



LEONG HUP INTERNATIONAL BERHAD

Registration No.: 201401022577 (1098663-D)



Baker's Cottage
Traditional Goodness You Can Taste

ANNUAL REPORT 2020



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Our Vision

We aspire to be one of the top integrated poultry operators in the Asian region. We are committed to uphold trust and aim to be an exemplary organisation for safe, quality and affordable food.

OVERVIEW OF **LEONG HUP INTERNATIONAL BERHAD**



WHO WE ARE

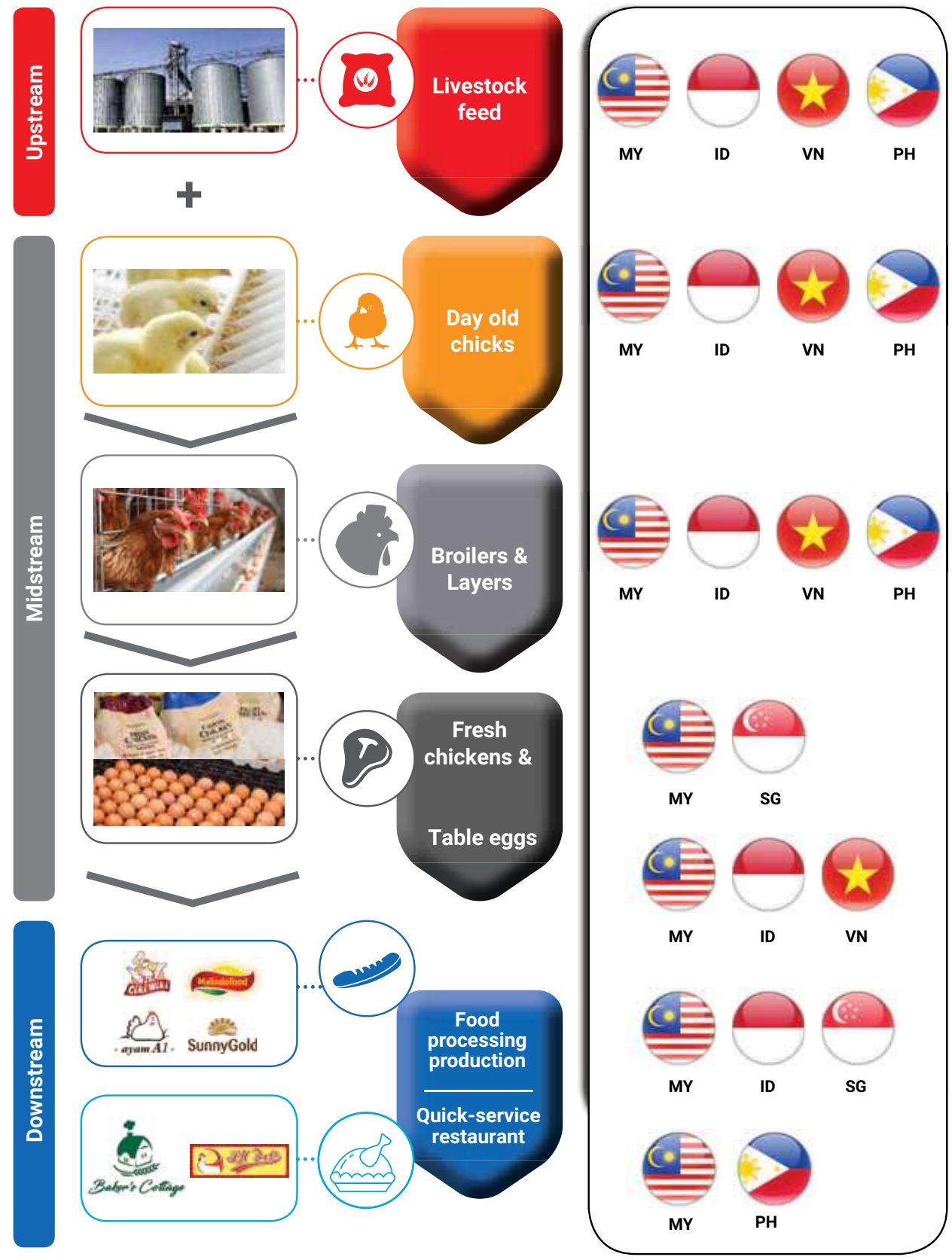
Established in Malaysia in 1978, Leong Hup International Group is one of the largest fully integrated producers of poultry, eggs and livestock feeds in Southeast Asia. Our operations are spread across Malaysia, Indonesia, Vietnam, Singapore and the Philippines, which are attractive consumer markets with a population of over 540 million people and significant growth potential. As one of Southeast Asia's leading pure play integrated poultry operators, our operations span the entire poultry supply chain, encompassing livestock feed production, poultry breeding, broiler farming, layer production, further processed poultry products and quick-service restaurants.

OUR VALUE CHAIN

The "Farm-to-Plate" Integrated Business Model of Leong Hup International

Leong Hup International Berhad and subsidiaries (our "Group") are primarily involved in the Feedmill business (upstream) and Livestock business (midstream and downstream).

Regional geographical presence:
across value chain in each of the target markets



BUSINESS AT A GLANCE



As one of the leading integrated poultry operators in Southeast Asia, our Group is geographically diversified with footprints covering 5 key countries in the region, namely:

- Malaysia
- Indonesia
- Singapore
- Vietnam
- Philippines

Feedmill

We are the largest integrated producer of livestock feed in Malaysia and the third-largest in Indonesia and Vietnam⁽¹⁾. We produce feed for grandparent stock, parent stock, broiler chicken, layer chicken, broiler duck, swine, quail, cattle, goat, aquatic animals and certain domestic pets. Our livestock feed has high nutritional value, tailored to the type of livestock and rearing stage. The key brand name we use in Malaysia and Vietnam is “Leong Hup”, and the key brand name we use in Indonesia is “Malindo”. Other livestock feed brands that we market are “Gymtech” in Vietnam, “Emivest” in Vietnam and “A88” in Indonesia.

Growing market share⁽²⁾

10.5% in Malaysia

5.5% in Indonesia

4.0% in Vietnam



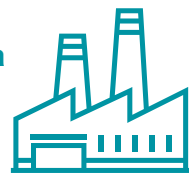
...with an expanding South East Asia footprint

5 feedmills in Malaysia

5 feedmills in Indonesia

5 feedmills in Vietnam

1 feedmill in Philippines



3,688,180 metric tonnes
Total Group production capacity⁽³⁾

2,466,580 metric tonnes
Total Group sales volume of
livestock feed⁽³⁾



RM2.67 billion
in revenue contribution⁽⁴⁾



Notes:

(1) By annual production output in 2017. Source: Frost & Sullivan.

(2) By annual production of livestock feed in 2017. Source: Frost & Sullivan.

(3) For the financial year ended 31 December 2020.

(4) Based on group revenue by product segment, as extracted from the audited financial statements of LHI for the financial year ended 31 December 2020.

Livestock Production

Our Livestock Business is vertically integrated and, in combination with our Feedmill Business, covers the entire poultry value chain. Our integrated “Farm-to-Plate” business model operations began in Malaysia, where our headquarters remain. Today, we have expanded and operate in four other fast-growing countries in South East Asia, namely Indonesia, Singapore, Vietnam and the Philippines.

As the biggest producer of day old chicks (“DOC”) in Malaysia and the top three producers of DOC in Indonesia and Vietnam, we are among the market leaders for prime quality DOC including parent stock DOC, broiler DOC and layer DOC⁽¹⁾.

In Malaysia, Indonesia, Vietnam and the Philippines, we produce and distribute broiler chickens for the consumption in our respective domestic markets. We also export broiler chickens from Malaysia into Singapore. In Malaysia, our table egg production is operated by our subsidiary, Teo Seng Capital Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

The processing of poultry and food processing complements our livestock upstream business and adds value to our upstream live chicken production. “Ayam A1”, “SunnyGold”, “SAFA”, “Ciki Wiki” and “Sobat” are some of the well-known brands that we carry for our food processing products like sausages, frankfurters, nuggets, chicken tempura, frozen seafood, frozen meat and marinated meat in Malaysia, Singapore and Indonesia.

As part of our Group’s strategy of downward integration, we have a fast-growing chain of quick service restaurants (“QSR”), The Baker’s Cottage in Malaysia and LH Deli in the Philippines, serving quality ready-to-eat poultry products at outstanding value directly to consumers.

Market leading position⁽²⁾

Largest integrated poultry producer in Malaysia

Top three integrated producers in Indonesia and Vietnam

Market Leader in poultry processing in Singapore



... with more than 250 poultry farms and hatcheries in

Malaysia

Indonesia

Vietnam

Philippines

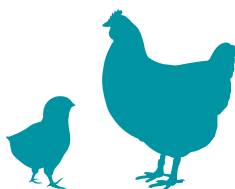


Total Group sales volume⁽³⁾

494.02 million
day old chicks

135.02 million
broiler chickens

1,801.00 million
table eggs



RM3.35 billion
in revenue contribution⁽⁴⁾



Notes:

(1) Source: Independent market research report dated 10 April 2019 by Frost & Sullivan GIC Malaysia Sdn Bhd.

(2) Based on comparison with selected integrated poultry companies which are also publicly listed in 2017. Source: Frost & Sullivan.

(3) For the financial year ended 31 December 2020.

(4) Based on group revenue by product segment, as extracted from the audited financial statements of LHI for the financial year ended 31 December 2020.

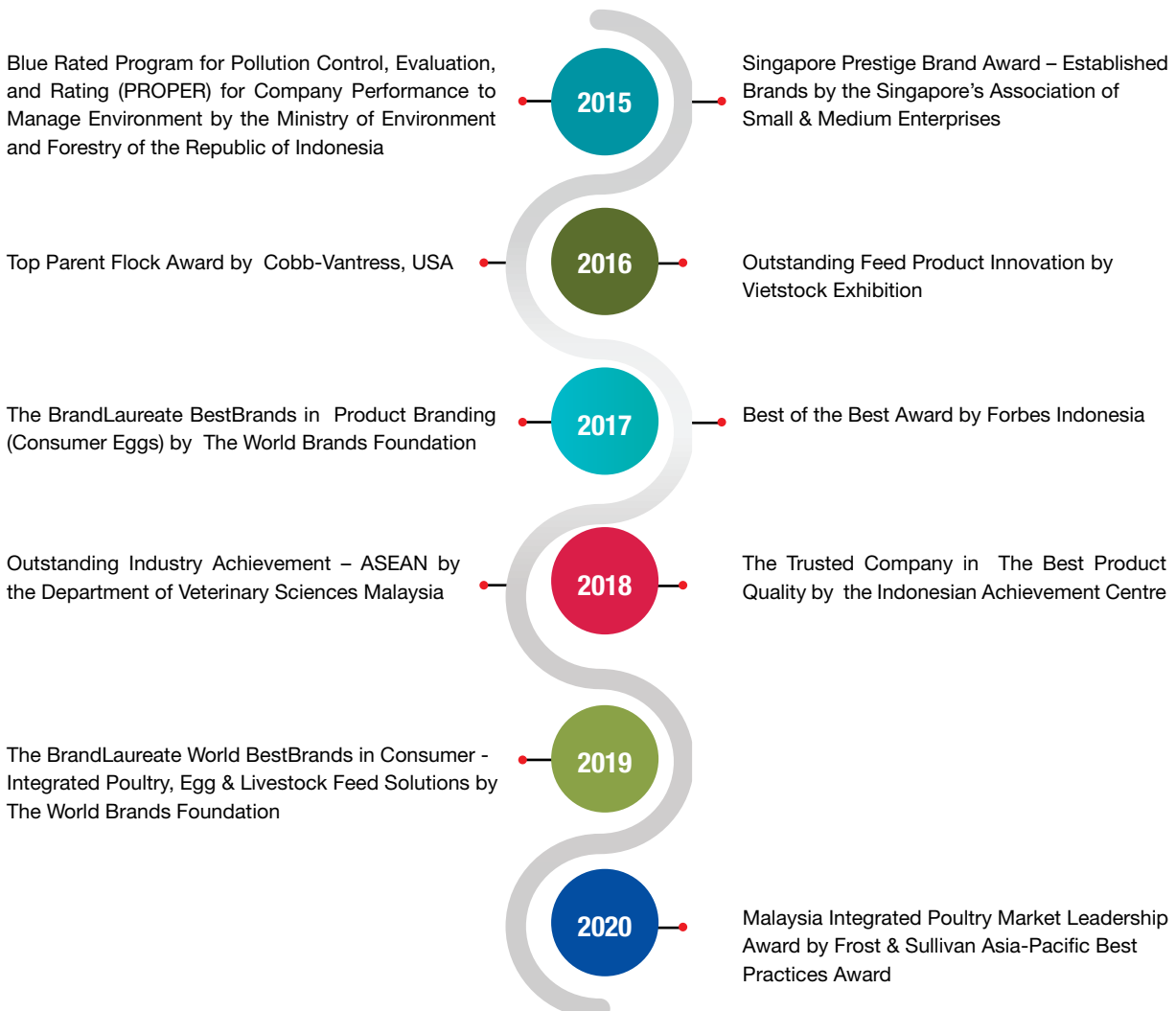
Overview of Leong Hup International Berhad (cont'd)

What Differentiates Us

- Fully integrated Farm-to-Plate business model
- Geographically diversified
- One of the largest producers in fast-growing ASEAN consumer markets with rising poultry consumption
- Leading “pure-play” poultry producer, with strong economies of scale and significant market shares in most product segments
- Experienced senior management, supported by seasoned country managers and prominent investors
- Robust historical financial growth and performance, underpinned by a strong track record

Awards

Our Group has won numerous awards in the past six years, such as:



Events Highlight



20 February 2020
Official visit by Tuan Hj Yahanis Bin Yahya, Chief Executive Officer of the Perak State Agriculture Development Council to Rantau broiler farm, Malaysia



11 April 2020
Official visit by YB Dato Sri Alexander Nanta Linggi, Minister of Domestic Trade and Consumer Affairs of Malaysia to Rasa broiler farm, Malaysia



Events Highlight (cont'd)



26 June 2020

Leong Hup International Berhad's Sixth Annual General Meeting



1 September 2020

Launch ceremony by Mr Syahrul Yasin Limpo, Minister of Agriculture of Indonesia for the inaugural export of SunnyGold products to Japan



Events Highlight (cont'd)



15 September 2020

Pre-opening preview of The Baker's Cottage 80th outlet in Johan Setia, Klang, Malaysia



23 September 2020

Ground breaking ceremony for the construction of new silos and warehouse in Westport feedmill, Klang, Malaysia



15 October 2020

Frost & Sullivan Asia-Pacific Best Practices Awards – Leong Hup International Berhad won the inaugural 2020 Malaysia Integrated Poultry Market Leadership Award

Corporate Social Responsibility



January 2020

Blood donation drive by employees in South Jakarta, DKI Jakarta Province



March 2020

Donation of RM500,000 to the Covid-19 Disaster Relief Fund under the National Disaster Management Agency, Malaysia



July 2020

Assistance for flood victims in North Luwu, South Sulawesi Province



July 2020

Donation of IDR20,000,000 for the upgrading and development of pedestrian facilities and infrastructure in Majalengka, West Java Province

Corporate Social Responsibility (cont'd)



September 2020
Provision of education aid and relief to young students from disadvantaged background in Dong Nai, Vietnam



October 2020
Donation and disaster relief for flood and storm victims in Dong Nai and Bau Bang, Vietnam



December 2020
Donation and food relief for the Food Aid Malaysia programme in Kuala Krau, Pahang by the Ministry of Domestic Trade and Consumer Affairs



Corporate Social Responsibility (cont'd)



Throughout the year 2020
General food aid and egg donation to schoolchildren and several economically disadvantaged areas and population that were affected by the Covid-19 pandemic throughout 13 provinces in Sumatra, Java, Kalimantan, Sulawesi

Corporate Information

Board of Directors

Lau Chia Nguang

Non-Independent Executive Chairman

Tan Sri Lau Tuang Nguang

Non-Independent Executive Director

Dato' Lau Eng Guang

Non-Independent Executive Director

Datuk Lau Joo Hong

Non-Independent Executive Director

Lau Joo Han

Non-Independent Executive Director

Lau Joo Keat

Non-Independent Executive Director

Benny Lim Jew Fong

Non-Independent Non-Executive Director

Low Han Kee

Senior Independent Non-Executive Director

Datin Paduka Rashidah Binti Ramli

Independent Non-Executive Director

Mahani Binti Amat

Independent Non-Executive Director

Chu Nyet Kim

Independent Non-Executive Director

Goh Wen Ling

Independent Non-Executive Director

Tay Tong Poh

Independent Non-Executive Director

Audit and Risk Committee

Low Han Kee

Committee Chairman

Chu Nyet Kim

Committee Member

Goh Wen Ling

Committee Member

Nomination Committee

Tay Tong Poh

Committee Chairman

Mahani Binti Amat

Committee Member

Benny Lim Jew Fong

Committee Member

Remuneration Committee

Goh Wen Ling

Committee Chairperson

Datin Paduka Rashidah Binti Ramli

Committee Member

Low Han Kee

Committee Member

Key Senior Management

Lau Chia Nguang

Non-Independent Executive Chairman

Tan Sri Lau Tuang Nguang

Group Chief Executive Officer

Dato' Lau Eng Guang

Group Business Strategist

Datuk Lau Joo Hong

Group Chief Operating Officer / Chief Executive Officer of Vietnam operations

Lau Joo Han

Chief Executive Officer of Malaysia operations

Lau Joo Keat

Country Head of Indonesia operations

Lau Jui Peng

Group Breeder Chief Executive Officer

Lau Joo Heng

Chief Executive Officer of the Philippines operations

Lau Joo Hwa

Chief Executive Officer of Singapore operations

Chew Eng Loke

Group Chief Financial Officer

Company Secretaries

Lum Sow Wai (MAICSA 7028519)
(SSM PC NO. 202008002373)

Tan Lai Kai (MIA 41018)
(SSM PC NO. 202008002788)

Te Hock Wee (MAICSA 7054787)
(SSM PC NO. 202008002124)

Lim Hooi Mooi (MAICSA 0799764)
(SSM PC NO. 201908000134)

Auditors

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)

Chartered Accountants

Level 10, 1 Sentral,

Jalan Rakyat,

Kuala Lumpur Sentral,

PO Box 10192,

50706 Kuala Lumpur,

Wilayah Persekutuan.

Tel: +603-2173 1188

Fax: +603-2173 1288

Corporate Website

www.leonghupinternational.com

Registered Office

Unit 30-01, Level 30, Tower A,

Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-2783 9191

Fax : +603-2783 9111

Head/Management Office

Lot 3.05, 3rd Floor, Wisma Westcourt,

126, Jalan Kelang Lama,

58000 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-7980 8086 /

+603-7980 3817

Fax : +603-7980 0040

E-mail: info@lhhd.com

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd

Registration no. 197101000970
(11324-H)

Unit 32-01, Level 32, Tower A,

Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-2783 9299

Fax : +603-2783 9222

Stock Exchange Listing

Main Market of Bursa Malaysia

Securities Berhad

Date of Listing : 16 May 2019

Stock Name : LHI

Stock Code : 6633

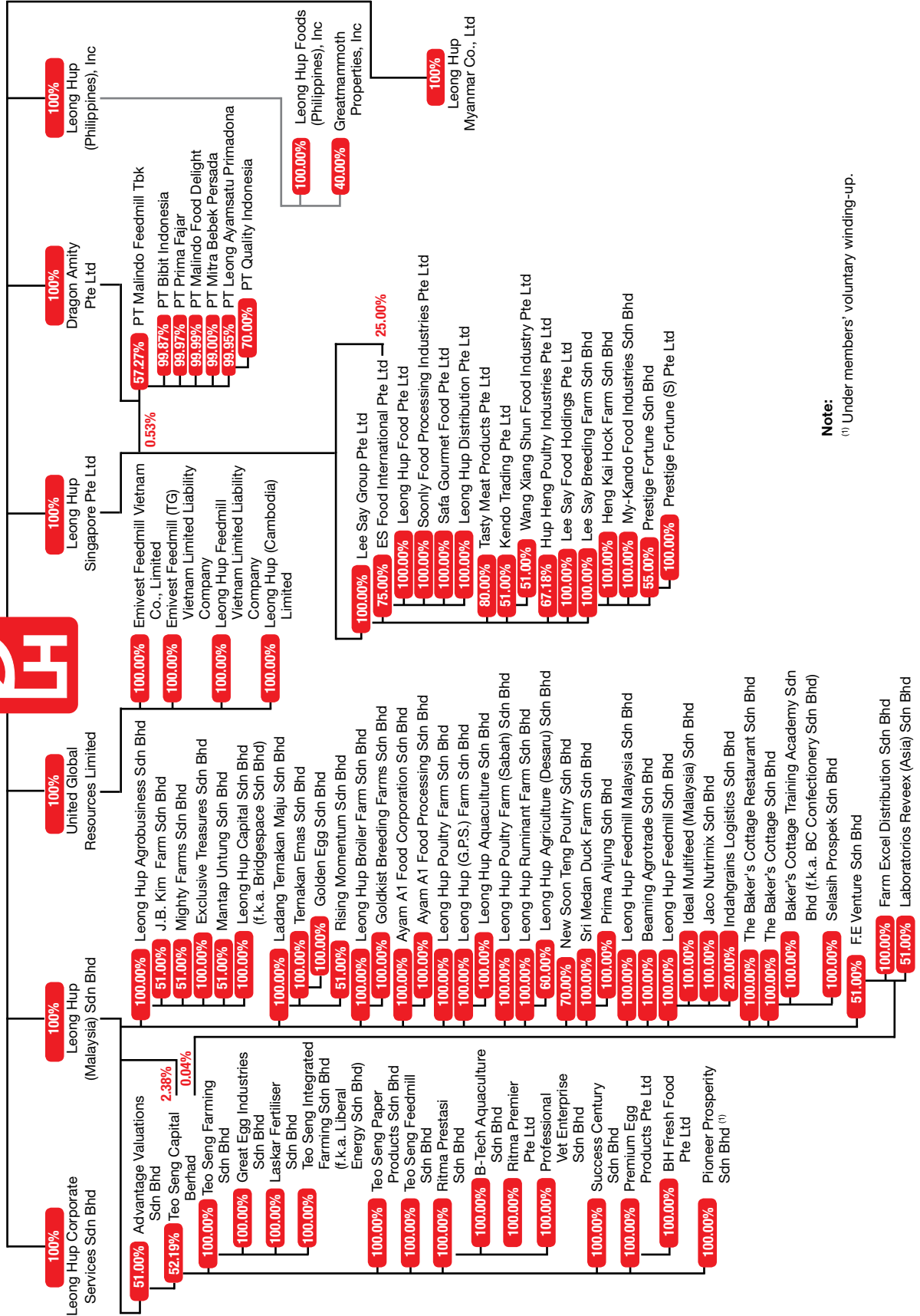
Stock Sector : Consumer Products & Services

Sub-sector : Agricultural Products

Group Corporate Structure

As at 30 April 2021

Leong Hup International Berhad



Note:
(1) Under members' voluntary winding-up.

Profile of the Board of Directors



Lau Chia Nguang

Non-Independent Executive Chairman

Male
69
Malaysian

Lau Chia Nguang is our Non-Independent Executive Chairman and President Commissioner of PT Malindo Feedmill TBK (“Malindo Feedmill”). He completed his primary school education in 1964. He has over 42 years of experience and expertise in the integrated livestock industry.

He began his career in the late 1960s as a vegetable wholesaler. In 1978, he joined one of our Group’s subsidiaries. He led our Group’s broiler business in Malaysia from 1985 to 2002.

He led the expansion of our Group’s poultry business to Jakarta in 1996 with the incorporation of PT Leong Ayamsatu Primadona. Thereafter, he founded Malindo Feedmill in 1997 as the vehicle for expanding our Group’s poultry business in Indonesia to tap into the market potential and opportunities of the Indonesian poultry industry. Malindo Feedmill was listed on the Jakarta Stock Exchange (now known as Indonesia Stock Exchange) in 2006.

He served as President Director of Malindo Feedmill from 2014 to June 2018 and is currently the President Commissioner of Malindo Feedmill since June 2018.

His notable achievements, aside from leading the listing of Malindo Feedmill, include being recognised by Enterprise Asia in 2013 and 2015 with the Asia Pacific

Entrepreneurship Award, as well as the BrandLaureate Brandpreneur Leadership of the Year Award 2019 by the World Brands Foundation.

He was appointed to our Board on 9 September 2014 and re-designated as our Executive Chairman on 1 October 2018. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He is the brother of Dato’ Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the uncle of Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Dato' Lau Eng Guang

*Non-Independent Executive Director &
Group Business Strategist*

Male
66
Malaysian

Dato' Lau Eng Guang is our Non-Independent Executive Director and Group Business Strategist. He completed his secondary school education in 1972 and South Australian matriculation in 1974. He has over 42 years of experience and expertise in the integrated livestock industry.

In 1978, he joined one of our Group's subsidiaries where he oversaw its finances and corporate affairs.

He is responsible for our Group's business strategies and risk management and has been involved in various aspects of our Group's operations. He served as a director in Leong Hup Holdings Bhd ("LH Holdings") and Emivest Bhd ("Emivest") when both companies were listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). He remains as director of both companies since 1989 and 2002, respectively.

He was appointed to our Board on 1 July 2014. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies. He is also the Executive Chairman of Comfort Gloves Berhad, a public listed company on the Main Market of Bursa Securities since 5 March 2021.

He is the brother of Lau Chia Nguang and Tan Sri Lau Tuang Nguang; and the uncle of Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Tan Sri Lau Tuang Nguang

*Non-Independent Executive Director &
Group Chief Executive Officer*

Male
62
Malaysian

Tan Sri Lau Tuang Nguang is our Non-Independent Executive Director, Group Chief Executive Officer and President Director of Malindo Feedmill. He completed his secondary school education in 1975. He has over 37 years of experience and expertise in the integrated livestock industry.

He began his career in the family farm business at one of our Group's subsidiaries where he gained experience through running the operations of the Grand Parent Stock and breeder farms and was director from 1978 to October 2018. He has been a director of LH Holdings since 1986. He sat on our Board from 2014 until his resignation on 1 August 2018. He was appointed as our Group's Chief Executive Officer on 13 June 2018 and was re-appointed to our Board on 23 November 2018.

As the Group Chief Executive Officer, he oversees the entire business operations of our Group covering Malaysia, Singapore, Indonesia, Vietnam and the Philippines.

He sat on the board of Teo Seng Capital Bhd ("Teo Seng") from 2009 to August 2018. Currently, he holds the position as President Director of Malindo Feedmill, a corporation listed in Indonesia.

He served as a panel advisor to the Ministry of Agriculture and Food Industries ("MAFI") in 2004 and he is currently in his second tenure as a panel member of the National Agriculture Advisory Council to the MAFI. From 2005 to 2006, he was the President of the Federation of Livestock

Farmers' Association of Malaysia, an association instituted for the safeguarding of the livestock farming community's interest and the betterment of the livestock industry and presently sits on its advisory panel.

His notable achievements include receiving the Lifetime Achievement Award which was awarded by Department of Veterinary Services of Malaysia in 2013 during the 7th Malaysian Livestock Industry Award and being appointed as a panel member of National Agriculture Advisory Council, under the purview of the MAFI in 2018.

Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He is the brother of Dato' Lau Eng Guang and Lau Chia Nguang; and the uncle of Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Datuk Lau Joo Hong

Non-Independent Executive Director, Group Chief Operating Officer and Chief Executive Officer of our Group's Vietnam Operations

Male
50
Malaysian

Datuk Lau Joo Hong is our Non-Independent Executive Director, Group Chief Operating Officer and Chief Executive Officer for our Group's Vietnam operations. He completed his secondary school education in 1988. He has over 22 years of experience and expertise in the integrated livestock industry and retail market.

He began his career in the family poultry business in 1991 when he joined one of the Group's subsidiaries which was principally involved in the processing and marketing of chicken and related products, where he oversaw the entire operations of that subsidiary.

In 1994, he was also assigned the responsibility of overseeing the entire operations of another subsidiary principally involved in food processing products. He was transferred to Astaka Shopping Centre (Muar) Sdn Bhd ("Astaka"), another family business in 1996 where he was responsible for the overall operations of Astaka until the family's decision to venture into Vietnam's poultry business in 2007 where he planned and executed the expansion plan. He led our Vietnam operations as Deputy Chief Executive Officer until his promotion in 2014 to Chief Executive Officer. He has been leading the expansion of our Vietnam operations since its incorporation and was appointed as our Group Chief Operating Officer on 29 September 2020 to oversee the operational matters of the Group as well as assume responsibility for the execution of the Group's overall strategies.

He is a director of both LH Holdings and Emivest since 2008 and 2010 respectively (including the period whilst both companies were listed on the Kuala Lumpur Stock Exchange ("KLSE")).

He was appointed to our Board on 9 September 2014. Currently, he also sits on the boards of various subsidiaries of our Group and several other private limited companies. Save for his directorships in the Company and Kwangdong Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

He is also a director and substantial shareholder of CW Lau & Sons Sdn Bhd ("CWL&S"), which in turn is a substantial shareholder of Emerging Glory Sdn Bhd ("Emerging Glory"), a major shareholder of our Company.

He is the nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Lau Joo Han

*Non-Independent Executive Director and
Chief Executive Officer of our Group's
Malaysia Operations*

Male
46
Malaysian

Lau Joo Han is our Non-Independent Executive Director and Chief Executive Officer for our Group's Malaysia operations. He has over 21 years of experience in the livestock industry.

He graduated with a degree in International Trade from Victoria University, Melbourne, Australia in 1999.

He began his career in 2001 at Leong Hup Contract Farming Sdn Bhd (now known as Leong Hup Agrobusiness Sdn Bhd) in charge of the marketing and operations of that subsidiary. He rose through the ranks and has been the Chief Executive Officer of Leong Hup (Malaysia) Sdn Bhd ("LH Malaysia") since 2014, in-charge of overseeing the business and full operations of LH Malaysia. He was duly appointed and has served as a director of LH Malaysia since 2014.

He has extensive expertise in the upstream and downstream activities of livestock production, operation, development and marketing areas of the poultry industry. He has contributed to our Group's marketing strategies and spearheaded many business expansion projects at LH Malaysia which contributed to the growth of LH Malaysia. He is instrumental in the business transformation of The Baker's Cottage which has served as the business-to-consumer channel of our Group in Malaysia. He served as a non-executive director of Teo Seng from 2008 until he was re-designated to the

position of executive director in 2013 until his resignation on 31 July 2018.

He was appointed to our Board on 1 October 2018. Currently, he also sits on the board of directors of various subsidiaries of our Group and several other private limited companies. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He is a director and substantial shareholder of Emerging Glory, a major shareholder of our Company.

He is the nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Datuk Lau Joo Hong and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Lau Joo Keat

*Non-Independent Executive Director
and Country Head of our Group's
Indonesia Operations*

Male

41

Malaysian

Lau Joo Keat is our Non-Independent Executive Director and Country Head for our Group's Indonesia operations. He has approximately 18 years of experience and expertise in the integrated livestock industry.

In 2002, he obtained his Bachelor of Marketing from University of Kentucky, United States.

He began his career in 2002 when he joined the Malindo Feedmill as Production Manager of the breeding, hatchery and broiler farms. In 2007, he served as Head of Production of the breeding, hatchery and broiler farms. He has served as a director of Malindo Feedmill since 2015 and has been the Country Head of our Group's Indonesian business since 2017.

He was appointed to our Board on 9 September 2014. Currently, he also sits on the board of Malindo Feedmill, other various subsidiaries of our Group, and several other private limited companies. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He is the nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang and the cousin of Datuk Lau Joo Hong and Lau Joo Han who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Benny Lim Jew Fong

Non-Independent Non-Executive Director

Male
48
Singaporean

Benny Lim Jew Fong is our Non-Independent Non-Executive Director.

He obtained a Bachelor of Commerce from Monash University, Australia in 1995 and is a Chartered Financial Analyst charterholder since 2001. He is currently the Head of Southeast Asia for Affinity Equity Partners ("Affinity"), overseeing Affinity's investments in Southeast Asia.

He has more than 25 years of experience in the financial services industry, of which he has spent more than 10 years in Affinity. He has led late-stage growth and buyout transactions across the consumer, healthcare and education sectors in Malaysia and Thailand for Affinity.

He was appointed to our Board on 9 September 2014. He is also a member of the Nomination Committee of the Company. Currently, he also sits on the boards of portfolio companies as representative of Affinity. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with our Group. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Datin Paduka Rashidah Binti Ramli

Independent Non-Executive Director

Female

61

Malaysian

Datin Paduka Rashidah Binti Ramli is our Independent Non-Executive Director.

She obtained her Bachelor of Arts (Honours) in South East Asian Studies from University of Malaya, Kuala Lumpur in 1982.

She began her career in 1984 as an Administrative and Diplomatic Officer and served at various senior levels in the Ministry of Foreign Affairs of Malaysia, including the Southeast Asia Division, Development Division and Chief of Inspectorate. She also had foreign postings in Singapore and Canada, and was Ambassador (in residence) to the Republic of Ecuador and the Republic of Colombia. In 2010, she was appointed as the Director General of the Southeast Asia Regional Centre for Counter-Terrorism (“SEARCCT”), Ministry of Foreign Affairs until her retirement in 2017.

She was conferred the Selangor State Award of Datuk Paduka Mahkota Selangor in 2008, which carries the title ‘Datin Paduka’.

She was appointed to our Board on 1 August 2018. She is also a member of the Remuneration Committee of the Company. Other than the Company, she is not a Director of any other public companies and listed issuers in Malaysia.

She does not have any family relationship with any Director/major shareholder of our Company. She does not have any conflict of interest with our Group. She has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. She attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Mahani Binti Amat

Independent Non-Executive Director

Female

66

Malaysian

Mahani Binti Amat is our Independent Non-Executive Director. She has over 27 years of working experience in the banking industry.

She obtained her Bachelor in Economics (majoring in Business Administration) from University of Malaya, Kuala Lumpur in 1977.

She began her career with Bank Negara Malaysia in 1977 where she spent 7 years in Reserves Management. In 1984, she moved on to RHB Bank in Singapore where she took on various positions in the Treasury and Offshore Banking as well as Consumer Banking. She returned to RHB Bank Kuala Lumpur in 2001, where she held senior management positions in the Premium Banking and International divisions, up to her last designation in 2004 as the Executive Vice President of Operations and Services. In 2006, she joined the Investment Committee of Opus Asset Management Sdn Bhd, a boutique fund house investing in Malaysian fixed-income securities, where she has since remained as a member.

She has served as chairman of various taskforce and committees at bank working levels including asset liability management, information technology steering

committee, delivery channels transformation and various ad hoc project committees. She was also then a member of the Association of Banks, Fraud Risk Committee.

She was appointed to our Board on 1 August 2018. She is also a member of the Nomination Committee of the Company. Currently, she is also an Independent Non-Executive Director of Scicom (MSC) Berhad since 2017. She was also appointed as Independent Non-Executive Director of AIA Berhad on 18 November 2019 and J.P. Morgan Chase Bank Berhad on 11 January 2021. She was appointed as Independent Non-Executive Director of AIA Public Takaful Berhad on 1 March 2021 and was subsequently designated as its Chairperson on 6 April 2021.

She does not have any family relationship with any Director/major shareholder of our Company. She does not have any conflict of interest with our Group. She has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. She attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Chu Nyet Kim

Independent Non-Executive Director

Female

65

Malaysian

Chu Nyet Kim is our Independent Non-Executive Director. She has more than 33 years of working experience in the field of taxation, finance and accounting functions.

She obtained her Diploma in Accounting (Honours) from Algonquin College of Applied Arts and Technology, Canada in 1977. She became an associate member of the Chartered Association of Certified Accountants, United Kingdom (now known as Association of Chartered Certified Accountants, United Kingdom) ("ACCA") in 1995 and she has been a Fellow member of the ACCA since 2000. She became a member of the Malaysian Institute of Accountants ("MIA") in 2018.

She began her career in Harrisons & Crosfield (Sabah) Sdn Bhd in 1977 as an accounts executive until 1980 before leaving the company to study full time for her ACCA. She then joined Houw Hing Co., Singapore, a trading company and served as an accountant from 1984 to 1987. Thereafter, she moved to Indonesia and went on sabbatical before re-entering the workforce when she joined Deloitte Indonesia ("Deloitte") in Jakarta, Indonesia in 1989. She was admitted as a partner in Deloitte in 1997 and later became a senior partner of Deloitte Southeast Asia Cluster until her retirement in 2016. In the 27 years that she was with Deloitte, she

held various positions, specialising in taxation with her last designation as the Leader of Global Employer Services (a tax service line) and Tax Risk Leader/Deputy Tax Managing Partner of Deloitte Indonesia. As the Tax Risk Leader of Deloitte Indonesia, she worked closely with Deloitte Southeast Asia Tax Risk Leader to build up the tax risk management team in Indonesia.

She was appointed to our Board on 1 August 2018. She is also a member of the Audit and Risk Committee of the Company. She does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company. She has been a Commissioner of PT PZ Cussons Indonesia ("PT PZ Cussons") since 2016. PT PZ Cussons is a subsidiary of PZ Cussons PLC, a company listed on the London Stock Exchange and a constituent of the FTSE 250 Index.

She does not have any family relationship with any Director/major shareholder of our Company. She does not have any conflict of interest with our Group. She has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. She attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Goh Wen Ling

Independent Non-Executive Director

Female
41
Malaysian

Goh Wen Ling is our Independent Non-Executive Director. She has over 16 years of working experience in the legal industry encompassing direct real estate acquisitions and divestments, retail banking and various aspects of financing, corporate and commercial legal practice.

She graduated with a Bachelor of Laws (Honours) degree from University of Hull in 2000. She obtained her Postgraduate Diploma from City University London, Inns of Court School of Law in 2001. She was called to the Bar of England and Wales in 2001 as a Barrister-at-Law of the Honourable Society of the Middle Temple in 2001. In 2002, she was admitted to the High Court of Malaya as an advocate and solicitor.

She began her professional career in 2002 as an associate in the intellectual property department of Messrs. Shook Lin & Bok where her main area of practice was in intellectual property litigation, reviewing and advising on trade marks, patents and industrial design registration and general advisory work relating to intellectual property rights.

She left legal practice in 2003 and started her own event management company, Aldrea Dream Media Sdn Bhd. In 2004, she returned to legal practice and joined Messrs. Andrew T.S. Goh & Khairil as a junior partner and head of the conveyancing, corporate and banking department and is still currently active in legal practice.

She was appointed to our Board on 1 August 2018. She is also the Chairperson of the Remuneration Committee and a member of the Audit and Risk Committee of the Company. She does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

She does not have any family relationship with any Director/major shareholder of our Company. Save for the provision of some legal services as an advocate and solicitor capacity, she does not have any conflict of interest with our Group. She has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. She attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Low Han Kee

Senior Independent Non-Executive Director

Male
61
Malaysian

Low Han Kee is our Senior Independent Non-Executive Director.

He qualified as a Certified Public Accountant with the Malaysian Association of Certified Public Accountants ("MACPA") (now known as Malaysian Institute of Certified Public Accountants) in 1984.

He began his career in 1980 with Ernst & Whinney (now known as Ernst and Young) where he completed his qualification as a Certified Public Accountant. From 1985 until 1990, he served at Mulpha International Berhad ("Mulpha"), a trading, construction and engineering company listed on the KLSE. His last designation at Mulpha was Group Chief Accountant. In 1990, he joined Amway (Malaysia) Sdn Bhd as Divisional Manager, Finance & Administration. From 1998, he served as Managing Director of Amway Malaysia Holdings Berhad ("AMHB") which is listed on the Main Market of Bursa Securities until his retirement in 2016. From 2005 until 2016, he also served as President of Amway South East Asia, Australia and New Zealand where he had led the

successful opening of Amway's group business in South East Asia including Singapore, Brunei and Vietnam.

He has more than 31 years of financial expertise, having held senior finance positions in public listed companies, namely AMHB and Mulpha.

He was appointed to our Board on 1 August 2018. He is also the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee of the Company. Currently, he is a Non-Independent Non-Executive Director of AMHB.

He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with our Group. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Board of Directors (cont'd)



Tay Tong Poh

Independent Non-Executive Director

Male
59
Malaysian

Tay Tong Poh is our Independent Non-Executive Director.

He obtained a Bachelor of Science in Electrical Engineering from the University of Southern California Viterbi School of Engineering, United States in 1984 and a Master of Business Administration (Finance) from the University of Chicago Booth School of Business, United States in 1986.

He has 18 years of experience in corporate banking, corporate finance, project finance, leveraged finance and debt capital markets in J.P Morgan Securities (Asia Pacific) Limited ("JP Morgan"). He began his career with Chase Manhattan Bank, Singapore ("CMB") as an associate in 1987 and transferred to Chase Manhattan Asia Limited, Hong Kong ("CMAL") in 1993. Both CMB and CMAL were the predecessors of JP Morgan. He held various senior management positions in JP Morgan with his last designation as managing director of Debt Capital Markets, Asia Pacific where he was responsible for the loan syndication business of JP Morgan in Asia Pacific and aided in establishing JP Morgan as one of the market leaders in leveraged finance in the region.

He took a career break after he left JP Morgan in 2004 and relocated to Singapore in 2005. He joined United Overseas Bank Limited ("UOB") as Head of Investment Banking and Executive Vice President from 2006 to 2011. Whilst in UOB, he served as a member of UOB's Management Committee and Investment Committee.

He joined Affinity in 2011 as managing director and Head of Portfolio Management and was responsible for various functions, including performing due diligence and opining on Affinity's investment opportunities, monitoring of investment portfolios, performing portfolio valuation and supervising Affinity's responsible investment policy. He also represented Affinity on the board of directors of the portfolio companies. He retired from Affinity in June 2018 and resigned from the board of directors of the portfolio companies and Affinity's group entities.

He was appointed to our Board on 1 August 2018. He is also the Chairman of the Nomination Committee of the Company. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with our Group. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020. He attended all the four (4) Board meetings held during the financial year.

Profile of the Key Senior Management



Lau Jui Peng

Group Breeder Chief Executive Officer

Male
49
Malaysian

Lau Jui Peng is our Group Breeder Chief Executive Officer. He has approximately 21 years of experience and expertise in the production processes and management of poultry companies.

He graduated in 1996 with a Bachelor's degree in Business Administration from the Hawaii Pacific University, United States.

He began his career in 1999 when he joined one of our Group's subsidiary as the Head of breeder operation. He has held various management positions in that subsidiary including General Manager and Deputy Chief Executive Officer. He has been the Chief Executive Officer of our Group's Breeder Operation since 2013, and is responsible for the production, operation and administration of breeder operation.

He was appointed as Non-Executive Chairman of Teo Seng in 2008 and was re-designated as the Executive Chairman, a position which he has held since 2013 until his subsequent re-designation as Non-Executive Chairman on 29 January 2019. Currently, he also sits on the board of various subsidiaries of our Group and several private limited companies.

He is also a director and substantial shareholder of CWL&S, which in turn is a substantial shareholder of Emerging Glory, a major shareholder of our Company.

He is the brother of Datuk Lau Joo Hong, nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year.

Profile of the Key Senior Management (cont'd)



Lau Joo Heng

*Chief Executive Officer of our Group's
Philippines Operations*

Male
46
Malaysian

Lau Joo Heng is the Chief Executive Officer of our Group's Philippines operations. He has 17 years of experience in the operational activities of the integrated livestock industry and exposure in retail and export businesses.

He graduated from Western Michigan University, United States with a Bachelor and Master's degree in Finance in 1996 and 1998 respectively.

He began his career in 1998 when he joined Arab-Malaysian Merchant Bank Berhad as Risk Management Officer until he left to join the family business from 1999 until he was transferred to a bakery business owned by LH Holdings in 2003 as its Chief Executive Officer. He held positions at various management levels in the family business and our subsidiaries. He left the bakery business to join our Group's Livestock business on 2015 and expanded our Livestock business to the Philippines. He has since led our Philippines operations.

Currently, he also sits on the board of Leong Hup (Philippines), Inc., Leong Hup Foods (Philippines), Inc. and several other private limited companies. He does not hold any other directorship in public companies and listed issuers in Malaysia.

He is also a director and substantial shareholder of CWL&S, which in turn is a substantial shareholder of Emerging Glory, a major shareholder of our Company.

He is the brother of Datuk Lau Joo Hong, nephew of Lau Chia Nguang, Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year.

Profile of the Key Senior Management (cont'd)



Lau Joo Hwa

*Chief Executive Officer of
our Group's Singapore Operations*

Male
42
Malaysian

Lau Joo Hwa is the Chief Executive Officer of our Group's Singapore operations. He has approximately 18 years of experience in the operational activities of the integrated livestock industry and exposure in retail and export businesses.

He graduated from Victoria University of Melbourne, Australia in 2002 with a Bachelor's degree in Business.

He began his career in 2002 as a Marketing Manager at Malindo Feedmill and was re-designated as its Operational Manager in 2008. He was promoted to the position of Deputy Chief Executive Officer of Malindo Feedmill in charge of marketing and overall administration. He was also appointed as Deputy Chief Executive Officer of one of our Singapore subsidiaries in 2014. He has been the Chief Executive Officer of our Group's Singapore operations since 23 October 2014.

Currently, he also sits on the boards of various subsidiaries of LHI Group and several other private limited companies. He does not hold any other directorship in public companies and listed issuers in Malaysia.

He is the son of Lau Chia Nguang, nephew of Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group and the related party transactions as disclosed in Note 40 to the Financial Statements; and for which he is deemed to be interested, there are no other business arrangements with our Group in which he has personal interest. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year.

Profile of the Key Senior Management (cont'd)



Chew Eng Loke

Group Chief Financial Officer

Male
52
Malaysian

Chew Eng Loke is our Group Chief Financial Officer. He has over 27 years of experience in management and financial roles at numerous companies.

He obtained a Bachelor of Economics in 1991 from Monash University, Australia and Master of Business Administration from University of Strathdyde, United Kingdom in 1998. He is a member of the MIA since 2005, a Certified Practising Accountant of CPA Australia since 2002 and a Chartered Accountant of the Chartered Accountants Australia and New Zealand since 2004.

He began his career with The Asia Life Assurance Society Limited (now known as Tokio Marine Life Assurance Singapore) in 1991 as an Executive Assistant and assumed the position of Executive Officer until 1992 when he joined Ayamas Food Corporation Berhad (now known as Ayamas Food Corporation Sdn Bhd) ("Ayamas"). Whilst at Ayamas, he held several general management and finance roles, including Assistant Management Accountant, Management Accountant and Operations Support Manager. He left Ayamas in 1999 to join Universal Nutribeverage (M) Sdn Bhd as Chief Operating Officer and was appointed as General Manager of Green Spot Beverage (M) Sdn Bhd in 2000 until 2002. He was a director of Prinsip Mahir Sdn Bhd from 2003 until 2008. Thereafter, he joined Texchem Resources Berhad and assumed the position of Assistant General Manager before moving to its subsidiary,

Seapack Food Sdn Bhd (now known as Sea Master Food Sdn Bhd), as General Manager (Operations) in 2006 until 2007.

Subsequently, from 2007 to 2014, he was the Chief Financial Officer of Ogawa World Berhad, which was previously listed on the Main Market of Bursa Securities, with operations across Asia including China, which distributes healthcare equipment and supplementary appliances through its subsidiaries. He then joined AirAsia X Berhad, a long-haul budget airline company listed on Bursa Securities, in 2014 as its Chief Financial Officer, responsible for corporate finance and treasury matters, financial planning and analysis, external reporting and investor relations. He then left AirAsia X Berhad in 2015 and joined our Company as Group Chief Financial Officer on 1 March 2015 and is responsible for all of our Group's overall financial operations.

He does not hold any directorship in public companies and listed issuers in Malaysia.

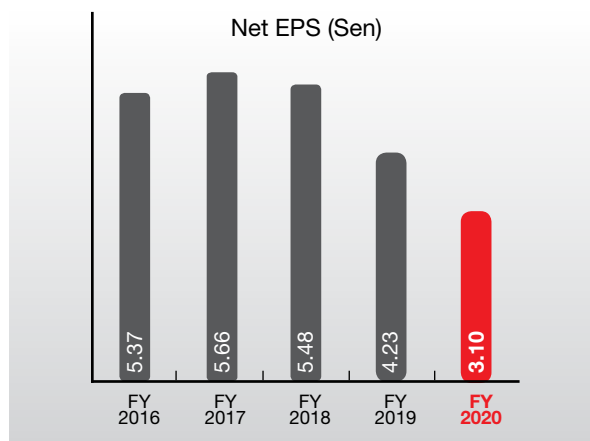
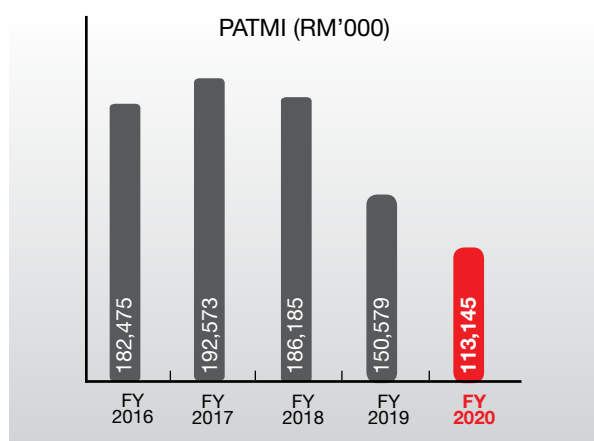
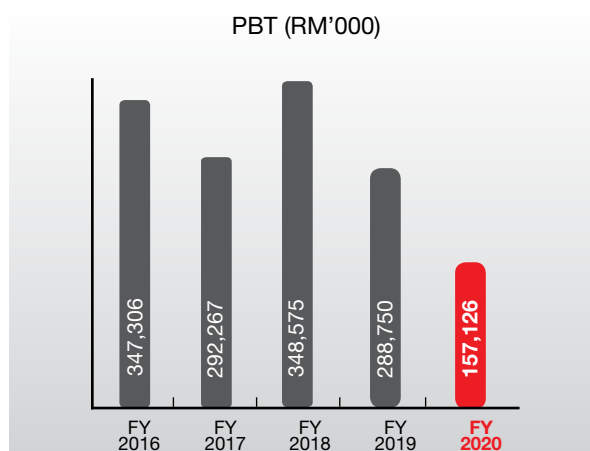
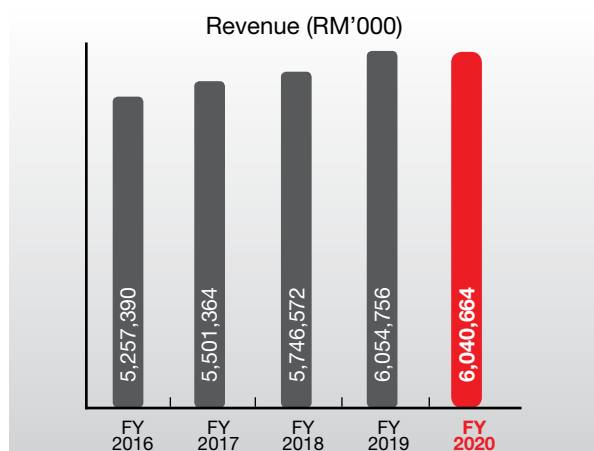
He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with our Group. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year.

Financial Highlights

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,257,390	5,501,364	5,746,572	6,054,756	6,040,664
Profit Before Taxation	347,306	292,267	348,575	288,750	157,126
Profit Attributable To Owners Of The Parent	182,475	192,573	186,185	150,579	113,145
Weighted Average Number of Shares In Issue ('000) [®]	3,400,000	3,400,000	3,400,000	3,557,535	3,650,000
Net EPS (Sen)	5.37	5.66	5.48	4.23	3.10
PBT Margin (%)	6.61	5.31	6.07	4.77	2.60

Note:

[®] As the Company undertook bonus issue and share split exercise on 11 January 2019, the basic and diluted earnings per share have been adjusted to reflect the new number of ordinary shares of 3,400,000,000. In accordance with MFRS 133 'Earnings per Share', the calculation of basic and diluted earnings per share for all periods presented have been adjusted retrospectively as the number of ordinary shares has increased as a result of bonus issue or share split. The weighted average number of ordinary shares in issue for financial year ended 31 December 2019 takes into account the issuance of 250,000,000 new ordinary shares of the Company on 15 May 2019.



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is with great pleasure that I present to you the Annual Report of Leong Hup International Berhad for the financial year ended 31 December 2020.



LAU CHIA NGUANG
Non-Independent Executive Chairman

Chairman's Statement (cont'd)

NAVIGATING THROUGH A CHALLENGING ENVIRONMENT AND FUTURE UNCERTAINTIES

The year 2020 has been full of surprises, both negative and positive. Following the onset of Covid-19, the global economy went into a tailspin with the second quarter of the year having recorded one of the worst quarterly economic downturns with widespread national lockdowns to stem the spread of Covid-19.

During the first lockdown in the first quarter of 2020, broad-based travel restrictions, enforced business closures as well as curtailment of private and business activities severely impacted hotel, restaurant and catering sectors ("Horeca"). The collapse in demand from Horeca resulted in excess supply of a wide range of products including poultry. At the same time, both traditional trade and modern retail ran out of staple food products such as poultry, vegetable and flour as consumers purchased food products to cook at home. The supply chain disruption caused prices of poultry products to drop significantly in our markets. Many farmers subsequently reduced farming intakes to cut losses such that when the respective lockdowns were relaxed in May, supplies became very tight and as demand started to recover, the ensuing demand-supply imbalance resulted in significantly higher poultry selling prices.

By the second half of 2020, as our markets began to lift lockdown measures and economies reopened with stringent government-mandated standard operating procedures, businesses were still operating at lower capacities while overall demand remained below pre-pandemic levels. Demand patterns remained uneven amid physical distancing, stay-at-home orders and other government enforced measures.

While we had no control over external factors, we remained steadfast and have taken decisive actions to navigate through this unprecedented crisis. Leong Hup International Berhad ("LHI") and its subsidiary companies ("LHI Group" or "Group") weathered through these harsh challenges in a show of resilience as we continued to operate at normal capacities throughout the period of lockdowns. We maintained our workforce and ensured continuity of operations in both Feedmill and Livestock production.

Our Malaysia operations completed the acquisition of The Baker's Cottage Sdn Bhd and all of Baker's Cottage outlets in June 2020 as we integrate the business downward for Farm-to-Plate business model. This strategy allows for better management of demand-supply imbalance while offering customers value-for-money, ready-to-eat poultry products. The overwhelming response from our customers had enabled the chain to grow from 28 outlets as at the start of the year to 95

outlets by the FYE 31 December 2020, underscoring the sheer potential of a highly scalable business.

We mitigated the impact of low broiler prices experienced during the year by processing more of our broiler chickens and stored them as frozen chickens in cold rooms. These were sold as roast chickens in The Baker's Cottage outlets, processed into chicken nuggets, sausages and other food products or sold as frozen chickens in subsequent periods when prices were more favourable. Our ability to monetise a portion of our products at the most optimal price points in the value chain when there is demand-supply imbalance provided us incremental margins and enabled our Group to generate a profit after tax every quarter despite the challenging year.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

During the FYE 31 December 2020, our Group revenue was stable at RM6.04 billion, a marginal decrease against RM6.05 billion recorded in the previous financial year. Geographically, Indonesia was the largest revenue contributing segment of our Group with RM2,019.8 million (33.4%). Malaysia was the second highest contributor at RM1,616.9 million (26.8%). Next was Vietnam at RM1,563.6 million (25.9%), Singapore at RM723.1 million (12.0%) and the Philippines at RM103.9 million (1.7%).

Our Group posted a profit after tax and minority interests of RM113.1 million in the FYE 31 December 2020, as compared to RM150.6 million in the preceding financial year.

Despite the headwinds attributable to the Covid-19 pandemic, our geographical footprint and strength as a leading integrated poultry producer in Southeast Asia made it possible for us to ride out these harsh challenges to deliver overall growth in all key products. In this regard, we are pleased to report that during the FYE 31 December 2020, our Group recorded volume expansion of between 4% and 5% for day-old-chicks ("DOC"), broiler chickens and eggs as compared to the previous financial year.

Meanwhile, our feedmill business increased from strength to strength with a year-on-year growth of 6.3% in our Group's feed sales volume. This result can be attributable to Vietnam's stellar performance, following the acquisition of Dong Thap feedmill and commencement of an additional pelleting line in Dong Nai feedmill in the second and third quarters of the FYE 31 December 2020, respectively. We also extended our range of feed products in Vietnam to include aquatic, cattle and lamb feeds to capture new markets.

Chairman's Statement (cont'd)

During the financial year under review, our Group's balance sheet remained sturdy, as we ensured prudent capital management with sufficient liquidity in line with our business needs. Our Group's cash position for the FYE 31 December 2020 stood at RM757.8 million, as compared to RM764.8 million in the preceding financial year. Our shareholder's fund was RM2.25 billion and we closed the year with a comfortable net gearing ratio of 0.8 times.

PROSPECTS

Economic activities, businesses, employment and consumption are expected to recover and gradually normalise on the back of the Covid-19 vaccination programmes in 2021. This augers well for our Group as we remain fully committed to drive volume expansion and increase market share in our markets in Southeast Asia.

Poultry is the cheapest meat protein and is accepted by all religions. With a growing population, the slated recovery in economic activities is expected to have a net positive effect on domestic income and per capita poultry consumption. Overall, these are and will be strong growth drivers for our Group in the foreseeable future.

Our Group remains focused and consistent in delivering execution excellence. Primarily, we continue to grow organically and achieve capacity expansion on our existing businesses. This in turn translates into further economies of scale. Cost optimisation remains a continuing agenda and our Group is continuing efforts to enhance downstream expansion to reinforce resilience and improve margins stability.

CORPORATE GOVERNANCE

Your Board recognises the importance of having an optimum balance of governance in delivering sustainable high performance. Our governance activities are focused on delivering value to stakeholders and aligned with our strategic objectives of driving operational excellence, serving our customers and maximising returns across our value chain. At the Board level, we approved the implementation of Anti-Bribery and Corruption Policy to strengthen our stand against corruption during the financial year under review.

We have a strong Board, comprising members with vast expertise and experience as well as breadth and depth of vision. Overall, in the FYE 31 December 2020, your Board continued to provide stewardship towards successful implementation of corporate strategies and ethical practices. This underscored the ultimate responsibility of your Board in guiding our Group towards long term success and delivering stakeholders value.

SUSTAINABILITY

We endeavour to operate in an economically, socially and environmentally sustainable manner, as we believe that sustainability is the shared responsibility of businesses and it is the right thing to do. Our Group's sustainability efforts and initiatives are defined by taking into consideration and balancing our diverse stakeholders' interests. This year, we have enhanced our focus on the previously identified sustainable matters throughout our Group's operations and we tracked our Group's progress from the prior year, where applicable. Our detailed Sustainability Statement is set out on pages 40 to 51 of the Annual Report.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank and bid farewell to our outgoing colleague, Puan Mahani Binti Amat who has expressed her intention not to seek for re-election as Independent Non-Executive Director at the forthcoming Seventh Annual General Meeting, as well as previous Board member, Mr Tee Yock Siong, for their contribution and guidance during their tenure of service with LHI.

I wish to thank my fellow directors for their good counsel and diligent oversight that had helped steer our Group forward.

I am grateful for your continued support, tenacity and dedication while standing in solidarity with our Group to wade through the challenges, as we continue to double down on our efforts to enhance integration along the poultry chain and lay the foundation to future-proof our Group's business. Indeed, LHI was recognised by Frost & Sullivan Asia-Pacific Best Practices Awards, winning the inaugural 2020 Malaysia Integrated Poultry Market Leadership Award. This award is a testament to our Group's continuous effort to remain relevant as a market leader as we realigned our business priorities in lockstep with the evolving market landscape in Southeast Asia.

On behalf of my fellow Directors, I would like to congratulate our management team, employees and all contributing stakeholders for their patience and determination in one of the most challenging years we have encountered in decades. Our Group's operations and business model have withstood a multitude of challenges brought about by previous crises and had subsequently emerged more resilient than before, and the Covid-19 pandemic is no different.

Management Discussion and Analysis by the Group Chief Executive Officer



TAN SRI LAU TUANG NGUANG

Non-Independent Executive Director & Group Chief Executive Officer

Management Discussion and Analysis by the Group Chief Executive Officer (cont'd)

FINANCIAL PERFORMANCE REVIEW

2020 has been an extraordinary year for the global economy. The devastating impact of the novel coronavirus ("Covid-19") had caused the World Health Organisation to declare it as a global pandemic on 11 March 2020. Since then, a series of extensive containment measures such as quarantines, movement controls, lockdowns and circuit breakers were imposed by various governments to "flatten the curve" and spread out the rate of infection so as not to overwhelm health care systems and infrastructures.

As the pandemic worsened in both magnitude and duration, general economic downturn resulted in layoffs and furloughs, deterioration of credit quality and broad declines in consumer discretionary spending. Amid the "new normal", Covid-19 has forced far-reaching changes to people's day-to-day behaviour, including their spending behaviour. Due to stay-at-home orders and government mandated curtailment of private and business activities that severely impacted hotel, restaurant and catering sectors ("Horeca"), the shock reduction in demand gave rise to an oversupply of broiler chickens. As a result, broiler chicken price had plummeted, especially at the beginning of second quarter of 2020. This twin crisis prompted governments to introduce fiscal stimulus packages to address the adverse impact caused by the pandemic.

During the year, our Group's poultry farms, food processing and feedmill plants remained fully operational as these were regarded an essential business, subject to strict observations of the governments' prevailing Standard Operation Procedures ("SOP"). For the financial year ended ("FYE") 31 December 2020, our Group posted revenue of RM6.04 billion, representing a marginal decrease of 0.1% from the preceding financial year. During the year under review, our Group registered a lower profit attributable to owners of the company ("PATMI") at RM113.1 million, as compared to RM150.6 million in the FYE 31 December 2019 despite volume growth across all our major product categories of animal feed, day-old-chicks ("DOC"), broiler chickens and table eggs. This was due mainly to unfavourable poultry selling prices in our Indonesian and Malaysian operations.

In Indonesia, we recorded higher sales volume for DOC, broiler chickens, eggs and processed food but selling prices for much of the year were weak and the advent of Covid-19 affected purchasing power of consumers. Nevertheless, coordinated regulatory actions by the government to support the industry in the third quarter of 2020 produced positive results and the industry ended the year on a positive note with sustained selling price recovery.

In Malaysia, besides Horeca, aviation, tourism, entertainment and retail sectors were amongst the worst affected by the Movement Control Order ("MCO") imposed in response to Covid-19. This had adversely impacted our Malaysia operations, as the recurring imposition of MCO and the ability of consumers to go about their normal lives had affected demand for poultry products. Apart from the Covid-19 crisis, several global and domestic risk events had further dampened investor sentiment and contributed downside risks to the country's economic growth. To mitigate the economic fallout, the government and Bank Negara Malaysia implemented a blanket loan moratorium measure for a six-month period from April 2020, as well as rolled out fiscal stimulus packages which had softened the impact of the pandemic on the most vulnerable segments of the population.

In June 2020, our Malaysia operations completed its acquisition of The Baker's Cottage Sdn Bhd and all Baker's Cottage outlets to move further downstream into business-to-consumer channel to help stabilise our margins and mitigate volatility in poultry selling prices. On the back of the overwhelmingly positive response from consumers, The Baker's Cottage chain more than tripled the number of outlets within the year, having expanded from 28 outlets in January 2020 to 95 outlets by the FYE 31 December 2020.

Due to its early success in decisive containment of Covid-19, Vietnam was one of the few economies in the world that did not experience an economic downturn in 2020 and was estimated to have grown by 2.9% during the year. Against the odds of the African swine fever resurgence in many parts of the country during the year, our Vietnam operations continued to outperform and achieved remarkable growth in the FYE 31 December 2020, led by its Feedmill segment. Notably, we delivered double-digit growth in sales volume for livestock feed, DOC and eggs.

Our broiler chicken sales volume continued to expand at a healthy rate, underpinned by robust consumption in the southern region and our Group's penetration into the northern and central regions of Vietnam. During the year, we made headway in our Livestock business following the acquisition of a new layering farm in Xuan Phu province in the first quarter of 2020. The resulting capacity was instrumental in spearheading our table egg production in Vietnam. This also bolstered our Group's effort to tap into multiple sales channels for our "Happy Eggs" brand. Currently more than 20% of our table eggs were sold through modern trade and online mobile platform, and this figure is set to rise further as we strengthen our distribution systems.

Management Discussion and Analysis by the Group Chief Executive Officer (cont'd)

Meanwhile, our Feedmill business in Vietnam continued to grow from strength to strength. In February and March 2020, we acquired Hung Vuong Tay Nam Aqua Factory in Dong Thap Province and we installed additional pelleting line which commenced production in the fourth quarter of 2020. With this investment, our Vietnam operations are able to cater for the full range of animal feed production encompassing fish, prawn, chicken, quail, duck, swine, goat, cattle and etc.

In Singapore, the circuit breaker measures imposed by the government to contain the spread of Covid-19, including closure of its national borders, has had negative impact on consumer confidence and many businesses including our Group were affected. Overall sales volume for our fresh chickens, ducks and frozen products were lower in the FYE 31 December 2020 due to lower demand from Horeca which forms the bulk of our Group's sales in the country.

The government, through its stimulus packages, provided support to businesses to mitigate the negative impact brought about by Covid-19. Our Group had received approximately RM15.0 million in Singapore government's assistance program under the Jobs Support Scheme and foreign worker levy rebate. We are also pleased that a closure had been reached in relation to the infringement decision by the Competition and Consumer Commission of Singapore ("CCCS") towards our subsidiaries and the Competition Appeal Board of Singapore had reduced the amount of penalty imposed by CCCS.

Our Philippines operations were similarly affected by Covid-19 and recorded a negative EBITDA contribution in the FYE 31 December 2020. Despite higher sales volume of DOC and broiler chickens, average selling prices were lower compared to the FYE 31 December 2019 stemming from frequent demand-supply imbalances during the year. To mitigate this impact, we arranged for the processing of live broiler chickens and sold them as dressed chickens which have longer shelf life.

Construction of our first feedmill plant in Central Luzon, the Philippines was unfortunately affected by Covid-19, but we are pleased to report that it has finally commenced operations in May 2021 to supply our own farms.

Despite the market challenges in multiple countries, the diversified nature of our businesses across 5 countries in Asean allowed the Group to report positive PATMI every quarter of the FYE 31 December 2020. As at 31 December 2020, our Group's balance sheet had strengthened with shareholders fund of RM2.25 billion and net assets attributable to ordinary equity holders rising to RM0.47 per share, representing an increase of 4.4%; while we closed the year with a comfortable net gearing ratio of 0.8 times.

CAPITAL EXPENDITURE

Our Group invested RM498.6 million during the FYE 31 December 2020. Our capital expenditures ("capex") is driven by our focus to meet the increasing demand for meat protein within our footprints in Southeast Asia. Mindful of the rapidly evolving operating environment, we tapered certain non-critical investments such as broiler farm expansion in Malaysia and Indonesia and steered capex towards our Group's new growth engines in the business-to-consumer channel in Malaysia as well as the acquisition of aquatic feedmill in Vietnam. These investments are already showing positive contributions and we expect them to improve both revenue and margins stability in the future.

RISK AND MITIGATING MEASURES

Covid-19 Pandemic Risk

The severity of Covid-19 impact on businesses is unprecedented. Efforts in curbing the spread of Covid-19 has created many operational challenges for most businesses. Social distancing and hygiene compliance have become the key factors in combating the pandemic. The Group had put in place strict SOP which adhere to the Government's Covid-19 regulations including work from home arrangement where possible, transition to digital platforms for meetings and internal discussions, daily temperature screening for employees and visitors and arranging for our foreign workers to undergo Covid-19 screenings. The pandemic has also resulted in heightened volatility in poultry product pricing amid demand uncertainties and ongoing supply chain adjustments in our markets, which has adversely affected our Group's businesses. Our Group had implemented various strategies by taking full advantage our position as an integrated poultry producer by monetising a portion of our products at the most optimal price points in the value chain, where possible, to preserve our Group's profit margin. Simultaneously, our Group had accelerated our capital investment to pivot downstream along our "Farm-to-Plate" business model in Malaysia which provides better price stability.

Biosecurity and Disease Control

Outbreaks of livestock diseases at our poultry farms or facilities could significantly restrict our ability to conduct our operations. Avian Influenza such as H5N1 and H7N9 are highly contagious among birds and can cause sickness or death of domesticated birds, including chickens, geese, ducks and turkeys. In the event that disease afflict our livestock, it will have an adverse impact on our productivity and mortality of our livestock, which would then have an adverse effect on the revenue and profitability of our Group. Recognising the importance of this risk, the management team carries out several preventive actions to mitigate the

Management Discussion and Analysis by the Group Chief Executive Officer (cont'd)

risk. We have implemented measures to mitigate this risk with stringent biosecurity control at our livestock farms. Our chicken farms are mainly closed house farming system to minimize the impact of disease transmission through open air. Additionally, we also have dedicated veterinarians for our livestock farms to ensure that our livestock are healthy.

Selling Price Volatility

The prices of our products sold on the open market under our Livestock Business, including broiler chickens and broiler DOC, have historically been subject to wide fluctuations due to changes in demand and supply conditions. The changes in demand and supply conditions are primarily due to seasonal factors such as weather, festive seasons and school holidays. Changes in demand and supply conditions or the occurrence of other factors beyond our control in the future may result in unusual movements in selling prices or affect our selling prices negatively. Consequently, our quarterly financial results may also be affected by such fluctuations. We minimize our exposure through vigilance and close monitoring of prevailing market prices and we remain focused on our cost optimisation strategy. Additionally, investment such as The Baker's Cottage chain also helps to increase and stabilize profit margins.

Succession Planning

We believe that our future success is heavily dependent upon the continued service of our Executive Directors and key senior management team who have valuable experience in the business in which we operate.

We believe we offer attractive terms of employment including an Employee Share Option Scheme ("ESOS"), which is crucial for our Group to attract and retain qualified personnel. In addition, our Group views proactive succession planning as a strategic importance to ensure long term continuity of business and operations. It is in this regard that we have appointed Datuk Lau Joo Hong as our Group's Chief Operating Officer on 29 September 2020. We will continue to recruit more professional staff and to retain them for dedicated needs in our organisation.

OUTLOOK

As the operating environment stages a recovery and with Covid-19 vaccination being rolled out by governments across the region, all countries that our Group operates in are expected to post GDP growth in 2021. Our Group is cognisant of the challenges to our business, including but not limited to rising commodity prices, labour shortages in the agriculture sector in Malaysia and a rise in logistic costs regionally.

Our Group will continue to focus on downstream expansion to stabilise prices and strengthen profit margin. In Malaysia, we are optimistic with the growth trajectory of The Baker's Cottage, as we target to penetrate more markets in West Malaysia with our business-to-consumer channel. Furthermore, we aim to further optimise product mix by introducing more chicken-based ready-to-eat products to The Baker's Cottage existing popular product offerings. In Singapore, we intend to optimise our current operations by consolidating our processing plants to achieve better economies of scale in production. In the Philippines, we are seeking and collaborating with local business partners for investment into a quick-service restaurant ("QSR") franchise business model. In Vietnam, we will introduce more animal feed products to achieve a higher utilisation rate of our feedmill plants. In Indonesia, we expect government-enforced management of supply conditions to continue and yield more stable poultry prices going forward which will benefit the poultry industry as a whole.

We remain vigilant and focussed on our cost optimisation agenda, infusing technology and automation into our operations where practical to preserve our Group's margin as strengthen our market share and position. Our Group will maintain sufficient liquidity in cash and equivalents as well as through ample banking facilities to fund our Group's working capital and capex.

DIVIDEND POLICY

We have a target payout ratio of 30.0% of our PATMI of each fiscal year on a consolidated basis after taking into account reinvestment opportunities for further expansion in our businesses. Our Board had declared an interim single tier dividend of 0.55 sen per ordinary share for the FYE 31 December 2020, which was paid on 30 September 2020. This dividend payout ratio is lower than 30.0% as our Group considered business needs and operating cashflow in response to the Covid-19 pandemic.

Premised upon continued expansion and volume growth across our Group, I believe we will continue to report reasonable profit numbers in the financial year ending 31 December 2021.

Sustainability Statement

As one of Southeast Asia's leading fully integrated poultry producers, Leong Hup International Berhad ("LHI") and its subsidiaries ("LHI Group" or "Group") strives to conduct its business practices in a responsible and sustainable manner.



Sustainability Statement (cont'd)

In this respect, our Group's sustainability efforts are underpinned by the three key pillars, namely economic, environmental and social ("EES") aspects, vis-à-vis our key stakeholders.

The content of this Sustainability Statement ("Statement") reports on our Group's on-going sustainability initiatives for the financial year ended ("FYE") 31 December 2020.

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and has also considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits published by Bursa Malaysia.

GOVERNANCE STRUCTURE FOR SUSTAINABILITY

Our Group recognises that sustainability is the collective responsibility of all responsible and ethical corporate citizens. Towards this end, we are committed to ensure that our businesses are conducted with integrity through good governance, taking into cognisance industry best practices as well as prevailing rules and regulations. Our Board holds ultimate responsibility in ensuring our Group's strategy supports long-term value creation and includes strategies on EES considerations underpinning sustainability.

Our Group Chief Executive Officer ("Group CEO") brings leadership to our Group in the implementation of sustainability strategies approved by our Board. Our Group CEO is also responsible for overseeing our Group's overall sustainability process, which has been put in place to identify, assess, manage and report our Group's material sustainability matters. The Executive Committee, comprising heads of business of our Group's domestic and overseas operations, is led by our Group CEO in ensuring our Group's sustainability process is effectively carried out. It is also the responsibilities of the Executive Committee to ensure our Group has undertaken effective and appropriate engagement with its stakeholders, including ensuring grievance mechanisms are in place to enable stakeholder views and concerns be raised and considered in the conduct of our Group's businesses.

SCOPE

The content of this Statement encompasses our Group's key business segments, namely Feedmill and Livestock operations in Malaysia, Singapore, Indonesia, Vietnam and the Philippines. In general, our Group's business operations in these countries can be categorised as follows:

Business operations	Malaysia	Indonesia	Singapore	Vietnam	Philippines
Feedmill	√	√	-	√	-
Livestock:					
- Breeder	√	√	√	√	√
- Layer	√	√	-	√	-
- Broiler	√	√	√	√	√
- Food Processing- Production ("FPP")	√	√	√	-	-
- Quick-Service Restaurant ("QSR")	√				

Sustainability Statement (cont'd)

MATERIALITY ASSESSMENT

Guided by the Listing Requirements, we define material sustainability matters as those which:

- reflect our Group's significant EES impacts; or
- substantively influence the assessments and decisions of stakeholders.

Our last materiality assessment was conducted in FYE 31 December 2018 subsequent to which our Group's material sustainability matters were determined, as guided by the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits and has considered international better practices and standards such as the Global Reporting Initiative Standards ("GRI standards"). The assessment involved identifying material sustainability matters that are most relevant to our business operations relating to the EES aspects. Performed by senior leaders of our business operations, including the Executive Committee and their delegates, the said exercise had taken into consideration the views and concerns of our stakeholders.

STAKEHOLDER ENGAGEMENT

The success and sustainability of our business is built upon the pillars of trust and accountability with our stakeholders. Our Group endeavours to keep an open line of communication with our stakeholders to manage and address the interests, expectations and concerns of our stakeholder groups.

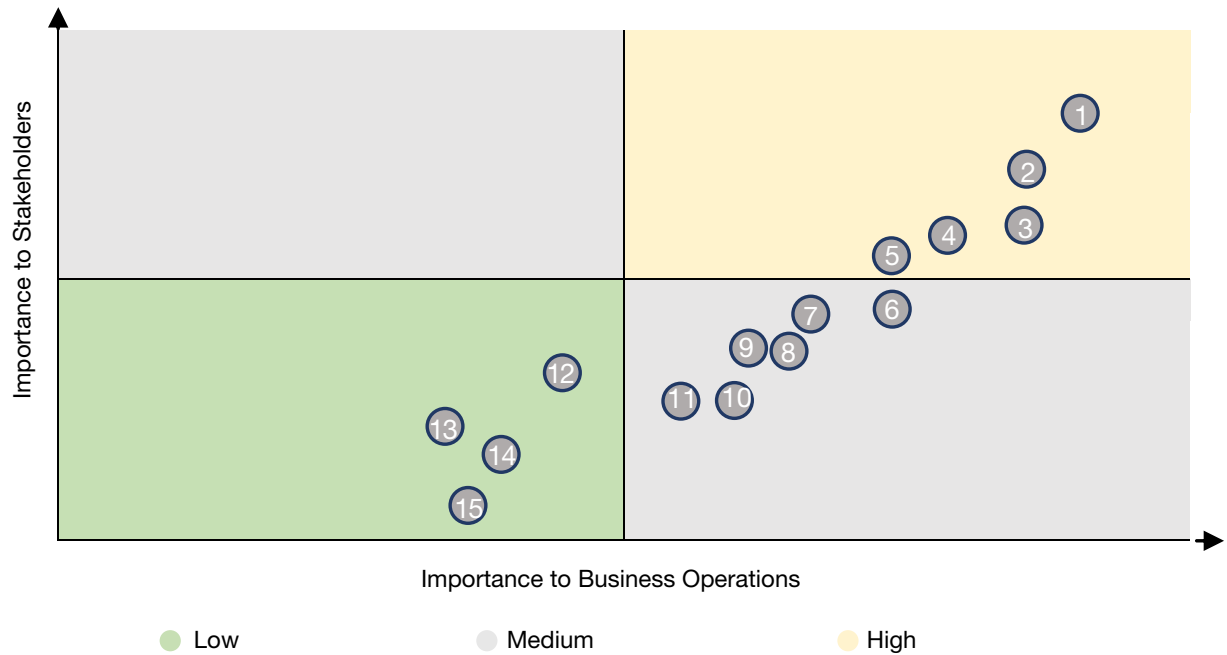
The following table lists our engagement activities with fellow stakeholders to-date:

Stakeholder Groups	Engagement method	Frequency of engagement
Government agencies, law enforcers and regulators	Face-to-face meeting	Regular
Customers & end-consumers	Face-to-face meeting Customer survey	Regular Ad hoc
Employees	Townhall Dialogue Performance appraisal Employee survey	Regular Regular Regular Regular
Local community	Public feedback channel Face-to-face meeting	Ad hoc Ad hoc
Suppliers	Face-to-face meeting	Regular
Investors	Annual General Meeting Written communications	Annual Regular

Sustainability Statement (cont'd)

MATERIALITY MATRIX

The materiality assessment undertaken by our Group had identified several key sustainability matters most relevant to our business operations relating to EES aspects. Through this exercise, we had identified 15 key material matters that are most relevant to our internal and external stakeholders, as well as the prioritisation of these matters, as illustrated in the matrix below:



1. Food Safety	2. Biosecurity	3. Quality control and certification	4. Waste management
5. Occupational health and safety	6. Employee and talent development	7. Logistics	8. Water
9. Odour control	10. Energy conservation	11. Contribution to community	12. Product labelling
13. Product packaging and distribution	14. Equal opportunities and human rights	15. Support of local businesses	

Sustainability Statement (cont'd)

MATERIAL SUSTAINABILITY MATTERS

The materiality assessment process has identified the following material sustainability matters for our Group:

- **Food Safety and Quality Control**
- **Biosecurity**
- **Waste Management**
- **Occupational Safety and Health**
- **Employee and Talent Development**

SUSTAINABILITY EFFORTS

Our Group's sustainability efforts are embedded in our business practices to fulfil our mandate to customers to produce and deliver quality livestock feed and poultry products, vis-à-vis the EES pillars.

1. Towards the Economy

1.1 Food Safety and Quality Control

We are one of the largest fully integrated producers of poultry, eggs, and livestock feed in Southeast Asia, operating in Malaysia, Singapore, Indonesia, Vietnam and the Philippines. Poultry is the preferred animal-based protein with consumers in our operating markets, given its relative affordability and quality.

As a provider of food source, our Group commits itself to ensuring the safety of food products and delivering accountability to public safety where food consumption is concerned. In respect of our Livestock business, food safety and quality control becomes pertinent where human consumption of our Group's product is involved and this include egg production, farming of broiler chickens, FPP and QSR operations. In respect of our Feedmill business, livestock feed produced by our Group plays an important role in the growth and health of livestock and consequently, ensures uninterrupted supply of meat protein in the food production chain.

Our Group's ability to ensure food safety and quality control stems from management practices and standards adopted by our Group's various business operations, which take into account various considerations including, among others, local laws and regulations, international standards, market demand, as well as existing industrial practices in ensuring the safety and quality of food products.

Food safety controls including risk assessment, hazard analysis, traceability procedures, hygiene controls, are established in our operations to ensure systematic management of food safety. A number of our Group's feedmills, egg production, FPP and QSR operations across the region adopts international standards such as ISO 9001 Quality Management System ("ISO 9001"), ISO 22000 Food Safety Management System ("ISO 22000"), FSSC 22000 Food Safety System Certification ("FSSC 22000"), Safe Food Industry Responsibility ("MeSTI") and Veterinary Control Number (Nomor Kontrol Veteriner / "NKV").

Business operations	Malaysia	Indonesia	Singapore	Vietnam	Philippines
Feedmill	<ul style="list-style-type: none"> • ISO 22000 • HACCP 	<ul style="list-style-type: none"> • ISO 9001 • ISO 22000 • HACCP • GMP 	NA ¹	<u>Medicine & Vitamin Plant</u> <ul style="list-style-type: none"> • GMP <u>Feedmill Plant</u> <ul style="list-style-type: none"> • ISO 9001 • ISO 22000 • HACCP 	NA ¹

Sustainability Statement
(cont'd)

Business operations	Malaysia	Indonesia	Singapore	Vietnam	Philippines
Livestock	<u>Layer Farms</u> <ul style="list-style-type: none"> MyGAP <u>Layer Grading Stations</u> <ul style="list-style-type: none"> ISO 22000 HACCP GMP <u>FPP</u> <ul style="list-style-type: none"> Halal ISO 9001 HACCP MeSTI <u>QSR</u> <ul style="list-style-type: none"> Halal HACCP ISO 9001 ISO 9002 	<u>FPP</u> <ul style="list-style-type: none"> Halal ISO 9001 ISO 22000 HACCP GMP NKV 	<u>FPP</u> <ul style="list-style-type: none"> Halal FSSC 22000² 	-	-

Notes:

- 1) NA means not applicable.
- 2) FSSC 22000 covers both ISO 22000 and HACCP.

Most of our Group's feedmills, egg production facilities and FPP operations across Malaysia, Indonesia, Singapore and Vietnam have obtained certification for either ISO 9001 or ISO 22000, or its alternative – FSSC 22000, save for a medicine and vitamin plant in Vietnam which operates in accordance with World Health Organisation's Good Manufacturing Practices ("GMP") and Vietnamese law and regulations pertaining to manufacturing of veterinary drugs. In addition, 90% of our layer farms and almost half of our broiler chicken farms in Malaysia have obtained the Malaysian Good Agricultural Practices ("MyGAP") certification by the Department of Veterinary Services of Malaysia. MyGAP is a prerequisite for overseas export of livestock, which requires farmhouses to operate on a closed-house system ("CHS") with comprehensive farm management and considerations given to animal welfare and health, safety and environment standards. With regards to our FPP operations in Singapore, we are proud to have been awarded an "A" grade under the Food Safety Excellence Scheme by the Singapore Food Agency for 16 years consecutively.

Aside from the medicine and vitamin plant in Vietnam, a number of our key operations have also obtained Hazard Analysis and Critical Control Points ("HACCP") certification, which ensures safety controls are in place, managed, and functioning effectively, in order to manage the safety hazards identified via a systematic analysis of the operations.

In order to maintain the ISO 9001, ISO 22000 and FSSC 22000 certifications, independent surveillance audits are conducted on an annual basis, and independent recertification audits are conducted once every three years to renew the certifications.

In a nutshell, by adopting these quality or food safety standards and certifications, we ensure that food safety and quality standards are clearly set out, communicated and complied with throughout our operations. Any effectiveness of our food safety and quality management process will be highlighted via our internal audit activities or annual ISO audit activities for remedial actions to be conducted.

Sustainability Statement (cont'd)

Halal Certification

Serving markets with a majority of Muslim consumers, e.g. Malaysia and Indonesia, it is crucial for our products to be halal-certified to ensure the Muslim consumer base is served. We offer halal-certified poultry products across our consumer markets in Malaysia, Singapore and Indonesia, and adheres to halal-procedures across our relevant FPP and downstream operations.

Trainings

Given the complexity of our Group's operating structure, it is important for our employees to have comprehensive knowledge with regards to the processes and practices in place for the purpose of food safety and quality management controls. Hence, we are committed to invest in trainings for employees on subject matters such as the ISO standards, HACCP, GMP, food handling and safety, etc. Relevant employees in our Feedmill and Livestock operations receive trainings on food safety and quality control provided by our Group at least on an annual basis.

Apart from internal controls and assurances, we also have in place formal and informal channels to enable concerns or complaints to be raised for the attention of our Group.

For the financial year under review, there were no product recall or incidents recorded in relation to our Group's products (preceding financial year: zero product recall).

1.2 Biosecurity

Apart from food safety and quality control, we continue to place stringent biosecurity controls throughout our poultry farming operations encompassing grandparent stocks, parent stocks, broiler and layer chickens. It is thus important to keep the flocks healthy and prevent infectious diseases. Biosecurity measures are also implemented at feedmills as trucks transporting feed to farms can be a carrier of microorganisms.

All farms managed by our Group are equipped with vehicle disinfectant spray and wheel dips to minimise the risk of bringing disease carrying microorganisms into farms. We subject persons entering our farms to a thorough sanitisation process prior to entry to mitigate the risks of any disease being brought into our farms. Similarly, it is mandatory for visitors to use rubber boots and overalls provided by the farms and use the foot dips with disinfectant before entering production areas. Pest control measures are undertaken to deter pests such as wild birds and rodents from entering farming compounds as they can be a potential source of diseases. Traps are also set up to capture and eliminate pests found within the farming and feedmill compound.

We also actively manage the health of our flocks of live birds, by employing qualified veterinarians to manage and monitor the nutrition programs and through regular health monitoring of the flocks. Our in-house qualified veterinarians regularly visit and engage with contract farms to ensure consistent farming practices are applied.

We recognise the benefits of adopting CHS for flock management, enabling better control over the biosecurity and climate factors such as temperature, humidity, light and airflow, which affect both the growth and health of poultry, thereby offering improved levels of biosecurity. We run our farms on an "all-in-all-out" cyclical basis, with each farm being "offline" for approximately three weeks, prior to subsequent batch of day-old-chicks' entry into the farmhouse. This decreases the likelihood of diseases spreading and allows us to sanitise the farms when they are "offline". As at 31 December 2020, approximately 98.7% of our Group's flocks are managed in CHS (98.0% as at 31 December 2019).

We place great importance on monitoring of flocks in each of our farms. Mortality and growth rates are routinely monitored by qualified veterinarians and benchmarked against industry standards to identify any systemic or one-off issues. In addition, the on-site veterinarians conduct pre- and post-mortem inspections at our farms and slaughtering plants, respectively.

Sustainability Statement (cont'd)

As at 31 December 2020, our Group's broiler operations, located in Malaysia, Indonesia, Vietnam and the Philippines, are supported by more than 716 contract farmers (750 as at 31 December 2019) licenced by relevant local authorities to accommodate the size of market demand in these markets. In this regard, we ensure food safety and quality by conducting frequent visits to these contract farms, and sometimes via formal audits. Any identified practices, or non-adoption of necessary practices, which jeopardises hygiene, safety and quality of meat produce will be highlighted to contract farmers for remedial actions to be undertaken, failing which the business partnership will be reassessed and terminated where necessary.

In forming business partnerships with contract farmers, we are also guided by strict selection criteria, with due consideration given to, among others, the experience, track record, and existing practices adopted by the contract farmers. Our Group continued emphasis on increasing the use of own broiler farms rather than contract farms has also resulted in higher farm efficiency, as we are able to run our farms better than most our contract farmers, who are smaller and less experienced than we are. This is also in line with our Group's "Farm-to-Plate" business model which allows us to effectively manage quality while optimising cost efficiencies across the value chain. By doing so, it allows our industry to promote sustainable growth while at the same time, produce more broilers to ensure national food security.

As for our Feedmill operations, similar measures have also been deployed, including disinfection spraying for trucks and pest control measures. In addition, our medicine and vitamin plants are also supported by veterinarians in the formulation of nutrition and disease-control components and composition in our livestock feed.

2. Towards the Environment

2.1 Waste Management

Our Group has in place a responsible framework on hazardous and non-hazardous waste management across our operations in protecting the environment and minimising our environmental footprint as much as possible.

Hazardous Waste

We have strict policies on handling and disposal of hazardous waste in accordance with local laws and regulations, to ensure employees and workers are provided with safety guidelines with regard to handling hazardous waste and to ensure business responsibility in environmental protection is carried out.

Across our Group's operations in Malaysia, Indonesia, Vietnam, Singapore and the Philippines, qualified contractors with valid licences in handling hazardous waste are contracted to safely dispose hazardous waste generated by our operations. Where required by local laws and/or regulations, we ensure that our waste management contractors have obtained the necessary pre-approval by relevant authorities to perform such services.

Hazardous waste is largely generated from the Feedmill operations including medicine and vitamin plants. Examples of hazardous waste includes liquid chemicals such as various types of acids and alkalis, used oils, coal waste, palm oil shell waste.

Where possible, we endeavour to take further steps to generate value from some hazardous waste. For example, in our Vietnam medicine and vitamin plant, we have contracted qualified contractors to clean plastic containers, which had been previously used to contain hazardous chemicals, in accordance with procedures permissible by local laws and regulations. The cleaned plastic containers are non-hazardous, safe for re-use and are sold to generate income for the business.

Hazardous waste generated from other business segments, such as used injection needles and used medicine bottles from broiler, breeder and layer operations are also disposed of in accordance with local laws and regulations.

Sustainability Statement (cont'd)

Non-Hazardous Waste

Chicken manure is rich in nitrogen, phosphorus and potassium, and is a great form of fertiliser. Manure generated from our operations is treated differently depending on local practices and it can be sold or donated to local community or small businesses. The management of chicken manure goes beyond a business requirement to dispose the by-product, but also to reduce nuisance such as odour problems in the surrounding community. One of the effective ways to manage this is to manage flocks in a CHS, which we have been aggressively implementing over the last several years. In addition, we have also invested in the upgrading of facilities for increased capacity for handling manure such as installation of manure belts in layer houses in Malaysia.

Non-hazardous waste generated from Feedmill operation includes mainly packaging materials and raw material waste, such as corn, soy and wheat hull, and are mainly sold for recycling or used for other purposes. As for broiler chicken slaughtering operations, the main types of waste generated include chicken blood, chicken/ duck feathers, chicken/ duck inner parts. Where demand is present, some of the waste are sold or donated to the community, while the rest are disposed of accordingly. On the other hand, waste generated from FPP and QSR includes a mixture of food waste, such as sludge, frying oil and bones, and is not suitable for re-use or recycle. Therefore, most of this waste is disposed in accordance with local laws and regulations.

We have in place systems to properly manage and treat waste water from our operations prior to disposal into the public water system. Generally, all waste water is treated to remove large particles, harmful chemical and biological substance which will affect the quality of public water system. Waste water treatment is commonly managed via on-site water treatment plants, which may include septic tanks, retention ponds, while the treatment process in some operations, such as those based in Singapore, are managed by service providers at a fee.

We undertake continuous effort to monitor our waste management systems and practices in delivering our responsibility to the environment and public while optimising business value at the same time.

For the financial year under review, we did not receive any significant complaints regarding improper handling or disposal of waste generated by our operations (preceding financial year: zero significant complaints).

3. Towards the Society

As national food security took precedence during the onset of Covid-19 which was marked by movement controls and social restrictions, our Group had ensured uninterrupted operations and continuous production of its products. During this period, we enhanced our group's vigilance on the safety and health of our employees and workers to preserve a safe and conducive workplace in order to ensure uninterrupted operations. This includes ensuring mandatory and strict compliance with the governments' standard operating procedures on prevention of Covid-19 transmission, allowing work-from-home flexibility (where possible) and reducing non-essential work-related travelling.

3.1 Occupational Safety and Health

Operationally, the work of employees and workers in the Feedmill and Livestock operations which may pose health and safety risks include the following:

- operating high temperature equipment, e.g. boilers;
- handling of chemicals, e.g. pesticides, disinfectant, acids and alkalis;
- operating transportation equipment, e.g. forklift and trucks;
- working with machinery or dangerous tools, e.g. in slaughterhouse;
- exposure to hazardous gases, e.g. ammonia, methane, pesticides and disinfectant; and
- exposure to zoonotic disease transmission mediums, e.g. bacteria, viruses and parasites from handling of raw meat.

Sustainability Statement (cont'd)

Throughout our operations, standard operating procedures governing workplace safety and health procedures had been developed and implemented to ensure employees and workers perform their work according to procedures which minimises their exposure to health and safety risks and prevent physical, chemical or biological harm.

We regularly check and maintain our equipment and machinery to ensure they are in safe working condition. In addition, maintenance schedules are developed for machinery and equipment which poses greater health and safety risk to employees and workers, such as boilers used in Feedmill operations. Safeguards and controls are also put in place to minimise, where possible, human contact with moving parts of machinery or equipment in order to reduce risks associated with common machinery or machinery such as pinch points, shear points, wrap points and crush points.

Where handling of chemicals is required, employees and workers are guided by our Group's policies and procedures for chemical handling. Furthermore, chemicals used in the business operations are only handled by qualified personnel who are trained in handling and managing such chemicals.

To reduce the concentration of hazardous gases in the working environment, our CHS farms ensure that the facilities are well-ventilated and hazardous gas concentration are monitored to ensure a safety-level of exposure is maintained.

We provide appropriate personal protective equipment ("PPE") to all employees and workers exposed to high-risk work hazards. For example, gloves are provided to employees working with sharp tools and handling chicken bones to prevent cuts and infections arising from cuts. Gloves and masks are also provided to employees and workers operating in farms and farmhouses and those handling live birds and raw meat, such as in broiler chickens, slaughter houses and FPP and QSR operations, to protect workers from zoonotic diseases such as salmonellosis.

We are of the view that aside from PPE and having established procedures and policies in place to guide safe and healthy practices, safety and health education and training is also essential for employees and workers. This will enable them to understand the safety and health risks they are exposed to at the work environment and how to manage these risks. For the financial year under review, trainings provided to employees and workers include, but are not limited to the following subjects:

- occupational safety and health management systems;
- first aid;
- food handling training;
- use of PPE;
- fire and firefighting scenarios;
- working with machines, e.g. greasing, belt transmissions, etc.;
- hazardous materials and hazardous waste in workplace;
- forklift operations; and
- Covid-19 workplace safety measures.

In order to facilitate more effective management of occupational safety and health across our operations, we are undertaking measures to standardise the process for reporting of accidents and cases of injury across our operations. For the financial year under review, there was no reported occupational fatality, although we regret to report that an elderly employee in our Singapore operations suffered a heart attack and fainted during lunch break. He was sent to a hospital via ambulance and was subsequently pronounced dead. He left behind a wife and three adult children. The incident was confirmed not to be an occupational fatality (preceding financial year: zero occupational fatality).

Sustainability Statement (cont'd)

3.2 Employee and Talent Development

We believe that even the highest standards of business policies and processes will require the combined effort of people with the necessary skills and talent to deliver optimal performance. We view talent and skills in our workforce as a vital asset that needs to be developed and enhanced on an ongoing basis.

Our Group provides trainings for our employees and workers based on training need analyses conducted during engagements with employees and workers such as during their performance appraisal sessions. The various categories of trainings include, but not limited to, the following:

- compliance-related trainings – where participants are trained on relevant laws, regulations, better practices, international standards;
- safety and health issues relating to business operations;
- environmental issues relating to business operations;
- skills and techniques required in business operations;
- awareness session on ethical business and work practices; and
- leadership workshops for management and executives.

During the FYE 31 December 2020, we provided trainings on the following subjects to our employees and workers:

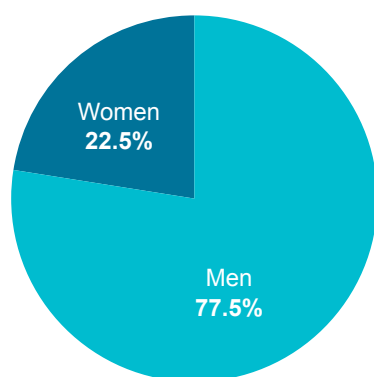
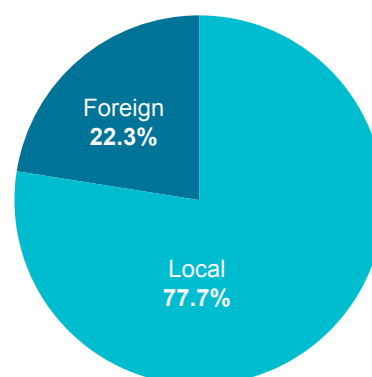
Management trainings	<ul style="list-style-type: none"> • Leadership training (for advancement to management position) • Management training on workload analysis • Listing Requirements, corporate disclosures and cyber security awareness
Management systems, international standards, certifications and practices	<ul style="list-style-type: none"> • Effective ISO audit • ISO 9001:2015 and 2018 Quality Management System • ISO 22000 Food Safety Management System • Risk management • Halal certification • Good Manufacturing Practice
Business operations, processes and general practices	<ul style="list-style-type: none"> • Slaughtering skills • Forklift operating • Generic manufacturing skills • Inventory management, planning and control • Planning and budgeting • Taxation and accounting • Human resources skill • Food safety • Work etiquette • Work hygiene
Employee personal development skills and knowledge	<ul style="list-style-type: none"> • Computer skills • Interpersonal communication • Teamwork training

Sustainability Statement
(cont'd)**3.3 Workforce Diversity**

We are supportive of diversity and inclusion in promoting the principles of meritocracy in its employment practices. We do not practise discrimination in our employment practices and endeavour to practise meritocracy-based assessment of our employees, workers and prospective candidates.

A summary of our Group's workforce diversity indicators for the financial year under review is as follows:

	Malaysia		Indonesia		Vietnam		Singapore		Philippines		Group Total	
		%		%		%		%		%		%
Gender												
Men	3,942	76.1%	3,007	83.8%	1,327	69.5%	678	73.1%	254	92.4%	9,208	77.5%
Women	1,237	23.9%	581	16.2%	581	30.5%	249	26.9%	21	7.6%	2,669	22.5%
Nationality												
Local	3,173	61.3%	3,573	99.6%	1,849	96.9%	365	39.4%	265	96.4%	9,225	77.7%
Foreign	2,006	38.7%	15	0.4%	59	3.1%	562	60.6%	10	3.6%	2,652	22.3%
Age Group												
Below 30 years old	2,545	49.1%	1,503	41.9%	808	42.3%	205	22.1%	147	53.5%	5,208	43.9%
Between 30 and 50 years old	2,249	43.4%	1,921	53.5%	1,006	52.7%	456	49.2%	119	43.3%	5,751	48.4%
Above 50 years old	385	7.4%	164	4.6%	94	4.9%	266	28.7%	9	3.3%	918	7.7%
Total Employees	5,179	100%	3,588	100%	1,908	100%	927	100%	275	100%	11,877	100%

Gender**Nationality****Age Group**