993
Forklift	0	308	0	308
	<u>88,401</u>	<u>69,681</u>	<u>0</u>	<u>158,082</u>

	Net book value		Depreciation charge for the year ended	
	2020 RM	2019 RM	2020 RM	2019 RM
Air conditioner	3,152	4,501	1,349	1,029
Computer system and equipment	25,148	15,454	5,882	3,017
Motor vehicles	154,658	213,073	58,415	39,969
Electrical equipments	17,491	14,532	3,727	1,266
Forklift	36,692	0	308	0
	<u>237,141</u>	<u>247,560</u>	<u>69,681</u>	<u>45,281</u>

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

Company No : 201601014625 (1185556-U)

5. INVENTORIES

	2020 RM	2019 RM
At cost:		
Trading goods	<u>1,760,466</u>	<u>1,042,956</u>
Inventories recognised as cost of goods sold	<u>15,084,006</u>	<u>9,247,921</u>

6. SHARE CAPITAL

	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid :				
Ordinary shares				
Balance at 1 October	2,498,000	2,498,000	2,000,000	2,000,000
Issued during the year	<u>0</u>	<u>0</u>	<u>498,000</u>	<u>498,000</u>
Balance at 30 September	<u>2,498,000</u>	<u>2,498,000</u>	<u>2,498,000</u>	<u>2,498,000</u>

7. TERM LOANS

	No. of installment	Loan limit RM	2020 RM	2019 RM
Term loan I	180	700,000	713,101	0
Term loan II	90	500,000	<u>500,431</u>	<u>0</u>
			<u>1,213,532</u>	<u>0</u>
Repayments due :-				
- Current (Note 11)			100,274	0
- Non-current			<u>1,113,258</u>	<u>0</u>
			<u>1,213,532</u>	<u>0</u>

The Company has obtained Term Loan I and II for working capital purpose.

Term loan I and II bear annual interest rate at 2.20% above base financing rate per annum and fixed rate at 3.50% per annum respectively. The loans are secured by way of legal charges on a landed property of directors' close family member and further guaranteed jointly and severally by the directors of the Company.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

Company No : 201601014625 (1185556-U)

8. DEFERRED TAX LIABILITY

	2020	2019
	RM	RM
Balance brought forward	25,900	11,485
Transfer from profit or loss (Note 14)	4,527	14,415
Balance carried forward	30,427	25,900

The above represents tax effect on excess of capital allowances over depreciation.

9. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RM	RM
Accruals	123,679	109,958
Other payables - related parties	86,000	593,869
- others	22,507	0
	232,186	703,827

Related parties refer to a company in which certain directors have beneficial interest and a director's close family member.

10. AMOUNT OWING TO DIRECTORS

This is unsecured, interest free and repayable on demand.

This is measured at undiscounted amounts because the effect of discounting is immaterial.

11. BANK BORROWINGS

	2020	2019
	RM	RM
Term loans (Note 7)	100,274	0
Banker's acceptance	288,000	0
	388,274	0

Banker's acceptance bears annual interest rate at 2.54% per annum and are secured by way of legal charges on a landed property of directors' close family member and further guaranteed jointly and severally by the directors of the Company.

12. REVENUE

Revenue represents sales of goods at invoiced value.

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

Company No : 201601014625 (1185556-U)

13. PROFIT BEFORE TAXATION

	2020 RM	2019 RM
After charging:-		
Auditor's remuneration	4,800	4,200
Banker's acceptance interest	9,192	0
Depreciation on plant and equipment	69,681	45,281
Directors' emoluments	367,320	163,100
Rental of office and store	18,000	19,200
Staff and labour cost:		
- Salaries and others	784,361	206,840
- EPF	112,928	49,602
- Socso	4,597	2,499
- EIS	447	345
Term loan interest	18,902	0
And crediting:-		
Interest received	12,046	4,010
Wages subsidy received	14,400	0

14. TAXATION

	2020 RM	2019 RM
Malaysian tax expense:		
- based on current year	725,751	402,444
- under/(over) provided in prior year	7,011	(353)
	732,762	402,091
Deferred tax expense:- (Note 8)		
- origination of temporary difference	3,574	14,429
- under/(over) provided in prior year	953	(14)
	4,527	14,415
	737,289	416,506
Reconciliation of effective tax rate:-		
Profit before taxation	3,132,637	1,846,775
Tax calculated as follows:		
- at a tax rate of 17%	102,000	85,000
- at a tax rate of 24%	607,833	323,226
Tax effect of:		
- non-deductible expenses	19,492	4,823
- current tax under/(over) provided in prior year	7,011	(353)
- deferred tax under/(over) provided in prior year	953	(14)
- difference in tax rate	0	3,824
	737,289	416,506

APPENDIX I – INFORMATION ON BENARLAB (CONT'D)

Company No : 201601014625 (1185556-U)

15. FINANCIAL INSTRUMENTS

	2020 RM	2019 RM
<u>Financial assets measured at amortised cost</u>		
Trade receivables	7,683,551	4,922,718
Sundry deposit	450	450
Money market deposit	1,080,000	400,000
Cash and bank balances	714,358	441,641
Total financial assets	<u>9,478,359</u>	<u>5,764,809</u>
<u>Financial liabilities measured at amortised cost</u>		
Trade payables	2,248,858	1,438,136
Other payables and accruals	232,186	703,827
Amount owing to directors	302,000	302,000
Banker's acceptance	288,000	0
Term loans	1,213,532	0
Total financial liabilities	<u>4,284,576</u>	<u>2,443,963</u>

16. RELATED PARTY TRANSACTIONS**(a) Related party transactions**

The related party transactions during the year are as follows :-

	2020 RM
Purchases	<u>37,000</u>

Related party refers to a company in which certain directors have beneficial interest.

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

(b) Key management personnel compensation

	2020 RM	2019 RM
Total key management personnel compensation	<u>438,973</u>	<u>188,741</u>

17. SIGNIFICANT EVENT

The outbreak of COVID-19 in early 2020 has affected the business and economic environments worldwide. In relation to this, the Government of Malaysia imposed a Movement Control Order ("MCO") effective from 18 March 2020 to 12 May 2020. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern. The effects of COVID-19 do not have any significant impact on the financial statements for the current financial year. However, given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Company is unable to quantify the potential financial impact of the COVID-19 pandemic on the Company's financial statements for the financial year ending 30 September 2021 reliably at this juncture.


BENARLAB SDN. BHD.
Company No : 201601014625 (1185556-U)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, Aman Tan Ho Peng and Tan Wen Lee being two of the directors of Benarlab Sdn. Bhd., state that in the opinion of the directors, the financial statements of the Company set out on pages 10 to 23 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 September 2020 and financial performance and cash flows of the Company for the year ended 30 September 2020.

On behalf of the board,



AMAN TAN HO PENG
DIRECTOR

TAN WEN LEE
DIRECTOR

Dated : 02 December 2020

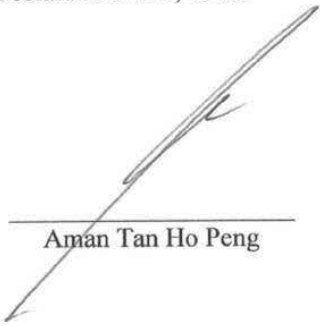
Company No : 201601014625 (1185556-U)

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Aman Tan Ho Peng, I/C No. 891114-10-5583 Director responsible for the financial managements of Benarlab Sdn. Bhd., do solemnly and sincerely declare that the financial statements of the Company set out on pages 10 to 23 are to the best of my knowledge and belief correct.

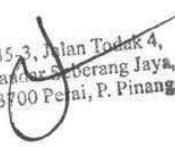
AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
)
the abovenamed at PERAI)
)
in the State of PENANG)
)
on this 02 December 2020)


Aman Tan Ho Peng

Before me,




35-3, Jalan Todak 4,
Bandar Seberang Jaya,
13700 Perai, P. Pinang.

APPENDIX II – SALIENT TERMS OF THE SSA

The following is a summary of the salient terms of the SSA:-

1. Conditions Precedent

1.1. Matters to be satisfied

The obligations of the Vendors to sell and of the Purchaser to buy the Sale Shares upon fulfilment of the following conditions precedent within the last day of the period of 8 months from the date of the SSA ("**Agreement Date**") with 2 months extension or such other extended period as may be agreed by both parties in writing from the Agreement Date ("**Last Condition Date**"):-

- i. the Purchaser being satisfied with the results of any due diligence and/ or other investigations and inquiries carried out by the Purchaser and/ or its solicitors, accountants and/ or other agents or professional advisers in relation to Benarlab;
- ii. approval of the Board and shareholders of CAB for the Proposed Acquisition;
- iii. approval from Bursa Securities for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities; and
- iv. other government, public or regulatory authorities, parties or bankers of Benarlab whose approvals are considered necessary or expedient by the Purchaser in relation to the sale and purchase of the Sale Shares have been obtained on terms and conditions (if any) acceptable to both parties.

For avoidance of doubt, the Proposed Acquisition is not subject to approvals from any government, public or regulatory authorities, parties or bankers of Benarlab as at the LPD.

1.2. Approvals and Appeals

Approvals:-

- i. The Purchaser shall inform the Vendors of the outcome of the matters on clauses 1.1(ii) and (iii) hereinabove within three (3) business days after notification of the outcome by Bursa Securities.
- ii. The Vendors shall inform the Purchaser of the outcomes of the matters on in clause 1.1(iv) hereinabove within three (3) business days after notification of the outcome by the relevant government, public or regulatory authorities, parties or bankers (if applicable).

Appeals:-

- i. The Purchaser shall if required in writing by the Vendors be obliged to appeal against the rejection of any application for the approval referred to in clause 1.1(iii) hereinabove or any term or condition imposed by any such approvals for as many times as the Vendors may require but without prejudice to both parties' right to terminate under the provisions of the SSA if the conditions are not satisfied by the Last Condition Date.

APPENDIX II – SALIENT TERMS OF THE SSA (CONT'D)

- ii. The Vendors shall if required in writing by the Purchaser be obliged to appeal against the rejection of any application for the approval referred to in clause 1.1(iv) hereinabove or any term or condition imposed by any such approvals for as many times as the Purchaser may require but without prejudice to both parties' right to terminate under the provisions of the SSA if the conditions are not satisfied by the Last Condition Date.

2. Purchase consideration and payment

- i. The total purchase consideration for the Sale Shares shall be RM 3,300,000. The parties agree that the Purchase Consideration was derived at on a willing buyer and willing seller basis.
- ii. All parties agree that the Purchase Consideration shall be settled by way of allotment of the Consideration Shares at an issue price of RM0.44 per Consideration Share.
- iii. The Purchaser shall be responsible at its own costs and expenses to apply for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.
- iv. Within fourteen (14) Business Days from the date of the Purchaser's solicitors receives the written confirmation from the company secretary of Benarlab ("**Date of Confirmation as Shareholder**"), the Consideration Shares shall be issued and allotted to the CDS accounts of the following parties:-

No. of CAB Shares	Parties
3,750,000	Tan Wen Lee
3,750,000	Aman Tan Ho Peng

3. Completion

3.1. Prior to Completion

- i. The Vendors shall deliver the following documents ("**Completed Documents**") to the company secretary of Benarlab to hold as stakeholder within ten (10) Business Days after the date when the conditions referred to under clause 1.1 hereinabove have been fulfilled ("**Unconditional Date**"):-
 - a. Such waivers, consents or other documents as may be required to give good title to the Sale Shares and to enable the Purchaser to become their registered holder;
 - b. the certificates in respect of the Sale Shares and transfers of Sale Shares in favour of the Purchaser in the valid transfer forms,

APPENDIX II – SALIENT TERMS OF THE SSA (CONT'D)

- ii. The company secretary of Benarlab is irrevocably authorised by both parties to present the transfer forms for adjudication of stamp duty immediately upon receiving the Completed Documents. The Purchaser shall pay the stamp duty within ten (10) Business Days upon receiving the notification from the company secretary of Benarlab for the stamp duty imposed by the inland revenue board. Upon payment of the stamp duty, the company secretary of Benarlab shall update the Register of Member and filing the update to the Companies Commission of Malaysia and issuing a share certificate to the Purchaser. The company secretary of Benarlab shall then send a written confirmation to the Purchaser's solicitors confirming that the Purchaser is the shareholder of Sale Shares attaching the Companies Commission of Malaysia search result shows that the Purchaser is the shareholder of Sale Shares, board's resolution approving the transfer of Sale Shares from the Vendors to the Purchaser and the original share certificate of Sale Shares to the Purchaser and a certified true copy of the Register of Members showing the Purchaser has been recorded as the shareholder of Sale Shares.
- iii. The Vendors will procure that a board meeting of Benarlab be held or board circular resolution be duly signed for the transfer of the Sale Shares in favor of the Purchaser and other matters as may be agreed by all parties.

3.2. Completion Date

Completion of the sale and purchase of the Sale Shares shall take place on the listing date of the Consideration Shares ("**Completion Date**").

4. Vendor's warranties

The Vendors jointly and severally warrant to the Purchaser that:-

- i. there is:-
 - a. no encumbrance, sale, assignment, transfer, option or any other disposal or dealing over or affecting the Sale Shares;
 - b. no agreement or arrangement to give or create or any circumstances which may give or create any such encumbrance, sale, assignment, transfer, option or other disposal or dealing;
 - c. no claim by any person to be entitled to or under any such encumbrance, sale, assignment, transfer, option or other disposal or dealing or agreement or arrangement; and
 - d. save as disclosed in writing to CAB before or on the date of the SSA (if any), the warranties stipulated in the SSA are true and accurate in all respects;
- ii. they will do all necessary acts to assist the Purchaser, and/ or its solicitors, accountants and/ or other agents or professional advisers in carrying out the due diligence review and a full and frank disclosure as regards to Benarlab will be provided;
- iii. they will not so long as the SSA subsists, enter into any agreement, transaction or arrangement whatsoever (whether conditional or otherwise) to sell, dispose of, transfer, assign, convey or encumber the Sale Shares or any part thereof;

APPENDIX II – SALIENT TERMS OF THE SSA (CONT'D)

- iv. Benarlab is not involved in any civil, criminal or arbitration proceedings and no such proceedings are pending or threatened by or against Benarlab or any such person and there are no facts or circumstances which might lead to any such proceedings ("**Proceedings**"). The Vendors jointly and severally agree and undertake that it will keep Benarlab fully indemnify against any losses, damages, claims, expenses, costs, fines and whatsoever arising from the Proceedings in respect of the matter(s) incurred prior to the Completion Date notwithstanding that Benarlab receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date;
- v. Benarlab is not in breach of any laws, rules or regulations in Malaysia or elsewhere ("**Breach**"). The Vendors jointly and severally agree and undertake that it will keep Benarlab fully indemnify against any losses, damages, claims, expenses, costs, fines and whatsoever arising from the Breach in respect of the matter(s) incurred prior to the Completion Date notwithstanding that Benarlab receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date;
- vi. Benarlab has paid the relevant Tax to the Taxation Authority up-to-date and there is no outstanding tax liability or dispute with Taxation Authority as at the Agreement Date ("**Outstanding or Dispute Tax**"). The Vendors jointly and severally agree and undertake that it will keep Benarlab fully indemnify against any losses, damages, claims, expenses, costs, fines and whatsoever arising from the Outstanding or Dispute Tax in respect of the matter(s) incurred prior to the Completion Date notwithstanding that Benarlab receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date.

5. Indemnity

The Vendors agree and undertake that it will indemnify the Purchaser of any liabilities (includes but not limited to tax liabilities), claims, damages, fine or whatsoever against Benarlab arising from any matters incurred before the Completion Date notwithstanding that Benarlab receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date.

6. Grounds for termination

Without prejudice to the Purchaser's or the Vendors' rights under the general or common law, the Purchaser or the Vendors may (but shall not be obliged to) at any time by notice to the other party to terminate the SSA if:-

- i. any of the conditions is not satisfied by the Last Condition Date; or
- ii. any of the approvals referred to in any of such conditions are approved on terms and/or conditions which are not acceptable to either party; or
- iii. it appears that any of the warranties by the other party is or has become inaccurate or misleading (save as disclosed); or
- iv. any material breach of the provisions of the SSA by other party what could not be remedied by the defaulted party within 14 days from notification date by the non-defaulted party,

and on such notice being given, the provisions of clause 7 hereinbelow shall apply.

APPENDIX II – SALIENT TERMS OF THE SSA (CONT'D)

7. Termination consequences

If this SSA is terminated in accordance with clause 6 hereinabove:-

- i. the Purchaser shall deliver to the Vendors all original documents which were furnished by the Vendors to the Purchaser under the SSA (if any) and the Vendors shall also deliver to the Purchaser all original documents which were furnished by the Purchaser under the SSA (if any);
- ii. subject and without prejudice to clause 7(i) hereinabove and to any claim which either party may have against the other in respect of any antecedent breach of the SSA, the SSA shall be of no further force and effect and neither party shall have any further claim against the other under or in respect of the SSA or otherwise howsoever.

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APPENDIX III – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

The information on the Vendors and Benarlab was obtained from the Vendors and the responsibility of the Board is limited to ensuring that the information thereon are accurately reproduced in this Circular.

2. CONSENT

UOBKH, being the Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to CAB for the Proposed Acquisition.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, CAB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against CAB Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect CAB Group's financial position or business.

5. MATERIAL COMMITMENTS

Save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred by CAB Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of CAB Group:-

	RM'000
Property, plant and equipment	
Approved and contracted for	14,019
Authorised but not contracted for	42,787
	56,806

APPENDIX III – FURTHER INFORMATION (CONT'D)

6. CONTINGENT LIABILITIES

Save as disclosed below, the Board is not aware of any contingent liabilities incurred or known to be incurred by CAB Group which, upon becoming enforceable, may have a material impact on the financial results/ position of CAB Group:-

	RM'000
Corporate guarantees to financial institutions and suppliers for banking facilities and/ or credit terms granted to subsidiary companies	888,969

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at [Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia], during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitutions of CAB and Benarlab;
- ii. Audited consolidated financial statements of CAB Group for the past 2 financial years up to the FYE 30 September 2020, and the latest unaudited quarterly report of CAB Group for the 6-month FPE 31 March 2021;
- iii. Audited financial statements of Benarlab for the past 3 financial years up to the FYE 30 September 2020;
- iv. The letter of consent and declaration of conflict of interest referred to in Sections 2 and 3 hereinabove, respectively; and
- v. The SSA dated 16 July 2021 pertaining to the Proposed Acquisition.



CAB CAKARAN CORPORATION BERHAD

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of CAB Cakaran Corporation Berhad ("**CAB**" or the "**Company**") ("**EGM**") will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> on Thursday, 30 September 2021 at 10.30 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:-

ORDINARY RESOLUTION

PROPOSED ACQUISITION BY CAB OF A 51% EQUITY INTEREST IN BENARLAB SDN BHD ("BENARLAB") FOR A PURCHASE CONSIDERATION OF RM3,300,000, WHICH WILL BE SATISFIED ENTIRELY VIA THE ISSUANCE OF 7,500,000 NEW ORDINARY SHARES IN CAB ("CAB SHARE(S)") ("CONSIDERATION SHARE(S)") AT THE ISSUE PRICE OF RM0.44 PER CONSIDERATION SHARE ("PROPOSED ACQUISITION")

"THAT subject to the approvals of all relevant authorities and/ or parties being obtained in respect of the Proposed Acquisition, approval be and is hereby given to the Company to purchase 1,273,980 ordinary shares in Benarlab, representing 51% equity interest in Benarlab for a total purchase consideration of RM3,300,000 ("**Purchase Consideration**").

The Purchase Consideration shall be satisfied entirely via issuance and allotment of 7,500,000 Consideration Shares at the issue price of RM0.44 per Consideration Share on the terms and conditions contained in the share sale agreement dated 16 July 2021 entered into between CAB, Tan Wen Lee and Aman Tan Ho Peng.

THAT the Consideration Shares will, upon allotment and issuance, carry the same rights and rank equally with the existing CAB Shares, save and except that the Consideration Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Consideration Shares.

AND THAT the Board of Directors of CAB be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to the aforesaid Proposed Acquisition with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
Company Secretaries

Penang
13 September 2021

Notes:-

1. *The EGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIH Online website at <https://tiah.online>.*
Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "Participate") remotely at the EGM via the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tiah.online>. Please follow the procedure for RPV in the Administrative Guide for EGM and take note of the notes below in order to Participate remotely via RPV.
2. *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.*
3. *For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 September 2021. Only a shareholder whose name appears on this Record of Depositors shall be entitled to attend the EGM or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*
4. *A shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a shareholder of the Company.*
5. *A shareholder of the Company who is entitled to attend and vote at the EGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the shareholder at the EGM.*
6. *Where a shareholder of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Act 453) (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.*
8. *Where a shareholder appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *The instrument appointing a proxy shall be in writing under the hand of the shareholder or of his attorney duly authorised in writing, or if the shareholder is a corporation, shall either be executed under its common seal or securities seal or under the hand of an officer or its attorney **duly authorised in writing.***
10. *The appointment of a proxy must be received by the Company at its registered office situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. You may also submit the proxy appointment electronically via Tricor's website at <https://tiah.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide for EGM.*
11. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
12. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
13. *Last date and time for lodging the proxy form is Tuesday, 28 September 2021 at 10.30 a.m.*

**CAB CAKARAN CORPORATION BERHAD**

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of shares held

I/ We _____ Tel: _____
[Full name in block, NRIC/ Passport/ Company No.]

of _____

being shareholder(s) of **CAB CAKARAN CORPORATION BERHAD** (the "Company"), hereby appoint:

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/ our proxy to vote for me/ us and on my/ our behalf at the Extraordinary General Meeting of the Company to be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> on Thursday, 30 September 2021 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Proposed Acquisition	Ordinary Resolution		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2021

Signature*
Shareholder

Notes:-

1. The EGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at <https://tiih.online>.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "Participate") remotely at the EGM via the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. Please follow the procedure for RPV in the Administrative Guide for EGM and take note of the notes below in order to Participate remotely via RPV.

2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
3. For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 September 2021. Only a shareholder whose name appears on this Record of Depositors shall be entitled to attend the EGM or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
4. A shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a shareholder of the Company.
5. A shareholder of the Company who is entitled to attend and vote at the EGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the shareholder at the EGM.
6. Where a shareholder of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Act 453) (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
8. Where a shareholder appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. The instrument appointing a proxy shall be in writing under the hand of the shareholder or of his attorney duly authorised in writing, or if the shareholder is a corporation, shall either be executed under its common seal or securities seal or under the hand of an officer or its attorney duly authorised in writing.

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AFFIX
STAMP

The Secretaries

CAB CAKARAN CORPORATION BERHAD [Registration No. 200201015998 (583661-W)]
Suite A, Level 9, Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Malaysia

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10. The appointment of a proxy must be received by the Company at its registered office situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. You may also submit the proxy appointment electronically via Tricor's website at <https://tiuh.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide for EGM.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is Tuesday, 28 September 2021 at 10.30 a.m.
14. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.