



SUSTAINABILITY STATEMENT

As one of the leading fully integrated poultry producers in Southeast Asia, Leong Hup International Berhad (“LHI”, “the Company”) and its subsidiaries (“the Group”) strive to conduct its business practices in a responsible and sustainable manner.





LHI, one of the leading fully integrated poultry producers in Southeast Asia, remains committed to delivering long-term sustainable growth. In 2024, we focused on embedding sustainable and ethical business practices into our operations, aiming to deliver growth while creating economic benefits to the communities we serve and minimising the environmental footprints in the locations we operate in.

This Sustainability Statement ("Statement") provides an overview of the Group's sustainability initiatives for the financial year ended 31 December 2024 ("FYE 2024"), covering economic, environmental, social and governance ("EESG") considerations. The Statement has been prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9A ("PN9A") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and takes into account the Sustainability Reporting Guide – 3rd Edition and its Toolkits. While the Group has not engaged external or internal assurance for this report, we may consider it in the future. The information disclosed was derived from internal data and verification mechanisms.

GOVERNANCE STRUCTURE FOR SUSTAINABILITY

The Group acknowledges that sustainability is a shared responsibility among responsible and ethical corporate citizens. In line with this, we are committed to conducting our business with integrity, guided by strong governance, industry best practices and applicable regulations. Our Board holds ultimate accountability for ensuring that the Group's strategy drives long-term value creation while integrating EESG considerations as the foundation for sustainability.

The Sustainability Committee ("SC") assists the Board in overseeing the Group's sustainability strategy, covering the relevant EESG aspects. It also advises on sustainability strategies and policies and monitors their implementation on a quarterly basis.

The Board remains responsible for overseeing the implementation of critical sustainability-related governance policies, such as the Anti-Bribery and Anti-Corruption Policy, the Code of Conduct and Ethics ("Code") and the Whistleblowing Policy and Procedures. Before granting approval for implementation, the Board carefully evaluates the formulation and revision of both existing and new policies.

SCOPE

This report covers our main areas of operations, which are Feedmill and Livestock operations in Malaysia, Singapore, Indonesia, Vietnam, and the Philippines. We run our businesses in these countries as described below:

					
Business operations	MY	ID	SG	VN	PH
Feedmill	√	√	–	√	√
Livestock:					
- Breeder	√	√	–	√	√
- Layer	√	√	–	√	–
- Broiler	√	√	–	√	√
- Further Processed Poultry ("FPP")	√	√	√	–	–
- Quick-Service Restaurant ("QSR")	√	√	–	–	√



SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

At LHI, open communication and accountability are key to maintaining the trust and support of our stakeholders. Engaging with our stakeholders is central to our business strategy. Below is a summary of our stakeholder engagement efforts throughout FYE 2024:

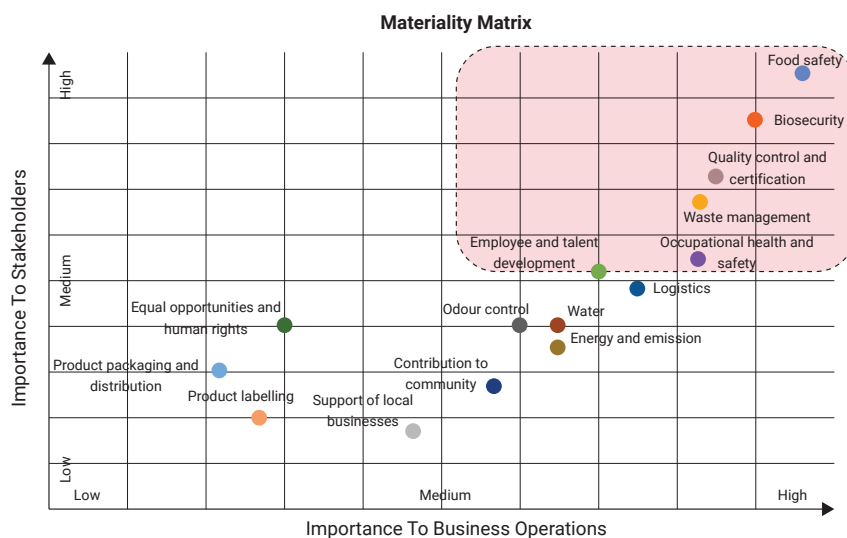
Stakeholder Groups	Engagement method	Frequency of engagement
Government agencies, law enforcers and regulators	Dialogues and written communications Industry participation and advocacy Representation in industrial bodies	Regular Regular Regular
Customers & end-consumers	Face-to-face meeting with customers Customer feedback channels Online and social media	Regular Regular Regular
Employees	Manager-employee interaction Employee engagement events Performance and career feedback	Regular Ad hoc Regular
Local community	Public feedback channels Community engagements Media and digital communication	Ad hoc Regular Regular
Suppliers	Face-to-face meeting	Regular
Investors	Annual General Meeting Extraordinary General Meeting Quarterly Analyst Briefings One-on-one and/or Group meetings Annual report Other Bursa Announcements Press releases Corporate website Site visit	Annual Ad hoc Quarter Ad hoc Annual Ad hoc Regularly Regularly Ad hoc



MATERIALITY MATRIX

Materiality matrix reflects the significance of matters towards our business growth and stakeholders' interests. It was established based on the results of a materiality assessment and ensures LHI's business remains on track to create sustainable value for all our stakeholders.

The materiality assessments conducted by the Group have highlighted several key sustainability issues that are crucial to our operations, particularly in the areas which touched on EESG aspects. These issues are also among the common sustainability matters detailed in Annexure PN9A-A of PN9A of the Listing Requirements of Bursa Securities. Our material sustainability matters in FYE 2024 are presented in the following materiality matrix:



Material sustainability matters are those that could result in significant EESG impacts or substantially shape stakeholder's decisions, and disclosed in accordance with Listing Requirements of Bursa Securities and the guidelines set out in Annexure PN9A-A of the Listing Requirement of Bursa Securities. Our senior leadership, including the Executive Committee and their delegates, have carefully evaluated and prioritised these matters, after having taken into considerations concerns and feedbacks from our stakeholders.

As a result, the following key sustainability topics have been identified:

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

SUSTAINABILITY EFFORTS

Driven by the Group's commitment to deliver excellent outcomes, we give top priority to producing high-quality animal feed and poultry products. In doing so, we continue to implement sustainable initiatives that cover the relevant EESG aspects, with the aim to create positive impacts on the well-being of all involved.



SUSTAINABILITY STATEMENT

TOWARDS THE ECONOMY

a. Food Safety, Quality Control and Certification

As one of the leading fully integrated poultry producers in Southeast Asia, we operate across Malaysia, Singapore, Indonesia, Vietnam and the Philippines. Poultry remains a preferred protein choice due to its affordability and nutrients, and we take our responsibility for food safety and public health seriously.

In our Livestock division, ensuring food safety and quality is essential across egg production, broiler farming and further processed poultry ("FPP") operations. Our Feedmill division plays a crucial role in maintaining a stable meat protein supply by producing high-quality livestock feed that supports optimal livestock growth and health.

To uphold food safety and quality, we implement rigorous management practices and standards throughout our operations. These measures align with local regulations, international standards, industry certifications, market demands and best practices; ensuring the safety and quality of our products.

We have implemented comprehensive food safety controls including risk assessment, hazard analysis, traceability procedures and hygiene measures, to ensure a systematic approach to food safety management.

Across the region, several of our feedmills, egg production facilities and FPP operations adhere to international standards and certifications 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	The Philippines
Feedmill	<ul style="list-style-type: none"> ISO 22000 	<ul style="list-style-type: none"> ISO 9001 ISO 22000 HACCP GMP 	NA ⁽¹⁾	Medicine & Vitamin Plant <ul style="list-style-type: none"> NKV GMP ISO 17025⁽⁷⁾ Feedmill Plant <ul style="list-style-type: none"> ISO 22000 HACCP 	NA ⁽¹⁾
Livestock	Layer/Broiler/Breeder/Duck Farms <ul style="list-style-type: none"> MyGAP SFA FPP <ul style="list-style-type: none"> Halal ISO 22000 ISO 9001 HACCP GMP MeSTI VHM⁽⁵⁾ SFA QSR <ul style="list-style-type: none"> Halal 	Layer Farms <ul style="list-style-type: none"> NKV Breeder Farms <ul style="list-style-type: none"> CFOAI⁽³⁾ SNI⁽⁴⁾ Boiler Farms <ul style="list-style-type: none"> CFOAI⁽³⁾ FPP <ul style="list-style-type: none"> Halal HAS 23000⁽⁶⁾ ISO 9001 ISO 22000 HACCP GMP NKV SFA 	FPP <ul style="list-style-type: none"> Halal FSSC 22000⁽²⁾ 	Layer Farms <ul style="list-style-type: none"> Halal ISO 22000 NA⁽¹⁾ 	NA ⁽¹⁾

Notes:

1) NA means Not Applicable

2) FSSC 22000 covers both ISO 22000 and HACCP

3) Compartment Free of Avian Influenza

4) SNI ("Standar Nasional Indonesia") for Day Old Chick

5) Veterinary Health Mark

6) Halal Assurance System Status

7) For testing and calibration laboratories



TOWARDS THE ECONOMY (CONT'D)

a. Food Safety, Quality Control and Certification (Cont'd)

Most of the Group's feedmills, egg production facilities and FPP operations across Malaysia, Indonesia, Singapore and Vietnam have been certified under ISO 9001 or ISO 22000, or their alternative, FSSC 22000. Meanwhile, our medicine and vitamin plant in Vietnam operates in compliance with the World Health Organization's Good Manufacturing Practices ("GMP") and Vietnamese regulations governing the production of veterinary drugs.

Additionally, 89.0% of our layer farms and approximately 62.1% of our broiler chicken farms in Malaysia have obtained the Malaysian Good Agricultural Practices ("MyGAP") certification from the Department of Veterinary Services of Malaysia. MyGAP certification is a prerequisite for exporting livestock overseas, requiring farms to operate under a closed-house system ("CHS") with comprehensive farm management that prioritises animal welfare, health, safety and environmental standards.

Beyond the medicine and vitamin plant in Vietnam, several key operations have also achieved Hazard Analysis and Critical Control Points ("HACCP") certification, ensuring that safety controls are established, managed and effectively maintained to mitigate food safety risks identified through systematic operational analysis.

To uphold our ISO 9001, ISO 22000 and FSSC 22000 certifications, independent surveillance audits are conducted annually, while recertification audits take place every three years. By implementing these quality and food safety standards, we ensure clear guidelines are established, communicated and adhered to throughout our operations. Any identified gaps in our food safety and quality management processes are addressed through internal audits or annual ISO audit reviews.

During the financial year under review, a frozen product distributed to Singapore was recalled due to E. coli levels exceeding the Singapore Food Agency ("SFA") standards. Despite compliance checks before export, possible mishandling during transit at third-party storage may have caused contamination of the products. As a precaution, management suspended the production of the affected product category to reorganise the affected facility operations and prevent reoccurrence.

Halal Certification

Operating in markets with a predominantly Muslim consumer base, such as Malaysia and Indonesia, it is essential for our products to be halal-certified to meet consumer needs. We provide halal-certified poultry products across Malaysia, Singapore, and Indonesia, ensuring strict adherence to halal procedures throughout our relevant FPP and downstream operations.

Trainings

Given the complexity of our Group's operating structure, it is essential for employees to have a thorough understanding of the processes and practices related to food safety and quality management. To support this, we are committed to investing in training programmes covering key areas such as ISO standards, HACCP, GMP, food handling and safety.

Employees in our Feedmill and Livestock operations receive food safety and quality control training provided by the Group annually. In addition to internal controls and assurance measures, we have established both formal and informal channels for raising concerns or complaints, ensuring they receive appropriate attention from the Group.



SUSTAINABILITY STATEMENT

TOWARDS THE ECONOMY (CONT'D)

b. Biosecurity

We recognise the advantages of adopting a CHS for flock management, which enhances biosecurity and provides better control over key environmental factors such as temperature, humidity, light and airflow. This system supports poultry growth and health while reducing disease risks. Our farms operate on an "all-in-all-out" cyclical basis, where each farm remains "offline" for approximately three weeks before entering a new batch of day-old chicks. This approach minimises disease transmission and allows thorough farm sanitation to be carried out. As of 31 December 2024, approximately 99.3% of the Group's flocks were managed in CHS (compared to 99.0% as of 31 December 2023).

We prioritise flock monitoring across all our farms. Mortality and growth rates are regularly tracked by qualified veterinarians and benchmarked against industry standards to detect potential issues. On-site veterinarians also conduct pre and post-mortem inspections at our farms and slaughtering plants to ensure health and safety compliance.

As of 31 December 2024, our broiler operations in Malaysia, Indonesia, Vietnam and the Philippines were supported by over 1,101 contract farmers (compared to 964 as of 31 December 2023), all licensed by relevant local authorities to meet market demand. To uphold food safety and quality, we conduct frequent visits and when necessary, formal audits on the contract farms. Any hygiene, safety or quality concerns are addressed with contract farmers for corrective actions. Failure to comply may result in a reassessment or termination of the business partnership.

We adhere to strict selection criteria when forming partnerships with contract farmers, evaluating factors such as experience, track record, and adherence to industry best practices. Additionally, the Group has focused on expanding its own broiler farms over contract farms, enhancing efficiency and quality control. This aligns with our "Farm-to-Plate" business model, which optimises quality management and cost efficiencies across the value chain. By strengthening our operations, we contribute to industry sustainability, increase broiler production, and support national food security.

In our Feedmill operations, similar biosecurity measures are implemented, including truck disinfection and pest control protocols. Additionally, our medicine and vitamin plants are supported by veterinarians who oversee the formulation of nutritional and disease-control components in our livestock feed.



TOWARDS THE ENVIRONMENT

a. Waste Management

The Group is committed to responsible management of both hazardous and non-hazardous waste across our operations to safeguard the environment. We actively reduce waste disposal by implementing diversion strategies wherever possible, minimising our environmental footprint. At the same time, we ensure that any necessary waste disposal is conducted properly, maintaining a balanced approach to environmental responsibility.

Hazardous Waste

We have stringent policies for the handling and disposal of hazardous waste, ensuring compliance with local laws and regulations. Our priority is to safeguard the employees by providing clear safety guidelines while upholding our environmental responsibilities. Across our operations in Malaysia, Indonesia, Vietnam, Singapore and the Philippines, we engage licensed contractors specialising in hazardous waste management. Where required by local regulations, we also ensure that our waste management contractors obtain pre-approval from relevant authorities before carrying out their services.

Hazardous waste is primarily generated from our Feedmill operations, including medicine and vitamin plants. This includes liquid chemicals such as acids and alkalis, used oils and other regulated substances.

Where possible, we take additional steps to create value from hazardous waste. For example, at our Vietnam medicine and vitamin plant, we engage qualified contractors to clean plastic containers previously used for hazardous chemicals, following approved procedures under local laws. Once decontaminated, these containers become non-hazardous, safe for reuse and are sold to generate additional income. Similarly, hazardous waste from other business segments, such as used injection needles and medicine bottles from broiler, breeder and layer operations are disposed of in strict compliance with local regulations.

Non-Hazardous Waste

The chicken manure from the farm can either be disposed of, donated/sold to local community or small businesses or recycled into organic fertilisers. Chicken manure is rich in nitrogen, phosphorus and potassium, and is a great form of fertiliser. We create organic fertiliser derived from fully fermented chicken manure, processed into granular form. Our fertiliser undergoes a rigorous manufacturing process utilising cutting-edge technologies. By recycling chicken manure, we transform it into organic fertiliser, enhancing soil structure and quality for improved nutrient and water retention. The management of chicken manure goes beyond a business requirement to dispose of 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 few years. In addition, we have also invested in the upgrading of facilities to increase the capacity of manure handling such as installation of manure belts in layer houses in Malaysia.



Manure converted into
fertiliser:

209,320 MT



Manure diverted from
landfills to fertiliser:

65%



SUSTAINABILITY STATEMENT

TOWARDS THE ENVIRONMENT (CONT'D)

a. Waste Management (Cont'd)

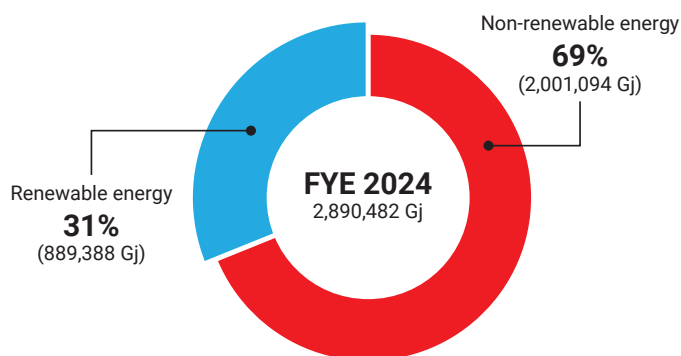
Non-hazardous waste from our Feedmill operations primarily consists of packaging materials and raw material waste, including corn, soy and wheat hulls. These are mostly sold for recycling or repurposed. In broiler chicken slaughtering operations, waste includes chicken blood, feathers and internal organs. Where feasible, some of these by-products are sold or donated to local communities, while the remainder is properly disposed of. Conversely, waste from FPP operations, such as sludge, frying oil, and bones, is generally unsuitable for reuse or recycling and is disposed of in accordance with local regulations.

We also have wastewater treatment systems in place to ensure responsible disposal into public water systems. Our wastewater undergoes treatment to remove large particles, harmful chemicals and biological substances that could affect water quality. Treatment is typically managed through on-site facilities such as septic tanks and retention ponds, while in some locations, such as Singapore, wastewater treatment is outsourced to external service providers.

We continuously monitor and refine our waste management practices to fulfill our environmental responsibilities while optimising business value.

b. Energy and Emission Management

Poultry, egg and livestock feed production are energy-intensive processes that require significant electricity and fuel consumption. In line with our commitment to sustainability, we actively explore opportunities to transition from non-renewable to renewable energy sources while managing our Scope 1 and Scope 2 Greenhouse Gas ("GHG") emissions. In FYE 2024, the Group's total energy consumption reached 802,912 MWh (equivalent to 2,890,482 GJ). In line with our commitment to responsible energy management, the charts below present our energy consumption mix for FYE 2024, highlighting the share of renewable and non-renewable sources. We also track our energy intensity relative to Group revenue to assess efficiency improvements as we work towards reducing our environmental footprint.



Note: Energy from renewable sources include biomass and solar.

Energy Intensity
310
(Gj/MYR million*)

Note: *Revenue



TOWARDS THE ENVIRONMENT (CONT'D)

b. Energy and Emission Management (Cont'd)

Scope 1 Emissions: Direct Emissions from Company Operations

For FYE 2024, Scope 1 GHG emissions were recorded at 220,472 tCO₂e stemming from direct sources such as transportation, on-site fuel combustion, and manure management. Our operations rely on fuel for vehicles, machinery, equipment, and power generators, particularly in areas where grid electricity is intermittent or unavailable. Additionally, heat and steam generation for our processes are traditionally powered by fossil fuel. To reduce our carbon footprint, we are transitioning to rice husks, wood chips, and palm kernel shells, which serve as renewable biomass energy sources to replace coal-powered boilers. This transition has contributed to a reduction of 49,825 tCO₂e in GHG emissions for FYE 2024.



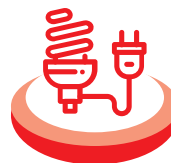
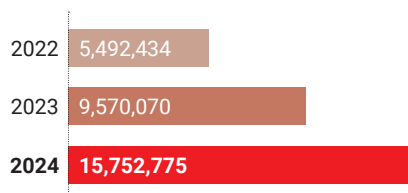
GHG emission avoided: 49,825 tCO₂e ≈
The emissions avoided are equal to powering
 ~6,691 households for a year with clean energy.
(Based on an average household uses ~7.45 tCO₂e per year based on energy consumption.)

Manure management is another key focus in mitigating emissions, as improperly handled manure releases methane and nitrous oxide—both potent GHG. To address this, we have implemented structured manure management systems to optimise waste utilisation while minimising environmental impact.

Scope 2 Emissions: Purchased Electricity and Renewable Energy Transition

For FYE 2024, electricity sourced from the national grid, which is primarily fossil-fuel-powered, contributed to our Scope 2 emissions at 298,518 tCO₂e. In response, we are actively shifting towards renewable energy solutions, including the installation of solar photovoltaic ("PV") systems at our farms and central packing stations. The solar energy installation experienced an increase of 65%, rising from 9,570,070 kWh to 15,752,775 kWh in FYE 2024. The bar chart below illustrates the growth of solar energy generation over the past three years.

Solar Energy Generation (kWh)



Solar energy generated: 15,752,775 kWh ≈ **planting**
 approximately **203,086** trees and allowing them
 to grow for 10 years *(based on an average of*
~6.048 kgCO₂e absorption per tree per year).

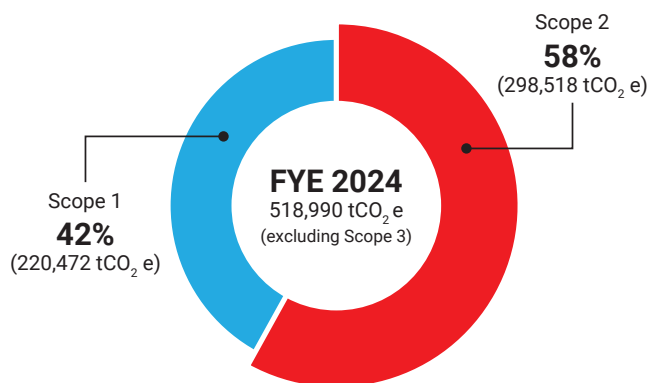


SUSTAINABILITY STATEMENT

TOWARDS THE ENVIRONMENT (CONT'D)

b. Energy and Emission Management (Cont'd)

The total emissions for the year, excluding Scope 3, stood at 518,990 tCO₂e. The charts below provide a breakdown of emissions sources and intensity relative to revenue, supporting transparency in our environmental impact management.



GHG Intensity
56
(tCO₂e/MYR million*)

Note: *Revenue

Note: The GHG emissions methodologies applied were the IPCC Guidelines for National Greenhouse Gas Inventories and GHG Protocol.

Beyond our renewable energy initiatives, we implement energy conservation measures across our workplace. These include optimising air conditioning settings, switching off idle machinery, and promoting office recycling, including the use of recycled paper to reduce environmental impact.

Offsetting Emissions Through Green Initiatives

In addition to reducing direct and indirect emissions, we contribute to carbon sequestration through reforestation efforts. This initiative aligns with our broader environmental commitment to balance operational efficiency with sustainability. In FYE 2024, our operations in the Philippines planted 1,500 seedlings, up from 500 in FYE 2023, including rambutan, calamansi, mango, and other tree varieties. Over their lifespan, these trees could sequester between 500 and 1,500 metric tons of CO₂, depending on growth conditions and environmental factors.





TOWARDS THE ENVIRONMENT (CONT'D)

c. Water

Water is a vital and renewable resource essential to the communities where we operate in. However, despite its renewability, water scarcity remains a global challenge due to climate change, poor resource management, and contamination. Recognising this, we prioritise continuous monitoring of water availability and implement effective management strategies across our facilities.

Our approach to water resource management is guided by two key principles:

- **Optimising water usage** to enhance efficiency from both business and operational perspectives.
- **Protecting water quality** to ensure our business activities do not negatively impact surrounding water bodies.

Water Intensity
444
(m³/MYR million*)

Note: *Revenue

In FYE 2024, LHI's water consumption and wastewater being treated are detailed as follows:

Sustainability Matter	Indicator	Measurement	FYE 2024
Water ^A (Common Sustainability Matter)	Total Volume of Water Used	Megalitres	4,135
Waste Water	Amount of waste water being treated	Megalitres	797

Note: ^A Data reflects water from municipal sources only.

TOWARDS THE SOCIETY

a. Occupational Health and Safety

The nature of work in our Feedmill and Livestock operations presents potential health and safety risks, including the following:

- operating high temperature equipment, e.g. boilers;
- handling of chemicals, e.g. pesticides, disinfectants, 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; and
- exposure to zoonotic disease transmission mediums, e.g. bacteria, viruses and parasites from handling of raw meat.

Across our operations, we have established and implemented comprehensive Standard Operating Procedures ("SOP") to govern workplace health and safety risks. These procedures ensure our employees and workers adhere to safe work practices, minimising exposure to health and safety risks while preventing physical, chemical, and biological hazards.

To maintain a safe working environment, we conduct regular inspections and maintenance of equipment and machinery. For machinery posing higher safety risks—such as boilers in our Feedmill operations, structured maintenance schedules are put in place to ensure the equipment is in good working condition. Additionally, safeguards and control measures are implemented to reduce human contact with moving machinery parts, mitigating risks associated with pinch points, shear points, wrap points and crush points.

For tasks involving chemical handling, employees and workers strictly follow the Group's SOP. Only trained and qualified personnel are authorised to handle chemicals used in our operations, ensuring safety and compliance with established guidelines and SOP.



SUSTAINABILITY STATEMENT

TOWARDS THE SOCIETY (CONT'D)

a. Occupational Health and Safety (Cont'd)

To mitigate exposure to hazardous gases, our CHS farms are designed with proper ventilation systems, and air quality is routinely monitored to maintain safe concentration levels.

We also provide appropriate personal protective equipment ("PPE") to employees and workers exposed to high-risk tasks. For instance, gloves are supplied to employees handling sharp tools and chicken bones to prevent cuts and infections. Additionally, gloves and masks are provided to workers in farms, farmhouses, slaughterhouses and FPP operations to reduce the risk of zoonotic diseases, such as salmonellosis, when handling live birds and raw meat.

Beyond protective gear and established safety procedures, we recognise the importance of continuous safety education and training. Equipping employees and workers with the necessary knowledge helps them understand workplace hazards and manage associated risks effectively. During the financial year under review, training sessions covered various topics, including but not limited to:

- 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; and
- forklift operations.

During the financial year under review, no fatal incident occurred within the Group's operations.



CPR & AED Introductory First Aid Training
Course - 25-26 June 2024



Fire Fighting Training for Non-Executives
– 21 Dec 2024



Safety Riding Training - 25-26 June 2024



Occupational Safety and Health Coordinator
Certification Program-November 2024



TOWARDS THE SOCIETY (CONT'D)

b. Employee and Talent Development

We recognise that even the most robust business policies and processes rely on skilled and talented individuals to drive optimal performance. Our workforce's skills and expertise are invaluable assets that require continuous development and enhancement.

To support this, the Group conducts training programmes tailored to the needs of the employees and workers, identified through training needs analyses and engagement sessions, such as performance appraisals. These training programmes span across various categories, including but not limited to:

- 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 sessions on ethical business and work practices; and
- leadership workshops for management and executives.

In FYE 2024, the Group had 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 • Agile Malindo (workload analysis training) • Cyber security awareness • Introduction to Integrated Reporting • Train the trainer training
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 • FSSC 22000 Food Safety Management System • HACCP & GMP • National Professional Certification Agency ("BNSP") • Critical Control Point • Operational Pre-Requisite Programme • Risk Management • Halal Certification • Good Manufacturing Practice • Lean Six Sigma • Effective Recruitment Techniques • Certified Environment Professional in Scheduled Waste Management ("CePSWaM") • Anti-bribery and Corruption



TOWARDS THE SOCIETY (CONT'D)

b. Employee and Talent Development (Cont'd)

In FYE 2024, we provided trainings on the following subjects to our employees and workers: (Cont'd)

Business operations, processes and general practices	<ul style="list-style-type: none">• Slaughtering skills• Operating a forklift• Generic manufacturing skills• Operation of control room & palletmill• Inventory management, planning and control• Human resources management• Food safety• Work etiquette• Work hygiene• Basic Occupational First Aider & CPR• Fire fighting• Tax planning and budgeting• Tax seminar• Budget seminar
Employee personal development skills and knowledge	<ul style="list-style-type: none">• Computer skills• Interpersonal communication• Teamwork and personal growth• Change management• Critical, analytical, design and project thinking• 4DX & Pareto Analysis



TOWARDS THE SOCIETY (CONT'D)

c. Workforce Diversity

We are dedicated to cultivating a diverse and inclusive workplace, where employment decisions are guided by the principles of meritocracy. Discrimination in any form is not tolerated, and we ensure that our assessments of employees, workers and prospective candidates are based solely on merit.

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

Employee Diversity

Country	Malaysia		Singapore		Indonesia		Vietnam		The Philippines		Grand Total	
Total number of employees	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Gender												
Male	4,358	73%	568	76%	2,994	83%	1,354	67%	644	86%	9,918	76%
Female	1,611	27%	177	24%	596	17%	666	33%	109	14%	3,159	24%
Nationality												
Local	3,573	60%	199	27%	3,574	100%	1,965	97%	718	95%	10,029	77%
Foreign	2,396	40%	546	73%	16	0%	55	3%	35	5%	3,048	23%
Age Group												
Employees <30 years old	2,541	43%	109	14%	993	28%	577	28%	372	49%	4,592	35%
Employees 30-<x<50 years old	3,000	50%	437	59%	2,361	66%	1,307	65%	279	37%	7,384	57%
Employees>50 years old	428	7%	199	27%	236	6%	136	7%	102	14%	1,101	8%
Employee category												
Manager & above	357	6%	46	6%	329	9%	98	5%	26	4%	856	7%
Executive	1,128	19%	108	15%	10	0%	144	7%	99	13%	1,489	11%
Non-Exec	4,431	74%	591	79%	2,745	77%	1,778	88%	628	83%	10,173	78%
Contractors/Temporary Staff	53	1%	0	0%	506	14%	0	0%	0	0%	559	4%

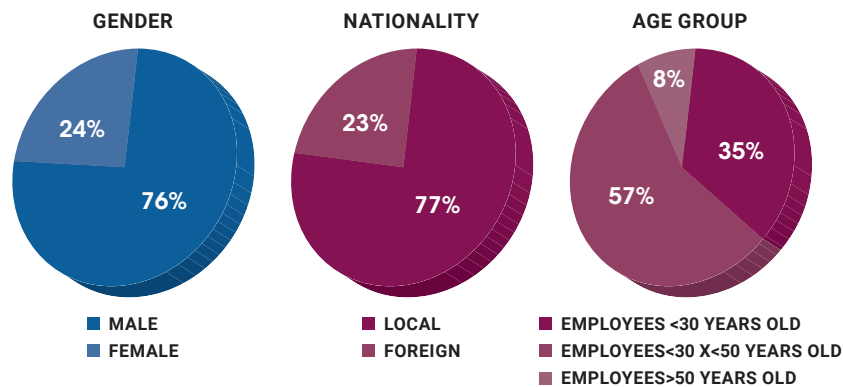


SUSTAINABILITY STATEMENT

TOWARDS THE SOCIETY (CONT'D)

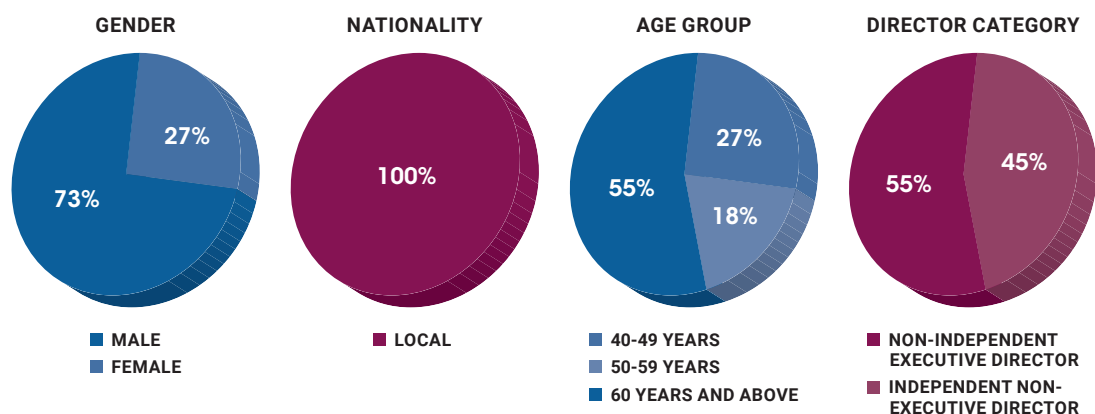
c. Workforce Diversity (Cont'd)

Employee Diversity (Cont'd)



Director Diversity (as at 18 April 2025)

Total number of directors	11	
Gender	Number	%
Male	8	73%
Female	3	27%
Nationality		
Local	11	100%
Foreign		
Age Group		
40-49 years	3	27%
50-59 years	2	18%
60 years and above	6	55%
Director category		
Non-Independent Executive Director	6	55%
Independent Non-Executive Director	5	45%





TOWARDS THE SOCIETY (CONT'D)

d. Community/Society Investment

We are committed to giving back to the community by supporting and promoting local initiatives that improve the well-being of underprivileged groups. Through financial aid and humanitarian efforts, we strive to make a positive impact in the communities we operate in.

During the financial year under review, we have contributed monetary donations, food supplies, detergents, and essential consumer products to frontline hospital healthcare staff, including doctors, nurses and medical workers, as well as firefighters, police officers and those in need.

Our corporate social responsibility activities for 2024 include:

Common Sustainability Matter	Common Indicator	Measurement	FYE 2024
Community/Society	(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,411,925
	(b) Total number of beneficiaries of the investment in communities	Number	544

TOWARDS BETTER GOVERNANCE

a. Anti-Bribery and Corruption

In 2020, LHI introduced an Anti-Bribery and Corruption ("ABC") Policy to align with the Malaysian Anti-Corruption Act 2009. This policy strictly prohibits all forms of bribery and corruption, applying to Directors, employees, and third parties engaged with the Group.

To further reinforce ethical business conduct, we also established a Gift, Hospitality, and Entertainment Policy, providing clear guidance and limitations on the giving and receiving of gifts, hospitality, and entertainment.

To ensure accountability, we have implemented clear reporting mechanisms for any violations of the ABC Policy, which are outlined in our Whistleblowing Policy and the Code of Conduct and Ethics for Directors and Employees. Additionally, we require explicit acknowledgment from suppliers, customers, third-party intermediaries (including transporters and consultants), and employees, affirming their commitment to adhering to the ABC Policy.

In FYE 2024, we are pleased to report that no report of corruption was recorded. Moving forward, the Group remains committed to maintaining zero-corruption across our organisation.



SUSTAINABILITY STATEMENT

TOWARDS BETTER GOVERNANCE (CONT'D)

b. Supply chain management

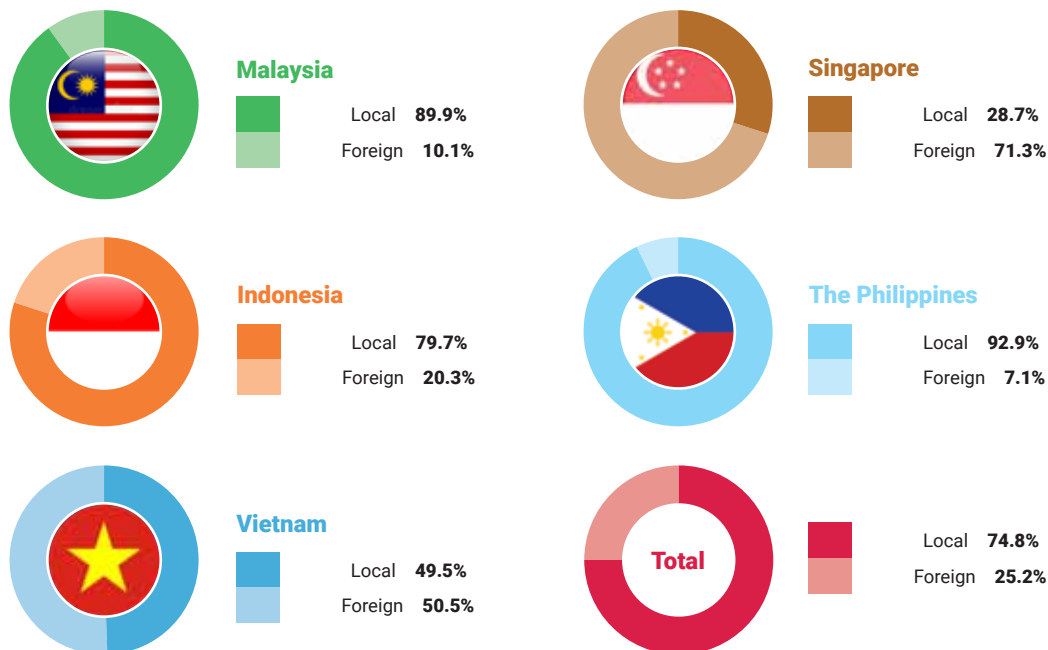
The Group is committed to supporting the local economy by prioritising partnerships with local suppliers wherever possible. We believe that collaborating with local businesses not only drives economic growth but also fosters job creation within the communities where we operate in.

Engaging with local suppliers provides multiple advantages, such as shorter lead times, enhanced communication and increased supply chain flexibility. To ensure a fair and transparent procurement process, all suppliers have the opportunity to bid through an open bidding system. Contracts are awarded based on the best value proposition, which considers factors such as cost, quality, performance track record and other relevant criteria.

While most tenders involve multiple supplier bids, exceptions apply in certain cases. Regardless of the selection process, all suppliers are required to comply with LHI's procurement policies, including the Code of Conduct, Anti-Bribery and Corruption Policy and Safety, Environmental and Health standards.

In FYE 2024, only 25.2% of the Group's procurement expenses were allocated to foreign suppliers for raw materials, highlighting our commitment to supporting the local economy and prioritising collaboration with nearby suppliers wherever possible.

Local vs. Foreign Supplier Procurement Ratio





TOWARDS BETTER GOVERNANCE (CONT'D)

c. Data privacy and security

Safeguarding customer data privacy is a fundamental priority for LHI, as it involves protecting sensitive personal information and proprietary trade secrets from unauthorised access or misuse. With the increasing reliance on digital technology and the internet, companies collect and store vast amounts of consumer data. Any data breaches, unauthorised disclosures or cyber-attacks can pose serious risks to both LHI and our customers, including identity theft, financial fraud and other security threats. As such, LHI is committed to upholding strict legal and ethical standards in protecting customer data in compliance with relevant laws and regulations.

To ensure secure data management, LHI employs a comprehensive range of IT-based security systems, including firewalls and other protective measures to safeguard data storage. We adhere to Malaysia's Personal Data Protection Act 2010 ("PDPA"), ensuring that all collected data is handled with the highest level of care and used strictly for its intended and legally authorised purposes. Our firewall and internal network systems undergo regular updates, and we continuously enhance our Information Technology governance and cybersecurity measures to strengthen data protection.

In FYE 2024, there was no complaint on data breaches.

Common Sustainability Matter	Common Indicator	Measurement	FYE 2024
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0



COMMON SUSTAINABILITY MATTERS ("CSM")

In September 2022, Bursa Malaysia introduced a phased approach to implement enhanced sustainability reporting standards for publicly listed companies starting from the financial year ending on or after 31 December 2023. One of the main requirements in the amended Practice Note 9 of the Listing Requirements of Bursa Securities pertains to the reporting of Common Sustainability Issues. The indicators of the CSM are detailed in Table below.

Sustainability Performance Data Table in FYE 2024

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Directors	Percentage	0.00	0.00
Executive	Percentage	32.77	50.25
Non-executive/Technical Staff	Percentage	53.21	52.94
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	60.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,106,511.90	1,411,925.15
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	100	544
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	1	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.38 *	3.89
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,048	2,912



COMMON SUSTAINABILITY MATTERS ("CSM") (CONT'D)

Sustainability Performance Data Table in FYE 2024 (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	379,669.05	802,912.00
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Manager & Above Under 30	Percentage	4.95	5.26
Manager & Above Between 30-50	Percentage	66.91	67.76
Manager & Above Above 50	Percentage	28.14	26.99
Executive Under 30	Percentage	27.69	26.33
Executive Between 30-50	Percentage	60.56	62.79
Executive Above 50	Percentage	11.75	10.88
Non-executive/Technical Staff Under 30	Percentage	41.89	38.72
Non-executive/Technical Staff Between 30-50	Percentage	52.01	54.69
Non-executive/Technical Staff Above 50	Percentage	6.10	6.60



SUSTAINABILITY STATEMENT

COMMON SUSTAINABILITY MATTERS ("CSM") (CONT'D)

Sustainability Performance Data Table in FYE 2024 (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Diversity)			
Gender Group by Employee Category			
Manager & Above Male	Percentage	82.25	81.89
Manager & Above Female	Percentage	17.75	18.11
Executive Male	Percentage	60.50	60.11
Executive Female	Percentage	39.50	39.89
Non-executive/Technical Staff	Percentage	76.75	77.54
Male			
Non-executive/Technical Staff	Percentage	23.25	22.46
Female			
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	72.73	80.00
Female	Percentage	27.27	20.00
30 - 39 years	Percentage	0.00	0.00
40 - 49 years	Percentage	27.27	20.00
50 - 59 years	Percentage	9.09	20.00
60 years and above	Percentage	63.64 *	60.00
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Directors	Hours	39	122
Executive	Hours	51,536	97,924
Non-executive/Technical Staff	Hours	79,854	40,620
Internal assurance	External assurance	No assurance	(*)Restated

COMMON SUSTAINABILITY MATTERS ("CSM") (CONT'D)

Sustainability Performance Data Table in FYE 2024 (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.80	4.30
Bursa C6(c) Total number of employee turnover by employee category			
Directors	Number	0	0
Executive	Number	263	234
Non-executive/Technical Staff	Number	5,034	3,033
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	69.77	74.77
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	3,848.862280	4,135.322100
Bursa (Waste management)			
Bursa C10(a) Total waste generated [®]	Metric tonnes	-	No Data Provided
Bursa C10(a)(i) Total waste diverted from disposal [®]	Metric tonnes	-	No Data Provided
Bursa C10(a)(ii) Total waste directed to disposal [®]	Metric tonnes	-	No Data Provided





COMMON SUSTAINABILITY MATTERS ("CSM") (CONT'D)

Sustainability Performance Data Table in FYE 2024 (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	220,472.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	298,518.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	No Data Provided

Note:

@ While we are committed to sustainability, the Company currently does not have sufficient data on waste management and emission management (Scope 3) for FYE 2024. We are in the process of enhancing our systems and data collection methods to ensure accurate reporting in future periods.

* Restated to reflect corrected data for lost time incident rate and revised classification for director age group.

Internal assurance

External assurance

No assurance

(*) Restated

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors ("Board") of Leong Hup International Berhad ("LHI" or the "Company") is committed to ensuring that good corporate governance is practised throughout the Company and its subsidiaries (the "Group") with the ultimate objective of achieving good financial performance in order to fuel long-term sustainable growth and thereby, enhancing shareholders' value. The Board firmly believes that dynamic corporate governance framework is crucial to provide a solid foundation and structure for effective and responsible decision-making of the Group. The Board has in place sound policies, business practices and internal controls to help safeguard its assets and shareholders' interests. The Board is continuously working towards the principles and practices set out in the Malaysian Code on Corporate Governance ("MCCG") pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is pleased to present to its shareholders and stakeholders an overview on the application of the principles under MCCG and the extent to which the Company has applied the best practices of the MCCG except where it is stated otherwise throughout the FYE 2024.

The detailed application for each best practice as set out in the MCCG during the FYE 2024 is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's corporate website : <https://www.leonghupinternational.com/> as well as the website of Bursa Securities.

The Company will continue its drive to incorporate good corporate governance practices and to this end, endeavours to look into the application of the abovementioned best practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

1.1 Roles and Responsibilities of the Board

The Board assumes full responsibilities for the overall performance of the Group by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources.

The Board meets regularly to review corporate strategies, operations and performance of business segments within the Group. To ensure the effective discharge of its functions and duties, the Board has delegated certain responsibilities to the Board Committees namely, Audit and Risk Committee ("ARC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Sustainability Committee ("SC") in carrying out its stewardship. All Board Committees discharged their duties guided by their terms of reference and board charter and they are actively engaged to ensure that the Group is in adherence with good corporate governance. The Chairman of each Board Committee reports the meeting outcomes and findings to the Board to keep the Board informed and updated on the key matters being deliberated by the Board Committees.

The principal duties and responsibilities assumed by the Board include:

a. Cultivate good corporate governance within the Group and ensure regulatory compliance

The Board remains committed to achieving the highest standards of corporate governance and integrity not only to comply with regulatory compliance but also to enhance value to shareholders and other stakeholders.

b. Reviewing and adopting a strategic business plan and budget for the Group

The Board plays an important and active role in the development of the Company's strategies. Management will recommend strategies and propose business plans as well as budget for the coming year to the Board at a dedicated session. The Board will then evaluate the Management's recommendations, views and assumptions, while taking into consideration the perspectives of all relevant parties before making a decision.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.1 Roles and Responsibilities of the Board (Cont'd)

The principal duties and responsibilities assumed by the Board include: (Cont'd)

c. Supervision and assessment of Management's performance to evaluate whether the businesses are being properly managed

The Board monitors the implementation of business plans by Management and assesses the performance of Management under the leadership of the Group Chief Executive Officer ("Group CEO"). The Board is also continuously informed of key strategic initiatives, significant operational issues and the Group's operational and financial performance.

d. Review the adequacy and integrity of the Group's internal control system

The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. It covers both operational and financial areas.

e. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

The Board oversees the Enterprise Risk Management ("ERM") framework of the Group through the Management. Details of the ERM framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

f. Succession planning includes appointment, training, retaining, fixing of compensation and replacement of Group CEO, Group Chief Operating Officer ("Group COO"), Executive Directors and Key Senior Management ("KSM")

The Board delegates the succession planning of the Group CEO, Group COO, Executive Directors and KSM to the NC. The NC is responsible for reviewing and assessing candidates for the aforesaid positions. A fair remuneration package is critical to attract, retain and motivate the Group CEO, Group COO, Executive Directors and KSM. As such, the RC is tasked to review the remuneration packages for these appointments.

g. Developing and implementing an investor relations programme and shareholders communications policy for the Group

The Board has established an Investor Relations Policy which governs the dissemination of information to shareholders in a fair, transparent and timely manner.

h. Embracing Environmental, Social and Governance ("ESG") practices into the operations of the Company

The Board has established a SC which aims to fulfil its oversight responsibilities in relation to the Company's sustainability strategy and initiatives covering ESG, and economical aspects of the businesses as well as embedding sustainability practices into the businesses.

1.2 Separation of Position of Chairman and Group CEO

The positions of the Chairman and Group CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of the Company to ensure a balance of power and authority between the Chairman and Group CEO. Mr Lau Chia Nguang is the Chairman of the Board ("Chairman") while the Group CEO position is held by Tan Sri Lau Tuang Nguang. The Chairman is not a member of any Board Committees since listing.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.2 Separation of Position of Chairman and Group CEO (Cont'd)

The Chairman helms the Board by providing leadership and guidance to the Board in meeting corporate goals and manages the processes in ensuring the Board effectively discharges its duties.

The key roles of the Chairman, among others, are as follows:

- a. Ensure that the Board functions effectively, cohesively and independently of Management;
- b. Provide governance in matters requiring corporate justice and integrity;
- c. Lead the Board, including presiding over Board Meetings and directing Board discussions to effectively address critical issues within the available time frame;
- d. Promote constructive and respectful relationship between Board members and Management; and
- e. Ensure effectiveness in communication between the Company and/or the Group, shareholders and other stakeholders.

The Group CEO is responsible for the day-to-day management of the Company's businesses, organisational effectiveness and implementation of Board strategies, policies and decisions. The delegation structure from the Board to the Group CEO is further cascaded to the Group COO and KSM. The Group CEO, Group COO and KSM remain accountable to the Board for the delegated authorities. The responsibilities of the Group CEO in general, are as follows:

- a. Develop the strategic directions of the Group;
- b. Ensure the businesses of the Group are properly and efficiently managed by the Group COO and KSM, who implements the strategies and policies that are adopted by the Board;
- c. Ensure the objectives and standard of performance are understood by employees;
- d. Ensure that the operational planning and control systems are in place;
- e. Monitor performance results against planned budget or key performance metrics; and
- f. Take appropriate remedial actions when necessary.

By virtue of the position, the Group CEO as a Board member, also acts as the intermediary between the Board and the KSM.

1.3 Qualified and Competent Company Secretaries

The Board is supported by three (3) suitably qualified Company Secretaries. They are either the member of the Malaysian Institute of Accountants ("MIA") or members of the Malaysian Institute of Chartered Secretaries and Administrators.

The Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures and its compliance with the relevant statutory and regulatory requirements and corporate governance matters.

The Company Secretaries attend all Board and Board Committees' meetings and ensure the meetings are properly convened and all deliberations and decisions made by the Board and Board Committees are accurately minuted, recorded and kept. The Company Secretaries continuously attend relevant development and training programmes to keep themselves abreast with the regulatory changes and corporate governance development.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.4 Access to Information and Advice

The Board has full and unrestricted access to all information within the Group from the respective Management at all times and may seek advice from the Management if necessary. The Board is constantly kept informed of various requirements and updates issued by various regulatory authorities. In addition, the Board may obtain independent professional advice in furtherance of their duties whenever necessary at the Company's expense through an agreed procedure.

Board members are provided with updates on operational, financial and corporate issues from time to time. The agenda and reports encompassing qualitative and quantitative information are furnished to the Board members prior to the meetings to enable Directors to have sufficient time to peruse the papers for effective discussion and decision making during the meetings and obtain further explanation/clarification if required. Board members shall receive the relevant board papers at least five (5) days before the Board meetings whilst highly sensitive corporate proposals are circulated during the meeting. KSM who provides additional information or clarification shall be invited to brief the Board. The meeting proceedings shall be minuted and distributed to the Board members on a timely manner and tabled for confirmation in the subsequent meeting.

1.5 Board Charter

The Company's Board Charter is a primary document, which clearly sets out the roles and responsibilities of the Board and Board Committees, Chairman and Group CEO, the Executive and Non-Executive Directors, taking into consideration all applicable laws, rules and regulations as well as best practices. It serves as a reference and primary induction literature in providing Board members and Management insight into the function of the Board. The Board Charter also outlines the roles and responsibilities of the Board, the balance and composition of the Board, the authority of the Board and the schedule of matters reserved for the Board. It includes matters pertaining to the establishment of Board Committees, processes and procedures for convening Board and Board Committees meetings, the Board's assessment and review of its performance, compliance with ethical standards, the Board's access to information and advice, and declarations of conflict of interest. The Board Charter was last reviewed on 25 April 2024 and is available on the Company's website at <https://www.leonghupinternational.com/>.

1.6 Code of Ethics

The Board has formalised a Directors' Code of Ethics, setting out the standards of conduct expected from the Directors. The Directors' Code of Ethics aims to protect the interests of all shareholders and stakeholders. The Directors are expected to act in good faith and in the best interest of the Company and exercise due diligence when discharging their duties as Director. The Board has also adopted the Code of Conduct and Ethics for Employees of the Company. All employees shall observe and maintain high standards of integrity and ethical behaviour in the performance of their duties and responsibilities. The Code of Conduct and Ethics for Employees was last reviewed and updated on 27 February 2024. The Directors' Code of Ethics and the Code of Conduct and Ethics for Employees are available on the Company's website at <https://www.leonghupinternational.com/>.

1.7 Conflict of Interest Policy

The Board had in place a Conflict of Interest Policy to provide guidance in identifying and manage any actual, potential and perceived conflict of interest situations between the employees (including Directors) and the Group.

The Directors are aware that they have to declare their interests in transactions with the Group and abstain from deliberation and voting in respect of such transactions at Board or general meetings convened to consider the matter. The ARC reviews all related party transactions and conflict of interest situation that arose, persisted, or may arise within the Group that may challenge the Group's integrity.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.8 Whistleblowing Policy

Whistleblowing Policy is administered by the ARC. The Group's employees and other stakeholders, including customers and suppliers, are encouraged to voice their grievances and raise their concerns of any unlawful, unethical situation or suspected misconduct directly to the ARC, on a dedicated channel of reporting as set out in the Whistleblowing Policy. The Company's Whistleblowing Policy is available on the Company's website at <https://www.leonghupinternational.com/>.

The Board emphasises good faith in reporting, with assurance to the employees and other stakeholders that they will not be at risk of any form of victimisation, retribution or retaliation. Any attempt to retaliate, victimise or intimidate against any whistleblower is a serious violation and shall be dealt with serious disciplinary action and procedures.

1.9 Anti-Bribery and Corruption Policy

The Board has formalised an Anti-Bribery and Corruption Policy and is administered by the Office of the Group CEO. The Policy extends across all of the Group's business dealings in all countries in which the Group operates, not only the Malaysian laws and regulations but also the laws and regulations applicable in the location of the businesses. It sets commitment towards prohibition of bribery and corruption in the business conduct of the Group to comply with the Group's legal and ethical obligations. The Company's Anti-Bribery and Corruption Policy is available on the Company's website at <https://www.leonghupinternational.com/>.

2. BOARD COMPOSITION

The Board currently consists of eleven (11) members comprising one (1) Non-Independent Executive Chairman, five (5) Non-Independent Executive Directors, one (1) Senior Independent Non-Executive Director and four (4) Independent Non-Executive Directors. None of them are active politician. The Board considers that its size is commensurate with the present scope and scale of the Group's business operations. The composition of the Board also fulfils the requirement of Paragraph 15.02(1) of the Listing Requirements. Currently, the Company has yet to adopt the recommendation under the MCCG to have a majority of independent directors on the board. In this regard, the Company endeavours to apply this best practice as soon as practicable.

The profile of each Director is presented on pages 18 to 29 of this Annual Report. The Directors, with diverse background and specialisations, collectively brings a wide range of experience and expertise in their relevant fields such as poultry farming, business administration, corporate planning, development, finance, taxation, legal and marketing which are vital for the effective oversight of execution of the Group's strategies and policies.

2.1 Independence of the Board

The Board adopted the concept of independence in tandem with the definition of Independent Director under Paragraph 1.01 and Practice Note 13 of the Listing Requirements. The Board undertakes an annual assessment of Independent Directors to assess whether they continue to bring independent and objective judgement to the Board's deliberations. The Board is satisfied with the level of independence demonstrated by all of the Independent Directors and their ability to provide independent judgement in the best interest of the Company.

As the Company will be entering into its sixth year as a listed company, none of the Independent Directors had served the Company for a cumulative term of 9 years. Notwithstanding that, the Board acknowledges the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completion of the tenure of 9 years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. If the Board continues to retain the Independent Director after 9 years, the Board would provide justification and seek shareholders' approval through a two-tier voting process as recommended by the MCCG.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.1 Independence of the Board (Cont'd)

In accordance with the Listing Requirements, the tenure of an Independent Director in the Company or any related corporation of the Company shall not exceed a cumulative period of 12 years from the date of his first appointment as an Independent Director.

Should the Board decide to appoint an Independent Director who had served as an Independent Director of the Company or any related corporation for more than 12 years before and had observed the requisite 3-year cooling off period, the Board shall provide a statement justifying the nomination of the said Independent Director and explaining why there is no other eligible candidate in the notice of a general meeting.

2.2 Diversity Policy

The Board has always placed diversity as an agenda in strengthening the performance of its Board and Senior Management. The Board has adopted a Diversity Policy to ensure that the Board and Senior Management have the diversity of perspectives, experience and skills necessary for effective oversight of the Group. Diversity includes, but not limited to gender, age and ethnicity. Currently, the Board comprises three (3) women directors out of the eleven (11) Board members, which represents 27.3% of the Board's composition. The Board strives to have at least 30.0% women director on Board and 20.0% women participation in Senior Management positions. The Diversity Policy is available on the Company's website at <https://www.leonghupinternational.com/>.

2.3 Sustainability Committee

The members of the SC and their respective designation are as follows:-

	Position
Datuk Lau Joo Hong	Chairman
Tan Sri Dato' Lau Eng Guang	Member
Tay Tong Poh	Member

The key roles of the SC are as follows:

- To review and recommend to the Board for approval the Group's ESG framework and strategies including related policies, targets, priorities and to measure the Group's performance taking into account consideration of the environment in which the Group operates and the requirement of all stakeholders;
- To provide oversight and input to Management's implementation, operation and assurance of policies and standards, so as to ensure the alignment of the Group's strategies and goals pertaining to sustainability;
- To oversee the processes, standards and strategies designed to manage social and environmental risks, covering issues such as safety health, employment practices, community relations, human rights, etc., through the following;
 - Reviewing the adoption and effectiveness of all sustainability-related policies/standards;
 - Overseeing management process to ensure compliance with policies/standards;
 - Reviewing periodic reports from senior management; and
 - Reviewing the Sustainability Statement/Report prior to publishing the same in the Company's Annual Report.
- To review issues relating to sustainability arising from grievances, independent audits and assurance reports as well as any matters highlighted by the external consultant, if one is appointed;
- To oversee the outcome of any stakeholder's engagement, in particular on matters that may affect the Group's reputation, which shall include grievances, concerns/allegations, evolving public/market sentiments and government regulations;
- To perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board.

The SC's Terms of Reference adopted on 25 April 2024 is available on the Company's website at <https://www.leonghupinternational.com>

During the financial year, the SC had discussed the ESG disclosure in 2024 Annual Report.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.4 Nomination Committee

The NC comprises entirely Independent Non-Executive Directors. The NC is primarily responsible for the assessment of the performance of the members of the Board on an ongoing basis and to propose new candidates to the Board as and when necessary. The NC is governed by its Terms of Reference which is available on the Company's website at <https://www.leonghupinternational.com/>.

The members of the NC and their respective designation are as follows:

	Position
Tay Tong Poh	Chairman
Chu Nyet Kim	Member
Chan Eoi Leng (appointed on 1/1/2025)	Member

2.5 Selection and Assessment of Directors

The appointment of Directors is undertaken by the Board as a whole upon the recommendation by the NC. In identifying candidates for the Board, recommendations from existing Board members, KSM and/or major shareholders will be taken into consideration to gain access to a wider pool of potential candidates. The NC will seek professional advice and/or conduct search by utilising a variety of independent source to identify suitably qualified candidates if required.

The NC considers the following factors in evaluating suitable candidates:

- skills, knowledge, expertise, experience, integrity, character, reputation and competence;
- commitment (including time commitment) to effectively discharge his/her role as a Director;
- professionalism;
- objective criteria with due consideration given to boardroom diversity including gender, age and ethnicity, experience, cultural background, skill, character, integrity and competence;
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
- in considering independence, it is necessary to focus not only on a candidates' background and current activities which qualify him or her as independent, but also whether the candidate can act independently of management.

The NC evaluates the effectiveness of the Board and Board Committees, as well as assessing the contribution of each individual Director annually by Committee Evaluation, Self-Assessment Evaluation and/or Peer Review Evaluation. The results, in particular the key strengths and weaknesses identified from the assessment, will be shared with the Board to allow improvements to be undertaken.

The NC shall meet at least once a year or as and when circumstances dictate. The NC has carried out the following activities during the FYE 2024:

- Reviewed the required mix of skills, experience, core competencies and other qualities of the Board and KSM;
- Assessed the independence of the Independent Directors based on the criteria set out in the Listing Requirements;
- Reviewed and evaluated the effectiveness of the Board, the Board Committees and contribution of each individual Director including KSM;
- Reviewed the effectiveness of the Directors' fit and proper, integrity, contribution, performance calibre and personality of each Director and KSM;
- Reviewed the effectiveness of the performance of ARC and its members;
- Reviewed and recommended to the Board the re-election Directors;



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Selection and Assessment of Directors (Cont'd)

- g. Reviewed the trainings attended by the Directors and determined their training needs and discussed the annual training schedule of the directors;
- h. Reviewed the disclosures in the Corporate Governance Overview Statement on NC activities for 2023 Annual Report;
- i. Assessed and recommended the appointment of an Independent Non-Executive Director;
- j. Reviewed and revised the existing board evaluation forms and adoption of new board evaluation questionnaires in relation to Environmental, Social and Governance and sustainability matters;
- k. Reviewed the Board diversity;
- l. Reviewed the succession plan of Directors;
- m. Review the composition of the Board and Board Committees; and
- n. Assessed and recommended the appointment of a new Group Chief Financial Officer.

2.6 Re-election of Directors

In accordance with the Company's Constitution, all Directors who are newly appointed by the Board shall retire from office but shall be eligible for re-election at the next Annual General Meeting ("AGM") held following their appointments. The Constitution further provides that at least one-third (1/3) of the Board shall retire by rotation at each AGM and at least once in every three (3) years but shall be eligible for re-election.

2.7 Directors' Fit and Proper Policy

The Company had in place a Directors' Fit and Proper Policy to enhance the governance of the Company in relation to the Board's quality and integrity. The Board and NC shall conduct the fit and proper assessment prior to the appointment of any candidate as Director, or making recommendation for the re-election of retiring Director.

Directors whom are due for retirement and subject to re-appointment or re-election at the AGM will be assessed by the NC, following the guidelines in Directors' Fit and Proper Policy, whose recommendations will be submitted to the Board for consideration, and thereafter to be tabled to shareholders for approval at the AGM.

The Directors whom are due for retirement and seeking for re-election at the forthcoming AGM are Tan Sri Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Tay Tong Poh and Chan Eoi Leng. The retiring Directors have notified their intention to seek for re-election at the forthcoming AGM.

2.8 Key Senior Management

The KSM of the Group are as follows:

	Position
Lau Chia Nguang	Non-Independent Executive Chairman
Tan Sri Dato' Lau Eng Guang	Group Business Strategist
Tan Sri Lau Tuang Nguang	Group CEO
Datuk Lau Joo Hong	Group COO and CEO of the Group's Vietnam operations
Lau Joo Han	CEO of the Group's Malaysia operations
Lau Joo Keat	Country Head of the Group's Indonesia operations
Lau Jui Peng	Executive Chairman of Teo Seng Capital Berhad, a listed subsidiary of the Group
Lau Joo Heng	CEO of the Group's Philippines operations
Lau Joo Hwa	CEO of the Group's Singapore operations
Chong Choon Yeng	Group Chief Financial Officer

The KSM are responsible to assist the Group CEO for the day-to-day running of the Group's businesses, implementation of the Board's policies, strategies and decision making related to operational and financial matters.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION

3.1 Remuneration Committee

The RC comprises exclusively Independent Non-Executive Directors. The RC is primarily responsible for the establishment, review and recommendation of the remuneration packages of Executive Directors, Non-Executive Directors and KSM in a formal and transparent manner. The RC have policies, guidelines and criteria for remuneration package for Directors and KSM to ensure that they are fairly and appropriately remunerated. The remuneration policy aims to attract, retain and motivate Directors and KSM to drive long term objectives. The remuneration policy was last reviewed and updated on 27 February 2024. The Terms of Reference of the RC and Remuneration Policy are available on the Company's website at <https://www.leonghupinternational.com/>.

The members of the RC and their respective designation are as follows:

	Position
Goh Wen Ling	Chairperson
Datin Paduka Rashidah Binti Ramli (demised on 15/9/2024)	Member
Low Han Kee	Member
Chan Eoi Leng (appointed on 1/1/2025)	Member

The Remuneration Policy sets out the remuneration principles and guidelines for the Board and KSM of the Company. The remuneration of Executive Directors and KSM composed of fixed component (i.e. base salary, benefits and fixed allowances) and variable component (i.e. cash bonus). For Non-Executive Directors, their remuneration consists of directors' fees and meeting allowances.

The RC will review and assess the remuneration packages, reward structure and benefits applicable to the Executive Directors and KSM on an annual basis and makes recommendations to the Board. The Board as a whole will determine the remuneration of the Executive Directors and KSM with each individual Director abstaining from the deliberation and decision of their own remuneration. The RC may obtain independent advice in establishing the level of remuneration for the Executive Directors and KSM.

The remuneration paid/payable to the Directors for the FYE 2024 is tabulated as follows:

a) Company

Directors	RM'000					
	Salaries	Fees	Bonus	Benefit-in-kind	Other emoluments	Total
Executive Chairman						
Lau Chia Nguang	–	–	–	–	–	–
Executive Director						
Tan Sri Dato' Lau Eng Guang	–	–	–	–	–	–
Tan Sri Lau Tuang Nguang	52	–	–	–	10	62
Datuk Lau Joo Hong	–	–	–	–	–	–
Lau Joo Han	–	–	–	–	–	–
Lau Joo Keat	–	–	–	–	–	–
Sub-Total	52	–	–	–	10	62



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.1 Remuneration Committee (Cont'd)

a) Company (Cont'd)

Directors	RM'000					Total
	Salaries	Fees ⁽ⁱ⁾	Bonus	Benefit-in-kind	Other emoluments	
Non-Executive Director						
Low Han Kee	–	170	–	–	30	200
Datin Paduka Rashidah Binti Ramli (Demised on 15/9/2024)	–	90	–	–	10	100
Chu Nyet Kim	–	150	–	–	30	180
Goh Wen Ling	–	160	–	–	30	190
Tay Tong Poh	–	163	–	–	22	185
Chan Eoi Leng (Appointed on 1/1/2025)	–	–	–	–	–	–
Lau Joo Yong (Alternate Director) (Appointed on 27/8/2024)	–	–	–	–	–	–
Sub-Total	–	733	–	–	122	855
Total	52	733	–	–	132	917

b) Group

Directors	RM'000					Total
	Salaries	Fees	Bonus	Benefit-in-kind	Other emoluments	
Executive Chairman						
Lau Chia Nguang	3,745	561	4,648	31	67	9,052
Executive Director						
Tan Sri Dato' Lau Eng Guang	2,315	–	4,630	21	2,234	9,200
Tan Sri Lau Tuang Nguang	2,059	619	4,118	17	3,689	10,502
Datuk Lau Joo Hong	3,835	–	5,026	–	1,104	9,965
Lau Joo Han	1,998	151	3,996	23	3,050	9,218
Lau Joo Keat	2,198	–	4,396	51	434	7,079
Sub-Total	16,150	1,331	26,814	143	10,578	55,016



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.1 Remuneration Committee (Cont'd)

b) Group (Cont'd)

Directors	RM'000					Total
	Salaries	Fees ⁽ⁱ⁾	Bonus	Benefit-in-kind	Other emoluments	
Non-Executive Director						
Low Han Kee	–	170	–	–	30	200
Datin Paduka Rashidah Binti Ramli (Demised on 15/9/2024)	–	90	–	–	10	100
Chu Nyet Kim	–	150	–	–	30	180
Goh Wen Ling	–	214	–	–	44	258
Tay Tong Poh	–	163	–	–	22	185
Chan Eoi Leng (Appointed on 1/1/2025)	–	–	–	–	–	–
Lau Joo Yong (Alternate Director) (Appointed on 27/8/2024)	–	–	–	–	–	–
Sub-Total	–	787	–	–	136	923
Total	16,150	2,118	26,814	143	10,714	55,939

Note:

⁽ⁱ⁾ Approved by shareholders at the 10th AGM of the Company.

The Directors who are also shareholders of the Company will abstain from voting at general meetings in respect of the resolutions pertaining to the approval of their own fees.

3.2 Foster Commitment of Directors

The Directors are aware of the time commitment expected from them to attend to matters of the Company. An annual meeting calendar is prepared and circulated to the Directors before the beginning of each calendar year to facilitate the Directors' schedule planning. Additional meetings will be held as and when required.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year under review pursuant to the Listing Requirements.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.2 Foster Commitment of Directors (Cont'd)

The Board and Board Committees' meeting attendances for the FYE 2024 are as follows:-

Directors	Board Meeting	ARC Meeting	NC Meeting	RC Meeting	SC Meeting
Lau Chia Nguang	4/5	–	–	–	–
Tan Sri Dato' Lau Eng Guang	4/5	–	–	–	1/1
Tan Sri Lau Tuang Nguang	5/5	–	–	–	–
Datuk Lau Joo Hong	5/5	–	–	–	1/1
Lau Joo Han	5/5	–	–	–	–
Lau Joo Keat	4/5	–	–	–	–
Lau Joo Yong (Appointed on 27/8/2024 as Alternate Director to Tan Sri Dato' Lau Eng Guang)*	–	–	–	–	–
Low Han Kee	5/5	5/5	–	3/3	–
Datin Paduka Rashidah Binti Ramli (Demised on 15/9/2024)	2/4	–	–	1/2	–
Chu Nyet Kim	5/5	5/5	3/3	–	–
Goh Wen Ling	5/5	5/5	–	3/3	–
Tay Tong Poh	5/5	–	3/3	–	1/1
Chan Eoi Leng (Appointed on 1/1/2025)	–	–	–	–	–

* Lau Joo Yong did not attend any Board meeting held after his appointment during the FYE 2024 (Tan Sri Dato' Lau Eng Guang attended the Board meeting held after his appointment).

3.3 Training and Development of Directors

Pursuant to the Listing Requirements, the Directors are mindful that they shall receive appropriate training which may be required from time to time to keep abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The Board will identify the training needs of the Directors based on feedback provided by the NC during the annual Board evaluation.

During the financial year under review, the Directors have attended several training and development programmes conducted by highly competent professionals that are relevant to the Company. The Director will continue to attend relevant seminars and workshops to keep themselves abreast of regulatory and legislative reforms that impact Board and Board Committee work. The training and development programmes participated by each of the Board members during the financial year are as follows:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.3 Training and Development of Directors (Cont'd)

Directors	Training programmes/seminars attended/participated	Date
Lau Chia Nguang	In-house training: Talks on Indonesian Taxation	25 April, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Tan Sri Dato' Lau Eng Guang	In-house training: Talks on Indonesian Taxation	25 April, 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	29 - 30 April 2024
	Effective Risk Management by ISO 31000	23 September, 2024
	Incident and Crisis Management for Social Media	23 September, 2024
Tan Sri Lau Tuang Nguang	In-house training: Talks on Indonesian Taxation	25 April, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Datuk Lau Joo Hong	In-house training: Talks on Indonesian Taxation	25 April, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Lau Joo Han	In-house training: Talks on Indonesian Taxation	25 April, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Lau Joo Keat	In-house training: Talks on Indonesian Taxation	25 April, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Datin Paduka Rashidah Binti Ramli (Demised on 15/09/2024)	In-house training: Talks on Indonesian Taxation	25 April, 2024
Chu Nyet Kim	PZ Cussons Indonesia inhouse e-learning: Raising cybersecurity awareness through phishing simulations	26 March, 2024
	Deloitte Indonesia Transfer Pricing webinar: Implementation of Arm's length principle for transactions influenced by special relationship	28 March, 2024
	In-house training: Talks on Indonesian Taxation	25 April, 2024
	MIA webinar: Appeals and dispute resolution proceedings	30 April, 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	4 - 5 September 2024
	In-house training: Incident and Crisis Management for Social Media	23 September, 2024
	In-house training: Effective Risk Management by ISO 31000	23 September, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
	MIA Webinar: Effective Tax Appeals, Procedures, Latest Case Laws, and Director's Liability	5 December, 2024
	Good Communication in Financial Reports and the Preparation for MFRS 18	9 December, 2024



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.3 Training and Development of Directors (Cont'd)

Directors	Training programmed/seminars attended/participated	Date
Goh Wen Ling	In-house training: Talks on Indonesian Taxation	25 April, 2024
	Bursa Academy: Conflict of Interest ("COI") and Governance of COI	13 August, 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	4 - 5 September 2024
	Incident and Crisis Management for Social Media	23 September, 2024
	Effective Risk Management by ISO 31000	23 September, 2024
	Recent Amendments to Listing Requirements – Enhanced Conflict of Interest Framework	27 September, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Low Han Kee	In-house training: Talks on Indonesian Taxation	25 April, 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	5 - 6 June 2024
	Anti-Bribery and Corruption: Know Your Deal	23 July, 2024
	Incident and Crisis Management for Social Media	23 September, 2024
	Effective Risk Management by ISO 31000	23 September, 2024
	Climate Change Awareness	25 November, 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Tay Tong Poh	In-house training: Talks on Indonesian Taxation	25 April, 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	4 - 5 September 2024
	In-house training: Talks on Vietnam Taxation	26 November, 2024
Lau Joo Yong (Alternate Director to Tan Sri Dato' Lau Eng Guang)	Incident and Crisis Management for Social Media	23 September, 2024
	Effective Risk Management by ISO 31000	23 September, 2024

Additionally, a majority of the Board members have attended Part II of the Mandatory Accreditation Programme in relation to sustainability and the related roles of a director during the FYE 2024.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT AND RISK COMMITTEE

The ARC consists of three (3) members, all of whom are Independent Non-Executive Directors. The ARC is chaired by Mr Low Han Kee, the Senior Independent Non-Executive Director, who is distinct from the Chairman of the Board. The ARC is to provide robust and comprehensive oversight on financial reporting, objectivity and effectiveness of internal audit function and external audit processes, related party transactions, conflict of interest situations as well as risk management matters. Whilst a stand-alone Risk Management Committee was not established, the ARC strives to ensure that there are adequate deliberations on risk management matters, being one of the duties of ARC as envisaged under its Terms of Reference.

The members of the ARC and their respective designation are as follows:

	Position
Low Han Kee	Chairperson
Chu Nyet Kim	Member
Goh Wen Ling	Member

The roles and responsibilities of the ARC, as well as their rights are set out in the Terms of Reference and is available on the Company's website at <https://www.leonghupinternational.com/>.



PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

1. AUDIT AND RISK COMMITTEE (Cont'd)

1.1 Assessment of External Auditors

The ARC considered the adequacy of experience and resources of the audit firm and the professional staffs assigned to the audit, independence of PricewaterhouseCoopers PLT ("PwC") and the level of non-audit services rendered to the Group and the Company for the FYE 2024.

The ARC undertakes an annual assessment on the suitability, objectivity and independence of the External Auditors. The ARC will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM after taking into consideration PwC's suitability, independence as well as their Transparency Report. The ARC had obtained written assurance from the External Auditors, confirming that they are and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the terms of relevant professional and regulatory requirements.

The Company has established an External Auditors' Assessment Policy that requires a former key audit engagement partner of the Company's External Auditors to observe a cooling-off period of at least three years before being appointed as a member of the ARC. The said policy also sets out the process to assess the suitability, objectivity and independence of the External Auditors. In addition, the audit partner is regulated by the By-Laws of the MIA to be subject to a seven-year rotation to ensure independence of external auditors.

Further information on the ARC are detailed in the ARC Report as contained in this Annual Report.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard shareholders' interests. The ARC assists the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group.

To maintain total independence in the management of internal control environment and remain in compliance with the Listing Requirements, the Company has appointed a professional firm to manage the Company's internal audit function on an outsourced basis.

The key reporting systems and procedures that have been put in place within the Group are as follows:

- a. regular and comprehensive information provided to the ARC and the Board covering financial and operational performance;
- b. regular visits to the operating units by members of the Board and KSM;
- c. regular internal audit visits, which monitors compliance with procedures and assesses the integrity of financial information; and
- d. defined delegation of responsibilities to the Board and Management for all aspects of the business.

Recognising the importance of risk management processes and practices, the Board has formalised a risk management framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details relating to the review on internal control system are set out in the Statement on Risk Management and Internal Control on pages 89 to 94 of this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of informing shareholders and other stakeholders of all the significant developments concerning the Group on a timely basis with strict adherence to the Listing Requirements. Shareholders and prospective investors are kept informed of all major developments within the Group by way of announcements via Bursa LINK in a timely manner, quarterly financial results and corporate website with an overview of the Group's financial and operational performance. The Group constantly maintains transparency in its business activities and will continuously keep shareholders and prospective investors well informed on the Group's activities.

The Company has established an Investor Relations Policy to ensure an accurate, clear, timely and quality disclosure of material information. The Company has also established a corporate website including the creation of a section where information on the Company's announcements/submission to the regulators and the salient features of the Board Charter, Board Committees' Terms of Reference and relevant Board policies can be accessed. The primary contact for investor relations matters is also made available on the Company's corporate website.

2. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with shareholders. The Board will provide a platform to shareholders to raise questions pertaining to the business activities of the Group at the AGM. The Chairman together with other Directors and External Auditors are expected to be present at the forthcoming AGM to respond to any enquiries from the shareholders as well as to have discussion with shareholders, if required. Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf.

The 10th AGM was convened on 31 May 2024 and was conducted fully virtual via the Remote Participation and Voting ("RPV") facilities. The Company had notified the shareholders on the conduct of the 10th AGM via the announcement to Bursa Securities and the Company's corporate website. The complete minutes of the 10th AGM was published on the Company's corporate website within 30 business days after the 10th AGM.

The Company will conduct its 11th AGM at Parkroyal A'Famosa Melaka Resort, Alor Gajah, Melaka, on 30 May 2025.

The notices of AGM and related circular/statement to shareholders will be issued at least 28 days before the AGM, to allow shareholders to have sufficient time to read the Annual Report and make the necessary attendance and voting arrangements, to facilitate greater shareholder participation.

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the notice of AGM will be put to vote by way of poll. The Board will make an announcement on the detailed results showing the number of votes cast for and against each resolution at the AGM.

KEY FOCUS AREA IN RELATION TO CORPORATE GOVERNANCE PRACTICES

The Group will continue to strive on implementing the policies and procedures to promote better governance culture and ethical behaviour within the Group and to align them with the latest regulatory requirements, where applicable.

With the increased attention given to sustainability and climate change by the general public investment community, the Board had formed a SC chaired by the Group COO to provide dedicated focus to manage sustainability strategically. The Board will continue to increase its focus towards embracing ESG into the Group's daily operations. The Board will put efforts in coordinating and communicating the Company's sustainability strategies, priorities and targets as well as performance against these targets to its internal and external stakeholders.

This CG Overview Statement was approved by the Board on 18 April 2025.

ADDITIONAL COMPLIANCE INFORMATION



UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no corporate proposals to raise funds during the FYE 2024.

AUDIT AND NON-AUDIT FEES

Details of the audit and non-audit fees paid/payable to PricewaterhouseCoopers PLT and Member Firms of PricewaterhouseCoopers International Limited are as follows:-

	Group 2024 (RM'000)	Company 2024 (RM'000)
Statutory audit fees paid/payable to:-		
- PricewaterhouseCoopers PLT	1,705	109
- Member Firms of PricewaterhouseCoopers International Limited	2,216	-
Non-audit fees paid/payable to:-		
- PricewaterhouseCoopers PLT	7	-
- Member Firms of PricewaterhouseCoopers International Limited	49	-

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the Extraordinary General Meeting ("EGM") held by the Company on 11 January 2019, the shareholders had given their approval for the Company to grant ESOS options to the eligible Directors and employees, subject to the By-Laws governing the ESOS. The Company had granted ESOS options under this scheme to eligible Directors and employees. The ESOS had a duration of five (5) years, which was effective from 11 April 2019 until 10 April 2024. The Board had on 27 February 2024 decided not to renew the above ESOS and the ESOS expired accordingly.

The Board had on 19 April 2024 announced its intention to seek shareholders' approval on the proposed establishment of a new employees' share option scheme ("New ESOS") of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the period of the New ESOS for the eligible Executive Directors and employees of LHI and its subsidiaries ("the Group") at the forthcoming EGM.

During the EGM held by the Company on 31 May 2024, the shareholders had given their approval for the Company to establish a New ESOS and grant New ESOS options to the eligible Executive Directors and employees of the Group, subject to the By-Laws governing the New ESOS. The Company had granted New ESOS options under this scheme to eligible Executive Directors and employees. The New ESOS has a duration of five (5) years, which is effective from 18 July 2024 until 17 July 2029. The information in relation to ESOS are illustrated in the tables below:



ADDITIONAL COMPLIANCE INFORMATION

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

(i) New ESOS granted on 18 July 2024 with Exercise price of RM0.605:

	Number of Participants	FYE 2024	Since commencement of ESOS
Total number of options at beginning of the year	–	–	–
Total number of options granted	1,087	44,268,000	44,268,000
Total number of options exercised	171	(1,701,800)	(1,701,800)
Total number of options forfeited/lapsed	13	(179,800)	(179,800)
Total number of options outstanding	1,074	42,386,400	42,386,400

Options Granted to Executive Directors	Number of Participants	Percentage granted	FYE 2024
Total number of options at beginning of the year	–	–	–
Total number of options granted	6	19.18%	8,490,000
Total number of options exercised	–	–	–
Total number of options forfeited/lapsed	–	–	–
Total number of options outstanding	6	19.18%	8,490,000

Options Granted to Key Senior Managements	Number of Participants	Percentage granted	FYE 2024
Total number of options at beginning of the year	–	–	–
Total number of options granted	4	10.76%	4,763,000
Total number of options exercised	–	–	–
Total number of options forfeited/lapsed	–	–	–
Total number of options outstanding	4	10.76%	4,763,000

Options Granted to Executive Employees	Number of Participants	Percentage granted	FYE 2024
Total number of options at beginning of the year	–	–	–
Total number of options granted	1,077	70.06%	31,015,000
Total number of options exercised	171	3.84%	(1,701,800)
Total number of options forfeited/lapsed	13	0.41%	(179,800)
Total number of options outstanding	1,064	65.81%	29,133,400



EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

(i) New ESOS granted on 18 July 2024 with Exercise price of RM0.605: (Cont'd)

	FYE 2024	Since commencement of ESOS
Options Granted to Directors and Key Senior Management		
Aggregate maximum allocation in percentage	50.00%	50.00%
Actual percentage granted	29.94%	29.94%

(ii) ESOS granted on 11 April 2019 with Exercise price of RM1.10:

	FYE 2024	Since commencement of ESOS
Total number of options granted	–	35,092,000
Total number of options exercised	–	–
Total number of options forfeited/lapsed	(315,800)	(3,711,000)
Total number of options expired	(31,381,000)	(31,381,000)
Total number of options outstanding	–	–

	FYE 2024	Since commencement of ESOS
Options Granted to Directors and Chief Executive		
Aggregate options granted	–	8,490,000
Total number of options forfeited/lapsed/expired	(8,490,000)	(8,490,000)
Aggregate options exercised	–	–
Aggregate options outstanding	–	–

	FYE 2024	Since commencement of ESOS
Options Granted to Directors and Key Senior Management		
Aggregate maximum allocation in percentage	–	50.00%
Actual percentage granted	–	36.07%

MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, Group Chief Executive Officer or major shareholders, either still subsisting at the end of the FYE 2024 or entered into since the end of the previous year.

RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions undertaken by the Group during the financial year are included in the significant related party transactions disclosed in Note 40 of the Financial Statements herein.



ADDITIONAL COMPLIANCE INFORMATION

STATUS OF COMPLIANCE OF CERTAIN OWNED AND TENANTED OUTLETS INVOLVING THE CERTIFICATE OF FITNESS FOR OCCUPATION/CERTIFICATE OF COMPLETION AND COMPLIANCE

As disclosed in the Company's prospectus dated 25 April 2019, LHI and its subsidiaries (the "Group") undertook to resolve non-compliance of certain owned buildings in Malaysia involving the Certificate of Completion and Compliance ("CCC") and to disclose the status of the applications/pre-consultation of Planning Permission (Kebenaran Merancang) ("KM") submitted to the relevant local authorities for all the 137 farms and hatcheries in Malaysia that it owns and operates. In addition, the Group also undertook to disclose the status of Certificate of feasible function (Sertifikat Laik Fungsi) ("SLF") application for its owned buildings in Indonesia.

The status of compliance with regard to the affected buildings in Malaysia as at 3 April 2025 are as follows:

(A) Farms and hatcheries which current express condition imposed on the land titles allowing for poultry farming where the status of KM/Temporary Planning Permission (Kebenaran Merancang Terhad) ("KMT")/CCC/Temporary Building Permit ("TBP") applications are as follows:-	No. of farms and hatcheries
- KM applications approved and currently in the process of obtaining the CCC	58
- KMT applications approved and currently in the process of obtaining the TBP	6
- Pre-consultation of KM submitted or KM applications submitted but pending decision of local councils	28
- KMT applications submitted or to be submitted and subsequently to obtain the TBP	2
- TBP obtained	6
Sub-total	100
(B) Farms and hatcheries that are not able to change their express condition imposed on land titles to allow for poultry farming: -	11
(C) Farms and hatcheries where applications for change in express condition are still pending approval where the status of KM/KMT/CCC/TBP applications are as follows: -	
- KM applications approved and currently in the process of obtaining the CCC	12
- Pre-consultation of KM submitted or KM applications submitted but pending decision of local councils	12
- KMT applications submitted or to be submitted and subsequently to obtain the TBP	2
- TBP obtained	-
Sub-total	26
Total	137

The status of the SLF application for the affected buildings in Indonesia as at 3 April 2025 are as follows:

Of the SLF applications for 70 material properties submitted to relevant authorities in Indonesia, 29 SLF applications cannot be processed by the relevant regional governments due to the following reasons:

- the relevant regional governments have not enacted the Building Regional Regulation in its regency;
- the relevant regional governments have not formed the team of building experts to conduct technical review on buildings within the regency; or
- the relevant regional governments have not been granted authorisation and delegation to issue SLF.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, issued by the Task Force on Internal Control, with the support and endorsement of Bursa Securities as well as the Malaysian Code on Corporate Governance, the Board of Directors ("Board") is pleased to present the Statement on Risk Management and Internal Control for the FYE 2024, which outlines the nature and scope of risk management and internal controls of Leong Hup International Berhad and its subsidiaries ("the Group").

BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibilities in maintaining a sound system of risk management and internal control to manage risk exposure within the acceptable level of tolerance. The roles of the Board include creating a risk awareness culture within the Group, i.e. identifying, approving the key risks and ensuring adequate implementation of appropriate internal control system to manage the identified risks with continuous effective reviews on the controls to safeguard the Group's profitability and assets.

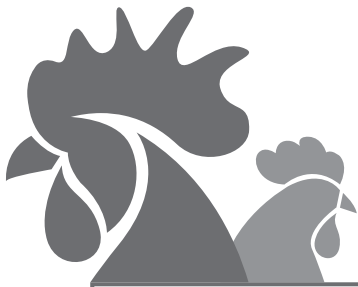
In acknowledging that having a sound risk management and internal control system is imperative, the Board has approved a governance structure that provides for effective oversight of risks and internal controls within the Group. The Board is assisted by the Audit and Risk Committee ("ARC") to ensure independent oversight of internal control and risk management.

Due to the inherent limitations in any system of internal control and risk management, the Board recognises that such systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives and as such can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT AND INTERNAL CONTROL

All members of the ARC, comprising exclusively of Independent Non-Executive Directors, are tasked with the following responsibilities:

- i. Consider the adequacy and effectiveness of risk management function and internal control system within the Group;
- ii. Review risk management reports on interval basis;
- iii. Discuss any significant risk or exposure and mitigation plan undertaken by the Group;
- iv. Understand the scope of internal and external auditors' review of internal control;
- v. Evaluate new risks identified by management including the likelihood of emerging risks happening in the future and consider the need to put in place the appropriate controls;
- vi. Review and recommend the Group's level of risk tolerance and actively identify, assess and monitor key business risks;
- vii. Recommend for the Board's approval the Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto; and
- viii. Evaluate the effectiveness of the risk management framework, risk management processes and support system to identify, assess, monitor and manage the Group's key risks.



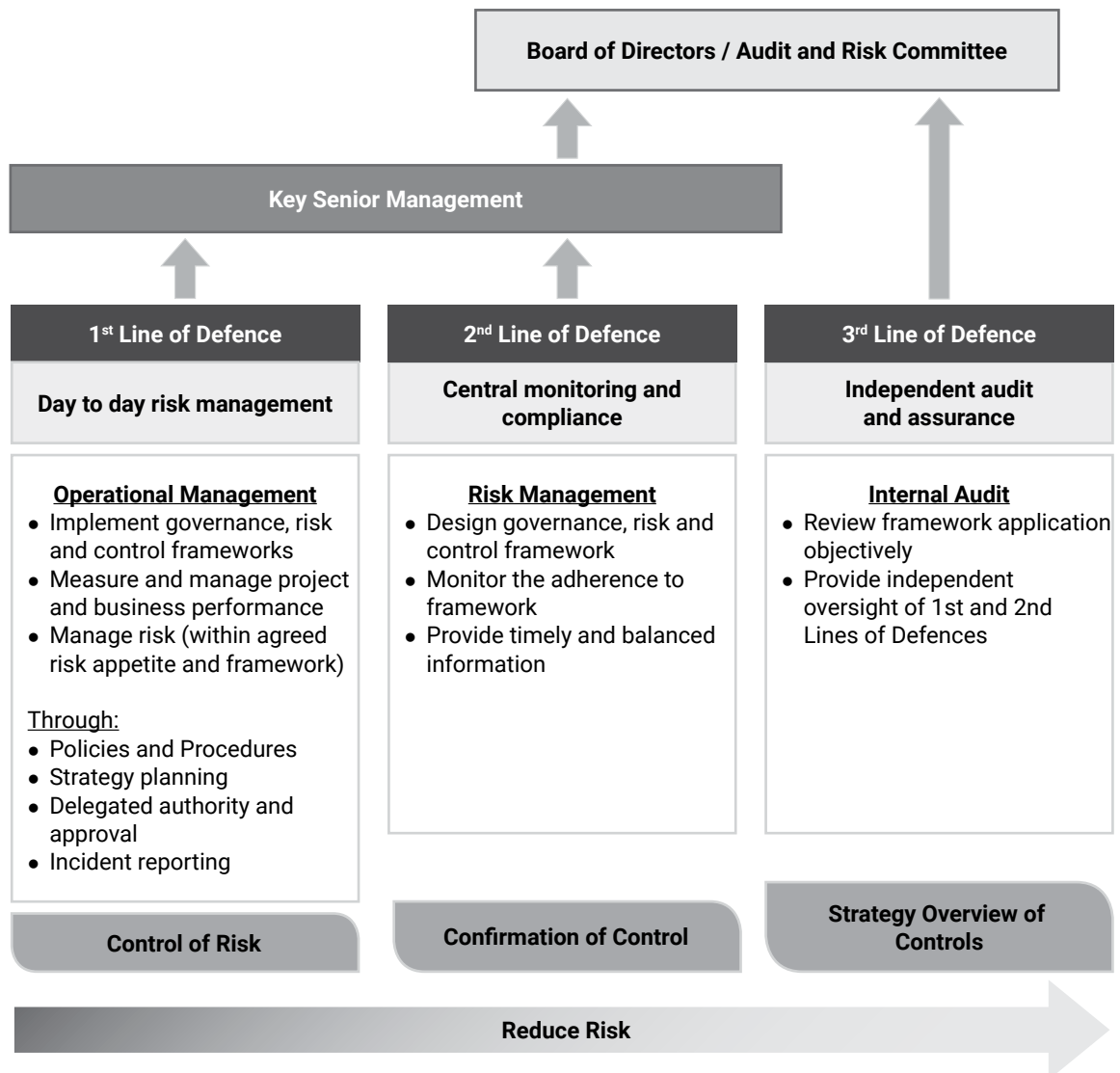
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL

a) Risk Management

The Board has an Enterprise Risk Management (“ERM”) framework which outlines the Group’s processes for identifying, assessing, managing, monitoring and communicating principal business risks faced by the Group. Through effective planning, organising, leading and controlling the activities of the Group, the ERM would facilitate in the achievement of corporate objectives, safeguarding business assets and ensuring business sustainability in the long-run.

The organisational structure of the Group established for effective risk management is as follows: The underlying principle of the Three Lines of Defence is that through the oversight of the Board and effective management control, the probability of the risk being effectively managed is increased.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

a) Risk Management (Cont'd)

The Group operates within an ERM framework approved by the Board to mitigate itself from the following categories of risks:

- *Strategic Risk*

The shifting competitive landscape of the poultry industry, through the consolidation of poultry producers and market share, has had an impact on the way the Group operates. The Group's overall business strategy involves entering into new markets, investments in new facilities and expansion of production capacity. Nevertheless, the Group endeavours to align its business strategies with the objective of generating sustainable long-term growth, while ensuring deeper integration of its upstream and downstream segments so as to capture a bigger market share arising from the demand growth in its markets. To this end, the Group continues to invest in Information Technology infrastructure and systems to achieve an efficient and effective outcome. Prudent cost management also ensures that the Group can remain competitive with a strong financial position, amidst a market that frequently faces pricing volatility.

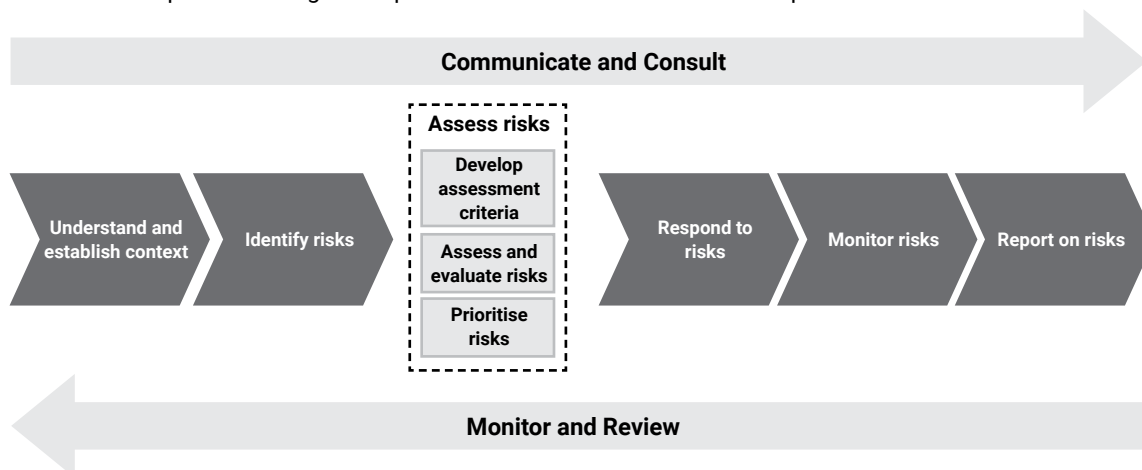
- *Operational Risk*

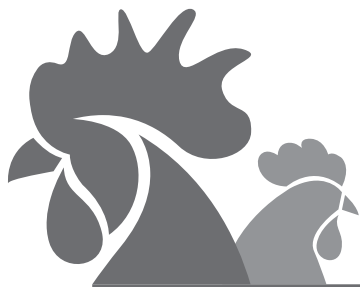
The Group's operational risks relate to, among others, customer relationship management, supply chain management for both livestock and feed, product quality management, disease outbreak control, health and safety controls as well as cybersecurity, talent management, treasury management, legal and regulatory compliance, plant operations management. Any non-performance or failure of the above aspects of operations will have an impact on the Group's operations. Premised on the fact that the Group is geographically diversified in five countries, management of the Group's day-to-day operational risks are decentralised at the respective business unit level across different countries. Such decentralisation allows for closer monitoring of the relevant stress points that could potentially lead to disruption of the Group's operations, while appropriate measures and procedures are in place to escalate and resolve incidents to ensure minimum disruption to each business unit.

- *Financial Risk*

The Group is exposed to various financial risks arising from its operations and the use of financial instruments. Such risks include credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. The Group's risk management objectives coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in the Group's financial statements.

The Group's risk management process consists of inter-related components as follows:





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

a) Risk Management (Cont'd)

- i. Communicate and consult the ERM framework to the whole organisation;
- ii. Understand and establish the basic parameters and set the scope for the processes;
- iii. Identify risks based on internal and external factors that influence how potential events may affect strategy implementation and achievement of objectives;
- iv. Assess risks to analyse identified risks in order to form a basis for determining how they should be managed;
- v. Respond to risks by avoiding, transferring, sharing, mitigating or accepting the risk, taking into account the Group's risk appetite;
- vi. Monitor risks periodically to ensure that the risk responses by management are carried out effectively;
- vii. Report on risks in order for relevant information to be communicated to the key senior management, ARC and the Board; and
- viii. Monitor and review risk management processes, with modifications to be made as necessary, to ensure that the system can react dynamically and change as the conditions warrant.

b) Internal Control

The Board continues to uphold, implement and monitor a sound and effective control environment to identify, evaluate and manage the weaknesses of the Group's internal control system.

The Group has an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation. Key duties and roles are segregated amongst different personnel and operational functions such as sales and collections, procurement and payment, production, financial management and reporting, and capital expenditure management.

The internal control system entails, among others, the proper delegation of duties and responsibilities from the Board to the Executive Directors, Group Chief Executive Officer, Group Chief Operating Officer and key senior management (collectively, "Management") of the Group. In this respect, Management essentially comprises of personnel who are in a position to identify and manage relevant risks to the Group and design appropriate internal controls to manage these risks.

Management conducts operational and management meetings to discuss matters of concern in relation to the Group's strategic business plan and day-to-day activities, including ageing of inventories and status of receivables.

Internal Audit ("IA") Function

The Group's IA function is independent and adopts the International Professional Practices Framework ("IPPF") in carrying out IA assignments for the Group. The IPPF includes, among others, the attributes and performance standards for IA promulgated by the Institute of Internal Auditors, as outlined in the Global Internal Audit Standards.

The Group's internal audit services for FYE 2024 were outsourced to an independent external party, KPMG Management & Risk Consulting Sdn. Bhd. ("Internal Auditors").

The Internal Auditors report directly to the ARC, assists the Board in assessing the adequacy and integrity of the internal control system established by Management based on an agreed scope of work as outlined in an IA Plan tabled to and approved by the ARC. There is no restriction placed upon the scope of the IA function and the Internal Auditors are allowed to access the records and meet / interview relevant personnel of the Group without any limitation, except for certain highly sensitive commercial information, where alternative procedures were deployed.

During the financial year under review, the ARC reviewed the work of the Internal Auditors, its observations and recommendations to ensure that it obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of internal controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

b) Internal Control (Cont'd)

Internal Audit ("IA") Function (Cont'd)

The Internal Auditors assessed the Group's internal control systems and reported its observations, management responses and action plans thereof directly to the ARC. The IA function covered the following key processes and framework of the Group to assess the adequacy and operating effectiveness of internal controls to address the business and compliance risks therein during the financial year:

i. Feedmill operations

Assessed the controls environment and processes pertaining to the following:

- Governance structure;
- End to end production assessment from sales order to purchasing of raw materials;
- Physical inspection of warehouse and production line (i.e. safety, security and wastage);
- Maintenance of machineries and equipment relating to the production line; and
- Training of production personnel.

ii. Duck slaughtering production

Reviewed the internal control procedures pertaining to the following:

- Governance structure;
- Slaughtering process (from receiving of live ducks until finished goods), including inventory count;
- Physical inspection of slaughterhouse;
- Maintenance of related machineries and equipment; and
- Training and medical checkup of production personnel.

iii. Procurement

Reviewed the internal control procedures pertaining to the following:

- Governance structure;
- Pre-qualification and periodic evaluation of suppliers;
- Procurement processes (purchase orders and fixed contracts); and
- Payables management.

iv. Sales management

Reviewed the internal control procedures pertaining to the following:

- Governance structure;
- Sales planning and forecasting, including pricing;
- Execution of sales transactions;
- Monitoring and reporting of sales targets; and
- Customer complaints and receivables management.

v. Farm management – Grandparent stock

Assessed the controls environment and processes pertaining to the following:

- Governance structure and control environment;
- Management of livestock and compliance with regulations;
- Performance monitoring;
- Farm environment, maintenance and security; and
- Physical inspection of the farm.

vi. Transactions between contract farmers

Reviewed the internal control procedures pertaining to the following:

- Governance structure;
- Selection of contract farmers and evaluation process;
- Performance monitoring; and
- Sales and purchase of livestock from contract farmers

The total cost incurred for the IA function in respect of the FYE 2024 amounted to RM295,000.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION

The Board, through the ARC, has reviewed the adequacy and effectiveness of the risk management and internal control systems, together with the relevant actions that have been taken or are being taken to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the Internal Auditors directly to the ARC.

The Board is of the view that there were no material weaknesses in the system of internal control that directly resulted in material losses, contingencies or uncertainties that otherwise warrant detailed disclosure in the Annual Report.

The Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that the Group's risk management and internal control system are operating effectively in all material aspects for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement was issued in accordance with a resolution of the Board dated 18 April 2025.

AUDIT AND RISK COMMITTEE REPORT



The Board of Leong Hup International Berhad is pleased to present the Audit and Risk Committee ("ARC") Report for the FYE 2024 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

THE ARC AT A GLANCE

No. of Members	3
No. of Independent Members	3
No. of Meetings	5
Attendance Rate	100%

MEMBERS

No.	Name	Status	Designation	Meetings Attended
1	Low Han Kee	Senior Independent Non-Executive Director	Chairman	5/5
2	Chu Nyet Kim	Independent Non-Executive Director	Member	5/5
3	Goh Wen Ling	Independent Non-Executive Director	Member	5/5

COMPOSITION AND SKILLS

- All members are financially literate.
- All members are able to read, analyse, interpret and understand financial statements.
- Each member has skill sets which make the ARC effective as a team, lending it the ability to effectively discharge its duties and responsibilities.
- All members are appointed by the Board from amongst their number and consist of not less than 3 members.
- None of the members were former key audit partners of the Company's existing External Auditors.
- Ms. Chu Nyet Kim is a member of the Association of Chartered Certified Accountant ("ACCA") and member of the Malaysian Institute of Accountants ("MIA").
- Mr. Low Han Kee qualified as a Certified Public Accountant in 1984 with more than 34 years of financial expertise in senior finance positions in companies listed on Bursa Securities.
- The composition of ARC is in compliance with the Paragraph 15.09 of the Listing Requirements and the Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance.

TERMS OF REFERENCE

The Terms of Reference of the ARC is accessible for reference on the Company's website at <https://www.leonghupinternational.com/>. The Terms of Reference was last reviewed by the ARC on 25 April 2024.



AUDIT AND RISK COMMITTEE REPORT

SUMMARY OF WORKS OF THE ARC

The ARC carried out the following activities for the FYE 2024 in discharging their duties and responsibilities:

1. *Financial Reporting and Compliance*

The ARC had reviewed the Group's quarterly results and year-end financial statements, providing its professional input, advice and recommendations to the Board for approval, detailed below:

Date of Meeting	Quarterly Results / Financial Statements Reviewed
30 May 2024	Unaudited first quarter results for the period ended 31 March 2024
27 August 2024	Unaudited second quarter results for the period ended 30 June 2024
26 November 2024	Unaudited third quarter results for the period ended 30 September 2024
25 February 2025	Unaudited fourth quarter results for the period ended 31 December 2024
18 April 2025	Draft audited financial statements for the FYE 2024

The ARC reviewed the Group's quarterly unaudited financial results for announcements to Bursa Securities before recommending the same for approval by the Board upon being satisfied that it had complied with the Financial Reporting Standard 134 – Interim Financial Reporting, Listing Requirements and other relevant regulatory requirements. The ARC had also reviewed the Audited Financial Statements of the Company and the Group for the FYE 2024 prior to submission to the Board for approval, upon the ARC being satisfied that, inter alia, the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the application of Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"). The Group Chief Financial Officer was present to explain the financial performance of the Group to the members of ARC.

The ARC had also reviewed and recommended the proposed interim dividend of 1.3 sen and 1.45 sen respectively for each ordinary share for the FYE 2024 to the Board for approval after taking into consideration the profits, cash flow and solvency of the Company.

2. *Internal Audit*

The Company outsourced its internal audit and risk management function to an independent professional consulting firm, namely, KPMG Management & Risk Consulting Sdn. Bhd. ("Internal Auditors") to undertake regular and systematic reviews of the adequacy and effectiveness of internal control systems and risk management processes in the Company and its subsidiaries. The Internal Auditors report directly to the ARC. The Internal Auditors conducted the audit work as per the Internal Audit Plan approved by the ARC. The ARC received and reviewed the internal audit findings and reports from the Internal Auditors on a quarterly basis.

The ARC had on 25 February 2025 reviewed the adequacy of the scope, competency and resources of the internal audit function and was satisfied with the Internal Auditors' performance for the FYE 2024.

The ARC had a private session with the Internal Auditors on 25 February 2025 without the presence of the Management to discuss internal control weaknesses and internal audit findings. The Internal Auditors informed the ARC that they had been receiving full co-operation from the Management and they did not encounter any issue throughout the course of its audits.

Please refer to the Statement on Risk Management and Internal Control in this Annual Report for the summary of works of the internal audit function during the FYE 2024.



SUMMARY OF WORKS OF THE ARC (CONT'D)

3. *External Audit*

The ARC is responsible to monitor the performance, objectivity and independence of the External Auditors.

The ARC had on 25 February 2025 reviewed and assessed the independence and effectiveness of the External Auditors of the Company for the FYE 2024 and was satisfied with their performance. On 18 April 2025, the ARC recommended to the Board on the re-appointment of the External Auditors for the ensuing year and subsequently to the shareholders for approval at the forthcoming 11th Annual General Meeting.

At the ARC meeting held on 27 August 2024, the ARC reviewed, discussed and approved the audit plan of the Group for the FYE 2024 which includes scope of the audit, audit approach, areas of audit emphasis and audit timeline to ensure that the time allocated to audit the areas of high risks as highlighted in the Group's risk matrices are adequately dealt with and the level of resources and experience assigned to the examination were appropriate.

The ARC also reviewed the fees of the External Auditors. The ARC met with the External Auditors without the presence of the Management on 25 February 2025 to discuss key issues within their responsibilities and to ensure there were no restrictions on their scope of audit for the FYE 2024.

For the effective and efficient functioning of the ARC, the ARC held a discussion with the External Auditors and Management to review any audit issues and reservations arising from the statutory audit of the Group for the FYE 2024 including financial reporting issues, significant judgements made by the Management and potential key audit matters identified for the Group.

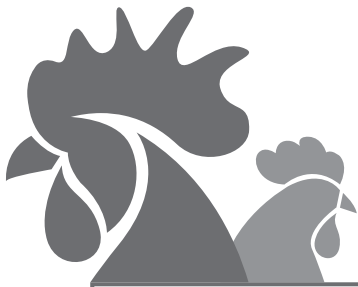
4. *Related Party Transactions*

The ARC reviewed the related party transactions ("RPTs") including recurrent related party transactions ("RRPTs") within the Company and the Group. This is to ensure the transactions are at all times carried out at arm's length basis, fair, reasonable and on normal commercial terms and are not detrimental to the interest of the minority shareholders of the Company.

The ARC reviewed the processes and procedures in the Related Party Transactions Policies & Procedures to ensure that related parties are appropriately identified and the RPTs and RRPTs are appropriately reviewed, approved and reported.

5. *Others*

- a) The ARC had reviewed the non-audit services and fees incurred as of 31 December 2024.
- b) The ARC had reviewed the Statement on Risk Management and Internal Control, Audit and Risk Committee's Report, Corporate Governance Overview Statement & Corporate Governance Report and recommended the same to the Board for inclusion in the Annual Report.
- c) The ARC had reviewed the Circular to Shareholders in respect of the renewal and new mandate for the RRPTs of the Group to the Board for approval prior to recommending to the shareholders for approval.
- d) The ARC had also reviewed and noted there was no conflict of interest or any potential conflict of interest situation arose or persisted.
- e) The ARC had on 27 August 2024 reviewed the revised External Auditors' Assessment Policy to enhance the governance on the provision of non-audit services by the External Auditors.
- f) The ARC had on 25 February 2025 verified and concluded that the allocation of shares options pursuant to the employees' share option scheme ("ESOS") to the eligible Directors and employees during the FYE 31 December 2024 were in compliance with the criteria set out in the By-Laws of the ESOS.



DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), and the requirements of the Act in Malaysia. The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the FYE 2024, the Directors have:

- applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors also have a general responsibility to keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the Act as well as to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Lau Chia Nguang	
Tan Sri Dato' Lau Eng Guang	
Tan Sri Lau Tuang Nguang	
Datuk Lau Joo Hong	
Lau Joo Han	
Lau Joo Keat	
Lau Joo Yong (Alternate Director to Tan Sri Dato' Lau Eng Guang)	(Appointed on 27 August 2024)
Low Han Kee	
Chu Nyet Kim	
Goh Wen Ling	
Tay Tong Poh	
Chan Eoi Leng	(Appointed on 1 January 2025)
Datin Paduka Rashidah Binti Ramli	(Demised on 15 September 2024)

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Group are the production and distribution of breeder and broiler day-old-chick, broiler chickens, eggs, animal feeds, animal health products, consumer food products, and sales of food and beverage.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	630,810	107,779
Profit attributable to:		
Owners of the Company	428,930	107,779
Non-controlling interests	201,880	–
	630,810	107,779

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.



ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its number of issued and paid-up share capital from 3,650,000,000 to 3,651,701,800 by way of an issuance of 1,701,800 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme at an exercise price of RM0.605 per share which amounted to RM1,029,589 (net of transaction costs).

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

TREASURY SHARES

As at 31 December 2024, the Company held as treasury shares a total of 18,916,000 ordinary shares of its issued share capital repurchased from the open market for RM11,547,000 at an average price of RM0.61 per share. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

DIVIDENDS

The dividends paid or declared since the end of the previous financial year were as follows:

On 25 April 2024, the Directors have approved a single-tier interim dividend of 1.30 sen per ordinary share, amounting to RM47,450,000 in respect of the financial year ended 31 December 2024 and the dividend was paid to the shareholders on 27 May 2024.

On 26 November 2024, the Directors have approved a single-tier second interim dividend of 1.45 sen per ordinary share, amounting to RM52,935,176 in respect of the financial year ended 31 December 2024 and the dividend was paid to the shareholders on 30 December 2024.

DIRECTORS' REMUNERATION

The aggregate amounts of compensation received or receivable by the Directors of the Company during the financial years are as follows:

	Group RM'000	Company RM'000
Fees	2,118	733
Salaries, bonuses and other benefits	48,524	174
Defined contribution benefits	5,297	10
ESOS expense ⁽ⁱ⁾	692	692
	56,631	1,609

- (i) ESOS expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.



DIRECTORS' REPORT

ULTIMATE HOLDING COMPANY

The Directors regard Emerging Glory Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

EMPLOYEE SHARE OPTION SCHEME

The number of Options outstanding at the end of the financial year are as follows:

Date of offer	Exercise price	As at 1.1.2024	Number of options over ordinary shares ('000)			
			Granted and accepted	(Exercised)	(Expired)/ (Lapsed)	As at 31.12.2024
14 May 2019	RM1.10	31,517	–	–	(31,517)	–
19 July 2024	RM0.605	–	44,268	(1,702)	(180)	42,386

Details of ESOS are set out in Note 30 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits as disclosed in Directors' remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for the Options granted to Directors of the Company pursuant to the Company's ESOS.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("CA 2016"), none of the Directors who held office at the end of the financial year held any shares, debentures or options over ordinary shares in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares ('000)			At 31.12.2024
	At 1.1.2024	Acquired	(Disposed)	
The Company				
Direct interests:				
Tan Sri Dato' Lau Eng Guang	75,247	1,500	–	76,747
Tan Sri Lau Tuang Nguang	–	8,875	–	8,875
Datuk Lau Joo Hong	27,670	–	–	27,670
Lau Joo Han	97,099	–	–	97,099
Lau Joo Yong	2,554	–	–	2,554
Low Han Kee	500	–	–	500
Chu Nyet Kim	800	200	–	1,000
Goh Wen Ling	700	300	–	1,000
Tay Tong Poh	500	–	–	500



DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	At 1.1.2024	Number of ordinary shares ('000)		At 31.12.2024
		Acquired	(Disposed)	
The Company				
Indirect interests ^(a) :				
Lau Chia Nguang ^{(a)(1)}	58,935	–	–	58,935
Tan Sri Dato' Lau Eng Guang ^(b)	28,515	1,000	(2,554)	26,961
Tan Sri Lau Tuang Nguang ^{(a)(2), (b)}	62,722	1,130	–	63,852
Datuk Lau Joo Hong ^{(a)(3)}	1,927,201	–	–	1,927,201
Lau Joo Han ^{(a)(4)}	1,927,201	–	–	1,927,201
Lau Joo Keat ^{(a)(5)}	58,633	–	–	58,633
Low Han Kee ^(b)	10	–	–	10

Notes:

- (a) Pursuant to Section 8(4) of the Companies Act 2016, the Directors have deemed interest in the Company by virtue of their shareholdings in:

- ¹ CN Lau Holdings Sdn. Bhd.
- ² TN Lau Holdings Sdn. Bhd.
- ³ Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.
- ⁴ Emerging Glory Sdn. Bhd.
- ⁵ HN Lau & Sons Sdn. Bhd.

- (b) Pursuant to Section 59(11)(c) of the Companies Act 2016, Tan Sri Dato' Lau Eng Guang is deemed to have interest in the Company by virtue of shareholdings held by his child, Lau Joo Kien Brian. Low Han Kee is deemed to have interest in the Company by virtue of shareholdings held by his spouse, Ooi Sze Lay. Tan Sri Lau Tuang Nguang is deemed to have interest in the Company by virtue of shareholdings held by his children, Lau Joo Sheng and Lau Wee Fong.

	At 1.1.2024	Number of ordinary shares ('000)		At 31.12.2024
		Acquired	(Disposed)	
<u>Ultimate holding company.</u>				
<u>Emerging Glory Sdn. Bhd.</u>				
Direct interests:				
Lau Chia Nguang	5,865	–	–	5,865
Tan Sri Dato' Lau Eng Guang	5,865	–	–	5,865
Lau Joo Han	7,821	–	–	7,821
Indirect interests:				
Tan Sri Lau Tuang Nguang ¹	5,865	–	–	5,865
Datuk Lau Joo Hong ²	7,821	–	–	7,821
Lau Joo Keat ³	5,865	–	–	5,865

Notes:

Pursuant to Section 8(4) of the Companies Act 2016, the Directors have deemed interest in the ultimate holding company by virtue of their shareholdings in:

- ¹ TN Lau Holdings Sdn. Bhd.
- ² CW Lau & Sons Sdn. Bhd.
- ³ HN Lau & Sons Sdn. Bhd.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of their interest in the shares of the ultimate holding company, Datuk Lau Joo Hong and Lau Joo Han are also deemed to have interest in the shares of the Company and all of its related corporations to the extent that the ultimate holding company has an interest.

	At 1.1.2024	Number of options over ordinary shares ('000) Granted and accepted	(Exercised)	(Lapsed)	At 31.12.2024
<u>The Company</u>					
Direct interests:					
Lau Chia Nguang	1,530	1,530	–	(1,530)	1,530
Tan Sri Dato' Lau Eng Guang	1,530	1,530	–	(1,530)	1,530
Tan Sri Lau Tuang Nguang	1,530	1,530	–	(1,530)	1,530
Datuk Lau Joo Hong	1,350	1,350	–	(1,350)	1,350
Lau Joo Han	1,275	1,275	–	(1,275)	1,275
Lau Joo Keat	1,275	1,275	–	(1,275)	1,275

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.



OTHER STATUTORY INFORMATION (CONT'D)

- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 14 to the financial statements.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Lau Chia Nguang	Goh Kar Meng
Tan Sri Dato' Lau Eng Guang	Goh Sze Ling
Tan Sri Lau Tuang Nguang	Goh Wen Ling
Datuk Lau Joo Hong	Koh Bock Swi
Lau Jui Peng	Koh Kim Chui
Lau Joo Heng	Law Kim Kow
Lau Joo Han	Lee Chai Soon
Lau Joo Hwa	Lee Choon Seng
Lau Joo Kiang	Lee Lai Hock
Lau Joo Keat	Lee Zhiwei
Lau Joo Yong	Leek Tien Hee
Lau Joo Ping	Lim Hock Mow
Adrian Ferdinand Oroh	Lim Huey Hean
Ali Bin Mohamad Lazam (Resigned on 2 April 2024)	Lim Meng Bin
Brian M. O. Connor	Lim Ying Khoo
Carlos Cabanes Royo	Loh Wee Ching
Cai Bo Wen (Appointed 18 March 2024)	Loi Jin Choo
Chen Zhen (Appointed 18 March 2024)	Low Chiew Boey
Choo Joo Thong	Low Choon Seng
Chua Teck Choh	Low Eng Guan
Chua Teck Lee	Low Kim Seng
Dato' Haji Mustaffa Kamal Bin Dato' Haji Shamsudin (Appointed on 9 July 2024)	Ma Chin Chew
Dato' Dr. Ma'amor Bin Osman	Na Eluen
Dato' Seri Abdul Azim Bin Mohamad Zabidi	Na Hap Cheng (Resigned on 30 April 2024)
David Morella Jorba	Na Yok Chee
David Siow Ak Heong	Nam Hiok Joo
Dr. Aidawani Binti Abd Latif	Nam Hiok Yong
Dr. Masri Bin Sehap	Nam Ya Jun
Dr. Norwati Akma Binti Abd Samad	Na Yi Chan
Faye Ong	Ng Eng Leng
Fleur Marie B. Africano	Ng Wei Quan (Appointed on 16 December 2024)
	Ong Gee Tiong



DIRECTORS' REPORT

LIST OF DIRECTORS OF SUBSIDIARIES (CONT'D)

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows (cont'd):

Ong Pang Teck	Tay Kong Howe
Quek Cheaw Kwang	Tuan Haji Safiei Bin Ahamad (Resigned on 14 January 2024)
Rewin Hanrahan Lie	Wang Tiam Soo
Rudy Hartono Husin	Wong Chee Seng
Sespriansyah	Wong Hwa Yao
Sim Kim Hwa	Wong Sui Teck
Tan Bet Beng (Resigned on 14 March 2024)	Wong Wai Meng
Tan Joo Hock	Yongkie Handaya
Tan Lai Kai	Yip Ah Chean
Tan Shiah Siah	Yeoh Jia Xing

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance coverage for the Directors and Officers of the Company. During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and Officers of the Company are RM80,000,000 and RM115,000 respectively.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2024 were as follows:

	Group RM'000	Company RM'000
Statutory audit fees:		
- PricewaterhouseCoopers PLT	1,705	109
- Member firms of PricewaterhouseCoopers International Limited	2,216	-
	3,921	109

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 18 April 2025.

Signed on behalf of the Board of Directors:

LAU CHIA NGUANG
DIRECTOR

Kuala Lumpur

TAN SRI LAU TUANG NGUANG
DIRECTOR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016



We, Lau Chia Nguang and Tan Sri Lau Tuang Nguang, being two of the Directors of Leong Hup International Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 112 to 216 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2024 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2025.

LAU CHIA NGUANG
DIRECTOR

TAN SRI LAU TUANG NGUANG
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251 (1) OF THE COMPANIES ACT 2016

I, Chong Choon Yeng, the officer primarily responsible for the financial management of Leong Hup International Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 112 to 216 are in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHONG CHOON YENG
(MIA No. 26002)

Subscribed and solemnly declared by the abovenamed

At: Petaling Jaya, Selangor

On: 18 April 2025

Before me:

MOHD IRWAN BIN MOHD RADZI
COMMISSIONER FOR OATHS



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEONG HUP INTERNATIONAL BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Leong Hup International Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 112 to 216.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><u>Valuation of biological assets</u></p> <p>Refer to Note 2.24 for accounting policies and Note 3(i) and Note 17 to the financial statements.</p> <p>As at 31 December 2024, the Group has biological assets balance of RM571,763,000.</p> <p>Biological assets of the Group comprise breeders, commercial layers, broilers and hatching eggs. In determining the fair value of the biological assets, the Group uses discounted cash flow model. Significant judgement is required to be made by Directors and management to estimate the key assumptions. These judgements impact the fair value of biological assets recognised.</p> <p>We focused on this area as key judgements are made to estimate the expected selling price of day-old-chick, table eggs and broilers as well as feed costs used for the discounted cash flow model.</p>	<p>We obtained the biological assets' valuation prepared by management. The valuation is based on a discounted cash flow model.</p> <p>We have checked the mathematical accuracy of the valuation model prepared by management.</p> <p>We involved our valuation experts to evaluate the appropriateness of the methodology and key assumptions, including the discount rate used by management in the valuation of the biological assets.</p> <p>We corroborated the expected number of day-old-chick, table eggs and feed consumption rate to historical data and the manufacturer's guidebook of the particular breed of poultry.</p> <p>In respect of the projected selling prices and feed costs, we performed back-testing by comparing the projected prices against historical prices and/or latest available prices and cost and checked the reasonableness of adjustments made for abnormal market movements.</p> <p>We assessed the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 17 to the financial statements.</p> <p>We reviewed the adequacy of the disclosures in the financial statements.</p> <p>Based on the above procedures performed, we do not find material exceptions to the Directors and management's assessment on the valuation of biological assets as at 31 December 2024.</p>

We have determined that there are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and contents in the 2024 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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



INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 April 2025

WILLIAM MAH JIN CHIEK
03085/07/2025 J
Chartered Accountant



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
Revenue	4	9,309,452	9,539,512	118,859	120,736
Other income		139,860	287,173	819	1,554
Changes in fair value of biological assets		71,264	90,500	–	–
Changes in closing inventories		(2,468)	(25,239)	–	–
Purchases of inventories and livestock		(6,345,298)	(7,030,106)	–	–
Employee benefit costs including Directors' remuneration	5	(866,018)	(781,373)	(1,852)	(848)
Depreciation of:					
Property, plant and equipment	10	(269,131)	(275,939)	(1)	(18)
Investment properties	11	(217)	(251)	–	–
Right-of-use assets	12	(43,610)	(43,160)	–	–
Utilities costs		(245,500)	(251,571)	–	–
Repair and maintenance		(108,632)	(97,046)	–	–
Transportation expenses		(199,590)	(201,648)	(3)	(2)
Impairment losses of:					
Property, plant and equipment	10	(18,900)	(16,394)	–	–
Right-of-use assets	12	(99)	(6,391)	–	–
Goodwill	13	(8,404)	(102)	–	–
Farmers' incentive		(113,985)	(110,009)	–	–
Other expenses		(407,945)	(353,951)	(5,343)	(4,359)
Profit from operations	6	890,779	724,005	112,479	117,063
Finance costs	7	(130,617)	(169,590)	(523)	(901)
Share of profit of associates	15	356	330	–	–
Profit before tax		760,518	554,745	111,956	116,162
Tax expense	8	(129,708)	(124,924)	(4,177)	(92)
Net profit for the financial year		630,810	429,821	107,779	116,070
Other comprehensive (loss)/income:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		(112,613)	56,472	–	–
		(112,613)	56,472	–	–

STATEMENTS OF COMPREHENSIVE INCOME



	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
Items that will not be subsequently reclassified to profit or loss:					
Remeasurement of post-employment benefit obligation	33	672	701	–	–
Income tax relating to remeasurement of post-employment benefit obligation	8	(134)	(151)	–	–
		538	550	–	–
Other comprehensive (loss)/income for the financial year		(112,075)	57,022	–	–
Total comprehensive income for the financial year		518,735	486,843	107,779	116,070
Profit for the financial year attributable to:					
Owners of the Company		428,930	301,737	107,779	116,070
Non-controlling interests		201,880	128,084	–	–
		630,810	429,821	107,779	116,070
Total comprehensive income attributable to:					
Owners of the Company		322,282	341,162	107,779	116,070
Non-controlling interests		196,453	145,681	–	–
		518,735	486,843	107,779	116,070
Earnings per share attributable to the owners of the Company (sen):					
- basic and diluted	9	11.75	8.27		

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



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	2,683,265	2,730,260	1	2
Investment properties	11	31,148	40,245	–	–
Right-of-use assets	12	392,466	409,308	–	–
Intangible assets	13	91,235	102,512	–	–
Investment in subsidiaries	14	–	–	1,559,775	1,556,867
Investment in associates	15	1,810	1,674	–	–
Financial assets at fair value through other comprehensive income		4,446	–	–	–
Other receivables, deposits and prepaid expenses	20	13,003	18,256	–	–
Amount due from an associate	22	27,925	20,582	–	–
Deferred tax assets	16	63,597	76,687	–	–
Total non-current assets		3,308,895	3,399,524	1,559,776	1,556,869
CURRENT ASSETS					
Biological assets	17	571,763	515,453	–	–
Inventories	18	968,600	978,837	–	–
Trade receivables	19	623,171	729,404	–	–
Other receivables, deposits and prepaid expenses	20	165,085	144,766	10,852	188
Amounts due from subsidiaries	21	–	–	1,296	1,363
Non-current assets held for sale	23	–	11,651	–	–
Derivative financial assets	24	789	–	–	–
Tax recoverable		35,322	47,444	103	296
Cash and bank balances	25	770,670	699,505	1,086	53,333
Total current assets		3,135,400	3,127,060	13,337	55,180
TOTAL ASSETS		6,444,295	6,526,584	1,573,113	1,612,049
EQUITY AND LIABILITIES					
EQUITY					
Share capital	26	1,500,714	1,499,684	1,500,714	1,499,684
Treasury share	27	(11,547)	–	(11,547)	–
Merger reserve	28	(662,966)	(662,966)	–	–
Reserves	29	1,622,415	1,399,988	60,137	49,141
Equity attributable to owners of the Company		2,448,616	2,236,706	1,549,304	1,548,825
Non-controlling interests		878,820	718,422	–	–
Total equity		3,327,436	2,955,128	1,549,304	1,548,825

STATEMENTS OF FINANCIAL POSITION



	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities	16	150,582	146,084	–	–
Lease liabilities	31	145,394	151,196	–	–
Bank borrowings	32	575,947	870,771	–	–
Post-employment benefits obligation	33	39,908	38,971	–	–
Deferred income					
- government grants	34	687	1,091	–	–
Provision for asset retirement obligation	35	4,918	5,086	–	–
Total non-current liabilities		917,436	1,213,199	–	–
CURRENT LIABILITIES					
Trade payables	36	311,641	359,580	–	–
Other payables and accrued expenses	37	406,871	322,535	2,521	2,121
Amounts due to subsidiaries	38	–	–	21,288	17,303
Lease liabilities	31	30,708	27,994	–	–
Bank borrowings	32	1,418,758	1,587,305	–	–
Derivative financial liabilities	24	–	2,485	–	–
Deferred income					
- government grants	34	344	364	–	–
Dividend payable	39	–	43,800	–	43,800
Tax payable		31,101	14,194	–	–
Total current liabilities		2,199,423	2,358,257	23,809	63,224
TOTAL LIABILITIES		3,116,859	3,571,456	23,809	63,224
TOTAL EQUITY AND LIABILITIES		6,444,295	6,526,584	1,573,113	1,612,049

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



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM'000	Treasury share RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 January 2024		1,499,684	-	(662,966)	27,515	11,097	1,361,376	2,236,706	718,422	2,955,128
Comprehensive income:										
- Net profit for the financial year		-	-	-	-	-	428,930	428,930	201,880	630,810
Other comprehensive income:										
- Remeasurement of post-employment benefit obligation		-	-	-	-	-	311	311	227	538
- Exchange translation differences		-	-	-	(106,979)	20	-	(106,959)	(5,654)	(112,613)
Total other comprehensive income		-	-	-	(106,979)	20	311	(106,648)	(5,427)	(112,075)
Total comprehensive income		-	-	-	(106,979)	20	429,241	322,282	196,453	518,735
Transactions with owners:										
- Issuance of shares pursuant to ESOS		1,030	-	-	-	-	-	1,030	-	1,030
- Purchase of treasury shares		-	(11,547)	-	-	-	-	(11,547)	-	(11,547)
- Issuance of shares in subsidiary to non-controlling interest		-	-	-	-	-	-	-	400	400
- Dividends paid	39	-	-	-	-	-	(100,385)	(100,385)	(33,821)	(134,206)
- Changes in equity interest in subsidiaries		-	-	-	-	-	(3,052)	(3,052)	(2,634)	(5,686)
- ESOS expenses	5	-	-	-	-	3,582	-	3,582	-	3,582
- ESOS exercised and lapsed		-	-	-	-	(11,422)	11,422	-	-	-
		1,030	(11,547)	-	-	(7,840)	(92,015)	(110,372)	(36,055)	(146,427)
At 31 December 2024		1,500,714	(11,547)	(662,966)	(79,464)	3,277	1,698,602	2,448,616	878,820	3,327,436

STATEMENTS OF CHANGES IN EQUITY



	Note	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2023		1,499,684	(662,966)	(11,592)	11,309	1,168,609	2,005,044	584,531	2,589,575
Comprehensive income:									
- Net profit for the financial year		-	-	-	-	301,737	301,737	128,084	429,821
Other comprehensive income:									
- Remeasurement of post-employment benefit obligation		-	-	-	-	318	318	232	550
- Exchange translation differences		-	-	39,107	-	-	39,107	17,365	56,472
Total other comprehensive income		-	-	39,107	-	318	39,425	17,597	57,022
Total comprehensive income		-	-	39,107	-	302,055	341,162	145,681	486,843
Transactions with owners:									
- Dividends paid	39	-	-	-	-	(65,700)	(65,700)	(11,291)	(76,991)
- Dividend payable	39	-	-	-	-	(43,800)	(43,800)	-	(43,800)
- Changes in equity interest in subsidiaries		-	-	-	-	-	-	(499)	(499)
- ESOS lapsed		-	-	-	(212)	212	-	-	-
At 31 December 2023		1,499,684	(662,966)	27,515	11,097	1,361,376	2,236,706	718,422	2,955,128



STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital RM'000	Treasury share RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total equity RM'00
Company						
At 1 January 2024		1,499,684	–	11,097	38,044	1,548,825
Total comprehensive income:						
Net profit for the financial year		–	–	–	107,779	107,779
Transactions with owners:						
Issuance of shares pursuant to ESOS		1,030	–	–	–	1,030
Purchase of treasury shares		–	(11,547)	–	–	(11,547)
Dividends paid	39	–	–	–	(100,385)	(100,385)
ESOS expense	5	–	–	694	–	694
Capital contribution to subsidiaries		–	–	2,908	–	2,908
ESOS exercised and lapsed		–	–	(11,422)	11,422	–
At 31 December 2024		1,500,714	(11,547)	3,277	56,860	1,549,304
At 1 January 2023		1,499,684	–	11,309	31,262	1,542,255
Total comprehensive income:						
Net profit for the financial year		–	–	–	116,070	116,070
Transactions with owners:						
Dividends paid	39	–	–	–	(65,700)	(65,700)
Dividend payable	39	–	–	–	(43,800)	(43,800)
ESOS lapsed		–	–	(212)	212	–
At 31 December 2023		1,499,684	–	11,097	38,044	1,548,825

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024



	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		760,518	554,745	111,956	116,162
Adjustments for:					
Expense recognised in respect of defined benefit plan	33	5,929	6,112	–	–
Depreciation of:					
- property, plant and equipment	10	269,131	275,939	1	18
- investment properties	11	217	251	–	–
- right-of-use assets	12	43,610	43,160	–	–
Amortisation of deferred income	34	(356)	(355)	–	–
Write-off of:					
- property, plant and equipment	10	6,589	14,398	–	–
- right-of-use assets	12	–	258	–	–
Gain on termination of leases	6	(1,747)	(416)	–	–
Gain on disposal of property, plant and equipment	6	(7,354)	(2,127)	–	–
Unrealised loss/(gain) on foreign exchange	6	867	(4,786)	76	(556)
Fair value gain on derivative financial instruments	6	(1,908)	(5,305)	–	–
Share of profit of associates	15	(356)	(330)	–	–
Bad debts written off	6	367	57	–	–
Provision for/(reversal of) impairment loss on:					
- property, plant and equipment	10	18,900	16,394	–	–
- right-of-use assets	12	99	6,391	–	–
- goodwill	13	8,404	102	–	–
- trade receivables	19	9,180	(24)	–	–
- other receivables	20	154	(1,809)	–	–
ESOS expenses	5	3,582	–	694	–
Dividend income	4	–	–	(118,859)	(120,736)
Interest income from associate	6	(1,727)	(1,093)	–	–
Interest income	6	(14,807)	(13,424)	(894)	(904)
Finance costs	7	130,617	169,590	523	901
		1,229,909	1,057,728	(6,503)	(5,115)
Changes in working capital:					
Biological assets		(71,264)	(90,500)	–	–
Inventories		2,468	25,239	–	–
Receivables		38,678	(20,775)	(10,597)	96
Payables		13,595	101,321	(3,360)	(2,151)
Cash generated from operations		1,213,386	1,073,013	(20,460)	(7,170)
Tax paid		(103,181)	(86,066)	(22)	(40)
Tax refunded		18,073	7,106	–	93
Post-employment benefit paid		(1,592)	(1,566)	–	–
Net cash flow from operating activities		1,126,686	992,487	(20,482)	(7,117)



STATEMENTS OF CASH FLOWS

	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to an associate	40	(9,394)	(2,084)	–	–
Proceeds from disposal of property, plant and equipment		31,905	5,573	–	–
Proceeds from partial disposal of a subsidiary		1,916	–	–	–
Dividend income received from:					
- an associate	15	204	300	–	–
- subsidiaries	4	–	–	118,859	120,736
Interest income received from associate		1,917	1,093	–	–
Interest income received	6	14,807	13,424	894	904
Additions of:					
- property, plant and equipment	10	(332,635)	(218,804)	–	–
- investment properties	11	(1,483)	(282)	–	–
- right-of-use assets	12	(13,567)	(557)	–	–
Acquisition of additional shares in a subsidiary	14	(7,602)	(499)	–	–
Decrease in fixed deposits pledged		7,827	2,894	–	–
Placement of fixed deposits with more than three months maturity		(84,475)	(69,210)	–	–
Withdrawal of fixed deposits with more than three months maturity		58,814	104,303	–	–
Net cash flow from investing activities		(331,766)	(163,849)	119,753	121,640
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs paid		(131,093)	(169,899)	(46)	–
Dividends paid to:					
- shareholders	39	(144,185)	(65,700)	(144,185)	(65,700)
- non-controlling interests		(33,821)	(11,291)	–	–
Repayment of hire purchase liabilities		(12,720)	(13,367)	–	–
Payments for the principal portion of lease liabilities		(27,412)	(29,789)	–	–
Drawdown of term loans		73,818	52,245	–	–
Repayment of term loans		(237,945)	(258,646)	–	–
Repayment of Sukuk Mudharabah		(34,000)	–	–	–
Drawdown of bankers' acceptances		931,914	1,043,144	–	–
Repayment of bankers' acceptances		(966,329)	(1,201,237)	–	–
Drawdown of revolving credits		849,544	1,311,968	–	–
Repayment of revolving credits		(978,329)	(1,296,000)	–	–
Drawdown of trust receipts		1,362,969	1,741,314	–	–
Repayment of trust receipts		(1,361,899)	(1,876,070)	–	–
Issuance of ordinary shares pursuant to ESOS		1,030	–	1,030	–
Issuance of shares in subsidiary to non-controlling interest		400	–	–	–
Purchase of treasury shares		(11,547)	–	(11,547)	–
Advance from a subsidiary	40	–	–	21,000	–
Repayment to a subsidiary	40	–	–	(17,694)	(388)
Net cash flow from financing activities		(719,605)	(773,328)	(151,442)	(66,088)

STATEMENTS OF CASH FLOWS



Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net changes in cash and cash equivalents	75,315	55,310	(52,171)	48,435
Effect of exchange translation differences	(23,901)	15,908	(76)	556
Cash and cash equivalents at beginning of the financial year	627,270	556,052	53,333	4,342
Cash and cash equivalents at end of the financial year	25	678,684	1,086	53,333

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans and Sukuk Mudharabah RM'000	Short term borrowings* RM'000	Lease liabilities RM'000	Hire purchase liabilities RM'000	Total RM'000
Group					
At 1 January 2024	1,115,931	1,323,295	179,190	15,430	2,633,846
Drawdown	73,818	3,144,427	–	–	3,218,245
Repayment	(271,945)	(3,306,557)	(27,412)	(12,720)	(3,618,634)
Finance costs paid	(61,491)	(59,907)	(9,018)	(677)	(131,093)
	(259,618)	(222,037)	(36,430)	(13,397)	(531,482)
Non-cash transaction:					
Finance costs	59,628	59,907	9,018	677	129,230
Interest accretion	1,761	–	–	–	1,761
Addition	–	–	41,008	3,812	44,820
Lease modification	–	–	3,865	–	3,865
Remeasurement	–	–	12,011	–	12,011
Termination	–	–	(23,246)	–	(23,246)
Foreign exchange translation	(38,146)	(61,064)	(9,314)	(95)	(108,619)
At 31 December 2024	879,556	1,100,101	176,102	6,427	2,162,186



STATEMENTS OF CASH FLOWS

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	Term loans and Sukuk Mudharabah RM'000	Short term borrowings* RM'000	Lease liabilities RM'000	Hire purchase liabilities RM'000	Total RM'000
Group (Cont'd)					
At 1 January 2023	1,279,631	1,556,599	177,757	17,952	3,031,939
Drawdown	52,245	4,096,426	–	–	4,148,671
Repayment	(258,646)	(4,373,307)	(29,789)	(13,367)	(4,675,109)
Finance costs paid	(76,674)	(84,098)	(8,190)	(937)	(169,899)
	(283,075)	(360,979)	(37,979)	(14,304)	(696,337)
Non-cash transaction:					
Finance costs	76,008	83,103	8,190	937	168,238
Interest accretion	806	995	–	–	1,801
Addition	–	–	34,597	10,799	45,396
Lease modification	–	–	(8,950)	–	(8,950)
Termination	–	–	(836)	–	(836)
Foreign exchange translation	42,561	43,577	6,411	46	92,595
At 31 December 2023	1,115,931	1,323,295	179,190	15,430	2,633,846

* Short-term borrowings exclude bank overdrafts.

	Amounts due to subsidiaries	
	2024 RM'000	2023 RM'000
Company		
At 1 January	17,252	16,739
Net cash flow	3,260	(388)
Non-cash transaction:		
Finance costs	523	901
At 31 December	21,035	17,252

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024



1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office is as follows:

Principal place of business

3rd Floor, Wisma Westcourt,
No. 126, Jalan Kelang Lama,
58000 Kuala Lumpur,
Malaysia.

Registered office

Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur

The Directors regard Emerging Glory Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

The principal activity of the Company is investment holding. The principal activities of the Group are the production and distribution of breeder and broiler day-old-chick, broiler chickens, eggs, animal feeds, animal health products and consumer food products. The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors and management to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors and management's best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Standards, amendments to published standards and interpretations that are effective

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 16 'Lease liability in a Sale and Leaseback'
- Amendments to MFRS 101 'Classification of liabilities as current or non-current' ('2020 amendments') and 'Non-current Liabilities with Covenants' ('2022 amendments')
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2024. None of these is expected to have a significant effect on the financial statements of the Group.

New standards and amendments effective from financial year beginning 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

New standards and amendments effective from financial year beginning 1 January 2026:

- Annual Improvements to MFRS 'Accounting Standards—Volume 11'
- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'
- Amendments to MFRS 9 and MFRS 7 'Contracts Referencing Nature-dependent Electricity'

New standards and amendments effective from financial year beginning 1 January 2027:

- Amendments to MFRS 18 'Presentation and Disclosure in Financial Statements'
- Amendments to MFRS 19 'Subsidiaries without Public Accountability: Disclosures'

The amendments shall be applied retrospectively.

The Group is in the process of assessing the full impact of the above standards and amendments to published standards on the financial statements of the Group in the financial year of initial application.

2.4 Basis of consolidation

The principal accounting policies applied in the preparation of the financial statements are set out below:

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

Business combinations under acquisition method

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill (refer to accounting policy Note 2.5 on goodwill). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Business combination under common control

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to merger reserve. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The comparative information is not restated.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

Transactions between Group companies

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those adopted by the Group.

Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(b) Investments in subsidiaries and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.5 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net assets of the subsidiary of the acquiree, the resulting gain is recognised directly in profit or loss.

Goodwill on acquisition of subsidiaries is included in the statement of financial position as intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ('CGUs'), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates is included in investments in associates. Such goodwill is tested for impairment as part of the total carrying value.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost, to their residual values over their estimated useful lives, summarised as follows:

Buildings	2% - 12.5%
Land improvement	2% - 5%
Plant and machinery	5% - 20%
Motor vehicles	10% - 20%
Furniture, fittings, equipment and renovation	5% - 50%

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 2.8 on impairment of non-financial assets.

2.7 Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight-line basis to allocate the cost to their residual values over their estimated useful lives of 8 to 50 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.7 Investment properties (Cont'd)

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

If an item of owner-occupied property becomes an investment property because its use has changed, the carrying amount of the property does not change.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. The Group also assesses goodwill, intangible assets with indefinite useful life and other assets that are subject to amortisation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(c) Measurement (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses. Impairment losses are included as other expenses in the statement of comprehensive income.

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(expenses) and impairment losses are included as other expenses in the statement of comprehensive income.

(iii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other income/(expenses) in the period which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income/(expenses) in the statement of comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company have five types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables and deposits
- Amounts due from intercompanies
- Amounts due from associates
- Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group or Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

- (i) General 3-stage approach for other receivables, deposits and non-trade amounts due from intercompanies and associates

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 44 sets out the measurement details of ECL.

- (ii) Simplified approach for trade receivables and trade amounts due from intercompanies

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 44 sets out the measurement details of ECL.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(d) Subsequent measurement – Impairment (Cont'd)

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

Macroeconomic information is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 180 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables arising from poultry business have been grouped based on shared credit risk characteristics of customer's geographical location and the days past due.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually. Amounts due from intercompanies and amounts due from associates in the Group and the Company's financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each entities' receivables.

Write-off

(i) Trade receivables and trade amounts due from intercompanies

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(d) Subsequent measurement – Impairment (Cont'd)

Write-off (Cont'd)

(i) Trade receivables and trade amounts due from intercompanies (Cont'd)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, deposits, non-trade amount due from intercompanies and amounts due from associates

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2.10 Leases

Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.10 Leases (Cont'd)

Accounting by lessee (Cont'd)

ROU assets (Cont'd)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment properties owned by the Group. Refer to accounting policy Note 2.7 on investment property.

The Group leases various lands, buildings and equipment. The right-of-use assets are depreciated over the following leases terms which included extension options that had been assessed at inception date that would be exercised based on the prevailing economic conditions.

Leasehold land	32 - 99 years
Land use rights	20 - 60 years
Land from operating lease	2 - 60 years
Buildings	1 - 15 years
Plant and machinery	1 - 12 years

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Refer to accounting policy Note 2.9(d) on impairment of financial assets.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using first in, first out method or weighted average costs, as applicable. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs, including import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

2.13 Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, less restricted cash. Restricted cash includes restricted deposits held as compensating balances against credit facilities arrangements.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

2.14 Share capital

(a) Classification

Ordinary shares are classified as equity.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against equity.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Share capital (Cont'd)

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.15 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the weighted average effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.16 Borrowings (Cont'd)

Borrowings are removed from the statement of financial position when the obligation specified in the Contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the parent, investor and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the investor is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the investor the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.17 Current and deferred income tax (Cont'd)

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

2.18 Employee benefits

Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the statement of financial position.

2.19 Share-based payments - Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of share options for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.19 Share-based payments - Employee options (Cont'd)

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

Modification and Cancellation

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a cancelled award is substituted by a new award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. If the Company does not identify a new award granted as replacement equity instruments for the cancelled award, the new award is accounted as a new grant of equity instruments.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.21 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.22 Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of applicable tax, returns, rebates and discounts. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group's revenue is derived mainly from sales of chicken and other poultry related products, such as poultry feed and processed food.

Sales of chicken and other poultry related products

Revenue from sales of chicken and other poultry related products including eggs are recognised net of discount and applicable tax at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer; or upon delivery of the chicken on board for onward delivery to the customer.

Sales of feed

Revenue from sales of poultry feed are recognised net of discount and applicable tax at the point in time when control of the goods has transferred to customer. The terms of contract with the customer is ex-factory where control transfers upon the feed truck is weighed for quantity of feed loaded and accepted by customers' truck driver before it leaves the feedmill. Revenue for sales of feed by bag packaging are recognised upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer which indicate the transfer of control.

There is no element of financing present as the Group's sale of goods are either on cash term or on credit terms not exceeding 12 months.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.22 Revenue recognition (Cont'd)

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:

- Lease income is recognised on the straight-line basis over the lease terms. (Note 2.10).
- Dividend income is recognised when the Group's right to receive payment is established.

2.23 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. All other foreign exchange gains and losses are presented in profit or loss on a net basis within other income or expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.23 Foreign currencies (Cont'd)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

2.24 Biological assets

Biological assets comprising of breeders, broilers, commercial layers and hatching eggs are measured at fair value less cost to sell. Costs to sell include the incremental costs directly attributable to the sale of biological assets but excludes finance costs and income taxes. Purchases of livestock are directly expensed to profit or loss when incurred. Changes in fair value of biological assets, livestock losses, the carrying amount of livestock depopulation and the carrying amount of livestock sold are recognised in the statement of comprehensive income within "Change in fair value of biological assets".

The following are further information on determining the fair value of each livestock.

Breeders

Breeders comprise grandparents and parent breeding stocks. The fair value of grandparents and parent breeding stocks is determined using a discounted cash flow model over their lifespan based on the expected cash inflow from day-old-chick or hatching egg produced by each breeder, less expected costs incurred, and imputed contributory assets charges for the assets essential for the production of day-old-chick.

Commercial layers

Commercial layers comprise pullets and layers. The fair value of pullets and layers is determined using a discounted cash flow model over their lifespan based on the expected cash inflow from table eggs produced by each layer, less expected costs incurred, and imputed contributory assets charges for the assets essential for the production of table eggs.



NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.24 Biological assets (Cont'd)

Broilers

The fair value of the broilers is determined using a discounted cash flow model based on expected selling price of broilers less estimated costs incurred over the life span until the point of sale.

Certain broilers are transferred to the processing plant at fair value less estimated point-of-sale costs. These broilers are then further processed when slaughtered. Once slaughtered, the biological assets are transferred to inventory.

Hatching eggs

The fair value of hatching eggs is determined using a discounted cash flow model based on expected cash inflow from expected selling price of day-old-chick or hatching egg less estimated hatchery costs to be incurred for hatching the eggs into day-old-chick, and imputed contributory asset charges for the assets essential for the hatchery production.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Board of Directors has appointed a Management Team which assesses the financial performance and position of the Group, and makes strategic decisions. The Management Team, which has been identified as being the chief operating decision maker, comprise the Group's chief executive officer, chief executive officer of the respective countries and the Group's chief financial officer.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to income are recognised in profit or loss within "other income" over the periods to match the related costs for which the grants are intended to compensate.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Biological assets

The fair value of biological assets is determined using a discounted cash flow model. Directors and management estimates are required in measuring the fair value of biological assets. Changes to any of these assumptions would affect the fair value of the biological assets.

Breeders

In measuring the fair value of breeders, management's estimation includes the expected number of day-old-chick produced by each breeders, the expected selling price of the day-old-chick or hatching egg, expected salvage value of old birds, mortality rate, feed consumption rate, feed costs and other estimated farming costs to be incurred over the life span of the breeders, as well as the discount rate used for the cash flow.



3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(i) Biological assets (Cont'd)

Commercial layers

In measuring the fair value of commercial layers, management's estimation includes the expected number of table eggs produced by each layer, the expected selling price of the table eggs, expected salvage value of layers, mortality rate, feed consumption rate, feed costs and other estimated farming costs to be incurred over the life span of the layers, as well as the discount rate used for the cash flow.

Broilers

Management's estimation includes the expected selling price of broilers, saleable weight, mortality rate, feed consumption rate, feed costs and other estimated farming costs to be incurred over the life span of broilers, as well as the discounted rate used for the cash flow.

Hatching eggs

Management's estimation includes the expected selling price of day-old-chick or hatching egg, internal hatchability ratio, estimated hatchery cost to be incurred for hatching the eggs into day-old-chick.

The Group recorded a fair value for its biological assets of RM571,763,000 as at 31 December 2024 (2023: RM515,453,000). The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 17 to the financial statements.

(ii) Contingent liabilities

The Group identifies and analyses on a regular basis the current litigation, claims and arbitration involving the group, if any, when they arise. When necessary, provisions are made based on the best estimate of the expenditure required to settle the obligations, taking into account information available and different possible outcomes at the reporting date.

Contingent liabilities may develop in a way not initially expected. Therefore, a contingent liability is disclosed when it is not possible to predict the outcome of present obligations that arise from past events.

Management has made an assessment on contingent liabilities, including uncertainty relating to the outcome of its ongoing appeal on the penalty imposed by Malaysia Competition Commission ("MyCC"), which is inherently subject to uncertain future events and is disclosed in Note 41 in the notes to the financial statements.

(iii) Deferred taxes

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves significant judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised, the likely timing and level of future taxable profits together with future tax planning strategies to support the basis of recognition of deferred tax assets. Further details of deferred tax asset are disclosed in Note 16 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

4 REVENUE

The Group derives the following types of revenue:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Revenue from contracts with customers:</u>				
- Sales of goods	9,297,996	9,526,438	–	–
<u>Revenue from other sources:</u>				
- Lease income	11,344	12,922	–	–
- Dividend income from subsidiaries	–	–	118,859	120,736
- Others	112	152	–	–
Total revenue	9,309,452	9,539,512	118,859	120,736

Disaggregation of revenue from contracts with customers by product segments:

	Group	
	2024 RM'000	2023 RM'000
Livestock and other poultry related products	5,398,950	5,155,633
Feedmill	3,899,046	4,370,805
	9,297,996	9,526,438

Included in the revenue from livestock and other poultry related products is revenue from sales of table eggs of RM806,565,000 (2023: RM848,524,000).

5 EMPLOYEE BENEFIT COSTS INCLUDING DIRECTORS' REMUNERATION

(a) Employee benefit costs including Directors' remuneration

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, wages, bonuses and other benefits	814,056	732,743	1,138	848
Defined contribution plans	42,451	42,518	20	–
Defined benefit plans (Note 33)	5,929	6,112	–	–
ESOS expenses	3,582	–	694	–
	866,018	781,373	1,852	848

(b) The breakdown of the Directors' remuneration of the Group and Company are as disclosed in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS



6 PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration:				
Statutory audit				
- PricewaterhouseCoopers PLT	1,705	1,606	109	105
- Member firms of PricewaterhouseCoopers International Limited	2,216	2,214	-	-
- Others	162	271	-	-
Other services				
- PricewaterhouseCoopers PLT	7	61	-	-
- Member firms of PricewaterhouseCoopers International Limited	49	372	-	-
Foreign exchange losses/(gains):				
- realised	552	4,349	-	(94)
- unrealised	867	(4,786)	(76)	(556)
Fair value gain on derivative financial instruments	(1,908)	(5,305)	-	-
Rental expense*	11,669	9,984	-	-
Write-off of:				
- property, plant and equipment	6,589	14,398	-	-
- right-of-use assets	-	258	-	-
Gain on termination of leases	(1,747)	(416)	-	-
Provision for/(reversal of) impairment loss on:				
- property, plant and equipment	18,900	16,394	-	-
- right-of-use assets	99	6,391	-	-
- goodwill	8,404	102	-	-
- trade receivables	9,180	(24)	-	-
- other receivables	154	(1,809)	-	-
Amortisation of deferred income	(356)	(355)	-	-
Packing materials	22,273	20,758	-	-
Travelling expenses	14,374	13,203	-	-
Promotional and marketing expenses	13,774	7,385	-	-
Interest income	(16,534)	(14,517)	(894)	(904)
Rental income	(2,960)	(2,498)	-	-
Gain on disposal of property, plant and equipment	(7,354)	(2,127)	-	-
Bad debts written off	367	57	-	-
Government grant	(1,898)	(1,850)	-	-
Government subsidy [^]	(92,096)	(161,348)	-	-
Management fee expense	1,153	37	1,445	1,217
Insurance expenses	20,047	17,005	163	185
Brooding expenses	15,436	9,976	-	-
Cleaning and washing expenses	11,177	10,550	-	-
Pest control expenses	3,463	3,777	-	-

* The rental expenses disclosed comprise only short term leases and leases of low value assets. See Note 12 for details of rental expenses.

[^] Government subsidy was recognised as 'other income' during the financial year ended 31 December 2024 and 31 December 2023 under "Program Subsidi Ayam dan Telur". The program has been approved by the Government of Malaysia on 9 February 2022. The objective of the programme is to ease the burden of poultry and layer farmers due to the increase in the production costs while the ceiling prices have been set for chicken and eggs. Under the program, the eligible poultry and layer farmers will receive cash when their applications have been approved by the Department of Veterinary Services ("DVS") under Ministry of Agriculture and Food Industries. Subsidy for chicken was discontinued on 1 November 2023, while subsidy for eggs remains unaffected.



NOTES TO THE FINANCIAL STATEMENTS

7 FINANCE COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expenses on:				
Bankers' acceptances	9,548	12,307	–	–
Bank overdrafts	951	938	–	–
Term loans	46,475	62,125	–	–
Hire purchase liabilities	677	937	–	–
Lease liabilities	9,018	8,190	–	–
Revolving credits	31,771	35,436	–	–
Trust receipts	18,588	35,360	–	–
Loan from a subsidiary	–	–	523	901
Sukuk Mudharabah	13,153	13,883	–	–
Others	436	414	–	–
	130,617	169,590	523	901

8 TAX EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax recognised in profit or loss:				
- Malaysian income tax	45,312	37,443	215	217
- Foreign income tax	70,742	44,575	–	–
- Overprovision in prior years	(3,655)	(1,311)	–	(125)
	112,399	80,707	215	92
Deferred taxation recognised in profit or loss (Note 16):				
- Origination and reversal of temporary differences	13,222	44,217	–	–
Real property gain tax	125	–	–	–
Withholding tax	3,962	–	3,962	–
Tax expense	129,708	124,924	4,177	92
Deferred taxation recognised in OCI (Note 16):				
- Remeasurement of post-employment benefit obligation	134	151	–	–



8 TAX EXPENSE (CONT'D)

A numerical reconciliation of income tax expense to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	760,518	554,745	111,956	116,162
Tax at applicable statutory tax rate	166,701	119,647	26,869	27,879
Tax effects of:				
- expenses not deductible for tax purposes	29,692	26,486	1,872	1,315
- income not subject to tax	(27,484)	(28,008)	(28,526)	(28,977)
- share of result of an associate	(85)	(79)	-	-
- utilisation of reinvestment allowance not recognised as tax benefits	(892)	-	-	-
- utilisation of previously unrecognised tax losses	(27,384)	(3,639)	-	-
- utilisation of previously unrecognised capital allowances	(317)	(1,387)	-	-
- utilisation of special incentive	(6,950)	(3,790)	-	-
- current year tax losses for which no deferred tax asset is recognised	476	745	-	-
- reversal of previously recognised tax benefits arising from tax losses	6,980	16,260	-	-
Real property gain tax	125	-	-	-
Withholding tax	3,962	-	3,962	-
Overprovision in prior years	(15,116)	(1,311)	-	(125)
Tax expense	129,708	124,924	4,177	92

The amounts of unutilised tax losses, deductible temporary differences on property, plant and equipment and unutilised reinvestment allowance for which no deferred tax asset has been recognised in the statements of financial position are as follows:

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses		
- expiring by year of assessment 2024*	-	19,626
- expiring by year of assessment 2025*	8,350	22,750
- expiring by year of assessment 2026*	5,353	117,164
- expiring by year of assessment 2027*	3,448	69,974
- expiring by year of assessment 2028**	86,255	27,680
- expiring by year of assessment 2029**	24,613	4,056
- expiring by year of assessment 2030^	596	596
- expiring by year of assessment 2031^	7,040	7,108
- expiring by year of assessment 2032^	2,247	568
- expiring by year of assessment 2033^	219	-
	138,121	269,522



NOTES TO THE FINANCIAL STATEMENTS

8 TAX EXPENSE (CONT'D)

The amounts of unutilised tax losses, deductible temporary differences on property, plant and equipment and unutilised reinvestment allowance for which no deferred tax asset has been recognised in the statements of financial position are as follows: (Cont'd)

	2024 RM'000	Group 2023 RM'000
Unabsorbed capital allowances - no expiry period	4,640	5,962
Unutilised reinvestment allowance - expiring not more than seven years	5,599	9,318
	148,360	284,802

* Under Indonesia and Vietnam tax regulations, the unutilised tax losses can be carried forward for a maximum of 5 years following the years the losses were incurred.

^ In Malaysia, the time limit to carry forward unutilised tax losses of Malaysian companies is a maximum of 10 consecutive years of assessment.

The Global Minimum Tax

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued Pillar Two model rules which are also commonly known as Global Minimum Tax ("GMT"). Various governments around the world have issued, or are in the process of issuing, legislation on this. The Government of Malaysia has gazetted the Finance (No.2) Act 2023 in December 2023 which sets out, amongst others, the legislative provisions of the OECD's Pillar Two model rules and will be effective for financial years beginning on or after 1 January 2025.

The Group is assessing the tax exposure for the jurisdictions in which the legislation has not been enacted or has been enacted but not yet effective for financial year 2024.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in Amendments to MFRS 112 on International Tax Reform – Pillar Two Model Rules.



9 EARNINGS PER SHARE ("EPS")

Basic EPS of the Group is calculated by dividing the profit attributable to the owners of the Company by the weighted average numbers of ordinary shares in issue during the financial year.

For the dilutive earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are the exercise of ESOS Options by eligible Directors and employees of the Group.

The following table reflects the income and share data used in the basic EPS computations:

	2024 RM'000	Group 2023 RM'000
Profit attributable to the owners of the Company	428,930	301,737
Weighted average number of ordinary shares in issue ('000)	3,649,689	3,650,000
Basic and diluted EPS (sen)	11.75	8.27

Diluted EPS

For the diluted earnings per ordinary share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary share.

The potential conversion of ESOS options are anti-dilutive as their exercise prices were higher than the average market price ('out of the money') of the Company's ordinary share during the financial year 2024 and 2023. Accordingly, the exercise of ESOS had been ignored in the calculation of dilutive earnings per share and the diluted earnings per ordinary share is the same as the basic earnings per ordinary share.



NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Land improvement RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, equipment renovation RM'000	Construction- in-progress RM'000	Total RM'000
Net book value								
At 1 January 2024	286,804	1,462,593	22,850	557,606	67,038	188,299	145,070	2,730,260
Additions	61,615	34,947	2,410	80,751	20,374	32,751	103,636	336,484
Disposals	-	(23,278)	-	(548)	(249)	(476)	-	(24,551)
Write-off	-	(220)	-	(3,111)	(6)	(2,788)	(464)	(6,589)
Foreign exchange differences	(5,676)	(53,834)	-	(18,076)	(2,549)	(3,918)	(2,034)	(86,087)
Reclassifications	2,478	19,681	47	74,604	-	10,986	(107,796)	-
Transfer from investment properties (see Note 11)	10,363	-	-	-	-	-	-	10,363
Transfer from assets held for sale (see Note 23)	-	9,925	-	1,491	-	-	-	11,416
Depreciation charge for the financial year	-	(80,458)	(1,114)	(120,361)	(21,807)	(45,391)	-	(269,131)
Impairment charge for the financial year	-	(16,945)	(52)	(1,825)	-	(78)	-	(18,900)
At 31 December 2024	355,584	1,352,411	24,141	570,531	62,801	179,385	138,412	2,683,265
At 31 December 2024:								
Cost	355,584	2,290,750	31,376	1,707,732	270,757	537,158	138,498	5,331,855
Accumulated depreciation	-	(920,214)	(7,178)	(1,132,142)	(207,956)	(343,478)	-	(2,610,968)
Accumulated impairment loss	-	(18,125)	(57)	(5,059)	-	(14,295)	(86)	(37,622)
Net book value	355,584	1,352,411	24,141	570,531	62,801	179,385	138,412	2,683,265



10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Buildings RM'000	Land improvement RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, equipment renovation RM'000	Construction-in-progress RM'000	Total RM'000
Net book value								
At 1 January 2023	303,250	1,445,809	21,671	579,783	66,060	214,503	153,386	2,784,462
Additions	2,528	34,233	2,438	53,122	20,088	24,361	92,873	229,643
Disposals	-	(19)	-	(1,444)	(583)	(461)	(939)	(3,446)
Write-off	-	(7,406)	(423)	(3,410)	(185)	(2,436)	(538)	(14,398)
Foreign exchange differences	(755)	39,010	-	12,510	1,885	1,897	1,537	56,084
Reclassifications	-	49,932	241	39,574	2,179	9,322	(101,248)	-
Transfer to investment properties (see Note 11)	(18,219)	-	-	-	-	-	-	(18,219)
Transfer to right-of-use assets (see Note 12)	-	(148)	-	-	-	-	-	(148)
Transfer to assets held for sale (see Note 23)	-	(9,898)	-	(1,487)	-	-	-	(11,385)
Depreciation charge for the financial year	-	(88,513)	(1,077)	(117,808)	(22,406)	(46,135)	-	(275,939)
Impairment charge for the financial year	-	(407)	-	(3,234)	-	(12,752)	(1)	(16,394)
At 31 December 2023	286,804	1,462,593	22,850	557,606	67,038	188,299	145,070	2,730,260
At 31 December 2023:								
Cost	286,804	2,347,609	28,968	1,622,161	270,482	526,246	145,156	5,227,426
Accumulated depreciation	-	(883,836)	(6,113)	(1,061,321)	(203,444)	(323,730)	-	(2,478,444)
Accumulated impairment loss	-	(1,180)	(5)	(3,234)	-	(14,217)	(86)	(18,722)
Net book value	286,804	1,462,593	22,850	557,606	67,038	188,299	145,070	2,730,260
At 1 January 2023:								
Cost	303,250	2,229,044	26,779	1,532,215	252,489	496,040	153,471	4,993,288
Accumulated depreciation	-	(782,462)	(5,103)	(952,432)	(186,429)	(280,072)	-	(2,206,498)
Accumulated impairment loss	-	(773)	(5)	-	-	(1,465)	(85)	(2,328)
Net book value	303,250	1,445,809	21,671	579,783	66,060	214,503	153,386	2,784,462



NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and office equipment RM'000	Company Total RM'000
Net book value		
At 1 January 2023	20	20
Depreciation charge for the financial year	(18)	(18)
At 31 December 2023/1 January 2024	2	2
Depreciation charge for the financial year	(1)	(1)
At 31 December 2024	1	1
At 31 December 2024:		
Cost	578	578
Accumulated depreciation	(577)	(577)
Net book value	1	1
At 31 December 2023:		
Cost	578	578
Accumulated depreciation	(576)	(576)
Net book value	2	2
At 1 January 2023:		
Cost	578	578
Accumulated depreciation	(558)	(558)
Net book value	20	20

- (a) As of 31 December 2024, certain property, plant and equipment of the Group with a net carrying value of RM750,801,000 (2023: RM857,101,000) were charged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 32 to the financial statements.
- (b) During the financial year, the Group has recognised an impairment charge of RM18,900,000 (2023: RM16,394,000) in its poultry and other related operations. The assessment was triggered due to the Group's net asset value being above the Group's market capitalisation. In performing the impairment assessment of the carrying amount of property, plant and equipment, the recoverable amount is determined using value-in-use ("VIU") calculation. These calculations use pre-tax cash flow projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates.



10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (c) The following property, plant and equipment of the Group were acquired under hire purchase instalment plans (Note 32):

	2024 RM'000	Group 2023 RM'000
Carrying amount		
Plant and machinery	12,900	17,823
Motor vehicles	20,425	29,922
Furniture, fittings and equipment	77	267
	33,402	48,012

- (d) Additions of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	2024 RM'000	Group 2023 RM'000
Cash payments	332,635	218,804
Unpaid balances included under other payables	9,661	9,624
Cash paid in respect of acquisitions in previous financial year	(9,624)	(9,584)
Financed by hire purchase	3,812	10,799
Additions of property, plant and equipment	336,484	229,643

11 INVESTMENT PROPERTIES

	Group RM'000
Net book value	
At 1 January 2023	21,995
Additions	282
Transfer from property, plant and equipment (Note 10)	18,219
Depreciation charge for the financial year	(251)
At 31 December 2023/1 January 2024	40,245
Additions	1,483
Transfer to property, plant and equipment (Note 10)	(10,363)
Depreciation charge for the financial year	(217)
At 31 December 2024	31,148



NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENT PROPERTIES (CONT'D)

	Group RM'000
At 31 December 2024:	
Cost	41,420
Accumulated depreciation	(10,272)
Net book value	31,148
At 31 December 2023:	
Cost	53,660
Accumulated depreciation	(13,415)
Net book value	40,245
At 1 January 2023:	
Cost	31,793
Accumulated depreciation	(9,798)
Net book value	21,995

	2024 RM'000	Group 2023 RM'000
Fair values	96,122	92,656

The property rental income earned by the Group from investment properties, certain of which are leased out under operating leases, amounted to RM1,374,000 (2023: RM1,130,000). Direct operating expenses arising from investment properties that are revenue-generating of the Group amounted to RM99,000 (2023: RM143,000).

The Group lease out some of its investment properties. The Group classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table set out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2024 RM'000	2023 RM'000
Group		
Within 1 year	1,584	1,250
In the 2 nd year	1,557	960
In the 3 rd year	1,023	629
In the 4 th year	44	57
In the 5 th year	35	57
Later than 5 th year	–	4
Total undiscounted lease payments	4,243	2,957



12 RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Land use rights RM'000	Land from operating lease RM'000	Buildings RM'000	Plant and machinery RM'000	Total RM'000
Carrying amount						
At 1 January 2023	39,365	202,046	116,511	55,671	4,147	417,740
Additions	-	667	4,166	29,167	1,310	35,310
Lease modification	-	-	(8,950)	-	-	(8,950)
Terminations	-	-	(429)	(280)	-	(709)
Write-off	-	-	-	(258)	-	(258)
Transfer from property, plant and equipment (see Note 10)	-	148	-	-	-	148
Foreign exchange differences	-	8,731	6,085	536	226	15,578
Depreciation charge for the financial year	(557)	(11,008)	(8,545)	(21,510)	(1,540)	(43,160)
Impairment charge for the financial year	-	-	-	(6,272)	(119)	(6,391)
At 31 December 2023/1 January 2024	38,808	200,584	108,838	57,054	4,024	409,308
Additions	-	8,675	21,552	20,540	4,083	54,850
Lease modification	-	-	3,865	-	-	3,865
Remeasurement*	-	-	-	11,416	-	11,416
Terminations	-	-	(20,386)	(1,191)	-	(21,577)
Foreign exchange differences	-	(12,796)	(5,807)	(2,180)	(904)	(21,687)
Depreciation charge for the financial year	(557)	(9,691)	(8,700)	(22,333)	(2,329)	(43,610)
Impairment charge for the financial year	-	(99)	-	-	-	(99)
At 31 December 2024	38,251	186,673	99,362	63,306	4,874	392,466

* Remeasurement refers to right-of-use assets that had exercised the option to extend the lease term during the financial year.

Extension options are included in a number of leases across the group to maximise operational flexibility.



NOTES TO THE FINANCIAL STATEMENTS

12 RIGHT-OF-USE ASSETS (CONT'D)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. All lease agreements do not impose any covenants other than the specific use of certain leasehold land or land use rights.

	Note	2024 RM'000	2023 RM'000
Interest expense (included in finance costs)	7	9,018	8,190
Expense relating to short-term leases (included in rental expenses)	6	11,214	9,581
Expense relating to leases of low value assets that are not shown above as short-term leases (included in rental expenses)	6	455	403
The total cash outflow for leases		48,099	47,963

Additions of right-of-use assets

Right-of-use assets were acquired by the following means:

	2024 RM'000	2023 RM'000
Cash payments	13,567	557
Future lease payment included in lease liabilities	41,008	34,597
Provision for asset retirement obligation	275	156
Addition of right-of-use assets	54,850	35,310

During the financial year, the Group has recognised an impairment charge of RM99,000 (2023: RM6,391,000) in its other poultry related operations. The assessment was triggered due to the Group's net asset value being above the Group's market capitalisation. In performing the impairment assessment of the carrying amount of property, plant and equipment, the recoverable amount is determined using value-in-use ("VIU") calculation. These calculations use pre-tax cash flow projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates.

13 INTANGIBLE ASSETS

	Goodwill on consolidation RM'000	Business customer RM'000	Total RM'000
Group			
Cost			
At 1 January 2023	107,204	11,117	118,321
Translation differences	3,400	695	4,095
At 31 December 2023/1 January 2024	110,604	11,812	122,416
Translation differences	(2,873)	(648)	(3,521)
At 31 December 2024	107,731	11,164	118,895



13 INTANGIBLE ASSETS (CONT'D)

	Goodwill on consolidation RM'000	Business customer RM'000	Total RM'000
Group (Cont'd)			
Less: Accumulated amortisation			
At 1 January 2023	–	11,117	11,117
Translation differences	–	695	695
At 31 December 2023/1 January 2024	–	11,812	11,812
Translation differences	–	(648)	(648)
At 31 December 2024	–	11,164	11,164
Less: Accumulated impairment losses			
At 1 January 2023	7,990	–	7,990
Addition	102	–	102
At 31 December 2023/1 January 2024	8,092	–	8,092
Addition	8,404	–	8,404
At 31 December 2024	16,496	–	16,496
Net carrying amount			
At 31 December 2024	91,235	–	91,235
At 31 December 2023	102,512	–	102,512

(i) Business customer relationship

Business customer relationship acquired in business combination are amortised over 5 years.

(ii) Goodwill on consolidation

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from the business combination. The carrying amount of goodwill totalling RM91.2 million (2023: RM102.5 million) had been allocated to the following cash generating units ('CGUs') for the purpose of impairment testing.

	Group	
	2024 RM'000	2023 RM'000
Malaysia		
Manufacturing of animal feeds	4,021	4,021
Trading of animal health products	3,115	3,115
Poultry farming and breeding	33,208	33,208
Singapore		
Processing and marketing of consumer products	50,891	62,168
	91,235	102,512



NOTES TO THE FINANCIAL STATEMENTS

13 INTANGIBLE ASSETS (CONT'D)

Impairment assessment for intangible assets in relation to the goodwill on consolidation

The impairment test was performed by comparing the cash-generating unit's carrying amount with its recoverable amount. The recoverable amount is determined using value-in-use calculations.

The recoverable amounts of the respective CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections covering a five-year period, based on the three-year financial budget which have been approved by the Directors and two-year forecast of the specific CGUs that the goodwill is allocated to. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates.

During the financial year, an impairment loss of RM8,404,000 was recognised in respect of goodwill CGU of an indirect subsidiary, Leong Hup Food Pte.Ltd.

In the previous financial year, an impairment loss of RM102,000 was recognised in respect of trading of animal health products CGU of an indirect subsidiary, Professional Vet Enterprise Sdn. Bhd.

Sensitivity

As at 31 December 2024 and 31 December 2023, the recoverable amount of CGUs above, except for Leong Hup Food Pte.Ltd. and Professional Vet Enterprise Sdn. Bhd. respectively, are estimated to exceed the carrying amounts and is not sensitive to any reasonable change in the key assumptions.

The key assumptions used in the value-in-use calculations are as follows:

Poultry farming and breeding

- The revenue growth rate and EBITDA margin is supported by management's approved budget and forecast, which is in line with past performance records, future market outlook and management's expectation of market developments.
- Pre-tax discount rate of 9.7% (2023: 9.7%) was applied, benchmarked against comparable companies at the date of assessment.
- A terminal growth rate 2.5% (2023: 2.2%) was applied.

Processing and marketing of consumer products

- The revenue growth rate and EBITDA margin is supported by management's forecasted projects, which is in line with past performance records, future market outlook and management's expectation of market developments.
- Pre-tax discount rate of 12.0% (2023: 14.5%) was applied, benchmarked against comparable companies at the date of assessment.
- A terminal growth rate 3.0% (2023: 3.0%) was applied.



14 INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost	1,547,687	1,547,687
Capital contribution to subsidiaries – ESOS Options	12,088	9,180
	1,559,775	1,556,867

The subsidiaries (all incorporated in Malaysia unless otherwise indicated) are as follows:

Name of the Company	Effective percentage of ownership		Principal activities
	2024 %	2023 %	
Direct subsidiaries			
Leong Hup (Malaysia) Sdn. Bhd.*	100.00	100.00	Investment holding
United Global Resources Limited*	100.00	100.00	Investment holding
Leong Hup Singapore Pte. Ltd.# (Incorporated in Singapore)	100.00	100.00	Investment holding
Dragon Amity Pte. Ltd.# (Incorporated in Singapore)	100.00	100.00	Investment holding and trading of packaging materials and stationery equipment
Leong Hup Corporate Services Sdn. Bhd.*	100.00	100.00	Management services provider
Leong Hup (Philippines), Inc.# (Incorporated in the Philippines)	100.00	100.00	Raising, breeding, cross breeding, fattening and pasturing of poultry and similar stocks and producer of animal feeds and pre-mix for livestock animals
Leong Hup Myanmar Co., Ltd.& (Incorporated in Myanmar)	100.00	100.00	Dormant
Indirect subsidiaries			
Leong Hup Poultry Farm Sdn. Bhd.*	100.00	100.00	Provision of farming related services
Leong Hup Broiler Farm Sdn. Bhd.*	100.00	100.00	Provision of farming related services and investment holding
Leong Hup (G.P.S.) Farm Sdn. Bhd.*	100.00	100.00	Provision of farming related services and investment holding



NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2024 %	2023 %	
Indirect subsidiaries (Cont'd)			
Leong Hup Agrobusiness Sdn. Bhd.*	100.00	100.00	Production and distribution of breeder and broiler day-old-chick, broiler chicken, animal feeds and consumer food products and operating of food, beverages and bakery retail outlets
Leong Hup Capital Sdn. Bhd.*	100.00	100.00	Funding vehicle, investment advisory services, other financial activities except insurance/takaful and pension funding
The Baker's Cottage Sdn. Bhd.^	100.00	100.00	Manufacturing, trading and distribution of food products
Baker's Cottage Training Academy Sdn. Bhd.^	100.00	100.00	Provision of training and consultancy services
Selasih Prospek Sdn. Bhd.^	100.00	100.00	Bakery, cafeteria and restaurant and retailing of confectionery food products
Ayam A1 Food Corporation Sdn. Bhd.*	100.00	100.00	Provision of manufacturing related services and investment holding
Leong Hup Feedmill Malaysia Sdn. Bhd.*	100.00	100.00	Manufacturing and marketing of animal feeds
Ladang Ternakan Maju Sdn. Bhd.*	100.00	100.00	Provision of farming related services and investment holding
Advantage Valuations Sdn. Bhd.*	51.00	51.00	Investment holding
F. E. Venture Sdn. Bhd.^	51.00	51.00	Trading of animal feeds and veterinary products
Leong Hup Ruminant Farm Sdn. Bhd.*	100.00	100.00	Investment holding
Leong Hup Feedmill Sdn. Bhd.*	100.00	100.00	Provision of manufacturing related services
Sri Medan Duck Farm Sdn. Bhd.*	100.00	100.00	Provision of farming related services
Beaming Agrottrade Sdn. Bhd.*	100.00	100.00	Investment holding
The Baker's Cottage Restaurant Sdn. Bhd^	100.00	100.00	Operating a restaurant dealing with food and beverage



14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2024 %	2023 %	
Indirect subsidiaries (Cont'd)			
Ayam A1 Food Processing Sdn. Bhd.*	100.00	100.00	Provision of manufacturing related services
Goldkist Breeding Farms Sdn. Bhd.*	100.00	100.00	Provision of farming related services and investment holding
J.B. Kim Farm Sdn. Bhd.*	51.00	51.00	Rearing of broiler chicken for sales
Mighty Farms Sdn. Bhd.*	51.00	51.00	Rearing of broiler chicken for sales
Exclusive Treasures Sdn. Bhd.*	100.00	100.00	Rearing of broiler chicken for sales
Mantap Untung Sdn.Bhd. ^u	–	51.00	Dormant
Ternakan Emas Sdn. Bhd.*	100.00	100.00	Dormant
Golden Egg Sdn. Bhd.*	100.00	100.00	Dormant
Rising Momentum Sdn. Bhd. ^u	-	100.00	Dormant
Farm Excel Distribution Sdn. Bhd. [^]	51.00	51.00	Exporter, importer and distribution of pharmaceutical and veterinary products
Laboratorios Reveex (Asia) Sdn. Bhd. [^]	26.01	26.01	Trading of veterinary products
Leong Hup Aquaculture Sdn. Bhd.*	100.00	100.00	Sales of aquaculture produce
Teo Seng Capital Berhad ^a	29.19	29.44	Investment holding and provision of management services
Teo Seng Farming Sdn. Bhd.*	29.19	29.44	Investment holding, poultry farming, processing, wholesale, retailing and distribution of eggs and related poultry products, manufacturing and marketing of fertilisers
Teo Seng Paper Products Sdn. Bhd.*	29.19	29.44	Manufacturing and marketing of egg trays
Teo Seng Feedmill Sdn. Bhd.*	29.19	29.44	Manufacturing and marketing of animal feeds
Ritma Prestasi Sdn. Bhd.*	29.19	29.44	Distribution of pet food, medicine and other animal health related products
Professional Vet Enterprise Sdn. Bhd.*	29.19	29.44	Distribution of pet food, medicine and other animal health related products



NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2024 %	2023 %	
Indirect subsidiaries (Cont'd)			
Success Century Sdn. Bhd.*	29.19	29.44	Management and renting of properties, planting, trading and processing of fruits and related products.
B-Tech Aquaculture Sdn. Bhd.*	29.19	29.44	Dormant
Laskar Fertiliser Sdn. Bhd.*	29.19	29.44	Management and renting of poultry related properties
Teo Seng Integrated Farming Sdn. Bhd.*	29.19	29.44	Poultry farming, manufacturing and marketing of animal feed, fertilizer and related poultry products
Trendata Science Sdn. Bhd.*	18.97	–	Provision of services, sales, research and development of poultry farming related intelligent machinery, equipment and robot
Premium Egg Products Pte. Ltd.# (Incorporated in Singapore)	29.19	29.44	Wholesaler, importers, exporters of eggs products
BH Fresh Food Pte. Ltd.# (Incorporated in Singapore)	29.19	29.44	Provisional cold storage space rental services and wholesale, importers, exporters of food products (including pet food/products).
Ritma Premier Pte. Ltd.# (Incorporated in Singapore)	29.19	29.44	Retail sale and distribution of pet food, medicine and other animal health related products
Leong Hup Agriculture (Desaru) Sdn. Bhd.*	60.00	60.00	Plantation of coconut and pineapple
Ideal Multifeed (Malaysia) Sdn. Bhd.*	100.00	100.00	Renting of animal feeds operations
Jaco Nutrimix Sdn. Bhd.*	100.00	100.00	Dormant - under members' voluntary winding up process
Prima Anjung Sdn. Bhd.*	100.00	100.00	Duck breeding
New Soon Teng Poultry Sdn. Bhd.*	60.00	70.00	Poultry farming and trading of broiler chicken
Emivest Feedmill Vietnam Co., Limited# (Incorporated in Vietnam)	100.00	100.00	Operating poultry hatcheries and breeder farms and producing animal and poultry feed, manufacture pharmaceuticals, medicinal chemical, botanical products and disinfectant



14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2024 %	2023 %	
Indirect subsidiaries (Cont'd)			
Emivest Feedmill (TG) Vietnam Limited Liability Company# (Incorporated in Vietnam)	100.00	100.00	Operating chicken breeding farm, producing animal, poultry and aqua feed and operating layer farm
Leong Hup Feedmill Vietnam Limited Liability Company# (Incorporated in Vietnam)	100.00	100.00	Producing animal, poultry and aquatic feed
Leong Hup (Cambodia) Limited^ (Incorporated in Cambodia)	100.00	100.00	Trading of animals feed
Lee Say Group Pte. Ltd.# (Incorporated in Singapore)	100.00	100.00	Slaughtering, processing and sale of fresh and frozen poultry and investment holding
Tasty Meat Products Pte. Ltd.^ (Incorporated in Singapore)	80.00	80.00	Manufacturer, importers, exporters, stores and packers of processed meats
Kendo Trading Pte. Ltd. # (Incorporated in Singapore)	51.00	51.00	Slaughtering, processing and sale of fresh and frozen poultry products
Heng Kai Hock Farm Sdn. Bhd.*	100.00	100.00	Poultry farming and related products
Lee Say Breeding Farm Sdn. Bhd.*	100.00	100.00	Provision of farming related services and investment holding
Wang Xiang Shun Food Industry Pte. Ltd.^ (Incorporated in Singapore)	26.01	26.01	Production, processing and preserving of meat and meat products
Hup Heng Poultry Industries Pte. Ltd.# (Incorporated in Singapore)	67.18	67.18	Slaughtering of poultry, wholesale, processing and preserving of meat and meat product
ES Food International Pte. Ltd.# (Incorporated in Singapore)	100.00	100.00	Investment holding
Leong Hup Food Pte.Ltd.# (Incorporated in Singapore)	100.00	100.00	General importers and distributor of chickens and other meat products
Safa Gourmet Food Pte. Ltd.# (Incorporated in Singapore)	100.00	100.00	Halal meat processing, manufacturing, wholesale and retail
Soonly Food Processing Industries Pte. Ltd.# (Incorporated in Singapore)	100.00	100.00	Slaughtering, processing and sale of fresh and frozen poultry



NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2024 %	2023 %	
Indirect subsidiaries (Cont'd)			
Prestige Fortune Sdn. Bhd.*	60.00	55.00	Investment holding, poultry farming and trading of related products
Prestige Fortune (S) Pte. Ltd.# (Incorporated in Singapore)	60.00	55.00	Wholesale and distribution of poultry
Leong Hup Distribution Pte Ltd # (Incorporated in Singapore)	100.00	100.00	General trading of frozen food products and provision of warehousing activities
My-Kando Food Industries Sdn. Bhd.*	100.00	100.00	Poultry farming, rental of chicken coops and related activities
PT Malindo Feedmill Tbk #ß (Incorporated in Indonesia)	57.80	57.80	Investment holding, poultry feed industry and day-old-chick farming
PT Bibit Indonesia # (Incorporated in Indonesia)	57.74	57.74	Broiler grandparent stock farming
PT Prima Fajar # (Incorporated in Indonesia)	57.79	57.79	Broiler chicken farming
PT Leong Ayamsatu Primadona # (Incorporated in Indonesia)	57.79	57.79	Day-old-chick and broiler chicken farming
PT Malindo Food Delight # (Incorporated in Indonesia)	57.79	57.79	Processing and preserving of meat
PT Quality Indonesia & (Incorporated in Indonesia)	40.45	40.45	Dormant
PT Mitra Bebek Persada # (Incorporated in Indonesia)	57.71	57.71	Duck farming, slaughter house and packaging of poultry meat
Leong Hup Foods (Philippines), Inc^ (Incorporated in the Philippines)	100.00	100.00	Processing, packaging and distributing all kinds of livestock products

* Audited by PricewaterhouseCoopers PLT, Malaysia

Audited by member firms of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.

^ Audited by a firm other than member firm of PricewaterhouseCoopers International Limited.

& Unaudited – no statutory audit requirements

α Listed on Main Market of Bursa Malaysia Securities Berhad

β Listed on Indonesia Stock Exchange

μ Struck off under Section 550 of the Companies Act 2016 during the financial year



14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests

Non-controlling interests ('NCI') of the Group were mainly attributed to Teo Seng Capital Berhad ('Teo Seng'), Lee Say Group Pte. Ltd. ('Lee Say') and PT Malindo Feedmill Tbk ('PT Malindo').

Set out below are the summarised financial information for Teo Seng, Lee Say and PT Malindo that has NCI that are material to the Group. The below financial information is based on amounts before inter-company eliminations.

	Teo Seng RM'000	Lee Say RM'000	PT Malindo RM'000
2024			
Effective interest of ordinary shares and voting shares held by NCI (%)	70.81	^	42.20
Summarised statements of comprehensive income:			
Revenue	753,771	396,049	3,588,025
Net profit for the financial year	183,361	28,862	133,600
Total comprehensive income	181,265	28,862	91,681
Attributable to NCI:			
Net profit for the financial year	129,838	12,085	56,379
Total comprehensive income	128,354	12,085	38,689
Dividends paid to NCI	26,348	3,140	–
Summarised statements of financial position:			
Non-current assets	438,765	64,018	637,252
Current assets	399,381	303,559	789,020
Non-current liabilities	(66,076)	(12,733)	(182,988)
Current liabilities	(159,571)	(69,670)	(579,986)
Net assets	612,499	285,174	663,298
Attributable to:			
- owners of the Company	178,788	169,060	383,386
- non-controlling interests	433,711	116,114	279,912
	612,499	285,174	663,298



NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests (Cont'd)

Set out below are the summarised financial information for Teo Seng, Lee Say and PT Malindo that has NCI that are material to the Group. The below financial information is based on amounts before inter-company eliminations. (Cont'd)

	Teo Seng RM'000	Lee Say RM'000	PT Malindo RM'000
2024			
Summarised statements of cash flows:			
Cash flows from operating activities	163,311	169,103	306,514
Cash flows from investing activities	(71,532)	(688)	(47,439)
Cash flows from financing activities	(62,299)	(157,013)	(255,898)
Net movement in cash and cash equivalents	29,480	11,402	3,177
Effects of exchange rate changes on cash and cash equivalents	(1,573)	(4,491)	(4,436)
Cash and cash equivalents at 1 January	98,936	22,035	84,148
Cash and cash equivalents at 31 December	126,843	28,946	82,889

[^] The NCI disclosed in the financial year ended 31 December 2024 relates to certain subsidiaries of Lee Say Group Pte. Ltd. which are not wholly owned. The disclosure is in respect of Hup Heng Poultry Industries Pte. Ltd. (NCI effective interest of 32.82%), Kendo Trading Pte. Ltd. (NCI effective interest of 49.00%) and Prestige Fortune Sdn. Bhd. (NCI effective interest of 40.00%).

	Teo Seng RM'000	Lee Say RM'000	PT Malindo RM'000
2023			
Effective interest of ordinary shares and voting shares held by NCI (%)	70.56	[^]	42.20
Summarised statements of comprehensive income:			
Revenue	760,982	374,952	3,621,024
Net profit for the financial year	155,803	25,163	3,930
Total comprehensive income	157,661	25,163	34,596
Attributable to NCI:			
Net profit for the financial year	109,935	10,254	1,658
Total comprehensive income	111,245	10,254	14,600
Dividends paid to NCI	10,355	—	—



14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests (Cont'd)

Set out below are the summarised financial information for Teo Seng, Lee Say and PT Malindo that has NCI that are material to the Group. The below financial information is based on amounts before inter-company eliminations. (Cont'd)

	Teo Seng RM'000	Lee Say RM'000	PT Malindo RM'000
2023 (Cont'd)			
Summarised statements of financial position:			
Non-current assets	386,025	50,071	738,690
Current assets	310,768	310,362	839,348
Non-current liabilities	(82,525)	(17,865)	(275,702)
Current liabilities	(143,123)	(59,230)	(731,348)
Net assets	471,145	283,338	570,988
Attributable to:			
- owners of the Company	138,705	168,514	330,031
- non-controlling interests	332,440	114,824	240,957
	471,145	283,338	570,988
Summarised statements of cash flows:			
Cash flows from operating activities	188,781	(146,166)	196,980
Cash flows from investing activities	(36,455)	(1,211)	(29,766)
Cash flows from financing activities	(94,738)	(3,468)	(216,418)
Net movement in cash and cash equivalents	57,588	(150,845)	(49,204)
Effects of exchange rate changes on cash and cash equivalents	248	5,347	7,581
Cash and cash equivalents at 1 January	41,100	167,533	125,771
Cash and cash equivalents at 31 December	98,936	22,035	84,148

[^] The NCI disclosed in the financial year ended 31 December 2023 relates to certain subsidiaries of Lee Say Group Pte. Ltd. which are not wholly owned. The disclosure is in respect of Hup Heng Poultry Industries Pte. Ltd. (NCI effective interest of 32.82%), Kendo Trading Pte. Ltd. (NCI effective interest of 49.00%) and Prestige Fortune Sdn. Bhd. (NCI effective interest of 45.00%).

31.12.2024

Changes of investment in a subsidiary

On 15 April 2024, an indirect subsidiary, Teo Seng Capital Berhad ("TSC"), a public listed company on Bursa Malaysia, distributed 4,301,313 of its treasury shares via share dividend distribution of treasury shares on the basis of one (1) share dividend for every sixty seven (67) existing ordinary shares held in TSC in respect of the financial year ended 31 December 2023.



NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

31.12.2024 (Cont'd)

Changes of investment in a subsidiary (Cont'd)

For the period from 22 November 2024 to 19 December 2024, TSC acquired 1,729,300 of its own ordinary shares for cash consideration of RM3,019,782.

The effective equity interest of the Company in TSC decreased from 29.44% to 29.19%.

31.12.2023

Additions of investment in a subsidiary

For the period from 2 June 2023 to 24 August 2023, an indirect subsidiary, TSC, a public listed company on Bursa Malaysia, acquired 515,700 of its own ordinary shares for cash consideration of RM493,473. The effective equity interest of the Company in TSC increased from 29.02% to 29.44%.

15 INVESTMENT IN ASSOCIATES

	Group
	2024 RM'000
	2023 RM'000
At cost:	
Unquoted shares	1,407
Share of post-acquisition results (net of dividends received)	410
Translation differences	(7)
	1,810
	1,674

Nature of investment in associates for 2024 and 2023:

Name of entity	Place of business and country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Indahgrains Logistics Sdn. Bhd. [^]	Malaysia	20%	Note 1	Equity
Greatmammoth Properties, Inc. [#]	The Philippines	40%	Note 2	Equity

[^] Not audited by PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

[#] Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia

Note 1: Indahgrains Logistics Sdn. Bhd. ("Indahgrains Logistics") operates a warehouse and provide warehouse management services. Indahgrains Logistics is a strategic partner for the Group, providing warehousing service to the Group.

Note 2: Greatmammoth Properties, Inc. engages in the business of acquiring by purchase, lease or otherwise, and to own, use, improve, manage, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for agricultural, commercial, industrial, investment or other purposes.



15 INVESTMENT IN ASSOCIATES (CONT'D)

The associates are private companies and there is no quoted market price available for its shares.

Set out below are the reconciliation of associates, which are accounted for using the equity method.

	Associates	
	2024 RM'000	2023 RM'000
Reconciliation:		
At 1 January	1,674	1,635
Group's share of profit for the financial year	356	330
Dividend	(204)	(300)
Translation differences	(16)	9
At 31 December	1,810	1,674

There are no contingent liabilities relating to the Group's interest in the associates.

16 DEFERRED TAXATION

Deferred tax assets and liabilities were offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown on the statements of financial position.

	Group	
	2024 RM'000	2023 RM'000
Deferred tax assets	63,597	76,687
Deferred tax liabilities	(150,582)	(146,084)
At 31 December	(86,985)	(69,397)

The movement in the deferred tax assets and liabilities during the financial year is as follow:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	(69,397)	(25,787)
Credited/(Charged) to profit or loss (Note 8)		
- Property, plant and equipment	6,775	(37,351)
- Employee benefit obligation	1,229	915
- Unutilised tax losses	(11,770)	716
- Trade and other receivables	1,635	300
- Trade and other payables	6,272	(1,462)
- Right-of-use assets	(64)	(16)
- Biological assets	(16,196)	(8,020)
- Others	(1,103)	701
	(13,222)	(44,217)
Translation differences	(4,232)	758
Credit to other comprehensive income	(134)	(151)
At 31 December	(86,985)	(69,397)



NOTES TO THE FINANCIAL STATEMENTS

16 DEFERRED TAXATION (CONT'D)

	2024 RM'000	Group 2023 RM'000
Subject to income tax:		
Deferred tax assets (before offsetting):		
- Property, plant and equipment	20,131	31,242
- Employee benefit obligation	8,458	7,928
- Unutilised tax losses	12,672	33,258
- Trade and other receivables	5,288	4,977
- Trade and other payables	12,886	8,844
- Biological assets	5,729	9,872
- Lease liabilities	9,358	10,062
	74,522	106,183
Offsetting	(10,925)	(29,496)
Deferred tax assets (after offsetting)	63,597	76,687
Deferred tax liabilities (before offsetting):		
- Property, plant and equipment	(132,056)	(156,428)
- Investment properties	(644)	(644)
- Trade and other receivables	(195)	(2,355)
- Right-of-use assets	(10,247)	(10,845)
- Biological assets	(17,269)	(5,308)
	(160,411)	(175,580)
Offsetting	10,925	29,496
Deferred tax liabilities (after offsetting)	(149,486)	(146,084)
Subject to real property gain tax:		
Deferred tax liabilities		
- Property, plant and equipment	(1,096)	-
	(150,582)	(146,084)

17 BIOLOGICAL ASSETS

	2024 RM'000	Group 2023 RM'000
At fair value less cost to sell:		
Breeders (grandparent stock)	38,552	41,414
Breeders (parent stock)	240,494	248,719
Commercial layers	152,541	93,313
Broilers	69,123	63,419
Hatching eggs	68,491	65,622
Others	2,562	2,966
	571,763	515,453



17 BIOLOGICAL ASSETS (CONT'D)

The movement of biological assets can be analysed as follows:

	2024 RM'000	Group 2023 RM'000
<u>Breeders (grandparent stock)</u>		
At 1 January	41,414	43,569
Additions	39,044	34,148
Change in fair value	(1,222)	(619)
Livestock losses	(5,569)	(6,244)
Depopulation	(33,990)	(30,622)
Foreign currency translation	(1,125)	1,182
At 31 December	38,552	41,414
<u>Breeders (parent stock)</u>		
At 1 January	248,719	192,634
Additions	88,683	91,298
Change in fair value	119,108	124,492
Livestock losses	(38,081)	(29,874)
Depopulation	(167,964)	(137,795)
Foreign currency translation	(9,971)	7,964
At 31 December	240,494	248,719
<u>Commercial layers</u>		
At 1 January	93,313	72,838
Additions	23,092	18,256
Change in fair value	95,443	46,250
Livestock losses	(4,613)	(9,392)
Depopulation	(53,296)	(35,013)
Foreign currency translation	(1,398)	374
At 31 December	152,541	93,313
<u>Broilers</u>		
At 1 January	63,419	52,297
Additions	263,642	254,171
Change in fair value	259,102	209,284
Livestock losses	(38,621)	(39,671)
Sales of live birds	(474,966)	(414,317)
Foreign currency translation	(3,453)	1,655
At 31 December	69,123	63,419



NOTES TO THE FINANCIAL STATEMENTS

17 BIOLOGICAL ASSETS (CONT'D)

The movement of biological assets can be analysed as follows: (Cont'd)

	2024 RM'000	Group 2023 RM'000
<u>Hatching eggs</u>		
At 1 January	65,622	54,149
Additions	881,488	791,170
Discarded eggs	(243,190)	(170,174)
Sales of hatching eggs and day-old-chick	(632,856)	(611,652)
Foreign currency translation	(2,573)	2,129
At 31 December	68,491	65,622
Others	2,562	2,966
	571,763	515,453

An analysis of the estimates of physical quantities of the Group's livestock measured at fair value less cost to sell as at year end are as follows:

	2024 birds('000)	Group 2023 birds('000)
<u>Livestock</u>		
- Layers	8,689	7,904
- Breeders	5,196	5,462
- Broilers	13,203	13,581

An analysis of the estimates of yearly output of the Group's produced throughout the financial year are as follows:

	2024	Group 2023
<u>Livestock</u>		
- Layers ('000 eggs)	2,040,780	1,893,348
- Breeders ('000 DOC)*	624,844	602,082
- Broilers ('000 kg)	284,075	277,399

* DOC: Day-old-chick

The estimates of physical quantities of biological assets and their yearly output of agriculture produce were based on experience and historical data.



17 BIOLOGICAL ASSETS (CONT'D)

The Group has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy. (See Note 45) The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation mode.

Description of valuation technique and input used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Breeders		
Discounted cash flows: The valuation method considers the expected number of DOC produced, expected selling price of DOC or hatching egg over the life of the breeders, taking into account of the estimated growing and farming costs and the mortality rate.	<ul style="list-style-type: none"> Estimated selling price of DOC or hatching egg based on management's estimate by reference to historical selling price adjusted for abnormal market movements. Management's estimate of feed and other variable costs expected to be incurred over the life span. 	<p>The higher the estimated selling price, the higher the fair value</p> <p>The higher the costs, the lower the fair value</p>
Commercial Layers		
Discounted cash flows: The valuation method considers the expected number of table egg produced, expected selling price of table eggs, taking into account of the estimated growing and farming costs and the mortality rate.	<ul style="list-style-type: none"> Estimated selling price of table eggs based on management's estimate by reference to historical selling price adjusted for abnormal market movements. Management's estimate of feed and other variable costs expected to be incurred over the life span. 	<p>The higher the estimated selling price, the higher the fair value</p> <p>The higher the costs, the lower the fair value</p>
Broilers		
Discounted cash flows: The valuation method considers the estimated selling price and weight of the broilers taking into account of the estimated growing and farming costs and the mortality rate.	<ul style="list-style-type: none"> Estimated recent selling prices of broiler. Management's estimate of feed and other variable costs expected to be incurred over the life span. 	<p>The higher the estimated selling price, the higher the fair value</p> <p>The higher the costs, the lower the fair value</p>
Hatching eggs		
Discounted cash flows: The valuation method considers selling price of DOC or hatching egg, taking into account of expected hatchery costs and the hatching eggs' hatchability.	<ul style="list-style-type: none"> Expected recent selling prices of DOC and hatching egg. Management's estimate of hatchery and other variable costs expected to be incurred for hatching the eggs into day-old-chick. 	<p>The higher the estimated selling price, the higher the fair value</p> <p>The higher the costs, the lower the fair value</p>



NOTES TO THE FINANCIAL STATEMENTS

17 BIOLOGICAL ASSETS (CONT'D)

The key assumptions used in the fair value calculation are as follows:

	2024 RM	2023 RM
Breeders & hatching eggs		
Projected selling price of		
- DOC (parent stock)	15.73 - 17.83	15.32 - 19.13
- Hatching egg (parent stock)	5.05 - 5.64	4.87
- DOC (broiler/layer)	1.57 - 4.28	1.22 - 4.35
Feed cost per kg for		
- grandparent stocks	2.55 - 5.68	1.96 - 2.93
- parent stocks	1.97 - 2.65	1.71 - 2.58
Commercial layers		
Projected selling prices for table eggs per egg	0.35 - 0.47	0.32 - 0.41
Feed cost per kg	1.74 - 2.10	1.55 - 2.10
Broilers		
Projected selling prices for broilers per kg	5.54 - 12.07	4.76 - 10.89
Feed cost per kg	1.94 - 2.72	1.89 - 2.69

Sensitivity analysis

Sensitivity analysis of biological assets fair value to the possible changes in the key assumptions are disclosed in the table below:

	Effect on fair value of biological asset			
	Projected selling prices of DOC/table eggs/broilers		Feed cost per kg	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Commercial layers				
- increased by 10% (2023: 10%)	51,259	36,450	(28,368)	(25,370)
- decreased by 10% (2023: 10%)	(51,259)	(36,450)	28,368	25,370
Breeders				
- increased by 10% (2023: 10%)	54,767	35,995	(12,753)	(12,222)
- decreased by 10% (2023: 10%)	(54,767)	(35,995)	12,753	12,222
Others				
- increased by 10% (2023: 10%)	32,434	20,069	(5,469)	(5,518)
- decreased by 10% (2023: 10%)	(32,434)	(20,069)	5,469	5,518



17 BIOLOGICAL ASSETS (CONT'D)

In respect of other variables, a reasonable possible change in the assumptions used will not result in any material change to the fair valuation of biological assets.

As at 31 December 2024, certain biological assets of the Group amounting to RM86,701,000 (2023: RM92,015,000) were charged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 32 to the financial statements.

18 INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Processed chickens and trading stocks	121,389	122,516
Poultry feeds	57,381	72,783
Consumable supplies	99,997	95,398
Raw material	677,550	673,629
Work-in-progress	3,459	2,681
Others	8,824	11,830
	968,600	978,837

As at 31 December 2024, certain inventories of the Group amounting to RM96,625,000 (2023: RM112,642,000) were charged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 32 to the financial statements.

19 TRADE RECEIVABLES

	Group	
	2024 RM'000	2023 RM'000
Trade receivables	529,070	562,452
Amounts due from related parties	139,143	210,333
	668,213	772,785
Less: Provision for impairment of trade receivables	(45,042)	(43,381)
	623,171	729,404

Amounts due from related parties are receivables from companies controlled by the Lau family.

As at 31 December 2024, certain trade receivables of the Group amounting to RM79,176,000 (2023: RM94,863,000) were charged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 32 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

19 TRADE RECEIVABLES (CONT'D)

Movements of the Group's impairment losses on trade receivables are as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	43,381	41,847
Impairment loss recognised/(reversed)	9,180	(24)
Impairment loss written off	(4,535)	(827)
Translation differences	(2,984)	2,385
At 31 December	45,042	43,381

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20 OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current				
Other receivables	37,598	24,268	10,755	-
GST/VAT receivable	1,836	1,890	-	-
Deposits	26,017	24,711	-	-
Prepaid expenses	24,084	22,197	97	188
Advances to suppliers	75,902	71,914	-	-
	165,437	144,980	10,852	188
Less: Impairment losses	(352)	(214)	-	-
	165,085	144,766	10,852	188
Non-current				
Deposits	5,472	6,994	-	-
Prepaid expenses	882	2,901	-	-
Advances	6,649	8,361	-	-
	13,003	18,256	-	-
	178,088	163,022	10,852	188

As at 31 December 2024, certain other receivables of the Group amounting to RM6,604,000 (2023: RM6,892,000) were charged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 32 to the financial statements.



20 OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Movements of the Group's impairment losses on other receivables are as follows:

	2024 RM'000	Group 2023 RM'000
At 1 January	214	2,014
Impairment loss recognised/(reversed)	154	(1,809)
Translation differences	(16)	9
At 31 December	352	214

21 AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured loans which are denominated in Ringgit Malaysia, interest-free and repayable on demand.

22 AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is an unsecured advances to an associate which are denominated in the Philippines Peso to secure leases of its land with a lease term of 30 years for the Group's operations in the Philippines. The amount is recoverable on the expiry of its leases and carry an interest rate of 6.5% per annum (2023: 6.5% per annum).

23 NON-CURRENT ASSETS HELD FOR SALE

	Buildings RM'000	Plant and machinery RM'000	Total RM'000
Group			
At 1 January 2023	-	-	-
Transfer from property, plant and equipment (see Note 10)	9,898	1,487	11,385
Foreign exchange differences	231	35	266
At 31 December 2023/1 January 2024	10,129	1,522	11,651
Transfer to property, plant and equipment (see Note 10)	(9,925)	(1,491)	(11,416)
Foreign exchange differences	(204)	(31)	(235)
At 31 December 2024	-	-	-

In the previous financial year, the Group's indirect subsidiary, Hup Heng Poultry Industries Pte. Ltd. had decided to list the property located at 28, 30 Senoko Crescent, Singapore for sale. The management had conducted a valuation on the property and actively sought for buyer through various disposal channels. As a result, the property, plant and equipment associated with the intention had met the criteria of MFRS 5 and was presented as non-current assets held for sale in the end of the financial year.

On 20 December 2024, the subsidiary's Board of Directors approved the withdrawal of the proposed sale of its leasehold property located at 28, 30 Senoko Crescent, Singapore. Subsequently, the leasehold property was reclassified from assets held for sale and presented under property, plant and equipment as at 31 December 2024.



NOTES TO THE FINANCIAL STATEMENTS

24 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group		2023	
	2024	2023	2024	2023
	Contract/ Notional Amount RM'000	Derivative Assets/ (Liabilities) RM'000	Contract/ Notional Amount RM'000	Derivative Assets/ (Liabilities) RM'000
Current assets				
Forward foreign exchange contracts	54,750	789	–	–
Current liabilities				
Forward foreign exchange contracts	–	–	179,848	(2,485)

The Group does not apply hedge accounting on its derivative financial instruments.

The forward foreign exchange contracts are used to manage the Group's purchases denominated in USD for which firm commitments existed at the end of the reporting period. The settlement dates on forward foreign exchange contracts range from 4 weeks to 6 months (2023: 1 week to 3 months).

The Group has recognised a gain of RM1,908,000 (2023: gain of RM5,305,000) arising from fair value changes of derivatives and RM1,366,000 of unrealised foreign exchange loss (2023: loss of RM244,000) during the financial year as disclosed in Note 6 to the financial statements. The method and assumptions applied in determining fair values of derivatives are disclosed in Note 45(b) to the financial statements.

25 CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	248,514	101,196	–	–
Cash on hand and at banks	522,156	598,309	1,086	53,333
Total cash and bank balances	770,670	699,505	1,086	53,333
Less: Bank overdraft (Note 32)	(8,621)	(3,420)	–	–
Less: Fixed deposits pledged as collateral	(13,629)	(21,668)	–	–
Less: Fixed deposits of more than three months maturity with licensed banks	(69,736)	(47,147)	–	–
Cash and cash equivalents	678,684	627,270	1,086	53,333

Certain fixed deposits with licensed bank of the Group with maturity period of 12 months and at a total carrying amount of RM13,629,000 (2023: RM21,668,000) are pledged with licensed banks as collaterals for certain loans and guarantees issued by the said banks. The remaining fixed deposits have maturity periods ranging from 7 to 365 days (2023: 7 to 365 days).

The weighted average effective interest rate of the fixed deposits with licensed banks ranges from 3.29% to 5.81% (2023: 2.80% to 5.73%) per annum.



26 SHARE CAPITAL

	Group and Company			
	2024		2023	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid-up with no par value:				
At beginning of financial year	3,650,000	1,499,684	3,650,000	1,499,684
Shares issued under ESOS	1,702	1,030	–	–
At end of financial year	3,651,702	1,500,714	3,650,000	1,499,684

27 TREASURY SHARE

As at 31 December 2024, the Company held as treasury shares a total of 18,916,000 ordinary shares of its issued share capital repurchased from the open market for RM11,547,000 at an average price of RM0.61 per share.

	Group and Company	
	Number of shares '000	Amount RM'000
At 1 January 2024	–	–
Shares repurchased	18,917	11,547
At 31 December 2024	18,917	11,547

28 MERGER RESERVE

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as merger reserve.

Merger reserve mainly arose from acquired entities by the Group and the Company during the Group restructuring in year 2014 from Leong Hup Holdings Sdn. Bhd., a fellow subsidiary of the Group.

29 RESERVES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Foreign currency translation reserve	(i)	(79,464)	27,515	–	–
Retained earnings	(ii)	1,698,602	1,361,376	56,860	38,044
ESOS reserve	(iii)	3,277	11,097	3,277	11,097
		1,622,415	1,399,988	60,137	49,141



NOTES TO THE FINANCIAL STATEMENTS

29 RESERVES (CONT'D)

(i) **Foreign currency translation reserve**

Exchange reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries whose functional currency differs from the Group's presentation currency.

(ii) **Retained earnings**

The entire retained earnings of the Company as at 31 December 2024 is available for distribution as dividend under the single tier system without incurring additional tax liabilities.

(iii) **ESOS reserve**

ESOS reserve represent cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the ESOS reserve is transferred to retained earnings. When the share options expire, the amount from the share-based payment reserve is transferred to retained earnings. See Note 30 for the details of the ESOS.

30 EMPLOYEE SHARE OPTION SCHEME

In conjunction with the listing of the Company on Bursa Malaysia Securities Berhad, ("Listing"), the Company has established the Employee Share Option Scheme ("Previous ESOS"), with effect from 11 April 2019 ("Effective Date"), which involves the granting of ESOS Options ("the Options") to the eligible Directors and employees of the Group ("Grantees") as set out in the By-Laws governing the ESOS. The Previous ESOS expired on 10 April 2024, after five (5) years from the Effective Date.

On 31 May 2024, the shareholders had approved a new ESOS ("ESOS"). The Company had granted new ESOS options under this scheme to the Grantees. The duration of ESOS is for five(5) years effective from 18 July 2024 until 17 July 2029.

The Options are for one option for one new share. The issuance of the Options shall not exceed in aggregate 5.00% of the total number issued shares of the Company (excluding treasury shares, if any) at any one time during the duration of ESOS.

The Options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

The vested ESOS Options is exercisable by way of ESOS Trust Funding ("ETF") mechanism. In the implementation of ESOS, the Company has established a trust of which to be administered by the trustee. To enable the trustee to subscribe for new shares for the purposes of the ESOS implementation, the trustee will be entitled from time to time to accept funding from the Company. Under the ETF mechanism, as the Grantees elect to exercise the Options, the trustee will immediately utilise the fund in the trust account to subscribe new shares issued by the Company and place into a Central Depository System ("CDS") account of the trustee or its authorised nominee. The trustee shall within five market days from the new shares being credited to the CDS account, effect the sale of the said shares at the market price of equal or higher than the exercise price. The net gains from the sale of the Company shares after deducting the exercise cost i.e. Exercise Price x Number of the Company shares and the related transaction costs, will be released to the Grantees. In the event of unsuccessful match of sale of the said shares, the said shares will be retained as an advance to the Grantees by the Company.



30 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The terms and conditions relating to the grants of the Options are as follow:

Grant date	Number of options '000	Exercise price RM	Vesting conditions	Contractual life of options
19 July 2024	44,268	0.605	<ul style="list-style-type: none"> - The options divided into 4 tranches which separately vest on 18 July 2024, 18 July 2025, 18 July 2026 and 18 July 2027. - Exercisable options cap at 25 % of options offered for each vesting date. - The grantee must be an eligible employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. 	5 years
16 May 2019	35,092	1.10	<ul style="list-style-type: none"> - The options divided into 4 tranches which separately vest on 1 July 2019, 1 June 2020, 1 June 2021 and 1 June 2022. - Exercisable options cap at 25 % of options offered for each vesting date. - The grantee must be an eligible employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. 	5 years

The number of share options are as follows:

Date of offer	Exercise price	Number of options over ordinary shares ('000)				As at 31.12.2024
		As at 1.1.2024	Granted and accepted	(Exercised)	(Expired)/(Lapsed)	
2024						
14 May 2019	RM1.10	31,517	–	–	(31,517)	–
19 July 2024	RM0.605	–	44,268	(1,702)	(180)	42,386
		31,517	44,268	(1,702)	(31,697)	42,386



NOTES TO THE FINANCIAL STATEMENTS

30 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The number of share options are as follows: (Cont'd)

Date of offer	Exercise price	Number of options over ordinary shares ('000)				As at 31.12.2023
		As at 1.1.2023	Granted and accepted	(Exercised)	(Lapsed)	
2023						
14 May 2019	RM1.10	32,128	–	–	(611)	31,517

Fair value of share option and assumptions

The fair value of share options granted was determined using the binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The fair value of share options measured, closing share price at grant date and the assumptions were as follows:

Award date	16 May 2019 Previous Grant
Fair value per Option at grant date	RM0.352
Share price at grant date	RM1.10
Exercise price	RM1.10
Options life (expected weighted average life)	4.9 years
Expected dividends yield	1.39%
Risk-free interest rate (based on Malaysian Government Securities)	3.60%
Expected volatility	37.71%

Award date	19 July 2024 New Grant
Fair value per Option at grant date	RM0.1881
Share price at grant date	RM0.67
Exercise price	RM0.605
Options life (expected weighted average life)	5 years
Expected dividends yield	3.3086%
Risk-free interest rate (based on Malaysian Government Securities)	3.60%
Expected volatility	33.51%

31 LEASE LIABILITIES

	Group	
	2024 RM'000	2023 RM'000
Classified as:		
- Current	30,708	27,994
- Non-current	145,394	151,196
	176,102	179,190

The lease liabilities represent the present value of remaining lease payments, discounted using the Group's weighted average incremental borrowing rate of 4.52% (2023: 4.25%) per annum.



32 BANK BORROWINGS

	2024 RM'000	Group 2023 RM'000
Secured:		
<u>Current</u>		
Bank overdrafts	8,621	1,541
Term loans (a)	108,201	159,050
Revolving credits	287,730	441,908
Hire purchase liabilities (c)	3,693	8,090
	408,245	610,589
<u>Non-current</u>		
Term loans (a)	416,018	522,379
Hire purchase liabilities (c)	2,734	7,340
	418,752	529,719
	826,997	1,140,308
Unsecured:		
<u>Current</u>		
Bankers' acceptances	202,647	237,062
Bank overdrafts	–	1,879
Term loans (b)	35,142	59,450
Revolving credits	154,425	157,007
Trust receipts	455,299	487,318
Sukuk Mudharabah (d)	163,000	34,000
	1,010,513	976,716
<u>Non-current</u>		
Term loans (b)	54,040	74,797
Sukuk Mudharabah (d)	103,155	266,255
	157,195	341,052
	1,167,708	1,317,768
Total borrowings	1,994,705	2,458,076
Total borrowings:		
Bankers' acceptances	202,647	237,062
Bank overdrafts (Note 25)	8,621	3,420
Term loans	613,401	815,676
Revolving credits	442,155	598,915
Trust receipts	455,299	487,318
Hire purchase liabilities (c)	6,427	15,430
Sukuk Mudharabah (d)	266,155	300,255
	1,994,705	2,458,076
Less: Amount due within 12 months	(1,418,758)	(1,587,305)
Non-current portion	575,947	870,771



NOTES TO THE FINANCIAL STATEMENTS

32 BANK BORROWINGS (CONT'D)

The term loans of the Group include:

(a) Secured

- (i) A floating-rate term loan amounting to SGD69.8 million (equivalent to RM212.2 million) was drawn down in December 2020 by a wholly-owned subsidiary incorporated in Singapore. The loan was fully repaid during the financial year via a new floating term loan as disclosed in Note 32(a)(iii). The outstanding balance at the end of the previous financial year is SGD48.7 million (equivalent to RM170.0 million). The loan is repayable in 20 quarterly instalments commencing 9 months from the first draw down date in December 2020.
- (ii) A floating-rate term loan amounting to SGD36.8 million (equivalent to RM111.9 million) was drawn down in December 2020 by a wholly-owned subsidiary incorporated in Singapore. The loan was fully repaid during the financial year via a new floating term loan as disclosed in Note 32(a)(iv). The outstanding balance at the end of the previous financial year is SGD25.7 million (equivalent to RM89.5 million). The loan is repayable in 20 quarterly instalments commencing 9 months from the first draw down date in December 2020.
- (iii) A floating-rate term loan amounting to SGD43.3 million (equivalent to RM142.3 million) was drawn down during the financial year in September 2024 by a wholly-owned subsidiary incorporated in Singapore. The outstanding balance at the end of the financial year is SGD43.3 million (equivalent to RM142.3 million). The loan is repayable in 20 quarterly instalments commencing 6 months from the first draw down date in September 2024.
- (iv) A floating-rate term loan amounting to SGD22.8 million (equivalent to RM74.9 million) was drawn down during the financial year in September 2024 by a wholly-owned subsidiary incorporated in Singapore. The outstanding balance at the end of the financial year is SGD22.8 million (equivalent to RM74.9 million). The loan is repayable in 20 quarterly instalments commencing 6 months from the first draw down date in September 2024.
- (v) A floating-rate term loan of PHP190.0 million (equivalent to RM15.0 million) was drawn down in December 2022 by a direct subsidiary incorporated in the Philippines. The outstanding balance at the end of the financial year is PHP114.0 million (equivalent to RM8.8 million) (2023: PHP152.0 million (equivalent to RM12.6 million)). The loan is repayable in 20 quarterly instalments in January 2023 and fully repayable by October 2027.
- (vi) A floating-rate term loan of PHP200.0 million (equivalent to RM16.7 million) was drawn down in September 2020 and November 2020 by a direct subsidiary incorporated in the Philippines. The outstanding balance at the end of the financial year is PHP30.0 million (equivalent to RM2.3 million) (2023: PHP70.0 million (equivalent to RM5.8 million)). The loan is repayable in 20 quarterly instalments commencing immediately after the first drawn down date.
- (vii) A floating-rate term loan of PHP180.0 million (equivalent to RM14.7 million) was drawn down between May 2021 to August 2021 by a direct subsidiary incorporated in the Philippines. The outstanding balance at the end of the financial year is PHP81.0 million (equivalent to RM6.3 million) (2023: PHP117.0 million (equivalent to RM9.7 million)). The loan is repayable in 16 quarterly instalments of PHP9.0 million and a balloon payment of PHP36.0 million in May 2026. The loan is repayable commencing 12 months from the first draw down date in May 2021.
- (viii) A floating-rate term loan of PHP265.0 million (equivalent to RM22.0 million) was drawn down between June 2023 to July 2023 and November 2023 by a direct subsidiary incorporated in the Philippines. The outstanding balance at the end of the financial year is PHP206.1 million (equivalent to RM16.0 million) (2023: PHP265.0 million (equivalent to RM22.0 million)). The loan is repayable in 17 quarterly instalments commencing 9 months from the first draw down date in June 2023.



32 BANK BORROWINGS (CONT'D)

The term loans of the Group include: (Cont'd)

(a) Secured (Cont'd)

- (ix) A floating-rate term loan of PHP290.0 million (equivalent to RM22.4 million) was drawn down during the financial year in August 2024, October 2024 and November 2024 by a direct subsidiary incorporated in the Philippines. The outstanding balance at the end of the financial year is PHP290.0 million (equivalent to RM22.4 million). The loan is repayable in 18 quarterly instalments commencing 9 months from the first draw down date in August 2024.
- (x) A floating-rate term loan of PHP230.0 million (equivalent to RM17.5 million) was drawn down during the financial year in May 2024 and August 2024 by a direct subsidiary incorporated in the Philippines. The outstanding balance at the end of the financial year is PHP225.7 million (equivalent to RM17.5 million). The loan is repayable in 54 monthly instalments commencing 7 months from the first draw down date in May 2024.
- (xi) A floating-rate term loan of IDR200.0 billion (equivalent to RM56.4 million) was drawn down in December 2022 by an indirect subsidiary incorporated in Indonesia. The outstanding balance at the end of the financial year is IDR77.5 billion (equivalent to RM21.5 million) (2023: IDR196.7 billion (equivalent to RM58.6 million)). The loan is repayable in 48 monthly instalments commencing in November 2023 and is fully repayable by October 2027 with the option of 2 years extension subject to bank approval.
- (xii) A floating-rate term loan of 3 year for the balance of tenor with the amount of IDR200.0 billion (equivalent to RM58.4 million) was drawn down in December 2021 by an indirect subsidiary incorporated in Indonesia. The outstanding balance at the end of the financial year is IDR150.0 billion (equivalent to RM41.7 million) (2023: IDR180.0 billion (equivalent to RM53.6 million)). The loan is repayable in 72 monthly instalments of IDR1.7 billion for the first 12 instalments, IDR2.5 billion for the next 24 instalments and IDR3.3 billion for the last 36 instalments and is fully repayable by December 2028.
- (xiii) Musyarakah fixed-rate term financing of IDR300.0 billion (equivalent to RM87.6 million) was drawn down in December 2021 by an indirect subsidiary incorporated in Indonesia. The outstanding balance at the end of the financial year is IDR225.0 billion (equivalent to RM62.6 million) (2023: IDR270.0 billion (equivalent to RM80.5 million)). The financing is repayable in 72 monthly instalments of IDR2.5 billion for the first 12 instalments, IDR3.8 billion for the next 24 instalments and IDR5.0 billion for the last 36 instalments and is fully repayable by December 2028.
- (xiv) A floating-rate term loan amounting to IDR400.0 billion (equivalent to RM114.4 million) was cumulatively drawn down in 2020 and 2021 by an indirect subsidiary incorporated in Indonesia. The outstanding balance at the end of the financial year is IDR186.5 billion (equivalent to RM51.8 million) (2023: IDR251.8 billion (equivalent to RM75.0 million)). The loan is repayable in 72 monthly instalments of IDR4.2 billion for the first 12 instalments, IDR6.3 billion for the next 24 instalments and IDR8.3 billion for the last 36 instalments and is fully repayable by June 2027.
- (xv) Musyarakah Mutanaqisah floating-rate term financing of IDR100 billion (equivalent to RM29.8 million) was drawdown in April 2023 by an indirect subsidiary incorporated in Indonesia. The outstanding balance at the end of the financial year is IDR63.5 billion (equivalent to RM17.7 million) (2023: IDR85.7 billion (equivalent to RM25.5 million)). The financing is repayable in 51 monthly instalments of IDR1.6 billion for the first 15 instalments and IDR2.1 billion for the last 36 instalments and is fully repayable by June 2027.



NOTES TO THE FINANCIAL STATEMENTS

32 BANK BORROWINGS (CONT'D)

The term loans of the Group include: (Cont'd)

(a) Secured (Cont'd)

- (xvi) A floating-rate term loan amounting to VND95.3 billion (equivalent to RM17.3 million) was cumulatively drawn down in 2021 and 2022 by a wholly-owned subsidiary incorporated in Vietnam. The loan has been fully paid off during the financial year. The outstanding balance at the end of the previous financial year is VND61.3 billion (equivalent to RM11.6 million). The loan is repayable in 14 quarterly instalments commencing 18 months from the first utilisation date.
- (xvii) A floating-rate term loan amounting to VND276.2 billion (equivalent to RM50.3 million) was cumulatively drawn down in 2021 and 2022 by a wholly-owned subsidiary incorporated in Vietnam. The outstanding balance at the end of the financial year is VND104.1 billion (equivalent to RM18.3 million) (2023: VND175.0 billion (equivalent to RM33.1 million)). The loan is repayable in 19 quarterly instalments commencing 6 months from the first draw down date.
- (xviii) A floating-rate term loan amounting to VND135.0 billion (equivalent to RM24.7 million) was cumulatively drawn down in 2021 and 2022 by a wholly-owned subsidiary incorporated in Vietnam. The outstanding balance at the end of the financial year is VND25.4 billion (equivalent to RM4.5 million) (2023: VND72.3 billion (equivalent to RM13.7 million)). The loan is repayable in 17 quarterly instalments commencing 12 months from the first draw down date.

(b) Unsecured

- (i) A floating-rate term loan amounting to RM32.0 million was first drawn down in February 2018 by a wholly-owned subsidiary incorporated in Malaysia. The loan has been fully paid off during the financial year. The outstanding balance at the end of the previous financial year is RM4.8 million. The loan is repayable in 20 quarterly instalments of RM1.6 million each commencing 15 months from the first drawn date.
- (ii) A floating-rate term loan amounting to RM66.0 million was cumulatively drawn down in several tranches in 2019 and 2022 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM9.9 million (2023: RM23.1 million). The loan is repayable in 20 quarterly instalments of RM3.3 million each commencing 15 months from the first drawn date.
- (iii) A floating-rate term financing amounting to RM21.5 million was first drawn down in January 2019 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM0.4 million (2023: RM4.7 million). The financing is repayable in 60 monthly instalments, being RM358,334 for the first to fifty-ninth (59) instalment and RM358,294 for the last instalment, commencing 12 months from the first drawn date.
- (iv) A floating-rate term financing amounting to RM18.2 million was cumulatively drawn down in the financial years 2019 and 2020 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM1.8 million (2023: RM5.5 million). The financing is repayable in 60 monthly instalments, being RM303,334 for the first to fifty-ninth (59) instalment and RM303,294 for the last instalment, commencing 12 months from the first drawn date.
- (v) A floating-rate term financing amounting to RM18.0 million was cumulatively drawn down in the previous financial years in 2020, 2021 and 2024 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM6.1 million (2023: RM7.6 million). The financing is repayable in 52 monthly instalments, being RM466,667 for the first three instalments, RM300,000 from the next 48 instalments and RM141,099 for the last instalment by February 2026.



32 BANK BORROWINGS (CONT'D)

The term loans of the Group include: (Cont'd)

(b) Unsecured (Cont'd)

- (vi) A floating-rate term financing amounting to RM10.4 million was first drawn down in June 2020 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM3.1 million (2023: RM5.2 million). The financing is repayable in 60 monthly instalments, being RM173,334 for the first to fifty-ninth (59) instalment and RM173,294 for the last instalment, commencing 12 months from the first drawn date.
- (vii) A floating-rate term loan amounting to RM31.0 million was cumulatively drawn down in 2018, 2019 and 2020 by a wholly-owned subsidiary incorporated in Malaysia. The loan has been fully paid off during the financial year. The outstanding balance at the end of the previous financial year is RM4.6 million. The loan is repayable in 60 monthly instalments, being RM516,700 for the first to fifty-ninth (59) instalment and RM514,700 for the last instalment, commencing 12 months from the first drawn date.
- (viii) A floating-rate term financing amounting to RM15.9 million was cumulatively drawn down in 2021, 2022, 2023 and 2024 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM6.6 million (2023: RM7.7 million). The loan is repayable in 60 monthly instalments, being RM265,000 from the first drawn date.
- (ix) A floating-rate term financing amounting to RM10.0 million was first drawn down during the financial year in March and April 2024 by a wholly-owned subsidiary incorporated in Malaysia. The outstanding balance at the end of the financial year is RM10.0 million. The financing is repayable in 60 monthly instalments, being RM166,667 for the first to fifty-ninth (59) instalment and RM166,647 for the last instalment, commencing 12 months from the first drawn date.

The weighted average effective interest rates of term loans by currency profile as at end of the financial year are as follows:

	Group	
	2024	2023
	%	%
Ringgit Malaysia	5.2	5.4
Singapore Dollar	5.2	5.3
Indonesia Rupiah	7.3	7.5
Vietnamese Dong	6.9	6.8
Philippines Peso	7.8	8.3



NOTES TO THE FINANCIAL STATEMENTS

32 BANK BORROWINGS (CONT'D)

(c) Hire purchase liabilities

Future instalment payments under hire purchase liabilities are as follows:

	2024 %	Group 2023 %
Instalment payments:		
- Not later than 1 year	3,883	8,576
- Later than 1 year but not later than 5 years	2,832	7,640
	6,715	16,216
Less: Future finance charges	(288)	(786)
Present value of hire purchase liabilities	6,427	15,430
Of which are:		
- Not later than 1 year	3,693	8,090
- Later than 1 year and not later than 5 years	2,734	7,340
	6,427	15,430

The carrying amounts and fair values of the hire purchase liabilities of the Group are as follows:

	2024 RM'000	Group 2023 RM'000
Carrying amount	6,427	15,430
Fair value	6,344	15,417

The fair value of hire purchase liabilities is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risks profile and within level 2 of the fair value hierarchy.

(d) Sukuk Mudharabah

On 23 November 2020, Leong Hup Capital Sdn. Bhd. ("LHC") lodged the proposed establishment of an unrated Islamic Medium Term Notes Programme of up to RM1.0 billion in nominal value under the Shariah principle of Mudharabah ("Sukuk Mudharabah Programme") with the Securities Commission Malaysia ("SC") under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 12 November 2020 (as amended from time to time).

The Sukuk Mudharabah Programme is established by LHC as a funding vehicle for Leong Hup (Malaysia) Sdn. Bhd. ("LHM") and its subsidiaries (collectively, "LHM Group") and is guaranteed by LHM pursuant to an irrevocable and unconditional corporate guarantee under the principle of Kafalah and an irrevocable and unconditional letter of undertaking both in favour of the sukuk trustee.

The Sukuk Mudharabah Programme is unrated and shall have a tenure of 10 years from the date of first issuance of the Islamic medium term notes ("Sukuk Mudharabah") under the Sukuk Mudharabah Programme. The Sukuk Mudharabah to be issued under the Sukuk Mudharabah Programme from time to time shall have a tenure of at least 1 year and up to 10 years from the date of issuance as LHC may select provided that the Sukuk Mudharabah shall mature on or prior to the expiry of the Sukuk Mudharabah Programme.



32 BANK BORROWINGS (CONT'D)

(d) Sukuk Mudharabah (Cont'd)

On 22 December 2020, LHC completed an issuance of RM100 million in nominal value ("first issuance") with a tenure of 5 years from the date of issuance. The first issuance is due for repayment in December 2025.

On 15 June 2021, LHC completed the second issuance of RM100 million (RM34 million, RM33 million and RM33 million cumulatively) in nominal value ("second tranche", "third tranche" and "fourth tranche" respectively) with a tenure of 3 to 5 years from the date of issuance. The second issuance is due for repayment in June 2024, June 2025 and June 2026 respectively.

On 10 January 2022, LHC completed the third issuance of a total of RM100 million (RM30 million, RM30 million and RM40 million cumulatively) in nominal value ("fifth tranche", "sixth tranche" and "seventh tranche" respectively) with a tenure of 3 to 5 years from the date of issuance. The third issuance is due for repayment in January 2025, January 2026 and January 2027 respectively.

The proceeds from the Sukuk Mudharabah Programme shall be utilised by LHC for the following Shariah-compliant purposes:

- i. provide Shariah-compliant intercompany advance(s) to the companies within the LHM Group;
- ii. finance the redemption of any Sukuk Mudharabah then maturing; and
- iii. defray fees and expenses incurred in relation to the Sukuk Mudharabah Programme.

The proceeds from the Sukuk Mudharabah Programme shall be utilised by the relevant company within the LHM Group for the following Shariah-compliant purposes:

- i. refinance its existing financing/ borrowings;
- ii. finance its capital expenditure requirements;
- iii. finance its working capital requirements;
- iv. finance its investment and/or acquisition of company(ies) and/or business(es); and
- v. finance its general corporate purposes.

The currency profile of borrowings is as follows:

	Group	
	2024	2023
	RM'000	RM'000
Ringgit Malaysia	713,778	798,335
Singapore Dollar	226,088	266,052
US Dollar	16,028	48,682
Indonesia Rupiah	491,645	704,573
Vietnamese Dong	408,008	501,679
Philippines Peso	139,158	138,755
	1,994,705	2,458,076

Secured bank borrowings are secured by legal charges over property, plant and equipment (Note 10), biological assets (Note 17), inventories (Note 18), trade receivables (Note 19) and other receivables (Note 20) of the Group.

Borrowings of the Group are subject to certain covenants. These covenants require that certain ratios (Debt to Equity ratio, Current ratio, Interest coverage ratio, EBITDA to interest ratio and Debt servicing coverage ratio) to be met. The Group is in compliance with these covenants at each reporting date.



NOTES TO THE FINANCIAL STATEMENTS

32 BANK BORROWINGS (CONT'D)

The weighted average effective interest rates as at end of the financial year are as follows:

	Group	
	2024	2023
	%	%
Bankers' acceptances	3.9	3.8
Bank overdrafts	8.0	8.0
Term loans	6.2	6.4
Revolving credits	5.8	6.2
Trust receipts	4.5	3.3
Hire purchase liabilities	3.4	3.0
Sukuk Mudharabah	4.8	4.8

33 POST-EMPLOYMENT BENEFITS OBLIGATION

The Group operates various post-employment schemes, including both defined contributions plan (Note 5) and defined benefit plan. The Group's post-employment benefits obligation primarily arise from PT Malindo Feedmill Tbk and its subsidiaries. The Group provides defined post-employment benefits to their employees in accordance with Indonesian Labour Law No. 13/2003. No funding has been made to this defined benefit plan.

The method used in the actuarial valuation is the "Projected Unit Credit" method with the following assumptions:

	Group	
	2024	2023
Retirement age	56 years	56 years
Discount rate (per annum)	7.0%	7.0%
Annual salary increase	8.0%	8.0%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Indonesia.

Movements in the present value of the post-employment benefit obligation are as follows:

	Group	
	2024	2023
	RM'000	RM'000
At 1 January	38,971	33,282
Charge of current service cost	3,513	3,845
Interest cost	2,416	2,267
Benefit paid	(1,592)	(1,566)
Translation differences	(2,728)	1,844
Remeasurement of post-employment benefit obligation charged to other comprehensive income	(672)	(701)
At 31 December	39,908	38,971



33 POST-EMPLOYMENT BENEFITS OBLIGATION (CONT'D)

The amounts recognised in consolidated statements of comprehensive income in respect of the defined benefit plan are as follows:

	2024 RM'000	Group 2023 RM'000
Charge of current service cost	3,513	3,845
Interest cost	2,416	2,267
Expenses recognised in profit or loss (Note 5(a))	5,929	6,112
Remeasurements:		
Actuarial gain arising from experience adjustment	(672)	(701)
Remeasurements gain of post-employment benefit obligation recognised in other comprehensive income	(672)	(701)

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is as follows:

	2024 RM'000	Group 2023 RM'000
Effect on defined benefit obligation		
- 1% on discount rate	523	520
+ 1% on discount rate	(446)	(443)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.



NOTES TO THE FINANCIAL STATEMENTS

34 DEFERRED INCOME - GOVERNMENT GRANTS

	2024 RM'000	Group 2023 RM'000
As at 1 January	1,455	1,711
Amortised during the financial year	(356)	(355)
Translation differences	(68)	99
As at 31 December	1,031	1,455
Classified as:		
Current	344	364
Non-current	687	1,091
As at 31 December	1,031	1,455

The government grant received by a wholly owned subsidiary are for the undertaking of the redesign and enhancement of business processes to improve productivity.

35 PROVISION FOR ASSET RETIREMENT OBLIGATION

	2024 RM'000	Group 2023 RM'000
As at 1 January	5,086	5,055
Additions	275	156
Termination	(78)	(289)
Unwinding of discount	229	164
Remeasurement	(594)	-
As at 31 December	4,918	5,086

36 TRADE PAYABLES

	2024 RM'000	Group 2023 RM'000
Trade payables	234,769	268,901
Amounts due to related parties	76,872	90,679
	311,641	359,580

Amounts due to related parties comprise payables to companies controlled by the Lau family amounting to RM75,932,000 (2023: RM89,880,000) and the Nam Family amounting to RM940,000 (2023: RM799,000). See Note 40 for significant related party disclosures.



37 OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables	109,759	104,213	136	–
GST/VAT payable	2,017	651	–	–
Accrued expenses	148,135	96,797	2,022	1,938
Accrued payroll	132,695	101,880	363	183
Amounts due to related parties (non-trade)	14,265	18,994	–	–
	406,871	322,535	2,521	2,121

Amounts due to related parties

Amounts due to related parties (companies controlled by the Lau family) included transactions such as transportation charges, purchases of sundries, rental expenses and royalty fee as disclosed in Note 40.

38 AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Unsecured advances	21,035	17,252
Non-trade transactions	253	51
	21,288	17,303

The unsecured advances granted by a subsidiary bear interest rate of 5.3% (2023: 5.3%) per annum, are denominated in Ringgit Malaysia and repayable on demand.

The non-trade balances are unsecured, denominated in Ringgit Malaysia, interest-free and repayable on demand.

39 DIVIDEND PAID/PAYABLE

	Company	
	2024 RM'000	2023 RM'000
In respect of the financial year ended 31 December 2024:		
- Single-tier interim dividend of 1.30 sen per ordinary share on 3,650,000,000 ordinary shares, paid on 27 May 2024	47,450	–
- Single-tier interim dividend of 1.45 sen per ordinary share on 3,650,701,800 ordinary shares, paid on 30 Dec 2024	52,935	–



NOTES TO THE FINANCIAL STATEMENTS

39 DIVIDEND PAID/PAYABLE (CONT'D)

	Company	
	2024	2023
	RM'000	RM'000
In respect of the financial year ended 31 December 2023:		
- Single-tier interim dividend of 1.80 sen per ordinary share on 3,650,000,000 ordinary shares, paid on 23 May 2023	–	65,700
- Single-tier interim dividend of 1.20 sen per ordinary share on 3,650,000,000 ordinary shares, payable on 29 Jan 2024	–	43,800

40 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions negotiated amongst the parties.

Related parties and relationship

The related parties of and relationships with the Company are as follows:

Name of company	Relationship
Emerging Glory Sdn. Bhd. ("EGSB")	Ultimate holding company
<u>Subsidiaries of the Company:</u>	
Leong Hup (Malaysia) Sdn. Bhd. ("LHM")	Subsidiary
Leong Hup Corporate Services Sdn. Bhd.	Subsidiary
Leong Hup (Philippines), Inc.	Subsidiary
Leong Hup Singapore Pte. Ltd.	Subsidiary
United Global Resources Limited	Subsidiary
<u>Subsidiary of LHM:</u>	
The Baker's Cottage Sdn. Bhd.	Indirect subsidiary
<u>Companies controlled by/Persons related to Lau family:</u>	
A'Famosa Golf Resort Bhd.	Lau family *
Alam Muhibah Sdn. Bhd.	Lau family *
Amalan Tepat Sdn. Bhd.	Lau family *
Astaka Shopping Centre (Muar) Sdn. Bhd.	Lau family *
Chiap Hup Known You Agriculture Sdn. Bhd.	Lau family *
Comfort Rubber Gloves Industries Sdn. Bhd.	
Emerging Success Pte. Ltd.	Lau family *
Emivest Sdn. Bhd.	Lau family *
Gemini Glory Sdn. Bhd.	Lau family *
Goh Cha Boh @ Goh Hui Siang	Lau family *
Hornbill Restoran & Kafe Sdn. Bhd.	Lau family *
Ikatan Kayangan Sdn. Bhd.	Lau family *
Jaya Belembang Sdn. Bhd.	Lau family *
Jordon International Food Processing Pte. Ltd.	Lau family *
Kemajuan Mesju Sdn. Bhd.	Lau family *
Lau Jui Peng	Lau family *
Leong Hup Corporation Sdn. Bhd.	Lau family *
Leong Hup Holdings Sdn. Bhd.	Lau family *
Leong Hup Pedagang Sayur	Lau family *



40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Related parties and relationship (Cont'd)

The related parties of and relationships with the Company are as follows: (Cont'd)

Name of company	Relationship
<u>Companies controlled by/Persons related to Lau family: (Cont'd)</u>	
LKT Success Sdn. Bhd.	Lau family *
Pengangkutan Mekar Sdn. Bhd.	Lau family *
Perfect Breeding and Aquatic Corporation	Lau family *
Perfect Food Solutions Pte. Ltd.	Lau family *
Phil Malay Poultry Breeders, Inc.	Lau family *
Platinum Epitome Sdn. Bhd.	Lau family *
Poly-Yarn Industries Sdn. Bhd.	Lau family *
Popular Yield Sdn. Bhd.	Lau family *
PT LeongHup JayaIndo	Lau family *
PT Sehat Cera Indonesia	Lau family *
Safari Bird Park & Wonderland Sdn. Bhd.	Lau family *
Safari Wonderland Sdn. Bhd.	Lau family *
Sri Menawan Sdn. Bhd.	Lau family *
Stable Discovery Sdn. Bhd.	Lau family *
Teratai Agriculture Sdn. Bhd.	Lau family *
Teratai Agriculture Vietnam Ltd.	Lau family *
Wealthy Approach Sdn. Bhd.	Lau family *
<u>Companies controlled by Nam family:</u>	
Blue Home Marketing Sdn. Bhd.	Nam family ^

* Lau family refers to family members who, collectively control EGSB and the Company. The following Lau family members are Directors of the Company: Lau Chia Nguang, Tan Sri Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat collectively.

^ Nam family refers to family members who has significant financial interest in an indirect subsidiary, Teo Seng Capital Berhad, a company listed on Main Market of Bursa Malaysia Securities Berhad. The following Nam family member is Director of Teo Seng Capital Berhad: Nam Hiok Joo.

Significant related party transactions

The following transactions with related parties were carried out on terms and conditions negotiated amongst the related parties:

	2024 RM'000	Group 2023 RM'000
<u>Associates</u>		
Advances granted	(9,394)	(2,084)
Interest income	1,727	1,093



NOTES TO THE FINANCIAL STATEMENTS

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Significant related party transactions (Cont'd)

	Group	
	2024 RM'000	2023 RM'000
<u>Companies controlled by the Lau family</u>		
Sales of goods	675,624	709,520
Purchases of goods	(493,268)	(345,171)
Transportation charges	(13,735)	(13,298)
Purchases of sundries	(8,834)	(6,290)
Interest income	63	168
Sales of property, plant and equipment	26	24
Purchase of property, plant and equipment	(295)	(494)
Management fee income	84	3,117
Rental income	7,026	6,212
Rental expense	(3,000)	(3,303)
Royalty fee	(1,909)	(1,809)
<u>Companies controlled by the Nam family</u>		
Transportation charges	(11,109)	(9,959)

	Company	
	2024 RM'000	2023 RM'000
<u>Subsidiaries</u>		
Dividend income	118,859	120,736
Interest expense	(523)	(901)
Management fee expense	(1,445)	(1,217)
Advance from a subsidiary	21,000	–
Repayment to a subsidiary	(17,694)	(388)
<u>Companies controlled by the Lau family</u>		
Royalty fee	(1,909)	(1,809)

Significant related party balances

The significant outstanding balances with subsidiaries and associate are shown in Note 21, Note 22 and Note 38 respectively. The significant outstanding balances with companies controlled by the Lau family and Nam family are shown in Note 19, Note 36 and Note 37 respectively.

Key management personnel compensation

Key management personnel comprise the Directors and the Management Team of the Company, who assesses the financial performance and position of the Group, and makes strategic decisions directly or indirectly.



40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Key management personnel compensation (Cont'd)

The aggregate amounts of compensation received or receivable by the Directors and the Management Team who are not the Directors of the Company during the financial years are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Company:				
Fees	2,118	2,106	733	730
Salaries, bonuses and other benefits	48,524	37,654	174	118
Defined contribution benefits	5,297	4,488	10	–
ESOS expense ⁽ⁱ⁾	692	–	692	–
	56,631	44,248	1,609	848
Management Team other than Directors of the Company:				
Salaries, bonuses and other benefits	21,439	18,075	–	–
Defined contribution benefits	1,124	1,757	–	–
ESOS expense ⁽ⁱ⁾	388	–	–	–
	22,951	19,832	–	–
	79,582	64,080	1,609	848

Note:

- ⁽ⁱ⁾ ESOS expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. See Note 30 for the details of the ESOS.

41 CONTINGENT LIABILITIES

On 22 December 2023, Leong Hup Feedmill Malaysia Sdn. Bhd. ("LFM"), an indirect wholly-owned subsidiary of the Company had received a Notice of Finding of An Infringement under Section 40 of the Competition Act 2010 dated 11 December 2023, together with the Decision of Infringement of Section 4(1) read with Sections 4(2)(a) and 4(3) of the Competition Act 2010 (the "Decision") dated 11 December 2023 from Malaysia Competition Commission ("MyCC").

In the Decision, MyCC maintains its proposed decision of 5 August 2022, that LFM had engaged in price-fixing infringement under Section 40 of the Competition Act 2010 with an imposition of financial penalty of RM157,470,027 on LFM.

The Company and LFM strongly believe that MyCC's finding of infringement is without merit and had on 9 January 2024 appealed the Decision via the filing of the Notice of Appeal and an application for a stay of the execution of the financial penalty with the Competition Appeal Tribunal ("CAT") after consultation with its external legal counsels. On 22 April 2024, MyCC had fixed 12 June 2024 for hearing of the stay application.

The CAT had on 6 December 2024 dismissed LFM's application to stay the Decision pending the disposal of LFM's appeal to the CAT against the Decision ("CAT Decision on Stay"). LFM then filed an application for leave at the High Court to institute judicial review proceeding against the CAT Decision on Stay and sought an ad interim stay order in relation to MyCC's Decision requiring payment of the financial penalty.



NOTES TO THE FINANCIAL STATEMENTS

41 CONTINGENT LIABILITIES (CONT'D)

On 2 January 2025, the High Court of Kuala Lumpur had granted LFM leave to institute judicial review proceeding against the CAT Decision on Stay. LFM's interim stay application sought to stay all actions, proceedings and enforcement of the MyCC's Decision pending disposal of LFM's judicial review application ("LFM's Interim Stay Application"). On 8 April 2025, the High Court of Kuala Lumpur ordered a stay on all actions, proceedings, execution and enforcement of MyCC's Decision, pending disposal of LFM's judicial review application, with costs in cause. The High Court has fixed the hearing of LFM's judicial review application on 23 July 2025.

Meanwhile, the hearing of LFM's appeal against MyCC's decision at the CAT was conducted on 18 February 2025 and the counsel of LFM had made its oral submissions in reply on 18 April 2025.

42 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	2024 RM'000	Group 2023 RM'000
Acquisition of property, plant and equipment: - approved by Directors and contracted for	33,285	36,322

The capital commitments as at 31 December 2024 and 31 December 2023 include the estimated costs to be incurred in securing the certificate of completion and compliance on certain farms of the Group.

43 CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- (a) Financial assets at amortised cost ("FAAC")
- (b) Financial liabilities at amortised cost ("FLAC")
- (c) Fair value through other comprehensive income ("FVOCI")
- (d) Fair value through profit or loss ("FVPL")

	FAAC RM'000	FLAC RM'000	FVOCI RM'000	FVPL RM'000	Total RM'000
Group					
2024					
Financial assets					
Trade receivables	623,171	-	-	-	623,171
Other receivables and deposits	68,735	-	-	-	68,735
Financial assets at fair value through other comprehensive income	-	-	4,446	-	4,446
Amount due from an associate	27,925	-	-	-	27,925
Derivative financial assets	-	-	-	789	789
Cash and bank balances	770,670	-	-	-	770,670
	1,490,501	-	4,446	789	1,495,736



43 CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	FAAC RM'000	FLAC RM'000	FVOCI RM'000	FVPL RM'000	Total RM'000
Group (Cont'd)					
2024 (Cont'd)					
Financial liabilities					
Trade payables	–	311,641	–	–	311,641
Other payables and accrued expenses	–	272,159	–	–	272,159
Bank borrowings	–	1,994,705	–	–	1,994,705
Lease liabilities	–	176,102	–	–	176,102
	–	2,754,607	–	–	2,754,607

	FAAC RM'000	FLAC RM'000	FVPL RM'000	Total RM'000
Group				
2023				
Financial assets				
Trade receivables	729,404	–	–	729,404
Other receivables and deposits	55,759	–	–	55,759
Amount due from an associate	20,582	–	–	20,582
Cash and bank balances	699,505	–	–	699,505
	1,505,250	–	–	1,505,250

Financial liabilities				
Trade payables	–	359,580	–	359,580
Other payables and accrued expenses	–	220,004	–	220,004
Bank borrowings	–	2,458,076	–	2,458,076
Lease liabilities	–	179,190	–	179,190
Derivative financial liabilities	–	–	2,485	2,485
Dividend payable	–	43,800	–	43,800
	–	3,260,650	2,485	3,263,135



NOTES TO THE FINANCIAL STATEMENTS

43 CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	FAAC RM'000	FLAC RM'000	Total RM'000
Company			
2024			
Financial assets			
Other receivables and deposits	10,755	–	10,755
Amounts due from subsidiaries	1,296	–	1,296
Cash and bank balances	1,086	–	1,086
	13,137	–	13,137
Financial liabilities			
Other payables and accrued expenses	–	2,158	2,158
Amounts due to subsidiaries	–	21,288	21,288
	–	23,446	23,446
2023			
Financial assets			
Amounts due from subsidiaries	1,363	–	1,363
Cash and bank balances	53,333	–	53,333
	54,696	–	54,696
Financial liabilities			
Other payables and accrued expenses	–	1,938	1,938
Amounts due to subsidiaries	–	17,303	17,303
Dividend payable	–	43,800	43,800
	–	63,041	63,041



44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its financial risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

As of the end of the reporting date, the maximum exposure to credit risk arising from financial assets is limited to the carrying amounts in the statements of financial position. The Group's major classes of financial assets are trade and other receivables and cash and bank balances.

Following are the areas where the Group is exposed to credit risk:

(i) Trade receivables using simplified approach

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified by geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the appropriate authorised personnel. With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group.

Historically, the Group's loss arising from credit risk is low. To measure the expected credit loss, receivables have been grouped based on days past due. The expected loss rates are based on the historical payment profiles of debtors and the corresponding credit losses experienced within this period. The historical loss rates are then adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where trade receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.



NOTES TO THE FINANCIAL STATEMENTS

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

(i) Trade receivables using simplified approach (Cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The customers that have no history of default.	Lifetime ECL
In-default	<ul style="list-style-type: none"> Customers that have history of default. Amount that is more than 180 days past due. 	Lifetime ECL
Write-off	Amount that is more than 365 days and there is evidence indicating that the Group has no realistic prospect of recovery.	Asset is written off

The movement of allowance for impairment is disclosed in Note 19.

The Group's ECL rate at the end of the reporting period is 0.49% (2023: 0.46%)

No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Other debt investments financial assets at amortised costs

Other debt instruments financial assets at amortised cost include other receivables, amounts due from subsidiaries, and amounts due from an associate.

The loss allowance for other financial assets at amortised cost as at 31 December 2024 and 31 December 2023 reconciles to the opening loss allowance disclosed in Note 20.

All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses. These financial assets instruments are considered to be low credit risk when they have a low risk of default and the counterparties have strong capacity to meet its contractual cash flow obligations in the near term.

(iii) Financial guarantee contracts

At the date of reporting, there is no financial guarantee contract granted to external parties.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Company obtains financial support from its direct subsidiary, Leong Hup (Malaysia) Sdn. Bhd. to the extent that the Company will be able to meet its liabilities as and when they fall due.



44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following are areas of the Group and of the Company exposure to liquidity risk.

	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Carrying amount RM'000
Group						
2024						
Trade payables	311,641	-	-	-	311,641	311,641
Other payables and accrued expenses	272,159	-	-	-	272,159	272,159
Lease liabilities	38,007	36,461	59,285	96,916	230,669	176,102
Term loans and Sukuk Mudharabah	351,301	232,878	388,207	11,245	983,361	879,556
Other bank borrowings	1,112,605	1,886	945	-	1,115,436	1,115,149
	2,085,713	271,225	448,437	108,161	2,913,536	2,754,607
2023						
Trade payables	359,580	-	-	-	359,580	359,580
Other payables and accrued expenses	220,004	-	-	-	220,004	220,004
Lease liabilities	35,080	33,617	46,405	118,437	233,539	179,190
Term loans and Sukuk Mudharabah	313,718	543,939	387,040	6,825	1,251,522	1,115,931
Other bank borrowings	1,335,291	5,488	2,152	-	1,342,931	1,342,145
Derivative financial liabilities	2,485	-	-	-	2,485	2,485
Dividend payable	43,800	-	-	-	43,800	43,800
	2,309,958	583,044	435,597	125,262	3,453,861	3,263,135



NOTES TO THE FINANCIAL STATEMENTS

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Company

	Within 1 year	
	2024	2023
	RM'000	RM'000
Other payables and accrued expenses	2,158	1,938
Amounts due to subsidiaries	22,403	18,217
Dividend payable	–	43,800
	24,561	63,955

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases, borrowings and bank balances that are denominated in a currency other than the respective functional currencies of the entities within the Group. The currencies which give rise to this risk are primarily Singapore Dollar (SGD) and United States Dollar (USD).

The Group's exposure to foreign currency risk arising on financial instruments denominated in a currency different from the functional currency of the entity holding the instruments is as shown in the table below:

Foreign currency exposure

	SGD	USD	Others	Total
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
<u>2024</u>				
<u>Financial assets</u>				
Trade receivables	9,148	2,040	19	11,207
Other receivables, deposits and prepaid expenses	3	7,063	5,712	12,778
Cash and bank balances	4,247	95,219	311	99,777
	13,398	104,322	6,042	123,762
<u>Financial liabilities</u>				
Trade payables	(1,142)	(21,780)	(3,758)	(26,680)
Other payables and accrued expenses	(930)	(2,022)	(1,185)	(4,137)
Bank borrowings	–	(16,028)	–	(16,028)
	(2,072)	(39,830)	(4,943)	(46,845)
Net currency exposure	11,326	64,492	1,099	76,917



44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	SGD RM'000	USD RM'000	Others RM'000	Total RM'000
Group				
2023				
<u>Financial assets</u>				
Trade receivables	12,406	3,410	22	15,838
Other receivables, deposits and prepaid expenses	41	4,578	3,599	8,218
Cash and bank balances	3,071	94,604	51	97,726
	15,518	102,592	3,672	121,782
<u>Financial liabilities</u>				
Trade payables	(1,283)	(41,216)	(3,350)	(45,849)
Other payables and accrued expenses	(531)	(1)	(450)	(982)
Bank borrowings	–	(32,158)	–	(32,158)
	(1,814)	(73,375)	(3,800)	(78,989)
Net currency exposure	13,704	29,217	(128)	42,793

The following table demonstrates the sensitivity of the Group's profit after tax and equity to 5% and 10% (2023: 5% and 10%) strengthening/weakening of each currency respectively in SGD and USD against the respective functional currencies of the entities within the Group, with all other variables held constant.

Profit for the year increases/(decreases):

	Group	
	2024 RM'000	2023 RM'000
SGD		
- Strengthened 10%	861	1,042
- Weakened 10%	(861)	(1,042)
USD		
- Strengthened 5%	2,451	1,110
- Weakened 5%	(2,451)	(1,110)
Others		
- Strengthened 5%	42	(5)
- Weakened 5%	(42)	5



NOTES TO THE FINANCIAL STATEMENTS

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the Group's significant interest-bearing financial instruments based on the carrying amounts as of the end of the reporting period was as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments:				
<u>Financial assets</u>				
Fixed deposits with licensed bank	248,514	101,196	–	–
Amount due from associate	27,925	20,582	–	–
	276,439	121,778	–	–
<u>Financial liabilities</u>				
Hire purchase liabilities	3,461	11,916	–	–
Bankers' acceptances	202,647	237,062	–	–
Revolving credits	442,155	598,915	–	–
Trust receipts	455,299	487,318	–	–
Term loans	62,550	164,317	–	–
Amounts due to subsidiaries	–	–	21,288	17,252
	1,166,112	1,499,528	21,288	17,252
Floating rate instruments:				
<u>Financial liabilities</u>				
Hire purchase liabilities	2,966	3,514	–	–
Bank overdrafts	8,621	3,420	–	–
Term loans	550,851	651,359	–	–
Sukuk Mudharabah	266,155	300,255	–	–
	828,593	958,548	–	–

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.



44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risk (Cont'd)

	Net profit/(loss) for the year		Equity	
	+50 bp RM'000	-50 bp RM'000	+50 bp RM'000	-50 bp RM'000
Group				
31 December 2024	(3,149)	3,149	(3,149)	3,149
31 December 2023	(3,642)	3,642	(3,642)	3,642

45 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Asset/liability	Note
Trade receivables	19
Other receivables, deposits and prepaid expenses	20
Amounts due from subsidiaries	21
Amount due from an associate	22
Cash and bank balances	25
Lease liabilities	31
Bank borrowings	32
Trade payables	36
Other payables and accrued expenses	37
Amounts due to subsidiaries	38

The carrying amount of financial assets and liabilities classified within current assets and current liabilities respectively approximate their fair values due to the relatively short-term nature of this financial instruments.

Certain bank borrowings that are floating rate instruments are reasonable approximation of fair values as they are re-priced to market interest rate on or near the reporting date.

The carrying amount of financial liabilities measured at amortised cost approximates their respective fair values.

The fair values of long-term financial assets and liabilities are calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest or incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

	Fair value of financial instrument carried at fair value Level 2 RM'000	Fair value of financial instrument carried at fair value Level 3 RM'000	Carrying amount RM'000
Group			
2024			
<u>Financial assets:</u>			
Financial assets at fair value through other comprehensive income	–	4,446	4,446
Derivative financial assets (Note 24)	789	–	789
	789	4,446	5,235
2023			
<u>Financial liabilities:</u>			
Derivative financial liabilities (Note 24)	2,485	–	2,485

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting date.



45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value measurement (Cont'd)

The table below analyses assets and liabilities not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

	Fair value of assets not carried at fair value Level 3 RM'000	Carrying amount RM'000
Group		
2024		
Investment properties (Note 11)	96,122	31,148
2023		
<u>Assets:</u>		
Investment properties (Note 11)	92,656	40,245

Fair value of certain investment properties is based on comparison method carried out by independent firms of professional valuers in determining its fair value. These were based on recent sale transactions of comparable properties with adjustments made to reflect location, purpose, visibility, size, tenure and age.

When there is no valuation performed, the fair values of the Group's investment properties are arrived by reference to market indication of transactions prices for similar properties determined by Group's Directors.

There was no transfer between all 3 levels of the fair value hierarchy during the financial year.

(c) Other non-financial assets and liabilities measured at fair value

Other than biological assets (Note 17), the Group does not have assets and liabilities measured at fair value at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS

46 CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholder value.

The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic condition including the interest rate movements. To maintain and adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's debt-to-equity ratio as of the reporting period under review is as follows:

	Group 2024 RM'000	2023 RM'000
Total borrowings (Note 32)	1,994,705	2,458,076
Cash and bank balances (excluding fixed deposit pledged as collateral)	(757,041)	(677,837)
Net debts	1,237,664	1,780,239
Total equity	3,327,436	2,955,128
Debt-to-equity ratio (times)^	0.37	0.60

^ Debt-to-equity ratio is calculated as net debts divided by total equity.

There were no changes in the Group's approach to capital management during the financial year. Other than the covenants on borrowings as disclosed in Note 32, the Group is not subject to any other externally imposed capital requirements.

47 OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Management Team as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into two main operating segments as follows:

- Livestock and poultry related products – production and distribution of breeder and broiler day-old-chick, broiler chickens, eggs, animal health products, consumer food products and sales of food and beverage.
 - Feedmill – Manufacturing and trading of animal feeds.
- (a) The Management Team assesses the performance of the operating segments based on their earnings before interest, tax, depreciation and amortisation ("EBITDA"). The accounting policies of the operating segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to operating segments.

- (b) Each operating segment assets is measured based on all assets of the segment.



47 OPERATING SEGMENTS (CONT'D)

- (c) Each operating segment liabilities is measured based on all liabilities of the segment.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses. These includes investment properties, deferred tax assets/liabilities, tax recoverable/payable and borrowings.

Transactions between operating segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions and balances arising thereof are eliminated.

Business segments

2024	Livestock and poultry related products RM'000	Feedmill RM'000	Inter- segment elimination RM'000	Group RM'000
Revenue				
- external revenue	5,398,950	3,899,046	-	9,297,996
- inter-segment revenue	-	1,592,018	(1,592,018)	-
Revenue from sales of goods	5,398,950	5,491,064	(1,592,018)	9,297,996
Revenue from other sources				11,456
Total revenue				9,309,452
EBITDA	594,105	615,439	(5,807)	1,203,737
Depreciation	(237,153)	(69,307)	(6,498)	(312,958)
	356,952	546,132	(12,305)	890,779
Share of results in associates				356
Finance costs				(130,617)
Profit before taxation				760,518
Tax expense				(129,708)
Net profit for the financial year				630,810
Assets				
Segment assets	4,232,556	4,027,030	(1,945,358)	6,314,228
Unallocated assets:				
Investment properties				31,148
Deferred tax assets				63,597
Tax recoverable				35,322
Total assets				6,444,295



NOTES TO THE FINANCIAL STATEMENTS

47 OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

2024 (Cont'd)	Livestock and poultry related products RM'000	Feedmill RM'000	Inter- segment elimination RM'000	Group RM'000
Liabilities				
Segment liabilities	1,391,223	1,422,893	(1,873,645)	940,471
Unallocated liabilities:				
Borrowings				1,994,705
Deferred tax liabilities				150,582
Tax payable				31,101
Total liabilities				3,116,859
Other disclosure				
Capital expenditure*	329,232	63,077	(975)	391,334
Non-cash item (other than depreciation)	36,133	6,623	1,549	44,305
Purchases of inventories and livestock	4,794,140	3,143,176	(1,592,018)	6,345,298
2023	Livestock and poultry related products RM'000	Feedmill RM'000	Inter- segment elimination RM'000	Group RM'000
Revenue				
- external revenue	5,155,633	4,370,805	-	9,526,438
- inter-segment revenue	-	1,772,338	(1,772,338)	-
Revenue from sales of goods	5,155,633	6,143,143	(1,772,338)	9,526,438
Revenue from other sources				13,074
Total revenue				9,539,512
EBITDA	341,642	707,370	(5,657)	1,043,355
Depreciation	(246,337)	(66,593)	(6,420)	(319,350)
	95,305	640,777	(12,077)	724,005
Share of results in associates				330
Finance costs				(169,590)
Profit before taxation				554,745
Tax expense				(124,924)
Net profit for the financial year				429,821



47 OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

2023 (Cont'd)	Livestock and poultry related products RM'000	Feedmill RM'000	Inter- segment elimination RM'000	Group RM'000
Assets				
Segment assets	6,864,752	5,614,801	(6,117,345)	6,362,208
Unallocated assets:				
Investment properties				40,245
Deferred tax assets				76,687
Tax recoverable				47,444
Total assets				6,526,584
Liabilities				
Segment liabilities	1,876,559	1,429,165	(2,352,621)	953,103
Unallocated liabilities:				
Borrowings				2,458,076
Deferred tax liabilities				146,084
Tax payable				14,194
Total liabilities				3,571,457
Other disclosure				
Capital expenditure*	194,643	75,774	(5,464)	264,953
Non-cash item (other than depreciation)	18,084	5,737	(779)	23,042
Purchases of inventories and livestock	6,137,833	2,664,611	(1,772,338)	7,030,106

* Includes capital expenditure in respect of property, plant and equipment ("PPE") and right-of-use assets in financial year ended 31 December 2024 and 31 December 2023.

Geographical Information

Revenue from contracts with customers

Revenue is analysed based on the country in which the head office is located.

	2024 RM'000	Group 2023 RM'000
Malaysia	2,299,503	2,386,078
Singapore	829,711	826,122
Indonesia	3,589,369	3,623,474
Vietnam	1,868,137	2,114,196
The Philippines	711,276	576,568
Total revenue	9,297,996	9,526,438



NOTES TO THE FINANCIAL STATEMENTS

47 OPERATING SEGMENTS (CONT'D)

Geographical Information (Cont'd)

EBITDA

	2024 RM'000	Group 2023 RM'000
Malaysia	507,850	583,266
Singapore	60,377	81,625
Indonesia	304,529	171,714
Vietnam	206,980	141,083
The Philippines	124,001	65,667
Total EBITDA	1,203,737	1,043,355

Non-current assets

Non-current assets are determined according to the country where the head office is located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	2024 RM'000	Group 2023 RM'000
Malaysia	1,630,000	1,556,076
Singapore	301,986	326,168
Indonesia	566,536	642,985
Vietnam	422,399	491,190
The Philippines	279,003	267,580
Total non-current assets	3,199,924	3,283,999

Total Borrowings (excluding lease liabilities)

	2024 RM'000	Group 2023 RM'000
Malaysia	713,778	798,335
Singapore	226,088	266,052
Indonesia	491,646	736,731
Vietnam	424,035	518,203
The Philippines	139,158	138,755
Total borrowings	1,994,705	2,458,076

Major customers

There is no single customer that has contributed 10% or more of the Group's revenue throughout the reported financial years.



48 EFFECT OF INTERBANK OFFERED RATE REFORM

Following the Global Financial Crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR, USD LIBOR and other interbank offered rates has become a priority for global regulators. Globally, the new alternative reference rates ("ARR") are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the LIBOR reforms. The Group has a number of borrowings which are referenced to IBOR.

Malaysia

On 24 September 2021, Bank Negara Malaysia ("BNM") announced the launch of the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate for Malaysia. The MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate ("KLIBOR"). There remain key differences between KLIBOR and MYOR. KLIBOR is a 'term rate', which means that it is published for a borrowing period (such as 3- or 6-month tenor) and is 'forward looking', because it is published at the beginning of the borrowing period. MYOR is currently a "backward-looking" rate, based on unsecured overnight Malaysian Ringgit interbank transactions in the Malaysian financial market, and it is published on the next business day (i.e. at the end of the overnight borrowing period). Furthermore, KLIBOR includes a credit spread over the risk-free rate, which MYOR currently does not. To transition existing contracts and agreements that reference KLIBOR to MYOR, adjustments for term and credit differences might need to be applied to MYOR, to enable the two benchmark rates to be economically equivalent on transition. On 25 March 2022, a new Islamic benchmark rate was announced, the Malaysia Islamic Overnight Rate ("MYOR-i") to replace the Kuala Lumpur Islamic Reference Rate.

The publication of the 2- and 12-month KLIBOR tenors was discontinued on 1 January 2023. The cessation of the publication of the remaining 1-month, 3-month and 6-month KLIBOR tenors had not been determined. Management will continue to monitor this and take the necessary action to address related risk and uncertainties going forward.

Vietnam

The Group has a borrowing which referenced the Vietnam Interbank Offered Rate ("VNIBOR") which extends beyond 2023.

As at 31 December 2024, the alternative benchmark for VNIBOR is not yet been determined. Management will continue to monitor this and take the necessary action to address related risk and uncertainties going forward.

Indonesia

The Group also has a number of borrowings which referenced the Jakarta Interbank Offered Rate ("JIBOR") which extends beyond 2022.

As at 31 December 2024, the alternative benchmark for JIBOR is not yet been determined. Management will continue to monitor this and take the necessary action to address related risk and uncertainties going forward.

Singapore

In the previous financial year, the Group also has a number of borrowings which referenced the Singapore Interbank Offered Rate ("SIBOR") which extends beyond 2022.

During the financial year, the Group transitioned its variable rate SGD borrowings which references to SIBOR to the Singapore Overnight Rate Average rate.



NOTES TO THE FINANCIAL STATEMENTS

48 EFFECT OF INTERBANK OFFERED RATE REFORM (CONT'D)

As at 31 December 2024, other than Singapore there is no change to the Group's IBOR-linked contracts. The Group will closely monitor the regulators' announcement on the alternative benchmark rate or discontinuation of publication of the relevant benchmark interest rates for the relevant tenors; and engage the counterparties to discuss necessary changes to the related contracts. The carrying amounts of these borrowings and amounts which reference to IBOR and have not transitioned to the respective new alternative reference rates are disclosed below.

	Carrying amount		Amounts which have yet to transition to an alternative benchmark interest	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Exposed to KLIBOR</u>				
Long-term borrowings	266,155	300,255	266,155	300,255
<u>Exposed to SIBOR</u>				
Long-term borrowings	–	259,520	–	259,520
<u>Exposed to VNIBOR</u>				
Long-term borrowings	–	3,314	–	3,314
<u>Exposed to JIBOR</u>				
Long-term borrowings	21,545	159,182	21,545	159,182

49 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 18 April 2025.

TOP 10 PROPERTIES OWNED

BY LEONG HUP INTERNATIONAL BERHAD AND ITS SUBSIDIARIES



No.	Location	Description	Tenure	Land Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition/ Revaluation
1	Brgy. Baras Baras, Tarlac City, Province of Tarlac, The Philippines	Feedmill Building	50 years of useful life	81,405 m ²	4	77,551	May-21
2	Lot BB2, Road No 6, Long Khanh IP, Binh Loc Commune, Long Khanh City, Dong Nai, Vietnam	Feedmill Land & Building	Leasehold expiring on 14 May 2058	74,382 m ²	6	67,055	Dec-20
3	Lot II-5, II-6, II-7, Sa Dec IP, Sa Dec ward, Dong Thap Province, Vietnam	Feedmill Land & Building	Leasehold expiring on 18 June 2054	52,576 m ²	5	47,999	Jun-20
4	HSD 32179, PTD 1721, Mukim of Sedili Kechil, District of Kota Tinggi, State of Johor Darul Ta'zim, Malaysia	Breeder Land & Building	Prepaid lease payment expiring in year 2070	532 acres	7 to 11	43,121	Apr-12
5	Lot AV-1,2,3,4,7 Tan Huong IZ, Tan Huong Commune, Chau Thanh District, Tien Giang Province, Vietnam	Feedmill Land & Building	Leasehold expiring on 28 November 2056	58,681 m ²	11	40,876	Mar-13
6	Lô CN 10, KCN TânTrưởng, Xã Tân Trưởng, Huyện Cẩm Giàng, Tỉnh Hải Dương, Vietnam	Feedmill Land & Building	Leasehold expiring on 02 June 2055	40,009 m ²	9.5	38,780	May-16
7	Pajakan Negeri 24345 & 24355, Lot 102514 & Lot 102526, Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia	Industrial Land/ Feedmill plant	Leasehold expiring on 24 February 2121	269,201 sq ft	13	37,861	Mar-97
8	31 Fishery Port Road S619741, Singapore	Warehouse	Leasehold expiring on 31 December 2030	23,595 m ²	57	33,516	Jan-78
9	Lot A_11A_CN, Bau Bang IZ, Lai Uyen Commune, Bau Bang District, Binh Duong Province, Vietnam	Feedmill Land & Building	Leasehold expiring on 30 June 2057	28,000 m ²	14	31,220	Apr-10
	Lot A_11B_CN, Bau Bang IZ, Lai Uyen Commune, Bau Bang District, Binh Duong Province, Vietnam	Feedmill Land & Building	Leasehold expiring on 26 December 2056	12,000 m ²			
10	08 Senoko Way S758030, Singapore	A single storey detached factory with a mezzaine office	Leasehold expiring on 16 November 2052	4,318 m ²	33	29,958	Dec-18



ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORS DATED 3 APRIL 2025

Total Number of Issued Shares	:	3,651,701,800 (including 40,017,400 shares held as treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	9,483

DISTRIBUTION OF SHAREHOLDINGS

(As Per Record of Depositors Dated 3 April 2025)

Size of Shareholdings	No. of Shareholders	Total shareholdings	%
Less than 100 shares	22	454	0.000%
100 - 1,000 shares	1,015	632,404	0.017%
1,001 - 10,000 shares	4,129	23,744,891	0.650%
10,001 - 100,000 shares	3,362	121,067,400	3.316%
100,001 to less than 5% of issued shares	954	1,538,984,251	42.144%
5% and above of issued shares	1	1,927,201,000	52.776%
SUB-TOTAL	9,483	3,611,630,400	98.903%
Treasury shares		40,071,400	1.097%
TOTAL		3,651,701,800	100.00%

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As Per Record of Depositors Dated 3 April 2025)

	No. of Shares	Direct	No. of Shares	Indirect
		% ⁽¹⁾		% ⁽¹⁾
Emerging Glory Sdn. Bhd. ("EGSB")	1,927,201,000	53.361	—	—
CW Lau & Sons Sdn. Bhd. ("CWL&S")	—	—	1,927,201,000 ^(a)	53.361
Datuk Lau Joo Hong	27,670,543	0.766	1,927,201,000 ^(b)	53.361
Lau Jui Peng	24,583,822	0.681	1,927,201,000 ^(b)	53.361
Lau Joo Heng	24,583,822	0.681	1,927,201,000 ^(b)	53.361
Lau Joo Han	97,099,132	2.689	1,927,201,000 ^(a)	53.361

Notes:

⁽¹⁾ Calculated based on 3,611,630,400 shares (excluding 40,071,400 treasury shares).

^(a) Deemed interested by virtue of its/his shareholdings in EGSB pursuant to Section 8(4) of the Companies Act 2016 ("the Act").

^(b) Deemed interested by virtue of his shareholdings in EGSB through his shareholdings held in CWL&S pursuant to Section 8(4) of the Act.

ANALYSIS OF SHAREHOLDINGS



DIRECTORS' SHAREHOLDINGS

(As Per Record of Depositors Dated 3 April 2025)

Directors	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Lau Chia Nguang	–	–	58,935,607 ^(a)	1.632
Tan Sri Dato' Lau Eng Guang	76,747,007	2.125	26,960,700 ^(b)	0.746
Tan Sri Lau Tuang Nguang	8,875,000	0.246	63,851,960 ^(c)	1.768
Datuk Lau Joo Hong	27,670,543	0.766	1,927,201,000 ^(d)	53.361
Lau Joo Han	97,099,132	2.689	1,927,201,000 ^(e)	55.361
Lau Joo Keat	–	–	58,633,207 ^(f)	1.623
Low Han Kee	500,000	0.014	10,000 ^(g)	Negligible
Chu Nyet Kim	1,000,000	0.028	–	–
Goh Wen Ling	1,000,000	0.028	–	–
Tay Tong Poh	500,000	0.014	–	–
Chan Eoi Leng (appointed on 1 January 2025)	–	–	–	–
Lau Joo Yong (Alternate Director to Tan Sri Dato' Lau Eng Guang, appointed on 27 August 2024)	2,554,500	0.071	–	–

Notes:

⁽¹⁾ Calculated based on 3,611,630,400 shares (excluding 40,071,400 treasury shares).

^(a) Deemed interested by virtue of his shareholdings in CN Lau Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.

^(b) Deemed interested by virtue of his child's shareholdings in LHI pursuant to Section 59(11)(c) of the Act.

^(c) Deemed interested by virtue of his shareholdings in shareholdings in TN Lau Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act and his children's shareholdings in LHI pursuant to Section 59(11)(c) of the Act.

^(d) Deemed interested by virtue of his shareholdings in EGSB through his shareholdings held in CWL&S pursuant to Section 8(4) of the Act.

^(e) Deemed interested by virtue of his shareholdings in EGSB pursuant to Section 8(4) of the Act.

^(f) Deemed interested by virtue of his shareholdings in HN Lau & Sons Sdn. Bhd. pursuant to Section 8(4) of the Act.

^(g) Deemed interested by virtue of his spouse's shareholdings in LHI pursuant to Section 59(11)(c) of the Act.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% ⁽¹⁾
1	Emerging Glory Sdn. Bhd.	1,927,201,000	53.361
2	Amanahraya Trustees Berhad Amanah Saham Bumiputera	180,000,000	4.984
3	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Lau Joo Han (PW-M00713) (420214)	96,809,132	2.680
4	Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	73,830,530	2.044
5	CN Lau Holdings Sdn. Bhd.	58,935,607	1.632
6	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Eng Guang	42,032,00	1.164
7	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for TN Lau Holdings Sdn. Bhd. (12024120)(448513)	40,000,000	1.108



ANALYSIS OF SHAREHOLDINGS

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
8	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>UBS AG Singapore for HN Lau & Sons Sdn. Bhd.</i>	30,000,000	0.831
9	HN Lau & Sons Sdn. Bhd.	28,633,207	0.793
10	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>UBS AG Singapore for Lau Joo Hong</i>	24,840,400	0.688
11	Lau Joo Heng	24,583,822	0.681
12	Lau Jui Peng	24,583,822	0.681
13	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte. Ltd. for WII Pte. Ltd.</i>	24,123,300	0.668
14	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 - Wawasan</i>	23,700,000	0.656
15	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN For Bank of Singapore Limited (Local)</i>	22,721,960	0.629
16	Lau Joo Kien Brian	21,425,700	0.593
17	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB For Lau Eng Guang (PB)</i>	20,133,207	0.557
18	Amanahraya Trustee Berhad <i>Amanah Saham Malaysia 3</i>	20,000,000	0.554
19	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn Bhd For Pui Cheng Wui</i>	19,953,100	0.552
20	Hong Leong Capital Berhad	15,380,000	0.426
21	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund</i>	14,600,000	0.404
22	IFAST Nominees (Tempatan) Sdn. Bhd. <i>Global Success Network Sdn. Bhd.</i>	14,000,000	0.388
23	Kong Goon Khing	13,000,000	0.360
24	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Eng Guang</i>	12,500,000	0.346
25	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Joo Liang(MY1789)</i>	12,191,500	0.338
26	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund (PHEIM)</i>	12,007,619	0.332
27	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Exempt AN For Kumpulan Sentiasa Cemerlang Sdn. Bhd. (TSTAC/CLNT)</i>	11,441,000	0.317
28	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board</i>	10,321,400	0.286
29	Cartaban Nominees (Asing) Sdn. Bhd. <i>The Bank of New York Mellon For Acadian Emerging Markets Small Cap Equity Fund, LLC</i>	10,214,500	0.283
30	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN For OCBC Securities Private Limited (Client A/C - R ES)</i>	10,060,000	0.279
TOTAL		2,839,222,806	78.613

* Calculated based on 3,611,630,400 shares (excluding 40,071,400 treasury shares).

NOTICE OF 11TH ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting of the Company will be held at PARKROYAL Grand Ballroom, Ground Floor, PARKROYAL A'Famosa Melaka Resort, Jalan Kemus, Simpang Ampat, 78000 Alor Gajah, Melaka, Malaysia on **Friday, 30 May 2025 at 10.30 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|--|
| 1 | To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. | <i>(Please refer to the Explanatory Notes to the Agenda)</i> |
| 2 | To approve the payment of Directors' fees up to an aggregate amount of RM900,000 for the financial year ending 31 December 2025, to be paid quarterly in arrears. | <i>(Ordinary Resolution 1)</i> |
| 3 | To approve the payment of Directors' benefits up to an aggregate amount of RM188,000 for the period from 31 May 2025 until the next Annual General Meeting of the Company. | <i>(Ordinary Resolution 2)</i> |
| 4 | To re-elect the following Directors who are retiring in accordance with Clause 127 of the Constitution of the Company:- | |
| | (a) Tan Sri Dato' Lau Eng Guang | <i>(Ordinary Resolution 3)</i> |
| | (b) Tan Sri Lau Tuang Nguang | <i>(Ordinary Resolution 4)</i> |
| | (c) Mr Tay Tong Poh | <i>(Ordinary Resolution 5)</i> |
| 5. | To re-elect Ms Chan Eoi Leng who is retiring in accordance with Clause 132 of the Constitution of the Company. | <i>(Ordinary Resolution 6)</i> |
| 6. | To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>(Ordinary Resolution 7)</i> |

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

- | | | |
|----|---|--------------------------------|
| 7. | Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 | <i>(Ordinary Resolution 8)</i> |
|----|---|--------------------------------|

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company held after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."



NOTICE OF 11TH ANNUAL GENERAL MEETING

8. **Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **(Ordinary Resolution 9)**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of Part A of the Circular to Shareholders dated 30 April 2025 provided that such transactions are:-

- (a) necessary for the Group's day-to-day operations;
- (b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (c) not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at such Annual General Meeting whereby the authority is renewed; or
- (ii) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to this resolution."

9. **Proposed Renewal of Authority for the Company to Purchase its own Shares ("Proposed Renewal of Share Buy-Back Authority")** **(Ordinary Resolution 10)**

"THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-

- (a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

NOTICE OF 11TH ANNUAL GENERAL MEETING



- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Malaysia Securities Berhad or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company."

- 10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

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)

Company Secretaries
Kuala Lumpur

30 April 2025



NOTICE OF 11TH ANNUAL GENERAL MEETING

NOTES:

1. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 22 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A member of the Company who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the general meeting.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member, an authorised nominee or an exempt authorised nominee appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she/it specifies the proportion of his/her/its shareholdings to be represented by each proxy.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 11th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via Tricor TIIH Online website at <https://tiih.online>
Please refer to the Administrative Guide of the 11th Annual General Meeting for further information on electronic submission of proxy form via TIIH Online.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the 11th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last day, date and time for lodging the proxy form is **Wednesday, 28 May 2025 at 10.30 a.m.**

NOTICE OF 11TH ANNUAL GENERAL MEETING



NOTES: (CONT'D)

11. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 11th Annual General Meeting will be put to vote by way of poll.

EXPLANATORY NOTES TO THE AGENDA

(i) **Item 1 of the Agenda**
Audited Financial Statements for the financial year ended 31 December 2024

This item is meant for discussion only. The provision of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) **Ordinary Resolution 1**
Payment of Directors' fees

The Directors' fees proposed for the financial year ending 31 December 2025 are calculated based on the current board size and provisional sum for appointment of a new Independent Director to the Board. This resolution is to facilitate payment of Directors' fees on current financial year basis. The payment of the Directors' fees will only be made quarterly in arrears if Ordinary Resolution 1 was passed at the 11th Annual General Meeting of the Company.

(iii) **Ordinary Resolution 2**
Payment of Directors' benefits

Directors' benefits are meeting allowance payable to Independent Non-Executive Directors and in determining the estimated amount, the Board of Directors ("Board") has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committees for the period from 31 May 2025 until the next Annual General Meeting as well as the number of Independent Non-Executive Directors involved in the meeting. In the event the proposed amount is insufficient (due to more meetings or enlarged board size), approval will be sought at the next Annual General Meeting for the shortfall.

(iv) **Ordinary Resolutions 3 to 6**
Re-election of Directors

The following Directors of the Company are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 11th Annual General Meeting:-

- (i) Tan Sri Dato' Lau Eng Guang;
- (ii) Tan Sri Lau Tuang Nguang;
- (iii) Mr Tay Tong Poh; and
- (iv) Ms Chan Eoi Leng.



NOTICE OF 11TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE AGENDA (CONT'D)

(iv) **Ordinary Resolutions 3 to 6 (Cont'd)**
Re-election of Directors (Cont'd)

Their profiles are disclosed in the Profile of the Board of Directors of the 2024 Annual Report.

Save as disclosed, the retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company. The Nomination Committee ("NC") has considered the performance and contribution, time and commitment, calibre and personality as well as fit and proper assessment of the retiring Directors for the financial year ended 31 December 2024 save for Ms Chan Eoi Leng who was appointed to the Board on 1 January 2025. Notwithstanding that, the NC has considered and deliberated on the background, knowledge, fit and proper criteria etc. of Ms Chan Eoi Leng prior to recommending her appointment as Independent Non-Executive Director of the Company.

Based on the recommendation of the NC, the Board is supportive of their re-elections based on the following justifications:-

- (i) **Ordinary Resolution 3 – Re-election of Tan Sri Dato' Lau Eng Guang as Non-Independent Executive Director**
Tan Sri Dato' Lau Eng Guang is the father of Lau Joo Yong, his Alternate Director and the brother of Lau Chia Nguang and Tan Sri Lau Tuang Nguang; and the uncle to Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of the Company. He has vast experience in the integrated livestock industry and has contributed significantly to the Group by providing valuable input to steer the Group forward.
- (ii) **Ordinary Resolution 4 – Re-election of Tan Sri Lau Tuang Nguang as Non-Independent Executive Director**
Tan Sri Lau Tuang Nguang is the brother of Tan Sri Dato' Lau Eng Guang and Lau Chia Nguang; and the uncle to Datuk Lau Joo Hong, Lau Joo Han, Lau Joo Keat and Lau Joo Yong who are the Directors/major shareholders of the Company. Tan Sri Lau Tuang Nguang has been actively involved in the Group's operations and contributes tremendously to the Group through his leadership, diligence and commitment.
- (iii) **Ordinary Resolution 5 – Re-election of Tay Tong Poh as Independent Non-Executive Director**
Tay Tong Poh has demonstrated independence through his engagement in Board and Board Committee meetings. He also carried out his duties professionally and proficiently during his tenure as an Independent Non-Executive Director of the Company.
- (iv) **Ordinary Resolution 6 – Re-election of Chan Eoi Leng as Independent Non-Executive Director**
Chan Eoi Leng was appointed on 1 January 2025 and is subject to re-election pursuant to Clause 132 of the Constitution of the Company. She fulfils the requirements of independence set out in the Main Market Listing Requirements and has exercised due care and carried out her duties proficiently during her tenure as an Independent Non-Executive Director of the Company.

(v) **Ordinary Resolution 7**
Re-appointment of Auditors

The Board had, through the Audit and Risk Committee, considered the re-appointment of PricewaterhouseCoopers PLT as Auditors of the Company. The factors considered by the Audit and Risk Committee in making the recommendation to the Board to table their re-appointment at the 11th Annual General Meeting are disclosed in the 2024 Annual Report.

(vi) **Ordinary Resolution 8**
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

NOTICE OF 11TH ANNUAL GENERAL MEETING



EXPLANATORY NOTES TO THE AGENDA (CONT'D)

(vi) **Ordinary Resolution 8 (Cont'd)**

Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

This is a renewal of the mandate obtained from shareholders at the last Annual General Meeting held on 31 May 2024. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 31 May 2024 and the mandate will lapse at the conclusion of the 11th Annual General Meeting.

(vii) **Ordinary Resolution 9**

Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties as identified in Section 2.4 of Part A of the Circular to Shareholders dated 30 April 2025 in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur.

Further details relating to this proposed resolution are set out in Part A of the Circular to Shareholders dated 30 April 2025, which is available at the Company's website at <https://www.leonghupinternational.com/investor/generalmeeting/>.

(viii) **Ordinary Resolution 10**

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 10, if passed, will empower the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company.

Further information relating to this proposed resolution is set out in Part B of the Statement to Shareholders dated 30 April 2025, which is available at the Company's website at <https://www.leonghupinternational.com/investor/generalmeeting/>.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**LEONG HUP INTERNATIONAL BERHAD**

Registration No. 201401022577 (1098663-D)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

I/We Tel.

[Full name in block, MyKad/Passport/Company No.]

of

[Full address]

being a Member of the abovenamed Company, hereby appoint the following person(s):

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

and

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

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company which will be held at PARKROYAL Grand Ballroom, Ground Floor, PARKROYAL A'Famosa Melaka Resort, Jalan Kemus, Simpang Ampat, 78000 Alor Gajah, Melaka, Malaysia on **Friday, 30 May 2025 at 10.30 a.m.** or at any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	FOR	AGAINST
To approve the payment of Directors' fees up to an aggregate amount of RM900,000 for the financial year ending 31 December 2025, to be paid quarterly in arrears.	Ordinary Resolution 1		
To approve the payment of Directors' benefits up to an aggregate amount of RM188,000 for the period from 31 May 2025 until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Tan Sri Dato' Lau Eng Guang as Director.	Ordinary Resolution 3		
To re-elect Tan Sri Lau Tuang Nguang as Director.	Ordinary Resolution 4		
To re-elect Mr Tay Tong Poh as Director.	Ordinary Resolution 5		
To re-elect Ms Chan Eoi Leng as Director.	Ordinary Resolution 6		
To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7		
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 8		
Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 9		
Proposed Renewal of Share Buy-Back Authority.	Ordinary Resolution 10		

(Please indicate with "X" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from so doing at his/her discretion.)

Signed this day of

Signature*
Member*** Manner of execution:**

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
- (i) at least two (2) authorised officers, one of whom shall be a director; or
- (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 22 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
- A member of the Company who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the general meeting.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.



6. Where a member, an authorised nominee or an exempt authorised nominee appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she/it specifies the proportion of his/her/its shareholdings to be represented by each proxy.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 11th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via Tricor TIIH Online website at <https://tiih.online>
Please refer to the Administrative Guide of the 11th Annual General Meeting for further information on electronic submission of proxy form via TIIH Online.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the 11th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last day, date and time for lodging the proxy form is **Wednesday, 28 May 2025 at 10.30 a.m.**
11. Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 11th Annual General Meeting will be put to vote by way of poll.

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AFFIX
STAMP

THE SHARE REGISTRAR
LEONG HUP INTERNATIONAL BERHAD
Registration No. 201401022577 (1098663-D)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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Fold This Flap For Sealing

LEONG HUP INTERNATIONAL BERHAD

Registration No.: 201401022577 (1098663-D)

3rd Floor, Wisma Westcourt,
126, Jalan Kelang Lama,
58000 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

Hotline : +603-7980 8086 / +603-7980 3817
Fax : +603-7980 0040 **Email :** info@lhhb.com

www.leonghupinternational.com

